

BYLAWS OF
VIEW TERRACE ASSOCIATION

ARTICLE I

LOCATION

Section 1.01. The principal office of the Association shall be located in San Diego County, California.

ARTICLE II

DEFINITIONS

Section 2.01. "Association" shall mean and refer to View Terrace Association, a California nonprofit corporation, its successors and assigns.

Section 2.03. "Board" shall be the Board of Directors of the Association.

Section 2.03. "Common Area" shall mean all real property owned by the Association (including the improvements thereto) for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is described as follows:

Lot 88 of Tract No. 224-A in the City of Escondido, County of San Diego, State of S\California according to Map thereof No. 8786, then filed in the office of the County Recorder of San Diego County on Jan. 27, 1978 as File/Page No. 78035873, said Lot 88 including within its boundaries the private streets and areas not within the contiguous numbered Lots 52 through 87.

Section 2.04. "Developer" shall mean and refer to Thomas Cutkomp Company, A California corporation, its successors and assigns, if such successors and assigns should acquire more than one undeveloped Lot from said corporation for the purpose of development.

Section 2.05. "Declaration" shall mean and refer to certain Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Recorder of San Diego County, in File/Page 78-175121 Official Records of said County.

Section 2.06. "Lot" shall mean and refer to any plot of land as shown on the recorded subdivision map of the Properties with the exception of the Common Area.

Section 2.07. "Member" shall mean and refer to a person or entity entitled to membership.

Section 2.08: "Owner" shall mean and refer to the record owner, whether one or more personas or entities, of the fee simple title to any Lot which is a part of the Properties, including Cal-Vet contract purchasers, and excluding those having record ownership interest merely as security for the performance of obligations, other than non-Cal-Vet contract sellers.

Section 2.09. "Properties" shall mean and refer to that certain real property described in the Declaration, including additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE III

MEMBERSHIP

Section 3.01. Membership. Every Owner of any Lot which is subject to assessments by the Declaration, shall be a Member. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

Section 3.02. Suspension of Membership. During any period in which a Member shall be in default in the payment of any annual or special assessments levied by the Association, the voting rights of such Member may be suspended by the Board until such assessment has been paid. Such rights of Member may also be suspended by the Board after reasonable written notice and an opportunity for a hearing before the Board for a period not to exceed thirty (30) days for any infraction of any published rules and regulations established by the Board governing the use of the Common Area.

New Section to provide authority to fine members.

Section 3.03. The Association may impose monetary penalties (which shall be deemed to be "assessments" to the same extent as the dues and assessments provided in this Article) or take disciplinary action against any owner for violation of any provision of the governing documents. Monetary penalties imposed after notice and the opportunity for a hearing shall be enforceable as provided in this Article in the same manner as maintenance fund assessments and dues. Penalties may include but are not limited to: monetary penalties, temporary suspension of voting rights, temporary suspension of rights to the use of recreational facilities, or other appropriate discipline, provided the member is given notice of the violation and the opportunity for a hearing prior to the imposition of any penalty. Like penalties, except the imposition of fines, may also be levied by the Board, after notice and the opportunity for a hearing, for the failure to pay any assessment levied by the Association. The procedure for such notice and hearing shall be as set forth in the Rules and Regulations of the Association."

ARTICLE IV

MEETINGS OF MEMBERS

Section 4.01. Annual Meetings. The first annual meeting of the Members shall be held within six (6) months from the date of the close of the sale of the first improved Lot in the Properties, or after fifty-one percent (51%) of the residential Lots covered by the declaration have been sold, whichever event occurs first. Each subsequent regular annual meeting of the Members shall be held on the second Monday in May of each year thereafter, at the hour of 7:30 o'clock P.M. If the day for the annual meeting of the Members is a legal holiday, the meeting shall be held at the same hour on the first day following, which is not a legal holiday.

