

**By-Laws  
of the  
Midtown Terrace  
Home Owners' Association, Incorporated**

**As amended September 1, 1965**

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**By-Laws of  
Midtown Terrace Home Owners' Association, Incorporated**

**PART ONE  
ORGANIZATION**

**ARTICLE I  
*Place of Business***

The principal office for the transaction of the business of the corporation shall be located in the City and County of San Francisco, State of California, and at such place therein as may be designated by the Board of Directors.

**ARTICLE II  
*Members***

*Section 1. QUALIFICATIONS.* This Association (other than the initial organizers) shall be composed of one group only, to be designated as members, who shall have full and complete rights of membership and who are the owners or purchasers under contract of first residential lots or building plots in a Midtown Terrace subdivision, and / or adjacent subdivision. (Effective June 1, 1958).

*Section 2. APPLICATIONS.* After the Association has ten members, any person (other than the original subdivider) desiring to become a member of this Association shall first be proposed by a member in good standing and be recommended by two other members in good standing; and such applicant shall state in writing on the regular blanks to be furnished by the Secretary his full name and the description or address of the residential lot or lots, of land owned, or to be owned by him, and be accompanied by the initial dues of \$1.00 plus \$18.00 on account of assessments, which sums shall be refunded if the applicant is not accepted. This application shall be referred to Membership Committee, appointed by the President, and it shall be the duty of said Committee to investigate the applicant and, if deemed necessary, to notify him to appear at a meeting of the Board of Directors, at which time he shall answer such questions pertaining to his ownership of such residential lot or lots as said Board of Directors shall see fit to ask, and such Board shall have the power to then accept or reject any such applicant.

If the Membership Committee shall fail to act within thirty (30) days from such application reference, its report and recommendations, shall be deemed favorable; and if the Board of Directors shall fail to act within the succeeding thirty (30) days, the applicant shall be deemed to have been accepted.

*Section 3. CERTIFICATES.* There shall be issued, over the signature of the President and Secretary of the Association, with the corporate seal impressed thereon, to each member a certificate of membership in substantially the following form filled out, to-wit:

*Certificate of Membership*  
MIDTOWN TERRACE HOME OWNERS'  
ASSOCIATION, INCORPORATED

Certificate No. ....

Member's Rights Date From .....

THIS IS TO CERTIFY THAT ..... holds membership in MIDTOWN TERRACE HOME OWNERS' ASSOCIATION, INCORPORATED, a non-profit corporation of the State of California, as an appurtenance to the lot or building plot described in the application for membership, and entitled to all the rights and privileges as such conferred and subject to the duties and obligations imposed by law and the By-laws of said corporation as now in effect or as hereafter amended or adopted; and irrevocable assent to said By-laws is given by the holder hereof by the acceptance of this certificate.

This certificate is not assignable or transferable, except to a person or persons theretofore accepted for membership in the Association as hereinabove provided.

Dated: ..... 19.....

MIDTOWN TERRACE HOME OWNERS' ASSOCIATION, INCORPORATED

(SEAL)

By .....

President

By.....

Secretary

and each member, by accepting such membership, thereby agrees with the Association and with each member thereof that he or she (or they) will not convey or attempt to convey title to any Midtown Terrace subdivision, lot or building plot to any one except the Association or a person or persons theretofore accepted for membership in the Association.

The Secretary of the Association is authorized, at the request of any person who is a member, to issue a certificate over the seal of the corporation certifying that he, she or they, naming him or her or them, is or are members of, or has been elected to membership in, the Association, and any such certificate so executed shall be conclusive evidence of the fact of such membership in favor of any person relying thereon and dealing in any manner with any property in a Midtown Terrace subdivision, San Francisco, California.

Section 4. JOINT OWNERSHIP. When a lot or building plot is owned of record in joint tenancy or tenancy in common, or when two or more persons are purchasing such a lot or plot, the membership shall be joint and the right of membership (including the voting and other powers arising therefrom) shall be exercised only by the joint action of all such owners, or the survivor.

ARTICLE III Directors

Section 1. NUMBER. The authorized number of Directors of this corporation shall be nine, (effective for 1959 Directors) which number may be changed by a By-law duly adopted by the members, provided that in order to reduce such number below nine the votes or written consents of the members holding more than 80 per cent of the voting power shall be necessary.

