

Recording Requested By:

FIRST AMERICAN TITLE COMPANY
OF L.A.

This is to certify that the attached is a true and correct
copy of the CC&R'S
recorded AUGUST 23, 1994 as
Instrument No. 94-1558306
Official Records.

FIRST AMERICAN TITLE COMPANY of LOS ANGELES
By Marilyn Sanchez
MARILYN SANCHEZ

And When Recorded Mail To:

SPIERER AND WOODWARD
Attorneys at Law
A Professional Corporation
707 Torrance Boulevard, Suite 200
Redondo Beach, California 90277
Attn: John A. Woodward / JEN

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

OF

SOUTHWIND VILLAGE

A Condominium Development

TABLE OF CONTENTS
 TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
 FOR
 SOUTHWIND VILLAGE
 A Condominium Development

1.	Description of Land and Improvements.....	1
2.	Definitions	2
	A. Assessment.....	2
	B. Association.....	2
	C. Board of Directors	2
	D. Common Area.....	2
	E. Condominium	3
	F. Declarant.....	3
	G. Declaration.....	4
	H. Dwelling	4
	I. First Lender or First Mortgagee.....	4
	J. Mortgage	4
	K. Mortgagee.....	4
	L. Mortgagor.....	4
	M. Project or Common Interest Development.....	4
	N. Real Property Taxes.....	5
	Q. Reserve Accounts.....	5
	P. Separate Interest or Unit.....	5
	Q. Separate Interest Owner or Unit Owner.....	5
	R. Undivided Interest Common Area.....	5
	S. Voting Owners	6
3.	Voting Rights	6
	A. Class A.....	6
	B. Class B.....	6
4.	Merger of Consolidation of the Association.....	7
5.	Budgets Financial Statements and Association's Books and Records.....	7
	A. Pro Forma Annual Operation Budget.....	7
	B. First Six Months' Balance Sheet.....	9
	C. Annual Report.....	9
	D. Annual Policy Statement Re Assessments and Collection.....	9
	E. Membership Register, Minutes and Association Books and Records.....	9
6.	Management and Administration.....	10
7.	Duties and Authority of Board of Directors	11
	A. Employ/Contract for Management Services	11
	B. Contract/Pay for Labor and Materials for Maintenance, Repair and Replacement.....	11
	C. Acquire, Maintain and Pay for Utility and Maintenance Services.....	11
	D. Adopt Rules and Regulations.....	12
	E. Taxes, Assessments and Levies.....	13
	F. Use of Maintenance Funds.....	13
	G. Insurance.....	13
	H. Right of Entry to Common Area and Separate Interests.....	13

I.	Legal Services	14
J.	Paint, Maintenance, Repair, Replacement and Landscaping.....	14
K.	Other Contracts and Payments.....	15
L.	Discharge of Liens and Encumbrances.....	16
M.	Separate Interest Taxes Prior to Separate Assessments.....	16
N.	Compliance with Laws and Orders	16
Q.	Delegation of Powers	16
P.	Disciplinary Proceedings.....	16
Q.	Suspension of Voting Rights and Rights to Use.....	16
R.	Election of Officers	17
S.	Filling Vacancies on the Board.....	17
T.	Reconciliation and Review of Accounts.....	17
U.	Withdrawal and Expenditure of Reserves.....	18
V.	Acts Prohibited without Vote of Members	19
8.	Nonliability of the Board and Officers	21
9.	Indemnification for Performance of Duties.....	21
10.	Certification of Board of Directors.....	22
11.	Insurance Coverage.....	22
A.	Association Responsibility.....	22
B.	Unit Owner Responsibility	23
C.	Insurers and Insureds, Endorsements and Policy Provisions.....	24
D.	Nonliability if Liability Insurance Cannot Reasonably be Obtained.....	25
E.	Owner's Failure to Insure	25
F.	Restriction on Causing Increase in or Cancellation of Insurance	26
G.	Trustee for Insurance Policies.....	26
H.	Periodic Review of Policies.....	27
I.	Distribution and Use of Proceeds Upon Destruction of Common Areas.....	27
12.	Assessments / Maintenance Fund.....	27
A.	Obligation to Pay Assessments	27
B.	Purpose of Assessments.....	27
C.	Assessments Proportionate	27
D.	Assessments Payable in Installments.....	29
E.	Declarant's Obligation for Assessments and Record Maintenance.....	29
F.	Depository and Control Over Assessments.....	30
G.	Increase in Regular Annual Assessments.....	30
H.	Exemptions from Assessments.....	31
I.	Assessments for Unallocated Property Taxes	32
J.	Assessment for Real Property Taxes.....	32
IK.	Assessments are the Personal Obligation of the Owner	33
13.	Special Assessments Against All Units.....	33
A.	Generally.....	33
B.	Limitation on Special Assessments	33
C.	Manner of Establishment and Collection of Special Assessments.....	34
D.	Inapplicability of Special Assessment Limitations.....	34
14.	Special Assessments against One or More but Less than All Units.....	35
A.	To Secure or Satisfy a Breach of the Declaration.....	35
B.	For Maintenance and Repair of Units upon Failure or Refusal of Member	35
C.	For Benefit of One or More but Less than All Units	35
D.	Transfer of Title of Individual Units - Assessments and Documents.....	36
15.	Liens.....	37
A.	Creation of Lien and Abridgment of Rights	37
B.	Notice and Claim of Delinquent Assessment Lien	37

C.	Power to Bid at Foreclosure Sale, Fees and Costs in Connection with Lien.....	38
D.	Lien Subordinate.....	38
E.	Conditions to Satisfaction of Lien and Release of Lien.....	38
F.	Destruction of Lien / Lien on Interest of Purchaser.....	38
G.	Waiver of Homestead and other Exemption Laws.....	39
H.	Assessments Remain Personal Obligations.....	39
16.	Managing Agent.....	39
17.	Easements.....	39
A.	Access Easements.....	39
B.	Utility Easements.....	40
C.	Drainage Easements.....	41
D.	Easements Not to Cause Unreasonable Interference.....	42
E.	Unit Owners' Improvements Not to Cause Unreasonable Interference with Easements.....	42
F.	Easements Appurtenant.....	42
G.	Easements Reserved by Declarant to Construction, Sales and Related Purposes.....	42
18.	Maintenance, Decoration and Landscaping of Building and Units.....	43
A.	Unit Owner's Responsibilities.....	43
B.	Fixtures and Furnishings.....	46
C.	Restrictions on Unit Owner Alterations.....	46
D.	Restrictions on Mechanics Liens against Common Area.....	47
E.	Party Fences, Party Walls and Combinations Thereof.....	47
F.	Perimeter Walls and Party Fences.....	48
G.	Driveways.....	48
19.	Structural Alterations.....	49
20.	Repair of Common Facilities by Individual Owner and Right of Entry.....	49
21.	Repair and Maintenance of Common Areas Damaged by Wood Destroying Pests or Organisms.....	50
22.	Utilities.....	50
23.	Entry for Repairs and Reservation of Easements.....	52
24.	Right of Public Entry to Common Area.....	53
25.	Use and Occupancy of Units and Common Area.....	53
A.	Restricted Use of Common Area.....	53
B.	Grant of Easements to Owners over Common Areas.....	53
C.	Accountability for Children.....	53
D.	Units Restricted to Single Family Residential Use.....	53
E.	Rental and Lease of Units.....	54
F.	Obstruction of and Storage in Common Areas.....	54
G.	Things and Acts which Increase Insurance or Violate Laws.....	54
H.	Signs.....	54
I.	Antennas/Cable.....	54
J.	Animals, Livestock and Poultry.....	55
K.	Noxious, Odorous, Offensive, and Noisy Activities - Nuisance.....	55
L.	Alteration or Impairment of the Structural Integrity of the Buildings.....	55
M.	Mineral, Oil and Gas Activities.....	55
N.	Restrictions on Use of Airspace.....	56
Q.	Removal of Items from the Project and Impairing the Common Area.....	56
P.	Rules and Regulations.....	56
Q.	Compliance with Laws.....	56
R.	Owner Liability for Damages.....	56

	S.	Waiver of Use or Enjoyment of the Common Areas.....	57
	T.	Easements for Encroachment upon Units.....	57
	U.	Easements for Encroachment upon Common Areas.....	57
	V.	Skateboards, Go Carts, Radio / Remote Controlled Items and Similar Items.....	57
	W.	Pest or Pigeon Control.....	57
	X.	Laundry.....	57
	Y.	Power Tools.....	57
	Z.	Exterior Lighting.....	58
26.		Parking and Garages.....	58
	A.	Garages.....	58
	B.	On-Street Parking.....	58
	C.	Driveways.....	58
	D.	Use of Parking Spaces and Garages.....	58
	E.	Parking Spaces and Garages Only for Certain Operable Motor Vehicles.....	59
27.		Architectural and Design Control.....	59
	A.	Establishment of Committee and Appointment of Members.....	59
	B.	Term of Members.....	60
	C.	Appointment of Members by Board.....	60
	D.	Committee as Agent of the Board of Directors.....	61
	E.	Action by Committee.....	61
	F.	Duties of the Committee.....	61
	G.	Design Consistency.....	61
28.		Bonded Obligations - Enforcement and Exoneration.....	61
29.		Encroachment.....	63
30.		No Partition or Sale of Fractional Interest.....	63
31.		Partition and Sale of the Project.....	63
32.		Damage or Destruction.....	64
33.		Limitations of Restrictions on Declarant.....	66
34.		Termination of Any Responsibility of a Declarant.....	67
35.		Construction Defect Dispute Resolution.....	67
	A.	Procedure for Resolution.....	67
	B.	Notice.....	67
	C.	Request for Inspection and Testing.....	68
	D.	Inspection and Testing.....	68
	E.	Written Settlement Statement by Developer.....	68
	F.	Inability to Settle Claim Approval of Suit by Owners.....	68
		(i) Statement of Claim.....	69
		(ii) Developer's Response.....	69
		(iii) Statement Regarding Disclosure Duty.....	69
		(iv) Statement Regarding Potential Recovery.....	69
		(v) Estimate of Litigation Expense.....	69
		(vi) Agreement with Attorney.....	70
	G.	Necessary Conditions to Filing Suit.....	70
36.		Protection of Lenders.....	70
	A.	Notice of Breach.....	70
	B.	Mortgagees Are Not Required to Cure Certain Breaches.....	70
	C.	Effect of Breach of Declaration.....	70
	D.	Notice to Association of Mortgagees' Interest.....	71
	E.	Exemption from Right of First Refusal.....	71

F.	Acquisition by First Lender through Foreclosure	71
G	Restrictions on Certain Changes.....	72
H.	Mortgagee's Right to Examine Books and Records.....	73
I.	Mortgagee's Right to Attend Meetings	74
J.	Association's Obligation to Maintain Adequate Reserve Fund.....	74
K	Real Property Taxes as Against Units Only.....	74
L	Payments by Mortgagees.....	74
M	Priority Rights of First Mortgagees to Insurance and Condemnation Award Proceeds	74
N	Loss Payable Endorsement.....	75
Q	Rights of Holders, Insurers and Guarantors of Mortgages to Notices.....	75
P.	Professional Management Agreement - Right to Terminate.....	75
Q	Notice to First Mortgagees of Loss of Taking in Excess of \$10,000.....	75
R	Request for Consent to Amendment.....	75
S.	Controlling Provisions.....	76
37.	Notices	76
38.	General Provisions	76
39.	Interpretation and Severability.....	77
40.	Term.....	77
41.	Enforcement.....	78
42.	Amendments	78
	Addendum A - Subordination Agreement.....	81
	Addendum B - Subordination Agreement #2.....	83
	Exhibit A - Proration Schedule Worksheet.....	87

DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR
SOUTHWIND VILLAGE

WHEREAS, it is the desire and intention of Declarant to subdivide and sell the real property described as Lot 1 of Tract 45329 in the County of Los Angeles, State of California, per map recorded in Book 1204 Page(s) 26 and 27 of Maps, Official Records of Los Angeles County, and to impose on it mutual beneficial restrictions under a general plan or scheme of improvement for the benefit of all the units in the Project and common area and the owners thereof and to create a certain type or method of cooperative ownership commonly known as a "Common Interest Development," and to subject the said property to the provisions of the applicable laws of the State of California pertaining to Common Interest Developments and other applicable conditions and statutes of the State of California, Declarant declares that all of the real property described above, and such additional properties as may be annexed thereto and made subject to this Declaration, is and shall be held, transferred, sold, conveyed, hypothecated, encumbered, leased, rented, used, occupied, maintained, altered and improved subject to the following protective limitations, restrictions, covenants, conditions, reservations, liens, charges and equitable servitudes, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement, and sale of said property, and are established and agreed upon for the purpose of enhancing and protecting the value, desirability, and attractiveness of said property, and every part thereof. All of said limitations, covenants, conditions, restrictions, reservations, liens, charges and equitable servitudes shall run with the real property and shall be binding on all parties having or acquiring any right, title, or interest in the described real property, or any part thereof, whether as sole owners, joint owners, lessees, tenants, occupants, or otherwise, and they shall be for the benefit of every portion of said property and shall be for the benefit of each successor in interest of Declarant and each owner, and may be enforced by Declarant, by any owner, by any successor in interest to Declarant or any owner, or by the Board of Directors hereinafter described. Further, that this Declaration of Covenants, Conditions and Restrictions be superior to and take priority over any and all liens and encumbrances, whether or not of record, to which all or any portion of the real property further described in paragraph 1 hereof may become subject at any time after this Declaration is recorded.

1. DESCRIPTION OF LAND AND IMPROVEMENTS

The real property subject to the covenants, conditions and restrictions herein contained is located in the County of Los Angeles, State of California, and is more particularly designated as Lot 1 of Tract No. 45329, per map recorded in Book 1204 Page(s) 26 and 27 of Maps, Official Records of Los Angeles County, including without limitation the Common Area therein defined according to the Condominium Plan recorded in the Office of

the County Recorder of Los Angeles with respect to the Project, including any and all amendments thereto hereinafter referred to as the Condominium Plan). Any grant deeds conveying any interest in the Project to individual purchasers of units shall expressly refer to and incorporate this Declaration therein by reference. Any liens or other encumbrances, whether or not of record, shall also expressly refer to and incorporate this Declaration and be subordinate hereto.

2. DEFINITIONS

Certain terms as used in this Declaration shall be defined as follows, unless the context clearly indicates a different meaning therefor:

A. Assessment

"Assessment" shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the Project which is to be paid by each Owner as determined by the Association.

B. Association

"Association" shall mean and refer to Southwind Village Community Association, Inc., a California Nonprofit Mutual Benefit Corporation, the members of which shall be all of the several unit owners. Each unit owner shall automatically become and shall be required to be a member of the Association, whose membership shall include and be limited to each of the unit owners of the Project. All memberships in the Association are hereby specifically made appurtenant to the units, and memberships shall be effective immediately upon the recording of the grant deed transferring the unit ownership. Membership may not be separated from the ownership of any unit. Until such time as Declarant sells all of said units owned by it, Declarant shall remain a unit owner as to the units owned by it, and shall be a member of said Association.

C. Board of Directors

"Board of Directors" shall mean and refer to the Board of Directors of the Association (hereinafter called "the Board"). The Board shall have five (5) members whose one year terms of office shall be concurrent.

D. Common Area

"Common Area" shall mean and refer to the entire Project, excepting those portions thereof which lie within the boundaries of any unit and the "Undivided Interest Common Area," as hereinafter defined. The Association shall hold title to the Common Area, except for that portion thereof hereinafter defined as the "Undivided Interest Common

Area." The Association shall be responsible for the management and maintenance of the Common Area, except as otherwise herein provided, and for those portions of the separate interests over which easements are granted to the Association for maintenance, repair, replacement and landscaping, as more particularly in this Declaration provided.

Prior to the sale or conveyance of the first unit of the Project, Declarant shall convey or cause to be conveyed to the Association the Common Area, reserving unto the owner(s) of all of the separate interests the Undivided Interest Common Area to be held by them, appurtenant to each unit, each as to an undivided 1/120th interest as tenants in common.

The unit owners shall have membership in the Association, as herein more specifically provided, and the Association shall at all times under this Declaration hold title to and own said Common Area, excluding the Undivided Interest Common Area. Any provisions or amendments hereto referring to ownership of the Common Areas (excluding the Undivided Interest Common Area) by the unit owners as tenants in common shall be deemed to conform to the ownership of the Common Area by the Association in which owners are members proportionate to each owner's interest herein which shall at all times be an undivided 1/120th interest per unit.

E. Condominium

"Condominium" shall mean and refer to a condominium as defined in Section 783 and Section 1351(f) of the California Civil Code and shall be an estate in real property consisting of (a) a separate interest in the space called a Unit and (b) an undivided interest as a tenant-in-common in Undivided Interest Common Area.

F. Declarant

"Declarant" shall mean and refer to Southwind Village Partners, a California limited partnership (referred to in this section as the "Original Declarant"), and (a) each of Original Declarants' successors in title to all or any part of the Project who is designated as a "Declarant" in a recorded instrument executed by Original Declarant and who acquires all or part of the Project for the purpose of developing Dwellings thereon ("Successor Developer"); and (b) any First Mortgagee under a first mortgage executed by the Original Declarant or by any Successor Developer who acquires all or part of the Project by judicial or nonjudicial foreclosure or by deed in lieu of foreclosure. If more than one person or entity, as the successor or assign of the Original Declarant, becomes a "Declarant" under this Declaration (each such person or entity is referred to as a "Successor Declarant"), each such Successor Declarant shall be entitled to exercise all rights, privileges and benefits of the Declarant under this Declaration with respect to those units in the Project owned by the Successor Declarant, including, without limitation, all rights specified in Section 17G below.

G Declaration

"Declaration" shall mean and refer to this Declaration, as the same may be amended from time to time and recorded within the Office of the County Recorder, Los Angeles County, California.

H Dwelling

"Dwelling" shall mean and refer to the residential dwelling structure, garage, and related improvements located within a unit for use and occupancy as a single family residence.

I First Lender or First Mortgagee

"First Lender" or "First Mortgagee" shall mean any person, entity, bank, savings and loan association, insurance company, or financial institution holding a recorded first mortgage on any Condominium.

J Mortgage

"Mortgage" shall include a deed of trust as well as a mortgage.

K Mortgagee

"Mortgagee" shall include a beneficiary or a holder of a deed of trust as well as a mortgagee.

L Mortgagor

"Mortgagor" shall include the trustor of a deed of trust as well as a mortgagor.

M Project or Common Interest Development

"Project" or "Common Interest Development" shall mean and refer to the entire real property described in the first paragraph of this Declaration, together with such additional properties as may be annexed thereto, including all structures and improvements thereon, to be divided into condominiums, said Project being known as Southwind Village.

N. Real Property Taxes

"Real Property Taxes" shall mean and refer to taxes, bonds, assessments, special district levies, and other charges imposed under government authority, assessed by the County Assessor or other authorized taxing agency.

