

J. ELLIOT CONDOMINIUM

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BY-LAWS FOR
PARK ELLIOT CONDOMINIUM OWNERS' ASSOCIATION, INC.

A California Non-Profit Corporation

ARTICLE I

NAME, PURPOSE AND LOCATION

Section 1. Name. The name of this Association is PARK ELLIOT CONDOMINIUM OWNERS' ASSOCIATION, INC., a California Non-Profit corporation.

Section 2. Purpose. This Association shall be formed and shall operate as an incorporated non-profit community association, immediately subsequent to the adoption of these By-Laws at the organizational meeting, which organizational meeting shall be held no later than six (6) months after the close of escrow of the first condominium in the project. The purpose of the Association is to perform the powers and duties of the Association set forth both in these By-Laws and in the Declaration of Establishment of Covenants, Conditions and Restrictions, hereinafter referred to as the "Declaration," heretofore recorded for the benefit of the project and for the benefit of all purchasers and owners of the condominiums within said project. Should there be any inconsistency between the provisions of these By-Laws and the Declaration, the provisions of the Declaration shall prevail.

Section 3. Location. The Association shall have its principal office at the condominium project site, 14448 Amar Avenue, in the City of La Puente, County of Los Angeles, State of California, or at such office within said City as the Board may determine or as the affairs of the Association may require, from time to time.

ARTICLE II
DEFINITIONS

Section 1. "Association," shall mean and refer to PARK ELLIOT CONDOMINIUM OWNERS' ASSOCIATION, INC., a California Non-Profit corporation, its successors and assigns.

Section 2. "Properties," shall mean and refer to all of Lot 1 of Tract 32283, in the City of La Puente, County of Los Angeles, State of California, pursuant to the Declaration, recorded December 10, 1974, as Instrument No. 391, Official Records, Los Angeles County, together with one hundred ten (110) units and Common Area, as more particularly shown and defined on the Condominium Plan, recorded December 10, 1974, as Instrument No. 392, Official Records, Los Angeles County.

Section 3. "Unit," in said properties shall mean and refer to the elements of a condominium which are not owned in common with other owners of other condominiums. The boundaries of a unit shall be the interior surfaces of the perimeter walls, floors, ceilings, windows and doors of each unit, where they exist and otherwise to the vertical or horizontal planes at the limits of the dimensions as shown on the Condominium Plan that has been filed pursuant to Section 1351 of the California Civil Code, in the Office of the County Recorder of Los Angeles County. The unit shall include both the portions of the buildings so described and the airspace so encompassed. In interpreting deeds and plans, the existing physical boundaries of a unit reconstructed in substantial accordance with the original plans shall be conclusively presumed to be its boundaries, rather than metes and bounds or other description expressed in the deed or plan,

regardless of minor variance between boundaries shown on the plan or in the deed and those of a building. Each unit shall consist of a dwelling area, together with parking spaces, as more fully shown and described on the Condominium Plan.

Section 4. "Common Area," shall mean the entire project, excepting those portions thereof which lie within the boundaries of any unit, as hereinbefore defined. The individual unit owners shall have an undivided 1/110th interest as tenants-in-common in and to the Common Area. The Association shall be responsible for the management and maintenance of the Common Area. The Common Area is subject to all easements and rights of use, for parking and storage, as may be described in the Declaration and the documents of conveyance through which each original owner acquired his condominium.

Section 5. "Condominium," shall mean a condominium as defined in Section 783 of the California Civil Code and shall be an estate in real property, consisting of: (a) a separate fee interest in the space within a unit; (b) an undivided 1/110th interest in the Common Area as a tenant-in-common; and (c) an exclusive easement and right to use, for parking purposes only, parking spaces as shown and described on the Condominium Plan, attached to and made a part of the Declaration. Additionally, each owner of a unit shall receive an appurtenant membership in the Association.

Section 6. "Member," shall mean and refer to every person or entity who holds membership in the Association. Ownership of a condominium in the project shall be the sole qualification for membership in the Association.

Section 7. "Owner," shall mean and refer to the record owner, whether one or more persons or entities of a unit, which is part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. Declarant shall be an owner of any unsold condominiums.

Section 8. "Declarant," shall mean and refer to THOMAS C. BOWLES and MARY J. BOWLES, HUSBAND AND WIFE, and refer to their successors and assigns, if such successors should acquire from Declarant more than one undeveloped condominium for the purpose of sale.

Section 9. "Mortgage," shall mean the conveyance of any unit or other portion of the properties to secure the performance of an obligation, which conveyance shall be void upon due performance of said obligation.