Section 2. QUALIFICATIONS. The first Directors need not be members, but succeeding

Directors and Officers must be members in good standing and upon accepting office execute the following oath: "I swear (or affirm) that I will execute the duties of my office in accordance with the Articles of Incorporation, the By-laws, and the will of the majority."

Section (2a) Failure to comply with the provisions of Art. III sec. 2 and/or failure, without good reason, to appear at more than two consecutive meetings of the Board of Directors and/or officers shall constitute reason for removal from the Board of Directors or office, by action of the Board of Directors.

*Section 3. POWERS.* All corporate powers (subject to limitations of the articles and to the provisions of law requiring action to be authorized or approved by the members) shall be exercised by or under authority of, and the business and the affairs of this corporation shall be controlled by its Board of Directors and, subject to the same limitations, the Board shall have power:

- (a) To appoint and remove all officers (other than Directors), prescribe their duties and require from them security for faithful performance of service if deemed necessary;
- (b) To make rules and regulations not inconsistent with law or the Articles of incorporation for the guidance of the officers and management of the affairs of the corporation; and, in their discretion, to levy appropriate fines for the violation of any provision of these By-laws.
- (c) To appoint an Executive Committee, composed of three or more directors; to delegate to such Executive Committee any of the powers and authority of the Board in the management of the business and the affairs of the corporation, except the power to adopt, amend or repeal By-laws; and to make rules and regulations for the appointment and term of office of the members of such Executive Committee;
- (d) To change the location of the principal office for the transaction of the business of the corporation from one location to another in the same county; and to designate any place within said county for the holding of any members, meeting, including the annual meeting.

*Section 4. DUTIES.* The Board of Directors shall:

- (a) Cause to be kept open to the inspection of any person entitled thereto and making proper demand therefor a book of minutes of all meetings of the directors and the members of the corporation, adequate and correct books of account of the properties and business transactions of the corporation and a membership register in the form prescribed by law and showing the details required by law;
- b) Adopt and use a corporate seal, consisting of a circle setting forth on its circumference the name of the corporation and showing the state and date of incorporation;
- (c) Authorize the issuance of certificates of membership as may be lawful and in the form hereinabove prescribed.
- (d) Annual Audit. The Board of Directors shall cause annual audit of Association accounts immediately after election.

*Section 5. ELECTIONS.* The Directors of the corporation shall be elected at the annual meeting of the members by a majority vote of the members entitled to vote thereat and voting either in person or by proxy; and except as provided by statute for the filling of vacancies which may occur during the year, the Directors shall hold office until the next annual meeting of the members and until their successors are elected and qualify.

*Section 6. MEETING.* Regular meetings of the Board of Directors shall be held without call on the first Monday of each month at eight o'clock p.m. of said day, at the principal office of said corporation, or at any place which shall be designated from time to time by resolution of the Board of Directors or by written consent of all members of the Board; and notice of such regular meeting is

hereby dispensed with.

Special meetings of the Board for any purpose or purposes whatever shall be called at any time by the President, or if he be absent or be unable or refuse to act by any vice president or by any two directors, upon due notice in writing given to each member in the manner prescribed by statute; and such special meetings may be held at the principal office of the corporation, or at any place which shall be designated from time to time by resolution of the Board or by written consent of all members of the Board.

*Section 7. QUORUM.* A majority of the authorized number of directors shall be necessary to constitute a quorum of the Board for the transaction of business.

*Section 8. VACANCIES.* In case of any vacancies in the Board of Directors through death, resignation, disqualification or other cause, the remaining Directors by a majority affirmative vote may elect a successor to hold office for the unexpired term for the director whose office is vacant and until the election or qualification of his successor.

## **ARTICLE IV**

### ***Officers***

*Section 1. ELECTION.* The officers of this corporation shall be a President, Vice - President, Secretary, Recording Secretary, Corresponding Secretary, Parliamentarian, Treasurer, Assistant Treasurer, and Sergeant at Arms, who shall be chosen by the Board of Directors; and each of said officers shall serve until he shall resign or be removed or become disqualified or until his successor shall be elected and qualify.

*Section 2. PRESIDENT.* Subject to such powers, if any, as may be delegated by the Board of Directors to the Executive Committee, the President shall be the chief executive officer, and subject to the control of the Board of Directors, shall have general supervision and direction of the business and affairs of the corporation. He shall:

- (a) Preside at all meetings of the Board of Directors and at all meetings of the members;
- (b) Call meetings of the Board of Directors;
- (c) Employ and discharge, subject to the approval of the Board, such agents and employees as the business of the corporation shall from time to time require, and prescribe their duties, terms of employment and compensation; and
- (d) Exercise such other powers and perform such other duties as may be prescribed by the Board 'of Directors or these By-laws.

