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CALIFORNIA

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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
VIEWPOINT HERMOSA
A CONDOMINIUM PROJECT

FEE \$/25.71

THIS DECLARATION is made on the date hereafter set forth by
Olympia Stapakis, Steven W. Stapakis, and Nikki Stapakis,
hereinafter referred to as "Declarant", as follows:

WHEREAS, Declarant is the owner of that certain tract of land
located in the City of Hermosa Beach, County of Los Angeles,
State of California, and more particularly described as follows:

Lot 1 of Tract Map 46950, in the City of
Hermosa Beach, County of Los Angeles, State of
California, as per map recorded in Book 1124,
pages 84 through 85 of Maps, in the Office of
the County Recorder of said County.

WHEREAS, Declarant has improved said property by constructing
thereon residential units and intends to establish said real pro-
perty and improvements as a condominium under the laws of the
State of California, and

WHEREAS, there has been recorded a plan pursuant to Section
1351(e) of the Civil Code of the State of California, concurrently
herewith in the Office of the County Recorder of Los Angeles
County, and

WHEREAS, Declarant intends by this document to impose upon
the property mutually beneficial restrictions under a general
plan of improvements for the benefit of the said condominiums and
the owners thereof;

NOW, THEREFORE, Declarant hereby declares that the real property, herein described, together with all of the improvements thereon, shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved subject to the following declarations, limitations, covenants, conditions and restrictions and easements, all of which are imposed as equitable servitudes pursuant to a general plan for the development of the property for the purpose of enhancing and protecting the value, desirability and attractiveness of the property and every part thereof in accordance with the plan for the improvement of the property and the division thereof into condominiums. All of the limitations, covenants, conditions and restrictions contained herein shall constitute covenants which shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in the described property, or any part thereof.

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ARTICLE I
DEFINITION OF TERMS

1. "ARTICLES" shall mean and refer to the Articles of Incorporation of the Association, if any, as amended from time to time.
2. "ASSESSMENT" shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the property which is to be paid by each unit owner as determined by the Association.
3. "ASSOCIATION" shall mean and refer to the Viewpoint Hermosa Homeowners Association the members of which shall be the owners of the project, and any provisional members.
4. "BENEFICIARY" shall mean a mortgagee under a mortgage or as the case may be the beneficiary of or holder of a note secured by a deed of trust, and for the assignees of such mortgage, beneficiary, or holder.
5. "BOARD" or "BOARD OF DIRECTORS" shall mean and refer to the governing body of the Association and any provisional directors.
6. "BY-LAWS" shall mean and refer to the By-Laws of the Association as amended from time to time.
7. "COMMON AREA" shall mean and refer to those portions of the property to which title is held by all of the owners in common and excepting the individual units. The common area as shown on the Condominium Plan includes the land and parking and driveway areas and the improvements actually constructed thereon, including, as applicable, garage areas, stairs, elevators and elevator shafts, basement and storage areas, bearing walls, columns, girders, subfloors, unfinished floors, roofs and foundations, central heating, central air-conditioning equipment, reservoirs, tanks, pumps, motors, ducts, flues and chutes, conduits, pipes, plumbing, wire, and other utility installations (except the outlets thereof when located within the unit), required to provide power, lights, telephones, gas, water, sewerage, drainage, heat, air-conditioning and elevator service; sprinklers, sprinkler pipes and leads which protrude into the air space of a condominium unit and the central television antenna facility.
8. "COMMON EXPENSES" means and includes the actual and estimated expenses of operating the property and any reasonable reserve for such purposes as found and determined by the Board and all sums designated Common Expenses by or pursuant to the Condominium Documents.
9. "COMMON INTEREST" means the proportionate undivided interest in the common area which is appurtenant to each unit as set forth in this Declaration.
10. "CONDOMINIUM" shall mean an estate in Real Property as defined in Section 1351.1 of the Civil Code of the State of California consisting of title to a unit and an undivided interest in a common area.
11. "CONDOMINIUM DOCUMENTS" means and includes the Declaration as it may be amended from time to time, the Exhibits, if any, attached thereto, together with other basic documents used to create and govern the project including the map, the Articles

of Incorporation, if any, and Bylaws of the Association and the rules and regulations for the members as established from time to time.

12. "CONDOMINIUM PLAN" shall mean and refer to the diagrammatic floor plan of the units built or to be built on the property which identifies each unit and shows its dimensions pursuant to Civil Code Section 1351(e) recorded herewith of Official Records in the office of the County Recorder of Los Angeles County.

13. "DECLARANT" shall refer to Olympis Stapakis, Steven W. Stapakis, and Nikki Stapakis.

14. "DECLARATION" shall mean this enabling Declaration.

15. "DEED OF TRUST" or "TRUST DEED" shall mean a Mortgage or Deed of Trust as the case may be.

16. "GARAGE SPACE" or "PARKING SPACE" shall mean those separate portions of the common area reserved for the exclusive use of the units to which they are assigned.

17. "MAP" shall mean and refer to that subdivision map entitled Tract Map 46950, Book 1124 Page/s 84 and 85 of Official Records of the County Recorder of the County of Los Angeles.

18. "MEMBER" shall mean and refer to a person entitled to membership in the Association as provided for herein.

19. "MORTGAGEE" shall include a beneficiary or a holder of a Deed of Trust as well as a Mortgagee.

20. "MORTGAGE" shall include a Deed of Trust as well as a mortgage.

21. "MORTGAGOR" shall include the trustor of a Deed of Trust as well as the mortgagor.

22. "OWNER" or "OWNERS" shall mean and refer to the record holder of title of a condominium in the Project. This shall include any person having a fee title to any unit, but shall exclude persons or entities having any interest merely as security for the performance of an obligation, and installment contract sellers. If a unit is sold under an installment contract of sale to a purchaser who resides in the unit, the resident purchaser, rather than the fee owner, shall be considered the "Owner" as long as he resides in the unit as a contract purchaser.

23. "PERSON" means a natural person, a corporation, a partnership, a trustee or other legal entity.

24. "PROJECT" shall mean and refer to the entire real property above described, including all structures and improvements erected or to be erected thereon.

25. "PROPERTY" or "PROPERTIES" means and includes the real property above described and all improvements erected thereon and all property, real, personal or mixed, intended for or used in connection with the condominiums.

26. "RESTRICTED COMMON AREA" or "EXCLUSIVE USE COMMON AREA" shall mean and refer to those portions of the common area, if any, set aside for exclusive use of a unit owner or owners.

27. "RULES AND REGULATIONS" shall mean such rules and regulations as may from time to time be promulgated by the Association or the Board with respect to the use of the common areas by the owners, and their tenants, invitees and licensees.

28. "STORAGE AREAS" shall mean those elements of a unit used for storage spaces, if any, or exclusive use common areas assigned to a unit, if any.

29. "STRUCTURE" shall mean anything manufactured or fabricated or shaped by any person located in any portion of the common area and permanently affixed thereto.

30. "UNDIVIDED INTEREST" shall mean the percentage in and to the Common Area attributed to and appurtenant to each unit as set forth in Article II, Section 2B.

31. "UNIT" or "DWELLING UNIT" shall mean and refer to the portions of the condominiums as defined in Article II, Section 2.A. which are not owned in common with the owners of the other units in the project.

32. "SINGULAR" and "PLURAL" the singular and plural numbers and masculine, feminine and neuter gender shall each include the other where the context requires.

ARTICLE II
DESCRIPTION OF PROJECT, DIVISION OF PROPERTY AND
CREATION OF PROPERTY RIGHTS

1. DESCRIPTION OF PROJECT: This condominium project is a common interest development in accordance with Civil Code Section 1353(a). The project consists of the underlying real property, with the condominium units and all other improvements located thereon. There has been constructed upon the premises, one three story building over a subterranean garage containing six units consisting of one level of living area, private patio and/or deck areas, and assigned parking in the subterranean garage, and all units sharing common area such as landscaped yard area, walkways, driveway, and guest parking.

2. DIVISION OF PROPERTY: The property is hereby divided into the following interests:

A. DWELLING UNITS: Each of the units as separately shown, numbered and designated in the Condominium Plan prepared for Declarant for the within project and recorded with the County Recorder, consists of the space bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and doors of each unit, each of such spaces being defined and referred to herein as a "Unit". Each unit includes both the portions of the building so described and the airspace so encompassed. The unit does not include those areas and those things which are defined in Common Area in Article I, Section 7. Bearing walls located within the interior of a unit are common area, not part of the unit, except for the finished surfaces thereof. Bay windows and fireplaces (fireboxes), if any, are included within the units. Chimneys and flues are common area. Soffits and exposed beams in ceilings shall not be part of the unit. Areas within dropped ceilings are not part of a unit. Each unit includes the utility installations located within its boundaries that the owner has exclusive use of, including, without limitation: hot water heaters, space heaters, lighting fixtures, and air-conditioning units which are located entirely within the unit they serve. Each unit is subject to such encroachments as are contained in the building, whether the same now exist or may be later caused or created in any manner referred to in Article VIII, Section 5. In interpreting deeds and plans, the then existing physical boundaries of a unit, whether in its original state or reconstructed in substantive accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the boundaries expressed in the deed or plan, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the plan or deed, and those of the building.

B. COMMON AREAS: The remaining portion of the property referred to herein as "Common Area" or "Common Areas" shall

include, without limitation, all of the elements set forth in Article I, Section 7 as shown on the Condominium Plan. Each unit owner shall have, as appurtenant to his unit, a (1/6) one/sixth undivided interest in the common area. The ownership of each condominium shall include a unit and such undivided interest in the condominium common area. Each unit shall have appurtenant to it nonexclusive easements for ingress, egress and support through the common area. The common interest appurtenant to each unit is declared to be permanent in character and cannot be altered without the consent of all the unit owners affected, and the first mortgagees of such owners, as expressed in an amended Declaration. Such common interest cannot be separated from the unit to which it is appurtenant. Each unit owner may use the common areas in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of any other unit owners.

Each condominium unit shall have assigned to it the exclusive use of two parking spaces. Said parking shall be permanently maintained as parking facilities. Parking spaces must be used solely for the parking of personal vehicles. Parking spaces may not be leased, sub-leased, sold or given to others not a resident(s) of a condominium unit within the project.

