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ASHLEY GLEN HOMEOWNERS ASSOCIATION

A California Non-Profit Corporation

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BY-LAWS FOR
ASHLEY GLEN HOMEOWNERS ASSOCIATION
A California Non-Profit Corporation

ARTICLE I

NAME, PURPOSE AND LOCATION

Section 1. Name. The name of this Association is Ashley Glen Homeowners Association, a California Non-profit Mutual Benefit corporation, its successors and assigns.

Section 2. Purpose. This Association shall be formed and shall operate as an incorporated community association, immediately subsequent to the adoption of these By-Laws by the incorporator as set forth in the Articles of Incorporation of this Association. An organizational meeting of members shall be held within 45 days after the close of the sale of the first unit which represents the 51st percentile interest authorized for sale under the first Public Report for the project, but in no event shall said meeting be held later than 6 months after the close of the sale of the first unit 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 Covenants, Conditions and Restrictions, hereinafter called the "Declaration," heretofore recorded for the benefit of the project and for the benefit of all purchasers and owners of units in said project. Should there be any inconsistency between the provisions of these By-Laws and the Declaration, the Declaration shall control.

Section 3. Location. The Association shall have its principal office at the project site, in the City of Los Angeles, County of Los Angeles, State of California, or as close thereto as practicable 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 Ashley Glen Homeowners Association, a California non-profit corporation, its successors and assigns.

Section 2. "Properties" and "Project" shall mean and refer to Tract 45171 in the City of Los Angeles, County of Los Angeles, State of California pursuant to the Declaration, recorded in the Office of the County Recorder of Los Angeles County, together with 27 units and Common Area, as shown and defined on the Condominium Plan that has been recorded in connection with

the existing property and those condominium units to be developed and annexed to the scheme of the Declaration pursuant to Article XVII of said Declaration, which additional properties shall be brought within the scheme of the Declaration and subject to the jurisdiction of the Association.

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 building so described and the air space 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.

Section 4. "Common Area" shall mean the entire project, excepting those portions thereof which lie within the boundaries of any unit. The individual unit owners shall have undivided interests as tenants-in-common in and to the Common Area. The Association shall be responsible for the management and maintenance of the Common Area except for the Exclusive Use Common Area as defined below. The Common Area is subject to all easements and rights of use, 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, consisting of an individual interest in common in a portion of a parcel of real property, together with a separate interest in a space in a residential building on such real property and all appurtenances; more particularly, an estate in real property, consisting of an undivided interest in the Common Area, together with a separate interest in a unit and all appurtenances, as hereinbefore defined in said property.

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, or 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 CDC REalty Fund - Glen Avon Associates, a California Limited Partnership, its successors and assigns, if such successors and assigns should acquire from Declarant more than one undeveloped unit 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 "Mortgage," and the same may be used interchangeably with the same meaning; likewise, the word "Trustor" shall mean "Mortgagor," and the word "Beneficiary" shall mean "Mortgagee."

Section 12. "Organizational Meeting" shall mean the first meeting of Owners which shall occur no later than 6 months after the close of escrow of the first unit of the project and where a new Board of Directors is elected by the Members.

Section 13. "Declaration" shall mean the Declaration of Establishment of Covenants, Conditions and Restrictions for Ashley Glen, recorded in the Office of the County Recorder of Los Angeles County, State of California.

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.

Section 15. "Exclusive Use Common Area" shall mean shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, fenced backyard area, exterior doors, door frames and hardware incident thereto, screens and windows or other fixtures designed to serve a single unit, but located outside the boundaries thereof, the exclusive use of which is allocated to such unit.

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 purpose of representation of such condominium, and except as provided in Section 4 of this Article III, 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 or 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. Any transfer of title to a unit shall operate automatically to transfer the membership in the Association 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 the recreational facilities 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 before the Board, for any violation of the Declaration or these By-Laws or an infraction of any rules and regulations established by the Board governing the use of the Common Area and facilities; notice of said hearing before the Board shall be mailed to the accused owner, postage prepaid, not less than 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. The notice shall set forth the reason or reasons for the proposed suspension. At the hearing the member shall be given an opportunity to be heard, orally or in writing, such opportunity to be not less than five days before the effective date of the suspension.

