

BY-LAWS

OF

SEAL BEACH MUTUAL EIGHT

**BY-LAWS OF SEAL BEACH MUTUAL EIGHT
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**ARTICLE I
NAME AND LOCATION OF CORPORATION**

Section 1. The name of this Corporation is Seal Beach Mutual No. Eight. Its principal office is located in Seal Beach, California.

**ARTICLE II
PURPOSE**

Section 1. The purpose of this corporation is to provide its stockholders (hereinafter referred to as "members") with housing on a non-profit basis consonant with the provisions set forth in its Articles of Incorporation.

**ARTICLE III
MEMBERSHIP**

Section 1. Eligibility. Any natural person fifty-five years of age or over. Such other qualified person as is qualified pursuant to the provisions of Section 51.3 of the California Civil Code, as now constituted or amended. All persons who were shareholders on January 1, 1985. All persons approved by the Board of Directors of the corporation shall be eligible for common stock ownership (hereinafter referred to as "membership") provided that he or she executes any and all agreements necessary to implement such ownership as determined by the Board of Directors, together with an occupancy agreement in the usual form employed by the corporation, covering a specific unit in this housing project. All memberships shall be issued in conformity with the laws of the State of California, and the regulatory agreement, when not in conflict, executed by the corporation and the Federal Housing Commissioner.

Section 2. Application for Membership. Application for membership shall be presented in person on a form of Subscription Agreement prescribed by the Board of Directors, and all such applications shall be acted upon promptly by the Board of Directors.

Section 3. Subscription Funds. All subscription funds except funds required for credit reports received from applicants prior to the endorsement of the mortgage note by the Federal Housing Administration (hereinafter referred to as the "Administration") shall be deposited promptly without deduction in a special account to be designated "Escrow Account of Subscribers to Membership in Seal Beach Mutual No. Eight, Mortgage No.____", with United California Bank, located at Bellflower, California. Such funds shall be subject to withdrawal, or transfer to the account of the Corporation only upon certification by the President and Secretary of the Corporation to the above-named bank that:

- (a) the Subscription Agreement of a named applicant has been terminated pursuant to its terms and such withdrawal is required to repay the amount paid by him under such agreement, or

- (b) applicants for at least 90 percent of the dwelling units to be covered by the mortgage have not been procured within the effective period of the FHA commitment, or any extension thereof, and such withdrawal is required to repay to the applicants the amounts paid by them, or
- (c) applicants for at least 90 percent of the dwelling units to be covered by the mortgage have signed Subscription Agreements, have been approved as to their credit by the Administration, and have paid the subscription price in full. If these requirements have been met and the mortgage loan has been scheduled for closing with approval of the Administration, the entire amount of the funds in the subscription escrow account may be transferred to the Corporation, at which time the Corporation shall issue and deliver membership certificates to all members.

If more than one mortgage is to be executed by the Corporation, this section shall be deemed to be applicable to the specific subscription fund received from applicants with respect to the specific dwelling units to be covered by each mortgage and to require the creation of separate and specific escrow accounts with respect to each mortgage.

Section 4. Members. The members shall consist of the incorporators and such subscribers as have been approved for membership by the Board of Directors and who have paid for their membership and received stock certificates, (hereinafter called "Membership Certificates"). The status of the incorporators as members shall terminate at the first annual meeting of members unless they executed Subscription Agreements and, where required by the Administration, Occupancy Agreements.

Section 5. Transfer of Membership. Except as provided herein, membership shall not be transferable.

- (a) Death of Member. If, upon death of a member, his stock in the corporation passes by will or intestate distribution to a member of his immediate family, such legatee or distribute [sic] may, by assuming in writing the terms of the Subscription Agreement and Occupancy Agreement, where required by the Administration, within sixty (60) days after member's death and paying all amounts due thereunder, become a member of the corporation. If the member dies and an obligation is not assumed in accordance with the foregoing, then the corporation shall have an option to purchase the stock from the deceased member's estate in the manner provided in paragraph (b) of this section, written notice of the death being equivalent to notice of intention to withdraw. If the corporation does not exercise such option, the provisions of paragraph (c) of this section shall be applicable, the references to "member" therein to be construed as references to the legal representative of the deceased member.