C. RESTRICTED COMMON AREAS OR EXCLUSIVE USE COMMON AREAS: The following described portions of the common area, referred to as "Restricted Common Areas" or "Exclusive Use Common Areas", are hereby set aside and allocated for the exclusive use of the owners of the unit to which they are attached or assigned by unit number on the Condominium Plan, as the case may be: Decks and Patios. Two parking spaces per unit will be assigned via Grant Deed using the numbers shown on the condominium plan. Storage spaces in the garage will also be assigned via Grant Deed using the numbers shown on the condominium plan.

D. NO SEPARATE CONVEYANCE OF UNDIVIDED INTERESTS: The foregoing undivided interests are hereby established and are to be conveyed with the respective units as indicated above, and cannot be changed, except as herein set forth, and Declarant, its successors, assigns and grantees covenant and agree that the undivided interests in the common areas and the fee title to the respective units shall not be conveyed separately even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the unit.

E. UNASSIGNED PARKING: In addition to the two assigned parking spaces for each condominium unit, there are three (3) unassigned parking spaces. These spaces may be used by all owners, their tenants and guests. The Board may, utilizing objective standards based upon the best interest of the Association, from time to time, assign the exclusive right to use said spaces to particular units. Reassignment of said spaces shall be based upon the mutual consent of the unit owners whose assignments are to be

changed and, failing such consent, shall be after notice to such owners and hearing before the Board.

3. PARTITION PROHIBITED: The common areas shall remain undivided as set forth above. Except as provided by the California Civil Code Section 1359, no owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the owners with respect to the operation and management of the project. Judicial partition by sale of a single unit owned by two or more persons and division of the sale proceeds is not prohibited hereby (but partition of title to a single unit is prohibited).

ARTICLE III
ASSOCIATION, ADMINISTRATION, MEMBERSHIP, VOTING RIGHTS
AND ARBITRATION CLAUSE

1. **ASSOCIATION TO MANAGE COMMON AREAS:** The management of the Common Area shall be vested in the Association in accordance with its By-Laws. The owners of all the condominiums covenant and agree that the administration of the project shall be in accordance with this declaration and By-Laws of the Association.

2. **MEMBERSHIP:** The owner of a unit shall automatically, upon becoming the owner of same, be a member of the Association and shall remain a member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be held in accordance with the By-Laws of the Association.

3. **TRANSFERRED MEMBERSHIP:** Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of the unit to which it is appurtenant, and then only to the purchaser. A mortgagee does not have membership rights until he becomes an owner by foreclosure. Any attempt to make a prohibited transfer is void. In the event the owner of any unit should fail or refuse to transfer the membership registered in his name to the purchaser of his unit, the Association shall have the right to record the transfer upon its books and thereupon any old membership outstanding in the name of the seller shall be null and void.

4. **MEMBERSHIP CLASSES, VOTING RIGHTS, AND ARBITRATION CLAUSE:** The association shall have two (2) classes of voting membership:

Class A: Class A members shall be all owners with the exception of Declarant. Each unit shall be entitled to one vote for each unit owned. When more than one person holds an interest in one unit, 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 votes, than one vote per unit, be cast with respect to any unit.

Class B: Class B members shall be the Declarant and shall be entitled to vote as follows: Voting shall be the same as for Class A memberships, except that Class B members may triple their votes for each unit owned. The Class B memberships shall cease and be converted to Class A memberships on the happening of either of the following events, whichever occurs earlier:

a. When the total votes outstanding in Class A memberships equal the total votes (tripled as stated above) outstanding in Class B memberships, or

b. On the second anniversary date of the original issuance of the final subdivision report of the project.

Any action by the Association which must have the approval of the members before being undertaken shall require the vote of written assent of a majority of each class of membership during the time that there are two (2) outstanding classes of membership. Where the vote or written assent of each class of membership is required, any requirement that the vote of Declarant be excluded is not applicable, except provisions with respect to the action to enforce the obligations of the subdivider under any completion bond, as provided in Article VIII, Section 14.

After the conversion of Class B to Class A memberships, any action by the Association which must have the approval of the members before being undertaken shall require the vote or written assent of a bare majority of the total voting power of the Association as well as the vote or written assent of a prescribed majority of the total voting power of members other than Declarant.

In the event of a disagreement between Owners and in order to break a tie vote, the issue or issues, at the request of any party, shall be submitted to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (AAA) before an arbitrator selected from the panels of the arbitrators of AAA. In the event of referral to arbitration, the Owner requesting arbitration shall remit the fee to initiate the arbitration. Notice thereof shall be given to the members of the board and all owners as promptly after reference to arbitration is made, giving all owners an opportunity to appear in such arbitration proceedings. The decision of such arbitrator in this matter shall be final and conclusive upon all owners. The arbitrator may include in his decision an award for costs and/or attorney fees against any one or more of the parties to the arbitration.

Any action which may be taken by the vote of members at a regular or special meeting, except the election of governing body members where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the Corporation Code.

Any owner may attend and vote at such meeting in person, or by agent duly appointed by an instrument in writing signed by the owner and filed with the Board. Any such appointment may be revoked at any time by written notice of the owner of any unit. Where there is more than one record owner of a unit, any or all of such persons may attend any meeting of the Association, but it shall be necessary for those owners present to act unanimously in order to cast the vote to which they are entitled.

Voting rights attributable to units shall not vest until assessments against those units have been levied by the Association.

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

ARTICLE IV
ASSESSMENTS

1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS

The declarant for each unit owned within the project, hereby covenants, and each owner of any unit by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (1) annual assessments or charges, (2) special assessments for capital improvements, such assessments to be established and collected as herein provided, and (3) any special assessments imposed by the Association as a disciplinary measure for failure of said owner to comply with the governing instruments or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to common areas and facilities for which said owner was allegedly responsible or in bringing said owner and his subdivision interest into compliance with the governing instruments. The annual assessments and special assessments except those set forth in (3) above, together with interest, costs and reasonable attorney's fees shall be a charge on the condominium and shall be a continuing lien upon the condominium against which each such assessment is made, the lien to become effective upon the recordation of a Notice of Assessment. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such condominium at the time when the assessment fell due. (The personal obligation for delinquent assessments shall not pass to an owner's successors in title unless expressly assumed by them.) No owner of a condominium may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common areas or by the abandonment of his condominium.

2. PURPOSE OF ASSESSMENTS: The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the entire project and for the improvement and maintenance of the common area for the common good of the project.

3. ANNUAL ASSESSMENT:

A. The Board has authority to impose annual assessments, provided that it may not impose a regular assessment that is more than twenty percent (20%) greater than the regular assessment for the Association's preceding fiscal year or impose special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the approval of owners 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, provided, that the foregoing provisions do not limit assessment increases necessary for emergency situations as follows:

(1) An extraordinary expense required by an order of a court.

(2) 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.

(3) 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 proforma operating budget as required under Section 1365 of the Civil Code. However, prior to the imposition or collection of an assessment under this subdivision, 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.

B. Without membership approval, the Board of Directors may fix the annual assessment at an amount not in excess of the maximum. However, the annual assessment may not be decreased either by the Board or by the members, by more than ten percent (10%) in any one (1) year without the approval of a majority of the voting power of the Association residing in members other than the Declarant. Failure by the Board to set assessments shall not be deemed a waiver of the assessments but, rather, the prior year's assessment shall continue.

4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS OR EXTRAORDINARY EXPENSES; RESERVES FOR REPLACEMENT: The Board of Directors may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement on the common area, including fixtures and personal property related thereto, or for extraordinary expenses incurred by the Association, provided that in the event special assessments exceed in the aggregate five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, the vote or written consent of a majority of the voting power of the Association residing in members other than the Declarant shall be required to approve such assessments, and the Association shall obtain any approval that may be required under Section 3.A hereinabove. Special assessments shall be levied on the same basis as regular assessments, provided that a special assessment against owners to raise funds for the rebuilding or major repair of the structural common area housing units of the project shall be levied on the basis of the ratio of the square footage of the floor area of the unit to be assessed to the total square footage of floor area of all units to be assessed.

As part of the regular annual assessments for maintenance authorized above, the Board of Directors shall annually fix the amount to be contributed pro-rata by each member to reserve funds for the purpose of defraying in whole or in part, the cost or estimated cost of any reconstruction, repair or replacement of improvements, including fixtures and personal property related thereto. Such determination shall be made after consideration of the need for additional funds and of the Association's capital position. The Board shall maintain a separate account for those reserve funds. The Board shall fix the method of payment of such assessments and shall be empowered to permit either lump sum or monthly payments. Separate records shall be maintained for all funds deposited to said account which shall be designated as a "Reserve Account".

Amounts received by the Association as Contribution assessments or dues from the owners shall be held in one or more accounts.

Deposits shall be made, and funds accounted for, so that reserves for capital improvements and replacement may be clearly separated from funds for operating expenses or repair and maintenance funds if the Board considers it necessary. Capital improvement and replacement funds shall be used solely for capital improvements and replacements of the common area within the project.

5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER ARTICLE IV, SECTIONS 3 AND 4: Any action authorized under Article IV, Sections 3 and 4 shall be taken at a meeting called for that purpose, written notice of which shall be sent to all members not less than ten (10) nor more than ninety (90) days in advance of a meeting specifying the place, day, and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken.

For the purposes of Sections 3 and 4, a quorum means more than 50% of the members of the Association. Any meeting or election of the Association for purposes of complying with Sections 3 and 4, shall be conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3, Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code. The action may also be taken without a meeting pursuant to the provisions of California Corporations Code Section 7513.

6. DIVISION OF ASSESSMENTS: All annual assessments shall be charged to and divided equally among the unit owners according to the respective common interest share of each, as set forth in Article II, Section 2.8. Special assessments shall be levied in the same manner as regular annual assessments except as provided in Paragraph 4 of this Article IV.

7. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENT: DUE DATES: The regular assessments provided for herein shall commence as to all units covered by this Declaration on the first day of the

month following the conveyance of the first condominium to an individual owner. The first assessment shall be adjusted according to the number of months remaining in the calendar year. Subject to the provisions of Article IV, Section 3, hereof, the Board of Directors shall determine and fix the amount of the annual assessment against each unit and send written notice thereof to every owner at least sixty (60) days in advance of each annual assessment period. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified unit have been paid, and such certificate shall be conclusive evidence of such payment.

8. EFFECT OF NONPAYMENT OF ASSESSMENTS: Regular and special assessments levied pursuant to the governing documents are delinquent 15 days after they become due. If an assessment is delinquent the Association may recover all of the following:

(1) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees.

(2) A late charge not exceeding ten percent (10%) of the delinquent assessment or ten dollars (\$10), whichever is greater.

(3) Interest on all sums imposed in accordance with this section, including the delinquent assessment, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed twelve percent (12%) interest, commencing 30 days after the assessment becomes due.

9. TRANSFER OF UNIT BY SALE OR FORECLOSURE: The lien of the assessments, including interest, costs (including attorney's fees), provided for in Section 8 above, shall be subordinate to the lien of any first mortgage on any condominium. Sale or transfer of any unit shall not affect the assessment lien. However, the sale of any unit pursuant to mortgage foreclosure of any mortgage shall extinguish the lien of such assessments including fees, late charges, fines or interest levied in connection and herewith as to payments which became due prior to such sale or transfer (except for assessment liens recorded prior to the mortgage). No sale or transfer shall relieve such unit from liability for any assessments thereafter becoming due, or from the lien thereof. Each holder of a mortgage lien on a unit who comes into possession of the unit by virtue of foreclosure of the mortgage, or any purchaser at a foreclosure sale under a Deed of Trust, will take the unit free of any claims for unpaid assessments and fees, late charges, fines, or interest levied in connection therewith against the unit which accrue prior to the time such holder comes into possession of the unit, except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all project units including the mortgaged unit, and except for assessment liens recorded

prior to the mortgage. In a voluntary conveyance of a condominium, the grantee of the same shall be jointly and severally liable with the grantor for all unpaid assessments by the Association against the latter for his share of the common expenses up to the time of the grant or conveyance, without prejudice to the grantees' right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Association, setting forth the amount of the unpaid assessments against the grantor due the Association and such grantee shall not be liable for, nor shall the condominium conveyed be subject to a lien for any unpaid assessments made by the Association against the grantor in excess of the amount set forth in the statement, provided, however, that grantee shall be liable for any such assessment coming due after the date of any such statements.

10. PRIORITIES, ENFORCEMENT; REMEDIES: When a Notice of Assessment has been recorded, such assessment shall constitute a lien on each respective condominium prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies, which, by law, would be superior thereto, and (2) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage or Deed of Trust with first priority over other Mortgages or Deed of Trust) made in good faith and for value.

Fines and penalties for violations of restrictions are not assessments and are not enforceable by assessment lien.

A. A regular or special assessment and any late charges, reasonable costs of collection, and interest, as assessed in accordance with Section 8., shall be a debt of the owner of the separate interest at the time the assessment or other sums are levied.

B. The amount of the assessment, plus any costs of collection, late charges, and interest assessed in accordance with Section 8., shall be a lien on the owner's interest in the common interest development from and after the time the Association causes to be recorded with the County Recorder of the County in which the separate interest is located, a notice of delinquent assessment, which shall state the amount of the assessment and other sums imposed in accordance with Section 8., a description of the owner's interest in the common interest development against which the assessment and other sums are levied, the name of the record owner of the owner's interest in the common interest development against which the lien is imposed, and, in order for the lien to be enforced by nonjudicial foreclosure as provided in subdivision (d) the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice of delinquent assessment shall be signed by the person designated in the declaration or by the Association for that purpose, or if no one is designated, by the president of the Association. Upon payment of the sums specified in the notice of delinquent assessment, the Association shall cause

to be recorded a further notice stating the satisfaction and release of the lien thereof.

C. A lien created pursuant to subdivision (b) shall be prior to all other liens recorded subsequent to the notice of assessment, except that the declaration may provide for the subordination thereof to any other liens and encumbrances.

D. A lien created pursuant to subdivision (b) may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent assessment, or sale by a trustee substituted pursuant to Civil Code Section 2934a. Any sale by the trustee shall be conducted in accordance with the provisions of Civil Code Sections 2924, 2924b, and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trusts.

E. Nothing in this section or in subdivision (a) of Section 726 of the Code of Civil Procedure prohibits actions against the owner of a separate interest to recover sums for which a lien is created pursuant to this section or prohibits an association from taking a deed in lieu of foreclosure.

The Association, acting on behalf of the condominium owners, shall have the power to bid for the condominium at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same.

Where the purchase of a foreclosure unit will result in a five percent (5%) or greater increase in assessments, the purchase shall require the vote or written consent of a majority of the total voting power of the Association, including a majority of members other than Declarant. During the period a unit is owned by the Association, following foreclosure: (1) No right to vote shall be exercised on behalf of the unit; (2) no assessment shall be assessed or levied on the unit; and (3) each other unit shall be charged, in addition to its usual assessment, its pro-rata share of the assessment that would have been charged to such unit had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid common expenses, rent and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same.

After acquiring title to the unit at foreclosure sale following notice and publication, the Association may execute, acknowledge and record a deed conveying title to the unit which deed shall be binding upon the owners, successors, and all other parties.

The Board may temporarily suspend the voting rights (and rights to use recreational facilities) of a member who is in default in payment of any assessment, after notice and hearing, pursuant to California Corporations Code Section 7341 as provided in the By-Laws.

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11. UNALLOCATED TAXES: In the event that any taxes are assessed against the common area, or the personal property of the Association, rather than against the units, said taxes shall be included in the assessments made under the provisions of Article III, Section 1 and, if necessary, a special assessment may be levied against the units in an amount equal to said taxes to be paid in two installments, thirty (30) days prior to the due date of each tax installment.

**ARTICLE V
MANAGEMENT OF THE PROJECT**

1. DUTIES: In addition to the duties enumerated in its Bylaws, or elsewhere provided for in this Declaration, and without limiting the generality thereof, the Association acting through the Board of Directors shall perform the following duties:

A. MAINTENANCE: The Association shall maintain, repair, replace, restore, operate and manage all of the common area including all facilities, improvements, furnishings, equipment and landscaping thereon, and all property that may be acquired by the Association. Maintenance shall include (without limitation): Painting, maintaining, repairing and replacing of all common areas, exterior glass surfaces; landscaping, including landscaping along street frontage (except for those private areas, if any, which are to be maintained by owners as per Article VIII, Paragraph 7), balconies, patios, parking areas and recreational facilities. The responsibility of the Association for maintenance and repair shall not extend to repairs or replacements arising out of or caused by the willful or negligent act or neglect of an owner, or his guests, tenants or invitees, but the cost not covered by insurance shall be borne by the owner or negligent party thereof. The repair or replacement of a condominium unit exterior resulting from such excluded items shall be the responsibility of each owner; provided, however, that if an owner shall fail to make the repairs or replacements which are the responsibility of each owner, as provided above, then, after 30 days notice to the owner and a public hearing, and upon vote of a majority of the Board of Directors, as per this Article 2F, the Association shall have the right (but not the obligation) to enter the condominium and make such repairs or replacements, and the cost thereof shall be added to the assessments chargeable to such condominium and shall be payable to the Association by the owner of such condominium.

B. INSURANCE: The Association shall maintain such policy or policies of insurance as are required by Article VIII of this Declaration.

C. DISCHARGE OF LIENS: The Association shall discharge by payment, if necessary, any lien against the common area, and assess the cost thereof to the member or members responsible for the existence of said lien.

D. ASSESSMENTS: The Association shall fix, levy, collect and enforce assessments as set forth in Article IV hereof.

E. PAYMENT OF EXPENSES: The Association shall pay all expenses and obligation incurred by the Association in the conduct of its business including, without limitation, all

licenses, taxes or governmental charges levied or imposed against the property of the Association.

F. ENFORCEMENT: The Association shall enforce this Declaration.

G. SECURITY: The Association shall provide security for the common area.

H. BUSINESS LICENSE: The Association need not register and obtain a business license from the Said City.

2. POWERS: In addition to the powers enumerated in its By-Laws or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the following powers:

A. UTILITY SERVICE: The Association shall have authority to obtain, for the benefit of all of the condominium units, all water, gas and electric service and refuse collection, janitorial or landscaping service.

B. EASEMENTS: The Association shall have authority by document signed by three-fourths (3/4) of the total voting power of the Association to grant easements where necessary for utilities and sewer facilities over the common area to serve the common and open space areas and the condominium units.

C. MANAGER: The Association shall have the authority to employ a manager or other person and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, except for the responsibility to levy fines, impose discipline, hold hearings, file suit, record or foreclose liens, or make capital expenditures, provided that any contract with a firm or person appointed as manager or managing agent shall not exceed a one (1) year term, shall provide for the right of the Association to terminate the same for cause on thirty (30) days written notice or without cause or payment of a termination fee on ninety (90) days written notice.

D. ADOPTION OF RULES: The Association may adopt reasonable rules and regulations not inconsistent with this Declaration relating to the use of the common area and all facilities thereon, and the conduct of owners and their tenants and guests with respect to the property and other owners.

E. ACCESS: For the purpose of performing the maintenance authorized herein or for any other purpose reasonably related to the performance by the Association or the Board of Directors of their respective responsibilities, the Association's agents or employees shall have the right, after

reasonable notice (not less than twenty-four (24) hours except in emergencies) to the owner thereof, to enter any unit or to enter any portion of the common area at reasonable hours. Such entry shall be made with as little inconvenience to the owner as practicable and any damage caused thereby shall be repaired by the Board at the expense of the Association.

F. ASSESSMENTS, LIENS AND FINES: The Association shall have the power to levy and collect assessments in accordance with the provisions of Article IV hereof. The Association may impose fines or take disciplinary action against any owner for failure to pay assessments or for violation of any provision of the Condominium Documents. Penalties may include, but are not limited to; fines, temporary suspension of voting rights, (rights to the use of recreation facilities) or other appropriate discipline, provided that the accused member is given fifteen (15) days prior notice and the opportunity to be heard by the Board of Directors with respect to the alleged violations, orally or in writing not less than five (5) days before the effective date of the suspension or other discipline.

