

BYLAWS  
OF  
KING HARBOR VILLA, INC.

ARTICLE I

NAME AND LOCATION

The name of the association is

KING HARBOR VILLA, INC.

hereinafter referred to as the "Association". The principal office of the association shall be located at such place as the Board of Directors may designate from time to time in the County of Los Angeles, California. Meetings of members and directors shall be held within the Project (defined in Declaration) or as close thereto as practicable

ARTICLE II

DEFINITIONS

1. The definitions contained in the Declaration are incorporated by reference herein.
2. "Declaration" shall mean and refer to the Enabling Declaration Establishing A Plan For Condominium Ownership applicable to the Property recorded on the 16th day of September 1977 in Book 833 Pages 32 and 33 Official Records, Los Angeles County.

## ARTICLE III

### MEETING OF MEMBERS AND VOTING

1. Annual Meeting: The first annual meeting of the members shall be held within one (1) year from the date of establishment of the Association and not later than forty-five (45) days after the closing of the sale of a unit which represents the fifty-first (51st) percentile interest authorized for sale under the first public report for the subdivision, but in no event shall the meeting be held later than six (6) months after the closing of the sale of the first subdivision interest. The next annual meeting shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the members shall be held within thirty (30) days of the same day of the same month of each year thereafter, at the hour of 8:00 o'clock P.M. If the day of the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership or at the request of the Federal Housing Commissioner or his duly authorized representative if an FHA project.

3. Notice and Place 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, registered or certified mail, at least ten (10) days but not more than thirty (30) days before such meeting to each member entitled to vote

thereat and to each institutional lender requesting notice, 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 and to the institutional lender's address last appearing on the books of the Association, or supplied by such institution to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. Meetings shall be held at the principal office of the Association or such other suitable place convenient to the owners as may be designated by the Board of Directors.

4. Quorum. The presence either in person or by proxy, at any meeting, of members entitled to cast at least fifty-one percent (51%) of the votes of each class of membership, shall constitute a quorum for any action except as otherwise provided in the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, to a date not less than five (5) and not more than thirty (30) days from the original meeting, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. The quorum for such meeting shall be twenty-five percent (25%) of the voting power of each class of voting power of the Association.

5. Proxies. 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 before the appointed time of each

meeting. Each proxy shall be revocable and shall automatically cease upon conveyance by the member of his Unit, or upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of such member.

6. Voting. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all owners with the exception of the Declarant\* (as defined in the Declaration). Each Unit shall be entitled to one (1) vote. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more votes than a Unit is entitled to be cast with respect to any Unit.

Class B. Class B member(s) shall be the Declarant and shall be entitled to vote as follows: ~~voting shall be the same as for Class A memberships, except that Class B members may triple their votes for each Unit owned. The Class B membership shall cease and be converted to Class A memberships upon the happening of either of the following events, whichever occurs earlier:~~

(a) When the total votes outstanding in the Class A membership equal the total votes (tripled as stated above) outstanding in the Class B membership; or

(b) On the second anniversary date of the original issuance of the subdivision report for the project.

7. Regulatory Agreement. All owners, tenants, or their employees, or any other person that might use the facilities

\*Builder

of the project in any manner, are subject to the regulations set forth in these Bylaws and to the Regulatory Agreement. Acquisition, rental, or occupancy of any Unit shall constitute acceptance and ratification of the provisions of those Bylaws, the Declaration and the Regulatory Agreement.

#### ARTICLE IV

##### BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

1. Number. The affairs of this Association shall be managed by a Board of three directors, who need not be members of the Association, until conversion of Class B memberships to Class A, after which time all directors must be members of the Association.

2. Term of Office. At the first annual meeting the members shall elect three directors for a term of one (1) year, and at each annual meeting thereafter the members shall elect three directors for a term of one (1) year.

3. Removal. The governing body member, who has been elected to office solely by the votes of the members of the Association other than the Declarant, may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in members other than the Declarant.

4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

5. Indemnification of Officers and Directors. Each director and officer shall be indemnified by the Association and the members against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the Association, except in cases of fraud, gross negligence or bad faith of the director or officer in the performance of his duties.

