

Recording requested by, and
when recorded mail to:

80- 73537

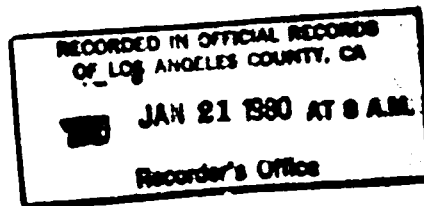
M. BERT LA CHARITE
2308 Artesia Boulevard
Redondo Beach, California 90278

DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP

FEE \$ 10.00

THIS DECLARATION is made as of the date set forth
below by the undersigned Declarant.

R E C I T A L S



1. Declarant is the owner of certain real property located in the City of Redondo Beach, County of Los Angeles (hereinafter referred to as "said County"), State of California, described in Exhibit "A" attached hereto.

2. Declarant has improved or intends to improve said real property in the manner described in Exhibit "B" attached hereto.

3. All of said real property, including all structures and other improvements thereon, is hereby defined and shall hereinafter be referred to as the "development."

DECLARATION

NOW, THEREFORE, Declarant hereby declares that the real property described in Recital 1, above, is, and

shall be, held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to the following limitations, restrictions, easements, covenants, conditions, liens and charges, all of which are declared and agreed to be in furtherance of a plan of condominium ownership as described in Sections 1350 to 1359, inclusive, of the California Civil Code for the subdivision, improvement, protection, maintenance, and sale of condominiums within the aforesaid real property, and all of which are declared and agreed to be for the purpose of enhancing, maintaining and protecting the value and attractiveness of the aforesaid real property. All of said limitations, restrictions, easements, covenants, conditions, liens and charges shall run with the land, shall be binding upon and inure to the benefit of all parties having or acquiring any right, title or interest in the aforesaid real property, and shall be binding upon and inure to the benefit of the successors in interest of such parties. Declarant hereby further declares that it is the express purport and intent hereof that this Declaration satisfy the requirements of Section 1355 of the California Civil Code.

ARTICLE I

DEFINITIONS

1. The "Association" shall mean and refer to

80- 73537

2704 CURTIS AVENUE OWNERS ASSOCIATION, an unincorporated association, its successors and assigns.

2. The "board" shall mean the board of directors of the Association.

3. The "by-laws" shall mean the by-laws of the Association adopted by Declarant and approved by the California Department of Real Estate, as such by-laws may be amended from time to time.

4. The "common area" shall mean the entire development excepting all units as shown on the condominium plan.

5. A "condominium" shall mean an estate in real property as defined in Section 783 of the California Civil Code consisting of an undivided interest as a tenant-in-common in the common area, together with a fee interest in a unit (defined below) shown and described on the condominium plan and separate interests in other real property, if any.

6. The "condominium plan" shall mean the condominium plan recorded or to be recorded pursuant to Section

1351 of the California Civil Code respecting the development, and any amendments thereto.

7. The "Declarant" shall mean ALBERT LA CHARITE, his successors and assigns, if such successors and assigns acquire or hold record title to all or any portion of the development for development purposes.

8. A "member" shall mean every person or entity who holds a membership in the Association.

9. A "mortgage" shall mean a mortgage or deed of trust encumbering a condominium or other portion of the development. A "mortgage" shall also mean an installment sales contract as to a condominium or other portion of the development entered into under and pursuant to Article 3, Chapter 6, Division 4 of the California Military and Veterans Code whereunder The Department of Veterans Affairs of the State of California ("DVA") is Seller (a "Cal-Vet" contract). The term "mortgagee" shall include the beneficiary under a deed of trust and the DVA under a Cal-Vet contract.

10. An "owner" shall mean each person and entity holding a record ownership interest in a condominium.

including Declarant. The term "owner" shall not include persons or entities who hold an interest in a condominium merely as security for the performance of an obligation or as a contract purchaser; provided, however, that the contract purchaser or purchasers of a condominium from the DVA under a Cal-Vet contract shall be an owner.

11. A "unit" shall mean the elements of a condominium which are not owned in common with the other owners of condominiums in the development. The boundaries of a unit are shown and described on the condominium plan. In interpreting deeds and plans the existing physical boundaries of a unit or of a unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the description expressed in the deed or plans, regardless of minor variance between boundaries shown on the plans or in the deed and those of the building. Whenever reference is made herein, in the condominium plan, in any deed or elsewhere to a unit it shall be assumed that such reference is made to the unit as a whole, including each of its component elements, and to any and all exclusive easements appurtenant thereto over common area, if any

ARTICLE XI

PROPERTY RIGHTS, RIGHTS OF ENJOYMENT AND EASEMENTS

1. Ownership of Condominium; Exclusive Easements.

Ownership of each condominium within the development shall

include a unit, the respective interest in the common area as specified in Schedule "1" to Exhibit "B" (which undivided interest may not be altered or changed so long as the prohibition against severability of component interests in a condominium remains in effect as hereinafter provided), and any exclusive easement or easements appurtenant to such unit over the common area as described in the deed thereto or in the condominium plan, if any.

2. Owners Non-Exclusive Easements of Enjoyment, Etc. Every owner of a condominium shall have a non-exclusive easement of use and enjoyment in and to and throughout the common area of the development as well as a non-exclusive easement for ingress, egress and support over and through the common area; provided, however, such non-exclusive easements shall be subordinate to, and shall not interfere with, exclusive easements appurtenant to units over the common area, if any. Each such easement shall be appurtenant to and pass with the title to every unit. Title to every unit, and easements appurtenant thereto, shall be subject to the following:

(a) The right of the Association to limit the number of guests, and to adopt Association rules and regulations regulating the use and enjoyment of the common area.

(b) The right of the Association to charge reasonable admission and other fees for the use of any

unassigned parking and storage spaces situated upon the common area.

(c) The right of the Association to borrow money for the purpose of improving the common area and any recreational areas therein.