G. ENFORCEMENT: The Association shall have the authority to enforce this Declaration as per Article VIII Section 1 hereof.

H. ACQUISITION OF PROPERTY: The Association shall have the power to acquire (by gift, purchase or otherwise) own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association. Any transfer of property shall be by document signed or approved by three-fourths (3/4) of the total voting power of the Association.

I. LOANS: The Association shall have the power to borrow money, and only with the assent (by vote or written consent) of three-fourths (3/4) of the total voting power of the Association to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security or money borrowed or debts incurred.

J. DEDICATION: The Association shall have the power to dedicate all or any part of the common area to any public agency, authority, or utility for such purpose and subject to such conditions as may be agreed to by the members. No such dedication shall be effective unless an instrument has been signed by three-fourths (3/4) of the total voting power of the Association agreeing to such dedication.

K. CONTRACTS: The Association shall have the power to contract for goods and/or services of the common area(s) facilities and interest or for the Association, subject to

limitations elsewhere set forth in the in the Condominium Documents.

L. DELEGATION: The Association, the Board, and the officers of the Association shall have the power to delegate their authority and powers to committees, officers or employees of the Association, or to a manager employed by the Association, provided that the Board shall not delegate its responsibility:

- (1) To hold hearings, levy fines, or impose discipline;
- (2) To make capital expenditures; or
- (3) To file suit, record a claim of lien, or foreclose for failure to pay assessments.

M. SECURITY: The Association shall have the power to contract for security service and fire alarm service for the common area.

ARTICLE VI
UTILITIES

1. OWNERS' RIGHTS AND DUTIES: The rights and duties of the owners of condominiums within the project with respect to sanitary sewer, water, drainage, electric, gas, television receiving, telephone equipment, cables and elevators, elevator shafts, exhaust flues, and heating and air-conditioning facilities, (hereafter referred to collectively as "utility's facilities") shall be as follows:

A. Whenever utility's facilities are installed within the property, which utility's facilities or any portion thereof lie in or upon condominiums owned by other than the owner of a condominium served by said utility's facilities, the owners of any condominium served by said connection shall have the right, of reasonable access for themselves or for utility companies or anyone to repair, replace and generally maintain said utility's facilities as and when necessary, due to failure of the Board to take timely action to make such repairs or perform such maintenance.

B. Whenever utility's facilities are installed within the property which connections serve more than one (1) condominium the owner of each condominium served by said utility's facilities shall be entitled to the full use and enjoyment of such portions of said connections as service his condominium.

C. In the event of a dispute between owners with respect to the repair or rebuilding of said connections or with respect to the share or the cost thereof, then upon written request of one of such owners addressed to the Association, the matter shall be submitted to arbitration pursuant to the rules of the American Arbitration Association, and the decision of the arbitrator(s) shall be final and conclusive on the parties.

2. EASEMENTS FOR UTILITIES AND MAINTENANCE: Easements over and under the property for the installation, repair and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities, heating and air-conditioning facilities, walkways and landscaping as shown on the recorded map of the property, and as may be hereinafter required or needed to service the property, are hereby reserved by Declarant and its successors and assigns, including the Association, together with the right to grant and transfer the same.

3. ASSOCIATION'S DUTIES: The Association shall maintain all utility installations located in the common area, except for those installations maintained by utility companies, whether public, private or municipal. The Association shall pay all charges for utilities supplied to the project except those metered or charged separately to the units.

ARTICLE VII
USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the property and each condominium herein is subject to the following:

1. CONDOMINIUM USE: No Condominium shall be occupied and used except for residential purposes by the owners, their tenants, and social guests, and no trade or business shall be conducted therein, except that Declarant, its successors or assigns, may use any unit or units in the project owned by Declarant for a model home site or sites and display and sales office during that period of time commencing when the condominiums are first offered for sale to the public and ending when all the condominiums in the project are sold and conveyed by declarant to separate owners thereof or three (3) years after the date of the sale of the first condominium in the project, whichever shall first occur. No tent, shack, trailer, basement, garage, outbuilding or structure of a temporary character shall be used at any time as a residence, either temporarily or permanently. Residents shall be limited as follows: No unit or units or any portion thereof in the project shall be leased, subleased, occupied, rented, let, sublet, or used for or in connection with any time-sharing agreement, plan, program, or arrangement, including, without limitation, any so-called "vacation license", "travel club", "extended vacation", or other membership or time-interval ownership arrangement. The term "time-sharing" as used herein shall be deemed to include, but shall not be limited to, any agreement, plan, program, or arrangement under which the right to use, occupy, or possess the unit or units or any portion thereof in the project rotates among various persons, either corporate, partnership, individual, or otherwise, on a periodically recurring basis for value exchanged, whether monetary or like-kind use privileges, according to a fixed or floating interval or period of time of thirty (30) consecutive calendar days or less. Provided, this section shall not be construed to limit the personal use of any unit or any portion thereof in the project by any unit owner or his or her or its social or familial guests.

2. NUISANCES: No noxious, illegal, or seriously offensive activities shall be carried on upon any condominium, or in any part of the property, nor shall anything be done thereon which may be or may become a serious annoyance or a nuisance to, or which may in any way interfere with the quiet enjoyment of each of the owners of the respective unit, or which shall in any way increase the rate of insurance for the project, or cause any insurance policy to be cancelled or to cause a refusal to renew the same, or which will impair the structural integrity of any building, or which will endanger the lives or the health of the occupants.

3. VEHICLE RESTRICTIONS: NO trailer, camper, mobile home, motor home, house car, commercial vehicle, truck (other than

standard size pickup truck or standard size van), boat, inoperable automobile, or similar equipment shall be permitted to remain upon any area within the property, other than temporarily, unless placed or maintained within an enclosed garage or carport. Commercial vehicles shall not include sedans or standard size vans and pickup trucks which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No noisy or smoky vehicles shall be operated on the property. No unlicensed motor vehicles shall be stored or operated upon the property. Garages shall be used to park permitted vehicles, and not for storage. Twenty-four (24) hours after notice has been personally delivered to the owner or placed on the windshield of a vehicle or seventy-two (72) hours after notice has been mailed to the address of the registered owner of a vehicle parked, stored, or maintained on the premises, in violation of the provisions of this Declaration, the owner shall be deemed to have consented to the removal of said vehicle from the project, and the Association or its agents or employees shall have the authority to tow away and store any such vehicle, whether said vehicle shall belong to a unit owner, or his tenant, a member of his family, or his guest or invitee. Charges for such towing and storage shall be paid by the unit owner responsible for the presence of such vehicle.

4. **SIGNS:** No signs shall be displayed to the public view on any units or on any portion of the property except such signs as are approved by the Board or Committee appointed by one Board. One (only) "For Sale" or "For Rent" sign per unit shall be allowed provided it does not exceed three (3) square feet in size.

5. **ANIMALS:** No animals, reptiles, insects or birds of any kind shall be raised, bred, or kept in any condominium, or on any portion of the property; except that no more than two usual ordinary household pets such as dogs, cats, birds, etc., may be kept, provided that they are not kept, bred, or maintained for any commercial purposes, and they are kept under reasonable control at all times. Notwithstanding the foregoing, no pets may be kept on the property which are unreasonably obnoxious to other unit owners. No pets shall be allowed in the common area except as may be permitted by the rules of the Board. No dog shall enter the common area except while on a leash which is held by a person capable of controlling it. After making a reasonable attempt to notify the owner, the Association or any owner may cause any unleashed dog found within the common area to be removed by the Association (or any owner) to a pound or animal shelter under the jurisdiction of Said City each by calling the appropriate authorities, whereupon the owner may, upon payment of all expenses connected therewith, repossess the dog. A dog whose barking disturbs others may be removed from the premises by order of the Board as per Article V hereof. Owners shall prevent their pets from soiling all portions of the common area where other persons customarily walk and shall promptly clean up any mess left by their pets.

6. GARBAGE AND REFUSE DISPOSAL: All rubbish, trash and garbage shall be regularly removed from the property, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. All equipment, garbage cans, wood piles or storage piles shall be kept screened and concealed from view of other units, streets and common areas.

7. RADIO AND TELEVISION ANTENNAS: No alteration to or modification of a central radio and/or television antenna system or cable television system, whichever is applicable, as developed by Declarant and as maintained by the Association, shall be permitted, and no owner may be permitted to construct and/or use and operate his own external radio and/or television antenna without the consent of the Board. Any cable antenna system shall be provided by a company or entity duly licensed to provide such service within the Said City. The provisions of this Article shall not be amended, modified or changed without first obtaining the written consent of Said City.

8. RIGHT TO LEASE: The respective condominiums shall not be rented by the owners thereof for transient or hotel purposes, which shall be defined as (a) rental for any period less than thirty (30) days, or (b) any rental if the occupants of the unit are provided customary hotel service, furnishing laundry and linen, and bellboy service. Subject to the foregoing restrictions, the owners of the respective condominiums shall have the absolute right to lease same provided that the lease is made subject to the covenants, conditions and restrictions, limitations and uses contained in this Declaration and the By-Laws. All owners leasing or renting their units shall promptly notify the Secretary of the Association in writing of the names of all tenants and members of tenant's family occupying such unit and of the addresses and telephone number(s) where such owner can be reached. All leases shall be required to be in writing.

9. ARCHITECTURAL CONTROL: No building, fence, wall, obstruction, balcony, screen, patio, patio cover, tent, awning, protective grill, carport, carport cover, improvement, or structure of any kind shall be commenced, erected, painted or maintained upon the property, nor shall any alteration or improvement of any kind be made thereto until the same has been approved in writing by the Board, or by an Architectural Control Committee appointed by the Board. Plans and specifications showing the nature, kind, shape, color, size, materials and location of such improvements, alterations, etc., shall be submitted to the Board or to the Architectural Control Committee for approval as to quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to repaint in accordance with Declarant's original color scheme, or to rebuild in accordance with a color scheme previously approved by the Board or the

Committee, or to rebuild in accordance with plans and specifications previously approved by the Board or by the committees.