Section 10. "Mortgagee," shall mean a person or entity to whom a mortgage is made; "Mortgagor," shall mean a person or entity who mortgages his or its property to another, i.e., the maker of a mortgage.

Section 11. "Deed of Trust," shall mean and be synonymous with the word, "Mortgage," and the same may be used interchangeably with the same meaning. Likewise, the word, "Trustor," shall be synonymous with the word, "Mortgagor."

Section 12. "Organizational Meeting," shall mean the first meeting of owners which shall occur no later than six (6) months after the close of escrow of the first condominium in the project and where a new Board of Directors is elected by the members.

Section 13. "Declaration," shall mean and refer to the Declaration of Establishment of Covenants, Conditions and Restrictions for Park Elliot, recorded in the Office of the County Recorder of Los Angeles County.

Section 14. "Condominium Plan," shall mean the Plan prepared and executed with respect to the project and recorded in the Office of the County Recorder of said County.

ARTICLE III

MEMBERSHIP

Section 1. Qualification and Initiation. Every person or entity who is a record owner of a condominium which is subject by covenants of record to assessment by the Association, shall be a member of the Association. If a given condominium is owned by more than one owner, all such owners shall be members of the Association. However, for purposes of representation of such condominium, such condominium shall be represented by only one vote. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any condominium which is subject to assessment by the Association. Ownership of such condominium shall be the sole qualification for membership. Declarant, its successors and assigns shall be deemed the record owner of all condominiums retained or unsold by Declarant.

Section 2. Transfer. The membership of any owner of a unit shall not be transferred, pledged or alienated in any way, except upon the sale of such unit, and then only to the purchaser of such unit. The Association membership of each owner is appurtenant to the unit giving rise to such membership and shall be inseparable from ownership of said unit. Any attempt to make a prohibited transfer is void and shall not be reflected upon the books of the Association. In the event an owner of any unit should fail

or refuse to transfer the membership registered in his name to the purchaser of such unit, the Association shall have the right to record the transfer upon the books of the Association and shall issue a new certificate to the purchaser and thereupon, the old certificate outstanding in the name of the seller, shall be null and void as though the same had been surrendered. Any transfer of title to a unit shall operate automatically to transfer the membership in the Association appurtenant thereto, to the new owner thereof.

Section 3. Suspension of Membership. During any period in which a member shall be in default in the payment of any annual or special assessments, levied by the Association, the voting rights and right to use of recreational facilities of such member may be suspended by the Board until such assessments have been paid. Such right of a member may also be suspended after notice and hearing for a period not to exceed thirty (30) days for any single infraction of any rules and regulations established by the Board, governing the use of the Common Area and facilities; notice of said hearing shall be mailed to the accused owner, postage prepaid, not less than fifteen (15) days prior to such hearing and a copy of such notice shall be posted in a conspicuous place at or upon the member's unit.

Section 4. Voting Rights. Each unit, regardless of the number of owners thereof, shall be represented in the Association by only one vote, which may be cast only as a unit by the owner or owners thereof. Whenever these By-Laws, or the Declaration require the vote, assent or presence of a stated number of owners or members entitled to vote on a matter or at a meeting with regard to the taking of any action, or any other matter whatsoever,

the provisions of this section shall govern as to the total number of available votes, the number of votes an owner is entitled to cast at the meeting and the manner in which the vote attributable to a condominium having more than one owner, shall be cast.

Section 5. Joint Owner Disputes. The vote for each such unit may be cast only as a unit and fractional votes shall not be allowed. In the event joint owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any owner or owners cast a vote representing a certain unit, it shall, thereafter, be conclusively presumed for all purposes, that he or they were acting with the authority and consent of all other owners of the same condominium. In the event more than one vote is cast for a particular unit, none of said votes shall be counted and all of said votes shall be deemed void.

Section 6. Members' Rights and Duties. Each member shall have the rights, duties and obligations set forth in these By-Laws and in the Declaration, as the same may be amended from time to time.

ARTICLE IV

MEETINGS OF THE OWNERS

Section 1. Place of Meetings. Meetings of the owners shall be held at the condominium project site, 14448. Amar Avenue, La Puente, or as close thereto as practicable within the City of La Puente, as may be designated by a vote and resolution of the Board.

Section 2. Annual Meetings. The first annual meeting (the organizational meeting) of members shall be held within six (6) months after close of the first sales escrow of the first condominium.