(d) The right of the Association to assign, rent, license or otherwise designate and control use of unassigned parking and storage spaces within the common area (other than those portions subject to exclusive easements appurtenant to units, if any).

(e) The right of Declarant or its designees to enter upon the development for purposes of construction of the development, and for purposes of making repairs and remedying construction defects.

(f) The right of the Association, or its agents, to enter the common area and any of the units in order to perform its obligations hereunder, which right shall be immediate in case of an emergency originating in or threatening such unit, whether the owner is present or not.

(g) The right of any owner, or his representatives, to enter the unit of any other owner for purposes

of performing permissible installations, alterations or repairs to plumbing and utilities and to mechanical or electrical services, including installation of television antennae and related cables, provided requests for entry are made in advance and that such entry is at a time convenient to the owner whose unit is being entered; and in the case of emergency, such right of entry shall be immediate.

3. Delegation of Use. Any owner may delegate his rights of enjoyment in the development to the members of his family, his guests, and invitees, and to such other persons as may be permitted by this Declaration and by the by-laws and the Association rules, subject, however, to the provisions hereof and of said by-laws and said Association rules.

4. Minor Encroachments. If any portion of the common area encroaches upon any of the units, or if any portion of any unit encroaches upon the common area, a valid easement for such encroachment and for the maintenance of same so long as it remains shall and does exist, and, pursuant to this Declaration, all units are made subject to such easements. In the event that any structure containing a unit is partially or totally destroyed and then rebuilt and minor encroachments result, a valid easement for such minor encroachments, and for the maintenance of same so long as same shall remain, shall and does exist, and, pursuant to this Declaration, all units and the common area are made subject to such easements for minor encroachments.

5. Easements Granted by Association. The Association shall have the power to grant and convey to any

third party easements and rights-of-way in, on, over or under the common area for the purpose of constructing, erecting, operating or maintaining thereon, therein or thereunder overhead or underground lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities, and each purchaser, in accepting a deed to his condominium, expressly consents hereto; provided, however; that no such easements may be granted if same would interfere with the use, occupancy or enjoyment by any owner of his unit, any exclusive easements over the common area appurtenant thereto, if any, or the recreational facilities of the development.

ARTICLE III

USE RESTRICTIONS

1. Residential Use. Units shall be used for residential purposes only, provided, however, that for a period of three (3) years from and after the date of recordation of this Declaration units owned by Declarant may be used by Declarant or its designees as models, sales offices and construction offices

for the purpose of developing, improving and selling condominiums in the development and for the purpose of developing, improving and selling any real property or portions thereof owned by Declarant or its designees and situated in the vicinity of the development. Nothing herein shall prevent an owner from leasing or renting his condominium, provided, however, any lessee or renter thereof shall abide by and be subject to all terms and provisions of this Declaration, the by-laws, and the Association rules.

2. Commercial Use. Excepting as otherwise expressly provided in this Declaration, no part of the development shall ever be used or caused, allowed or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other such non-residential purpose; provided, however, that Declarant or its designees may use any recreational facilities of the development for the purpose of developing, improving and selling condominiums in the development and for the purpose of developing, improving, and selling any real property or portions thereof owned by Declarant or its designees and situated in the vicinity of the development.

3. Interior Maintenance. Each owner of a condominium shall be responsible for maintaining his unit, including the equipment and fixtures therein and the interior surfaces of the walls, floors, ceilings, windows and doors thereof, in a clean, sanitary, workable and attractive condition, reserving to each owner, however, complete discretion as to the choice of furniture, furnishings, and interior decorating; provided, however, windows may only be covered by drapes or shades and may not be painted or covered by foil, cardboard, or other similar materials. Each owner shall also be responsible for repair, replacement and cleaning of the windows and glass of his unit, both exterior and interior. Unless otherwise specifically provided in this Declaration, the owners and occupants of each unit shall clean and maintain all exclusive easements appurtenant to such unit over the common area.

4. Oil/Drilling. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind, shall be permitted upon or on the development, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of the development or within five hundred (500) feet below the surface of the development. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the development.

80- 73557

5. Offensive Conduct; Nuisances. No noxious or offensive activities shall be carried on, upon, or within the development, nor shall anything be done thereon which may be or become an annoyance or nuisance to the residents of the development, or which shall in any way interfere with the quiet enjoyment of occupants of condominiums. Unless otherwise permitted by the board, no owner shall serve food or beverages, cook, barbeque, or engage in similar activities, excepting within such owner's unit and excepting within those portions of the common area subject to exclusive easements appurtenant to such owner's unit, if any.

6. Parking Restrictions; Use of Garages. Unless otherwise permitted by the board, no automobiles, motorized vehicles (including motorcycles) or bicycles shall be parked or left on any property subject to this Declaration other than within a garage; provided, however, parking by commercial vehicles for the purpose of making service calls and deliveries shall be permitted in accordance with the Association rules. Each garage space shall be used for the purpose of parking motor vehicles only (as same are defined by the Vehicle Code of the State of California), excepting that a portion of each garage may be used for storage provided it is enclosed in a manner which does not interfere with the parking of motor vehicles therein. Garage doors shall remain closed at all times excepting when entering or exiting or maintaining or repairing the garage.

7. Signs. No sign of any kind shall be displayed to the public view on or from any condominium or on or from the common area without the approval of the board, excepting such signs as may be used by the Declarant or its designees for the purpose of developing, selling, renting and improving condominiums within the development and for the purpose of developing, selling, renting and improving real property owned by Declarant or its designees and situated in the vicinity of the development. Notwithstanding the foregoing, one sign of reasonable dimensions advertising a condominium for sale or for rent may be placed within each unit or within the common area immediately adjacent thereto by the owner or owners thereof or his or their agent.