No landscaping of patios or yards visible from the street or from the common area not involving the use of natural plants, grass, trees or shrubs, and which does involve the use of synthetic materials, or of concrete, rock, or similar materials, shall be undertaken by any owner until plans and specifications showing the nature, kind, shape, and location of the materials shall have been submitted to and approved in writing by the Board or by an Architectural Control Committee appointed by the Board.

Subject to the provisions of this Declaration and other applicable provisions of law, if the boundaries of the separate interest are contained within a building, the owner of the separate interest may do the following:

1. Make any improvements or alterations within the boundaries of his or her separate interest that do not impair the structural integrity or mechanical systems or lessen the support of any portions of the common interest development.

2. Modify a unit in a condominium project, at the owner's expense, to facilitate access for persons who are blind, visually handicapped, deaf, or physically disabled, or to alter conditions which could be hazardous to these persons. These modifications may also include modifications of the route from the public way to the door of the unit for the purposes of this paragraph if the unit is on the ground floor or already accessible by an existing ramp or elevator. The right granted by this paragraph is subject to the following conditions:

- A. The modifications shall be consistent with applicable building code requirements.

- B. The modifications shall be consistent with the intent of otherwise applicable provisions of this Declaration pertaining to safety or aesthetics.

- C. Modifications external to the dwelling shall not prevent reasonable passage by other residents, and shall be removed by the owner when the unit is no longer occupied by persons requiring those modifications who are blind, visually handicapped, deaf, or physically disabled.

- D. Any owner who intends to modify a unit pursuant to this paragraph shall submit his or her plans and specifications to the Architectural Control Committee for review to determine whether the modifications will comply with the provisions of this paragraph. The Association shall not deny approval of the proposed modifications under this paragraph without good cause.

- E. Any change in the exterior appearance of a separate interest shall be in accordance with this Declaration and

applicable provisions of law.

The Architectural Control Committee shall consist of three (3) members. Declarant may appoint all of the original members of the Committee and all replacements until the first anniversary of the issuance of the original Public Report for the project. The Declarant reserves to itself the power to appoint a majority of the members to the Committee until ninety percent (90%) of all the units in the project (including subsequent phases if any) have been sold or until the fifth anniversary of the issuance of the original Public Report for the project, whichever occurs first. After one (1) year from the date of the issuance of the original Public Report for the project, the Board shall have the power to appoint one (1) member to the Architectural Control Committee until ninety percent (90%) of all the units in the [overall] project have been sold or until the fifth anniversary date of the issuance of the original Public Report for the project whichever first occurs. Thereafter, the Board 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 by the declarant need not be members of the Association. A majority of the Architectural Control Committee may designate a representative to act for it. In the event of death or resignation of any member of the Committee, the successor shall be appointed by the person, entity or group which appointed such member until declarant no longer has the right to appoint any members to the Committee, and thereafter, the remaining members of the Committee shall have full authority to designate such a successor. Neither the members of the Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto. At any time after the Declarant's right to appoint a majority of the members of the Committee is terminated, the then record owners of a majority of the units shall have the power, through a duly recorded written instrument to change the membership of the Committee or to change any of its powers and duties. In the event the Committee fails to approve or disapprove plans and specifications within thirty (30) days after the same have been submitted to it, approval will not be required and the related covenants shall be deemed to have been fully complied with.

10. WINDOW COVERINGS: All draperies, curtains or window coverings visible from the street or common areas shall be in colors and patterns which are approved by the Board or its authorized committee.

11. CLOTHES LINES: No exterior clothes lines shall be erected or maintained and there shall be no outside laundering or drying of clothes.

12. POWER EQUIPMENT AND CAR MAINTENANCE: No power equipment, hobby shops, or car maintenance (other than emergency work) shall be permitted on the property except with prior written approval

of the Board. Approval shall not be unreasonably withheld and in deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio and television reception, and similar objections.

13. LIABILITY OF OWNERS FOR DAMAGE TO COMMON AREA: The owner of each unit shall be liable to the Association, as such liability may be determined pursuant to the laws of the State of California, for all damages to the common area or improvements thereon caused by such owner or any occupant of his unit or guest, except for the portion of said damage, if any, fully covered by insurance. Liability of an owner shall be established only after notice to the owner and hearing before the Board. In the event an owner disagrees with the decision of the Board on the question of liability, the owner may petition a court of law or submit the matter to arbitration under the rules of the American Arbitration Association.

14. ADDITIONAL VEHICLE RESTRICTIONS: All maintenance work on vehicles shall be performed within the owner's garage or parking space. No open yard areas or other common area shall be used for parking vehicles, even temporarily, nor shall the common driveway, if any, be used at any time for parking purposes thereby preventing ingress to or egress from the adjacent unit or parking space. These additional vehicle restrictions are subject to the enforcement procedures as set forth in paragraph 2 hereinabove.

15. BASKETBALL STANDARDS: No basketball apparatus or fixed sport apparatus attached to the exterior surface of any portion of the common area, shall be permitted on the property.

ARTICLE VIII
GENERAL PROVISIONS

1. **ENFORCEMENT:** The Association, or any owner, (or Said City at its discretion and within the legitimate exercise of its police power) (after giving due notice to the Association or to the affected owner) shall have the right (but not the obligation) to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration, the Articles and the Bylaws, and in such action shall be entitled to recover reasonable attorneys' fees as are ordered by Court. However, the Association may not cause a forfeiture or abridgment of an owner's rights to the full use and enjoyment of his individually owned subdivision interest on account of a failure by the owner to comply with provisions of the governing instruments or of duly-enacted rules of operation for common areas and facilities except where the loss or forfeiture is the 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. Failure by the Association or by any owner (or by the Said City) to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

2. **INVALIDITY OF ANY PROVISION:** Should any provision or portion hereof be declared invalid or in conflict with any law of the jurisdiction where this Project is situated, the validity of all other provisions and portions hereof shall remain unaffected and in full force and effect.

3. **TERM:** The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by the Association or the owner or any property subject to this Declaration, their respective legal representatives, heirs successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing signed by a majority of the owners of the condominiums, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to terminate said Covenants and Restrictions in whole or in part.

4. **AMENDMENTS:** Prior to close of escrow on the sale of the first unit, declarant may amend this Declaration (with the consent of the Department of Real Estate as to any amendment constituting a material change). After the sale of the first unit, this Declaration may be amended only by the affirmative vote of not less than seventy five percent (75%) of the unit owners, and at least a bare majority of votes of members other than the Declarant. If a two-class voting structure is provided and is still in effect in the Association, none of the governing instruments may be amended without the vote or written assent of a prescribed percentage of the voting power of each class of membership or a prescribed percentage of a quorum of members of each class. The percentage of the voting power 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. In addition, approval must be obtained from eligible mortgage holders representing at least 51% of the votes of unit estates that are subject to mortgages held by eligible holders. A change to any of the following would be considered as material:

- . voting rights;
- . assessments, assessment liens, or subordination of assessment liens;
- . reserves for maintenance, repair and replacement of common areas;
- . responsibility for maintenance and repairs;
- . reallocation of interests in the general or limited common areas, or rights to their use;
- . boundaries of any unit;
- . convertibility of units into common areas or vice versa;
- . expansion or contraction of the project, or the addition, annexation withdrawal of property to or from the project.
- . insurance or fidelity bonds;
- . leasing of units;
- . imposition of any restrictions on a unit owner's right to sell or transfer his or her unit;
- . a decision by the owners' association to establish self-management when professional management had been required previously by an eligible mortgage holder;
- . restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents;
- . any action to terminate the legal status of the project after substantial destruction or condemnation occurs; or
- . any provisions that expressly benefit mortgage holders, insurers or guarantors.

The Association, or any owner of a separate interest, may petition the superior court of the county in which the common interest development is located for an order reducing the percentage of the affirmative votes necessary for such an amendment. The petition shall describe the effort that has been made to solicit approval of the association members in the manner provided in the declaration, the number of affirmative and negative votes actually received, the number or percentage of affirmative votes required to affect the amendment in accordance with the

existing declaration, and other matters the petitioner considers relevant to the court's determination. The petition shall also contain, as exhibits thereto, copies of all of the following:

1. The governing documents.
2. A complete text of the amendment.
3. Copies of any notice and solicitation materials utilized in the solicitation of owner approvals.
4. A short explanation of the reason for the amendment.
5. Any other documentation relevant to the court's determination.

Any amendment accompanied by a certification signed by a majority of the Board of Directors stating that said voting requirements were met must be recorded and shall become effective upon being recorded in the Recorder's Office of the County of Los Angeles. No amendment shall adversely affect the rights of the holder of any mortgage of record prior to the recordation of such amendment.

5. ENCROACHMENT EASEMENTS: Each Condominium within the property is hereby declared to have an easement over all adjoining condominiums and the common area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights or 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 or common area shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. In units where air-conditioning equipment is installed, an easement over the common area into which the air-conditioning equipment encroaches shall exist for the purpose of maintenance, replacement, and repair of said equipment.

6. RIGHTS OF FIRST LENDERS: No breach of any of the covenants, conditions, and restrictions herein contained, nor the enforcement of any lien provisions herein, shall render invalid the lien of any first mortgage (meaning a mortgage with first priority over any other mortgage) on any unit made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any owner whose

title is derived through foreclosure or trustee's sale, or otherwise. Notwithstanding any provision in the condominium documents to the contrary, first lenders shall have the following rights:

A. COPIES OF PROJECT DOCUMENTS: The Association shall make available to unit owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration, By-Laws, Articles or other rules concerning the project and the books, records and financial statements of the Association. "Available" means available for inspection and copying, upon request, during normal business hours or under other reasonable circumstances.

B. AUDITED STATEMENT: The holders of fifty-one percent (51%) or more of first mortgages shall be entitled, upon written request, to have an audited financial statement for the immediately preceding fiscal year prepared at their expense if one is not otherwise available. Such statement shall be furnished within a reasonable time following such request.