- (b) Option of Corporation to Purchase. If the member desires to leave the project, he shall notify the corporation in writing of such intention and the corporation shall have an option for a period of thirty (30) days thereafter, but not the obligation, to purchase the membership, together with all the member's rights with respect to the dwelling unit, at an amount to be determined by the corporation as representing the transfer value thereof, less any amounts due by the member to the corporation. The purchase by the corporation of the membership will immediately terminate the member's rights and the member shall forthwith vacate the premises.
- (c) Procedures Where Corporation Does Not Exercise Option. If the corporation has waived its rights to purchase the member's share of common stock, pursuant to the preceding subparagraph (b), and the member transfers his share to an approved transferee, then the member shall be required to pay a transfer fee in amount that the corporation shall from time to time determine to be payable by the member for all expenses insured [sic] in connection with the transfer, and including any reasonable sum determined by the corporation in consideration of its waiver of the corporation's option to purchase the member's share of common stock.

When the transferee has been approved for membership and has executed the prescribed Occupancy Agreement, the retiring member shall be released of his obligations under his Occupancy Agreement, provided he has paid all amounts due the corporation to date.

Section 6. Termination of Membership. In the event the corporation has, pursuant to the provisions of the Occupancy Agreement, terminated the rights of a member under said Occupancy Agreement and repossessed the dwelling unit, the member shall be required to deliver promptly to the corporation his membership certificate and his Occupancy Agreement, both endorsed in such manner as may be required by the corporation. The corporation shall thereupon at its election either (1) repurchase said membership at its transfer value as determined by the corporation, or (2) proceed with diligence to affect a sale of the member's rights under such membership to a purchaser and at a sales price acceptable to the corporation. The retiring member shall be entitled to receive the transfer value (if the corporation has exercised election (1) above) or the sale (if the corporation has exercised (2) above), but in either case less the following amounts (the determination of such amounts by the corporation to be conclusive):

- (a) any amounts due to the corporation from the member under the Occupancy Agreement;
- (b) the cost or estimated cost of all deferred maintenance, including paint, redecorating, floor finishing, and such repairs and replacement

as are deemed necessary by the corporation to place the dwelling unit in suitable condition for another occupant; and,

- (c) legal and other expenses incurred by the corporation in connection with the default of such member and the resale of his membership.

ARTICLE IV MEETING OF MEMBERS

Section 1. Place of Meetings. Meetings of the membership shall be held at the principal office or place of business of the Corporation or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the Corporation shall be held on 12-07-63. Thereafter, the annual meetings of the Corporation shall be held on the 4th Monday of May of each succeeding year. At such meeting, there shall be elected by ballot of the members a Board of Directors in accordance with the requirement of Section 3 of Article V of these By-laws. The members may also transact such other business of the Corporation as may properly come before them.

Section 3. Special Meetings. Special meetings of the members may be called at any time by the Board of Directors, the President, a Vice President, the Secretary, or by one or more Shareholders holding not less than one-tenth (1/10) of the voting power of the corporation. Except as next provided, notice shall be given as for the annual meeting.

Upon receipt of a written request addressed to the Chairman, President, Vice President, or Secretary, mailed or delivered personally to such officer by any person (other than the Board) entitled to call a special meeting of members, such officer shall cause notice to be given to the members entitled to vote, that a meeting will be held at a time requested by the person or persons calling the meeting, not less than twenty-five nor more than sixty days after the receipt of such request. If such notice is not given within twenty days after receipt of such request, the persons calling the meeting may give notice thereof in the manner provided by these By-Laws or apply to the Superior Court as provided in Section 305(c).

Section 4. Notice of Meetings-Reports. Notice of meetings, annual or special, shall be given in writing not less than ten nor more than sixty days before the date of the meeting, to members entitled to vote thereat by the Secretary or Assistant Secretary, or if there is no such officer, or in the case of his neglect or refusal, by any Director or Member.