8. Antennae, External Fixtures, Etc. No television or radio poles, antennae, flag poles, clotheslines or other external fixtures other than those originally installed by Declarant or approved by the board, and any replacements thereof, shall be constructed, erected or maintained on or within the common area, including any structure thereof. No external wiring, insulation, air-conditioning, water softeners or other external machinery or equipment other than that originally installed by

Declarant or approved by the board, and any replacements thereof, shall be constructed, erected or maintained on or within the common area, including any structures thereof. Individual exterior television and radio antennae are prohibited, excepting that the Association shall maintain in effect or cause to be maintained in effect a central antenna system or systems for television and radio (with appropriate external equipment) which said central system or systems shall provide connections to each unit within the development via underground or internal wall wiring, or a combination thereof.

9. Fences, Etc. No fences, awnings, ornamental screens, screen doors, sunshades or walls of any nature shall be erected or maintained on or around any portion of any structure or elsewhere within the development except such as are installed in accordance with the original construction of the development, and any replacement thereof, or as are authorized and approved by the board. The foregoing notwithstanding, nothing herein shall be construed as restricting Declarant or its designees from constructing improvements in connection with sales and rental activities provided same are removed and those portions of the development affected thereby are placed in their original condition upon termination of such activities.

10. Animals. No animals, reptile, rodents, birds, fish, livestock or poultry shall be kept in any condominium or elsewhere within the development except that domestic dogs, cats, fish, and birds inside bird cages.

may be kept as household pets within any unit, provided they are not kept, bred or raised therein for commercial purposes, or in unreasonable quantities. As used in this Declaration, "unreasonable quantities" shall be deemed to limit the total number of all dogs, cats and birds to one (1) per condominium. The Association shall have the right to prohibit maintenance of any animal which constitutes, in the sole and exclusive opinion of the board, a nuisance to any other owner. Each person bringing or keeping a pet upon the development shall be absolutely liable to each and all other owners, their family members, guests, invitees, lessees, renters and contract purchasers, and their respective family members, guests, and invitees for any damage to persons or property caused by any pet brought upon or kept upon the development by such person or by members of his family, his guests or invitees.

11. Temporary Structures. No temporary structure shall be used as a living area while permitted by the board to be placed upon the development; provided, however, trailers or temporary structures for use incidental to the initial construction of the development or the initial sales of units therein or incidental to the initial construction of property owned by Declarant or Declarant's designees and situated in the vicinity of the development or the initial sales therein may be maintained within the development, but shall be promptly removed upon completion of all such initial construction and all such initial sales.

12. Trash Disposal. Trash, garbage or other waste shall be kept only in sanitary containers. No owner of a condominium shall permit or cause any trash or refuse to be kept on any portion of the development subject to this declaration other than in the receptacles customarily used therefor. Trash receptacles placed outside of a unit must be placed in locations approved by the board.

13. Outside Drying and Laundering. No exterior clothes-line shall be erected or maintained and there shall be no exterior drying or laundering of clothes on balconies, patios, porches or other areas, or from windows.

14. Window Coverings. Windows may only be covered by drapes or shades, and may not be painted or covered by foil, cardboard or other similar materials except with the consent of the board.

15. Structural Alterations and Integrity. Excepting as to alterations and modifications either made by Declarant or its designees or made with the prior approval in writing of the board, no structural alterations to the interior of any unit shall be made, no plumbing, electrical or other work within any bearing or common walls, if any, shall be made, and no exterior alterations or modifications of any kind, including those to the exterior of the buildings, patios, balconies, fences, railings or walls, shall be made. Nothing shall be kept or used in any condominium or elsewhere within the development which might impair the structural integrity thereof. Water beds may only be used with the prior written consent of the board.

16. Compliance With Laws, Etc. Nothing shall be done or kept in any unit or in the common area which

might increase the rate of, or cause the cancellation of, insurance on the development, or any portion thereof, without the prior written consent of the board. No owner shall permit anything to be done or kept in his unit which is in violation of any law, ordinance, statute, rule or regulation of any local, county, state or federal body. No owner shall allow furniture, furnishings or other personalty belonging to such owner to remain within any portion of the common area excepting portions thereof subject to exclusive easements over the common area appurtenant to such owner's unit, if any, and excepting as may otherwise be permitted by the board.

17. Indemnification. Each owner shall be liable to the remaining owners for any damage to the common area which may be sustained by reason of the negligence or intentional conduct of said owner, members of his family, his contract purchasers, lessees, renters, guests or invitees, to the extent that any such damage shall not be covered by insurance. Each owner does further, by acceptance of his deed, agree for himself and for the members of his family, his contract purchasers, lessees, renters, guests or invitees, to indemnify each and every other owner, and to hold him or her harmless from, and to defend him or her against any uninsured claim of any person or persons for personal injury or property damage occurring within the unit of the indemnifying owner and any exclusive easements over the common area appurtenant thereto, if any, unless said injury or damage occurred

by reason of the negligence of any other owner or person temporarily visiting in said condominium or portion of the common area subject to an exclusive easement appurtenant thereto, if any.

18. Owners' Obligation For Taxes. Each owner shall be obligated to pay any taxes or assessments assessed by the County Assessor of said County against his condominium and against his personal property.

ARTICLE IV

THE ASSOCIATION

1. Formation. The Association shall be an unincorporated association formed under laws of the State of California and, upon the close of the first condominium sale to an owner, shall be and become charged with the

duties and invested with the powers set forth in the by-laws and this Declaration, including, but not limited to, control of the common area. The by-laws shall not, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. In the event of any such inconsistency, the provisions of this Declaration shall prevail.

2. Association Action, Board of Directors and Officers. Except as to matters expressly requiring the approval of members as set forth in this Declaration or the by-laws, the affairs of the Association, including the right to enter into contracts of all kinds on behalf of the Association, shall in all instances be conducted by the board and such officers as the board may elect or appoint, such election or appointment to be in accordance with the by-laws, as the same may be amended from time to time. Except as otherwise expressly provided in this Declaration or the by-laws, all matters requiring the approval of members shall be deemed approved if members holding a majority of the total voting rights present in person or by proxy at a duly constituted meeting at which a quorum is present assent thereto by vote, or if written consent is obtained as provided in the by-laws.