C. NOTICE OF ACTION: Upon written request to the Association, identifying the name and address of the eligible mortgage holder or eligible insurer or guarantor, and the unit number or address, such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of (1) condemnation loss or any casualty loss which affects a material portion of the project or any unit on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable; (2) any default in performance of obligations under the project documents or delinquency in the payment of assessments or charges owed by an owner of a unit subject to a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days; (3) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; (4) any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified in Section D. The Association shall discharge its obligation to notify eligible holders or eligible insurers or guarantors by sending written notices required herein to such parties at the address given on the current request for notice, in the manner prescribed by Paragraph 13 of this Article VIII.

D. CONSENT TO ACTION:

(1) Except as provided by statute or by other provision of the project documents in case of substantial destruction or condemnation of the project, and further excepting any re-allocation of interests in the common areas which might occur pursuant to any plan of expansion or phased development contained in the original project documents:

(a) The consent of owners of units to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of eligible mortgage holders holding mortgages on units which have at least sixty-seven percent (67%) of the votes of units subject to eligible holder mortgages, shall be required to terminate the legal status of the project as a condominium project.

(b) The consent of owners of units to which at least sixty-seven (67%) of the votes in the Association are allocated and the approval of eligible mortgage holders holding mortgages on units which have at least fifty-one percent (51%) of the votes of the units subject to eligible holder mortgages, shall be required to add or amend any material provisions of the project documents which establish, provide for, govern or regulate any of the following: (i) voting; (ii) assessments, assessment liens or subordination of such liens; (iii) reserves for maintenance, repair and replacement of the common areas (or units if applicable); (iv) insurance or fidelity bond; (v) rights to use of common areas; (vi) responsibility for maintenance and repair of the several portions of the project; (vii) expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project (except as provided in paragraph D (1) above; (viii) boundaries of any unit; (ix) the interests in the general or restricted common areas; (x) convertibility of units into common areas or of common areas into units; (xi) leasing of units; (xii) imposition of any right of first refusal or similar restriction on the right of a unit owner to sell, transfer, or otherwise convey his or her unit; (xiii) any provisions which are for the express benefit of mortgage holders, eligible mortgage holders, or eligible insurers or guarantors of first mortgages on units.

(c) An addition or amendment to such document shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. An eligible mortgage holder who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

(2) Except as provided by statute in case of condemnation or substantial loss to the units and/or common elements of the condominium project, unless the holder(s) of at least two-thirds (2/3) of the first mortgages (based upon one vote for each first mortgage owned), or owners of the individual condominium units have given their prior written approval, the Association and/or owners shall not be entitled to:

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(a) By act or omission, seek to abandon or terminate the condominium project (except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain).

(b) Change the pro rata interest or obligations of any individual condominium unit for the purpose of (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each condominium unit in the common area.

(c) Partition or subdivide any condominium unit.

(d) By act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the common area. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the common area by the condominium project shall not be deemed a transfer within the meaning of this clause).

(e) Use hazard insurance proceeds for losses to any condominium property (whether to units or to common area) for other than the repair, replacement or reconstruction of such condominium property.

Each mortgagee shall inform the Association in writing of its

1. Current mailing address.
2. Request to be notified prior to any of the above actions.

E. RIGHT OF FIRST REFUSAL: The condominium documents contain no provisions creating a "right of first refusal", but should any such rights be created in the future, any such rights shall not impair the rights of any first lender to:

(1) foreclose or take title to a condominium unit pursuant to the remedies provided in the mortgage, or (2) accept a deed (or assignment) in lieu of foreclosure in the event of a default by mortgagor, or (3) sell or lease a unit acquired by the mortgagee.

F. CONTRACTS: Any agreement for professional management of the condominium project, or lease or any other contract providing for services of the developer, sponsor, or builder, may not exceed one (1) year. Any agreement, contract, or lease, including a management contract entered into prior to passage of control of the Board of Directors of the Association to unit purchasers, must provide for termination by either party for cause on thirty (30) days' written notice, or without cause and without payment of a termination fee or penalty on ninety (90) days' or less written notice.

G. RESERVES: Condominium dues or charges shall include

an adequate reserve fund for maintenance, repairs and replacement of those improvements which the Association is obligated to maintain that must be replaced on a periodic basis, and shall be payable in regular installments rather than by special assessments.

H. FNMA AND FHLMC REQUIREMENTS FOR WORKING CAPITAL:
No requirements.

I. PRIORITY OF LIENS: Each holder of a first mortgage lien on a unit who comes into possession of the unit by virtue of foreclosure of the mortgage, or any purchaser at a foreclosure sale under a First Deed of Trust, will take the unit free of any claims for unpaid assessments and fees, late charges, fines, or interest levied in connection therewith against the unit which accrue prior to the time such holder comes into possession of the unit, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all project units including the mortgaged unit, and except for assessment liens recorded prior to the mortgage.

J. DISTRIBUTION OF INSURANCE OF CONDEMNATION PROCEEDS: No provision of the condominium constituent documents gives a condominium unit owner, or any other party, priority over any rights of first mortgagees of condominium units pursuant to their mortgages in the case of a distribution to condominium unit owners of insurance proceeds or condemnation awards for losses to or taking of condominium units and/or common elements.

K. RESTORATION OR REPAIR: Any restoration or repair of the project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless other action is approved by eligible mortgage holders representing at least fifty-one (51%) of the votes of units that are subject to mortgages held by eligible mortgage holders.

L. TERMINATION: Any election to terminate the legal status of the project after substantial destruction or a substantial taking in condemnation of the project property must require the approval of eligible mortgage holders representing at least fifty-one percent (51%) of the votes of units that are subject to mortgages held by eligible mortgage holders.

M. REALLOCATION OF INTERESTS: No reallocation of interests in the common areas resulting from a partial condemnation or partial destruction of the project may be effected without the prior approval of eligible mortgage holders representing at least fifty-one percent (51%) of the votes of units that are subject to mortgages held by eligible mortgage holders.

N. TERMINATION OF PROFESSIONAL MANAGEMENT: When professional management has been previously required by any eligible mortgage holder or eligible insurer or guarantor whether such entity became an eligible mortgage holder or eligible insurer or guarantor at that time or later, any decision to establish self management by the Association shall require the prior consent of owners of units representing at least sixty-seven percent (67%) of the votes in the Association and the approval of eligible mortgage holders representing at least fifty-one percent (51%) of the votes of units subject to eligible holder mortgages.

7. OWNER'S RIGHT AND OBLIGATION TO MAINTAIN AND REPAIR: Except for those portions of the project which the Association is required to maintain and repair, each unit owner shall, at his sole cost and expense, maintain and repair his unit and shall maintain landscaping within any private areas appurtenant thereto which may be part of the restricted common area, keeping the same in good condition. Each unit owner shall keep those portions of any restricted area to which he has exclusive easement rights clean and neat. Each owner shall have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and door bounding his unit. In the event an owner fails to maintain the interior of his unit or the landscaping within those private areas, if any, in a manner which the Board deems necessary to preserve the appearance and value of the property, the Board may notify owner of the work required and request it be done within sixty (60) days from the giving of such notice. In the event owner fails to carry out such maintenance within said period, after the enforcement procedure per Article V hereof, the Board may cause such work to be done and may specially assess the cost thereof shall immediately be paid by such owner to the Association and until paid shall bear interest at the rate of fifteen percent (15%) per annum (but no greater than the maximum rate allowed by law).

8. INSURANCE; DAMAGE OR DESTRUCTION:

A. INSURANCE: The Association shall obtain and maintain the following insurance:

(1) A casualty policy insuring all improvements and fixtures on the property;

(2) A comprehensive public liability insuring the Association, its agents, the Declarant, and the owners and occupants of the condominiums and their respective family members, guests, invitees, and agents against any liability incident to the ownership or use of the common area or any other Association owned or maintained real or personal property;

(3) Workers' compensation insurance to the extent required by law;

(4) Fidelity bonds or insurance covering officers, directors, and employees that have access to any Association funds;

(5) Flood insurance if the project is located in an area designated by an appropriate governmental agency as a special flood hazard area;

(6) Officers and directors liability insurance; and

(7) Such other insurance as the Board in its discretion considers necessary or advisable.

The amount, term, and coverage of any policy required hereunder (including the type of endorsements, the amount of the deductible, the named insureds, the loss payees, standard mortgage clauses, and notices of changes or cancellations) shall satisfy the minimum requirements imposed for this type of project by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) or any successor thereto. If the FNMA or FHLMC requirements conflict, the more stringent requirement shall be met. If FNMA and FHLMC do not impose requirements on any policy required hereunder, the term, amount, and coverage of such policy shall be no less than that which is customary for similar policies on similar projects in the area.

Each owner appoints the Association or any insurance trustee designated by the Association to act on behalf of the owners in connection with all insurance matters arising from any insurance policy maintained by the Association, including, without limitation, representing the owners in any proceeding, negotiation, settlement, or agreement.

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, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The Association shall periodically (and not less than once every three (3) years) review all insurance policies maintained by the Association to determine the adequacy of the coverage and to adjust the policies accordingly.

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

No condominium owner shall separately insure his or her condominium against loss by fire or other casualty covered by any insurance carried by the Association. If any owner violates this provision, any diminution in insurance proceeds

otherwise payable under the Association's policies that results from the existence of such other insurance will be chargeable to the owner who acquired other insurance. Any owner can insure his or her personal property against loss and obtain any personal liability insurance that he or she desires. In addition, any improvements made by an owner within his or her unit may be separately insured by the owner, but the insurance is to be limited to the type and nature of coverage commonly known as "tenant's improvements".

Each buyer of a condominium shall pay the portion of the premiums attributable to the buyer's condominium (prorated to the date of close of escrow) for the policy or policies purchased by Declarant for the Association.

B. DAMAGE OR DESTRUCTION: If project improvements are damaged or destroyed by fire or other casualty, the improvements shall be repaired or reconstructed substantially in accordance with the original as-built plans and specifications, modified as may be required by applicable building codes and regulations in force at the time of such repair or reconstruction and subject to such alterations or upgrades as may be approved by the Architectural Control Committee, unless either of the following occurs: (1) the cost of repair or reconstruction is more than fifty percent (50%) of the current replacement costs of all project improvements, available insurance proceeds are not sufficient to pay for at least eighty-five percent (85%) of the cost of such repairs or reconstruction, and three-fourths (3/4) of the total voting power of the Association residing in members and their first lenders vote against such repair and reconstruction; or (2) available insurance proceeds are not sufficient to substantially repair or reconstruct the improvements within a reasonable time as determined by the Board, a special assessment levied to supplement the insurance fails to receive the requisite approval (if such approval is required) as provided in Article IV Section 4, and the Board, without the requirement of approval by the owners, is unable to supplement the insurance by borrowing on behalf of the Association sufficient monies to enable the improvements to be substantially repaired or reconstructed within a reasonable time.