Such notices or any reports shall be given personally or by mail or other means of written communication as provided in Section 601 and shall be sent the member's address appearing on the books of the corporation, or supplied by him

to the corporation for the purpose of notice and in the absence of said addresses as herein provided, such notice shall be given as provided in Section 601.

Notice of any meeting of Members shall specify the place, the day and the hour of meeting, and (1) in case of a special meeting, the general nature of the business to be transacted and no other business, may be transacted, or (2) in the case of annual meeting, those matters which the Board at date of mailing, intends to present for action by the Members. At any meetings where Directors are to be elected, notice shall include the names of the nominees, if any, intended at date of notice to be presented by management for election.

If a member supplies no address, notice shall be deemed to have been given to him if mailed to the place where the principal executive office of the corporation, in California, is situated, or published at least once in some newspaper of general circulation in the County of said principal office.

Notice shall be deemed given at the time it is delivered personally or deposited in the mail or sent by other means of written communication. The officer giving such notice or report shall prepare and file an affidavit or declaration thereof.

When a meeting is adjourned for forty-five days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save, as aforesaid, it shall not be necessary to give any notice of adjournment or of the business to be transacted at an adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

Section 5. Quorum. The holders of one-third (1/3) of the shares entitled to vote thereat, present in person, or represented by proxy, shall constitute a quorum at all meetings of the Members for the transaction of business except as otherwise provided by law, by the Articles of Incorporation, or by these By-Laws. If, however, such majority shall not be present or represented at any meeting of the Members, the Members entitled to vote thereat, present in person, or by proxy, shall have the power to adjourn the meeting from time to time, until the requisite amount of voting shares shall be present. At such adjourned meeting at which the requisite amount of voting shares shall be represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

If a quorum be initially present, the Members may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken is approved by a majority of the Members required to initially constitute a quorum.

Section 6. Validation of Members Meetings. The transactions of any meeting of Members, however called and noticed, shall be valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of

the Members entitled to vote, not present in person or by proxy, sign a written waiver of notice, or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance shall constitute a waiver of notice, unless objection shall be made as provided in Section 601(e).

Section 7. Voting Rights: Cumulative Voting. Only persons in whose names shares entitled to vote stand on the stock records of the corporation on the day of any meeting of Members, unless some other day be fixed by the Board of Directors for the determination of Members of record, and then on such other day, shall be entitled to vote at such meeting.

Provided the candidate's name has been place in nomination prior to the voting and one or more Members has given notice at the meeting prior to the voting of the Member's intent to cumulate the Shareholder's votes, every Member entitled to vote at any election for Directors may cumulate his votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which his shares are entitled, or distribute his votes on the same principle among as many candidates as he seems fit.

The candidates receiving the highest number of votes up to the number of Directors to be elected are elected. The Board of Directors may fix a time in the future not exceeding thirty days preceding the date of any meeting of Members or the date fixed for the allotment of rights, or when any change or conversion or exchange of shares shall go into effect, as a record date for the determination of the Members entitled to notice of and to vote at any such meeting, or entitled to receive any allotment of rights, or to exercise the rights in respect to any such change, conversion or exchange of shares. In such case only Members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, or to receive such allotment of rights or to exercise such rights, as the case may be, notwithstanding any transfer of any share on the books of the corporation after any record date fixed as aforesaid. The Board of Directors may close the books of the corporation against transfers of shares during the whole or any part of such period.

At every meeting of the members, each member present, either in person or by proxy, shall have the right to cast one vote on each question and never more than one vote. A membership is represented by one share. If there are multiple owners of one membership in the corporation, despite the multiplicity of owners, they shall jointly have only one vote on each question. The vote of the majority of those present, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision by statute or the Articles of Incorporation of these By-Laws, a different vote is required, in which case, such express provision shall govern and control.