Section 4.02. Special Meetings. Special meetings of the Members may be called at any time by the President or after the vote for such a meeting by a majority of a quorum of the Board, or upon receipt by the President of a written request signed by Members representing twenty-five percent (25%) of the voting power of the Association or by members representing fifteen percent (15%) of the Members other than the Declarant.

Section 4.03. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) but not more than sixty (60) days before such meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the reasonable date, place and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting, and, in the case of a special meeting, the purpose of the meeting. Members representing Lots owned jointly or by more than one Owner shall be entitled to receive only one notice and shall be required to designate a single address thereof if so requested by the Secretary of the Association. In the absence of any designation, notice shall be duly given if addressed to the street address of the Lot owned.

Section 4.04. Quorum. The presence at the meeting of Members entitled to cast or of proxies entitled to cast, a majority of the votes of the entire membership shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present in person or by proxy at any such meeting, the Members entitled to vote thereat shall have power to adjourn the meeting without notice other than announcement at the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called, at which delayed meeting the quorum requirement shall be only one-half of a majority of the votes of the entire membership.

Section 4.05. Other Quorum Requirements. Notwithstanding Section 4.04 hereof, the quorum required for any action requiring Members' assent shall not be less than the number or percentage of the entire membership required to take the subject action as provided in the Declaration or the Articles of Incorporation.

Section 4.06. Proxies and Voting. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically terminate upon conveyance by the Member of his Lot. Except as otherwise provided in these Bylaws, the Articles of Incorporation, or the Declaration, a majority of the voting power present in person or by proxy, shall prevail at such meeting.

Section 4.07. Voting Rights. The Association shall have ~~two~~ one class of voting membership.

Class A. Class A Members shall be all Owners, with the exception of Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Member(s) shall be Declarant. The Class B members shall be entitled to three votes for each Lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the first to occur of the following:

(a) When the total votes exercisable in the Class A membership equals the total votes exercisable in the Class B membership; or

(b) Two years after the issuance of the latest Final Public Report of the California Department of Real Estate on any phase of the overall development described in Section 6.01(a) and (b); or

(c) On August 31, 1981.

ARTICLE V

BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 5.01. Number. The affairs of the Association shall be managed by a Board of five (5) directors. Directors need ~~not~~ to be Members of the Association.

Section 5.02. Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a director, and two or more Members. The Nominating Committee shall be appointed by the Board prior to each annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall, in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations shall be made from among Members.

Section 5.03. Election and Removal. At the first annual meeting, the Members shall elect five (5) directors, of which two (2) directors shall be designated by office to serve for a term of three (3) years, two (2) directors shall be designated by office to serve for a term of two (2) years, and one (1) director shall be designated by office to serve for a term of one (1) year. At each annual meeting thereafter, the Members shall elect directors to fill the expired terms, and each shall be elected for a term of three (3) years. Every Member entitled to vote at any election or directors may cumulate his vote and give one director a number of votes equal to the number of directors to be elected multiplied by the number of votes to which his membership interest is entitled, or may distribute his vote on the same principle among as many candidates as he desires. The candidates receiving the highest number of votes up to the number of Board members to be elected shall be deemed elected. As to removal, unless the entire Board is removed, an individual director shall not be removed if the number of votes (calculated on the basis of cumulative voting) voted against the resolution for his removal exceeds the quotient arrived at when the total outstanding votes entitled to vote (calculated on the basis of cumulative voting) is divided by one plus the authorized number of directors.

Section 5.04. Vacancies. In the event of death or resignation of a director, his successor shall be selected by the remaining directors and shall be selected by the remaining directors and shall serve for the unexpired term of his predecessor. In the event of a removal of a director, his successor may only be selected by the Members in accordance with Section 5.03 hereof.