Q Reserve Accounts

"Reserve accounts" shall mean and refer to the monies the Board has identified for use to defray the future repair or replacement of, or additions to, those major components of the Common Area and unit which the Association is obligated to maintain, repair and replace. The maintenance of and use of such reserves shall be pursuant to the provisions of Paragraphs 7.T.(ii) and (iii) and 7.U. of this Declaration, among others.

P. Separate Interest or Unit

"Separate interest or unit" shall mean and refer to the elements of a condominium which are not owned in common with the owners of other separate interests in the Project. The boundaries of each separate interest or a portion of a separate interest shall be as indicated on the condominium plan.

Q Separate Interest Owner or Unit Owner

"Separate interest owner" or "unit owner" shall mean and refer to the record owner, or owners if more than one, of a condominium in the Project, including Declarant so long as any condominiums remain unsold.

R. Undivided Interest Common Area

"Undivided Interest Common Area" shall mean and refer to a portion of the Project located between 1379 feet and 1380 feet above sea level as shown in the Condominium Plan, which Undivided Interest Common Area consists only of sky and which shall be held by all the unit owners as tenants in common. The individual unit owners shall have an undivided interest in and to the Undivided Interest Common Area; and the Association shall be responsible for the management and maintenance of the Undivided Interest Common Area.

The undivided interest in the Undivided Interest Common Area hereby established and which shall be conveyed with each respective unit in the City of Los Angeles and which cannot be changed is an undivided 1/120th interest.

S. Voting Owners

Each unit owner shall designate one voting owner. There shall be only one voting owner for each unit ownership. The voting owner shall be designated by the record owner or owners of each unit ownership, by written notice to the Association. Said designation of a voting owner of a unit ownership shall be revocable at any time by actual notice to the Association, of the death or judicially declared incompetence of any record owner, or by written instrument delivered to the Association by any record owner. Where no designation is made or where a designation has been made but revoked and no new designation made, the voting owner of each unit ownership shall be the group composed of its record owners, who must act unanimously either in person or by proxy. Declarant shall be the voting owner with respect to any unit ownership owned by it from time to time.

3. VOTING RIGHTS

The Association shall have two classes of voting membership:

A. Class A

Class A members shall be all unit owners with the exception of Declarant. Class A members shall be entitled to one vote for each condominium owned by them. When more than one person holds an interest in a condominium, all such persons shall be members. The vote for such unit shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any condominium.

B. Class B

The Class B member shall be Declarant. The Class B member shall be entitled to three (3) votes for each condominium owned by it, provided that the Class B membership shall cease and be converted to Class A membership on the happening of one of the following events, whichever occurs earliest:

- (i) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (ii) On the second anniversary of the first conveyance of a unit in the Project.

Any provision in the governing instruments calling for membership approval of action to be taken by the Association except provisions with respect to the action to enforce the obligations of a subdivider under any completion bond, shall expressly require the vote or written assent of a bare majority of each class of membership during the time that there are two outstanding classes of membership. Any requirement elsewhere in the Articles of Incorporation, Bylaws, and Declaration of Restrictions, except with respect to the action to

enforce the obligations of the subdivider under any completion bond, that the vote of the subdivider shall be excluded in any such determination shall be applicable only if there has been a conversion of Class B members to Class A members, and the same shall be read as requiring the prescribed percentage of the then existing Class A members other than the subdivider. Voting rights attributable to subdivision interests shall not vest until assessments against those interests have been levied by the Association.

4. MERGER OR CONSOLIDATION OF THE ASSOCIATION

Upon a merger or consolidation of the Association with another association, as provided in its Articles of Incorporation, its properties, rights and obligations, may, by operation of law, be transferred to another surviving or consolidated association, or, alternatively, the properties, rights and obligations for another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving organization pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the existing property, together with the covenants and restrictions established upon any other properties, as one scheme.

5. BUDGETS FINANCIAL STATEMENTS AND ASSOCIATION'S BOOKS AND RECORDS

The following financial information shall be regularly prepared and distributed by the Board to all members regardless of the number of members or the amount of assets of the Association:

A. Pro Forma Annual Operation Budget

A pro forma operating budget for each fiscal year consisting of at least the following information shall be distributed not less than 45 days nor more than 60 days prior to the beginning of the fiscal year which shall include.

- (i) The estimated revenue and expenses on an accrual basis.
- (ii) A summary of the Association's reserves based upon the most recent Reserve Study or review conducted pursuant to Section 1365.6 of the California Civil Code, and any successive statute, and pursuant to Paragraph 7.T.(ii) and 7.T.(iii) of this Declaration, which summary shall be printed in bold type and include all of the following:
 - (a) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component of the Common Area and units that the Association is responsible to maintain according to the terms of this Declaration (herein "major components").

- (b) As of the end of the fiscal year for which the study is prepared:
- (1) The current estimate of the amount of cash reserves necessary to repair, replace, restore or maintain the major components.
 - (2) The current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain major components.
- (c) The percentage that the amount determined for purposes of Paragraph 5.A.(ii)(b)(2) of this Declaration is of the amount determined for purposes of Paragraph 5.A.(ii)(b)(1) of this Declaration.
- (d) A statement as to whether the Board of Directors of the Association has determined or anticipates that the levy of one or more special assessments will be required to repair, replace or restore any major component or to provide adequate reserves therefor.
- (e) A general statement setting forth the procedures used by the Board in the calculation and establishment of those reserves to defray the costs of future repair, replacement or additions to those major components of the Common Areas and facilities that the Association is obligated to maintain.

The summary of the Association's reserves disclosed pursuant to this Paragraph 5.A.(ii) shall not be admissible in evidence to show improper financial management of the Association, provided that other relevant and competent evidence of the financial condition of the Association is not made inadmissible by this provision.

In lieu of the distribution of the pro forma operating budget required by this Paragraph 5.A., the Board may elect to distribute a summary of the pro forma operating budget to all its members with a written notice that the pro forma operating budget is available at the business office of the association or at another suitable location with the Project and that copies will be provided upon request and at the expense of the Association. If any member requests that a copy of the pro forma operating budget required by this Paragraph 5.A. be mailed to the member, the Association shall provide the copy to the member by First Class United States mail at the expense of the Association within five days. The written notice that is distributed to each of the Association members shall be in at least 10-point bold type on the front page of the summary of the budget.

B. First Six Months' Balance Sheet

A balance sheet, as of an accounting date which is the last day of the month closest in time to six months from the date of closing of the first sale of an interest in the subdivision, and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within 60 days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of subdivision interests and the name of the entity assessed.

C. Annual Report

A report consisting of the following shall be distributed within 120 days after the close of the fiscal year:

- (i) A balance sheet as of the end of the fiscal year,
- (ii) An operating (income) statement for the fiscal year,
- (iii) A statement of changes in financial position for the fiscal year,
- (iv) For any fiscal year in which the gross income to the association exceeds \$75,000.00, a copy of the review of the financial statement and annual report of the Association, prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

If the report referred to in this Subparagraph C, above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that a statement was prepared from the books and records of the Association without independent audit or review.

D. Annual Policy Statement Re Assessments and Collection

In addition to financial statements, the Board shall annually distribute within 60 days prior to the beginning of the fiscal year a statement of the Association's policies and practices in enforcing its lien rights or other legal remedies for default in payment of its assessments against its members including the recording and foreclosing of liens against its members' subdivision interests.

E. Membership Register, Minutes and Association Books and Records

- (i) Membership Register: The membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the members of the Board of Directors and of committees of the Board of

Directors of the Association shall be made available for inspection and copying by any member of the Association or 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 or at such other place within the Project as the Board of Directors shall prescribe.

(ii) Minutes:

(a) In the case of minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of minutes of any meeting of the Board of Directors other than an executive session shall be available to members within 30 days of the meeting and shall be distributed to only members upon request and payment of the fee prescribed in (iii)(c), below.

(b) At the time the proforma operating budget is distributed as required by the provisions of subparagraph (a) above, or at any time of any general mailing, members of the Association shall be notified in writing of their right to have copies of the minutes of meetings of the Board of Directors and as to how and where those minutes may be obtained and the cost of obtaining such copies.

(iii) Request for Inspection: The Board of Directors 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) Hours and days of the week when such an inspection may be made.

(c) Payment of the cost of reproducing copies of documents requested by a member.

(iv) Directors' Right to Inspection: Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

6. MANAGEMENT AND ADMINISTRATION

The management and administration of the Project shall be in accordance with this Declaration and the Articles of Incorporation and Bylaws of the Association.

7. - DUTIES AND AUTHORITY OF BOARD OF DIRECTORS

In general, the Board shall have authority to conduct all business affairs of common interest to all owners as prescribed by and in furtherance of the purposes of this Declaration and to enforce all provisions of this Declaration, the Bylaws and Articles of Incorporation for the Association and any other document governing the Project. The powers and duties of the Board shall be as set forth herein and in the Articles of Incorporation and the Bylaws. In addition to other duties and authority granted to the Board hereunder or by Articles of Incorporation or Bylaws, the Board shall have the authority to and may, utilize the funds of the Association or otherwise obligate the Association, except as otherwise herein or at law provided, for the benefit of all unit owners:

A. Employ/Contract for Management Services

The Board shall have the authority to and may employ the services of a manager and others to operate the Project, fix and pay their compensation, and oversee and control such management; provided that the employment of any prospective "managing agent" as defined in California Civil Code Section 1363.1(b) shall require such managing agent to comply fully with the provisions of California Civil Code Section 1363.1, as the same may be amended, extended or repealed.

B. Contract/Pay for Labor and Materials for Maintenance, Repair and Replacement

The Board shall have the authority to and may contract and pay for such labor and materials as may be reasonably required to maintain, repair and replace the Common Area and those elements of the unit that the Association is responsible to maintain under the terms of this Declaration, to provide lateral support therefor, and prevent and correct erosion thereof, necessary to fulfill the Association's responsibilities for maintenance, repair and replacement of various elements of the project as more specifically in this Declaration provided.

C. Acquire, Maintain and Pay for Utility and Maintenance Services

The Board shall have the authority to and may, in its sole discretion, acquire and maintain and pay for any required services such as: water, sewer, refuse collection, electrical, telephone, gas, and other necessary utility services for the Common Area and (if not separately metered or charged) for the units, as well as maintenance, repair, replacement and gardening service for the Common Areas and those portions of the unit, consisting of the front yard area and front driveways, which the Association is responsible for maintaining under the terms of this Declaration, and to maintain those portions of the unit subject to the authority of the Association should the unit owner fail to do so upon notice or as otherwise provided under terms of this Declaration.

The Board shall have the authority to designate one refuse collection service and one recycling service to service the entire Project; each unit owner shall be responsible to pay for the refuse collection service and recycling service to his or her individual unit. Initially, the Association shall contract with the City of Los Angeles for refuse collection services until or unless the Board determines in its discretion that a private or other service is in the best interests of the Association.

Gas, electrical, cable television and telephone service shall be separately metered to each unit and to the Common Area. Each unit owner shall be responsible to pay for the services to his or her individual unit.

Water throughout the Project is single metered to the Association. The Association shall be responsible to maintain, repair and replace water lines and sewer lines up to the point such lines meet the Dwelling on each unit, at which point and within the Dwelling water lines, sewer lines, pipes, plumbing and related amenities shall be the unit owner's responsibility to maintain, repair and replace. Declarant hereby reserves unto the Association easements over, through and across each unit as necessary to maintain such water lines and sewer lines up to the point such lines meet the Dwelling on each unit, and unit owners shall cooperate with the Association and shall avail it, its agents and employees, access to the interior of the Dwelling within the unit as needed for purposes of inspection, accessing from the interior of the unit the lines and amenities exterior for repair and replacement of such lines and facilities as needed, and as otherwise more specifically provided in this Declaration.

Gas lines, electrical lines, telephone lines and cable television lines throughout the Project shall be installed by Declarant and maintained by the Association up to the point such lines meet the Dwelling on each unit, at which point and within the Dwelling gas lines, electrical lines, telephone lines, cable television lines, conduits, and related amenities shall be the unit owner's responsibility to maintain. Declarant hereby reserves unto the Association easements over, through and across each unit as necessary to maintain, repair and replace gas lines, electrical lines, telephone lines, cable television lines, conduits, and related amenities up to the point such lines meet the Dwelling on each unit, and as otherwise more specifically provided in this Declaration. Each unit shall be responsible to pay its own telephone service and its own cable television service.

D. Adopt Rules and Regulations

The Board shall have the authority to and may adopt, and amend from time to time, reasonable rules and regulations to govern unit owners and their tenants in the use of the units and the Common Area, which rules and regulations shall be printed and a copy thereof delivered to each unit owner.

E Taxes, Assessments and Levies

The Board shall have the authority to and may pay all charges, taxes and assessments levied against the Project (except for charges levied solely against the unit owner and/or the undivided interest of a unit owner, which charges shall be paid by such owner, and to assess same in accordance with the provisions of this Declaration including without limitation those set forth in the Paragraphs entitled "Real Property Taxes" and "Unallocated Property Taxes."

F Use of Maintenance Funds

The Board shall have the authority to and may use, in the discretion of the Board, the funds paid by unit owners as maintenance charges, as hereinafter more fully provided.

G Insurance

The Board shall acquire, maintain, and pay for a policy or policies of insurance with coverage as required under the Paragraph of this Declaration entitled "Insurance Coverage."

H Right of Entry to Common Area and Separate Interests

The Board shall have the authority to and may enter any unit, including without limitation any living area, balcony, patio, garage, driveway area, garden, lawn, or Common Area, when necessary, as follows:

(i) In connection with any maintenance, repair or replacement, or construction for which the Association is responsible. Such entry may be made upon not less than twenty-four hours prior written notice to the affected unit owner, for entry during normal business hours, Monday through Friday, to perform such purposes.

(ii) In order to cure any violation of the Declaration, Bylaws, Articles of Incorporation or Rules and Regulations of the Association, such entry may be made upon:

(a) not less than thirty (30) calendar days prior written notice to the affected unit owner,

(b) providing opportunity to be heard by the Board, and

(c) upon failure of the affected unit owner to cure within said thirty (30) days or other time frame specified by the Board after finding of a violation by the Board,

for entry during normal business hours, Monday through Friday, to cure such violations (the cost of which shall subsequently be assessed to the affected unit owner in accordance with the provisions of this Declaration).

(iii) In the event of an emergency, without prior notice, for entry to respond to the emergency.

Such entry shall be made with as little inconvenience to the unit owner as practicable and any damage caused thereby shall be repaired by the party responsible for said damage, subject to the right of the Association to assess the affected unit owner for all expenses incurred by the Association necessary to cure any violation as otherwise provided in the Declaration within said thirty (30) days or other time frame specified by the Board after finding of a violation of the Board.

I. Legal Services

The Board shall have the authority to and may hire and pay for legal services necessary or proper in the operation of the Project or enforcement of this Declaration, the Bylaws, Articles of Incorporation and any rules and regulations governing the Project.

J. Paint, Maintenance, Repair, Replacement and Landscaping

The Board shall have the authority to and may, but without obligation to except as otherwise required by this Declaration, paint, maintain, repair and replace the Common Area and the exterior of any buildings within the project, including without limitation those within any separate interest, if the designated or appurtenant unit owner fails to do so after notice as hereinafter provided. The Board is authorized to acquire and maintain, repair and replace such furnishings and equipment for the Common Area as the Board shall determine necessary and proper.

Reference is made to Paragraph 17 through 27, among others, which define the responsibilities of the Association and the members, respectively, for maintenance, repair and replacement of the various elements of the units.

The Association shall have the primary obligation to and shall maintain and repair the Common Areas and all facilities, improvements, and landscaping thereon, including without limitation the private drive throughout the Project, the community park, the Perimeter Walls, Perimeter Fences and combination Perimeter Walls/Fences (except as otherwise in this Declaration provided), the water lines, sewer lines, gas lines, electrical

lines, telephone lines, cable lines, as provided in subparagraph C, above, and the storm drains, except as and as more particularly in the paragraph of this Declaration entitled "Drainage Easements" provided. Further the Association shall have the primary obligation to and shall maintain, repair and replace the driveways included in each unit, as more particularly in this Declaration provided. Further, those front yards within each unit, located from the street adjacent to the driveways up to the front fence bordering the entry way shall be landscaped, maintained, repaired and replaced by the Association. Declarant hereby reserves unto the Association easements over, through and across each unit as necessary to maintain, repair and replace driveway and front yard areas, and as otherwise more specifically provided in this Declaration.

Each unit owner shall have the primary obligation to paint, maintain, repair and replace the exterior and the interior of his dwelling unit and garage, to maintain, repair, replace and landscape yards and any patios included within his unit, except for the aforementioned driveway and front yard areas, subject to the approval and satisfaction of the Architectural Control Committee, to maintain the Party Fences and/or Walls appurtenant to his unit subject to the approval and satisfaction of the Architectural Control Committee and further subject to the provisions of this Declaration entitled "Party Fences, Party Walls and Combinations Thereof," to maintain, repair and replace the portions of water lines, sewer lines, gas lines, electrical lines, telephone lines, cable lines, from the point such lines and related amenities meet the Dwelling on each unit and within the Dwelling as provided in subparagraph C, above, and the storm drains and drain lines serving his unit as more particularly in the paragraph of this Declaration entitled "Drainage Easements" provided all as and subject to the provisions as more particularly in this Declaration provided. If he fails to do so, the Association may, but shall not be required to, subject to Paragraphs 7H and 18H which provides for notice and an opportunity to cure, enter into or upon said premises as necessary to effect the repair or maintenance thereof and may charge the costs thereof to the defaulting unit owner, as hereinafter provided.

K. Other Contracts and Payments

The Board shall have the authority to and may provide, acquire, and pay for any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments which the Board may be required to secure or pay for pursuant to the terms of this Declaration, or the Bylaws, or which the Board in its opinion shall deem necessary, proper, or convenient for the operation of the Project and of the Dwellings, provided that if any such materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments are provided for a single unit or only several but not all units, the cost thereof shall be specifically assessed to the owner or owners of such units.

L Discharge of Liens and Encumbrances

The Board shall have the authority to and shall pay any amount necessary to discharge any lien or encumbrance levied against the Project, or any part thereof, which may, in the opinion of the Board, constitute a lien against the Project or against the Common Area, rather than merely against the interests therein of particular owners. Where one or more owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it.

M Separate Interest Taxes Prior to Separate Assessments

The Board shall have the authority to and may, until such time as property taxes are separately assessed to each individual unit owner, pay such property taxes singly assessed against the Project as a whole and collect the same from each unit owner.

N Compliance with Laws and Orders

The Board shall have the authority to and shall comply with all applicable laws and orders and directives of any lawful authority.

Q Delegation of Powers

The Board shall have the authority to and may delegate its power to committees, officers or employees of the Association as needed to promote the interests of the Association.

P Disciplinary Proceedings

The Board shall have the authority to and may initiate and execute disciplinary proceedings against members of the Association for violations of provisions of the governing instruments in accordance with procedures set forth in the governing instruments.

Q Suspension of Voting Rights and Rights to Use

The Board shall have the right to suspend the voting rights and right to use of the recreational facilities of a unit owner for any period during which any assessment against his or her interest in the Project remains unpaid and delinquent, and for a period not to exceed thirty (30) days for any single infraction of the governing instruments, provided that any suspension of such voting rights or right to use the recreational facilities, shall be made only by the Board or a duly appointed committee of the Board after compliance with Section 7341 of the California Corporations Code.