Section 8. Proxies. Every Member entitled to vote, or to execute consents, may do so, either in person or by written proxy, executed in accordance with the provisions of Sections 604 and 705 and filed with the Secretary of the Corporation.

Section 9. Order of Business. The order of business at all meetings of the members shall be as follows:

- (a) Roll Call
- (b) Proof of Notice of Meeting or Waiver of Notice
- (c) Reading of Minutes of Preceding Meeting
- (d) Report of Officers
- (e) Report of Administration representative, if present
- (f) Report of Committees
- (g) Election of Inspectors of Election
- (h) Election of Directors
- (i) Unfinished Business
- (j) New Business

Section 10. Shareholders Acting Without a Meeting. Any action which may be taken at a meeting of the Members, may be taken without a meeting or notice of meeting if authorized by a writing signed by all of the Members entitled to vote at a meeting for such purpose, and filed with the Secretary of the corporation, provided further that while ordinarily Directors can only be elected by unanimous written consent under Section 603(d), if the Directors fail to fill a vacancy, then a Director to fill a vacancy may be elected by the written consent of persons holding a majority of shares entitled to vote for the election of Directors.

Section 11. Other Actions without a Meeting Procedure With Consents From Less Than All Members. Unless otherwise provided in the General Corporation Law or the Articles, any action which may be taken at any annual or special meeting of Members may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize taking such action at a meeting at which all shares entitled to vote thereon were present and voted.

Unless the consents of all Members entitled to vote have been solicited in writing,

- (1) Notice of any Member approved pursuant to Sections 310, 317, 1201, or 2007 without a meeting by less than unanimous written consent shall be given at least 10 days before the consummation of the action authorized by such approval, and

- (2) Prompt notice shall be given of the taking of any other corporate action approved by Members without a meeting by less than unanimous written consent, to each of those Members entitled to vote who have not consented in writing.

Any member giving a written consent, or the Member's proxyholders, or a transferee of the shares of a personal representative of the Member or their respective proxyholders, may revoke the consent by a writing received by the corporation prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the Secretary of the corporation, but may not do so thereafter. Such revocation is effective upon its receipt by the Secretary of the corporation.

Section 12. Organization. The President, or in the absence of the President, any Vice President, shall call the meeting of the Members to order, and shall act as chairman of the meeting. In the absence of the President and all of the Vice Presidents, Members shall appoint a chairman for such meeting. The Secretary of the corporation shall act as a Secretary of all meetings of the Members, but in the absence of the Secretary at any meeting of the Members, the presiding officer may appoint any person to act as Secretary of the meeting.

Section 13. Inspectors of Election. In advance of any meeting of Members the Board of Directors may, if they so elect, appoint inspectors of election to act at such meeting or any adjournments thereof. If inspectors of election be not so appointed, the chairman of any such meeting may, and on the request of any Member or his proxy shall, make such appointment at the meeting in which case the number of inspectors shall be either one or three as determined by a majority of the Members represented at the meeting.

ARTICLE V DIRECTORS

Section 1. Number and Qualifications. The affairs of the Corporation shall be governed by the Board of Directors composed of five (5) persons, all of whom shall be members of the corporation. All members of the Board of Directors shall be elected from the members of the corporation at large and building assignments will be made at the Organizational Meeting.

Section 2. Powers, Duties and Standard of Care. Subject to the provisions of the General Corporation Law for the State of California, effective in the year 1977, and the By-Laws relating to actions required to be approved by the Shareholders, or by the outstanding shares, the business and affairs of this corporation shall be managed by and all corporate powers shall be exercised by or under the direction of the Board of Directors. Each Director shall exercise such powers and otherwise perform such duties in good faith, in the manner

such Director believes to be in the best interest of the corporation, and with such care, including reasonable inquiry, using ordinary prudence, as a person in a like position would use under similar circumstances. The powers of the Board of Directors shall include, but not be limited:

- (a) to accept or reject all applications for membership and admission to occupancy of a dwelling unit in the housing project, either directly or through an authorized representative;
- (b) to establish monthly carrying charges prescribed in the Occupancy Agreement, based on an annual operating budget formally adopted by such Board;
- (c) to authorize in their discretion patronage refunds from residual receipts when and as reflected in the annual report prescribed in the Articles of Incorporation; and
- (d) to promulgate such rules and regulations pertaining to use and occupancy of the premises as may be deemed proper and which are consistent with these By-Laws and the Articles of Incorporation.