Section 4. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all those owners with the exception of Declarant; Class A members shall be entitled to one (1) vote for each unit in which they hold the

interest required for membership. When more than one person holds such interest in any unit, all such persons shall be members. The one vote for such unit shall be exercised as such persons, among themselves, determine but in no event shall more than one vote be cast with respect to any unit.

Class B. Class B member shall be Declarant and shall be entitled to three (3) votes for each unit in which it holds the interest required for membership, provided that Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever shall occur sooner: (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or (b) 2 years after issuance of the Final Subdivision Public Report for the project.

Section 5. Joint Owner Disputes. The vote for each such unit may be cast only as a unit and fractional votes shall not be permitted. In the event joint owners are unable to agree among themselves as to how their vote shall be cast, they shall lose their right to vote on the matter in question. If any owner casts a vote representing a certain unit, it shall hereinafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other owners of the same unit. In the event more than one (1) vote is cast for a particular unit by Class A members, 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 herein and in the Declaration as the same may be amended and/or supplemented 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, or as close thereto as practicable, within the City of Los Angeles, as may be directed by a vote and resolution of the Board of Directors.

Section 2. Annual Meetings. Regular meetings of members of the Association shall be held not less frequently than once each calendar year. The first meeting of the Association shall be held within 45 days after the closing of the sale of the first unit which represents the 51st percentile interest authorized for sale under the first Public Report for 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 unit. Each

subsequent regular meeting shall be held on the same day of the same month of each year thereafter at 7:00 o'clock p.m. If the day for the annual meeting shall be a Saturday, Sunday or legal holiday, then the meeting shall be held at the same hour on the first day following which is not a Saturday, Sunday or legal holiday. 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. A special meeting of members of the Association shall be promptly called by the Board upon: (1) the vote for such a meeting by a majority of a quorum of the Board; (2) receipt of a written request therefor signed by members representing at least 5% of the total voting power of the Association.

Section 4. Notice of Meetings. Written notice of each meeting of members shall be given by or at the direction of the Secretary of the Association, or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) but no more than ninety (90) 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 reasonable date, place and time of the meeting, and in the case of a special meeting, the purpose thereof, except as otherwise provided in the Declaration. In the case of the organizational meeting, hereinabove referred to, written notice of the meeting may be given by Declarant or its representative.

Section 5. Waiver of Notice. The presence of all members, in person or by proxy, at the 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 either in person or by proxy, and if either before or after the meeting each member entitled to vote not present in person or by proxy, signs a

written waiver of notice or a consent to holding 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(s), duly authorized by a written proxy, executed by such person or his duly authorized agent or agents 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 (except the election of the Board of Directors) which, under the provisions of the Non-Profit Mutual Benefit Corporations Law may be taken at a meeting of members, may be taken without a meeting, if authorized in writing (in conformity with California Corporations Code Section 7513).

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 at all meetings of members, but in the absence of the Secretary, at any meetings of members, the presiding officer may appoint any person to act as Secretary thereof.

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 meetings or any adjournment thereof. If inspectors of election are 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.

Section 14. Quorum. A quorum for the transaction of business at a meeting of members of the Association through presence in person or by proxy, shall be established at 51% of the total voting power of the Association. In the absence of a quorum at Association meetings, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than 5 nor more than 30 days from the original date and the quorum for such later meeting shall be 25% of the total voting power of the Association. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to the members in the manner prescribed for regular meetings.

ARTICLE V

OFFICERS

Section 1. Designation. The officers of this Association shall be a President and a Vice President (both of whom shall at all times, be members of the Board), a Secretary and a Chief Financial Officer 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 7 days after the first meeting of owners, at which organizational meeting said Board members were elected, and both Board members and officers shall hold office for one year, unless sooner removed, as hereinafter provided.