R. Election of Officers

The Board shall, amongst itself, elect officers of the Board.

S. Filling Vacancies on the Board

The Board shall fill vacancies on the Board except for a vacancy created by the removal of a Director, in which case it shall be filled through election by the Association.

T. Reconciliation and Review of Accounts

(i) Not less frequently than quarterly, the Board shall:

(a) Cause a current reconciliation of the Association's operating accounts to be made and review the same;

(b) Cause a current reconciliation of the Association's reserve accounts to be made and review the same;

(c) Review the current year's actual reserve revenues and expenses compared to the current year's budget;

(d) Review the most current account statements prepared by the financial institution where the Association has its operating and reserve accounts;

(e) Review an Income and Expense Statement for the Association's operating and reserve accounts.

(ii) Not less frequently than annually, the Board shall review the Reserve Account Study described in Paragraph 7.T.(iii) of this Declaration and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. As used in this Paragraph 7.T.(ii) and in Paragraph 7.T.(iii), "reserve account requirements" shall mean the estimated funds which the Association's Board has determined are required to be available at a specified point in time to repair, replace or restore the major components

(iii) Not less frequently than once every three years, the Board shall cause a Reserve Account Study to be performed as follows. A study shall be made of the "reserve account requirements" (as defined in the foregoing Paragraph 7.T.(ii) of this Declaration) of the Common Interest Development to be conducted if the current replacement value of the

major components which the Association is obligated to repair, replace, restore or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year.

The study required by this subdivision shall comply with California Civil Code Section 1365.5(d) and any successive statute, and shall at a minimum include the following:

(a) Identification of the major components which the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years.

(b) Identification of the probable remaining useful life of the major components identified in Subparagraph (a) of this section as of the date of the Study.

(c) An estimate of the cost of repair, replacement, restoration, or maintenance of each major component identified in Subparagraph (a) of this section during and at the end of its useful life.

(d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in Subparagraph (a) of this section during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

U. Withdrawal and Expenditure of Reserves

(i) Withdrawal of funds from the Association's reserve account shall require the signatures of either (1) two members of the Board, or (2) one member of the Board and one officer of the Association who is not also a member of the Board, acting together.

(ii) The Board of Directors shall not expend funds designated as reserve funds for any purpose other than the following:

(a) For the repair, restoration, replacement or maintenance of major components of the Common Area and units which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

(b) For litigation involving the repair, restoration, replacement or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

(iii) Notwithstanding the provisions of Subparagraphs (ii)(a) and (b) immediately above, the Board:

(a) May authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short term cash flow requirements or other expenses;

(b) Shall cause the transferred funds to be restored to the reserve fund within three years of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interest of the Common Interest Development, delay the restoration until the time which the Board reasonably determines to be necessary;

(c) Shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account and shall, if necessary, levy a special assessment to recover the amount of the expended funds within the time limits required by Subparagraph (iii)(b) immediately above. This special assessment is not subject to the limitations imposed by Subparagraph A. of the Paragraph of this Declaration entitled "Special Assessments Against all Units" or those imposed by Section 1366 of the California Civil Code or Subdivision (e)(1) of 10 California Code of Regulations 2792.16, and any successor statutes to the foregoing, which restrict the Board of Directors from imposing special assessments which in the aggregate exceed 5% of the budgeted gross expenses of the Association for that fiscal year without the approval of owners, constituting a quorum, casting a majority of votes at a meeting or election of the Association, except in the case of emergency situation, as itemized therein].

V. Acts Prohibited without Vote of Members

The Board of the Association shall ordinarily be prohibited from taking any of the following actions except with the vote or written assent of the majority of the voting power of the Association residing in members other than the Declarant:

(i) Entering into a contract with a third person wherein a third person will furnish goods 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 term of which has been approved by the Federal Housing Administration or Veterans Administration.

(b) 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 shall contract at the regulated rate.

(c) Prepaid casualty and/or liability insurance policy of not to exceed three years duration provided that the policy permits for short-rate cancellation by the insured.

(d) Lease agreements for laundry room fixtures and equipment of not to exceed five 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 10 percent or more.

(e) Agreements for cable television services and equipment or satellite television services and equipment of not to exceed five years duration provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of 10 percent or more.

(f) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five years duration provided that the supplier or suppliers are not entities in which the subdivider has a direct or indirect ownership interest of 10 percent or more.

(ii) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that year;

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

(iv) Paying compensation to members of the Board or to officers of the Association provided, however, that the Board may cause a member or officer to

be reimbursed for expenses incurred in carrying on the business of the Association; and

(v) Filling of a vacancy on the Board created by the removal of a Board member.

8. NONLIABILITY OF THE BOARD AND OFFICERS

A. No member of the Board or officer 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 misconduct or negligence.

B. Without limiting the foregoing, any volunteer member of the Board or volunteer officer (as defined by California Civil Code Section 1365.7, and any successive statute) shall not be personally liable in excess of the coverage of insurance specified in Subparagraphs A.(ii) and (iv) of the Paragraph of this Declaration entitled "Insurance Coverage" to any person who suffers injury, including, but not limited to, bodily injury, emotional distress, wrongful death, or property damage, or loss as a result of the tortious act or omission of the volunteer member of the Board or volunteer officer if all of the following criteria are met:

(i) The act or omission was performed within the scope of the officer's or director's association duties;

(ii) The act or omission was performed in good faith;

(iii) The act or omission was not willful, wanton or grossly negligent;

(iv) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made one or more policies of insurance which shall include coverage for (1) general liability of the Association, and (2) individual liability of officers and directors of the Association for negligent acts or omissions in that capacity; provided that both types of coverage are in the minimum amounts prescribed by California Civil Code Section 1365.7, and any successive statute.

9. INDEMNIFICATION FOR PERFORMANCE OF DUTIES

Every member of the Board, officer and member of the Association shall be indemnified by the Association against all reasonable costs, expenses, and liabilities (including attorney's fees) actually or necessarily incurred by, or imposed upon him, in connection with any claim, action, suit, proceeding, 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 member of the Association, or the Board, whether or not he continues to be such Director, officer, 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 to which such persons may be entitled as a matter of law and shall inure to the benefit of the legal representative of such persons.

10. CERTIFICATION OF BOARD OF DIRECTORS

Any certificate executed by any three (3) members of the Board, unless the Board has three or fewer members in which case execution by a majority, shall be conclusive proof of all matters contained in the certificate as to any act or nonact of the Association and/or the Board, or any of their respective committees or agents, or as to the performance or nonperformance of any act of any unit owner or nonpayment of any dues, fees, charges, assessments interest, costs, or penalties, or as to any matters contained in the records of the Association or said Board.

11. INSURANCE COVERAGE

A. Association Responsibility

The Association shall be responsible to and shall acquire, maintain and pay for insurance coverage naming both the Association and each of the owners as co-insureds at least in the following particulars:

(i) A master hazard policy ("special form") insuring 100% of the insurable replacement cost of all Common Area improvements, equipment and fixtures in the Project, (excluding the buildings housing the Dwelling which shall be the responsibility of the respective unit owner to insure).

(ii) An occurrence version comprehensive general liability policy or policies, insuring the Association, its agents, the Board, the owners, and their respective family members, guests, tenants, and invitees, against any liability incident to the ownership or use of the Common Area or any other Association owned or maintained real or personal property. The general liability coverage under said insurance policy or policies shall not be less than \$1,000,000. Such policy limits shall be reviewed at least annually by the Board and adjusted in its discretion, provided that said limits shall at all times be equal to or greater

than the minimum limits prescribed in Subsection (4) of the California Civil Code Section 1365.7(a), and any successor statute, for the purposes set forth in said statute.

(iii) A policy or policies of Workers' Compensation Insurance, to the extent necessary to comply with any applicable laws, or such greater amount as the Board deems necessary. The Association shall obtain a Certificate of Insurance naming it as an additional insured in regard to workers' compensation claims from any independent contractor who performs any service for the Association, if the receipt of such a Certificate is practicable.

(iv) A policy or policies of insurance which shall include coverage for individual liability of officers and directors of the Association for negligent acts or omissions in that capacity. The liability coverage under said insurance policy or policies shall not be less than \$1,000,000. Such policy limits shall be reviewed at least annually by the Board and adjusted in its discretion, provided that said limits shall at all times be equal to or greater than the minimum limits prescribed in Subsection (4) of the California Civil Code Section 1365.7(a), and any successive statute, for the purposes set forth in said statute.

(v) A policy or policies, bond or bonds, providing fidelity insurance covering officers, directors and employees that have access to any Association funds.

(vi) A policy or policies of Flood Hazard Insurance in the maximum amount available necessary to cover the Common Area improvements in the event that the area in which the Project is located is designated by the Office of Housing and Urban Development as an area having special flood hazard.

(vii) A policy or policies of Fire Hazard Insurance in the maximum amount available necessary to cover the Common Area improvements in the event the Project is located in an area designated in the Office of Housing and Urban Development as an area having special fire hazard.

(viii) Such other policy or policies as the Board, in its discretion, considers necessary or advisable from time to time. Neither the Board nor the Association shall have a duty to obtain Earthquake Insurance unless a majority vote of members proposes and approves such a purchase.

B. Unit Owner Responsibility

Each unit owner shall be responsible to acquire, maintain and pay for fire and casualty and general liability insurance coverage for the protection of his own unit and his

Dwelling including without limitation those elements of the unit which the Association is responsible to maintain (for example only, driveways and front yard areas), as may be required by the unit owner's First Mortgagee, or, if no First Mortgagee encumbers such unit, fire and casualty coverage as may be determined by the Board. Any such policy or policies shall name both the unit owner himself and the Association as co-insureds and, to the extent required by any mortgagee encumbering such unit, the mortgagee under a lender's loss payable endorsement acceptable to such mortgagee.

The unit owner shall be responsible, to the extent any insurance coverage concerning his unit is insufficient, in the event of destruction in whole or in part, to restore and replace the dwelling improvement as originally constructed modified as may be required by applicable building codes and regulations in effect at the time of such repair or reconstruction or as authorized by the Architectural Control Committee. The repair or reconstruction shall commence not later than one hundred and eighty (180) days after the date of such damage or destruction, and shall be completed as soon as reasonably practicable, subject to delays that are beyond the control of the unit owner. Notwithstanding the preceding sentence, (a) the unit owner immediately shall take such steps as may be reasonably required to protect against any hazardous conditions resulting from the damage or destruction; and (b) if a First Mortgagee acquires the unit by foreclosure or deed in lieu of foreclosure prior to the commencement or completion of such repairs or reconstruction, such First Mortgagee shall have a period of up to three hundred and sixty (360) days after the date of such acquisition to either (i) commence such repairs or reconstruction, and thereafter complete such repairs as soon as reasonably practicable, subject to delays that are beyond the control of such First Mortgagee; or (ii) transfer the unit to a third party purchaser who will assume the obligation to commence such repairs or reconstruction within such 360-day period, and thereafter complete such repairs as soon as reasonably practicable, subject to delays that are beyond the control of such purchaser.

C. Insurers and Insureds, Endorsements and Policy Provisions

Such policies shall be placed with generally recognized and reputable insurance companies, licensed to do business in California and shall be reviewed at least annually by the Board. Such policy or policies shall insure the Association, Declarant, all unit owners and their respective lien holders, as their interests may appear of record, as co-insureds and shall include, if applicable, the following endorsements:

- (i) Changes in building codes, and demolition coverage (sometimes referred to as "ordinance or law endorsement");
- (ii) inflation guard coverage;
- (iii) "agreed-amount" endorsement (to eliminate a coinsurance problem);

(iv) replacement cost endorsement;

(v) primary coverage endorsement.

Any insurance maintained by the Association shall contain "waiver of subrogation" as to the Association and its officers, directors and members, the owners and occupants of the condominiums (including Declarant) and mortgagees, and cross-liability and severability of interest coverage insuring each insured against liability to each other insured.

All individually owned insurance shall contain a waiver of subrogation as to the Association and its officers, directors and members, the owners and occupants of the condominiums (including Declarant) and mortgagees.

Any diminution in insurance proceeds otherwise payable under the Association's policies that results from the existence of other insurance carried by a unit owner will be chargeable to the owner who acquired other insurance.

The insurance maintained by the Association does not cover the owner or any occupant's personal property and does not cover personal liability for damages or injuries occurring within the Unit.

Each buyer of a condominium in the Project shall pay the portion of the premium(s) attributable to the buyer's condominium unit (prorated to the date of close of escrow) for the policy or policies purchased by Declarant for the Association, except to the extent such premium(s) have been paid by the Association itself from the Maintenance Fund in the course of its operation.

D. Nonliability if Liability Insurance Cannot Reasonably be Obtained

The Association, and its directors and officers, shall have no liability to any owner or mortgagee if, after a good faith effort, the Association is unable to obtain any liability insurance required hereunder because the insurance is no longer available or, if available, can be obtained only at a cost that the Board in its sole discretion determines is unreasonable under the circumstances, or the members fail to approve any assessment increase needed to fund the insurance premiums. In such event, the Board shall immediately notify each member and any mortgagee entitled to notice that the liability insurance will not be obtained or renewed.

E. Owner's Failure to Insure

Any insurance not maintained by any owner as and if required hereunder may be, but shall not be required to be, obtained by the Association. The Association, upon advance

of fees for premium(s) and other expenses necessary to obtain such insurance, shall assess the owner a special reimbursement assessment for such charges. Notwithstanding the Association's entitlement to a special reimbursement assessment, any owner failing to perform according to his obligations to maintain insurance according to the provisions of this Declaration, shall be deemed to be in default hereunder and subject to all rights and remedies available to the Association at law and under this Declaration.

F. Restriction on Causing Increase in or Cancellation of Insurance

Nothing shall be done or kept in or upon any unit or in the Common Area which will increase the rate of any insurance carried by the Association, without the prior written consent of the Board. No unit owner shall permit anything to be done or kept on or within his unit or in the Common Area which will result in the cancellation of any insurance policy or policies held by the Association or which would be in violation of any governmental statute, ordinance, rule or regulation. No waste shall be permitted in the Common Area.

G. Trustee for Insurance Policies

Except as otherwise provided in the section of this Declaration entitled "Damage or Destruction," the Association acting through the Board of Directors is hereby appointed and shall be deemed to be the Trustee of the interests of all named insureds under policies of insurance required hereunder subject to the rights of all mortgagees. All insurance proceeds under any such policies as provided for in this Declaration shall be paid to the Board of Directors, as Trustees subject to the rights of all mortgagees. The Board of Directors shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein subject to the rights of all mortgagees. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as otherwise provided in this Declaration. The Board of Directors is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent it desires. Any two directors of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all of the named insureds.

Except as otherwise specifically provided in this Declaration, the Board of Directors, acting on behalf of the Association and all owners, shall have the exclusive right to bind such parties in respect to all matters effecting insurance carried by the Association, the settlement of any loss claim, and the surrender, cancellation and modification of all such insurance. Duplicate originals and certificates of all policies of fire and casualty insurance carried by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all mortgagees who have requested the same in writing.

H. Periodic Review of Policies

The Association shall periodically review all insurance policies maintained by the Association to determine the adequacy of the coverage and to adjust the policies accordingly. Such review shall be made not less than once every three (3) years unless a shorter time for review is otherwise specifically prescribed as to any given policy by the terms of this Declaration or applicable law.

I. Distribution and Use of Proceeds Upon Destruction of Common Areas

Reference is made to the Section of this Declaration entitled "Distribution in the Case of Condemnation or Destruction."

12. ASSESSMENTS / MAINTENANCE FUND

A. Obligation to Pay Assessments

Commencing from the close of escrow of the voluntary sale by Declarant of the first unit in the Project, each unit owner (including Declarant as to units owned by it, except as provided in the Subparagraph entitled "Exemptions from Assessments" hereinbelow) shall be obligated to pay to the Board or a designated member thereof or to its authorized representative, as agent for the Association, its proportionate share of the Regular Annual Assessment, in monthly installments, for maintenance charges and reserves as established by the Board, and Special Assessments as and when due.

B. Purpose of Assessments

Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all Owners of condominiums in the Project. The Association shall not impose or collect an assessment, penalty or fee which exceeds the amount necessary to defray the costs for which it is levied.

C. Assessments Proportionate

The Regular Annual Assessment, and Special Assessments against all Units as provided for in the Paragraph of this Declaration entitled "Special Assessments Against All Units," shall be assessed to unit owners proportionately, depending upon Plan size; specifically, each unit will include an improvement built according to one of three plans, herein referred to as either "Plan 1, Plan 2 or Plan 3."

Certain elements of the assessments shall be defined as "variable" costs apportioned according to Plan Size. Variable elements including for example, but without

limitation, those budgeted for insurance, water and water system, paint, streets, sewer lines, sewer cleaning, storm drains, and landscaping. The Board of Directors shall in it's discretion determine which elements of a budgeted assessment shall be characterized "variable," and those initial "variables" may be modified in the reasonable discretion of the Board.

Those elements of the budgeted assessments which are not characterized "variable" shall be assessed to all units equally (in this section referred to as "base assessment").

For purposes of allocating the variable assessments only, the following square footages shall be deemed to apply to each unit of the Plans stated:

Plan 1 Units	1,383 square feet
Plan 2 Units	1,592 square feet
Plan 3 Units	1,735 square feet

A variable factor for each assessment shall be determined based upon the following formula:

$$\begin{aligned} & \text{(total variable costs)} \\ & \text{DIVIDED BY} \\ & \text{(total square footage of units per the above schedule)} \\ & \text{EQUALS} \\ & \underline{\text{(variable factor)}} \end{aligned}$$

The assessment allocation per Plan then shall be determined according to the following formula - calculated for each Plan size - (see Exhibit "A" to this Declaration setting out an example worksheet for figuring the assessment).

For Plan 1:

$$\begin{aligned} & 1,383 \\ & \underline{\times \text{ variable factor}} \\ & = \text{variable assessment} \\ & \underline{+ \text{ base assessment}} \\ & = \text{total assessment} \\ & \text{for Plan 1 Units} \end{aligned}$$

For Plan 2:

$$\begin{aligned} & 1,592 \\ & \times \text{variable factor} \\ & = \text{variable assessment} \\ & + \text{base assessment} \\ & = \text{total assessment} \\ & \text{for Plan 2 Units} \end{aligned}$$

For Plan 3:

$$\begin{aligned} & 1,735 \\ & \times \text{variable factor} \\ & = \text{variable assessment} \\ & + \text{base assessment} \\ & = \text{total assessment} \\ & \text{for Plan 3 Units} \end{aligned}$$

Until such time as the Dwelling on any unit is completed, to the extent any element of the variable assessments is not subject to exemption under subparagraph H (entitled "Exemptions from Assessments"), below, the assessment against the incomplete unit shall be deemed to be Plan 2 for purposes of calculating the allocation hereunder. Upon completion of the unit, all variable assessments shall be allocated to the Plan 1, 2 or 3 representing the Dwelling actually constructed thereon.