Each subsequent regular annual meeting shall be held on the first Tuesday of the month in which the organizational meeting is held of each year, commencing the year following the organizational meeting, at 8:00 o'clock P. M. If the day of the annual meeting is a legal holiday, then the annual meeting shall be held on the following day at the same time. At such meeting, there shall be elected by secret written ballot, a Board, whose duties shall be as hereinafter provided. The owners may also transact at such annual meetings such other business as may properly come before the meeting.

Section 3. Special Meetings. The President may call a special meeting of owners at any time he deems the same to be necessary or fifty (50%) percent of the owners may petition the President, in writing, to call a special meeting and in such event, the calling of such meeting by the President, shall be mandatory.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice, postage prepaid, of each annual and special meeting, stating the time and place where it is to be held or to deliver the same personally to each owner at his unit, or at such other address as may appear on the Secretary's records, at least ten (10) days but not more than thirty (30) days prior to such meeting. In the case of special meetings, such notice shall state the purpose for which said meeting is called. In the case of the organizational meeting, hereinabove referred to, written notice of the meeting may be given by Declarant.

Section 5. Waiver of Notice. The presence of all members, in person or by proxy, at any meeting shall render the same a valid meeting, unless any member shall, at the opening of such meeting, object to the holding of same for non-compliance with the provisions of Section 4. hereof. Any meeting so held, without objection, shall, notwithstanding the fact that no notice of meeting was given or that the notice given was improper, be valid for all purposes and at such meeting, any general business may be transacted and any action may be taken; provided, however, that where a member has pledged his vote by mortgage, deed of trust or agreement of sale, only the presence of the pledgee shall be counted in determining whether notice is waived with regard to business dealing with such matters upon which the member's vote is so pledged.

Section 6. Consent to 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, in either person or by proxy, and if either before or after the meeting, each member 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 Association's records or made a part of the minutes of the meeting.

Section 7. Proxies. Every person entitled to vote or execute consents, shall have the right to do so either in person or by an agent or agents, duly authorized by a written proxy, executed by such person or his duly authorized agent, and filed with the Secretary of the Association, prior to the commencement

of the meeting, at which the proxy is to be exercised. Every proxy shall be revocable by the person granting it, announcing its revocation to the Secretary of the meeting at which it would otherwise be exercised prior to the exercise thereof, and shall automatically cease upon sale or conveyance by the person granting the proxy, of his interest in his condominium.

Section 8. Action Without Meeting. Any action which, under the provisions of the California Corporations Code may be taken at a meeting of members, may be taken without a meeting, if authorized, in writing, and signed by all members who would be entitled to vote at such meeting, and filed with the Secretary of the Association.

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

1. Roll Call
2. Proof of Notice of Meeting or Waiver of Notice.
3. Reading of Minutes of preceding meeting.
4. Reports of Officers.
5. Election of Board (Organizational Meeting and Annual Meeting, only).
6. Unfinished Business.
7. New Business.

Section 10. Parliamentary Procedure. All questions of Parliamentary Procedure shall be decided in accordance with Roberts' Rules of Order.

Section 11. Adjournment. Any meeting of the Association may be adjourned from time to time, to such place and time as may be determined by majority vote of the members present, whether a quorum be present or not, without notice, other than announcement at the meeting. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

Section 12. Organization. The President or in his absence, the Vice-President, shall call the meeting of members to order and shall act as Chairman of the meeting. In the absence of the President and Vice-President, the members shall appoint a Chairman for such meeting. The Secretary of the Association shall act as Secretary of all meetings of members, but in the absence of the Secretary at any meeting of members, the presiding officer may appoint any person to act as Secretary thereat.

Section 13. Inspectors of Election. Prior to any meeting of members, the Board may, if it so elects, 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 upon request of any member or his proxy shall, make such appointment at the meeting. The number of inspectors shall be either one, three or five.

ARTICLE V

OFFICERS

Section 1. Designation. The officers of this Association shall be a President and a 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 and Tenure of Officers. The officers shall be elected by and from the Board within seven (7) days after the organizational meeting, following the election of the Board by the owners, and both the Board members and officers shall hold office for one year, unless sooner removed, as herein after provided.

Section 3. Removal of Officers. Upon an affirmative vote of fifty-one (51%) percent of the Board present and entitled to vote in any duly constituted meeting, any officer may be removed, either with or without cause and his successor elected at any regular or special meeting of the Board called for that purpose. Any such person removed from his position as an officer may remain on the Board subject to the will of the owners, pursuant to Article VI.

Section 4. Vacancies. In the event of a vacancy in any office because of death, incapacity, resignation, removal or any other cause, such vacancy shall be filled as promptly as possible by vote of the Board in the manner prescribed in these By-Laws for regular election to such office.