*Section 3. VICE-PRESIDENT.* In the absence or incapacity of the President, the Vice President shall perform the duties of the President and shall also perform such other duties as may be prescribed for him by the Board of Directors.

*Section 4. SECRETARY.* The Secretary shall:

- (a) Keep a book of minutes at the principal office of the corporation, or such other place as the Board of Directors shall order, of all meetings of the directors and members in the form and manner required by law;
- (b) Keep at the principal office a membership register or a duplicate membership register, showing the details required by law, and also all other books of the corporation, excepting books of account;

- (c) Keep at the principal office, open to inspection by members at all reasonable times, the original or a certified copy of the By-laws of the corporation as amended or otherwise altered to date;
- (d) Keep the corporate seal and affix it to all papers and documents requiring a seal;
- (e) Attend to the giving and serving of all notices of the corporation required by law or these By-laws to be given; and
- (f) Attend to such correspondence as may be assigned to him and perform all other duties incidental to his office or prescribed by the Board of Directors, or by law.

*Section 5. TREASURER.* The Treasurer shall:

- (a) Keep and maintain, open to inspection by any director at all reasonable times, adequate and correct accounts of the properties and business transactions of the corporation, which shall include all matters required by law and be in form as required by law;
- (b) Have the care and custody of the funds and valuables of the corporation and deposit same in the name and to the credit of the corporation with such depositories as the Board of Directors may designate;
- (c) Disburse the funds of the corporation as he may be ordered by the Board, taking proper vouchers for such disbursements;
- (d) Render to the President and Secretary, or to the Board of Directors, whenever they require it, an account of all his transactions as Treasurer and a financial statement in form satisfactory to them showing the condition of the corporation; and
- (e) Have such other powers and perform such other duties as may be prescribed by the Board of Directors.
- (f) Collect all dues and assessments and issue receipts therefor.

*Section 6. SERGEANT AT ARMS.* It shall be the duty of the Sergeant at Arms to guard the door of each directors' and members' meeting, admitting none but those entitled to attend to introduce new members, to assist the presiding officer in maintaining order at meetings, maintain attendance records at all meetings of the members, and to perform such other services as he may be called upon to do by the presiding officer.

## **ARTICLE V** ***Meetings of Members***

*Section 1. ANNUAL.* The annual meetings of the members shall be held on the first Monday of January of each year at eight o'clock p.m. of said day at the principal office for the transaction of the business of the corporation.

*Section 2. SPECIAL.* Special meetings of members for any purpose or purposes whatsoever may be called at any time by the President, or by the Board of Directors, or by one or more members holding not less than one-fifth of the voting power of the corporation; and such special meetings may be held at the principal office of the corporation or at any place within the State designated by written consent of the members entitled to vote thereat, or by the Board of Directors pursuant to authority granted the Board in and by these By-laws.

*Section 3. NOTICE* Written notice of any meeting of the members shall be given to each member entitled thereto not less than three days before such meeting in the manner by statute and shall specify the day and hour and place of such meeting, provided that notice of such special meeting shall



specify also the general nature of the business to be transacted.

*Section 4. QUORUM.* No meeting of the members shall transact any business unless 50 members entitled to vote thereat are represented, except to adjourn from day to day or until such time as may be deemed proper.

## **ARTICLE VI** ***Dues and Assessments***

*Section 1. DUES.* Applications for membership shall be accompanied by an initiation fee of \$1.00 for each lot or building plot, as shown on the then recorded map of the property or as resubdivided by the Original Subdivider, or its successor in interest, or any other adjacent subdivision, and if the applicant is accepted for membership said sum shall include and constitute the dues for the remainder of the then calendar year; and thereafter the annual dues shall be as fixed by the Board of Directors, but not less than \$1.00 per calendar year.

### *Section 2. ASSESSMENTS.*

(a) In addition to such annual dues, the Board of Directors may from time to time levy and collect periodic assessments, but all such assessments must be ordered and levied by not less than four-fifths of the members of the Board of Directors.

