

BY-LAWS OF THE VERSAILLES OWNERS ASSOCIATION

2601 E. Ocean Boulevard
Long Beach, California 90803
(Amended November 11, 2000)

Article I

PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Name and Principal Office. The name of the association is the Versailles Owners Association, hereinafter referred to as the "Association". The principal office of the Association shall be located at 2601 E. Ocean Boulevard, Unit #101, Long Beach, California 90803 in the county of Los Angeles, California.

Section 2. Provisions. The provisions of these By-laws are applicable to the project. The term, "Project" as used herein shall include the land and all structures and improvements thereon.

Section 3. Personal Application. All present or future owners, tenants, future tenants or their employees, or any other person that might use the facilities of the Project in any manner are subject to the regulations set forth in these by-laws and to the recorded Declaration and Rules and Regulations and as the same may be amended from time to time as therein provided. The mere acquisition or rental of any of the units of the Project or the mere act of occupancy of any of said units will signify that these by-laws are accepted, ratified and will be complied with.

Article II

THE ASSOCIATION

Section 1. Annual Meetings. The annual meeting shall be held during the month of December. (Amended at the annual meeting on November 11, 2000) The required written notice shall be mailed out 30 days prior to the meeting." Notice of the meeting shall be as set forth in the Declaration, Article III, (i),page 10,

Section 2. Order of Business. The order of business at the annual meeting of the owners shall be as follows:

- (a) Roll call
- (b) Call for proxies

- (c) Proof of notice of meeting or waiver of notice
- (d) Reading of minutes of preceding meeting
- (e) Annual Report of the Board of Governors
- (f) Appointment of Tellers Committee
- (g) Election of Governors
- (h) Unfinished business
- (i) New business
- (j) Installation of new Board of Governors

Article III

VOTING, QUORUM, PROXIES

Section 1. Voting. Voting at the Association meetings shall be the cumulative voting method as described by the Declaration, Article III (b), page 7.

Section 2. Quorum. The presence of 44 owners shall constitute a quorum. (See Article III (f), page 10 of the Declaration.)

Section 3. Proxies. Proxy voting must be in writing with the owner's signature. Such proxy voting shall be valid for one entire meeting and for all voting during the course of said meeting unless otherwise designated by the owner. Said proxy shall be presented to the Secretary of the Board of Governors prior to the Association meeting and said Secretary shall make the proxy a part of the record.

Article IV

BOARD OF GOVERNORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Governors composed of seven (7) persons, all of whom must be owners. (Amended November 11, 2000).

Section 2. Election and Term of Office. The members of the Board of Governors shall be elected at each annual meeting to serve and their term of office shall commence at the beginning of the fiscal year and end at the end of the fiscal year. (Amended November 11, 2000).

Section 3. Vacancies. All interim vacancies on the Board of Governors shall be filled by a vote of all owners on candidates selected by a designated nominating committee, consisting of at least five (5) owners, none of which shall currently be a member of the Board of Governors. Said manner of voting shall be designated by the Board of Governors, consistent with voting provisions as set forth in the Declaration, page 7 (b), and said manner shall guarantee the opportunity of voting to all owners. The aforesaid "all" interim vacancies shall be true except vacancies occurring within ninety (90) days prior to the designated date of the annual meeting. Said vacancies shall not be filled, unless said vacancies are of such number that the remaining members of the Board of Governors cannot constitute a quorum in voting. In this event, the minimum number of vacancies shall be filled in the aforesaid manner to re-create a quorum voting status for the Board of Governors.

Section 4. Quorum. Four (4) of the seven (7) duly elected members of the Board of Governors shall have to be present at any meeting of the Board of Governors to constitute a voting quorum. A notice must be given to all owners not less than three(3) days prior to meetings of the Board of Governors.

Section 5. Regular Meetings. Regular meetings shall be held at such time and place as shall be determined from time to time by a majority of the Governors but at least two (2) such meetings shall be held during each term of office. Notice of regular meetings of the Board shall be given to each Governor personally or by mail, telephone or telegraph, not less than three (3) days prior to the meeting. In the event of an emergency, the three (3) day notice provision is waived. All such meetings of the Board of Governors shall be open to all owners. The meetings shall be held in a common area with ready access to all owners. The meetings are open solely to owners, for observation only, until a designated time at each meeting for Owner-Board of Governors communication.

Section 6. Officers. In the event of an officer vacancy on the Board of Governors, a new vote of the Board of Governors shall take place for the position. The Board of Governors by a majority of all members shall also have the right to elect any and all officers from among themselves at any meeting of the Board of Governors.

Section 7. Fidelity Bonds. The members of the Board of Governors and all employees of the Association shall be furnished adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Article V

OFFICERS

Section 1. Number, Title and Duties. The number, titles and duties shall be the same as specified in the Declaration, Article III (n), page 11 with the addition as follows:

The Treasurer shall be responsible for a monthly report to be made to the Board of Governors outlining the current financial condition of the Association and shall provide necessary information to the individual or committee responsible for annual and long term budget planning.

Article VI

OBLIGATIONS OF THE OWNER

Section 1. Use of Units or Common Areas.

(a) No part of the project shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other non-residential purposes, except the Declarant, who may have a model unit and sales office during a reasonable sales period and except commercial enterprises, such as vending machines, if such commercial ventures are deemed, by the Board of Governors, to be of benefit to the owners of the project.

(b) In the event that a unit owner leases or allows occupancy of his unit by others, and said owner does not also reside in said unit, such owner loses all rights to use of the common areas, including all recreational facilities and parking from the first day of such occupancy until the final day of such occupancy. During the course of said occupancy, the individual or individuals in residence assumes all rights of the owner except that of attendance at meetings of the Association and Board of Governors and voting at same, which is the permanent right of the owner.

Article VII

MORTGAGEES

Section 1. Notice of Association. An owner who mortgages his condominium shall notify the Association of the name and address of his mortgagee; and the Association shall maintain such information in a book entitled, "Mortgagees of Condominiums". Any such owner shall likewise notify the Association as to the release or discharge of any such mortgage.

Section 2. Notice of Unpaid Assessments. The Association shall, at the written request of mortgagees of condominiums, report any unpaid assessments due from owners of such

condominiums. This information shall be released only to the mortgagees listed in the book entitled, "Mortgagees of Condominiums", hereinbefore referred to.

Article VIII

The following terms, as used in these By-laws, shall have the same meanings as are applied to said terms in the Declaration, to which this is attached and made a part hereof: Project, Condominium, Common Area, Recreation Area, Unit, Mortgage, Mortgagee, Owner.

Article IX

In the event that any of these By-laws conflict with any provisions of the laws or statutes of the State of California, it is hereby agreed that such by-law or By-laws conflicting with the laws or statutes of California, shall be null and void upon the event of a final determination to such effect by a court of competent jurisdiction but that all other By-laws not in conflict with said laws or statutes shall remain in full force and effect as though these By-laws were adopted at the outset omitting those conflicting with said laws or statutes.