3. Powers and Duties of Association.

(a) Powers. The Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association

under this Declaration and the by-laws, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association, including, without limitation the following:

(i) Assessments. The Association shall have the power to establish, fix and levy assessments against the owners of condominiums and to enforce payment of such assessments, all in accordance with the provisions of this Declaration; provided, however, the approval of members shall be required as to the amounts of all regular assessments except as otherwise hereinafter specifically provided.

(ii) Right of Enforcement. The Association and any owner shall have the power and authority from time to time in its or his own name and on its or his own behalf, or on behalf of any owner or owners who consent thereto, to commence and maintain actions and suits at law for damages or in equity to restrain and enjoin any breach or threatened breach of any provisions of this Declaration or the by-laws, or of the Association rules adopted pursuant to Section 3 of this Article IV, or any resolutions of the board, and to enforce by mandatory injunction, or otherwise, all of said provisions. In addition to the foregoing remedies, the Association shall have the right to suspend the voting rights, suspend use privileges of the common area, or assess monetary penalties against any owner or other person

entitled to exercise such rights or privileges by reason of any violation of this Declaration or the by-laws, Association rules, or board resolutions, provided, however, that:

a. any such suspension of use privileges may not exceed a period of thirty (30) days for any one violation, and

b. any such monetary penalty shall not exceed twenty-five dollars (\$25.00) for any one violation.

Each fined or suspended owner or other person shall have the right to appeal such action by filing with the board written notice of his intention to appeal. Such action imposing such fine or suspension shall thereupon become ineffective until the fine or suspension shall thereafter be approved by a majority of board members present at a duly called and held regular or special meeting of the board at which a quorum is present, and the owner or other person to be fined or suspended shall have the right to appear, to be represented by counsel and to be heard thereat.

(iii) Delegation of Powers. The Association acting by and through the board shall have the

authority to delegate its powers, duties and responsibilities to committees or employees, including a professional managing agent (sometimes hereinafter referred to as the "manager").

(iv) Association Rules. The Association shall have the power to adopt, amend and repeal such rules and regulations as it deems reasonable (hereinafter sometimes referred to as the "Association rules"). The Association rules shall govern the conduct of persons within the development and the use of the common area, including, but not limited to, any recreational facilities, by an owner, the family members of an owner, or by any guest, invitee, contract purchaser, lessee or renter of an owner, or their respective family members, guests or invitees; provided, however, that the Association rules shall not be inconsistent with or materially alter any other provisions of this Declaration or the by-laws. A copy of the Association rules as the same may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each owner and a copy shall be posted in a conspicuous place within the development. In the event of any conflict between any such Association rules and any other provisions of this Declaration or the by-laws, the provisions of the Association rules shall be deemed to be superseded by the provisions of this Declaration or the by-laws to the extent of any such inconsistency.

(b) Duties of the Association.

In addition to powers delegated to it in the

by-laws, and without limiting the generality thereof, the Association acting by and through the board, or by and through persons or entities described in paragraph (a)(iii), above, if applicable, shall have the obligation to conduct all business affairs of common interest to all owners, and to perform each of the following duties:

(i) Operation and Maintenance of the Common Area

Operate, maintain and otherwise manage or provide for the operation, maintenance and management of, the common area, and all facilities, improvements and landscaping thereon and thereof, including all private driveways and private streets thereof, if any, and all other property acquired by the Association, including personal property, in a first class condition and in a good state of repair. In this connection, the Association may employ a managing agent, may enter into contracts or arrangements for services or materials for the benefit of or improvement of the Association or the common area, or may sell property owned by it, provided, however, that (i) the term of any such service contract shall not exceed one (1) year, (ii) the aggregate expenditures for capital improvements to the common area in any fiscal year shall not exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, and (iii) the Association shall not sell during any fiscal year property owned by it having a value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year unless such action is approved by vote or written consent of a group of members holding a majority of the total voting rights, which group of members shall, in any event, include a subgroup of members (excluding Declarant) holding not less than a majority of the total voting rights (excluding any such voting rights held by Declarant). Notwithstanding the foregoing, the above described limitation on the term of any contract shall not apply to (i) a contract with a public utility company if the rate charged for the materials or services is regulated by the Public Utilities Commission so long as the term thereof does not exceed the shortest term for which the supplier will contract at the regulated rate and (ii) a prepaid casualty and/or liability policy of not to exceed three (3) years duration provided such policy

permits short rate cancellation by the insured.

(ii) Taxes and Assessments. Pay all real and personal property taxes and assessments and all other taxes levied against the common area, personal property owned by the Association, or against the Association. Such taxes and assessments may be contested or compromised by the Association; provided, however, that they are paid or a bond insuring payment is posted prior to the sale or the disposition of any property to satisfy the payment of such taxes.

(iii) Water and Other Utilities. Acquire, provide and/or pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical; telephone and gas and other necessary utility services for the common area and for condominiums when the condominiums are not separately billed therefor.

(iv) Insurance. Obtain, from reputable insurance companies, and maintain in effect, the insurance described in Article VIII hereof.

(v) Enforcement of Restrictions and Rules. Perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce any of the provisions of this Declaration, the by-laws, the Association rules and any board resolutions.

4. Personal liability. No member of the board, or any committee of the Association, or any officer of the Association, or the manager, if any, or Declarant, or any agent of Declarant, shall be personally liable to any owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of

any such person or entity, provided that such person or entity has, upon the basis of such information as may be possessed by him or it, acted in good faith without willful or intentional misconduct.