Section 3. Removal of Officers. Upon an affirmative vote of 51% 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 to 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 president of a non-profit corporation, including but not limited to, the power to appoint committees from and 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, shall supervise and direct all of the business and affairs of the Association and the officers thereof.

Section 6. Vice President. The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.

Section 7. Secretary. The Secretary shall keep a record book in which shall be kept 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. The Secretary 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 8. Chief Financial Officer. The Chief Financial Officer 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 the project, he shall collect maintenance charges periodically from each owner, give proper receipts therefor, and promptly deposit same in the bank account of the Association. In addition, he shall cause the annual report referred to in Article VII, Section 2 hereof to be distributed to each unit owner as set forth therein and shall perform such other duties as from time to time may be assigned to him by the President or by the Board.

Section 9. Subordinate Officers. The Board may appoint subordinate officers, each of whom shall hold his office at the discretion of the Board.

Section 10. Signing of Checks. All checks for payment of obligations and expenses of the owners as a whole, shall be signed by no fewer than 2 officers. Until such time as a management agent may be employed, the Chief Financial Officer shall draw and sign all such checks and the President shall countersign same when he is available. In the absence of the President or Chief Financial Officer, the Secretary may sign and/or countersign checks. Further, during such time as a management agent may be employed, the Chief Financial Officer shall act as a liaison officer between the Board and the professional management agent, if any. Notwithstanding the foregoing, the signatures of at least two persons, who shall be members of the Board or one officer who is not a member of the Board and a member of the Board, shall be required for the withdrawal of moneys from the Association's reserve accounts.

Section 11. 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 gross negligence. Every officer, Director and member of the Association shall be indemnified by the Association to the fullest extent permitted by California Corporations Code Section 7237 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 party 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. The foregoing right of indemnification shall be in addition to and not in limitation of all other rights, and shall inure to the benefit of the legal representatives of such person.

Section 12. Fidelity Bonds. All officers, directors, managers, trustees, employees or volunteers of the Association handling or responsible for any funds belonging to or administered by the Association shall furnish adequate fidelity bonds against dishonest acts. The premiums on said bonds shall be paid by the Association as a common expense. The fidelity bond or insurance shall name the Association as the insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the Association's

estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

ARTICLE VI

BOARD OF DIRECTORS

Section 1. Powers, Duties and Term of Board. The Board shall consist of three (3) members, all of whom shall be owners, except as provided below. 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 by owners and their guests.

2. Exercise of Powers. To exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws or the Declaration.

3. Collect Assessments. To establish, levy, assess and collect assessments or charges.

4. 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. Provided that, except as stated in Article IX, Section 9 hereof, no monetary penalty imposed by the Association as a disciplinary measure for failure of an owner to comply with the Declaration, these By-Laws and such other instruments or as a means of reimbursing the Association for costs incurred by it in repairing damage to the Common Area and facilities caused by any owner shall be treated as an assessment which may become a lien against such owner's unit enforceable by a power of sale in accordance with Sections 2924, 2924(b) and 2924(c) of the California Civil Code.

5. 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.

6. Delegate Powers. To delegate its powers to committees, officers, employees or a professional property manager.

7. Contract for Materials and Services As long as there are two classes of voting membership, except with the vote or written approval of a bare majority of the Class B membership as well as the vote or written assent of a majority of the Class A membership (following the conversion of Class B to Class A voting rights, the vote or written assent of a majority of the total voting power of the Association as well as the vote or written assent of a majority of the members other than Declarant) shall be required to contract with a third person for materials and/or services for the Common Area or the Association for a term longer than one year with the following exceptions: (a) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration; (b) A contract with the public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission, provided, however, that the term, of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; (c) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years' duration provided that the policy permits short rate cancellation by the insured; (d) Lease agreements for laundry room fixtures and equipment of not to exceed five (5) years' duration provided that the lessor under the agreement is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more; (e) Agreements for cable television services and equipment or satellite disk television services and equipment of not to exceed five (5) years duration provided that the supplier is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more; and (f) Agreements for sale or lease of burglar alarms and fire alarm equipment, installation and services of not to exceed five (5) years duration provided that the supplier or suppliers are not entities in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

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

9. Contracts - Execution - Limitations. The Board, except as in these By-Laws may be otherwise provided, may authorize any officer(s) or agent(s) 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.

