DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by SOUTHLAND DEVELOPMENT CO., a general partnership, hereinafter referred to as "Declarant," is made with reference to the following facts:

A. Declarant is the owner of a certain tract of land located in the City of Redondo Beach, County of Los Angeles, State of California, more particularly described as Tract 33480 a map of which was filed for record in the Office of the Recorder of Los Angeles County, California, on September 16, 1977 in Book 883 of Maps, Page(s) 32 and 33.

B. Declarant has improved or intends to improve said property by constructing thereon

Declarant intends to establish a condominium under the provisions of the California Condominium Act, providing for separate title to each unit within said project, each unit to have an undivided interest in all of the remaining property.

C. The development shall be referred to as the "Project' as defined in Article I, paragraph 21, herein.

D. Declarant intends by this document to impose upon the property mutually beneficial restrictions under a general plan of improvement for the benefit of all of the said condominums and the owners thereof.

E. Declarant hereby establishes by this Declaration a plan for the individual ownership of the real property estates, consisting of the area of space contained in each unit as well as the co-ownership by the individual owners, as tenants in common and as hereafter set forth, of all the remaining portions of the Project which is hereinafter defined and referred to as the "Common Area."

NOW, THEREFORE, Declarant hereby declares that the hereinafter described property shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold, and improved, subject to the following declarations, limitations, covenants, conditions, restrictions and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the property, and the Project, 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, restrictions and easements shall constitute covenants which shall run with the land and shall be binding upon Declarant and its successors and assigns, and all parties having or acquiring any right, title or interest in or to any part of the property or the Project.

ARTICLE I

DEFINITIONS

1. "Articles" shall mean and refer to the Articles of Incorporation of the Association 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 KING HARBOR VILLA, INC., a California non-profit corporation, the members of which shall be the owners of condominiums in the Project.

4. "Board" or "Board of Directors" shall mean and refer to the governing body of the Association.

5. "Bylaws" shall mean and refer to the Bylaws of the Association as amended from time to time.

6. "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 condominium units. The common area includes, without limitation: land; and parking and driveway areas; stairs; storage areas; bearing walls, columns, girders, subfloors, unfinished floors, roofs, and foundations; tanks, pumps, motors, ducts, flues and chutes; conduits, pipes, plumbing, wires and other utility installations (except the outlets thereof when located within the unit), required to provide power, light, telephone, gas, water, sewerage, drainage, heat, air conditioning and elevator service; sprinklers, sprinkler pipes, and sprinkler heads which protrude into the airsapce of a condominium unit; central television antenna;

7. "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.

8. "Common Interest" means the proportionate undivided interest in the common area which is appurtenant to each unit as set forth in this Declaration.

9. "Condominium" shall mean an estate in real property as defined in California Civil Code §783, consisting of title to a unit and an undivided interest in a common area. The ownership of each condominium shall include the ownership of a unit, membership in the Association, and a nonexclusive easement for ingress and egress over the common area that is not part of a condominium building. Each unit shall be a separate freehold estate consisting of the space described and defined in Article II, Paragraph 2A. Each unit includes the portions of the structure so described and the air space so encompassed.

10. "Condominium Building" shall mean a residential structure containing condominium units.

11. "Condominium Documents" means and includes this Declaration as it may be amended from time to time, the exhibits, if any, attached thereto, the 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 recorded 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 §1351.

13. "Declarant" shall mean and refer to SOUTHLAND DEVELOPMENT CO., its successors and assigns.

14. "Declaration" shall mean and refer to this enabling Declaration.

15. "Institutional Lender" shall mean any bank, savings and loan association, insurance company, or other financial institution holding a recorded first mortgage on any unit.

16. "Member" shall mean and refer to a person entitled to membership in the Association as provided herein.

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

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

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

20. "Owner" or "Owners" shall mean and refer to the record holder or holders of title, if more than one, of a condominium in the Project. This shall include any person having a fee simple title to any unit and shall not include contract buyers, and shall exclude persons or entities having any interest merely as security for the performance of an obligation.