(b) Such assessments may be levied on all members or they may be restricted to members who are owners of improved lots or building plots, as the Board of Directors shall deem equitable, but the said Board shall not levy dues and assessments to exceed in the aggregate \$18.00 a year without the vote or written assent of a majority of the members and

(c) The said Board of Directors shall have the right to determine that all such assessments so levied and paid shall be credited to a succeeding member in interest; and said Board may, in its discretion, determine that from and out of dues and assessments paid by a succeeding member the original subdivider may be reimbursed for any dues or assessments levied and paid as to any building lot or plot.

*Section 3. COLLECTION* Any dues, fines or assessment more than thirty days in arrears may be collected by an appropriate action at law, at any time after the same becomes due and payable; and in any action to collect the same, in the event of recovery, the plaintiff shall be entitled to recover all costs and expenses, including a reasonable attorney's fee to be fixed by the court.

*Section 4. ANNUAL DUES.* Annual dues shall be due' and payable in advance on January 1st of each year, and delinquent on March 31st of that year. Delinquent members shall not have the right to vote or hold office. (Effective Jan. 1, 1959).

## **ARTICLE VII** ***Property Rights***

*Section 1. EQUALTY.* The property rights and interests of members of the Association in and to the property of the Association (as distinguished from the title to land purchased by members) shall be equal, that is, each member shall be entitled to one right for each lot or building plot he owns and each member may have as many rights as he owns such lots or plots, but each member shall have merely a life interest and only while he remains a member in good standing and an owner ' of one 'or

more such lots or plots.

*Section 2. TERMINATION.* Upon the death, resignation or expulsion of any member for good cause shown to exist, or upon his ceasing to be such lot or plot owner, his rights and interests in the property of this Association shall thereupon cease and terminate.

*Section 3. EXECUTION SALE.* The e property rights of the members, and their interest in the property of this Association, shall not be the subject of sale, assignment or transfer, either voluntary or involuntary; nor shall said property rights be considered as an asset of any member in bankruptcy or in any manner subject to seizure or execution.

## **ARTICLE VIII** ***Voting Rights***

*Section 1. VOTES.* Every member in good standing shall be entitled to one vote for each membership he holds, and he shall be entitled to hold a membership for each home he owns.

*Section 2. PROXIES.* At all corporate meetings of members, voting may be in person or by proxy, but all proxies must be in writing and be on file with the Secretary.

*Section 3. VOTING.* Except as otherwise provided, voting may be by Ayes and Noes or by ballot, as directed by the President or as determined by the members present, on motion.

## **ARTICLE IX** ***Committees***

*Section 1. APPOINTMENT.* In addition to the Executive Committee appointed by the Board of Directors, the President shall appoint a Membership Committee, an Architectural Committee and such other committees as may be proper for the carrying on of the corporate business; and all such committees, unless otherwise directed by the members on motion, shall consist of three members each, and hold office at the will and pleasure of the President; and all such committees shall have the powers and duties in these By-laws specified and as directed by the President; and

*Section 2. QUORUM.* A majority shall constitute a quorum on all Committees 'but no act, action, determination or recommendation of any Committee shall be effective unless agreed to or concurred In by majority of the entire Committee.

## **ARTICLE X** ***Rules of Order***

*Section 1.* Every member desiring the privilege of the floor shall arise and address the chair as "Mr. President"; and but one member shall be entitled to the floor during the same period of time; and no member shall speak for more than five minutes on any subject at any one time or more than twice on the same subject except by permission of the Chair;

*Section 2.* All resolutions must be in writing; and

*Section 3.* Unless and until otherwise provided, Robert's Rules of Order (Revised Edition) shall govern the conduct and procedure of all meetings.

## **ARTICLE XI**

*Section 1.* FUNDS DISBURSEMENT. The Board of Directors shall authorize the disbursing and Payment of all obligations of the Association from time to time, provided that no expenditure in excess of \$250.00 shall be made without obtaining prior approval of the members as follows: Notice shall be sent to all members as herein provided which shall contain a complete statement of the proposed expenditure as to purpose and amount.

*Section 2.* PAYMENT OF OBLIGATIONS. All obligations of this Association in excess of \$10 shall be paid by check signed by the President and Treasurer and shall be supported by voucher.

*Section 3.* BOND. The President and Treasurer shall be bonded by a fidelity bond issued by a corporate surety in an amount equal to the total funds of the Association as of December 31st each year. The premium for said bond shall be paid by the Association.