If the improvement is to be repaired or reconstructed and the cost for repair or reconstruction is in excess of \$20,000, the Board shall designate a construction consultant, a general contractor, and an architect for the repair or reconstruction. All insurance proceeds, Association monies allocated for the repair or reconstruction, and any borrowings by the Association for the repair or reconstruction shall be deposited with a commercial lending institution experienced in the disbursement of construction loan funds (the "depository") as selected by the Board. Funds shall be disbursed in accordance with the normal construction loan practices of the depository that require as a minimum that the

construction consultant, general contractor, and architect certify within ten (10) days prior to any disbursement substantially the following:

(1) That all of the work completed as of the date of such request for disbursement has been done in compliance with the approved plans and specifications;

(2) That such disbursement request represents monies which either have been paid by or on behalf of the construction consultant, the general contractor or the architect and/or are justly due to the contractors, subcontractors, materialmen, engineers, or other persons (whose names and addresses shall be stated) who have rendered or furnished certain services or materials for the work and giving a brief description of such services and materials and the principal subdivisions or categories thereof and the respective amounts paid or due to each of said persons in respect thereof and stating the progress of the work up to the date of said certificate;

(3) That the sum then requested to be disbursed plus all sums previously disbursed does not exceed the cost of the work insofar as actually accomplished up to the date of such certificate;

(4) That no part of the cost of the services and materials described in the foregoing paragraph A has been or is being made the basis for the disbursement of any funds in any previous or then pending application; and

(5) That the amount held by the depository, after payment of the amount requested in the pending disbursement request, will be sufficient to pay in full the costs necessary to complete the repair or reconstruction.

If the cost of repair or reconstruction is \$20,000 or less, the Board shall disburse the available funds for the repair and reconstruction under such procedures as the Board deems appropriate under the circumstances.

If the improvements are not repaired or reconstructed in accordance with the foregoing, all available insurance proceeds shall be disbursed among all owners and their respective mortgagees in proportion to the respective fair market values of their condominiums as of the date immediately preceding the date of damage or destruction as determined by a qualified independent appraiser selected by the Board, after first applying the proceeds to the cost of mitigating hazardous conditions on the property, making provision for the continuance of public liability insurance to protect the interests of the owners until the property can be sold, and complying with all other applicable requirements of governmental

agencies. In the event of a failure to agree on an appraiser, the appraiser shall be appointed by the then President of the Los Angeles County Bar Association.

If the failure to repair or reconstruct results in a material alteration of the use of the project from its use immediately preceding the damage or destruction as determined by the Board (a material alteration shall be conclusively presumed if repair or reconstruction costs exceed twenty-five percent (25%) of the current replacement cost of all project improvements), the project shall be sold in its entirety under such terms and conditions as the Board deems appropriate. If any owner or first lender disputes the Board's determination as to a material alteration, the dispute shall be submitted to arbitration pursuant to the rules of the American Arbitration Association, and the decision of the arbitrator shall be conclusive and binding on all owners and their mortgagees.

If the project is sold, the sales proceeds shall be distributed to all owners and their respective mortgagees in proportion to the respective fair market values of their condominiums as of the date immediately preceding the date of damage or destruction as determined by the independent appraisal procedure described above. For the purpose of effecting a sale under this Article VIII, Section 8, each owner grants to the Association an irrevocable power of attorney to sell the entire project for the benefit of the owners, to terminate the Declaration and to dissolve the Association. In the event the Association fails to take the necessary steps to sell the entire project as required hereunder within sixty (60) days following the date of a determination by the Board or arbitrator of a material alteration, or within one hundred twenty (120) days following the date of damage or destruction if the Board has failed to make a determination as to a material alteration, any owner may file a partition action as to the entire project under Civil Code 1359, or any successor statute, and the court shall order partition by sale of the entire project and distribution of the sale proceeds as provided herein.

Notwithstanding anything herein to the contrary, any owner or group of owners shall have a right of first refusal to match the terms and conditions of any offer made to the Association in the event of a sale of the project under this Section 8, provided this right is exercised within ten (10) days of receipt by the owners of a notice from the Association containing the terms and conditions of any offer it has received. If the owner or group of owners subsequently default on their offer to purchase, they shall be liable to the other owners and their respective mortgagees for any damages resulting from the default. If more than one (1) owner or group elects to exercise this right, the Board shall accept the offer that in its determination is the best offer.

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9. CONDEMNATION: The Association shall represent the unit owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the common area(s), or part thereof. In the event of a taking or acquisition of part or all of the common area(s) by a condemning authority, the award or proceeds of settlement shall be payable to the Association, or any trustee appointed by the Association, for the use and benefit of the unit owners and their mortgagees as their interest may appear. In the event of an award for the taking of any unit in the project by eminent domain, the owner of such unit shall be entitled to receive the award for such taking and after acceptance thereof he and his mortgagee shall be divested of all interest in the project if such owner shall vacate his unit as a result of such taking. The remaining owners shall decide by majority vote whether to rebuild or repair the project, or take other action. The remaining portion of the project shall be resurveyed, if necessary, and the Declaration shall be amended to reflect such taking and to readjust proportionately the percentages of undivided interest of the remaining owners in the project. In the event of a taking by eminent domain of any part of the common area, the Association shall participate in the negotiations, and shall propose the method of division of the proceeds of condemnation, where units are not valued separately by the condemning authority or by the Court. Proceeds of condemnation shall be distributed among owners of units and their respective mortgagees according to the relative values of the units affected by the condemnation, said values to be determined by the method provided in Article VIII, Section 8 hereinabove.

If there is a substantial taking of the project's property (more than fifty percent (50%)), the owners may terminate the legal status of the project and, if necessary, bring a partition action under Civil Code 1159 or any successor statute, on the election to terminate by fifty-one percent (51%) of the total voting power of the Association residing in members other than Declarant and the approval of eligible mortgage holders holding mortgages on condominiums which have at least fifty-one percent (51%) of the votes of condominiums subject to eligible holder mortgages. The proceeds from the partition sale shall be distributed to the owners and their respective mortgagees in proportion to the fair market values of their condominiums as determined under the method described in Article VIII, Section 8 hereinabove.

10. LIMITATION OF RESTRICTIONS ON DECLARANT: Declarant is undertaking the work of construction of residential condominium dwellings and incidental improvements upon the subject property. The completion of that work and the sale, rental, and other disposal of said condominium units is essential to the establishment and welfare of said property as a residential community. In order that said work may be completed and said property 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 property or any unit, whatever is reasonably necessary or advisable in connection with the completion of said work;

B. Prevent Declarant or its representatives from erecting, constructing and maintaining on any part or parts of the property, such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing said property as a residential community and disposing of the same in parcels by sale, lease or otherwise; or

C. Prevent Declarant from conducting on any part of the property its business or completing said work and of establishing a plan of condominium ownership and of disposing of said property in condominium units by sale, lease or otherwise; or

D. Prevent Declarant from maintaining such sign or signs on any of the property as may be necessary for the sale, lease or disposition thereof.

The foregoing rights of Declarant shall terminate upon sale of Declarant's entire interest in the project, or three (3) years after the date of recordation of the Deed of the first unit to be sold in the project whichever occurs first.

So long as Declarant, its successors and assigns, owns one 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 units (and the common area) by owners, while completing any work necessary to said units or common area.

11. TERMINATION OF ANY RESPONSIBILITY OF DECLARANT: In the event Declarant shall convey all of its right, title and interest in and to the property to any partnership, individual or individuals, corporation or corporations, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant.

12. OWNERS' COMPLIANCE: Each owner, tenant or occupant of a condominium shall comply with the provisions of this Declaration, and to the extent that they are not in conflict with the Declaration, the By-Laws, decisions and resolutions of the Association or its duly authorized representative, as lawfully amended from time to time, and failure to comply with any such provision, decisions, or resolutions, shall be grounds for action to recover sums due, for damages, or for injunctive relief.

All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Declaration or in the By-Laws, shall be deemed to be binding on all owners of condominiums, their successors and assigns.

13. NOTICES: Any notice permitted or required by the Declaration or By-Laws may be delivered either personally or by mail. If delivery is by mail, it should be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, First Class Registered postage prepaid, addressed to each person at the current address given by such person to the Secretary of the Board or addressed to the unit of such person if no address has been given to the Secretary.

14. ENFORCEMENT OF DECLARANT'S OBLIGATION TO COMPLETE COMMON AREA IMPROVEMENTS: Where the Project includes common area improvements which have not been completed prior to the close of escrow on the sale of the first unit, and where the Association is obligee under a Bond or other arrangement to secure performance of the commitment of Declarant to complete said improvements, the Board shall consider and vote on 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 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 a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension. A special meeting of members of the Association for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and 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 (5) percent of the total voting power of the Association. At such special meeting a vote of a majority of 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 a majority of the voting power of the Association, excluding Declarant, shall be deemed to be the decision of the Association, and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

15. FAIR HOUSING: No owner shall, either directly or indirectly, forbid or restrict the conveyance, encumbrance, leasing, or mortgaging or occupancy of his unit to any person of a specified race, color, religion, ancestry, national origin, marital status, or sex.

ARTICLE IX
CITY OF HERMOSA BEACH MUNICIPAL RESTRICTIONS

Notwithstanding provisions contained elsewhere in this Declaration, the following provisions apply as required by the City of Hermosa Beach.