21. "Person" means a natural person, a corporation, a partnership, a trustee, or other legal entity.

22. "Project" shall mean and refer to the entire real prop above described including all structures and improvements erected or to be erected thereon.

23. "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 condominium.

24. "Restricted 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, pursuant to Article II, Paragraph 2C.

25. "Share" means the percentages in and to the common area attributed to and appurtenant to each unit as set forth in Article II, Paragraph 2B.

26. "Unit" shall mean and refer to the elements of the condominium, as defined in Article II, Paragraph 2A, which are not owned in common with the owners of other condominiums in the Project.

27. "Unit Designation" means the number, letter, or combination thereof or other official designations shown on the Condominium Plan.

ARTICLE II

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

1. Description of Project: The Project consists of the underlying real property with condominium units and all other improvements located thereon. Declarant will construct upon the premises two five unit residential dwellings divided into ten units. In additions, the Project has the usual appurtenances and other facilities. Reference is made to the plans referred to in the Condominium Plan.

2. Division of Property: The property is hereby divided into the following separate freehold estates:

a. Dwelling Units: Each of the Units as separately shown, numbered and designated in the Condominium Plan, 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, together with the parking garages designated on the Condominium Plan. The Unit does not include those areas and those things which are defined as "Common Area" in Article I, Paragraph 6. 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, Paragraph 6. In interpreting deeds and plans, the then existing physical boundaries of a Unit, whether in its original state or reconstructed in substantial 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, Paragraph 6. Each Unit owner shall have, as appurtenant to his Unit, a one-tenth (1/10) undivided interest in the common areas. The ownership of each condominium shall include a Unit and such undivided interest in 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 unit 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.

Exclusive use Common Area.

c. Restricted Common Areas: Portions of the Common Area referred to as "Restricted Common Areas" are hereby set aside and allocated for the exclusive use of the owner of each unit. Said Restricted Common Areas shall consist of the exclusive easement to use the private patio areas, balconies or private yards as specifically designated 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, 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 conveyed therewith, shall not be separated or separately conveyed, and each such undivided interest shall be deemed to be conveyed or encumbered with its respective unit even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the unit.

3. Partition and Sale of the Project: An action may be brought by one or more owners of units within the Project for partition thereof by sale of the entire Project as if the owners of all of the condominiums in such Project were tenants in common in the entire Project in the same proportion as their interests in the common area, provided, however, that a partition shall be made only upon a showing of the existence of one or more of the conditions set forth in Section 752b of the California Code of Civil Procedure, or:

a. Two (2) years after damage or destruction to

the Project which renders a material part thereof unfit for its use prior thereto, the Project has not been rebuilt or repaired substantially to its state prior to its damage or destruction; or

b. That one-half (1/2) or more the Project has been destroyed or substantially damaged and that condominium owners holding in aggregate more than fifty percent (50%) interest in the common areas are opposed to repair or restoration of the Project, or

c. That the structure has been in existence in excess of the number of years shown on the following table, that it is obsolete and uneconomic, and that the percentage of condominium owners holding in aggregate a percentage interest in the common areas as set forth in the following table are opposed to repair or restoration of the Project.

Age of Structure	Percentage of Interest in Common Areas held by Condominium Owners
30 years	70 per cent
40 years	60 per cent
50 years	50 per cent
60 years	40 per cent
70 years	30 per cent

For purposes of this section, multiple owners of a single unit shall not be deemed possessed, in the aggregate, of any greater interest in the common areas than that possessed by a single owner.

ARTICLE III

ASSOCIATION, ADMINISTRATION, MEMBERSHIP

AND VOTING RIGHTS

1. Association to Manage Common Areas: The management of the Common Area shall be vested in the Association in accordance with its Bylaws. The owner of all the condominiums covenant and agree that the administration of the project shall be in accordance with the provisions of this Declaration, and Bylaws 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 in accordance with the Bylaws of the Association.

3. Transferred Membership: Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of the unit to which it is appurtenant, and then only to the purchaser, in the case of a sale, or mortgagee, in the case of an encumbrance of such unit. 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 shall issue a new certificate to the purchaser of said unit and thereupon the old certificate membership outstanding in the name of the seller shall be null and void.