## **PART TWO FIRST RESIDENTIAL LOT RESTRICTIONS**

*Section 1.* USE AND IMPROVEMENT. (a) No buildings, other than one detached single family private residence, with private garage for the use of the occupants of such residence, and other appropriate outbuilding structures incident and pertinent to a private residence, shall be erected or maintained on any first residential lot or plot of said subdivision, and no use whatsoever, except in connection with its use and improvement as a site and grounds for use as a private residence, shall be made of any lot or plot therein which is not, or has not been zoned either for "business" or "second residential."

(b) The term "Private Residence" is intended to exclude every form of multifamily dwelling, boarding or lodging house, sanitarium, hospital and the like, but it is not intended to exclude a "guest house" for the entertainment of social guests, nor servant quarters for servants or other employees employed upon the premises, provided the same is attached to the main building or an addition to or floor above a detached garage, if erected in conformity with these By-laws.

(c) The term "use as a private residence" is intended to exclude every form of business, commercial or manufacturing enterprise, and shall apply to the entire tract.

*Section 2.* TEMPORARY BUILDINGS. No trailer, basement, tent, shack, garage, barn or other outbuilding shall at any time be used as a residence, temporary or permanent, nor shall any residence of a temporary character be permitted in any first residential area, and no structure shall be moved on or brought within any such area unless it shall conform to and be in harmony with existing structures in said area.

*Section 3.* MINIMUM REQUIREMENTS. No dwellings shall be erected or be permitted to remain upon any first residential lot in said Subdivision except as expressly approved and authorized by the Architectural Committee of the Association, and no additions may thereafter be made extending any such building to a height of more than two stories, except as expressly approved and authorized by

the Architectural Committee of the Association; and all buildings, fence and other structures must be kept suitably painted, in harmony with the improvements as to the remainder of the subdivision. This section shall not apply to the original subdivider.

*Section 4. SETBACK OF BUILDINGS.* No building or projection thereof shall be located nearer than the established official setback from the front lot line, exclusive of bay windows or other projections; except that as to corner lots the said minimum and maximum setback restrictions shall be applied to one street frontage only, and except as otherwise expressly authorized and approved by the Architectural Committee of the Association, all main buildings and structures must be located at least 6 feet distant from main structure or building on the adjoining lot. This section shall not apply to the original subdivider.

*Section 5. RESUBDIVISION OF LOTS.* No dwelling house shall be erected or permitted to remain on any first residential building lot resulting from resubdivision of original first residential lots as shown on the recorded map of said tract, which building plot so resulting has an area less than that of the smallest original lot of the original subdivision.

*Section 6. EASEMENTS.* Easements and rights of way, as indicated upon the recorded map of said subdivision, or as now existing on the ground, are reserved for the installation and maintenance of sewers, pole line, utilities and other public and quasi-public buildings; and no building shall be placed upon such easements or interference made with the free use of the same for the purposes intended; and connections with sewers and the use thereof shall be for sanitary purposes only, unless permission for additional use or uses is previously secured from the governing body of the district or municipality operating and maintaining such sewers.

*Section 7. SIGNS.* No billboards or other advertising devices shall be erected or placed on any lot or plot in said tract; and no more than one "For Sale, Lease or Rent" sign shall be displayed upon any single lot or plot, and such sign shall not be larger than 18 inches by 24 inches; provided, however, that during the development and sale of lots and homes in said tract or adjoining tracts, the original subdividers, or their agents, may erect and display one or more larger signs as they may determine.

*Section 8. COMPLETION OF CONSTRUCTION.*

- (a) Any residence or other building in said subdivision, the construction of which has been started, shall be completed without delay, except when such delay is caused by Acts of God, strikes, actual inability of the owner to procure deliveries of necessary materials, or by interference by other persons or forces beyond the control of the owner to prevent. financial inability of the owner or his contractor to secure labor or materials or discharge liens or attachments shall not be deemed a cause beyond his control.
- (b) In the event of cessation of construction of any building for a period of 120 days, where such interruption is not excused by the provisions hereof, the existence of such incompleting building shall be deemed to be a nuisance, and the Association shall have the right to enter upon said incompleting premises and remove the same, or carry such construction forward to completion, and the costs and expenses incurred in connection with such removal or completion shall constitute a lien upon said property under the Mechanics' Lien Law of the State of California, such lien to attach as of the time of the commencement of the work involved in effecting such removal, or as of the time of the commencement of the work so undertaken to complete such construction, and may be enforced in the manner provided for the enforcement of mechanic's liens.