#### ARTICLE V

##### NOMINATION AND ELECTION OF DIRECTORS

1. Nomination. Nomination for election to the Board of Directors 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 member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors ninety days prior to each annual meeting of the members, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

2. Election. At the organizational meeting and at each annual meeting thereafter, the owners shall elect a Board of Directors consisting of three (3) members all of whom shall be owners and which may include the declarant or its representative. Each owner entitled to vote at any election of the Board of Directors may cumulate his votes and give one candidate a number of votes equal to the number of members of the Board to be elected multiplied by the number of votes to which such owner is otherwise entitled, or distribute his votes on the same principle among as many candidates as he thinks fit. Members of Board of Directors shall serve for a term of one year and until their respective successors are elected, or until their death, resignation or removal; provided, that if any member of the Board of Directors ceases to be an owner, his membership on the Board of Directors and membership in the Association shall thereupon terminate. The entire Board of Directors, or any individual director, may be removed from office by vote of a majority of the owners entitled to vote at an election of directors. However, unless the entire board is removed, an individual director shall not be removed if the number of votes against the resolution for his removal exceeds the quotient arrived at when the total number of outstanding units entitled to vote is divided by one plus the authorized number of directors. This provision is applicable only during such period that the Declarant is entitled to cast a vote.

At all times the Board of Directors shall have at least one representative elected solely by the voters of the owners, other than the declarant. In the event that there is an insufficient number of owners to elect at least one representative to the Board

of Directors through cumulating all their votes, then, in such event, the owners, other than the Declarant, shall first vote to elect their representative to the Board of Directors, and thereafter the remaining Board of Directors shall be elected according to the provisions of these covenants, conditions, restrictions and bylaws of the association. All voting for the governing body shall be by secret written ballot.

## ARTICLE VI

### MEETINGS OF DIRECTORS

1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly at a time and at a place within the project fixed by the Board of Directors. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Notice of the time and place of such meeting shall be posted at a prominent place or places within the common area.

2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director.

3. Notice of Special Meetings. Notice of special meeting shall specify the time, and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all board of directors members by mailing a copy of such notice postage prepaid, registered or certified mail, and posted in the manner described for notice of regular meetings not less than 72 hours prior to the scheduled time of the meeting.

4. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act



performed or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

5. Meetings Open to All Members. Regular and special meetings of the Board of Directors shall be opened to all members of the Association, provided, however, that the Association members who are not on the board of directors may not participate in any deliberation or discussion unless expressly so authorized by a vote of a majority of a quorum of the governing body.

6. Executive Session. The board of directors may, with the approval of the majority of the quorum of its members, adjourn a meeting, and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

## ARTICLE VII

### POWERS AND DUTIES

#### OF THE BOARD OF DIRECTORS

1. Powers. The powers and duties of the Board of Directors shall include but shall not be limited to, the following:

(a) Enforcement of the applicable provisions of the restrictions, articles, bylaws, and other instruments for the ownership, management and control of the subdivision, including the imposition of penalties for breach where appropriate.

(b) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and

to establish penalties for the infraction thereof, subject to approval of the membership;

(c) Suspend the voting rights and right to use of recreational facilities of a member or impose monetary penalties during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days for infraction of published rules and regulations;

(d) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws or the Declaration;

(e) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(f) Payment of taxes and assessments which are, or could become a lien on the common area or a portion thereof;

(g) Contract for casualty, liability and other insurance on behalf of the association;

(h) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; however, any contract with a third person who shall furnish goods or services for the common area or the association will not be for a term in excess of one year, except that the

Board may prepay casualty and/or liability insurance policies of not to exceed three years duration provided that the policy provides a short rate cancellation by the insured.

(i) Enter into any unit as necessary in connection with construction, maintenance or emergency repair for the benefit of the common area or the owners in common.

2. Aggregate Expenditures: The Board of Directors shall not incur aggregate expenditures for capital improvements to the common area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the association for that fiscal year, except with the vote or written assent of a majority of the voting power of the association, excluding the subdivider.