5. Annual Meeting and Notice. An organizational meeting shall be held as soon as practicable following issuance by the California Department of Real Estate of the Final Subdivision Public Report covering the development, and the directors elected thereat shall hold office until the first annual meeting. Representatives of Declarant may act as directors and officers of the Association. The first annual meeting of members of the Association shall be held within forty-five (45) days after the closing of the sales of two (2) condominiums within the development, but in no event shall such first annual meeting of members be held later than six (6) months after the closing of the sale of the first condominium within the development. Thereafter annual meetings of members of the Association shall be held in each succeeding year within one week before or after the anniversary date of said first annual meeting on a day to be determined by the board, which day shall not be a legal holiday. Special meetings may be called as provided in the by-laws. Notice of all member meetings, annual or special, shall be given by regular mail or telegram and shall be given not less than ten (10) days nor more than thirty (30) days prior to the time of said meeting and shall set forth the place, date and hour of the meeting, and the nature of the business to be undertaken. All such meetings shall be held within the development or as close thereto as possible, at a reasonable place selected by the board which place shall, in any event, be located within said County. The presence at any meeting in person or by proxy

of members entitled to cast at least sixty-six and two-thirds percent (66-2/3%) of the total votes of all members of the Association shall constitute a quorum.

6. Balance Sheet and Operating Statement. The Association shall prepare, or cause to be prepared, a balance sheet and an operating (income) statement for the Association as of the accounting dates hereinafter set forth, and copies of each thereof shall be distributed to each member within sixty (60) days after said accounting dates. For purposes hereof, the accounting dates for the preparation of such balance sheet and operating (income) statement are as follows:

(a) First Accounting Date. The first accounting date shall be the last day of the month closest in time to six (6) months from the date of closing of the first sale of a condominium within the development. The balance sheet shall be rendered as of said date, and the operating (income) statement shall be rendered for the period commencing with the date of closing of the first sale of a condominium within the development and ending as of said first accounting date.

(b) Subsequent (Annual) Accounting Dates. The second and subsequent accounting dates shall be the last day of the Association's fiscal year (which fiscal year shall be a calendar year unless a different fiscal year is adopted). The balance sheet shall be rendered as of said date, and the operating (income) statement shall be rendered for the fiscal year in question.

(c) First Operating (Income) Statement. The operating (income) statement for the first six (6) months accounting period shall include a schedule of assessments received or receivable itemized by unit number and by the name of the person or entity assessed.

An external audit by an independent public accountant or certified public accountant shall be required for the preparation of the balance sheets and operating (income) statements referred to in (b), above, for fiscal years in which the gross income of the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00).

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

1. Membership.

(a) Qualifications. Each owner of a condominium, including Declarant, shall be a member of the Association. Ownership of a condominium or interest therein shall be the sole qualification for and entitlement to membership in the Association. Each owner shall remain a member of the Association until such time as his ownership or ownership interest in all condominiums in the development ceases for any reason, at which time his membership in the Association shall automatically cease. A member is not intended to include persons or entities who hold an interest in a condominium merely as

security for performance of an obligation; nor is a member intended to include contract purchasers, excepting, however, a contract purchaser or contract purchasers from the DVA under a Cal-Vet contract, if any.

(b) Members' Rights and Duties. Each member shall have the rights, duties and obligations set forth in this Declaration, the by-laws and the Association rules, as the same may from time to time be amended.

(c) Transfer of Membership. The Association membership of each person or entity who owns, or owns an interest in, a condominium shall be appurtenant to such condominium, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon a transfer of title to each such condominium or interest therein and then only to the transferee thereof. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a condominium or interest therein shall operate automatically to transfer the membership rights in the Association appurtenant thereto to the new owner thereof.

2. Voting.

(a) Number of Votes. The owner or, collectively, the owners, of each condominium shall have one (1) vote for each condominium owned (except in the case of cumulative voting as described below).

(b) Joint Owner Votes. The voting rights for each condominium may not be cast on a fractional basis. In the event that the joint owners of a condominium are unable to agree among themselves as to how their voting rights shall be cast, they shall forfeit same as to the matter in question. If any owner or owners cast the voting rights of a particular condominium, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other owners of the same condominium. In the event more than one (1) person or entity casts the voting rights for a particular condominium, said voting rights shall not be counted and shall be deemed void.

(c) Cumulative Voting. Excepting as otherwise provided herein, election to and removal from the board shall be by cumulative voting. In this regard, each member shall be entitled to vote, in person or by proxy, as many votes as such member is entitled to exercise as above provided multiplied by the number of directors to be elected or removed, as the case may be, and he may cast all of such votes for or against a single candidate or director, or he may distribute them among the number of candidates or directors to be so elected or removed, or any two or more of them, in such manner as he deems appropriate. The candidates receiving the highest number of votes up to the number of directors to be elected shall be deemed elected. As to removal, the entire board or any single director may be removed from office by a vote of members (utilizing cumulative voting procedures as aforesaid) holding a majority of the total voting rights permitted to vote in respect to such action; provided, however, unless the entire board is removed, an individual director may not be removed prior to the expiration of his term of office if the number of votes cast against his

removal is greater than the quotient arrived at when the total number of votes that may be cast under such cumulative voting procedures is divided by one plus the authorized number of directors.

ARTICLE VI

ASSESSMENTS

1. Agreement to Pay. The Declarant, for each condominium owned by it in the development which is expressly made subject to assessment as set forth in this Declaration, hereby covenants and agrees, and each purchaser of a condominium by his acceptance of a deed therefor, whether or not it is so expressed in such deed, is deemed to covenant and agree, for each condominium owned, to pay to the Association regular assessments and special assessments, such assessments to be established, made and collected as hereinafter provided.

2. Personal Obligation. Each such assessment, or installment thereof, together with any late charge, interest thereon, collection costs and reasonable attorneys fees, shall also be the personal obligation of the person or entity who was an owner at the time such assessment, or installment thereof, became due and payable.

In the event more than one person or entity was the owner of a condominium, the personal obligation to pay such assessment, or installment thereof, respecting such condominium shall be both joint and several. The personal obligation for delinquent assessments, or delinquent installments thereof, and such other sums, shall not pass to an owner's successors in interest unless expressly assumed by them. No owner of a condominium may exempt himself from payment of assessments, or installments thereof, by waiver of the use or enjoyment of all or any portion of the common area or by waiver of the use or enjoyment of, or by abandonment of, his condominium.

3. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the members of the Association; the improvement, operation and maintenance of the common area, and the performance of the duties of the Association as set forth in this Declaration.

4. Assessments.

(a) Regular Assessments. Not less than sixty (60) days prior to the beginning of each fiscal year the board shall cause a pro forma operating statement (budget) for such fiscal year to be prepared and distributed to members. Such budget shall contain an estimate per condominium of the total amount of funds necessary to defray the common expenses of the Association for such fiscal year, and if said amount is approved by the members same shall become the basis for regular

assessments for such fiscal year. If said amount is not approved by members, the prior fiscal year's budget shall apply to such fiscal year subject to increase as set forth in Section 8 hereof. Said assessments shall be determined as provided in Section 5 hereof.

(b) Special Assessments. In the event the board shall determine that the theretofore estimated total amount of funds necessary to defray the common expenses of the Association for a given fiscal year is, or will become, inadequate to meet such expenses for any reason, including, but not limited to, unanticipated delinquencies, costs of construction or reconstruction, unexpected repairs or replacement of capital improvements upon the common area, or otherwise, the board shall determine the approximate amount necessary to defray such expenses, and if said amount is formally approved by the board same shall become a special assessment which may be assessed hereunder. The board may, in its discretion, pro rate such special assessment over the remaining months of the fiscal year or levy such assessment immediately against each condominium.

(c) Limitation Respecting Special Assessments. The foregoing notwithstanding, excepting as otherwise herein provided, any special assessment in excess of five percent (5%) of the budgeted gross expenses of the Association for the fiscal year in which such special assessment is to be levied shall require approval by vote or written consent of a group of members holding a majority of the total voting rights, which group of members shall, in any event, include a subgroup of members (excluding Declarant) holding not less than a majority of the total voting rights (excluding any voting rights held by Declarant).

5. Rate of Assessment. Except as otherwise specifically provided elsewhere in this Declaration, regular and special assessments for each condominium must be fixed in proportion to its respective interest in the common area as specified in Schedule "1" to Exhibit "B" hereof.

6. Assessment Period. The regular assessment period shall coincide with the Association's fiscal year, and regular assessments shall be payable in equal monthly installments unless the board adopts some other basis for collection; provided, however, the initial regular assessment period shall commence on the first day of the month following the date on which the sale of the first condominium to a purchaser is closed (hereinafter referred to as the "initiation date") and shall terminate on the last day of the fiscal year in which the initial sale is consummated. The first regular assessment and all special assessments shall be adjusted according to the number of months remaining in the fiscal year and shall be payable in equal monthly installments unless the board adopts some other basis for collection. The Association shall not change the pro rata interest or obligation of any condominium for purposes of levying assessments unless all owners and all mortgagees have given their prior written consent thereto. On the initiation date, regular assessments shall commence as to all condominiums within the development, including unsold condominiums owned by Declarant.

7. Notice and Assessment Installment Due Dates. A single ten (10) day prior written notice of each yearly regular assessment and each special assessment shall be sent to

the owner or owners of every condominium subject thereto wherein the due dates for the payments of installments thereof shall be specified. The due dates for the payment of installments of regular assessments and special assessments shall normally be the first day of each month unless some other due date is established by the board. Each installment of regular assessments and special assessments shall become delinquent if not paid within fifteen (15) days after its due date. There shall accrue with each delinquent installment a late charge of fifteen dollars (\$15.00) together with interest at the rate of seven percent (7%) per annum calculated from the due date to and including the date full payment is received by the Association.

8. Increase in Assessments. Notwithstanding the foregoing, the board may, for the fiscal year following the initial fiscal year and any subsequent fiscal year, increase the regular assessments effective as of the first day of such fiscal year by an amount not in excess of twenty percent (20%) above the maximum annual assessment per condominium for the previous fiscal year, without the vote or consent of the members of the Association.

9. Estoppel Certificate. The board or manager, upon not less than twenty (20) days prior written request, shall execute, acknowledge and deliver to the party making such request a statement in writing stating

whether or not to the knowledge of the Association, a particular owner is in default as to said owner's condominium under the provisions of this Declaration and further stating the dates to which installments of assessments, regular or special, have been paid as to such condominium, it being intended that any such certificate delivered pursuant to this Section 9 may be relied upon by any prospective purchaser or mortgagee of said condominium, but reliance on such certificate may not extend to any default not involving the payment of assessments as to which the signer had no actual knowledge.

ARTICLE VII

COLLECTION OF ASSESSMENTS; LIENS

1. Right to Enforce. The right to collect and enforce assessments is hereby vested in the board acting by and on behalf of the Association. The board or its authorized representative, including the manager, if any, may enforce the obligations of the owners to pay assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity or the board may foreclose by judicial proceedings or through the exercise of the power of sale pursuant to Section 3 hereof to enforce the lien rights created hereby. Suit to recover

a money judgment for unpaid assessments, or installments thereof, together with all other amounts described in Section 2 of Article VI hereof shall be maintainable without foreclosing or waiving said lien rights.

2. Creation of Lien. In the event of a delinquency in the payment of any assessment, or installment thereof, respecting a condominium, as described in Section 7 of Article VI hereof, such amounts as may be delinquent, together with the late charge described in said Section 7, interest thereon at the rate of seven percent (7%) per annum, and all costs which may be incurred by the board or its authorized representative in the collection of said amounts, including reasonable attorneys fees, shall be and become a lien against such condominium upon the recordation in the office of the County Recorder of said County of a Notice of Assessment as provided in Section 1356 of the California Civil Code. The Notice of Assessment shall not be recorded unless and until the board or its authorized representative has delivered to the delinquent owner or owners of such condominium, not less than fifteen (15) days prior to the recordation of said Notice of Assessment, a written notice of default and a demand for payment, and such delinquency has not been cured within fifteen (15) days after delivery thereof. Said lien shall expire and be null and void unless, not less than ten (10) days nor more than one (1) year after recordation of said Notice of Assessment, the board or its authorized representative records a

notice of default as hereinafter provided or institutes judicial foreclosure proceedings.