Section 5. President. The President shall preside at all meetings and shall have all of the powers and duties which are usually vested in the office of the President of a non-profit corporation, including, but not limited to, the power to appoint committees from among the owners, from time to time, and he may, in his discretion, decide what is appropriate in connection with the management of the project. He shall be the principal executive officer of the Association, and, subject to the control of the Board, supervise and direct all of the business and affairs of the Association and the officers thereof.

Section 6. Secretary. The Secretary shall keep a record book in which he shall keep the Minutes of all regular and special meetings of the owners and in addition, an informal summary of all actions taken at all meetings of the Board. He shall also send out or deliver notices of all regular and special meetings

of the owners and of the Board. In addition, he shall have all the powers and duties vested in the Secretary of a non-profit corporation, or assigned to him, from time to time, by the President or by the Board.

Section 7. Treasurer. The Treasurer shall maintain an accurate record of all receipts and disbursements in connection with the operation of the project. At such times as a professional management agent is not managing said project, he shall collect the maintenance charges periodically from each owner, give proper receipts therefor, and promptly deposit the same in a joint bank account of the Association. In addition, he shall cause an annual operating statement to be distributed to each unit owner no later than ninety (90) days after the end of the fiscal year, and he shall perform such other duties as, from time to time, be assigned to him by the President or by the Board.

Section 8. Subordinate Officers. The Board may appoint subordinate officers, each of whom shall hold his office at the discretion of the Board.

Section 9. Signing of Checks. All checks for payment of obligations and expenses of the owners as a whole, shall be signed by no fewer than two (2) officers. Until such time as a management agent may be employed, the Treasurer shall draw and sign all such checks and the President shall countersign all of the same, when he is available. In the absence of the President or the Treasurer, the Secretary may sign and/or countersign checks. Further, during such time as a management agent may be employed, the Treasurer shall act as liaison officer between the Board and the professional management agent, if any.

Section 10. Non-Liability of Officers and Directors. No officer or Director of the Association shall be liable for acts or defaults of any other officer or member or for any loss sustained by the Association, or any member thereof, unless the same has resulted from his own willful and wanton misconduct or negligence. Every officer, Director and member of the Association shall be indemnified by the Association against all reasonable costs, expenses and liabilities (including attorney fees and court costs) actually and necessarily incurred by or imposed upon him in connection with any claim, action, suit, proceedings, investigation, or inquiry of whatever nature, in which he may be involved as a part or otherwise by reason of his having been an officer or Director or member of the Association, whether or not he continues to be such officer, Director or member of the Association, at the time of the incurring or imposition of such costs, expenses or liabilities, except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct or negligence toward the Association in the performance of his duties, or in the absence of such final adjudication, any determination of such liability by the opinion of legal counsel, selected by the Association. The foregoing right of indemnification shall be in addition to and not in limitation of all rights, and shall inure to the benefit of the legal representatives of such person.

Section 11. Fidelity Bonds. All officers and employees of the Association, handling or responsible for any funds received or collected by the Association, shall furnish adequate fidelity bonds. The premiums on said bonds shall be paid by the Association as a common expense.

ARTICLE VI

BOARD OF DIRECTORS

Section 1. Powers, Duties and Term of Board. The Board shall consist of five (5) members, all of whom shall be owners. Representatives of Declarant, such as employees and agents, may be members of the Board. The powers, duties and terms of the Board shall be as follows:

(a) Powers. The Board shall have power:

1. Adoption of Rules. To adopt and publish rules and regulations governing the use of the Common Area, and facilities and the personal conduct of members and their guests thereon.
2. Exercise of Powers. 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 or the Declaration.
3. Declare Office of Director Vacant. 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.
4. Collect Assessments. To establish, levy, assess and collect assessments or charges.
5. Enforce Restrictions. To enforce the applicable provisions of the Declaration, these By-Laws and other instruments for the management and control of the project, including reasonable rules and regulations that may be promulgated by the Board.
6. Pay Taxes on Common Area. To pay taxes and assessments which are or could become a lien on the Common Area, or any portion thereof.

7. Delegate Powers. To delegate its powers to committees, officers, employees or a professional property management agent.

8. Contract for Materials and Services. To contract for materials and/or services for the Common Area or the Association, with the term of any service contract limited to a duration of one year, except with the approval of a majority of members of the Association.

9. Contract for Insurance. To contract for fire, casualty, liability and other insurance on behalf of the Association.

10. Contracts - Execution - Limitations. The Board, except as in these By-Laws, as may be otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by a contract or engagement, or to pledge its credit, or to render it liable for any purpose or to any amount. Declarant, as that term is defined in the Declaration, shall have no right to enter into any contract which binds the Association for a period in excess of one year, after the organizational meeting, unless reasonable cancellation provisions are included within such contracts.