Section 3. Election and Term of Office. Commencing with the first annual meeting of the members, the term of office of Directors shall be for a period of one year. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting.

Section 5. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors elected by the regular members may be removed with or without cause by a vote of the majority of the entire regular membership of record and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given opportunity to be heard at the meeting.

Section 6. Compensation. No compensation shall be paid to Directors for their services as Director. No remuneration shall be paid to a Director for services performed by him for the corporation in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken. No remuneration or compensation shall in any case be paid to a Director without the approval of the Administration. A Director may not be an employee of the corporation.

Section 7. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 8. Regular Meetings. Regular meetings of the Board of Directors shall be held at the corporate offices, or such other places as may be designated by the Board of Directors. One such meeting shall be held each month. The time for said meeting shall be determined by the Board of Directors in its organizational meeting at the commencement of the term of said Board and the day of the month for each such meeting shall then be determined by a resolution of the Board. If said day so determined shall fall upon a holiday, such meeting shall be held on the next succeeding business day thereafter. No notice need be given of such regular meetings. The Board of Directors shall have the authority, upon its determination, to cancel a future regular meeting of the Board of Directors in advance of the time of such meeting, upon a determination of the Board of Directors that said meeting is unnecessary.

Section 9. Special Meetings—Notices—Waivers. Special meetings of the Board may be called at any time by the President or, if he is absent or unable or refuses to act, by any Vice President, or the Secretary or by any two Directors, or by one Director if only one is in office.

At least forty-eight (48) hours notice of the time and place of special meetings shall be delivered personally to the Directors or personally communicated to them by a corporate officer by telephone or telegraph. If the notice is sent to a Director by mail, it shall be addressed to him at his address as it is shown upon the records of the corporation, (or if it is not so shown on such records or is not readily ascertainable, at the place in which the meetings of the Directors are regularly held). In case such notice is mailed, it shall be deposited in the United States mail, postage prepaid, in the place in which the principal executive office of the corporation is located at least four (4) days prior to the time of the holding of the meeting. Such mailing, telegraphing, telephoning or delivery as above provided shall be due, legal and personal notice to such director.

Section 10. Directors Acting by Unanimous Written Consent—Waiver. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting and with the same force and effect as if taken by an unanimous vote of Directors, if authorized by a writing signed individually or collectively by all members of the Board. Such consent shall be filed with the regular minutes of the Board.

When all of the Directors are present at any Director's meeting, however called or noticed, and either (i) sign a written consent thereto on the records of

such meeting, or (ii) if a majority of the Directors are present and if those not present sign a waiver of notice of such meeting or a consent to holding the meeting or an approval of the minutes thereof, whether prior to or after the holding of such meeting, which said waiver, consent or approval shall be filed with the Secretary of the corporation or (iii) if a Director attends a meeting without notice but without protesting, prior thereto, or at its commencement, the lack of notice to him, then the transactions thereof are as valid as if had a meeting regularly called and noticed.

Section 11. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 12. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the corporation handling or responsible for corporate funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the corporation.

Section 13. Safeguarding Subscription Funds. It shall be the duty of the Board of Directors to see to it that all sums received in connection with membership subscriptions prior to the closing of the mortgage transaction covering the housing project of the corporation, are deposited and withdrawn only in the manner provided for in Article III, Section 3 of these By-Laws.

Section 14. Committees. Committees of the Board may be appointed by resolution passed by a majority of the whole Board. Committees shall be composed of two or more members of the Board, and shall have such powers of the Board as may be expressly delegated to it by resolution of the Board of Directors, except those powers expressly made non-delegable by Section 311.