D. Assessments Payable in Installments

Each unit owner shall and is hereby obligated to pay such assessments to the Board monthly, in equal installments in advance, on the first day of every calendar month during such ensuing year, or in such other manner as the Board shall designate.

E. Declarant's Obligation for Assessments and Record Maintenance

(i) Declarant shall be treated as a unit owner as to each unit owned by it, and shall be assessed and obligated accordingly, except as otherwise herein indicated.

(ii) Declarant shall maintain or cause to be maintained in accordance with generally accepted accounting practices, records of:

(a) All assessments paid by the Declarant as an owner of separate interests to the Association;

(b) All expenditures claimed by Declarant as offsets or credits against assessments owed;

(c) Association receipts, expenditures and disbursements if the Declarant has not turned over such records to the Association.

Declarant's obligations under this Subparagraph E.(ii) shall terminate upon the earlier of (1) the conveyance of the last subdivision interest covered by a subdivision public report, or (2) three years after the expiration of the most recent public report on this subdivision.

F. Depository and Control Over Assessments

Assessments shall be deposited in a commercial bank account and/or savings and loan account as selected by the Board. The Board or the manager shall have control of said account and shall be responsible to the owners for the maintenance of accurate records thereof at all times. In the event a Managing Agent (as defined in the Paragraph of this Declaration entitled "Managing Agent") is entrusted with Assessments, the Managing Agent's control and responsibilities shall be subject to the provisions of said Paragraph of this Declaration entitled "Managing Agent" and any other applicable provisions of this Declaration.

G. Increase in Regular Annual Assessments

The Board's authority to impose increases in Regular Annual Assessments is limited or conditioned, as indicated, as follows:

(i) The Board of the Association may not, without the vote or written consent of a majority of the voting power of the Association residing in members other than the Declarant, impose a Regular Annual Assessment per subdivision interest which is more than 20% greater than the Regular Assessment for the immediately preceding fiscal year.

(ii) Before imposing any increase in the Regular Annual Assessment for any given fiscal year, the Board shall have either:

(a) First complied with the requirement that it distribute the Pro Forma Annual Operating Budget for that fiscal year, pursuant to Paragraph 5.A. of this Declaration and applicable provisions of law; OR

(b) First obtained the approval of owners, constituting a quorum (herein members representing more than 50% of the units of the Association), casting a majority of the votes at a meeting or election of the Association

conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code, and any successive statute(s).

(iii) The Association shall have given notice by First Class United States Mail to all members of the increase in Regular Annual Assessment not less than 30 nor more than 60 days prior to the first installment of the increased assessment becoming due.

H. Exemptions from Assessments

(i) The Declarant, and his successor in interest, if any, is an owner subject to the payment of regular, special and reimbursement assessments against association interests, which he owns, provided, however, that the Declarant and any other owner of an Association interest which does not include structural improvement for human occupancy is hereby exempted from the payment of that portion of any assessment which is for the purpose of defraying the expenses and reserves directly attributable to the existence and use of the structural improvement. The exemption may include, but shall not necessarily be limited to:

- (a) Roof replacement;
- (b) Exterior maintenance;
- (c) Walkway and carport lighting;
- (d) Refuse disposal;
- (e) Cable television; and
- (f) Domestic water supply to living units.

(ii) Any such exemption from the payment of assessments attributed to Dwelling shall be in effect only until the earliest of the following events:

- (a) A notice of completion of the Dwelling has been recorded;
- (b) Occupation or use of the Dwelling;
- (c) Completion of all elements of the Dwelling which the Association is obliged to maintain.

(iii) Declarant and any other owner of a subdivision interest is hereby exempted from the payment of that portion of any assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of a common facility that is not complete at the time assessments commence. Any exemption from the payment of assessments

attributed to common facilities shall be in effect only until the earliest of the following events:

- (a) A notice of completion of the common facility has been recorded;
- (b) The common facility has been placed into use.

I. Assessments for Unallocated Property Taxes

In the event that any taxes are assessed against the Common Area, or the personal property taxes of the Association, rather than against the Units, said taxes shall be included in the Assessment made under the provisions of subparagraph A, above, and, if necessary, a special Assessment may be levied against the Units in an amount equal to said taxes, to be paid in two (2) installments, thirty (30) days prior to the due date of each tax installment.

J. Assessment for Real Property Taxes

Until such time as Real Property Taxes have been segregated by the Los Angeles County Assessor, Real Property Taxes shall be assessed by the Association to and paid by the unit owners.

The unsegregated Real Property Taxes shall be apportioned as follows: Each unit shall be given a valuation (herein "unsegregated tax unit valuation") as of the Real Property Tax Assessment date:

- (i) Units which have sold shall be valued with the most recent sales price,
- (ii) Units with a completed Dwelling, offered for sale but not yet sold shall be valued with the current offered price, and
- (iii) Units with no Dwelling constructed or with an incompleated Dwelling shall be valued with a fraction with the balance of the assessed valuation divided equally among them.

The proportionate share of Real Property Taxes for each given unit shall be determined by dividing the unit's Unsegregated Tax Unit Valuation by the total assessed valuation imposed by the Real Property Tax assessor.

To the extent any Real Property Taxes are not paid by any unit owner and become delinquent, any and all penalties imposed by the Real Property Tax assessor shall be chargeable to the unit and unit owner in addition to the Association's assessment late

charges, interest, fees and costs of collection in accordance with the terms of the declaration and shall be subject to all enforcement remedies available to the Association.

K. Assessments are the Personal Obligation of the Owner

All assessments, whether regular, special or reimbursement, as provided in this Declaration, together with interest, late charges, fees and costs including without limitation reasonable attorney's fees, shall be a separate and personal obligation of the person who was the owner of the condominium at the time when the assessment fell due. This personal obligation cannot be avoided by abandonment of the condominium or by an offer to waive use of the Common Area. Personal obligation for delinquent assessments shall not pass to any new owner unless expressly assumed by the new owner.

13. SPECIAL ASSESSMENTS AGAINST ALL UNITS

A. Generally

The Board of Directors shall have the authority to make special assessments against all units and the membership for capital improvements, initial assessment fees required by a municipality, replacement of reserves in accordance with Paragraph 7.T.(ii) of this Declaration, or for such other purposes deemed necessary by them.

B. Limitation on Special Assessments

Except as otherwise herein and at law provided, there shall be no special assessments for capital improvements or other purposes requiring an expenditure on behalf of the Association or which in the aggregate exceed 5% of the budgeted gross expenses of the Association for that fiscal year without the approval of owners casting a majority of the votes, excluding the subdivider, at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the California Corporations Code and Section 7613 of the Corporations Code, and any successive statute(s).

This provision shall not limit the Board's power to impose special assessments for the replacement of reserves in accordance with Paragraph 7.T.(ii) of this Declaration and pursuant to California Civil Code Section 1365.5(c), and any successive statute thereto; such special assessments shall likewise be excluded from the aggregate special assessments in a given year for purposes of determining the foregoing limitation.

As a condition to the Special Assessments provided for in this Paragraph, the Association shall have first given notice by First Class United States Mail, or by personal delivery to the address stated on the membership register, to all members of the Special Assessment not less than 30 nor more than 60 days prior to the assessment becoming due.

This provision shall not limit the Board's authority to impose an assessment or assessment increase for emergency situations, as hereinafter described, without the above prescribed vote of owners; such assessments shall likewise be excluded from the aggregate special assessments in a given year for purposes of determining the foregoing limitation. Emergency situations herein referred to shall include without limitation the following:

- (i) An extraordinary expense required by an order of a court;
- (ii) An extraordinary expense necessary to repair or maintain the Common Interest Development or any part of it for which the Association is responsible where a threat to personal safety on the property is discovered;
- (iii) An extraordinary expense necessary to repair or maintain the Common Interest Development or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget pursuant to California Civil Code Section 1365. However, prior to the imposition or collection of an assessment under this subparagraph, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the members with the notice of assessment; or
- (iv) An extraordinary expense in making the first payment of the earthquake insurance surcharge pursuant to Section 5003 of the Insurance Code.

C. Manner of Establishment and Collection of Special Assessments

The Board of Directors shall establish and collect special assessments in the same manner as provided herein for the establishment and collection of regular assessments.

D. Inapplicability of Special Assessment Limitations

Notwithstanding any limitation herein to the contrary, the above provisions with respect to special assessments do not apply in the case where the special assessment against a member is a remedy utilized by the Board to reimburse the Association for costs incurred in bringing the member and his subdivision interest into compliance with provisions of the governing instruments for the subdivision.

14. SPECIAL ASSESSMENTS AGAINST ONE OR MORE BUT LESS THAN ALL UNITS

The Board of Directors shall have the authority to make special assessments against one or more but less than all units and the appurtenant members for such purposes deemed necessary by them, including without limitation those set forth hereinbelow. Such special assessments shall be excluded from the aggregate special assessments in a given year for purposes of determining the limitations of Subparagraph B to the Paragraph of this Declaration entitled "Special Assessments Against All Units" and such special assessments shall be exempt from said limitations.

A. To Secure or Satisfy a Breach of the Declaration

In addition to the other rights and powers granted to the Board herein, the Board shall have the right to establish a special assessment on any single unit owner or group of unit owners, if the same be required to secure or satisfy any breach of this Declaration by said unit owner or owners, which breach shall require or has required an expenditure by the Board for the repair or remedy, including, but not limited to, the violation of or failure of such unit owner to comply with any applicable laws or orders or directives of any lawful authority.

B. For Maintenance and Repair of Units upon Failure or Refusal of Member

In the event maintenance and repair of any Unit is deemed necessary, in the discretion of the Board, to protect the Common Area or to preserve the appearance and value of the Project, including without limitation any necessary maintenance and repair of any element of a unit, visible from the Common Area or adversely affecting the appearance and value of the Project or the health, safety and welfare of persons within the Project, and if the said unit owner has failed and refused to perform said maintenance or repair within a reasonable time after: (1) written notice of the necessity therefor has been delivered to said unit owner; and (2) an opportunity to be heard with respect to said necessity has been given by the Board to said unit owner, the Board shall cause such repairs and maintenance to be made and shall levy a Reimbursement Assessment against such Unit owned by said unit owner for the cost of said maintenance and repair. Such special assessments shall be excluded from the aggregate special assessments in a given year for purposes of determining the limitations of Subparagraph E of the Paragraph of this Declaration entitled "Special Assessments Against All Units" and such special assessments shall be exempt from said limitations.

C. For Benefit of One or More but Less than All Units

If any materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments are provided for a single unit or only several but not all units, the cost thereof may be specifically and specially assessed

to the owner or owners of such units. Such special assessments shall be excluded from the aggregate special assessments in a given year for purposes of determining the limitations of Subparagraph E of the Paragraph of this Declaration entitled "Special Assessments Against All Units" and such special assessments shall be exempt from said limitations.

D. Transfer of Title of Individual Units - Assessments and Documents

Except as otherwise provided for the enforcement and collection of delinquent assessments and the rights and remedies afforded the Association by this Declaration and at law and in equity for enforcement of this Declaration of Covenants, Conditions and Restrictions, the Association shall not impose or collect any assessment, penalty, or fee in connection with a transfer of title or any other interest except the Association's actual costs to change its records and a fee (which shall not exceed the Association's reasonable costs incurred) for the preparation and reproduction of documents to prospective purchasers to comply with the provisions of California Civil Code Section 1368 or as requested.

Each unit owner, except Declarant, covenants and agrees to, as soon as practicable before any voluntary transfer of title to the separate interest or execution of a real property sales contract therefor, provide the following:

(i) To the prospective transferee or purchaser:

(a) True and correct copies of all of the governing documents of the Association, including without limitation this Declaration, as the same may be amended from time to time, the Bylaws of the Association, the Articles of Incorporation, Rules and Regulations and Policy Statements of the Association, and

(b) The most recent Pro Forma Annual Operating Budget as required under Paragraph 5.A. of this Declaration, and

(c) A true statement in writing from an authorized representative of the Association as to the amount of the Association's current Regular Annual Assessment and Special Assessments and fees, as well as any assessments levied upon the owner's interest in the Project which are unpaid on the date of the Statement. The statement shall also include true information on late charges, interest, and costs of collection which, as of the date of the statement, are or may be made a lien upon the owner's interest in the Project as in this Declaration provided. Receipt of such Statement by a respective purchaser shall render such purchaser personally liable to the Association, jointly and severally with the selling owner, for the amounts therein contained, whether or not a Notice and

Claim of Lien has been filed for such amounts, as of the date such purchaser acquires title, and such a Notice and Claim of Lien may yet be recorded against the unit notwithstanding the change in ownership to the unit.

(d) Any change in the Association's current Regular Annual Assessment and Special Assessments and fees which have been approved by the Association's Board but have not become due and payable as of the date disclosure is provided hereunder.

(ii) To the Board of Directors of the Association:

(a) Not less than ten (10) business days advance notice of the proposed transfer.

Upon written request, the Association shall, within a reasonable period of time from receipt of the transferring owner's request, provide the transferring owner with a copy of the requested items specified hereinabove, and such transferring owner shall be required to deliver the same to the prospective transferee or purchaser prior to change in ownership. The Association may charge a fee for this service, which shall cover its reasonable cost to prepare and reproduce the requested items.

15. LIENS

A. Creation of Lien and Abridgment of Rights

There is hereby created a lien against and on each unit owner's condominium interest to secure payment of any assessment, whether regular, reimbursement or special, assessed to the unit owners as provided herein; provided, however, the lien shall not be deemed effective for any purpose unless and until a Notice and Claim of Delinquent Assessment Lien is recorded, as hereinafter provided. The Association may not cause a forfeiture or abridgment of an owner's rights to the full use and enjoyment of his individually owned unit interest, on account of failure by the owner to comply with provisions of these governing instruments or of duly enacted rules of operation for Common Areas and facilities, except where a loss or forfeiture is a result of the judgment of a Court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the owner to pay assessments levied by the Association.

B. Notice and Claim of Delinquent Assessment Lien

If the unit owner fails to pay said sums required as and when due, the Board or any unit owner shall mail a Notice and Claim of Delinquent Assessment Lien to the unit owner and record a copy thereof in the office of the County Recorder of Los Angeles. If

after ninety (90) days following such recording, the said sums remain unpaid, such lien may be enforced by sale by the Board, its attorney, or by any owner, designated as trustee in the Notice and Claim of Delinquent Assessment Lien, or by a trustee substituted pursuant to Section 2934a of the California Civil Code, for all owners, such sale to be conducted in accordance with the provisions of Sections 2924, 2924b and 2924c, et. seq. of the California Civil Code applicable to the exercise of powers of sale in mortgages or deeds of trust or in any other manner permitted by law.

C. Power to Bid at Foreclosure Sale, Fees and Costs in Connection with Lien

The Association shall have the power to bid in at the foreclosure sale and to acquire, hold, lease, Mortgage, and convey the unit. Reasonable attorney's fees, title fees, trustee's fees and expenses in connection with such foreclosure and/or the collection of the debt secured by such lien shall be paid by the unit owner against whose unit such foreclosure or other action is taken in connection with such lien. Such lien and right to foreclosure shall be in addition to and not in substitution of all other rights and remedies which the unit owners and the Board may have hereunder, including appropriate legal or equitable action.

D. Lien Subordinate

Notwithstanding the foregoing, it is understood and agreed that such lien shall at all times be subject and subordinate to and shall not affect nor defeat or render invalid the lien of any first Mortgage or first deed of trust or any prior recorded encumbrance on the interest conveyed to said unit owner made in good faith and for value.

E. Conditions to Satisfaction of Lien and Release of Lien

Upon payment of the assessment(s)(together with late charges, reasonable costs incurred in collection and reasonable attorney's fees, and with interest on said sums from the due date at the rate of 12% per annum, all as provided in Civil Code Section 1366(c), and any successor statute, (In the event said Civil Code Section 1366(c) is amended or repealed concerning the exemption from usury to the Association existing as of the date hereof, then the highest legal rate of interest then available to the Association shall be chargeable hereunder) in connection with which said Notice of and Claim of Delinquent Assessment Lien has been recorded, or other satisfaction thereof, the Board shall cause to be recorded a further notice stating the satisfaction and the release of said lien. Any unit owner may free his own unit interest from the lien of any joint assessment by payment of his share thereof, whereupon a similar further notice of satisfaction and release shall be recorded by the Board as to the said unit.

F. Waiver of Homestead and other Exemption Laws

Each unit owner does hereby waive, to the extent of any liens created pursuant hereto, the benefit of any homestead or exemption laws of the State of California in effect at the time the Notice and Claim of Delinquent Assessment Lien is recorded.

G. Assessments Remain Personal Obligations

Notwithstanding any provision to the contrary, each and every assessment, whether or not a Notice and Claim of Delinquent Assessment Lien has been recorded, shall be and at all times remain the personal obligation of the owner of the unit at the time the assessment falls due.

16. MANAGING AGENT

A Managing Agent is defined as a person or entity who for compensation or, in expectation of compensation, exercises control over the assets of the Association and is hired by the Board and is so authorized to receive funds belonging to the Association; a Managing Agent does not include a full-time employee of the Association or a regulated financial institution operating within the normal course of business or an Attorney at Law acting within the scope of his or her license.

In the event the Board determines in its discretion to hire a Managing Agent, such hiring, the actions, duties and responsibilities, of the Managing Agent, the rights of the Association with respect to said Managing Agent, and all assets managed by the Managing Agent, shall be subject to the provisions of California Civil Code Section 1363.2 and any successive and related statutes.

17. EASEMENTS

A. Access Easements

Declarant expressly reserves unto each of the unit owners as to their undivided interests in the Association, and for the benefit of the unit owners and the Association reciprocal, non-exclusive easements for access, ingress and egress over all of the Common Areas, as necessary, which easements shall be appurtenant to each unit, and each unit and the Common Area, each as to the other, shall be both dominant and servient tenement. Such easements are granted and reserved for vehicular and pedestrian ingress, egress, for parking as in this Declaration specified only, for drainage, for use, for enjoyment, and, where applicable, for the construction, placement, maintenance and operation of utilities, water lines, lighting and sewer facilities, as necessary to so service each of the units the Common Area and the Association and subject to the reasonable discretion of the Board, (all subject to the specific provisions of this Declaration). All of the easements are

non-exclusive, shall be perpetual, shall run with the land and shall be subject to the following:

(i) Easements which are hereby granted and reserved by Declarant unto Declarant for work necessary, if any, to complete development and construction of the Project, including without limitation any lots annexed or to be annexed thereto.

(ii) The right of the Association to grant easements under, in, upon, across, over, above or through any portion of the Common Area for any purposes in accordance with the general plan established by this Declaration which are beneficial to the development, improvement and maintenance of the Project, and, in the discretion of the Board, including by way of example only, and not by way of limitation, easements for access, utilities and parking, and for sewer, provided that the same comply with applicable laws and ordinances and any conditions then imposed by the City in which the property subject to this Declaration is located, pertinent to the development of the Project. Each of the unit owners, by acceptance of a deed to property subject to this Declaration, shall be deemed to and does covenant and agree to execute any and all documents necessary to facilitate the purposes of this paragraph and to perform any and all acts necessary to effect the purposes of this paragraph, as reasonably requested by the Board.