4. Membership Classes and Voting Rights:

Class A. Class A members shall be all Owners with the exception of the Declarant (as defined in the Declaration). Each Unit shall be entitled to one vote. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determined, but in no event shall more votes than a Unit is entitled to be cast with respect to any Unit.

Class B. Class B member(s) 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 membership shall cease be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes (tripled as stated above) outstanding in the Class B membership; or

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

5. Joint Owner Disputes: The vote or votes for each condominium may be cast only as a unit, and fractional votes shall not be allowed. In the event that the joint owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If

any owner or owners cast a vote representing a certain condominium, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other owner, of the same condominium.

ARTICLE IV

MAINTENANCE AND 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 therefor, 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, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments together with interest, costs, and reasonable attorneys' 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 recordation of a notice of assessment. Each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Condominium at the time when the assessment fell due. 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. Maximum Annual Assessment: Until January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment shall be $ 612. per Unit.

a. From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased each year by not more than five percent (5%) above the maximum assessment for the previous year without a vote of the membership.

The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

The City of Redondo Beach is hereby granted the right and authority to veto any action of the Association which would tend to decrease the amount of the regular annual assessment by the finding by the City that such a decrease could or would adversely affect the long run maintenance of the condominium structure and/or its common areas. The City of Redondo Beach shall be notifed in writing of any decrease in the amount of annual assessments within thirty (30) days thereof, and said decrease and assessment shall not be effective until sixty (60) days after such notice is given to the City of Redondo Beach.

4. Reserve for Replacement; Special Assessments:

a. The annual assessment shall include a monthly charge for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common area, including fixtures and personal property located thereon. Such sums collected shall be placed in a separate bank account and designated as "Reserve for Replacements." In the event that such reserves are insufficient for the purposes, the Association may levy, in any assessment year, a special assessment applicable to that year for the purpose of paying the difference in the actual costs of any construction, reconstruction, repair or replacement of any capital improvement upon a common area, including fixtures and personal property located thereon, where the reserves for the replacement are insufficient, provided that any such assessment shall have the vote or written assent of fifty-one (51%) percent of each class of members.

b. In any fiscal year the Board of Directors may not, without the vote or written assent of sixty (60%) percent of the voting power of the association residing in members other than the declarant levy special assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five (5%) percent of the budgeted gross expenses of the association for that fiscal year.

c. Every general and special assessment shall be levied upon the same basis as that prescribed for the levying of regular assessment.

d. The above provisions with respect to special assessments do not apply in the case where the special assessment against a member is a remedy utilized by the governing body to reimburse the association for costs incurred in bringing the member or his interest in the project in compliance with the condominium documents.

5. Notice and Quorum for any Action Authorized Under Article IV, Paragraphs 3, 4: Any action authorized under Article IV, Paragraphs 3, 4 shall be taken at a meeting called for that purpose, written notice of which shall be sent to all Members by certified or registered mail not less than thirty (30) nor more than sixty (60) days in advance of the meeting. If the proposed action is favored by sixty-six percent (66%) of the members present at such meeting, but such vote is less than the requisite fifty-one percent (51%) of each class of Members, Members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officers of the Association not later than thirty (30) days from the date of such meeting.

6. Division of Assessments: All assessments, both annual and special, shall be charged to and divided among the unit owners equally. Assessments may be collected on a monthly basis.

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. Subject to the provisions of Article IV, Paragraph 3, hereof, the Board of Directors shall determine and fix the amount of the annual assessments against each Unit at least thirty (30) days in advance of each annual assessment. Written notice of the annual assessment shall be sent to every Owner subject thereto. 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 specific Unit have been paid.

8. Effect of Nonpayment of Assessments: Any assessment not paid within thirty (30) days after the due date shall bear interest at the rate of ten percent (10%) per annum from the due date until paid.