3. Notice of Default; Foreclosure. Not less than ten (10) days nor more than one (1) year after the recording of said Notice of Assessment, the board or its authorized representative may record a notice of default and thereafter may cause such condominium to be sold in the same manner as a sale is conducted as provided by Sections 2924 et seq. of the California Civil Code, or through judicial foreclosure; provided, however, that, in connection with any sale pursuant thereto the board is hereby authorized to appoint its attorney, any officer or director, or any title insurance company authorized to do business in California as Trustee for purposes of conducting such sale. If any such delinquency is cured prior to sale, or prior to completing a judicial foreclosure, the board or its authorized representative shall cause to be recorded in the office of the County Recorder of said County a certificate setting forth the satisfaction of such claim and release of such lien upon payment of actual expenses incurred, including reasonable attorneys fees not to exceed one hundred fifty dollars (\$150.00) by such delinquent owner or owners.

During the pendency of any foreclosure proceeding, whether judicial or by power of sale, the condominium owner or owners shall be required to pay to the Association reasonable rental for the condominium and the Association shall be entitled to the appointment of a receiver to collect the same. In this regard, on becoming delinquent in the payment of any assessments, or installments thereof, each delinquent owner or owners shall be deemed to have absolutely assigned all rents, issues and profits of his condominium to the Association and shall further be deemed to have consented to the appointment of a receiver (which appointment may, at the election of the Association, be enforced by the Association by the remedy of specific performance). The Association acting on behalf of the owners, shall have the power to bid in the condominium at foreclosure sale and to acquire, hold, lease, mortgage and convey the same.

4. Waiver of Exemptions. Each owner does hereby waive, to the extent of any liens created pursuant to this Article VII, the benefit of any homestead or exemption laws of the State of California in effect at the time any assessment, or installment thereof, becomes delinquent or any lien is imposed pursuant to the terms hereof.

ARTICLE VIII

INSURANCE

1. Liability Insurance. The Association shall obtain and maintain in force comprehensive public liability insurance insuring the Association, the manager, if any, the Declarant and the owners and occupants of condominiums, and their respective family members, guests and invitees, and the agents and employees of each, against any liability incident to the ownership or use of the common area and including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than \$300,000.00 for death of or injury to any one person in any one occurrence, \$600,000.00 for death or injury to more than one person in any one occurrence, and \$25,000.00 for property damage in any one occurrence.

2. Fire and Extended Coverage Insurance. The Association shall also obtain and maintain in force a master or blanket policy of fire insurance for the full insurable value of all of the improvements within the development. Such policy and any endorsements thereon shall be in the form and content, for such term and in such company as may be satisfactory to any mortgagee; and, if more than one mortgagee has a loan of record against the development, or any part thereof, such policy and endorsements shall

meet the minimum standards of the various mortgagees represented in the development. Such policy shall contain extended coverage and replacement cost endorsements, if available, and may also contain vandalism and malicious mischief coverage, special form endorsement, stipulated amount clause, and a determinable cash adjustment clause, or a similar clause to permit cash settlement covering full value of the improvements in the event of partial destruction and a decision not to rebuild. Such policy shall be in such amounts as shall be determined from time to time by the board, shall name as insured the Association, the owners and Declarant, so long as Declarant is the owner of any of the condominiums and all mortgagees as their respective interests may appear, and may contain a loss payable endorsement in favor of the trustee hereinafter described.

3. Individual Fire Insurance. If available, underlying fire insurance coverage for individual condominiums shall be written as a part of, or in conjunction with, said master policy, where necessary to protect individual lenders. If such coverage is not available, each owner or owners of each condominium shall purchase at his or their expense and maintain such fire and casualty coverage as may be required by his or their individual mortgagee. Any such underlying insurance shall contain a replacement cost endorsement, if available, and, to the extent available, such other endorsements as may be a part of the master policy. Such insurance shall likewise name as insured

all of the owners and Declarant, so long as Declarant is the owner of any of the condominiums, and all mortgagees, as their respective interests may appear, and may contain a loss payable endorsement in favor of the trustee hereinafter described.

4. Trustee All insurance proceeds payable under Sections 2 and 3, above, and subject to the rights of the mortgagees, may be paid to a trustee, to be held and expended for the benefit of the owners, mortgagees and others, as their respective interests shall appear. Said trustee shall be the Association, or a commercial bank or branch thereof in said County which has agreed in writing to accept such trust. In the event repair or reconstruction is authorized, the board shall have the duty to contract for such work as provided for herein.

5. Other Insurance. The board may purchase and maintain in force demolition insurance in adequate amounts to cover demolition in the event of total or partial destruction and a decision not to rebuild. The board shall also purchase and maintain workmen's compensation insurance, to the extent that the same shall be required by law, for all employees of the development, and directors and officers errors and omissions insurance. The board may also purchase and maintain fidelity bonds, insurance on personal property owned by the Association, and such other insurance as it deems necessary.

6. Owner's Insurance. An owner may carry such personal liability and property damage insurance respecting his condominium as he may desire; provided, however, any such policy shall include a waiver of subrogation clause.

ARTICLE IX

DESTRUCTION OF IMPROVEMENTS

1. Destruction; Proceeds Exceed 85% of Reconstruction Costs. In the event of a total or partial destruction of the improvements in the development, and if the available proceeds of the insurance carried pursuant to Article VIII are sufficient to cover not less than eighty-five percent (85%) of the costs of repair and reconstruction thereof, the same shall be promptly rebuilt.