*Section 9. FENCES AND CLOTHES POLES.* No fence, hedge or other enclosure shall be permitted or allowed to remain on any first residential lot or plot in said subdivision between street and the front building line herein above established, and no rear fences, hedges or other enclosures, or extension thereof shall be permitted to a height exceeding 5 feet, nor of a material or materials, design or designs other than that originally installed by the original subdivider, except as authorized or approved by the Architectural Committee of the Association; and no clothes poles or clothes lines (or other similar structure) shall be permitted or allowed to remain on any first residential lot or plot, other than a rotating clothes dryer, or such other type as may be approved by said Architectural Committee. This section shall not apply to the original subdivider.

*Section 10. LANDSCAPING.* No portion of any first residential lot or plot of land between the street line and the main residential building or structure thereon shall be used for the planting or growing of garden vegetables and all front yard landscaping (i.e., lawns, shrubs, trees, flowers and other plants) including all areas within the sidewalk lines, shall be kept and maintained by the owner in good and husbandlike manner without any right of removal, replacement or substitution as to sidewalk or street area trees, except by written permission of the Architectural Committee of the Association; and trimming of all such trees shall be by or under the direction of such Committee. Upon failure of owner to comply with this section after fifteen (15) days' written notice, the Association may, at its option, restore such portion of lot and such area to the condition in which it is required to be kept pursuant to the provisions of this section, and may so maintain the same, and the reasonable costs and expenses of such restoration and maintenance shall be paid for by such lot owner. In any suit brought by the Association to collect such indebtedness the Association shall be entitled to recover, in addition to such costs and expenses, reasonable attorney's fee to be fixed by the Court.

*Section 11. PETS.* No first residential lot or plot or building thereon in said subdivision shall be used for the keeping or breeding of fowls, animals or creatures of any kind for commercial purposes, but such fowls, birds and animals may be kept for the pleasure of the occupants of the premises where kept, and then only shall it be permissible to keep ordinary or usual species in number and under conditions not constituting a nuisance or otherwise objectionable to other residents in the subdivision; and all yards, pens, and outbuildings used in connection with the keeping of such fowls, birds and animals shall be located only on the rear half of the respective lots, and shall be adequately screened from view from any street and be at all times kept and maintained in a clean and sanitary condition.

*Section 12. APPROVAL of PLANS.* (a) No building alterations, fences or extensions thereof, walls or other permanent structure additions or changes shall be erected, altered, made or placed upon any lot or plot in this subdivision until the plans, specifications and plot plan showing the location on the lot or plot have been submitted to and approved in writing as to conformity and harmony of design and as not interfering with the reasonable enjoyment of any other lot or plot, by the Architectural Committee of the Association; and no radio or television aerial shall be erected on other than the rear 20 feet of the house, without the written permission of the Architectural Committee of the Association. This section shall not apply to the original subdivider.

(b) Upon failure of said Committee or its designated representative to approve or disapprove such plans and specifications within thirty (30) days after receipt of a proper presentation, approval of such plans and specifications shall be deemed to have been made, provided such proposed construction complies with the law and these By-laws.

(c) No member of the Architectural Committee shall be entitled to receive any compensation or make any charge for his services hereinabove provided.

*Section 13. LEASING AND SUBLEASING.* No member of this Association shall lease or sublet any building or improvement owned by him in Midtown Terrace without first submitting the lease or sublease to and obtaining the approval of the Membership Committee of this Association.

*Section 14. SUBORDINATION OF MORTGAGES.* Nothing in these By-laws contained shall impair or defeat the lien of any mortgage or deed of trust made in good faith and for value, and these By-laws shall in no way restrict, impair or defeat any right of sale contained in any such mortgage or deed of trust or the foreclosure of the same; provided, however, that title to any property subject to these By-laws and obtained through sale under or foreclosure of any such mortgage or deed of trust shall thereafter be held subject to all restrictions or provisions of these By-laws; except (and notwithstanding any provisions in these By-laws), that title to property acquired by the holder of a loan guaranteed or insured by the federal Housing Administration or the Veterans Administration, or any other governmental agency or property acquired by any such agency directly, at foreclosure or otherwise, or from the purchaser at foreclosure sale, or otherwise, by reason of, or incident to, or as a consequence of such guaranty or insurance, either by way of purchase at a sale under power of sale or other judicial proceedings, or through foreclosure of deed of trust or mortgage on the property securing such loan, or by way of conveyance in full or partial satisfaction of the debt secured by such deed of trust or mortgage immediately upon any such acquisition shall be, and thereafter remain free from any and all restrictions or impediments as to alienation.