9. Transfer of Unit by Sale or Foreclosure: Sale or transfer of any Unit shall not affect the assessment lien. However the sale or transfer of any Unit pursuant to mortgage foreclosure shall extinguish the lien of such assessments as to payments which

become due prior to such sale or transfer. No sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or from the lien thereof.

Where the mortgagee of a first mortgage of record or other purchaser of a Condominium obtains title to the same as a result of foreclosure of any such first mortgage, such acquirer of title, his successor and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such condominium which became due prior to the acquisition of title to such Condominium by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Condominiums including such acquirer, his successors and assigns.

In a voluntary conveyance of a Condominium the grantee of the same shall be jointly and severablly 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 grantee's 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, the grantee shall be liable for any such assessment becoming due after the date of any such statement.

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 record mortgage or deed of trust with first priority over other mortgages or deed of trust) made in good faith and for value.

Such lien, when delinquent, may be enforced by sale by the Association, its attorney or other person authorized to make the sale, after failure of the Owner to pay such assessment in accordance with its terms, such sale to be conducted in accordance with the provisions of §§2924-2924h of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

The Association, acting on behalf of the Condomini Owners, shall have the power to bid for the Condominium at foreclosure sale, and to acquire and hold, lease, mortage and convey the same. 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.

The Board may suspend the voting rights and right to use the recreational facilities of a Member who is in default in payment of any assessment, as provided in the Bylaws.

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 IV, Paragraph 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.

12. Unsegregated Real Estate Taxes: Until such time as real estate taxes have been segregated by the County Assessor of said County, same shall be paid by the respective owners of condominiums. In connection with such payment, the proportionate share of such taxes for a particular condominium shall be determined by dividing the initial sales price of such condominium by the total initial sales prices of all condominiums within the development. If, and to the extent, same are not paid by any owner or owners of a condominium and are allowed to become delinquent, same shall be collected from the delinquent owner or owners by the Association.

ARTICLE V

DUTIES AND POWERS OF THE ASSOCIATION

1. Duties and Powers: In addition to the duties and powers enumerated in its Bylaws, or elsewhere provided for

herein, and without limiting the generality thereof, the Association shall:

a. Maintain, repair, replace, restore, operate and manage all of the Common Area and all facilities, improvements, furnishings, equipment and landscaping thereon, and all property that may be acquired by the Association, as provided in Article V, Paragraph 2.

b. Have the authority to obtain, for the benefit of all the Condominiums, all water, gas and electric service and refuse collection, and janitorial or window cleaning service.

c. Grant easements where necessary for utilities and sewer facilities over the Common Area to serve the common and open space areas and the Condominiums.

d. Maintain such policy or policies of insurance as the Board of Directors deems necessary or desirable in protecting the interests of the Association and its members.

e. Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a firm or person appointed as a manager or managing agent shall not exceed a one (1) year term, shall provide for the

right of the Association to terminate the same at the first annual meeting of the Members of the Association, and to terminate the same for cause on thirty (30) days written notice.

f. Discharge by payment, if necessary, any lien against the Common Area, and access the cost thereof to the Member of Members responsible for the existence of said lien.

g. Adopt reasonable rules 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.

2. Maintenance by Association of Condominiums: The Association shall provide maintenance of the Condominiums as follows: Paint, maintain, repair and replace roof, gutter, downspouts, exterior building surfaces and exterior glass surfaces, landscaping, (except for private patio, balconies or yard areas which are to be maintained by Owners as per Article VIII, Paragraph 8), parking areas, driveways, recreational facilities and all common areas. 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, the cost of which is not

covered by insurance. 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 such owner, as provided above, then, upon vote of a majority of the Board of Directors, and after not less than thirty (30) days notice to the Owner, 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.

3. Access at Reasonable Hours: For the purpose of performing the maintenance authorized by this Article or for any other purpose reasonably related to the performance by the Board of its responsibilities under this Declaration, the Association's agent or employee shall have the right, after reasonable notice to the Owner, to enter any Unit or upon any portion of the Common Area at reasonable hours.

