

BY-LAWS OF
THE ESTATES CONDOMINIUM
OWNERS ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the corporation is THE ESTATES CONDOMINIUM OWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located in the County of Los Angeles.

ARTICLE II
DEFINITIONS

Section 1. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions, recorded as Instrument No. on 1979, Official Records of Los Angeles County, as the same may be supplemented or amended from time to time, relating to the condominium project and related improvements commonly known as The Estates (Lot 1 of Tract 32133) located in the County of Los Angeles, California.

Section 2. "Member" shall mean and refer to every person or entity holding membership in the Association.

Section 3. All other capitalized terms shall have the same meaning as set forth in Article I of the Declaration, unless otherwise defined herein.

ARTICLE III
MEMBERSHIP

Section 1. Membership. As more fully provided in Paragraph 3.2 of the Declaration, every person or entity who is a record owner of a Condominium which is subject to the Declaration shall be a Member of the Association.

Section 2. Transfer. No membership held by any Owner of a Condominium shall be transferred other than as provided in Paragraph 3.2 of the Declaration.

Section 3. Suspension of Membership. The voting and other rights of a Member shall be subject to suspension in accordance with the provisions of Paragraph 6.2(b) of the Declaration.

ARTICLE IV

BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a Board of five (5) directors, who need not be members of the Association.

Section 2. Term. At the first annual meeting, the Members shall elect five (5) directors for the following terms: The two directors receiving the highest number of votes shall serve for terms of two (2) years; the remaining directors shall serve for terms of one (1) year. At each annual meeting thereafter, the Members shall elect a number of directors equal to the number of directors whose terms are expiring, and each director so elected shall serve for a term of two (2) years.

Section 3. Procedures for Nomination, Election and Removal. The procedures for nominating, electing and removing directors shall be as follows:

(a) Nomination for election to the Board shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board, and two (2) or more Members of the Association. The nominating committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting. The nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine but not less than the number of vacancies that are to be filled.

(b) Election to the Board shall be by secret written ballot.

(c) Directors shall be elected by cumulative vote of the Members. That is, every Member shall have the right to cumulate his votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of votes such Member is otherwise entitled to cast under the provisions of the Declaration, multiplied by the number of directors to be elected.

(d) Unless the entire Board is removed from office by the vote of the Members, an individual director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal is greater than the quotient arrived at by dividing the total number of votes that may be cast under the cumulative voting procedures described above by a divider equal to 1 plus the authorized number of directors.

Section 4. Special Procedure. Notwithstanding any other provision hereof, from the first annual meeting and thereafter for so long as a majority of the voting power of the Association resides in Declarant, or so long as there are two outstanding classes of membership in the Association, not less than twenty percent (20%) of the members of the Board shall be elected solely by the votes of Members other than Declarant. That is, so long

as the total authorized number of directors is five, one director shall be elected in accordance with the foregoing procedure. A director who has been elected to office solely by the votes of Members other than 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 of the Association residing in Members other than Declarant.

Section 5. Vacancies. In the event of death, resignation, or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 6. 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.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board shall be held monthly at such place within the Project and hour as may be fixed from time to time by resolution of the Board. Should such a 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 within the Common Area.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President of the Association, or by any two (2) directors other than the President. The notice shall specify the time and place of such meeting and the nature of any special business to be conducted. The notice shall be sent to all directors and shall be posted at a prominent place within the Common Area not less than 72 hours prior to the scheduled time of the meeting.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present, shall be regarded as the act of the Board.

Section 4. Open Meetings. Regular and special meetings of the Board shall be open to all Members provided, however, that Members who are not directors may not participate in any deliberation or discussion unless expressly so authorized by a vote of a majority of a quorum of the Board. The Board may, with the approval of the majority of a 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 VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers and Duties. The Board shall have the power and duty:

(a) To enforce any of the provisions of these By-Laws, the Declaration, the Association Rules (as defined in Paragraph 3.5(f) of the Declaration), and the Articles.

(b) To pay taxes and assessments which are or could become a lien on the Common Area, or any portion thereof, and the Association Property as provided in Paragraph 3.4(d) of the Declaration;

(c) To obtain and maintain in force the policies of insurance specified in Paragraph 3.6 of the Declaration;

(d) To maintain and otherwise manage all of the Common Area and all facilities, improvements and landscaping thereon, including interior and exterior maintenance of all Common Area buildings as provided in Paragraph 3.7 of the Declaration;

(e) To employ a manager, an independent contractor, managing agent (which may be a corporation), or such other employees as it deems necessary, and to prescribe their duties;

(f) To prepare or cause the preparation of budgets, financial statements and audits in accordance with Paragraph 4.7.