(iii) The right of the Association to discipline members and to suspend certain rights of members for any period during which any assessment against any unit remains unpaid and for any infraction of the provisions of this Declaration, the Bylaws, the Articles of Incorporation or other Rules and Regulations of the Association.

(iv) The right of the Association, in the reasonable discretion of the Board, to limit the number of guests, tenants and occupants of a unit at any given time.

B. Utility Easements

In addition to the provisions of the Paragraph of this Declaration entitled "Utilities," Declarant expressly reserves easements over the units and the Common Area for utility services and laterals serving the individual units, as necessary in accordance with the locations of the utilities as initially installed or in accordance with alterations as approved by the Board. Declarant expressly reserves for the benefit of the Association, the right of Declarant to grant additional easements and rights of way over the properties to utility needs and public agencies, as necessary, for the proper development and sale of the units, until the close of escrow for the sale of the last unit in the Project from Declarant

to a purchaser or at such time as Class "B" voting has terminated, as hereinabove in this Declaration provided, whichever comes later.

C. Drainage Easements

There shall be no interference with the established drainage pattern over any portion of the Project unless adequate provision is made for the proper drainage and is approved by the Architectural Control Committee. For the purposes hereof, "established" drainage is defined as the drainage which exists at the time the overall grading of the Project is completed or that which is shown on any plans approved by the Architectural Control Committee. Each unit owner shall be responsible for the costs of making adequate provision for drainage in the event he establishes drainage over his unit at anytime, subject to the Architectural Control Committee's right to approve or disapprove same. There are hereby reserved for the benefit of the Association and all of the unit owners, reciprocal, non-exclusive easements for drainage over each and all of the units and Common Areas of the Project and for maintenance and repair of any drainage facilities on the Project.

Declarant shall install drainage lines throughout the Project which will include drains and drainlines running from the back yard of each unit around to the front, at some portions crossing the neighboring unit to the street. The owner of the unit served by any drain or drain line shall be responsible to and obligated to at his own expense maintain, replace and repair said drain and drain line in good operating order at all times, up to the point it reaches the main line at or about the street, which is Common Area and from which point it shall be the Association's responsibility to maintain, repair and replace. To the extent any drain or drain line is originally established over or thereafter necessarily established (with the approval of the Architectural Control Committee) across or through the yard of the neighboring unit (in this paragraph only "the servient tenement") to serve an adjoining unit (in this paragraph only "the dominant tenement"), the owner of the dominant tenement shall be responsible at his own expense at all times for the necessary maintenance, repair and replacement of said drains and drain lines located within the servient tenement. The dominant tenement shall have appurtenant to it an easement over, through or across one or more portions of the servient tenement for purposes of use, maintenance, repair, replacement and access to any drain and drain line serving the dominant tenement. The rights and responsibilities of the dominant tenement hereunder shall be exercised prudently and reasonably with minimal interference with the use, enjoyment landscaping and aesthetic integrity of the servient tenement, shall not be for purposes of structural improvements, and in the event temporary interference is required with the use, enjoyment, landscaping and aesthetic integrity of the servient tenement for the purposes of said easement, the dominant tenement shall upon completion thereof as soon as reasonably possible cause the servient tenement to be restored to as good or better condition as before such maintenance, repair or replacement began and subject to approval by the Architectural Control Committee. Declarant hereby reserves from each of the servient tenements and grants to each of the respective dominant tenements the respective

easements in this Paragraph described. Each easement hereunder that benefits or burdens any unit shall be appurtenant to that unit and shall automatically accompany the conveyance of the unit, even though the description in the instrument of conveyance may refer only to the fee title to the unit. All of the easements under this Paragraph are non-exclusive, shall be perpetual, and shall run with the land (i.e. with the dominant tenement).

D. Easements Not to Cause Unreasonable Interference

The use and enjoyment of these easements shall not unreasonably interfere with the use, occupancy or enjoyment of all or any part of the servient tenement or to the tenement to which they are appurtenant.

E. Unit Owners' Improvements Not to Cause Unreasonable Interference with Easements

Any improvements to the units by or at the direction of unit owners, exclusive of Declarant, shall not unreasonably interfere with the use, occupancy or enjoyment of these easements by the dominant tenement and such improvements shall be subject to approval or disapproval by the Board, in its reasonable discretion.

F. Easements Appurtenant

Easements under this paragraph that benefit or burden any unit or the Common Area shall be appurtenant to that unit or the Common Area and shall automatically accompany the conveyance of the unit, even though the description and instrument of conveyance may refer only to the fee title of the unit or Common Area. Any unit owner may delegate, subject to the provisions of this Declaration, the Articles of Incorporation, the Bylaws and the Rules and Regulations of the Association, his right of enjoyment to the Common Area and to the facilities to members of his family, his tenants and guests.

G. Easements Reserved by Declarant to Construction, Sales and Related Purposes

Declarant, on behalf of itself and all Successor Declarants, reserves to itself and such Successor Declarants, until such time as all of the units have been sold by Declarant or such Successor Declarants, a nonexclusive easement in, over, under and through each and every part of the Common Area and the Units for the following purposes (collectively, the "Development Easements"):

- (i) Completion of construction and development of any and all portions of the Project including, without limitation, the units and Dwellings on the units;

- (ii) Temporary storage of construction materials and equipment and temporary parking of construction vehicles, including unloading and deliveries of materials;
- (iii) Access, ingress and egress for all activities relating to the construction and development of any and all portions of the Project;
- (iv) Marketing and selling the units;
- (v) Operation of a design center to provide decorating and design services in connection with the marketing of the units;
- (vi) Customer relations and providing post-sale customer services to unit owners; and
- (vii) Leasing and reselling units.

Declarant shall also retain an easement over the Units when reasonably necessary to repair construction related defects in improvements made by the Declarant.

In connection with each of the Development Easements, Declarant and each Successor Declarant shall have the right, at its option, (i) to perform any and all architectural, engineering, construction, excavation, landscaping and related work and activities; (ii) to store and use materials, equipment, vehicles, tools and machines which may be necessary or desirable in connection with any or all of such activities; (iii) to display signs and erect, maintain and operate, for sales, resales and administrative purposes, model units and a fully staffed customer relations, service and sales office complex within the Project; (iv) to maintain, repair, and make replacements to the Project; and (v) to take such other actions as may be consistent with the foregoing Development Easements. Nothing contained in this Declaration shall be construed to prevent Declarant from taking any or all of the foregoing actions. The rights of Declarant and all Successor Declarants in connection with the Development Easements may be exercised directly or by such agents, employees, contractors, subcontractors, invitees, successors, assigns and other authorized personnel as the Declarant or any Successor Declarant may designate.

18. MAINTENANCE, DECORATION AND LANDSCAPING OF BUILDING AND UNITS

A. Unit Owner's Responsibilities

Each unit owner shall have the exclusive right and duty, at his sole cost and expense, to maintain, repair, paint, replace, paper, panel, plaster, tile, wash, and finish, refinish, or decorate the Dwelling located on such unit owner's unit and all elements of his unit, including but not limited to the interior and exterior surfaces of the dwelling,

ceilings, floors, doors, and Perimeter Walls, as well as all glass and window breakage, screens and screen doors, roofs, and all permanent fixtures, appliances and equipment of his dwelling unit, patio and separate garage, and yard areas included within the unit except as otherwise herein provided (for example only, except those front yard and driveway areas of the unit which the Association shall maintain, repair and replace in accordance with this Declaration, and those drain and drainline easements the adjoining tenant shall maintain, repair and replace in accordance with the paragraph of this Declaration entitled "Drainage Easements"); provided, however, nothing in this Paragraph shall be construed as permitting interference with or damage to the structural integrity of any building. No structural alterations to any building and no alterations, painting, or changes visible from the exterior of the units shall be made by any unit owner without the prior written consent of the Architectural Control Committee.

Each unit owner shall have the exclusive duty, at his sole cost and expense to landscape and to maintain, repair and replace the landscaping of the areas of his unit exterior to the Dwelling of his unit, bounded by wall or fence or combination wall and fence on either side of the unit, wall or fence or combination wall and fence at the rear of the unit and picket fence at entry court at the front of the unit, said areas being elements of the unit, subject to the provisions of this Declaration entitled "Party Fences, Party Walls and Combinations Thereof."

Those front yard areas of the unit which are enclosed within entry court fences visible from the street ("entry court area"), must be landscaped and maintained, repaired and replaced, at all times to the satisfaction of the Architectural Control Committee. Those side yard and backyard within the unit shall be landscaped and maintained, repaired and replaced, to the satisfaction of and subject to the approval of the Architectural Control Committee. In this regard, but without limitation, the Architectural Control Committee may approve or disapprove landscaping and vegetation as necessary for the protection of the drainage line systems throughout the project. Those front yard areas included within each unit, located from the street to the driveways up to the entry court fences shall be landscaped and maintained, repaired and replaced by the Association. The unit owner shall complete landscaping of the entry court area within ninety (90) days from the date of initial purchase of any unit, before said area has been landscaped, or from the date of any complete destruction of the landscaping. Upon failure of the unit owner to so landscape within ninety (90) days, the Architectural Control Committee shall cause such landscaping to be performed and the Board shall then levy a reimbursement assessment against such unit for all costs and expenses thereby incurred, which shall be immediately due and payable. Declarant hereby reserves unto the Association easements over, through and across each unit as necessary to maintain, repair and replace the front yard areas and driveway areas of each unit as herein and as otherwise more specifically provided in this Declaration.

Each unit owner shall have the exclusive duty at his sole cost and expense to maintain, replace and repair the drains and drain lines located within his unit which service his unit and located within the servient tenement to which his unit is the dominant tenement as more particularly provided in the paragraph of this Declaration entitled "Drainage Easements."

Each unit owner shall have the exclusive duty at his sole cost and expense to maintain, replace and repair the gas lines, telephone lines, cable television lines, and related amenities from the point such lines meet the Dwelling on each unit, from which point and within the Dwelling the same shall be the unit owner's responsibility to maintain, repair and replace as more particularly provided in Paragraphs 7C and 22. Each unit shall be responsible to pay its own telephone service and its own cable television service.

Each unit owner shall have the exclusive duty at his sole cost and expense to maintain, replace and repair the water lines, sewer lines, pipes, plumbing and related amenities from the point such lines meet the Dwelling on each unit and within the Dwelling the same shall be the unit owner's responsibility to maintain, repair and replace as more particularly provided in Paragraphs 7C and 22, subject to Paragraph 7H and 18H below, and 23.

Each unit owner shall cooperate with the Association and subject to Paragraph 18H, below shall avail it, with respect to the interest conveyed, its agents and employees, access to the interior of the Dwelling within the unit as needed for purposes of inspection of water lines, sewer lines, pipes, plumbing and related amenities, accessing from the interior of the Dwelling said lines and amenities the portions thereof exterior as necessary for maintenance, repair and replacement the portion of said lines and amenities for which the Association is responsible under the terms of this Declaration, and as otherwise more specifically provided in this Declaration.

Landscaping and maintenance, repair and replacement hereunder shall be consistent with the aesthetic integrity and uniformity of the Project and shall respect and not interfere with drainage system, sewer systems, and any other utilities servicing the Project. Landscaping shall be done with healthy, growing plant material, free from weeds. At no time shall landscaped areas be permitted to show lack of fresh green color or a loss of resilience due to lack of water; except that, in the event water rationing is imposed on the Project by any authority, then the Architectural Control Committee shall, in its discretion, make allowances or set forth alternative requirements for landscaping with regard to then available water supply. Lawn areas shall be mowed and edged weekly. Litter and plant trimmings shall be removed from the unit weekly. Dead or dying plant material shall be replaced monthly. The Architectural Control Committee may establish pre-approved samples of such maintenance items as paint type and color, roof type, material and design, and may alternatively or in addition in its discretion require pre-approval of such on a case by case basis.

Should the landscaping or maintenance of any unit fall below the reasonable standards established for the Project by the Architectural Control Committee or by this Declaration, the Architectural Control Committee may give notice to such unit to bring the landscaping of such unit into compliance, and the unit owner shall have thirty (30) days from such notice to complete such compliance to the satisfaction of the Architectural Control Committee. Should the unit owner fail to bring the landscaping of the unit into compliance, the Architectural Control Committee or its agents may enter upon the unit and effect such compliance at the expense of the unit owner, and the Board shall then levy a reimbursement assessment against such unit for such costs, which shall be immediately due and payable.

B. Fixtures and Furnishings

Carpets, air conditioners, dishwashers, garbage disposals, ranges, and ovens which may be included within any unit shall be deemed to be fixtures and attached to the realty, and the upkeep, maintenance, repairs and replacement thereof shall be the responsibility of the unit owner and not of the Association. All other furnishings, furniture, drapes, and appliances are personal property and shall not, during the term of these restrictions, become a part of the real property.

C. Restrictions on Unit Owner Alterations

No unit owner shall, at his expense or otherwise, make any structural changes to the interior of his unit or his Dwelling or the Common Area or to the areas of this unit designated by this Declaration to the Association to maintain, repair and replace nor shall he make any alterations, additions, improvements, repair, or modifications or changes in paint or finish or color of the exterior of his Dwelling of his individual unit or install awnings or sunshades, or install basketball hoops or other such fixtures to the exterior of his dwelling, or build or construct any fence, obstructions, or improvement of any kind or character in or on his unit or any of the Common Area, or the areas of his unit designated by this Declaration to the Association to maintain, repair and replace, without the prior written approval of the Board. Such approval may be withheld if, in the view of the Board, the installation or improvement would affect the uniformity and the attractiveness of the Project as a whole.

Any unit owner seeking to make alterations under the authority of Civil Code Section 1360(a)(2) and any successor statute (pertaining to certain alterations for persons who are blind, visually handicapped, deaf or physically disabled), shall submit his or her proposal to the Architectural Control Committee. The Architectural Control Committee is authorized to oversee and approve or disapprove plans and specifications in its discretion to best maintain the aesthetic integrity of the Project and to limit or prevent to the extent reasonably possible interference with the condition of the elements of the unit and project

which the Association is required to maintain, provided that the purposes of said Civil Code Section 1360(a)(2) are not frustrated.

D. Restrictions on Mechanics Liens against Common Area

No labor performed or services or materials furnished with consent of or at the request of a unit owner or his agent or his contractor or subcontractor shall be the basis for the filing of a lien against the Project or against any other unit or unit owner, or against the Common Area, unless such other unit owner or the Board, as the case may be, has expressly consented to or requested the performance of such labor or furnishing of such materials or services. Such express consent shall be deemed to have been given by a unit owner in the case of emergency repairs thereto, or in the case of a unit owner failing to maintain, repair and replace those areas of the Project which he has the primary obligation to maintain, repair and replace hereunder. Labor performed or services or materials furnished for the Common Area, if duly authorized by the Board, shall be deemed to be performed or furnished with the express consent of each unit owner. The unit owner may remove his unit from a mechanic's lien against two or more units, or any part thereof, by payment to the holder of the mechanic's lien the fraction of the total sum secured by such mechanic's lien which is attributable to his unit.

E. Party Fences, Party Walls and Combinations Thereof

All reference in this Declaration to "Party Fences" shall include without limitation Party Fences, Party Walls and Party Combination Fences and Walls.

To the extent that any fence located within the Project is built as part of the original construction of the Project or unit or appurtenant to one or more separate units and part or all of which is appurtenant to another unit(s), it shall constitute a Party Fence and, to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(i) The cost of reasonable repair and maintenance of a Party Fence shall be shared by the owners common to the fence in proportion to such commonality.

(ii) If a Party Fence is destroyed or damaged by fire or other casualty, the units common to the fence shall restore it; any one or more common owners may cause the restoration thereof and all common owners shall contribute to the cost of restoration thereof in proportion to such commonality; provided, however, that the owner or owners whose negligent act or omission proximately caused the damage or destruction, shall bear the full cost of restoration that is not covered by insurance.

(iii) Notwithstanding any other provisions of this Article, an owner who by his negligent or willful act causes the Party Fence to be exposed to the elements, i.e. fails to reasonably weatherproof the Party Fence, shall bear the whole cost of furnishing the necessary protection against such elements.

(iv) The right of any owner to contribution from any other owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

(v) In any case where a Party Fence exists as described in this Paragraph, the separate unit owners party to such Party Fence shall each have nonexclusive reciprocal easements over each other's units, if any, for access to and maintenance of the Party Fence, the reconstruction of the Party Fence in the event of the partial or total destruction of the same or in the event of drainage associated with the Party Fence.

(vi) Party Fences shall at all times be maintained, repaired and replaced in materials, finish and condition consistent with all fences throughout the Project. Any modification to any Party Fence shall be subject to approval by the Architectural Control Committee. Any failure to maintain, repair or replace any Party Fence may be required by the Architectural Control Committee by Notice to the common owners; if such owners upon such Notice fail to properly maintain, repair or replace such Party Fence, the Architectural Control Committee may enter upon the Units and cause such maintenance, repair or replacement to be made at the expense of the common owners of such Party Fence, and the Board may thereupon impose a reimbursement assessment against such units for the costs thereof.

F. Perimeter Walls and Party Fences

As part of the original construction of the Project, Declarant shall install Perimeter Walls around the Project. The duty for and expense of reasonable maintenance and repair of said Perimeter Walls shall be that of the Association. However, should a portion of the Perimeter Wall be damaged due to negligence or willful acts or omissions of a unit owner, his tenants, guests, occupants, or agents, the general rules of law regarding party walls shall apply and the Board may, in its discretion, impose a special reimbursement assessment against the offending unit with respect thereto.

G. Driveways

The duty for and expense of reasonable maintenance and repair of driveways located within the the units shall be that of the Association. However, should a portion of a driveway be damaged due to negligence or willful acts or omissions of a unit owner, his

tenants, guests, occupants, or agents, the Board may, in its discretion, impose a special reimbursement assessment against the offending unit with respect to the costs of repair thereto. Declarant hereby reserves unto the Association easements over, through and across each unit as necessary to maintain, repair and replace said driveways.

H Association's Right of Entry

For purposes of performing the maintenance or repair work authorized by this Declaration or for any other purpose reasonably related to the performance by the Association or by the Board of their respective responsibilities, the Association's authorized agents or employees shall have the right, upon not less than twenty-four (24) hours prior written notice to the affected unit owner, to enter any unit during normal business hours, Monday through Friday, in order to perform such maintenance or obligation; provided, however, that any such entry onto a unit shall be permitted without prior notice and without limitation as to the time of entry in the event of an emergency.

19. STRUCTURAL ALTERATIONS

A proposal for any structural alterations or addition to any building structures in the Common Area of the Project, may be made at any regular or special meeting of the voting owners, provided that said proposal shall be accepted only upon the affirmative vote of at least seventy-five percent (75%) of the voting owners. Unless otherwise agreed at the meeting of the voting owners approving said proposal, the cost of the alteration or addition so approved shall be paid from the maintenance fund and the Board shall levy a special assessment to cover said cost.