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, electricity, gas and telephone lines and facilities, and heating and air conditioning facilities shall be

as follows:

a. Whenever sanitary sewer, water, electricity, gas, television receiving, telephone lines or connections, heating or air-conditioning conduits, ducts, or flues are installed within the Property, which connections, or any portion thereof lie in or upon Condominiums owned by other than the Owner of a Condominium served by said connections, the Owners of any Condominium served by said connections shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon the Condominiums or to have the utility companies enter upon the Condominiums in or upon which said connections, or any portion thereof, lie, to repair, replace and generally maintain said connections as and when necessary.

b. Whenever sanitary sewer, water, electricity, gas, or telephone lines or connections, heating or air-conditioning conduits, ducts, or flues are installed within the Property which connections serve more than one Condominium, the Owner of each Condominium served by said connection 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 sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of the Board 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, cable or master television antenna lines, drainage facilities, walkways, and landscaping as shown on the recorded map of the Property, and as may be hereafter 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, 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 therein 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 construction and until the last Unit is sold.

2. Nuisances: No noxious, illegal or 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 an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of his 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.

3. 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 the Board. "For Sale: or "For Rent" signs shall be allowed provided they do not exceed three (3) square feet in size.

4. Vehicle Restrictions: No vehicle, including personal automobiles, trailers, campers, mobile homes, sedans or standard size pick-up trucks, inoperable automobiles, boats or similar equipment, shall be permitted to remain upon any areas of the Property unless placed or maintained within an enclosed garage. At no time shall any vehicle be permitted to remain unattended on any portion of the common area. Commercial vehicles shall not include sedans or standard size pick-up trucks which are used both for busine: 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. Notwithstanding the foregoing, in no event shall any commercial vehicles or trucks, such as moving vans, garbage trucks, or other similar types of vehicles be permitted on any portio of the property at any time.

5. Animals: One domesticated dog and one cat may be kept and maintained in a Unit, provided they are not kept, bred, or maintained for any commercial purpose, and they are kept under reasonable control at all times. The foregoing shall not preclude keeping and maintaining fish in an aquarium or birds in a cage in any Unit. Other commonly accepted household pets may be kept or maintained in a Unit only with the approval of the Board of Directors and the total number of pets kept or maintained within such Unit does not exceed two (2) exclusive of birds and fish. Notwithstanding the foregoing, no pets may be kept on the Property, which result in an annoyance or are obnoxious to other Unit Owners. No pets shall be allowed in the Common Area except as may be permitted by 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. Declarant or any Owner may cause any unleashed dog found within the Common Area to be removed by Declarant or any Owner to a pound or animal shelter by calling the appropriate authorities, whereupon the Owner may, upon payment of all expenses connected therewith, repossess the dog. No dog whose barking disturbs other Owners shall be permitted to reamin on the Property. Owners shall prevent their pets from soiling all portions of the Common Area where other persons customarily walk.

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 materials shall be kept in a clean and sanitary condition. All equipment, garbage cans, woodpiles, 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, shall be permitted, and no Owner may be permitted to construct and/or use and operate his own external radio and/or television antenna.

8. Right to Lease: 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, restrictions, limitations and uses contained in this Declaration and the Bylaws. All leases shall contain a provision that each Lessee and/or occupant has received a copy of this Declaration, any amendments thereto, the Bylaws, and any rules and regulations adopted by the Board, and that said Lessee and/or occupant agrees to be bound thereby.

Notwithstanding the foregoing, all leases must be approved by the Board of Directors.

Each owner shall give to the Board proof of compliance with the paragraph.

9. No Construction: No building, fence, wall, obstruction, balcony, screen, patio, patio cover, tent, awning, 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 plans and specifications. No permission or approval shall be required to repaint in accordance with Declarant's oroginal color scheme, or to rebuild in accordance with Declarant's original plans and specifications. No permission or approval shall be required to repaint 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 Committee.

Landscaping of patios, balconies or yards visible from the street or common area is permitted so long as the use of natural plants, grass, trees or shrubs are involved. Any landscaping of patios, balconies or yards which involves the use, in whole or in part, of synthetic materials, or of concrete, rock, or similar materials, shall not 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.