(g) To adopt the Association Rules in accordance with Paragraph 3.5(f) of the Declaration;

(h) To levy assessments on the Owners and to enforce payment of such assessments, all in accordance with the provisions of Articles IV and V of the Declaration;

(i) To enter into or upon any Unit or the Common Area for the purpose of performing the duties of the Association set forth in Paragraph 3.4 of the Declaration, enforcing by peaceful means any of the provisions of the Declaration or maintaining or repairing any area required to be maintained by an owner if for any reason whatsoever such owner fails to maintain or repair such area, all as more fully set forth in Subparagraph 3.5(b) of the Declaration;

(j) To exercise for the Association all powers, duties and authority vested in or delegated to this Association not reserved to the Membership by other provisions of these By-Laws, the Articles, or the Declaration;

(k) To declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(l) To cause to be kept a record of all its acts and corporate affairs 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-fifth (1/5) of the membership entitled to vote;

(m) To delegate its powers to committees, officers or employees of the Association, as expressly authorized by the Declaration, and to supervise all committees, officers and employees of the Association, and to see that their duties are properly performed;

(n) As more fully provided in the Declaration:

(1) To fix the amount of the regular assessment against each condominium at least sixty (60) days in advance of each regular assessment period, and

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

(o) To issue or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge not to exceed \$25.00 may be made by the Board for the issuance of such certificates. Such certificates shall be conclusive evidence that any assessment therein stated to have been paid was in fact paid;

(p) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(q) To cause such other duties of the Association as are set forth in the Declaration to be performed.

Section 2. Limitation of Powers. The Board shall not, without the vote or written assent of (i) so long as there are two classes of voting membership as provided in the Declaration a majority of each voting class; or (ii) thereafter, a majority of the Members other than Declarant;

(a) Enter into a contract with a person or firm wherein said person or firm will furnish goods or services for the Common Area or the Association for a term longer than one year except that the Board may enter into contracts for:

(1) Utility services if the contract is with a public utility company whose rates for materials or services are regulated by the Public Utilities Commission; provided, however, that the term of such contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; or

(2) Prepaid casualty and/or liability insurance policies of not to exceed three years' duration provided that the policy permits short rate cancellation by the insured;

(b) 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;

(c) Sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(d) Pay compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Board may cause a Member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

ARTICLE VII

COMMITTEES

Section 1. Appointment. The Board shall appoint a Nominating Committee as provided in these By-Laws. In addition, the Board may appoint other committees as deemed appropriate in carrying out its purposes.

Section 2. Complaints. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE VIII

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within forty-five (45) days after the closing of the sale of the Condominium which represents the fifty-first percentile interest of the Project, but in no event shall the meeting be held later than six (6) months after the closing of the sale of the first Condominium in the Project. Each subsequent regular annual meeting of the Members shall be held at the hour of 7:00 o'clock P.M. (or other reasonable hour designated by the Board) on a date designated by the Board during the same month as the month in which the first annual meeting is held.

Section 2. Special Meetings. Special meetings of the Members shall be promptly called by the Board upon:

(a) The vote for such a meeting by a majority of a quorum of the Board; or

(b) Receipt of a written request therefor signed by Members representing not less than 25% of the total voting power of the Association or by Members representing not less than 15% of the voting power residing in Members other than the Declarant.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the discretion of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice postage prepaid, at least ten (10) days, but not more than sixty (60) days, before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at a meeting of Members entitled to cast, or of proxies entitled to cast, at least fifty percent (50%) of the votes of the entire Membership shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration or these By-Laws. If, however, such quorum shall not be present in person or by proxy at any such meeting the Members entitled to vote thereat shall have power to adjourn the meeting without notice other than announcement at the meeting, to a time not less than five (5) days or more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be twenty-five percent (25%) of the votes of the entire membership.

Section 5. Proxies and Voting. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his condominium. Except as otherwise provided in the Articles, By-Laws or Declaration a majority of the voting power present, in person or by proxy, shall prevail at such meeting.

Section 6. Voting Rights. The voting rights of Members shall be as set forth in Paragraph 3.3 of the Declaration.