11. Right of Entry. To enter in or upon any privately owned unit, where necessary, in connection with construction, maintenance or repair, for the benefit of the Common Area or the owners in common.

12. Action By Written Consent. To take any action without a meeting, if all members of the Board, individually or collectively, consent, in writing, to such action.

(b) Duties. It shall be the duty of the Board:

1. Records. To cause to be kept a complete record of all its acts and affairs and to present a statement thereof to members at the annual meeting of members, or at any special meeting, when such statement is requested, in writing, by one-fifth (1/5th) of the membership entitled to vote.

2. Supervise. To supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

3. As more fully provided for herein and in the Declaration:

1. Fixing Assessments. To fix the amount of regular assessments against each unit at least thirty (30) days in advance of each regular assessment period, as herein-after provided.

2. Notice of Assessment. 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.

4. Certificate of Assessment. To issue or cause to be issued, upon demand by any person, a certificate, setting forth whether any assessment has been paid. A reasonable charge may be made for issuance of such certificates, by the Board. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

5. Common Area Insurance. To procure and maintain adequate liability insurance and to procure adequate hazard insurance on property under control of the Association.

6. Bonds. To cause all officers or employees having fiscal responsibility, to be bonded, as it may deem appropriate.

7. Maintenance of Common Area. To cause the Common Area to be maintained in a first class condition.

8. Maintenance of Exteriors. To cause the exterior of all units to be maintained in a first class condition and to the extent provided for in the Declaration.

9. Employment of Managing Agent. To employ an independent contractor or such other employees as it deems necessary and to prescribe their duties; a managing agent or manager may be selected prior to the first annual meeting after the organizational meeting. At the first annual meeting, the continuance of the same or the selection of another managing agent shall be determined by majority vote of the Board; further, no service contract shall be for a term in excess of one (1) year, after the organizational meeting, except with approval of a majority of the Association.

10. Insurance. The Board, on behalf of the Association, at its common expense, shall, at all times keep the building of the project insured against loss or damage by fire, with extended coverage in an insurance company authorized to do business in the State of California, in an amount as near as practicable to the full replacement value thereof, without deduction for depreciation, in the name of the Board, as trustee for all owners and mortgagees, according to the loss or damage to

their respective units and appurtenant common interests, and payable in case of loss to such bank or trust company, authorized to do business in the State of California, as the Board shall designate for the custody and disposition as herein provided of all proceeds of such insurance and, from time to time, upon receipt thereof, cause to be deposited promptly with the owners and mortgagees of units or interests therein, true copies of such insurance policy or policies, or current certificates thereof, without prejudice to the right of each owner to insure his own unit for his own benefit. In every case of such loss or damage, all insurance proceeds shall be used as soon as reasonably possibly by the Association for rebuilding, repairing or otherwise reinstating the same building in good and substantial manner, according to the original plans and elevation thereof, or such modified plans conforming to laws and ordinances then in effect, as shall be first approved by the Association, at its common expense, shall make up any deficiency in such insurance proceeds. Every such policy of insurance shall:

(a) Provide that the liability of the insurer thereunder shall not be affected by and that the insurer shall not claim any right of set-off, counterclaim, apportionment, proration, or contribution by reason of any other insurance obtained by or for any unit owner.

(b) Contain no provision relieving the insurer from liability for loss occurring while the hazard to such building is increased, whether or not within the knowledge or control of the Board, or because of any breach of warranty or condition or any other act or neglect by the Board or any owner, or any other person under either of them.

(c) Provide that such policy may not be cancelled (whether or not requested by Board), except by the insurer giving at least thirty (30) days prior written notice thereof, to the Board, owners and every other person in interest who shall have requested such notice of the insurer.

(d) Contain a waiver by the insurer of any right of subrogation to any right of the Board, or owners, against any of them or any other person under them.

(e) Contain a standard mortgagee clause which shall:

1. Provide that any preference to a mortgagee in such policy shall mean and include all holders of mortgages of any unit in the project, in their respective order and preference, whether or not named therein.

2. Provide that such insurance, as to the interest of any mortgagee, shall not be invalidated by any act or neglect of the Board or owners or any persons under any of them.

3. Waive any provision invalidating such mortgagee clauses by reason of the failure of any mortgagee to notify the insurer of any hazardous use or vacancy and requirement that the mortgagee pay any premium thereon, and any contribution clause.