10. 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 after reasonable notice to the owner prior to entry.

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

1. Records. To keep, or 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 a statement is requested in writing by 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. Declaration. As more fully provided for herein and in the Declaration, it shall be the duty of the Board:

(a) Fixing Assessments. To fix the amount of regular assessments against each unit at least 30 days in advance of each regular assessment period as hereinafter provided.

(b) Notice of Assessment. To send written notice of each regular or special assessment to every owner subject thereto at least 30 days in advance of each such assessment.

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 handling Association funds, 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.

10. Insurance. The Board, on behalf of the Association, at its common expense, shall at all times keep the buildings of the project insured against loss or damage by fire, with extended coverage from 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 of all proceeds of such insurance as herein provided and shall cause to be deposited promptly with the owners and mortgagees of units or interests therein upon their request, 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. Except as provided in Article X of the Declaration, in every case of such loss or damage, all insurance proceeds shall be used as soon as reasonably possible by the Association for rebuilding, repairing or otherwise reinstating the buildings 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. Every such policy of insurance shall:

(a) Provide that the liability of the insurer thereunder shall not be affected, 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 the buildings 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, the 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 mortgage 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 person 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/or any 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 procure and maintain at all times comprehensive general liability insurance covering all owners with respect to the project, with a responsible insurance company with the minimum limits of not less than \$500,000.00 for injury to one person and \$1,000,000.00 for injury to more than one person in any one accident or occurrence, and \$500,000.00 property damage and shall deposit promptly with the owners upon their request current certificates of such insurance without prejudice to the right of any owner to maintain additional liability insurance for his respective condominium.

11. Operating and Reserve Accounts. To adopt the following procedures with respect to operating and reserve accounts:

(a) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis.

(b) Review a current reconciliation of the Association's reserve account on at least a quarterly basis.

(c) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget.

(d) Review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.

(e) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

Section 2. Election of Board of Directors. A new Board shall be elected by the owners at the organizational meeting and at each annual meeting thereafter. Every owner entitled to vote at any election of the Board may cumulate his vote (subject to the procedural prerequisites to cumulative voting prescribed in Section 7615(b) of the California Corporations Code) 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 unit(s) are entitled or may distribute his vote on the same principle among as many candidates as he desires. Cumulative voting in the election of the Board shall be prescribed for all elections in which more than two (2) positions on the Board are to be filled. To assure resident owners representation on the Board, at least one member of the Board shall be elected solely by the votes of the owners, other than Declarant.

Section 3. Removal of Board of Directors. The entire Board may be removed from office by the affirmative vote of 51% of the voting power entitled to vote at any election of the Board. However, unless the entire Board is removed, an individual Director shall not be removed if the number of votes cast against the resolution for his removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the most recent election of the Directors were then being elected. If any or all of the Directors are so removed, new Directors may be elected at the same meeting; provided, however, that a Board member who has been elected to office solely by the votes of members of the Association, other than Declarant, may be removed from office prior to the expiration of his term thereof only by the vote of at least a simple majority of the voting power residing in members, other than Declarant.