20. REPAIR OF COMMON FACILITIES BY INDIVIDUAL OWNER AND RIGHT OF ENTRY

If any common facility or any portion of the Common Area falls into disrepair or is damaged or if the exterior of any building falls into disrepair, and the Board fails to take action to repair or restore the same within sixty (60) days after written notice to do so from any unit owner, then such unit owner may make such repairs as are necessary to insure his enjoyment of his own unit. Such unit owner shall receive at least two (2) bids before employing any person, firm, or corporation to perform such work. Such unit owner may, to the extent necessary, enter on any unit or portion of the Common Area to effect such repairs. Any such entry shall be made with as little inconvenience as practicable to the unit owners affected, and to the other unit owners in their use of the Common Area. Any damage caused thereby shall be forthwith repaired. The Board shall reimburse such owner undertaking to make such repairs, out of the maintenance fund, for all reasonable expenses incurred by him in making such repairs and, if such fund be insufficient, shall cause the levy of a special assessment.

21. REPAIR AND MAINTENANCE OF COMMON AREAS DAMAGED BY WOOD DESTROYING PESTS OR ORGANISMS

Each unit owner shall be responsible to bear the costs for repair and maintenance to those Common Areas, appurtenant to his or her unit and to any element of his unit for damage resulting from the presence of wood-destroying pests or organisms.

The Association shall be responsible to bear the costs for repair and maintenance only to those Common Areas, if any, which are not exclusive use Common Areas and which are not appurtenant to any given unit.

A. In the event a unit owner fails to repair and maintain damage to his unit resulting from the presence of wood destroying pests or organisms, the Association may cause the temporary removal of any occupant for such periods and at such times necessary to prompt effective treatment of the wood-destroying pests or organisms.

B. The cost of temporary relocation is to be borne by the owner of the unit affected.

C. Not less than 15 days nor more than 30 days notice of the need to temporarily vacate shall be given occupants and to the owners. The notice shall state:

(i) The reason for the temporary relocation;

(ii) The date and time of the beginning of the treatment;

(iii) The anticipated date and time of termination of treatment; and

(iv) That the occupants will be responsible for their own accommodations during the temporary relocation.

D. Notice is deemed complete if a copy is personally delivered or mailed first class to the occupants and a copy is sent to the non-occupying owners via first class mail.

22. UTILITIES

A. Internal and external telephone wiring, gas lines, electrical lines, cable television lines, water lines, sewer lines, designed to serve a single unit, but located outside the boundaries of the unit up to the trunk lines servicing more than one unit in the Project, are Common Areas.

(i) The owner of a separate interest is entitled to reasonable access to the Common Areas for the purpose of maintaining, repair and replacing the internal and external telephone wiring.

(ii) The access shall be subject to the consent of the Association, whose approval shall not be unreasonably withheld, and which may include the Association's approval of telephone wiring upon the exterior of the Common Areas, and other conditions as the Association determines reasonable; and

(iii) The Association shall be fully responsible for maintaining, and the cost and expense of maintaining, said Common Areas.

B. The rights and duties of the unit owners with respect to lines for sanitary sewer, water, gas, electricity, telephone cables, cable television lines, and air conditioning, shall be governed by the following:

(i) Wherever sanitary sewer connections and lines, or electricity, gas, telephone, air conditioning lines, or television cables are installed within the Project, which connections or any portion thereof, lie in or upon portions of the Project owned by other than the unit owner of a unit served by said connections, the unit owners of any unit served by said connection shall have the right and are hereby granted an easement, to the full extent necessary therefor, to enter upon such portion of the Project or to have the utility companies enter thereupon to repair, replace, and generally maintain said connection as and when the same may be necessary as set forth below, to the extent the Association upon notice fails to maintain those elements which it is responsible to maintain or to the extent necessary to maintain those elements which the unit owner is responsible to maintain.

(ii) Wherever sanitary sewer connections, lines and facilities, and/or water connections and lines or electricity, gas, telephone, air conditioning lines or television cables are installed within the Project, which connections serve more than one unit, the owners of each unit served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as service their unit. Each unit shall have a separate meter for public utility service except that water service may be provided through a master meter.

(iii) In the event any portion of said connection or line is damaged or destroyed through the negligent act or acts or failure to act, or willful misconduct of one unit owner or any of his employees, agents, invitees, tenants, or guests, so as to deprive other unit owners of the full use and enjoyment of said connection or line, then such connection or line shall be repaired or restored by the

Association, but at the expense of the unit owner who commits or whose guests, agents, or employees commit, such act or acts.

(iv) Except as otherwise provided above, in the event any portion of any such connection or line is damaged or destroyed by some other cause than the negligence or willful misconduct of one of the unit owners, his employees, agents, guests, tenants, or invitees (including ordinary wear and tear and deterioration from lapse of time), then in such event, such connection or line shall be repaired and restored by the Association, except for those portions of such connection or line otherwise required by the terms of this Declaration to be maintained by the unit owner. Such repair and restoration by the Association shall be paid out of the assessments levied in accordance with this Declaration equally, against all owners.

(v) In the event of a dispute between owners with respect to the repair or rebuilding of said connection or line, or with respect to the sharing of the cost thereof, then upon written request of one of such owners addressed to the Association, the matter shall be submitted to the Board for a final and binding determination.

C. Easements through the units and Common Area for all facilities for the furnishing of utility service, television cable service, heating, and air conditioning lines within any unit, which facilities shall include but not be limited to, conduits, ducts, plumbing, and wiring shall be appurtenant to each unit, and all other units and the Common Area shall be subject thereto; provided, however, that easements for such facilities shall at all times be and remain substantially in accordance with the initial construction of the Project or the Project as reconstructed upon damage or destruction, pursuant to the terms of this Declaration.

23. ENTRY FOR REPAIRS AND RESERVATION OF EASEMENTS

The Board and Declarant, or their designated agents may enter upon any unit when necessary in connection with any maintenance, repair, replacement or construction for which the Board or Declarant is responsible, or for any maintenance, repair or replacement required by reason of the failure of the unit owner to maintain, repair and replace as provided herein, subject to Paragraphs 7H and 18H above. Such entry shall be made with as little inconvenience to the unit owners as practicable, and any damage caused thereby shall be repaired by the Association at the expense of the maintenance fund.

There are hereby reserved to Declarant and the Board, for the benefit of each unit owner, easements over each unit and the Common Area, for the purpose of maintenance and repairs, replacement and such further purposes as are necessary to perform the duties and

obligations of the Declarant, the Board and the Association and as needed by Declarant to complete development of the Project.

24. RIGHT OF PUBLIC ENTRY TO COMMON AREA

The City of Los Angeles, County of Los Angeles, State of California, and the Government of the United States, and any department, bureau or agency thereof, shall have the right of immediate access to all Common Areas of the Project at all times for the purpose of preserving the public health, safety and welfare except in those instances where a portion of the Common Area is accessible only through a private unit. Notice of the foregoing right of entry in favor of governmental agencies shall be prominently displayed in the Common Areas of the condominium development.

25. USE AND OCCUPANCY OF UNITS AND COMMON AREA

A. Restricted Use of Common Area

There shall be no use or occupancy of any part of the Common Area, except by the owner of the unit, his family, tenants, and guests.

B. Grant of Easements to Owners over Common Areas

Each unit owner is hereby granted a nonexclusive reciprocal easement for purposes of ingress, egress, use, and enjoyment over and across all Common Areas and all improvements thereon which may from time to time be covered by this Declaration and which come under the jurisdiction of the Association subject to: The right of the Association to limit the number of guests, the right of the Association to establish reasonable uniform rules and regulations pertaining to the use of the Common Areas and all improvements thereon, and the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas.

C. Accountability for Children

Each owner shall be accountable to the remaining owners for the conduct and behavior of any visiting children temporarily or permanently residing in or visiting his unit and for said owner's own children.

D. Units Restricted to Single Family Residential Use

Each unit shall be used as a residence for a single family and for no other purpose whatsoever. Individual units may not be subdivided nor may parts of individual units be sold. No part thereof shall ever be used or allowed to be used directly or indirectly for any business, commercial manufacturing, or mercantile, or other nonresidential use.

E Rental and Lease of Units

Unit owners may lease or rent their units upon appropriate written notice to the Board of such intent. Any such lease or rental agreement shall be in writing and shall require the tenant thereof to comply with these restrictions during his occupancy.

F. Obstruction of and Storage in Common Areas

There shall be no obstruction of the Common Area. Nothing shall be stored in the Common Area, even on a temporary basis, without the prior written consent of the Board.

G Things and Acts which Increase Insurance or Violate Laws

Nothing shall be done or kept in or upon any unit or in the Common Area which will increase the rate of insurance, without the prior written consent of the Board. No unit owner shall permit anything to be done or kept on or within his unit or in the Common Area which will result in the cancellation of insurance on the Common Area or any Dwelling or which would be in violation of any governmental statute, ordinance, rule, or regulation. No waste shall be permitted in the Common Area.

H Signs

No sign of any kind shall be displayed to the public view on or from any unit or the Common Area without the prior written consent of the Board, except that one professional sign of moderate size and dignified appearance advertising the property for sale or lease and signs used by Declarant, or its agents, in connection with the original sale or resale of said units shall be permitted. Nothing herein contained shall prohibit or restrict in any way the right of Declarant to the nonexclusive use of the Common Areas and the facilities thereof for display and exhibit purposes in connection with the sale of separate interests within the Project; provided, however, that such use shall not be for a period in excess of the expiration of the Public Report, as renewed from time to time, or upon sale of all of Declarant's units in the Project.

I. Antennaes/Cable

No individual radio or television receiving or transmitting antenna or external apparatus shall be installed on or upon the exterior of any unit or of any portion of the Common Area, except that the Association shall maintain in effect either a central antenna system for television and radio (with appropriate external equipment) with connections provided to each unit via underground or internal wall wiring, or alternatively a cable antenna system provided by a company or entity duly licensed to provide such service with

the City of Los Angeles. The provisions of this article shall not be amended, modified, or changed without first obtaining the written consent of the City of Los Angeles.

J. Animals, Livestock and Poultry

No animals, livestock, or poultry of any kind shall be raised, bred, or kept in the unit or in the Common Area, except upon specific approval of the Board, except that a unit owner shall be allowed to maintain a reasonable number of family pets, so long as a pet does not annoy, molest, or inconvenience any other unit owner, and provided that such pet or pets shall, if and when declared to be a nuisance by the Board, forthwith be removed from the Project. The owner of any pet shall and does hereby indemnify the Declarant, the Association, the Board, the Manager, if any, and the other owners, their guests, tenants, and invitees, from liabilities, claims, costs, and expenses arising out of the actions of said owner's pet within the Project, including without limitation from any inconvenience, damage or injury caused by said pet.

K. Noxious, Odorous, Offensive, and Noisy Activities - Nuisance

No noxious or offensive activity shall be carried on in any unit or in the Common Area, nor shall anything be done therein which may be or become an annoyance or nuisance, or cause unreasonable embarrassment, disturbance or annoyance to other owners in the use and enjoyment of their property or in the use and enjoyment of the Common Area. Without limiting the foregoing, all rubbish, trash, and garbage shall be regularly removed from the unit and shall not be allowed to accumulate therein; no horns, whistles, bells or other sound devices, except security devices initially installed by the Declarant or approved for use by the Architectural Control Committee which are used exclusively to protect persons or property located in or on the Project, shall be placed in or used in or upon any portion of the Project. Nothing herein shall preclude the use and operation of stereos, radios, television, or musical instruments where the volume is maintained at a reasonable level.

L. Alteration or Impairment of the Structural Integrity of the Buildings

Nothing shall be done in any unit or in or on or to the Common Area which will impair the structural integrity of any buildings or which would structurally alter any buildings, except as is otherwise provided herein.

M. Mineral, Oil and Gas Activities

No drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any unit or the Common Area or within 500 feet below the surface of the property.

N. Restrictions on Use of Airspace

No development shall be made of the air space above the exterior of any structure on any unit or in the Common Area.

Q. Removal of Items from the Project and Impacting the Common Area

Nothing, other than a unit owner's own personal property, shall be removed from any unit, or the common area, and nothing shall be altered, installed, or constructed in the common area except upon the written consent of the Board.

P. Rules and Regulations

There shall be no violation of the rules or regulations for the use of units or the common area as set forth herein or as may be adopted by the Board.

Q. Compliance with Laws

There shall be no violation or failure to comply with applicable laws, orders, or directives of any lawful authority.

R. Owner Liability for Damages

Each owner shall be liable to the Association for any damage to the common area, to the exterior of any building or any unit, any driveway area, any front yard area, to any of the equipment or improvements in the Project, prescribed to the Association's care, maintenance and responsibility, which may be sustained by reason of the negligence or willful misconduct of said owner or of his family, relatives, guests, invitees, or tenants, both minor and adult. In the case of joint ownership of a unit, the liability of such owners shall be joint and several. In the event of personal injury or property damage sustained by any person while physically within the Dwelling or portion of unit which the unit owner is responsible for maintaining, and in the further event that any other owner or the Association or both shall be sued, or a claim made against any of them for said injury or damage, the owner or owners of the unit in which such injury or damage has occurred, shall fully indemnify and hold harmless the Association and any such other owners against whom such claim shall be made, and shall further defend the Association and any such other owners at his or her own expense in the event of litigation of such claim; provided, however, that such protection shall not extend to any other owner whose own negligence may have caused or contributed to the cause of any such injury or damage; provided further that the indemnities of this Subparagraph shall be subject to the waivers of subrogation rights otherwise provided in this Declaration.

S. Waiver of Use or Enjoyment of the Common Areas

No unit owner may exempt himself from liability for his contribution to the maintenance fund by any waiver of the use or enjoyment of the common area, or by the abandonment of his condominium.

T. Easements for Encroachment upon Units

If any portion of the Common Area encroaches upon the units, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. In the event a unit structure is partially or totally destroyed, and then rebuilt, the unit owners agree that minor encroachments on and of parts of the Common Area due to construction shall be permitted and that valid easements for said encroachment(s) and the maintenance thereof shall exist.

U. Easements for Encroachment upon Common Areas

The common area is and shall always be subject to easements for minor encroachments thereon of the units and a nonexclusive easement for ingress, egress, and support through and from the Common Area is appurtenant to each unit and the Common Area is subject to such easement.

V. Skateboards, Go Carts, Radio / Remote Controlled Items and Similar Items

There shall be no skateboards, go carts, radio or other remote controlled items such as cars and planes, permitted to be operated in, on or about the Project.

W. Pest or Pigeon Control

To the extent the Project is exposed to pest or pigeon nuisances, the Board may require unit owners to take certain remedial or deterrent action, in its discretion.

X. Laundry

No laundry, bedding, garment or similar article shall be hung, and no exterior clothesline shall be erected or maintained, so as to be visible from public or private streets, the common area or any other unit.

Y. Power Tools

No power tools, welding equipment or carpentry shops shall be maintained or used within the Project without the approval of the Board.

Z. Exterior Lighting

There shall be installed upon the exterior of the dwelling unit of each unit one or more exterior lights as part of the original construction. Each unit owner and occupant shall be responsible to maintain, repair and replace such lighting appurtenant to his unit in operable condition at all times.

26. PARKING AND GARAGES

A. Garages

Each condominium unit shall have a garage as part of the unit. There shall be no use of any garage which interferes with the parking of motor vehicles within the garage. Each unit owner or occupant shall use his garage for parking of no more than two vehicles, reserving use of on-street parking for his vehicles in excess of two vehicles and for guests. Except for accessing use of the garages, garage doors shall be kept closed at all times.

B. On-Street Parking

On-Street parking shall be permitted throughout the Project, each space being non-exclusive to any given unit and use thereof subject to the restrictions of this Declaration.

C. Driveways

Driveways may not be used for parking.

The Association shall have the primary obligation to and shall maintain, repair and replace the driveways included in each unit, as more particularly and except as otherwise in this Declaration provided.

D. Use of Parking Spaces and Garages

All parking spaces shall be used solely by unit owners, members of their family, their guests or lessees of the owners unit. No individual vehicle shall use an on-street parking space for more than 72 hours without the specific permission of the Board.

No uninsured motorist shall be permitted to operate motor vehicles upon the Project.

No vehicle shall be parked anywhere within the Project for the purpose of repair or maintenance except for emergency repairs thereto to the extent necessary for the movement thereof to a proper repair facility. Except for such emergency situations, there

shall be no construction, repair or service of vehicles performed within the Project, whether in the unit or otherwise, except to the extent basic maintenance can be performed within the garage of a unit without creating a nuisance, and then only to the vehicles owned and operated by the unit owner or occupant.

No vehicle shall be parked for the purpose of displaying such vehicle for sale or other commercial activity, including without limitation for lease, hire, advertising, etc., unless such vehicle is parked by or with the written permission of the Board, and then only in the spaces designated by the Board, if any, for such use.

E Parking Spaces and Garages Only for Certain Operable Motor Vehicles

All parking spaces shall be used solely for the purpose of parking motor vehicles as defined by the Vehicle Code of the State of California, except as otherwise herein provided.

No trailer, camper, mobilehome, commercial vehicle, truck (other than standard size pickup truck or standard size van), boat, or any similar vehicle or equipment shall be permitted to remain upon any area within the Project other than on a temporary basis (i.e. for less than 24 hours within any seven day period), unless it can be stored within a closed garage of the unit.

No vehicles emitting excessive smoke or noise shall be operated upon the Project.

Inoperable vehicles shall not be permitted within the Project at anytime, except for emergency repairs thereto to the extent necessary for the movement thereof to a proper repair facility. Inoperable vehicles hereunder shall include without limitation any vehicle which is disabled, unlicensed, unregistered, inoperative or from which an essential or legally required operating part is removed or missing, except as otherwise specifically permitted herein or approved by the Board.

27. ARCHITECTURAL AND DESIGN CONTROL

A. Establishment of Committee and Appointment of Members

The committee for the control of structural and landscaping architecture and design (Architectural Control Committee) within the subdivision shall consist of three members. The Declarant will appoint all of the original members of the committee and all replacements until the first anniversary of the issuance of the public report for the subdivision. The Declarant will reserve to himself the power to appoint a majority of the members the committee until 90% of all the subdivision interests in the overall

development have been sold or until the fifth anniversary of the issuance of the Final Public Report for the first (or only) phase of the subdivision, whichever first occurs.

After one year from the date of issuance of the original public report for the first (or only) phase of the subdivision, the Board of the Association shall have the power to appoint one member to the Architectural Control Committee until 90% of all of the subdivision interests in the overall development have been sold or until the fifth anniversary date of the original issuance of the Final Public Report for the first (or only) phase of the subdivision, whichever first occurs. Thereafter the Board of the Association shall have the power to appoint all of the members of the Architectural Control Committee.

Members appointed to the Architectural Control Committee by the Board shall be from the membership of the Association. Members appointed to the committee by the Declarant need not be members of the Association.

In the event no Architectural Control Committee is designated by the Declarant or the Board, the Board itself shall constitute the Architectural Control Committee.