Section 5.05. Specially elected Director. Notwithstanding any provisions of these Bylaws to the contrary, so long as all Owners ~~other than Declarant~~ do not possess a sufficient number of votes by the application of cumulative voting to elect at least one (1) director, the election of one (1) director (a "Specially Elected Director") shall be determined at a special election held immediately prior to the holding of the regular election of directors (except in the case of the election of a Specially Elected Director following death, resignation or removal of his predecessor as noted below). In this regard, at the duly constituted meeting of Members in question, nominations for the Specially Elected Director shall be made from the floor. When nominations have been closed, the special election shall take place. ~~Declarant shall not have the right to participate in or vote in such special election (although Declarant or Declarant's representatives may be present thereat) and~~ The candidate receiving the highest number of votes shall be deemed to be the Specially Elected Director, and his term shall be one (1) year. Unless Members ~~(excluding Declarant)~~ holding a majority of all voting rights ~~(excluding any voting rights held by Declarant)~~ assent thereto by vote or written consent, such Specially Elected Director may not be removed. In the event of the death, resignation or removal of a Specially Elected Director, his successor shall be elected at a special meeting of Members, and the provisions above set forth respecting the election of a Specially Elected Director shall apply as to the election of a successor thereof. Except as otherwise expressly provided herein, the provisions of these Bylaws, the Declaration and the Articles of Incorporation applicable to directors shall apply to a Specially Elected Director.

ARTICLE VI

MEETINGS AND ACTION OF DIRECTORS

Section 6.01. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without separate written notice, at such place and hour as may be fixed, from time to time, by resolution of the Board.

Section 6.02. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association or by any two (2) directors, after not less than three (3) days' notice to each director, which notice may be waived in writing before or after such meeting or by attendance threat without protest.

Section 6.03. Quorum. A majority of the number of directors in office shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly constituted meeting at which a quorum is present at a duly constituted meeting at which a quorum is present shall be regarded as the act of the Board.

Section 6.04. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining written approval of all directors. Any action taken and approved shall have the same effect as though taken at a meeting of the directors.

Section 6.05. Compensation. No director shall receive compensation for services rendered to the Association. However, he may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.01. Powers. The Board shall have power:

(a) To exercise for the Association all powers, duties and authority vested in or delegated to the Association not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(b) To declare the office of a director to be vacant in the event such director shall be absent from three consecutive regular meetings of the Board;

(c) To employ a manager, an independent contractor, managing agent (which may be a corporation), or such other employees as it deems necessary and to prescribe their duties; provided that any managing agent or manager selected prior to the first annual election, as provided in Section 4.01 hereof, shall be employed to manage only until first annual election, at which time the continuance of the same, or the selection of another managing agent shall be subject to being redetermined by majority vote of the Members;

(d) To establish, levy, assess and collect assessments or charges referred to in

the Declaration;

(e) To pay taxes and assessments which are or could become a lien on the Common Area;

(f) To delegate any of its powers to any specified officer, committee or employee for the purpose of facilitating the work of the Board.

Section 7.02. Duties. It shall be the duty of the Board:

(a) To cause to be kept a complete record of all its acts and Association affairs and to present a statement thereof to the Members at the annual meeting or any special meeting, when such statement is requested in writing by Members representing one-fourth (1/4) of the Lots;

(b) To supervise all officers, agents and employees of the Association and to see that their duties are properly performed;

(c) As more fully provided herein and in the Declaration:

(1) To fix the amount of the annual assessments against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) To send written notice of each assessment to every Owner subject thereto, at least thirty (30) days in advance of each annual assessment period;

(d) To furnish, or cause an appropriate officer to furnish, upon demand by any person, a certificate signed by an officer of the Association setting forth whether the assessment on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

(e) To procure and maintain adequate liability insurance for the Common Area and Association activities, to procure adequate hazard insurance on the Common Area and personal property owned or in the possession of the Association, and, at least semi-annually, to review the adequacy of all forms of insurance coverage. Until authorized by the vote of seventy-five percent (75%) of the votes of each class of membership, the Board shall maintain fire and extended coverage on insurable Common Area improvements on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value, and this sentence of these Bylaws and the following sentence may not be amended by a lesser vote. Unless authorized by the same vote, hazard insurance proceeds for losses to any such property shall not be used for other than the repair, replacement or reconstruction of such property.