Section 7. Place of Meetings. Meetings of Members shall be held within the Project or at a meeting place as close thereto as possible.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a President and Vice-President, who shall at all times be members of the Board, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first regular meeting of the Board following each annual meeting of the Members.

Section 3. Term. The officers of the 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 become disqualified to serve.

Section 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.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. 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.

Section 6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. Only the offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

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

(a) The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all written instruments and shall co-sign all checks and promissory notes.

(b) 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) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it to all papers requiring said seal; 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) 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; shall sign all checks and promissory notes of the Association; keep proper books of account; and cause budgets, financial statements and audits to be prepared in accordance with Paragraph 4.7 of the Declaration.

ARTICLE X

BOOKS AND RECORDS

Section 1. Inspection. The Members and directors shall have the following rights of inspection:

(a) The membership register, books of account and minutes of meetings of the Members, of the Board and of committees of the Board 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 any purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the project as the Board shall prescribe.

(b) The Board 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 all 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.

Section 2. Fiscal Year. The fiscal year of the Association shall be the calendar year.

ARTICLE XI

CORPORATE SEAL

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

ARTICLE XII

AMENDMENTS

These By-Laws may be amended, at a regular meeting or special meeting of the Members, (i) by the vote or written assent of a majority of each voting class so long as there are two classes of voting membership as provided in the Declaration; and (ii) thereafter, by the vote or written assent of Members representing both (1) a majority of a quorum required for such regular or special meeting as

herein defined, and (2) a majority of Members other than Declarant present in person or by proxy; provided, however, that in those matters where the Declaration, Articles, or these By-Laws specify a greater percentage for action, such greater percentage shall be required for amendment.

ARTICLE XIII

CONFLICTS BETWEEN MANAGEMENT DOCUMENTS

In the event of any conflict between the Articles and these By-Laws, the Articles shall control; in the event of any conflict between the Declaration and these By-Laws, the Declaration shall control.

AMENDMENT TO BY-LAWS

THE ESTATES CONDOMINIUM OWNERS ASSOCIATION

RECITALS

A. Whereas, the members of The Estates Condominium Owners Association (the "Association") are the owners of the units and common areas comprising the Property; and

B. Whereas, 50% of the voting power of the Association has voted to amend the By-Laws in the following manner; and

C. Whereas, the undersigned, being two officers of the Association, have the power, pursuant to the By-Laws, to certify this Amendment was made in compliance with the By-Laws and do hereby do so;

Now, therefore, be it resolved that the By-Laws are amended as follows:


AMENDMENT TO BY-LAWS

Article VIII, Section 4 of the By-Laws is amended as follows:

Section 4. Quorum. The presence at a meeting of Members entitled to cast, or of proxies entitled to cast, at least twenty-five percent (25%) of the votes of the entire Membership shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration or these By-Laws. If, however, such quorum shall not be present in person or by proxy at any such meeting the Members entitled to vote thereat shall have power to adjourn the meeting without notice other than announcement at the meeting, to a time not less than five (5) days or more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be twenty-five percent (25%) of the votes of the entire membership.

IN WITNESS WHEREOF, the undersigned officers of the Association have executed this Amendment as of the date(s) set forth opposite their signature below.

The Estates Condominium Owners Association

Dated: 5/25/91 
Barbara Dudley, President
The Estates Condominium Owners Association

Dated: 25 MAY 91 
Tony Podrasky, Secretary
The Estates Condominium Owners Association

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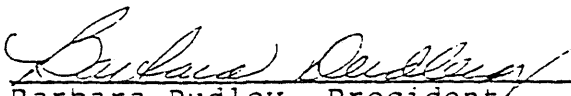
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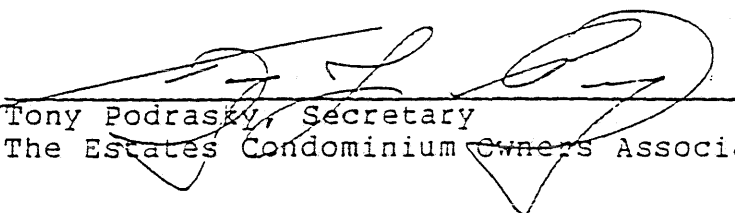
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The Estates Condominium Owners Association

Dated: 5/25/91 
Barbara Dudley, President
The Estates Condominium Owners Association

Dated: 25 MAY 91 
Tony Podrasky, Secretary
The Estates Condominium Owners Association