B. Term of Members

Each member of the Committee appointed by Declarant shall serve until such time as Declarant removes him and appoints a member to succeed him, or until such member resigns by recording a notice of such resignation, or until the Board, exercising the rights hereinabove provided, appoints one or more members, as the case may be, in which latter event the Board shall notify the Committee and Declarant of such appointment and Declarant shall designate in writing to the committee which one or more of the existing members shall be removed and be replaced by the person or persons appointed or elected by the Board. No removal of a member of the Committee appointed by the Declarant shall be effective until the expiration of thirty (30) days after the date the Board shall have given the notice described in the immediately preceding sentence.

C. Appointment of Members by Board

The appointment of members to the Committee by the Board shall be made by election by the Board. The term of office of the members of the Committee elected by the Board shall be the same as the term for members of the Board of Directors of the Association and otherwise governed and controlled by the provisions of the Bylaws relating to officers of the Association. No member of the Committee shall, however, be deemed an officer in the Association unless separately elected as such officer in the Association. At such time as the Board shall have appointed all of the members of the Committee in accordance with this Declaration, the Committee shall be deemed a committee of the Board and shall thereafter be subject to its control and jurisdiction.

D. Committee as Agent of the Board of Directors

The Board may delegate its duties and authority to the Architectural Control Committee to the extent it deems appropriate for those duties and authorities related to maintaining the aesthetic integrity of the Project. In the event any determination made by the Architectural Control Committee is challenged by an owner, the Board shall hear the complaint of the owner and that of the Architectural Control Committee and make final determination thereupon.

E Action by Committee

Any action by the Committee shall require the affirmative vote or consent of at least two (2) of its members. All requests, consents or approvals submitted to the Committee for its action shall be in writing and shall be accompanied by plans, specifications, and renderings of the proposed undertaking. Should the Committee fail to approve or disapprove or request additional time or items any matter submitted to it within thirty (30) days after it shall have received the written request and plans, specifications and renderings, the matter shall be deemed approved. Approval by the Committee of any matter shall not prevent the Committee from withholding its approval of an identical request, plan or specification, or part thereof, when subsequently or additionally submitted for approval by the same or any other Owner.

F. Duties of the Committee

The Architectural Control Committee shall have the right and duty to promulgate reasonable standards against which to examine landscaping, alteration, improvement or other requests for approval required by this Declaration. The Committee may also issue rules or guidelines setting forth procedures for submission of requests for approval. Further, the Committee shall have the right and duty to review and examine requests for approval and make determinations thereon, as more fully set forth in Section 27.E hereof.

28. BONDED OBLIGATIONS - ENFORCEMENT AND EXONERATION

In the event the subdivider is required to post a bond or other arrangement to secure performance of a commitment to complete improvements which have not been completed prior to the issuance of the public report, the subdivider may at its option, post successive bonds, one for each marketing phase of twenty (20) units, each of which shall be exonerated upon completion of the improvements so bonded.

When Common Area improvements, which are included in the subdivision offering, have not been completed prior to the issuance of public report and the subdivision owners

Association is under a bond or other arrangement to secure performance of the commitment of the subdivider or builder to complete the improvements the following provisions shall be used to enforce the obligations of the Declarant and the surety under the bond:

(i) The Board of the Association shall consider and vote upon the question of action by the Association to enforce the obligations under the bond with respect to any improvement for which a notice of completion date has not been filed within sixty (60) days after the completion date specified for that improvement in the planned construction statement appended to the bond. If the Association has given an extension in writing for the completion of any Common Area improvement, the Board shall consider and vote on the aforesaid question if the notice of completion has not been filed within thirty (30) days after the expiration of the extension.

(ii) A special meeting of members for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the bond or the failure of the Board to consider the vote on the question shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such a meeting signed by members representing five percent (5%) or more of the total voting power of the Association.

(iii) At a special meeting held in accordance with subparagraph (ii), above, a vote by members of the Association, other than the Declarant, shall be required to take action to enforce the obligations under the bond and a vote of the majority of the voting power of the Association, excluding Declarant, shall be deemed to be the decision of the Association. The Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

When Common Area improvements, which are included in the subdivision offering, have been completed for which the Association is under a bond or other arrangement to secure performance of the commitment of Declarant to complete the improvements, the Association shall upon receipt of notice of completion take such action and execute such documents as required to effect exoneration of the Bond, including without limitation to approve in writing release of the bond. The Association shall not condition its approval of the release of any bond on the satisfaction of any condition other than the completion of the Common Area improvements. Should the Association fail to so exonerate the bond within five (5) days of written request, the Association shall, from and after said five (5) day period be responsible for and shall pay any premium prorated for the continuing period until such time as the Bond is effectively exonerated. The Association shall be responsible to and shall indemnify the subdivider or builder under the Bond from any and all

consequential damages, including reasonable attorney's fees and costs, incurred as a result of any failure of the Association to so exonerate any Bond.

29. ENCROACHMENT

Each condominium within the Project is hereby declared to have an easement over all adjoining condominiums and the Common Area for the purpose of accommodating any minor encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, roof overhangs, or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an owner or owners if said encroachment occurred due to the willful misconduct of said owner or owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the owners of each condominium agree that minor encroachments over adjoining condominiums shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

30. NO PARTITION OR SALE OF FRACTIONAL INTEREST

By acceptance of his deed, each unit owner shall be deemed to covenant and agree for himself and his heirs, personal representatives, successors and assigns, that there shall be no judicial partition of the Common Area and the same shall remain undivided, nor shall Declarant or any person acquiring any interest in the Project or any part thereof, seek any such judicial partition until the structures on the property are totally or partially destroyed and the owners shall elect not to rebuild, as hereinabove provided. Each person acquiring any interest in the Project shall by such acquisition be deemed to have waived any right to partition of the Project, except as hereinabove provided. Notwithstanding the foregoing, if any unit shall be owned by two or more tenants in common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition of such unit as between such co-tenants.

No unit owner may sell or convey all or part of his undivided interest in the Common Area, except in conjunction with the sale of his individual unit, nor may he encumber any part or all of his undivided interest in the Common Area, except in conjunction with an encumbrance of his individual unit.

31. PARTITION AND SALE OF THE PROJECT

A. An action may be brought by one or more owners of units within the Project for partition thereon by sale of the entire Project as if the owners of all of the condominiums in such Project were tenants in common in the entire Project in the same proportion as their interests in the Common Areas, provided, however, that a partition shall be made only

upon a showing of the existence of one or more of the conditions set forth in Section 1359 of the California Civil Code or:

(i) More than three (3) years before the filing of the action, the Project was damaged or destroyed so that a material part was rendered unfit for its prior use, and the Project has not been rebuilt or repaired substantially to its state prior to the damage or destruction.

(ii) Three-fourths (3/4) or more of the Project is destroyed or substantially damaged and Owners of separate interests holding in the aggregate more than a fifty percent (50%) interest in the Common Areas oppose repair or restoration of the Project.

(iii) The Project has been in existence more than fifty (50) years, is obsolete and uneconomic, and owners of separate interests holding in the aggregate more than a fifty percent (50%) interest in the Common Area oppose repair or restoration of the Project.

(iv) The conditions for such a sale, set forth in the Declaration, if any, have been met.

B. For purposes of this article, multiple owners of a single unit shall not be deemed possessed, in the aggregate, of any greater interest in the Common Areas than that possessed by a single owner.

32. DAMAGE OR DESTRUCTION

A. A condemnation award affecting all or part of the structural Common Area of the Project which is not apportioned among the owners by court judgment or by agreement between the condemning authority and each of the affected owners in the Project shall be distributed among the affected owners and their respective mortgagees according to the relative values of the units affected by the condemnation as determined by an independent appraisal.

B. In the event of partial or total destruction including without limitation damage or destruction caused by earthquake, of the structural Common Area of the Project and elements of the unit that the Association is responsible to maintain under the terms of this Declaration (in this Section 32 hereafter referred to as "Damage or Destruction"):

(i) If insurance proceeds cover eighty-five percent (85%) or more of the cost of reconstruction, the Association shall reconstruct such areas unless seventy-five percent (75%) or more of the voting power of the Association elect not to rebuild;

(ii) If insurance proceeds cover less than eighty-five percent (85%) of the cost of reconstruction, the Association shall reconstruct such areas unless sixty-seven percent (67%) or more elect not to rebuild.

C. Upon election by the owners not to rebuild, insurance proceeds received by the Association on account of the Damage or Destruction shall be distributed by the Association among owners of units and their respective mortgagees in proportion to the fair market value of one unit as compared to the total fair market value of all units as determined by an independent appraisal of the Project immediately prior to the destruction.

D. In the event the Association is required to reconstruct due to the aforementioned Damage or Destruction, it is hereby authorized to levy special Assessment(s) for reconstruction costs to all units equally for the cost of such reconstruction.

E. The value of the Project for condemnation, Damage or Destruction shall be determined in the following manner:

(i) Within ninety (90) days after the property condemnation or destruction, the Board shall engage an appraiser and instruct such appraiser promptly to determine the fair market value of the Project and to report to the Board in writing as to the amount, method and basis of such appraisal.

(ii) Should the Board fail timely to select such appraiser or should such appraiser fail to complete such report within thirty (30) days after being so engaged or should affected unit owners not agree with the amount of such appraisal, then dissatisfied unit owners shall engage an appraiser to make such determination of fair market value and to report to the dissatisfied unit owners and the Board as above provided.

(iii) Should the appraisers engaged by the dissatisfied unit owners and the Board make differing determinations as to the fair market value, then said two appraisers shall confer and endeavor to agree upon the fair market value and if they are able to so agree, such agreed upon value shall be the fair market value of the Project. Should said appraisers fail to so agree within ten (10) days following the Board's receipt of the written report of the appraisers engaged by the dissatisfied unit owners, then said appraisers shall, within ten (10) additional days, select a third appraiser to determine said fair market value, and if they cannot agree upon such selection within said time then either the dissatisfied unit owners or the Board or both may petition the Los Angeles County Superior Court for the presiding judge (or other appropriate person) to select such third appraiser.

(iv) The parties shall engage said third appraiser to determine the fair market value and to report to them in writing as to the amount, method and basis for such appraisal. If the fair market value as determined by said third appraiser is the same as the fair market value as determined by either of said other two appraisers then such determination shall become the fair market value.

F. In the event of Damage or Destruction the Association acting through the Board of Directors shall designate an independent trustee, which may be an institutional lender, commercial bank, qualified professional, or other institutional Trustee, for the benefit of all of the interests of all named insureds under policies of insurance required under this Declaration, for the protection of lenders, unit owners and the Association, to insure proper disbursement of funds for reconstruction or to entitled recipients upon election by the Association not to reconstruct in accordance with this Section 32.

33. LIMITATION OF RESTRICTIONS ON DECLARANT

Declarant is undertaking the work of construction of residential Condominiums and incidental improvements upon the Project. The completion of that work and the sale, rental, and other disposal of said Condominiums is essential to the establishment and welfare of said Project as a residential community. In order that said work may be completed and said Project be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

A. Prevent Declarant, its contractors, or subcontractors from doing on the Project or any Condominium, whatever is reasonably necessary or advisable in connection with the completion of said work; or

B. Prevent Declarant or its representatives from erecting, constructing and maintaining on the Project (except upon Units owned by others), such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing said Project as a residential community and disposing of the same in parcels by sale, lease or otherwise; or

C. Prevent Declarant from conducting on the Project (except upon Units owned by others) its business of completing said work and of establishing a plan of Condominium ownership and of disposing the Project as Condominiums by sale, lease or otherwise (including use of one (1) or more Condominiums as a sales office); or

D. Prevent Declarant from maintaining such sign(s) or flag(s) on the Project (except upon Units owned by others) as may be necessary for the sale, lease or disposition thereof;

E Subject Declarant to the architectural control provisions of this Declaration for construction of any Condominium or other improvements on the Project.

The foregoing rights of Declarant shall terminate upon sale of Declarant's entire interest in the Project. So long as Declarant, its successors and assigns, owns one (1) or more of the Condominiums established and described herein, Declarant, its successors and assigns, shall be subject to the provisions of this Declaration. Declarant shall make reasonable efforts to avoid disturbing the use and enjoyment of their Condominiums (and the Common Area) by Owners, while completing any work necessary to said Condominiums or Common Area.

34. TERMINATION OF ANY RESPONSIBILITY OF A DECLARANT

In the event the right, title and interest of any Declarant in and to the Project is conveyed to a successor Declarant as defined in Paragraph 2E of this Declaration, then and only in such event, the former Declarant shall be relieved of the performance of any further duty or obligation hereunder, with respect to the interest conveyed, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant accruing after the date of such transfer with respect to the interests conveyed. The obligations of Declarant to the City contained in the conditions of approval for the Project, shall become the obligations of the Association, and the Association be responsible for any liability arising out of the performance or nonperformance of those obligations after Declarant has sold its interest in the Project and/or turned over the maintenance and management of the Project to the Association.

35. CONSTRUCTION DEFECT DISPUTE RESOLUTION

A. Procedure for Resolution

Before the Association or any group of two or more owners commences an action for damages against Declarant or against any design professional or general contractor engaged by Declarant to design or construct the Development, based upon a claim for defects in the design or construction of the Development, the conditions of this Section 35 may, at the discretion of the Board, but shall not be required to be followed. Failure to follow the provisions of this Section shall not prejudice any party in any action.

B. Notice

The Association or group of owners (in this Section 35 "Claimant") shall give written notice to Declarant or to the general contractor or design professional (in this Section 35 "Developer") specifying the particular defects that are the subject of the claim, including identification of the areas and components of the Project that have manifested damage or otherwise indicate existence of a defect. The notice shall contain the current

mailing address for the Claimant. If the Claimant asserts any claim not set forth in any prior notice given to the Developer pursuant to this Section 35, all of the conditions of this Section 35 shall apply to each claim not set forth in the prior notice.

C. Request for Inspection and Testing

Within thirty (30) days of the receipt of the written notice, the Developer may make a written request to the Claimant to inspect the Project and conduct testing in order to evaluate the claim.

D. Inspection and Testing

Within thirty (30) days after receipt of the Developer's written request, the Claimant shall make available for inspection and testing all Common Area and the interiors of all Units identified in the Claimant's notice. The Developer shall have the right to excavate, drill, open walls or otherwise conduct tests that might cause physical damage to the improvements being inspected or tested; however, the Developer shall indemnify the Claimant against any damages arising from the inspection and testing and shall pay all costs to restore the Common Area or Units and their improvements to the same condition as before the inspection and testing.

E. Written Settlement Statement by Developer; Meeting and Conference

Within ninety (90) days after completion of the inspection and testing, the Developer may submit a written settlement to the Claimant setting forth the Developer's findings and any proposed settlement of the claim and the reasons therefor, and stating whether the Developer proposes to do any remedial work or to pay the Claimant a cash sum or a combination thereof. If the Developer does not deliver the written statement within the ninety (90) day period, or does not include in it a proposed settlement of the claim, the Claimant may institute an action on the claims described in the Claimant's written notice without satisfying any other condition of this Section 35. If the Developer delivers the written statement, including a proposed settlement of the claim, a majority of the Board, in case of a claim by the Association, or representative members of the group of owners, in case of a claim by two or more owners, shall meet and confer personally with the Developer with respect to the claim and the Developer's proposed settlement. The Claimant and the Developer may be represented at the meeting and conference by attorneys and independent consultants.

F. Inability to Settle Claim: Approval of Suit by Owners

If the settlement proposal of the Developer is not acceptable and if the claim cannot otherwise be resolved by the Claimant and the Developer at the meeting and conference held pursuant to Section 35.D, the Claimant may commence an action for

damages against the Developer; however, as a condition to doing so, the Association, if the Claimant is the Association, or the representative members of the group of owners, if the Claimant is a group of owners, shall disseminate a ballot or form of written consent or proxy to each owner in the Project or in the group of owners, as applicable, along with the written materials described in this Section 35.F (which materials, without the consent of the Claimant, shall be privileged communications and not admissible in evidence in any action for damages against the Developer), and shall receive approval in writing or at a meeting specially called for that purpose from owners holding a majority of the voting power of the Association or from a majority of the owners in the group, as applicable, to commence and prosecute the action against the Developer. The written materials to be submitted to owners are:

(i) Statement of Claim

A statement of the Claimant's claim against the Developer, specifying the particular defects that are the subject of the claim, including identification of the areas and components of the Development that have manifested damage or otherwise indicated existence of a defect.

(ii) Developer's Response

A copy of the Developer's written response to the claim, including any settlement proposal delivered by the Developer to the Claimant.

(iii) Statement Regarding Disclosure Duty

A statement describing the owners duty to disclose the alleged defects to prospective purchasers and lenders.

(iv) Statement Regarding Potential Recovery

A statement that recovery from litigation may not result in receipt of sufficient funds to pay all remedial or repair costs as estimated by the Claimant's experts.

(v) Estimate of Litigation Expense

An estimate of the cost to the Claimant to prosecute the action and a statement of the source of funds available to pay the cost.

(vi) Agreement with Attorney

A description of the agreement with the attorney whom the Claimant contemplates retaining to prosecute the action.

G Necessary Conditions to Filing Suit Satisfaction of the conditions set forth in this Section 35, or allegations that they have been modified in writing or excused by particularly described circumstances or events, shall be specified in any complaint in an action for damages filed by the Claimant against the Developer. All notices, requests, statements or other communications required pursuant to this Section 35 shall be delivered personally, by first-class mail, registered or certified return receipt requested or by confirmed facsimile transmission. If delivered by mail, delivery shall be deemed made on the earlier of the actual receipt or three (3) days after deposit in the United States mail. Nothing contained in this Section 35 shall be deemed to require Declarant to comply with this Section 35 before commencing any action or proceeding of any kind against any design professional or general contractor retained by Declarant.

36. PROTECTION OF LENDERS

A. Notice of Breach

The Board shall notify, in writing, the beneficiaries of deeds of trust and holders of first mortgages of a unit of any default by the trustor or mortgagor of such unit, in the performance of such person's obligations under the governing documents (Declaration of Covenants, Conditions and Restrictions, Bylaws and Articles of Incorporation), which is not cured within thirty (30) days.

B. Mortgagees Are Not Required to Cure Certain Breaches

A First Mortgagee who acquires title by foreclosure or by a deed in lieu of foreclosure or assignment in lieu of foreclosure shall not be obligated to cure an existing breach of this Declaration that is non-curable or of a type that is not practical or feasible to cure.

C. Effect of Breach of Declaration

Breach of this Declaration may not:

- (i) Cause any forfeiture or reversion of title;
- (ii) Bestow any right or reentry; or
- (iii) defeat or render invalid the lien of any mortgage or deed of trust.

D. Notice to Association of Mortgagees' Interest

It shall be the responsibility of each owner of a unit to notify the Association within thirty (30) days of the close of his escrow to purchase such unit of the name and address of the beneficiary of the deed of trust or the holder of the first Mortgage on his particular unit; further, it shall be the responsibility of each owner of a unit to notify the Association within thirty (30) days of the recording date or change in priority of liens of the name and address of any new beneficiary of the deed of trust or holder of a first Mortgage on his particular unit.