Section 4. Meetings. The Board shall meet not less than every three (3) months but shall also meet at the call of the President or, if he is absent or unable or refuses to act, by

any two Directors. The Secretary shall keep summarized informal written minutes of such meetings of the Board. Regular meetings of the Board shall be held at a time and place within the Project, fixed by the Board from time to time, unless in the judgment of the Board, a larger meeting room is required than exists within the Project, in which case such meetings shall be held at a place as close as possible to the Project selected by the Board. Notice of the time and place of such meeting shall be posted in a prominent place(s) within the Common Area and shall be sent to all Board members not less than four (4) days prior to the meeting. A special meeting of the Board may be called by written notice signed by the President of the Association or by any two members of the Board, other than the President. The notice shall specify the date, time and place of the meeting and the nature of the special business to be considered. The notice shall be sent to all Board members (upon four (4) days notice by first class mail or 72 hours notice delivered personally or by telephone or telegraph) and posted in a manner similar to that for regular meetings not less than 72 hours prior to the scheduled time of the meeting. Regular and special meetings of the Board shall be open to all members of the Association; provided, however, that Association members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, with approval of a 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.

Section 5. Action Taken Without a Meeting.

(a) Action by Consent. Any action, which under the provisions of the Non-Profit Mutual Benefit Corporations Law may be taken at a meeting of the Board of Directors, may be taken without a meeting if authorized in writing and signed by all members who would be entitled to vote at such a meeting and filed with the Secretary of the Association. If the Board takes action by unanimous written consent, an explanation of the action taken shall be posted at a prominent place or places within the Common Area within three days after the written consents of all directors have been obtained.

(b) Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be valid as though had at a meeting duly held after regular call and notice, if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting, or an approval of the minutes.

thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

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 two of the members.

Section 7. Vacancies. In the event of death, resignation (but not 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 membership register, books of account and minutes of meetings of members of the Board and of committees of the Board, or the Association, 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 a purpose reasonably related to his interest as a member, at the office of the Association. The Board shall establish reasonable rules with respect to: (a) notice to be given to the custodian of the records by the member desiring to make the inspection; (b) the hours and days of the week when such inspection may be made; and (c) the payment of the cost of reproducing copies of documents requested by a member. 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 shall include the right to make extracts and copies of documents.

Section 2. Annual Report. The Association shall deliver to each member within 120 days after the close of the Association's fiscal year an Annual Report complying with the requirements of California Corporations Code Section 8322 and, if applicable, Section 8321 and Article V, Section 2(c) of the Declaration. If the gross income to the Association for any fiscal

year exceeds \$75,000.00, the Annual Report for that year shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy. In any year in which the Annual Report is not prepared by an independent accountant, the Annual Report shall be accompanied by the certificate of the Chief Financial Officer of the association that the statements were prepared without audit from the books and records of the Association.

ARTICLE VIII

COMMITTEES

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

(a) A Recreation Committee, which shall advise the Board on all matters pertaining 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 report 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 Chief Financial Officer shall be an ex-officio member of the Committee.

(e) An Architectural Control Committee, which shall consist of not less than three nor more than five members. Declarant may appoint all of the original members of the Committee and all replacements until the first anniversary of the issuance of a public report of the Project. Declarant may reserve to himself the power to appoint a majority of the members of the Committee until 90% of all subdivision interests in the Project have been sold or five years after the issuance of the final public report for the Project, whichever occurs first. After one year from the date of issuance of the original public report for the first phase of the subdivision, the Board shall have the power to appoint one member of the Committee until 90% of all of the subdivision interests in the Project have

been sold or until the fifth anniversary date of the issuance of the final public report, whichever first occurs. Thereafter, the Board shall have the power to appoint all of the members of the Committee. Members appointed to the Committee by the Board shall be from the membership of the Association. Members appointed to the Committee by Declarant need not be members of the Association.

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 emergency needs. The regular and special 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 attorneys' fees shall also be the personal obligation of the person who was the owner of such property at the time when 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 health, recreation, 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 each of the owners of the properties but shall also run in favor of the City of Los Angeles as well as for the benefit of the entire project, and of each person having an interest therein.

Section 3. Basis of Regular Assessments.