4. Provide that without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy, shall be payable to said bank or trust company, designated by the Board.

The Board, on behalf of the Association, at its common expense, shall also effect and maintain at all times,

comprehensive general liability insurance, covering all owners with respect to the project, in a responsible insurance company, with the minium limits of not less than \$100,000.00 for injury to one person and \$300,000.00 for injury to more than one person, in any one accident or occurrence, and \$50,000.00 for property damage and, from time to time, upon receipt thereof, deposit promptly with the owners, current certificates of such insurance, without prejudice to the right of any owner to maintain additional liability insurance for his respective unit.

Section 2. Election of Board of Directors. A new Board shall be elected by the owners at the organizational meeting. Every owner entitled to vote at any election of the Board, may cumulate his vote 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 condominium or condominiums are entitled, or may distribute his vote on the same principle among as many candidates as he desires.

Section 3. Removal of Board of Directors. The entire Board may be removed from office by affirmative vote of fifty-one (51%) percent of the owners entitled to vote at any election of the Board. However, an individual Director may be removed only by the cumulative voting procedure, set forth in Section 810 of the California Corporations Code.

Section 4. Meetings. In addition to the annual meeting, provided in said Declaration, the Board shall meet at the call of the President, or if he is absent or unable or refuses to act, by any two (2) Directors and no written notice of such meeting shall be required. The Secretary shall keep summarized, informal written minutes of such meetings in the Minute Book. Meetings of the

Board shall be held at the project site, unless the Directors vote to hold a meeting at another locale. Any meeting of the Board shall be valid, wherever held, if held by the written consent of all members of the Board, given either before or after the meeting.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting, which they could take at a meeting by obtaining the written approval of all Directors. Any action so approved, shall have the same effect as though taken at a meeting of the Directors.

Section 6. Voting. A majority of the members of the Board; shall constitute a quorum for the transaction of business, but no question shall be decided upon the vote of fewer than three of the members.

Section 7. 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 8. 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. Nothing herein shall preclude any Director from serving the Association in any capacity, other than as an officer or a Director and receiving compensation therefor, as authorized and approved by the Board. Any Director receiving any special compensation for services in such other capacity, shall be excluded from deliberations and voting by the Board relative to the authorization thereof, and fixing compensation with regard thereto.

ARTICLE VII

ASSOCIATION RECORDS AND REPORTS - INSPECTION

Section 1. Records. The Association shall maintain adequate and correct accounts, books and records of its business and properties. All such books, records and accounts shall be kept at its principal place of business in the State of California, as fixed by the Board, from time to time.

Section 2. Inspection of Books and Records. All books and records provided for in Section 3003 of the California Corporations Code, shall be open to inspection by the Directors and members, from time to time and at all reasonable times.

Section 3. Certification and Inspection of By-Laws. The original or a copy of these By-Laws, as amended or otherwise altered to date, certified by the Secretary, shall be open to inspection by the members of the Association, at all reasonable times.

ARTICLE VIII

COMMITTEES

Section 1. The Board may appoint committees as deemed appropriate in carrying out its purposes, including, but not limited to the following:

(a) A Recreation Committee, which shall advise the Board on all matters pertaining to the recreational programs and activities of the Association, and shall perform such other functions as the Board, in its discretion, determines.

(b) A Maintenance Committee, which shall advise the Board on all matters pertaining to maintenance and repair, or improvement of the properties, and shall perform such other functions as the Board, in its discretion, determines.

(c) A Publicity Committee, which shall inform the members of all activities and functions of the Association, and shall, after consulting with the Board, make such public releases and announcements as are in the best interests of the Association.

(d) An Audit Committee, which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting. The Treasurer shall be an ex officio member of the Committee.

(e) An Architectural Control Committee, which shall approve all changes to the building structures, before they are undertaken by any owner. Such approval shall not be withheld for arbitrary or unreasonable reasons.

(f) An Executive Committee, which shall have any of the powers and authority of the Board in the management of the business and affairs of the Association granted by the Board, except the power to adopt, amend or repeal the By-Laws. It shall be composed of members of the Board and shall act only in intervals between meetings of the Board and shall be subject, at all times, to the control of the Board.

Section 2. 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 IX

ASSESSMENTS

Section 1. Creation of Lien - Personal Obligation of Assessments.