For all purposes of these By-laws, the State of California, Veterans Administration, shall be deemed and considered as a governmental financing agency; and the veteran purchaser (and his wife), if entitled to the right of occupancy of a first residential lot or building plot, shall be deemed the "owner" and, as such, shall be entitled to apply for and hold membership in the Association.

*Section 15. FAILURE TO ENFORCE.* The various restrictive measures and provisions of these By-Laws are declared to constitute mutual equitable covenants and servitudes for the protection and benefit of each lot in said subdivision and all the members of the Association, and failure promptly to enforce any measure or provision upon violation thereof shall not estop or prevent enforcement thereafter or be deemed a waiver of the right so to do.

*Section 16. SEVERABILITY.* The various measures and provisions of these By-laws are declared to be severable; and the invalidation of any one of these By-laws by judgment or court order shall in nowise affect any of the other provisions or covenants herein contained, which shall remain in full force and effect, or shall such judgment or court order render invalid or operate in any way against the lien of any mortgage or deed of trust given as security for the payment of a debt which may theretofore have been placed upon said property in good faith and for value.

*Section 17. TERMS OF RESTRICTIONS.* These Bylaws, covenants, restrictions and agreements as to first residential areas shall run with the land and continue in full force and effect until January 1, 1957, at which time the same shall be automatically extended for successive periods of ten years unless, by duly executed and recorded statement, more than 75 per cent of the members of the Association elect to terminate this Association or amend these Bylaws or said restrictions, in whole or in part; and nothing in these By-laws contained shall be construed to apply to any area that is or shall be zoned either for "business" or as "second residential."

*Section 18. ENFORCEMENT AND REMEDY,* Each grantee of a conveyance, or purchaser under a contract or agreement of sale, by accepting a deed or a contract of sale or agreement of purchase of a first residential lot, whether from the original subdivider or a subsequent vendee, accepts the same subject to all the conditions, restrictions, easements and agreements as now set forth in the By-laws, or as hereafter amended, and agrees to be bound by the same; and damages for any breach of the terms restrictions and provisions of these By-laws are hereby declared not to be adequate compensation, but such breach and/or the continuation thereof may be enjoined or abated by appropriate proceedings by the Association, or by any member or members thereof and in any proceeding under these Bylaws, either at law or in equity, if recovery be had, the plaintiff shall be entitled to recover all costs and expenses, including a reasonable attorney's fee to be fixed by the court.

*Section 19. CREDIT ORGANIZATION,* The Board of Directors is hereby given the right and power, in its discretion, to organize among its members an appropriate Credit Union or Credit Organization, and thereby provide the funds with which to acquire, and thereafter dispose of or convey, for the account and benefit of the members of such Credit Union or Credit Organization, any and all properties of members desiring to sell the same.

### **PART THREE AMENDMENTS**

*Section 1.* No alteration or amendment shall be made to these By-laws, unless proposed in writing at either a regular or special meeting and referred to a special committee, which shall report on the same at the next regular or a succeeding special meeting when it may be acted upon and adopted by a majority vote, by ballot, or by written consent, of all the members of the Association; provided, however, that written notice of the proposed amendment shall be given to each member by mail, at his place of residence or business, as shown by the records of the Association, at least ten (10) days prior to the meeting at which same is to be acted upon; and provided, further, that no Amendment of PART TWO of these By-laws (which relate to first residential lot restrictions) or of PART THREE of these By-laws (which relate to amendments) shall be effective without the consent or approval of not less than two-thirds of all the members of the Association given in writing or by ballot at a regular or special meeting of the Association; and no amendment shall be made to Section 14 of PART TWO without the written consent or approval of all the members of the Association. No amendment to the Charter or the By-laws of this Association shall be binding upon, impair, or affect, any rights now, or hereafter existing, in favor of Federal Housing Administration as guarantor or insurer, or otherwise, unless the Federal Housing Commissioner shall have consented in writing to the adoption of such amendment; and no amendment to the Charter or the Bylaws of this Association shall be binding, upon, impair or affect, any rights now or hereafter existing in favor of the Administrator of Veterans Affairs as guarantor or insurer, or otherwise, unless said Administrator of Veterans Affairs shall have consented in writing to the adoption of such amendment.