10. Clothes Lines: No exterior clothes lines shall be erected or maintained and there shall be no outside landering or drying of clothes.

11. 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 or television reception, and similar objections.

12. Liability of Owners for Damage to Common Area: The Owner of each Unit shall be liable to the Association for all damages to the Common Area or improvements thereon caused by such Owner or any occupant of his Unit or Guest, except for that portion of said damage, if any, fully covered by insurance.

ARTICLE VIII

GENERAL PROVISIONS

1. Enforcement: The Association, or any Owner, shall have the right 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, and in such action shall be entitled to recover reasonable attorney's fees as ordered by Court.

Failure by the Association or by any Owner to enforc

any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

2. Suspension of Voting Rights; Imposition of Monetary Penalties: The Board shall have the right to suspend the voting rights of any member or members of this Association for the period during which any assessment against the condominium owned by such member or members and giving rise to such membership remaining unpaid and delinquent. The Board shall also have the right to suspend such voting rights for a period not to exceed thirty (30) days and/or assess monetary penalties for any infraction of the Covenants, Conditions and Restrictions or of the rules and regulations of the Association adopted by the Board committed by any owner of the particular Condominium, his servants, guests, tenants, invitees or the members of his family; provided that any suspension of voting rights, or imposition of monetary penalties shall be made by the Board only after a meeting of the Board at which a quorum of the Board is present duly called and held for such purpose in the same manner as provided in those Covenants, Conditions and Restrictions for the noticing, calling and holding of a special meeting of the Board. Written notice of such meeting shall be given to the members whose voting rights are being sought to be suspended at least three (3) days prior to the holding of such meeting. Such notice shall be given either by personal delivery or deposited in the United States mail, certified or registered, postage and fees prepaid, return receipt requested, addressed to such member either at the address of his Condominium in the Project or the address given to the Association

by him for the purpose of giving notice. Such notice, if mailed, shall be deemed given and received twenty-four (24) hours after being so deposited in the United States mail in the manner aforesaid, and said member whose voting rights are being sought to be suspended shall be entitled to appear at such meeting and present his case as to why such voting rights should not be suspended or why monetary penalties should not be imposed. The decision as to whether such rights should be suspended or monetary penalties imposed in accordance with the provisions of this Section shall be made by a majority of the members of the Board present at such meeting and shall be binding upon all members of the Association. No action taken at such meeting shall be effective unless a quorum of the Board is present at such meeting.

3. 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.

4. 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 of any Property subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive period of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners of the Condominiums, has been recorded within the year preceding the beginning of each successive period of ten (10) years agreeing to change said covenants and restrictions in whole or in part, or to terminate the same.

5. Amendments: This Declaration may be amended only by the affirmative vote or written assent of not less than seventy (70%) percent of each class of the Condominium Owners. Any Amendment must be approved by the City of Redondo Beach and must be recorded and shall become effective upon being recorded in the Recorder's Office of Los Angeles County.

6. 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 constructions, 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 and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners' if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each condominium agree that minor encroachments over adjoining Condominiums 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.

7. Mortgage Protection Clause:

No breach of any of the covenants, conditions and restrictions herein contained, nor the enforcement of any lien provisions herein, shall defeat or 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.

All lenders that have filed with the Association a request for notice of any proposed change in the Condominium Documents, shall be entitled to receive written notice from the Association thirty (30) days prior to the effective date of any change therein.

All lenders that have filed with the Association a request for notice of default, shall be entitled to receive written notice from the Association of any default by the Trustor of any deed of trust on a Unit (the beneficial interest in which is held by said lender) in the performance of such trustor's obligations under the Declaration, which is not cured within thirty (30) days.

The Association shall discharge its obligation to notify lenders by sending written notices required herein to the lender or lenders requesting notice, at the address given on the current request for notice, in the manner prescribed by Article VIII, Paragraph 15.