A. NONCONFORMING PROJECT. If the condominium project has become nonconforming due to changes in the Zoning Ordinance or the General Plan and if it is determined by the fire and building departments that three-fourths of the project has been destroyed or substantially damaged, the project shall not be rebuilt or reconstructed. Further, if the fire and building department finds that the project has been damaged or destroyed to such an extent that a material part of the project has been rendered unfit for its prior use and has not been repaired for a period of three (3) years after such damage or destruction, then said nonconforming status would be lost and the project could only be reconstructed in conformity with zoning requirements. Any property owner affected by the findings of the fire and building department may, within thirty (30) days after written notice of these findings, appeal to the City Council.

B. STORAGE FOR BOATS, TRAILERS AND RECREATION VEHICLES. Outside uncovered and unenclosed storage of boats, trailers, recreational vehicles and other similar vehicles is prohibited except in specifically designated areas for the exclusive storage of such vehicles, if any, which are set aside and shown on the project plan. Any such areas shall be enclosed and screened from view on a horizontal plane from adjacent areas by a combination of six-foot-high, opaque fences and permanently maintained landscaping.

C. GUEST PARKING. Guest parking spaces are to be used only for guest parking. No individual vehicle shall use a guest space for more than seventy-two (72) hours without the specific permission of the homeowners association.

D. CONVEYANCE OF PRIVATE OPEN SPACE. The surface area and appurtenant airspace of any private patio, deck or balcony, including any integral portion of that patio, deck or balcony that may exceed the minimum area requirements of the Hermosa Beach Municipal Code, are an integral part of the unit. There is no overlap of the common area and this private open space.

E. CONVEYANCE OF PRIVATE STORAGE AREAS. The surface and appurtenant airspace of private storage spaces, if any, are an integral part of the unit. There is no overlap of the common area and this private storage space.

F. ASSIGNMENT AND USE OF REQUIRED OFF-STREET PARKING SPACES. Required off-street parking spaces, except guest parking spaces, are permanently and irrevocably assigned to

particular units within the project on the basis of the required parking per unit. All parking spaces are to be used solely for the purpose of parking motor vehicles, as defined in the Motor Vehicle Code of the State of California (Vehicle Code, Section 415). No parking spaces are to be used, rented or leased to any person except in conjunction with the occupancy of a unit within the project.

G. RIGHT OF PUBLIC ENTRY TO COMMON AREA. The City of Hermosa Beach, County of Los Angeles, State of California, and Government of the United States, and any department, bureau or agency thereof, are hereby given the right of access to the common areas of the project at all times for the purpose of preserving the public health, safety and welfare.

H. TELEVISION AND RADIO ANTENNAS. Individual television and radio antennas are prohibited outside of the owner's unit. Cable antenna service is provided by a company licensed to provide such service within the City.

I. MAINTENANCE OF COMMON OPEN SPACE. The City may act as the agent of the association, and may in the name of the association do any of the following in the event of abandonment of individual units of the project:

1. Do or perform any act that the association may do or perform;
2. In the event of default by the association according to this declaration, and the By-Laws adopted by the association, the City may, without otherwise complying with the provisions of the declaration, fix the annual assessment against each unit.
3. If the City, in its discretion, determines that the association is not diligently attempting to collect the amounts owed the association, the City may, in the name of the association, take any legal steps to collect such amounts by actions of law as the City may determine to be necessary.

In the event the City should exercise any of the above specified remedies, any sums recovered from such suit or suits shall be applied first to cover the City's costs; the balance shall be applied against any amount which is then lawfully owing to other public or private entities. All remaining sums belong to the association.

J. APPROVED PLANS BINDING ON ASSOCIATION. The final City approved building plans, landscaping plans and utility plans are binding on the association. The maximum number of units in this project as approved by the City is six units. Planning commission and/or City approval must first be secured for any changes to said items.

K. PROCEDURE FOR ENFORCEMENT BY CITY. If, in the opinion of the City Manager of the City of Hermosa Beach (or an authorized representative), the Association at any time fails to maintain the common areas or improvements thereon in accordance with standards of repair, maintenance and cleanliness specified in the Declaration, the City may give written notice to the Association and shall require that the Association take appropriate corrective action within thirty (30) days of receipt of such written notice unless there exists a hazardous condition creating an immediate possibility of serious injury to persons or property, in which case the time for correction may be reduced to a minimum of five (5) days. The Association shall have the right, within ten (10) days of receipt of such written notice of deficiency, to file an appeal with the City Council of the City for public hearing before the City Council to consider the reasonableness of the City's requirement as set forth in the written notice of deficiency. The decision of the City Council on such appeal shall be binding upon all parties but may be appealed by the Association through an appropriate action in any Court having jurisdiction. If the Association, within the time set forth in the notice of deficiency (subject to extension for such time as may be required to appeal the notice of deficiency to the City Council) does not undertake and complete the corrective work required in the notice of deficiency, the City may undertake and complete such corrective measures against the Association as a lien, in the same manner as set forth herein for the establishment of liens against Association property. The remedy in this section allows the City of Hermosa Beach to take action but does not require any action by the City. This remedy is cumulative in nature and does not prevent the City from exercising any other remedy civilly, criminally or administratively than it may possess under its police powers and the State of California.

L. COMPLIANCE BY HOMEOWNER'S ASSOCIATION. The Association shall comply with all applicable requirements of the California Corporations Code and any other applicable State and/or Federal law.

IN WITNESS THEREOF, the undersigned, being the
Declarant herein, has executed this Declaration this
18 day of April, 1989.

Olympia Stankis
OLYMPIA STANKIS

Nirky Stankis
NIRKY STANKIS

Steven Stankis
STEVEN STANKIS

Staple

Acknowledgement

Staple

ITC 100

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES) ss.
On this 18th day of April, in the year 1989, before me,
a Notary Public in and for the said County and State,
residing therein, duly commissioned and sworn, personally appeared
STEVEN STANKIS

personally known to me
(or proved to me on the basis of satisfactory evidence) to be the person(s):

☒ (INDIVIDUAL) Whose name is subscribed to this instrument, and acknowledged
that he (she or they) executed it

☐ (CORPORATION) Who executed the within instrument as _____ president
and _____ secretary, on behalf of the corporation therein
named, and acknowledged to me that such corporation executed
the within instrument pursuant to its articles and by-laws and a
resolution of its Board of Directors.

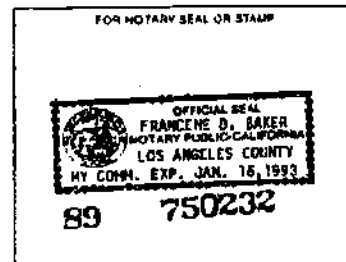
☐ (PARTNERSHIP) That _____ executed the within instrument on behalf of the
partnership, and acknowledged to me that the partnership
executed it.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, in and
for said County and State, the day and year first above written.

Francene D. Baker
Notary Public in and for said County and State of California

My commission expires:

ITC
INVESTORS TITLE COMPANY



Staple

Acknowledgement

Staple

ITC 100

STATE OF CALIFORNIA
COUNTY OF ORANGE) ss.
On this 18th day of April, in the year 1989, before me,
Colleen Altenreid, a Notary Public in and for the said County and State,
residing therein, duly commissioned and sworn, personally appeared
Olympia Stankis and Nirky Stankis

personally known to me
(or proved to me on the basis of satisfactory evidence) to be the person(s):

☒ (INDIVIDUAL) Whose name is subscribed to this instrument, and acknowledged
that he (she or they) executed it.

☐ (CORPORATION) Who executed the within instrument as _____ president
and _____ secretary, on behalf of the corporation therein
named, and acknowledged to me that such corporation executed
the within instrument pursuant to its articles and by-laws and a
resolution of its Board of Directors.

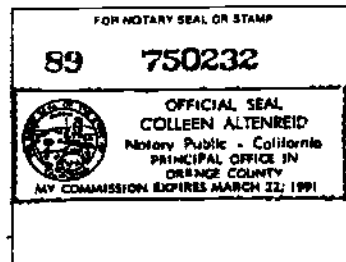
☐ (PARTNERSHIP) That _____ executed the within instrument on behalf of the
partnership, and acknowledged to me that the partnership
executed it.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, in and
for said County and State, the day and year first above written.

Colleen Altenreid
Notary Public in and for said County and State of California

My commission expires:

ITC
INVESTORS TITLE COMPANY



55

CONSENT OF LIENHOLDER
AND SUBORDINATION OF LIEN

The undersigned beneficiary under that certain Deed of Trust recorded June 22, 1988, as Instrument No. 88-986638,

_____ of official records of Los Angeles County, California, consents to all of the provisions contained in the attached Declaration of Covenants, Conditions, and Restrictions and agrees that the lien of the Deed of Trust shall be junior and subordinate and subject to said Declaration.

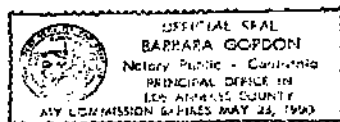
DATED: April 21, 1989 FARMERS AND MERCHANTS BANK OF LONG BEACH,
a California Corporation

BY: John D. Campbell Vice-Pres.
Kenneth G. Walker Secy.
not Secy

State of California,
County of Los Angeles, ss.

On April 21, 1989 before me, the undersigned, a Notary Public in and for said state, personally appeared John D. Campbell Vice President, and Kenneth G. Walker not Secretary of the corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within Instrument pursuant to its By-Laws or a resolution of its Board of Directors.

WITNESS my hand and official seal.



Barbara Gordon

89 750232

CONSENT OF LIENHOLDER
AND SUBORDINATION OF LIEN

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The undersigned beneficiary under that certain Deed of Trust recorded June 22, 1988, as Instrument No. 88-986638, of official records of Los Angeles County, California, consents to all of the provisions contained in the attached Declaration of Covenants, Conditions, and Restrictions and agrees that the lien of the Deed of Trust shall be junior and subordinate and subject to said Declaration.
DATED: April 24, 1989 QUEEN CITY BANK, N.A.

BY: [Signature]
[Signature]

State of California)
County of Los Angeles) ss.

On April 24, 1989, before me, the undersigned, a Notary Public in and for said state, personally appeared Jordan Bradley, Senior Vice President, and Richard L. Aden, Vice President, ~~Secretary~~ of the corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within Instrument pursuant to its By-Laws or a resolution of its Board of Directors.

WITNESS my hand and official seal.



[Signature]