

Recording Requested Mark M. O'Brien

When Recorded Return To

Mark M. O'Brien
P.O. Box 846
Monterey Park, CA 91754

ARTICLES OF ASSOCIATION
OF
DERRWOOD ESTATES NUMBER 2
An Unincorporated Association

I

NAME

The name of the Association is DERRWOOD ESTATES NUMBER 2, herein after referred to as the "Association."

II

PURPOSES

The purposes for which the Association is formed are:

A. Specifically and primarily to provide for maintenance, preservation, and architectural control of the planned unit development of the following described real property located in the County of Los Angeles, State of California, and all structures and improvements thereon:

Lots 1 through 15, inclusive, of Tract Number 24885, City of Monterey Park, as per map recorded in Book 864, Pages 62 and 63 of Maps, in the Office of the County Recorder of said County.

B. Generally.

1. To promote the health, safety, and welfare of the residents in the above-described project;

2. To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association arising from any covenants, conditions, and restrictions applicable to the above-named property;

3. To fix, levy, collect, and enforce payment by any lawful means all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incidental to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

4. To acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association;

5. To borrow money, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

6. To have and to exercise any and all powers, rights, and privileges which an Association organized under the Law of the State of California may now or hereafter have or exercise; and

7. To act in the capacity of principal, agent, joint venturer, partner, or otherwise.

C. Notwithstanding any of the above statements of purposes and powers, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

III

LOCATION

The county in this State where the principal office for the transaction of the business of the Association is located is the County of Los Angeles.

IV

BYLAWS

The authorized number and qualifications of members of the Association, the different classes of membership, if any, the property, voting, and other rights and privileges of the members, and their liability for dues and assessments and the method of collection thereof, shall be set forth in the Bylaws.

V

INITIAL DIRECTORS

The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Roy Johnson	514 South Alhambra Avenue. Monterey Park, CA 91754
Samuel Weber	2015 Durango Drive Monterey Park, CA 91754
Mark Bennett	278 Barranca Drive Monterey Park, CA 91754

VI

LIMITATION ON ACTIVITIES

None of the activities of the Association shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, nor shall the Association participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

VII

DISTRIBUTION OF INCOME AND PROHIBITED ACTIVITIES

Notwithstanding any other provision in these Articles of Association, the Association shall be subject to the following limitations and restrictions:

- A. The Association shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1954.
- B. The Association shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1954.
- C. The Association shall not retain any excess business holdings as defined in Section 4043(c) of the Internal Revenue Code of 1954.
- D. The Association shall not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1954.
- E. The Association shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code of 1954.

VIII

AMENDMENTS

Amendment of these Articles shall require the vote or written consent of members representing a majority of the voting power of the Association residing in members other than the subdivider; ALESTER CORPORATION and DERRWOOD INVESTMENT COMPANY, a Joint Venture.

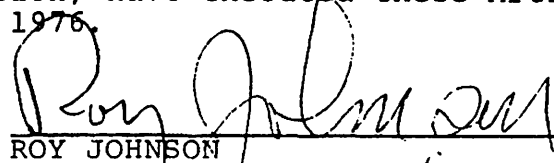
IX

GAINS, PROFITS, DISTRIBUTIONS


The property of this Association is irrevocably dedicated to charitable purposes and no part of the net income or assets of this organization shall ever inure to the benefit of any director, officer, or member thereof or to the benefit of any private persons. Upon the dissolution of the Association, its assets, remaining after payment or provision for payment of all its debts and liabilities, shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

If this Association holds any assets in trust, or the Association is formed for charitable purposes, such assets shall be disposed of in such manner as may be directed by decree of the superior court of the county in which the Association has its principal office, upon petition therefor by the Attorney General or by any person concerned in the liquidation, in a proceeding in which the Attorney General is a party.

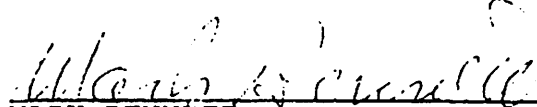
IN WITNESS WHEREOF, the undersigned, constituting the organizers of this Association, have executed these Articles of Association on June 10, 1976.



ROY JOHNSON



SAMUEL WEBER



MARK BENNETT