(f) To secure a fidelity bond in an amount equal to one hundred and fifty percent (150%) of the Association's annual assessments plus reserves which names the

Association as obligee and insures against misuse or misappropriation of Association funds by Members of the Board, officers and employees of the Association, and any management agent and his employees.

(g) To provide for maintenance of the Common Area and to assure minimum care of the Lots to the extent of the Association's duty and authority in the Declaration.

ARTICLE VIII

COMMITTEES

Section 8.01. The Board may appoint an Architectural Committee as provided in the Declaration or may act in such capacity itself. It shall appoint a Nominating Committee as provided in these Bylaws. In addition, the Board shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 9.01. Enumeration of Offices. The officers of the Association shall be President, and a Vice-President, who shall at all times be selected and qualified as directors, a Secretary and a Treasurer, and such other officers as the Board may, from time to time, by resolution provide.

Section 9.02. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 9.03. Term. Each officer of the Association shall hold office from time to time of his appointment until the first meeting of the Board following the annual meeting of the Members, unless he shall sooner resign, or shall be removed, or be otherwise disqualified to serve.

Section 9.04. Resignation and Removal. Any officer may be removed from office by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. A resignation shall take effect on the date of receipt thereof or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9.05. Vacancies. A vacancy in any office may be filled by the Board. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaced, unless he shall sooner resign or be removed, or be otherwise disqualified to serve.

Section 9.06. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 9.01 hereof.

Section 9.07.

Duties. The duties of the officers are as follows:

President. The President shall preside at all meetings of the Board and of the Members, shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes.

Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal; serve notice of meetings of the Board and of the Members; keep appropriate records showing the Members of the Association, together with their addresses and shall perform such other duties as required by the Board.

Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, and shall disburse such funds as directed by resolution of the Board; and shall sign all checks and promissory notes of the Association; and shall cause annual statements of condition and of cash receipts and disbursements to be prepared and distributed as required by the Board.

ARTICLE X

CORPORATE SEAL

Section 11.01. The Association shall have a seal in circular form having within its circumference the name of the Association, its date of incorporation and such other matters as may be required by the laws of California.

ARTICLE XII

FISCAL YEAR

Section 12.01. The fiscal year of the Association shall begin on the first day of January and end on the last day of December of every year. The first fiscal year shall commence on the date of incorporation and shall end on the last day of December, 1977.

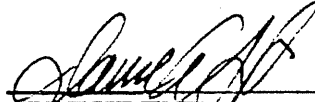
ARTICLE XIII

INTERPRETATION

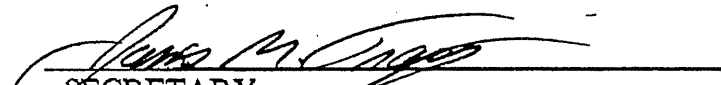
Section 13.01. Whenever the provisions of these Bylaws shall be inconsistent with the laws of the State of California, the Declaration or the Articles of Incorporation of the Association, such other rules shall govern in such order of superiority.

CERTIFICATION

IN WITNESS WHEREOF, for the purposes of amending the Bylaws of VIEW TERRACE ASSOCIATION under the laws of the State of California, the undersigned, being the duly elected President and Secretary, respectively, of the VIEW TERRACE ASSOCIATION, hereby certify that the foregoing Amendment To the Bylaws was approved by the vote of at least fifty-one percent (51%) of the total voting power of the association, this 18th day of April, 1995

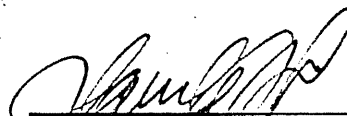


PRESIDENT

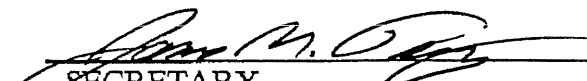


SECRETARY

We declare that we are the persons who executed and certified the foregoing Amendment to the Bylaws of the View Terrace Association, which is our act and deed.



PRESIDENT



SECRETARY