The condominium documents contain no provisions creating a "right of first refusal", but should any such rights be created in the future, any lender coming into the possession of a Unit pursuant to the remedies provided in a deed of trust, or foreclosure or deed in lieu of foreclosure, shall be exempt from any such right of first refusal.

Without the prior written approval of, in the case of FHLMC, seventy-five percent (75%), and, in the case of FNMA, one hundred percent (100%) of the lenders, based upon one (1) vote for each mortgage or deed of trust owned, the Condominium Documents shall not be amended so as to:

(a) Change the undivided interests in the Common Area, or the share of assessments charged to any Unit;

(b) Terminate or abandon the condominium status of the project except as provided in Article VIII, Paragraph 3;

c. Allow partition, except as provided in Article II, Paragraph 3;

d. Change the interest of any Unit in the allocation of distributions of hazard insurance proceeds or condemnation awards;

e. Permit or allow the owners by act or omission to abandon, partition, subdivide, encumber, sell or transfer the Common Area (the granting of easements for public utilities or for the other public purposes consistent with the intended use of such property shall not be deemed a transfer within the meaning of this clause);

f. Permit the use of hazard insurance proceeds for losses or damages to any portion of the property to be used for other than the repair, replacement or reconstruction thereof, except as provided by California Code of Civil Procedure §752(b) or to be deposited to the general funds of the Association as provided in Article VIII, Paragraph 10;

g. Change the provisions of the condominium documents so as to give a unit owner, or any other party, priority over any rights of lenders pursuant to their mortgages in the case of a distribution to unit owners of insurance proceeds or condemnation awards or losses to or taking of units and/or common area.

h. Materially change the Declaration or Bylaws or permit termination of professional management of the project (FNMA).

Notwithstanding any language contained in this Declaration to the contrary, no unit owner and no other party shall have priority over any rights of lenders pursuant to their mortgages in the case of a distribution to unit owners of insurance proceeds or condemnation awards for losses to or taking of condominium units and/or common areas.

Lenders shall have the right to examine the books and records of the Association.

8. 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, keeping the same in good condition. Each Unit Owner shall keep those portions of the restricted Common Area to which he has exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his Unit.

9. Right of Public Entry to Common Area: The City of Redondo Beach, County of Los Angeles, State of California, and Government of the United States, and any department, bureau or agency thereof, shall have the right of immediate access to all common areas of the Project at all times for the purpose of preserving the public health, safety and welfare except in those instances where a common area is accessible only through a private unit. It shall be required that notice of this right of governmental

agency access be prominently displayed in the common areas of the project.

10. Insurance; Damage or Destruction: In the event of damage to or destruction of any Unit, the Owner shall reconstruct the same as soon as reasonably practicable, and substantially in accord with the original plans and specifications therefor.

The Association shall obtain and continue in effect, a master policy of insurance (covering real property and improvements, and personal property owned by the Association) and liability insurance including fire for full extended coverage, vandalism, malicious mischief, public liability, fidelity bond covering officers and employees (depending on cash flow), glass coverage if warranted, and if necessary workmens compensation coverage in form and amounts satisfactory to the Board and to mortgagees holding first mortgages covering Condominiums but without prejudice to the right of the Owner of a Condominium to obtain individual Condominium insurance.

Insurance premiums for the master policy shall be a common expense to be included in the monthly assessments levied by the Association, and the portion of such payments necessary for the insurance premiums shall be held in a separate account of the Association and shall be used solely for the payment of the master insurance policy premiums as such premiums become due.

If any of the Project improvements are damaged by fire or other casualty, insurance proceeds payable to the Association

shall be used to rebuild or repair such damage substantially in accordance with the original plans and specifications therefor. Custom-built items added by Owners to their Units shall be rebuilt or replaced at the expense of Owners or their insurers. Any excess insurance proceeds shall be deposited in the general funds of the Association. In the event the proceeds of the Association's insurance policy are insufficient to rebuild or repair a Unit or Units, and the Owner or Owners of said Unit or Units do not have sufficient funds, whether insurance proceeds or personal funds, to rebuild and restore said Unit or Units, then the Association may use funds from its account or if necessary from levying a special assessment on all Unit Owners (or on those responsible as provided in Article V, Paragraph 2) to restore or rebuild said Unit or Units.