3. Sale of Association Property. The Board of Directors shall not sell, during any fiscal year, property of the Association having an aggregate fair market value greater than five (5%) percent of the budgeted gross expense of the Association for that fiscal year.

4. Duties:

It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

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

(c) As more fully provided in the Declaration,  
to:

(1) Fix the amount of the annual assessment against each Unit at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) Record a notice of assessment pursuant to Civil Code §1356 and foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or bring an action at law against the owner personally obligated to pay the same.

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

- (e) Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) Cause the Common Area to be maintained;
- (h) Appoint a paid manager responsible to the Board and delegate to such manager the authority to manage the project.

## ARTICLE VIII

### OFFICERS AND THEIR DUTIES

1. Enumeration of Officers. The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.
2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.
3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.
4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

5. 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. Such resignation shall take effect on the date of receipt of such notice 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.

6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

7. 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 Article VIII, Paragraph 4.

8. Duties. The duties of the officers are as follows:

(a) President:

President shall preside at all meetings of the Board of Directors; 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.

(b) 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.

(c) Secretary:

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

(d) 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 of Directors; shall co-sign all checks and promissory notes of the Association; shall keep proper books of account; shall prepare a balance sheet and an operating/income statement for the Association and distribute a copy thereof to each member within sixty (60) days of accounting dates as follows:

(1) A balance sheet as of an accounting date which shall be the last day of the month nearest in time to six (6) months from the date of closing of the first sale of a unit to a member of the Association and an operating statement for an accounting period from the aforesaid date of first closing to

the aforesaid accounting date; the operating statement shall include a schedule of assessments received or receivable itemized by unit number and by the name of the person or entity assessed;

(2) A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year, and shall be distributed within ninety (90) days after the close of the fiscal year.

Institutional lenders shall, upon request, receive an audited financial statement of the project within ninety (90) days following the end of the fiscal year.

The treasurer shall prepare an annual proposed budget and distribute it to the membership not less than sixty (60) days before the beginning of the fiscal year. These duties may be delegated to a manager appointed by the Board.

#### ARTICLE IX

##### COMMITTEES

The Board of Directors shall appoint such committees as deemed appropriate in carrying out its purpose, including, but not limited to, an Architectural Control Committee consisting of not less than three (3) members, all of whom shall be members of the Association. Members of any other committee need not be members of the Association.

#### ARTICLE X

##### BOOKS AND RECORDS

(a) The membership register, books of account and minutes of meetings of the members, of the governing body and of committees of the governing body of the Association shall be made available for inspection and copying by any member of the



Association, or by his duly-appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the subdivision as the governing body shall prescribe.

(b) The governing body shall establish reasonable rules with respect to:

(1) Notice to be given to the custodian of the records by the member desiring to make the inspection.

(2) Hours and days of the week when such an inspection may be made.

(3) Payment of the cost of reproducing copies of documents requested by a member.

(c) Every director shall have the absolute right at any reasonable time to inspect books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

## ARTICLE XI

### ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the unit against which the assessment is made. Any assessment which are not paid within thirty (30) days after the due date shall be delinquent and shall bear interest at the rate of ten percent (10%) per annum from the due date until the date paid. The Association may bring an action at law against the owner

personally obligated to pay the same or record a notice of assessment pursuant to Civil Code §1356 and foreclose the lien against the Unit, and interest, costs, and reasonable attorneys' fees on any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Unit.

#### ARTICLE XII

##### AMENDMENTS

1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote or written assent of a majority of a quorum of members present in person or by proxy.

Where such entity has jurisdiction, the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while Class B membership exist.

2. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In case any of these Bylaws conflict with the provisions of the California Condominium Act, the provisions of said statute shall control.

#### ARTICLE XIII

##### MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on

We, the undersigned, being all of the directors of  
KING HARBOR VILLA, INC., do hereby

certify:

That we are entitled to exercise all of the voting power of said association;

That we hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said association.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 26th day of August, 1977.

SOUTHLAND DEVELOPMENT CO.  
A General Partnership

By *Paul E. King*  
Partner

By *Paul M. Clark*  
Partner