Subject to the provisions of the Declaration, each member is deemed to covenant and agree to pay to the Association: (1) regular monthly assessments or charges; (2) special assessments for capital improvements; and (3) emergency assessments. The regular, special and emergency assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time the assessment fell due.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the members of the Association and in particular, for the improvement and maintenance in a first class condition and in a good state of repair, of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area and facilities, and to the extent provided for herein, of the units situated upon the properties. Further, the purpose of assessments shall not only be for the benefit of the owners of the properties, but shall also run in favor of the City of La Puente, as well as for the benefit of the entire project, and of each person having an interest therein.

Section 3. ~~X~~ Basis of Regular Assessments.

(a) Within thirty (30) days prior to the beginning of each calendar year, the Board shall estimate the charges required to be paid by the Association in performing its functions for the project during such calendar year (including a reasonable provision for contingencies and less any surplus from the prior year's funds). Said "estimated cash requirement," shall be assessed to all owners in the same proportionate share as their respective interests in the Common Area, in December of each year for the following year. If said estimated sum proves inadequate, for any reason, including non-payment of any owner's assessment, the Board, may at any time, levy a further assessment which shall be assessed to the owners in the same manner. Each owner shall be obligated and by accepting his deed to a unit, agrees to pay assessments levied pursuant to this Article, to the Board, in equal monthly installments, commencing upon the first day of January in the calendar year following assessment.

(b) As promptly as possible following its election, the Board shall determine the "estimated cash requirement," as hereinabove defined, for the balance of the calendar year. Assessments shall be levied against the then owners in the manner provided in this Article. Any such assessments charged or levied and which become payable with respect to the unit, prior to the initial sale thereof by Declarant, shall be the obligation of Declarant, as the owner thereof.

(c) All funds collected hereunder, together with special assessments and emergency assessments or charges, as provided for in other sections hereof, shall be controlled by Declarant prior to the organizational meeting of members and thereafter, by the Board and shall constitute the maintenance fund as of the end of such year.

Section 4.

Special Assessments for Common Area Capital Improvements.

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In addition to the regular assessments authorized above, the Association may levy, in any calendar year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement on the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment in excess of \$2,000.00, shall have the assent of at least a majority of the voting power, excluding the vote of Declarant, or its successors in interest as to the votes for unsold units then owned by Declarant, or its successors in interest.

Section 5. Emergency Assessments. In case the regular assessments described in Section 3. hereof, are insufficient for any reason, the Board shall have authority to levy an emergency assessment to make up the deficiency in the maintenance fund on the same basis as a special assessment for Common Area capital improvements.

Section 6. Equal Rate of Assessment. Both regular and special assessments shall be fixed in the same proportionate share as the owners' respective interest in the Common Area and may be collected on a monthly basis.

Section 7. Date of Commencement of Regular Assessments; Fixing Thereof.

The regular assessments provided for herein, shall commence as to all units covered by the Declaration, on the first day of the month following conveyance of the first condominium to an individual owner.

Section 8. Certificate of Payment. The Association shall, upon demand, furnish to any owner liable for assessments, a certificate in writing, signed by an officer of the Association, setting forth whether the regular, special and/or emergency assessments on a specified unit have been paid, and the amount of delinquency, if any. A reasonable charge may be made by the Board for issuance of such certificates. Such certificates shall be conclusive evidence of payment of any assessments therein stated to have been paid.

Section 9. Effect of Non-Payment - Remedies of the Association. Any assessment provided for herein or in the Declaration, which is not paid when due, shall be delinquent. With respect to each assessment not paid within fifteen (15) days after its due date, the Association may, at its election, require the owner to pay a "late charge," in a sum to be determined by the Association, but not to exceed Ten (\$10.00) Dollars per delinquent assessment. If any assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of seven (7%) percent per annum, and the Association may, at its option, bring an action at law against the owner personally obligated to pay the same; or upon compliance with the notice provisions of the Declaration, foreclose the lien against the owner personally obligated to pay the same, or upon compliance with the notice provisions of the Declaration, foreclose the lien against the unit and there shall be added to the assessment amount, the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include said interest and a reasonable attorney

fee, together with the costs of action. Each owner vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosure, against the owner, or other owners, for the collection of such delinquent assessments. No owner may waive or otherwise escape liability for assessments provided for herein, by non-use of the Common Area, or abandonment of his condominium.