In the event the property subject to this Declaration is totally or substantially damaged or destroyed, institutional lender shall receive timely notice thereof. The repair, reconstruction or disposition of the property and insurance proceeds shall be as provided by an agreement approved by more than seventy (70%) percent of the votes as such voting interests are established in this Declaration subject to the rights of institutional lenders.

In addition to the master liability policy which the Association shall carry, each Unit Owner shall carry personal liability insurance covering damage to property or injury to person of others within the Project resulting from negligence

of the Owner or his agents, in an amount not less than One Hundred Thousand Dollars (100,000.00) for each occurrence.

All property and liability insurance carried by the Association or the Owners shall contain provisions whereby the insurer waives rights of subrogation as to the Association, officers and directors, and any members, their guests, agents and employees.

The net proceeds of any sale pursuant to this Paragraph 10 or Paragraph 11 together with net proceeds of any insurance held by the Board of Directors, shall be divided between the owners in accordance with Schedule "A". Any balance then due on any individual encumbrance executed in good faith and for value shall be paid before distribution of any proceeds to the owner of the unit so encumbered.

11. Condemnation: In the event of a taking by eminent domain of one or more units, the Association shall participate in the negotiations, shall give timely written notice to the Lender thereof, 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. The owners of the units shall be entitled to receive the award for such taking and after acceptance thereof they and their mortgagee shall be divested of all interest in the project if such owner vacates 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 inverse condemnation, any award received shall be allocated proportionately among the owners of units involved. The Association should give careful consideration to the allocation of percentage interests in the Common Area in determining how to divide proceeds of condemnation. In the event any unit owner disagrees with the proposed allocation, he may have the matter submitted to arbitration under the rules of the American Arbitration Association.

of percentage interests in the Common Area in determining how to divide proceeds of condemnation. In the event any unit owner disagrees with the proposed allocation, he may have the matter submitted to arbitration under the rules of the American Arbitration Association. In the event of eminent domain proceedings against the Project or any portion thereof, Institutional Lenders shall be given timely written notice thereof.

12. 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; or

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 of 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.

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.

13. 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.

14. Owners' Compliance: Each Owner, tenant or occupant of a Condominium shall comply with the provisions of this Declaration, the Bylaws, decisions and resolutions of the Association or its duly authorized representative, and the

Regulatory Agreement, as lawfully amended from time to time, and failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an 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 Bylaws, shall be deemed to be binding on all Owners of Condominiums, their successors and assigns.

15. Notices: Any notice permitted or required by the Declaration or Bylaws may be delivered either personally or by registered or certified mail. If delivery is by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, 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 addres has been given to the Secretary.

16. Enforcement of Declarant's Obligation to Complete Common Area Improvements: Where the project includes Common Area improvements which have not been completed prior 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 obligation 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 aforesais 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 fifteen (15) days nor more than thirty (30) days after receipt by the Board of a petition for such a meeting signed by members representing ten (10) 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.

17. 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 or sex.

SCHEDULE A

Unit Number	Percentage
1	8.66
2	7.86
3	17.6
4	7.86
5	8.66
6	8.66
7	7.86
8	16.32
9	7.86
10	8.66

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this Declaration this 26th day of August, 1977.

SOUTHLAND DEVELOPMENT CO.
A General Partnership

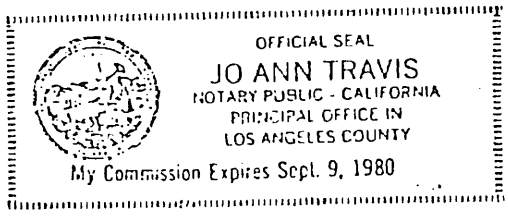
By _____
Donald E. Hill
Partner

By _____
Real O. Blais
Partner

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

On August 26, 1977, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Donald E. Hill and Real O. Blais known to me to be all of the general partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.



Jo Ann Travis
Notary Public in and for said County and State