Section 15. Advisory Directors. The Board of Directors from time to time may elect one or more persons to be Advisory Directors who shall not by such appointment be members of the Board of Directors. Advisory Directors shall be available from time to time to perform special assignments specified by the President, to attend meetings of the Board of Directors upon invitation and to furnish consultation to the Board. The period during which the title shall be held may be prescribed by the Board of Directors. If no period is prescribed, the title shall be held at the pleasure of the Board.

Section 16. Resignations. Any Director may resign effective upon giving written notice to the Chairman of the Board, the President, the Secretary or the Board of Directors of the corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a

future time, a successor may be elected to take office when the resignation becomes effective.

ARTICLE VI OFFICERS

Section 1. Designation. The principal officers of the corporation shall be a President, a Vice President, a Secretary, and a Chief Financial Officer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant Chief Financial Officer, and an assistant secretary, and such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the corporation shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the corporation. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including but not limited to the power to appoint committees from among the membership from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the corporation.

Section 5. Vice President. Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the corporation; he shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. Chief Financial Officer. The Chief Financial Officer shall have responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in

books belonging to the corporation. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the corporation in such depositories as may from time to time be designated by the Board of Directors.

**ARTICLE VII
CAPITAL STOCK AND MEMBERSHIP**

Section 1. Authorized Capital.

SEAL BEACH MUTUAL NO. EIGHT is a California corporation, incorporated on December 3, 1962, with a share structure consisting of 348 shares, all of the same class, with par values as hereinafter described:

Series	No. Shares	Par Value	Capital Contribution
A (1 br)	56	\$300.00	\$339.00
B (1 br)	4	\$339.00	\$383.00
C (1 br)	4	\$342.00	\$386.00
D (2 br)	52	\$368.00	\$415.00
E (2 br)	4	\$371.00	\$418.00
F (2 br)	4	\$374.00	\$421.00
G (2 br)	21	\$377.00	\$425.00
H (2 br)	47	\$380.00	\$429.00
I (2 br)	4	\$383.00	\$432.00
J (2 br)	4	\$386.00	\$436.00
K (2 br)	58	\$389.00	\$438.00
L (2 br)	15	\$392.00	\$442.00
M (2 br)	13	\$395.00	\$446.00
N (2 br)	23	\$398.00	\$450.00
O (2 br)	14	\$401.00	\$453.00
P (2 br)	9	\$404.00	\$456.00
Q (2 br)	6	\$410.00	\$464.00
R (2 br)	4	\$413.00	\$468.00
S (2 br)	6	\$416.00	\$472.00

Section 2. Membership Certificates. Each membership certificate shall state that the corporation is organized under the laws of the State of California, the name of the registered holder of the membership represented thereby, the corporation lien rights as against such membership as set forth in Section 6 of this Article, and the preferences and restrictions applicable

thereto, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be consecutively numbered, bound in one or more books, and shall be issued therefrom upon certification as to full payment. Every membership certificate shall be signed by the President or Vice President and the Secretary, and shall be sealed with the corporate seal.

Section 3. Transfer Value. Whenever the corporation elects to purchase a membership as set forth in Article III, Sections 5 and 6 of these By-Laws, the terms "transfer value or book value" shall mean the proportionate amount of the net worth of the corporation attributable to such holdings as of a given date. For the purpose of this computation, net worth consists of the amount paid in by the members (as original consideration for the membership) as increased or diminished by the reserve or surplus accounts listed under the capital account classification on the most recent balance sheet prepared in accordance with the FHA Uniform System of Accounts.

Section 4. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the corporation and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person claiming the membership certificate to be lost or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered owner of such lost or destroyed certificate or certificates, or his legal representatives, to advertise the same in such manner as the Board of Directors shall require and to give the corporation a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the corporation.

Section 5. Transfer of Membership. No transfer of membership shall be made upon the books of the corporation within ten (10) days next preceding the annual meeting of the members.