Section 10. Subordination of Assessment Liens. If any unit, subject to a monetary lien created by any provision of the Declaration shall be subject to the lien of a first or second mortgage or deed of trust: (1) the foreclosure of any lien created by anything set forth in the Declaration shall not operate to impair the lien of such mortgage or deed of trust; (2) on the foreclosure of the lien of such mortgage or deed of trust, or the acceptance of a deed-in-lieu of foreclosure, by the mortgagee, the lien thereof for said charges as shall have accrued up to the foreclosure, shall be subordinate to the lien of the mortgage or deed of trust, with the foreclosure-purchaser or deed-in-lieu grantee, taking title free of the lien hereof, for all said charges that have accrued up to the time of the foreclosure or deed given in lieu thereof, and subject to the lien hereof, for all said charges that shall accrue subsequent to the foreclosure or deed given in lieu thereof: (1) grantee shall not be obligated to pay any dues, fees, assessments or other charges levied or assessed by the Association, prior to the time the encumbrancer-mortgagee acquired title to the unit and any lien therefor, shall be discharged as to such grantee; and (2) the grantor-encumbrancer shall not be obligated to pay any dues, fees, assessments or other like charges levied or assessed by the Association after such conveyance.

ARTICLE X

MAINTENANCE AND REPAIR - OBLIGATIONS OF OWNERS

Section 1. Maintenance and Repair.

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted, would affect the project as a whole or in a part belonging to other owners and is expressly responsible for damages and liabilities that his failure to do so may engender.

(b) All repairs of internal installations of the unit, such as water, power, sewage, telephone, sanitary installations, doors, windows, lamps and all other accessories belonging to the unit area, shall be maintained at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Area facility damaged through his fault.

ARTICLE XI

FISCAL YEAR

The fiscal year for the operation of the project shall be the calendar year, unless and until changed by action of the owners at a duly constituted meeting.

ARTICLE XII

LEASING

Section 1. Liability of any owner under these By-Laws, the Declaration and under the covenants of his deed, shall continue, notwithstanding the fact that he may have leased his unit for any period of time to another person or persons.

Section 2. It shall be an express condition of the leasing of any unit that grantees or lessees thereof, read and agree to abide by all of the provisions of the Declaration.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

Section 1. Successors. Each successive owner of each unit shall sign the Minute Book copy of these By-Laws and shall be furnished with a copy of these By-Laws by the Secretary.

Section 2. Annual Report. The Board shall cause an annual audit to be made and to be sent to the owners, no later than thirty (30) days after completion of the same. Said annual operating statement shall be distributed to each unit owner not later than ninety (90) days after the end of the fiscal year.

Section 3. Amendment or Repeal of the By-Laws. These By-Laws and any provisions hereof, may be amended or repealed by the vote or written assent of owners, representating at least fifty-one (51%) percent of the voting power of the Association; provided, however, that the By-Laws or any amendment hereto, changing the authorized number of Directors shall be made only pursuant to Section 301 of the California Corporations Code; provided, further that, no material change to these By-Laws may be made without approval of the State of California Department of Real Estate, in accordance with Section 11018.7 of the Business and Professions Code of the State of California.

Section 4. Books and Records. Books and records of the Association shall, at all times during reasonable business hours, be subject to inspection by any member. The Declaration and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies

may be purchased at reasonable cost.

Section 5. Property Rights - Rights of Enjoyment. Each member shall be entitled to the use and enjoyment of the Common Area, and facilities, as provided in the Declaration. Any member may delegate his rights of enjoyment in the Common Area and facilities, to members of his family, his tenants or contract purchasers who reside on the property. Such member shall notify the Secretary in writing, of any such delegee. The rights and privileges of such delegee are subject to suspension to the same extent as those of the member.

Section 6. Right of Entry. Any person authorized by the Board shall have the right to enter each unit in case of any emergency originating in or threatening such unit, whether or not the owner or occupant is present at the time. Every unit owner and occupant, when so required, shall permit other unit owners or their representatives to enter his unit at reasonable times for the purpose of performing authorized installations, alterations or repairs to the common elements therein, for central services, provided that requests for entry are made in advance.

Section 7. Voting. All voting shall be on an equal basis, with each unit owner having the same vote as each other unit owner. Such voting rights of members, shall be allocated on a unit ownership basis and such voting may be carried out either in person or by proxy.

Section 8. Conflicts. If there are any conflicts or inconsistencies between the provisions of the Declaration and these By-Laws, the terms and provisions of the Declaration shall prevail.

Section 9. Applicability. The provisions of these By-Laws are applicable to the project, its operation, occupancy, ownership, maintenance and use and to all present and future owners, members of their family, tenants, guests, agents, employees or licensees and to any other person or persons who may use the project or its facilities in any manner. The acceptance of a deed to any unit and/or the entering into occupancy or use of any unit in the project, shall constitute: (1) an acceptance and ratification of these By-Laws and the Declaration; and (2) an agreement to be bound by and comply with the provisions of these By-Laws and the Declaration, as either or both may, from time to time, be amended.