(a) Within thirty (30) days prior to the beginning of each fiscal year, the Board shall estimate the charges required to be paid by the Association in performing its functions for the project during such fiscal year (including a reasonable provision for contingencies and reserves and less any surplus from the prior year's funds). Said "estimated cash requirement" shall be assessed to all owners as provided in Article VI of the Declaration. If said estimated sum proves inadequate for any reason, including non-payment of any owners' 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 the first month in the fiscal 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 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 or Emergencies. 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, reconstruction, unexpected repair or replacement of a described capital improvement on the Common Area, including the necessary fixtures and personal property related thereto or to meet Emergency Situations as defined in Article VI of the Declaration; provided, however, that on any proposed special assessment in any fiscal year, the Board may not, so long as there are two classes of voting membership, without the vote or written assent of a majority of the Class A voting membership constituting a quorum and the vote or written assent of a bare majority of the Class B voting membership, levy special assessments to defray costs of any action or undertaking on behalf of the Association which in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. (Following the conversion of Class B to Class A voting rights, the vote or written assent of 51% of the total voting power of the Association constituting a quorum as well as the vote or written assent of a majority of the members other than Declarant shall be required.)

Section 5. Equal Rate of Assessment. Both regular and special assessments shall be fixed equally as to each owner and may be collected on a monthly basis.

Section 6. Date of Commencement of Regular Assessments - Fixing Thereof. The regular assessments provided for herein shall commence as to all units covered by

the Declaration, including those units owned by Declarant, on the first day of the month following the close of the first sale escrow.

Section 7. 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 or special 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 8. 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 percent (10%) or Ten Dollars (\$10.00), whichever is greater, per delinquent assessment. If any assessment is not paid within thirty (30) days after the delinquency date, the assessment, late charges and collection costs shall bear interest from such date at the rate of twelve percent (12%) 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, subject to the restrictions imposed by Article VI, Section 1(a)4 hereof, 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. 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 costs of action. Each owner vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosures 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 9. Subordination of Assessment Lien to Mortgages. Any holder of a first mortgage or any third party purchaser who comes into possession of the condominium pursuant to the remedies provided in the mortgage or foreclosure of the mortgage, shall take the property free of any claim for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such person comes into possession of the unit. The lien assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust now or hereafter placed on the properties subject

to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure or trustee's sale. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

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 cause.

(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 damages caused to the Common Area and facilities through his fault.

(d) Any charge imposed on an owner pursuant to this Section must comply with the provisions of Article VI, Section 1(a)4 hereof.

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 Board of Directors 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 condominium 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 condominium shall be provided with a copy of these By-Laws by the Secretary of the Association.

Section 2. Amendment or Repeal of By-laws or Articles of Incorporation. Following the conversion of Class B membership to Class A membership (as such Classes of membership are defined in the Declaration), these By-Laws shall be amended only by the vote or written assent of members representing both: (1) at least a bare majority of a quorum of the voting power of the Association; and (2) at least a bare majority of the votes of members other than the Declarant. Provided, however, the percentage of the quorum necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision. So long as Class A membership and Class B membership are still in effect, these By-Laws shall be amended only by the vote or written assent of at least a bare majority of a quorum of each class of membership. Following the conversion of Class B membership to Class A membership, the Articles of Incorporation shall be amended only by the vote or written assents of: (1) at least a bare majority of the Board of Directors; (2) at least a bare majority of the voting power of the Association; and (3) at least a bare majority of the votes of members other than Declarant. So long as Class B membership is still in effect, an amendment of the Articles of Incorporation shall require the vote or written assent of a bare majority of the Class B membership in addition to the requirements set forth in the preceding section. 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 California Business and Professions Code, if applicable.

Section 3. 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 of the Association 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.

CERTIFICATION

I, the undersigned, do hereby certify that:

I am the duly elected and acting Secretary of
Ashlen Glen Homeowners Association.

The foregoing By-Laws constitute the original
By-Laws of said Association, adopted by the incorporator of said
corporation on the ____ day of _____, 19____,
and ratified by the Board of Directors at a meeting held on
the ____ day of _____, 19____.