Section 6. Lien. The corporation shall have a lien on the outstanding regular membership in order to secure payment of any sums which shall be due or become due from the holders thereof for any reason whatsoever, including any sums due under any Occupancy Agreements.

ARTICLE VIII AMENDMENTS

Section 1. Amendments. These By-Laws may be amended by two-thirds vote of the members present and voting at any regular or special meeting, provided that a quorum as prescribed in Section 5, Article IV herein, is present at any such meeting and provided further that no amendment shall become effective unless and until it has received the written approval of the

Administration. Amendments may be proposed by the Board of Directors or by a petition signed by at least twenty (20) percent of the members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon.

Section 2. Record of Amendments. Whenever an amendment or new By-Law is adopted, it shall be copied in the book of By-Laws with the original By-Law, in the appropriate place. If any By-Law is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in said book.

ARTICLE IX CORPORATE SEAL

Section 1. Seal. The Board of Directors shall provide a suitable Corporate Seal containing the name of the corporation, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate of the seal may be kept and used by the Treasurer or any Assistant Secretary or Assistant Treasurer.

ARTICLE X FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the corporation shall begin on the first day of January every year, except that the first fiscal year of the corporation shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice dictate, but not without the prior written approval of the Administration.

Section 2. Books and Records. The corporation shall maintain, in accordance with generally accepted accounting principles, adequate and correct accounts, books and records of its business and properties. All of such books, records and accounts shall be kept at its principal executive office in the State of California, as fixed by the Board of Directors from time to time. Said books and records shall also be kept in accordance with the uniform system of accounts prescribed by the F.H.A. Commissioner (H.U.D.), said books and accounts and records of the corporation shall be under the direction of the Chief Financial Officer of the corporation. All books and records provided for in Section 1500 shall be open to inspection of the directors and members from time to time and in the manner provided in Sections 1600-1602 inclusive.

Section 3. Auditing. At the closing of each fiscal year, the books and records of the corporation shall be audited by a Certified Public Accountant or other person acceptable to the Administration, whose report will be prepared and certified in accordance with the requirements of the

Administration. Based on such reports, the corporation will furnish its members with a statement of the income and disbursements of the corporation for each fiscal year.

Section 4. Inspection of Books. Financial reports such as are required to be furnished to the Administration and the membership record of the corporation shall be available at the principal office of the corporation for inspection at reasonable times by any member.

Section 5. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts, including Occupancy Agreements, shall be executed on behalf of the corporation by either the President or Vice President, and all checks shall be executed on behalf of the corporation by (1) either the President or Vice President, and countersigned (2) by either the Secretary or Chief Financial Officer.

Section 6. Annual Report. The Board of Directors shall cause an annual report or statement to be sent to the common Shareholders of this corporation not later than 120 days after the close of the fiscal or calendar year in accordance with the provisions of Sections 1500-1501, and to the preferred shareholders as provided in the Articles of Incorporation. Such report shall be sent to Shareholders at least fifteen days prior to the annual meeting of Shareholders. Such report shall contain a balance sheet as of the end of the fiscal year, an income statement and a statement of changes in financial position for such fiscal year, accompanied by any report thereon of an independent accountant, or if there is not such report, a certificate of the Chief Financial Officer (Treasurer) or President that such statements were prepared without audit from the books and records of the corporation.

Section 7. Miscellaneous. That in the By-Laws of this corporation, the term "member" and "Shareholder" are used interchangeably and shall have the same meaning and refer to those individuals owning the shares of stock of this corporation.

ARTICLE XI MISCELLANEOUS

Section 1. Reference to Code Sections. All references to Sections or Code Sections in these By-Laws relate to the General Corporation Law for the State of California, effective January 1, 1977, as amended.

Section 2. Indemnity. The corporation may indemnify any director, officer, agent, or employee as to those liabilities and on those terms and conditions as are specified in Section 317. In any event, the corporation shall have the right to purchase and maintain insurance on behalf of any such persons, whether or not the corporation would have the power to indemnify such person against the liability insured against.