E. Exemption from Right of First Refusal

(i) No right of first refusal or similar restriction may be placed on an Owner's right to sell, transfer, or otherwise convey a Unit, unless a Mortgagee of the Property grants written consent to the Association.

(ii) Any right of first refusal or option to purchase a Unit that may be granted to the Association (or other party) may not impair the rights of a First Mortgagee to do any of the following:

(a) Foreclose or take title to a Unit, pursuant to the remedies provided in the Mortgage;

(b) Accept a deed (or assignment) in lieu of foreclosure in the event of default under the Mortgage; or

(c) Sell or lease a Unit acquired by the Mortgagee.

F. Acquisition by First Lender through Foreclosure

Any beneficiary of a first deed of trust or a first Mortgage which comes into possession of the condominium pursuant to foreclosure of the first deed of trust or first 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 holder comes into possession of the condominium (except for claims for a share of such assessments or charges resulting from a reallocation of such assessments or charges to all residential units, including the mortgaged unit). The lien for assessments provided for herein shall be subordinate to the lien of any first Mortgage or first deed of trust, now or hereafter placed upon the owner units properties subject to assessments; 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.

G Restrictions on Certain Changes

At least sixty-six and two-thirds percent (66 2/3%) of Owners and at least fifty-one percent (51%) of the votes of First Mortgagees must give written approval before the Association may, by act or omission, do any of the following:

(i) Abandon, partition, subdivide, encumber, sell, or transfer any portion of a Common Area (other than granting easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the condominium Project, which shall not be deemed a transfer within the meaning of this clause);

(ii) Alter the method of determining Assessments or other charges levied against an Owner;

(iii) Partition or subdivide any Condominium;

(iv) Seek to abandon or terminate the Condominium property (except as provided by statute in case of substantial loss to the Units of Common Areas);

(v) Use hazard insurance proceeds for losses to the Property (Unit or Common Area) for other than repair, replacement or reconstruction of the relevant Property (except as provided by statute in case of substantial loss to the Units or Common Areas);

(vi) Change, waive or abandon any regulations or enforcement pertaining to the architectural design, the exterior appearance or the maintenance of the Units or the Common Area(s).

(vii) Fail to maintain Fire and Extended Coverage on insurable Common Area(s) as specified in this Declaration.

(viii) Amend the Governing Documents concerning any material provision (which includes, but is not limited to, the following):

(a) Voting rights;

(b) Rights to use the common area(s), and reallocation of interests in the common area (including exclusive use Common Areas);

(c) Reserves for and responsibility for maintenance, repair and replacement of the Common Property;

- (d) Unit boundaries;
 - (e) Owners' interests in the Common Area;
 - (f) Convertibility of common area into Units or Units into Common Area;
 - (g) Unit leasing;
 - (h) Establishment of self-management by the Association where professional management has been required by any beneficiary, insurer or guarantor of a First Mortgage;
 - (i) Annexation or deannexation of real property;
 - (j) Assessment, assessment liens, or the subordination of such liens;
 - (k) Casualty and liability insurance (or other insurance or fidelity bonds);
 - (l) Imposition of a right of first refusal or similar restriction of an Owner's right to sell, transfer or otherwise convey the Unit;
 - (m) Restoration or repair of the Property after hazard damage or partial condemnation;
 - (n) Action to terminate the legal status of the Property after substantial destruction or condemnation; and
 - (o) Any provisions that are for the express benefit of First Mortgagees, insurers or governmental guarantors of First Mortgages.
- (ix) Change, waive or abandon the provisions of this Declaration (and their enforcement) pertaining to architectural design and control of the exterior appearance of structure, maintenance of the common area(s), walks, fences, driveways, lawns and plantings on the Project.

H Mortgagee's Right to Examine Books and Records

The holders of first Mortgages have the right to examine the books and records of the Association.

I. Mortgagee's Right to Attend Meetings

Any Mortgagee may appear at Association and Board meetings, but is not eligible to vote.

J. Association's Obligation to Maintain Adequate Reserve Fund

An adequate reserve fund for the replacement of the Common Area facilities must be established by the Association and must be funded by regular monthly assessments rather than by special assessment.

K. Real Property Taxes as Against Units Only

All Real Property Taxes which may become liens prior to the first mortgage under the local law, shall relate only to the individual condominiums and not to the Project as a whole.

L. Payments by Mortgagees

(i) First Mortgagees may pay the following jointly or severally:

(a) Taxes or other charges in default which may be a charge against any part of the Common Area(s); and

(b) Overdue premiums on hazard insurance policies, or to secure new hazard insurance coverage on the lapse of a policy for the Common Area(s).

(ii) Upon making such payments, the Association:

(a) Owes immediate reimbursement to First Mortgagees making such payments; and

(b) Must, upon Mortgagee's request, execute an agreement that reflects the First Mortgagees' entitlement to such reimbursement.

M. Priority Rights of First Mortgagees to Insurance and Condemnation Award Proceeds

No provision herein shall give a unit owner or any other party priority over any rights of First Mortgagees of units, pursuant to their Mortgages, in the case of a distribution to unit owners of insurance proceeds or condemnation awards for losses to or a taking of units and/or the common area.

N. Loss Payable Endorsement

All applicable fire, physical loss or extended coverage insurance policies must contain loss payable clauses naming the Mortgagees who encumber the Condominiums.

Q. Rights of Holders, Insurers and Guarantors of Mortgages to Notices

The holder, insurer or guarantor of the Mortgage on any Unit is entitled to timely written notice of:

(i) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

(ii) Any proposed action that requires the consent of a specified percentage of Eligible First Mortgage Holders.

P. Professional Management Agreement - Right to Terminate

Any agreement for professional management of the Project shall provide that the management contract may be terminated for cause on ninety (90) days written notice and the term of any such contract shall not exceed one (1) year.

Q. Notice to First Mortgagees of Loss of Taking in Excess of \$10,000

The Association shall give notice, in writing, to all First Mortgagees of any loss to or a taking of the Common Area of the Project, if such loss or taking exceeds \$10,000.

R. Request for Consent to Amendment

Any Mortgagee or beneficiary under a deed of trust of any unit, who receives a written request to consent to an amendment or other action affecting the Project or the subject unit, and who does not respond negatively within 30 days after having received notice of the request, shall be deemed to have consented to the amendment or other action and shall be governed by it provided that such notice is in writing, contains a reasonably detailed description of the proposed amendment or other action proposed to be taken, and was given to the Mortgagee or beneficiary by certified or registered mail, return receipt requested, at the address of the Mortgagee or beneficiary shown in its recorded Mortgage or deed of trust or last provided in writing to the Association by such Mortgagee or beneficiary. This provision shall not apply to amendments or other action which serve to alter the provisions of this Declaration as to any one or all of the following, as applicable: voting rights; assessments; assessment liens; reserves for and responsibility for maintenance, repair and replacement of common areas; reallocation of interests; boundaries or any separate interest; expansion or contraction of the Project; insurance; fidelity bonds; leasing of units; owner's right to sell or transfer his unit; professional management of the owner's

association, if required; restoration or repair of the Project following a hazard, damage or partial condemnation; legal status of the Project after substantial destruction or condemnation; protection of Mortgage holders, insurers or guarantors.

S. Controlling Provisions

If there is any conflict between any provision of this Article and any other provision of this Declaration, or the Bylaws of the Association, the language contained in this Article shall control.

37. NOTICES

Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, the same shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each such person at the address given by such person to the Board for the purpose of service, or to such person's unit if no address has been given to the Board. An address may for any reason be changed from time to time by notice in writing to the Board.

38. GENERAL PROVISIONS

Every act or omission in violation of any covenant, condition, or restriction herein set forth shall constitute a nuisance, and in addition to the legal remedies hereinbefore set forth, may be abated or enjoined by any owner or any member of the Board.

A. This Declaration shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns, grantees and lessees of the Declarant and each unit owner.

B. No owner shall execute or file for record any instrument which imposes a restriction upon the sale, leasing, or occupancy of his unit on the basis of national origin, gender, race, color, creed, or religious background.

C. This Declaration shall run with the land, and shall continue in full force and effect until (i) terminated by a court of competent jurisdiction pursuant to law, or (ii) in the event of the total destruction of the improvements on said real property and a subsequent determination of the owners not to rebuild the same, or (iii) a total abandonment of said improvements by the owners, or (iv) as hereafter provided. Each purchaser by accepting a deed or a valid contract of sale to any individual unit, accepts the same subject to all the covenants, conditions, and restrictions herein contained, and agrees to be bound by each and all thereof. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the

Project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision thereafter.

D. Each remedy provided for in this Declaration shall be cumulative and not exclusive.

E. With the exception of a lender in possession of a condominium unit following a default in a first Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner shall be permitted to lease his unit for transient or hotel purposes. No unit owner may lease less than the entire unit. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and Bylaws and that any failure by the Lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be required to be in writing. Other than the foregoing, there is no restriction on the rights of any unit owner to lease his unit.

F. In the event of any dispute under or by reason of this Agreement, the prevailing party in any such dispute shall be entitled to reimbursement for his actual attorney's fees, if reasonable, and all other costs of litigation or arbitration actually, but necessarily, incurred, including fees and costs incurred.

39. INTERPRETATION AND SEVERABILITY

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Project. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

40. TERM

Except in the event of earlier termination as provided above, the covenants, conditions and restrictions of this Declaration shall run with and bind the Project, and shall inure to the benefit of and be enforceable by Declarant, the Board, or the owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of forty (40) years from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then unit owners and seventy-five percent (75%) of all First Mortgagees has been recorded agreeing to terminate said Covenants, Conditions and Restrictions, in whole or in part within one year prior to the termination of the initial forty (40) year term or within one year prior to the termination of any successive ten (10) year period.

41. ENFORCEMENT

Each and every covenant, condition, restriction, and easement herein contained shall be for the benefit of any and all persons who now or who may hereafter own any portion of said property, and all such persons are specifically given the right to enforce the same at law or in equity. Upon the filing of any action to enforce the same, judgment may be given for attorney's fees against the party found to be in breach and in favor of the party seeking enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to enforce any lien created by these covenants. Failure by the Declarant, the Board, or any unit owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter, nor shall any such failure to enforce the same or any violation of such covenants or restrictions impair or invalidate the lien of any first Mortgage or deed of trust.

42. AMENDMENTS

A. Subject to the rights of Mortgagee under Paragraph 36 above, in a single class voting situation, amendments of the covenants, conditions, restrictions, and bylaws may be enacted by the vote or written assent of the members representing both:

- (i) A bare majority of the total voting power of the Association; and
- (ii) A bare majority of the votes of members other than the Declarant.

B. Subject to the rights of Mortgagee under Paragraph 36 above, if a two class voting structure as provided hereinabove is still in effect within the Association, none of the Declaration may be amended without the vote or written assent of at least 66 2/3% of the voting power of each class of membership. If the two class voting structure as originally provided in the governing instruments, is no longer in effect, because of the conversion of one class to the other, the provisions for amending the Declaration as set forth hereinabove for one class voting situations shall be applicable. In any event, the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

C. In addition to the requirements for an amendment to the Articles as set forth in the Articles of Incorporation, the Articles may be amended only by the affirmative vote (in person or by proxy) or written consent of at least a bare majority of the Board and members representing a majority of the voting power of the Association which shall include a majority of the votes of members other than Declarant, or where the two (2) class voting

structure is still in effect (as provided in the Bylaws), a majority of each class of membership.

D. In addition to the above and without limitation, the remedies provided in Section 1356 of the California Civil Code (and successor statute) may be utilized by the Association for amendment to the Declaration. Notwithstanding anything to the contrary contained in this Section 42, the terms of this Section 42 are subject to the terms of Section 36 of this Declaration entitled "Protection of Lenders." Without limiting the generality of the preceding sentence, if the approval or consent of any Mortgagee is required under any of the other terms of this Declaration with respect to any amendment or revocation of any provision of this Declaration, no such amendment or revocation shall become or be deemed to be effective unless such approval or consent of such Mortgagee is obtained. Notwithstanding anything to the contrary contained in this Section 42, no amendment to any provision of this Declaration for the benefit of the Declarant in connection with the development of all or part of the Project shall become or be deemed to be effective without the written consent of the Declarant.

IN WITNESS WHEREOF, The Declarant has executed this Declaration this 16th day of August, 1994

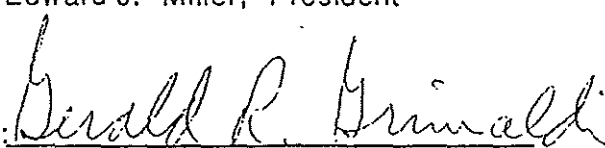
Dated: August 16, 1994

SOUTHWIND VILLAGE PARTNERS
A California Limited Partnership

By its general partner:

WEYMOUTH CONDOMINIUM ASSOCIATES,
INC.
A California Corporation

By: 
Edward J. Miller, President

By: 
Gerald Grimaldi, Secretary

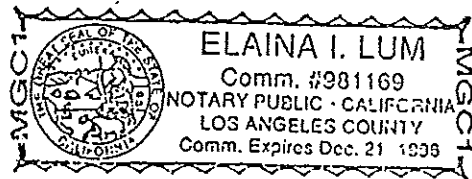
Notary Acknowledgments Appear on Succeeding Page

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) SS.

On 8-16-94 before me, Elaina I Lum, personally appeared Edward J. Miller, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Elaina I Lum
Notary Public

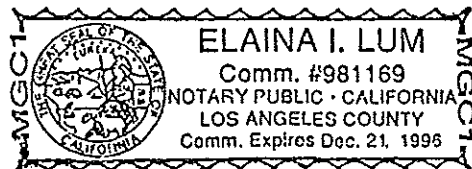


STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) SS.

On 8-16-94 before me, Elaina I. Lum personally appeared Gerald R. Grimaldi, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Elaina I Lum
Notary Public



PRORATION SCHEDULE WORKSHEET

Section I Variable Assessment Computation

A. Variable Costs Description	Monthly Cost
1. Insurance	\$ <u>833.33</u>
2. Domestic Gas (if common)	\$ _____
3. Domestic Water (if commo	\$ <u>3,158.43</u>
4. Paint	\$ <u>100.33</u>
5. Roof	\$ <u>N/A</u>
6. Hot Water Heater (if comm	\$ <u>N/A</u>
7. Other	\$ <u>1,250.42</u> ←
Total Variable Costs	\$ <u>5,342.51</u>

- B. Total livable square footage of all units from condominium pl 189,874
- C. Variable Factor (*variable monthly costs / square footage=variable fa*) 0.028137
 Multiply this factor by each unit size in Section III.

Section II Equal Assessment Computation

A. Total Monthly Budget	\$ <u>8,369.77</u>
Less Variable Costs	\$ <u>5,342.51</u>
<i>Total Monthly Equal Costs</i>	\$ <u>3,027.26</u>
B. Monthly Base assessment:	\$ <u>25.23</u>
(total monthly cost / number of units = monthly base assessment)	

Section III Assessment Schedule

# OF UNITS	Unit Size	x	Variable F	=	Variable Assessment	+	Base Assessment	=	Total Monthly Assessment	Total Monthly Budget *
35	A. <u>1383</u>	x	<u>0.028137</u>	=	<u>38.91</u>	+	<u>25.23</u>	=	<u>64.14</u>	<u>2,244.93</u>
42	B. <u>1592</u>	x	<u>0.028137</u>	=	<u>44.79</u>	+	<u>25.23</u>	=	<u>70.02</u>	<u>2,940.90</u>
43	C. <u>1735</u>	x	<u>0.028137</u>	=	<u>48.82</u>	+	<u>25.23</u>	=	<u>74.05</u>	<u>3,183.94</u>
	D. _____	x	_____	=	_____	+	_____	=	_____	_____
	E. _____	x	_____	=	_____	+	_____	=	_____	_____
	F. _____	x	_____	=	_____	+	_____	=	_____	_____
	G. _____	x	_____	=	_____	+	_____	=	_____	_____
	H. _____	x	_____	=	_____	+	_____	=	_____	_____
VERIFICATION OF COMPUTATIONS										
									Total Monthly Budget (Section III)	<u>8,369.77</u>
									Total Monthly Budget (Section IIA)	<u>8,369.77</u>

* Total Assessment x number of units of each type.

Section IV Variable Assessments

<i>Highest Assessment</i>	-	<i>Lowest Assessment</i>	/	<i>Lowest Assessment</i>	=	%	Less than 10%	- equal assessment
<u>74.05</u>	-	<u>64.14</u>	/	<u>64.14</u>	=	<u>15%</u>	From 10% to 20%	- variable or equal
							Over 20%	- variable assessm

AGREEMENT TO SUBORDINATE TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
SOUTHWIND VILLAGE

The undersigned, being, individually or collectively as the case may be, the current and sole beneficiary of that certain Deed of Trust executed by Southwind Village Partners, a California Limited Partnership, as trustor, in favor of Superior Title Service, Inc., a California corporation, as trustee, recorded December 30, 1993, as Instrument No. 93-2542723 of the Official Records of Los Angeles County, California, do hereby subordinate said Deed of Trust and all beneficial interest secured thereby to the foregoing Declaration of Covenants, Conditions and Restrictions.

The undersigned each hereby warrants and represents that he or she executes this Subordination with full power and authority to do so on behalf of the entity beneficiary where hereinbelow named and on behalf of him and herself, individually, where hereinbelow so named, and further warrants and represents that the undersigned beneficiaries are the current beneficiaries under the above described deed of trust with full power and authority to so subordinate.

As used in this Agreement, all words in the masculine, feminine or neuter gender and plural or singular number shall each be constructed to include the others whenever the context so requires.

Dated: AUGUST 22, 1994

UNION FEDERAL BANK
A Federal Savings Bank

By: 

Its: VICE PRESIDENT

Dated: AUGUST 22, 1994

UNION FEDERAL BANK
A Federal Savings Bank

By: 

Its: SR. VICE PRES

Notary Acknowledgments Follow On Succeeding Page

ADDENDUM "A" TO CC&Rs

Page 1 of 2 of Addendum "A"

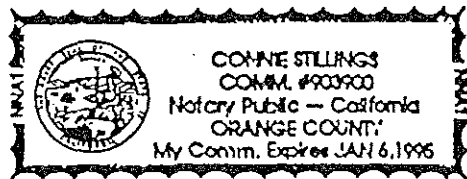
900753/30 (Cal Coast/Southwind) Subordination Agmt to CC&Rs

STATE OF CALIFORNIA)
) SS.
 ORANGE)
COUNTY OF LOS ANGELES)

On 8/22/94 before me, CONNIE STILLINGS, personally appeared
KENNETH D. PEED personally known to me or proved to
~~me on the basis of satisfactory evidence~~ to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on
the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

Witness my hand and official seal.

Connie Stillings
Notary Public



STATE OF CALIFORNIA)
) SS.
 ORANGE)
COUNTY OF LOS ANGELES)

On 8/22/94 before me, CONNIE STILLINGS, personally appeared
RALPH E. LAUTMANN personally known to me or proved to
~~me on the basis of satisfactory evidence~~ to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on
the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

Witness my hand and official seal.

Connie Stillings
Notary Public