2. Destruction; Proceeds Less Than 85% of Reconstruction Costs. If the proceeds of such insurance are less than eighty-five percent (85%) of the costs of repair and reconstruction, such repair and reconstruction shall nevertheless take place unless, within ninety (90) days from the date of said destruction, members then holding at least seventy-five percent (75%) of the total voting power of the Association, and their respective mortgagees, determine that such repair and reconstruction shall not take place at a duly constituted meeting of members. If repair and reconstruction is not to take place, the board shall be required to execute, acknowledge and record in the office of the County Recorder of said County, not later than one hundred twenty (120) days from the date of such meeting, a certificate declaring the intention of the members not to rebuild.

3. Procedure Respecting Rebuilding. If rebuilding is to take place pursuant to Sections 1 or 2, above, the owner or owners of each condominium shall be obligated to contribute such funds as shall be necessary to pay his or their proportionate share of the cost of reconstruction, over and above the available insurance proceeds, and the proportionate share of each such owner or owners shall be the same as his or their proportionate share of Association assessments as established in Article VI. In the event of the failure or refusal of such owner or owners to pay his or their proportionate share, the board may levy a special assessment without the consent of members against the condominium of such owner or owners which may be enforced under the lien provisions contained in Article VII hereof or in any other manner provided in this Declaration. For purposes hereof, the "proportionate share of an owner or owners cost of reconstruction" shall be increased as to such owner or owners by the amount of insurance proceeds paid to the mortgagee of the condominium of such owner or owners (and in respect to such condominium).

4. Contract re Rebuilding. If rebuilding is to take place, the board or its authorized representative shall obtain bids from at least two reputable contractors, and shall award the repair and reconstruction work to the lowest qualified bidder. The board shall have the authority to enter into a written contract with said contractor for such repair and reconstruction, and the available insurance proceeds shall be disbursed to said contractor according to the terms of the contract. It shall be the obligation of the board to take all steps necessary to assure the commencement and completion of such repair and reconstruction at the earliest possible date if same is to take place.

5. Rebuilding Not Authorized. If the members determine not to rebuild, then, subject to the rights of mortgagees, any insurance proceeds then available for such rebuilding shall be distributed to the owner or owners of each condominium proportionately in accordance with its respective interest in the common area as specified in Schedule "1" to Exhibit "B" hereof.

6. Minor Repair and Reconstruction. The foregoing notwithstanding, the board shall have the duty to repair and reconstruct improvements, without the consent of members and irrespective of the amount of available insurance proceeds, in all instances of partial destruction

where the estimated cost of repair and reconstruction does not exceed Five Thousand (\$5,000.00) Dollars. The board is expressly empowered to levy a special assessment without the consent of members for the cost of same to the extent insurance proceeds are unavailable therefor, such assessments to be levied as described in Section 3 hereof.

7. Revival of Right to Partition. Upon recordation of a certificate described in Section 2 hereof, the right of any owner to partition through legal action as described in Article XI hereof shall forthwith revive.

8. Arbitration. In the event of a dispute among the owners or mortgagees with respect to the provisions of this Article IX, any owner may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to the members of the board and to all other owners and their respective mortgagees as promptly thereafter as possible, giving all board members, owners and mortgagees an opportunity to appear in such arbitration proceedings. The decision of such arbitrator in the matter shall be final and conclusive upon all parties. The arbitrator may include in his decision an award for costs and/or attorneys fees against any one or more parties to the arbi-

tration. The award or decision may be confirmed and enforced by any court of competent jurisdiction.

9. Negligently or Willfully Caused Damages.

Any owner or other person negligently or willfully causing damage to the development shall be liable therefor to the extent same is not covered by insurance.

ARTICLE X
CONDEMNATION

1. Sale by Unanimous Consent. In the event that an action for condemnation of all or a portion of the development is proposed or threatened by any governmental agency having the right of eminent domain, then, upon unanimous written consent of all of the owners, the development, or such portion thereof may be sold.

2. Distribution of Proceeds of Sale. Upon a sale occurring as described in Section 1 hereof, the proceeds resulting therefrom shall be distributed to and among each owner and his respective mortgagee in accordance with an agreement entered into by all owners and mortgagees. Lacking such agreement within ninety (90) days after the proceeds of sale become available for distribution, the matter shall be referred to arbitration in accordance with Section 8 of Article IX.

3. Distribution of Condemnation Award. In the event the development, or such portion thereof, is

not sold but is instead taken, the judgment of condemnation shall by its terms apportion the award among the owners and their respective mortgagees.

4. Revival of Right to Partition. Upon a sale or taking pursuant hereto which renders more than fifty percent (50%) of the units in the development uninhabitable, the right of any owner to partition through legal action shall forthwith revive.

ARTICLE XI

PARTITION

1. Suspension. The right of partition is hereby suspended pursuant to Section 1354 of the California Civil Code as to the development. The development may be partitioned and sold pursuant to the provisions of Section 1354 of the California Civil Code upon a showing of the occurrences of any one of the events therein provided. Additionally, partition may be had upon a showing that the conditions for such partition as set forth in Section 7 of Article IX or in Section 4 of Article X have been met. Nothing herein contained shall prevent the partition or division of interest between joint or common owners of one (1) condominium.

2. Power of Attorney. Pursuant to Section 1355(b)(9) of the California Civil Code, each of the owners hereby grants the Association an irrevocable power of attorney to sell the development for the benefit of the owners thereof when partition thereof may be had under Section 1354 of the California Civil Code. Exercise of said power shall be subject to the approval of members.

ARTICLE XII

NON-SEVERABILITY OF COMPONENT INTERESTS IN A CONDOMINIUM

1. Prohibition Against Severance. No owner shall be entitled to sever his unit in any condominium from his undivided interest in the common area specified in Schedule "1" to Exhibit "B" hereof for any purpose. Neither of said component interests may be separately sold, conveyed, encumbered, hypothecated or otherwise dealt with, and any violation or attempted violation of this provision shall be void and of no effect. Similarly, no owner shall be entitled to sever any exclusive easement appurtenant to his unit over the common area from his condominium, and any attempt so to do shall be void and of no effect. The suspension of this right of severability will, in no event, extend beyond the period set forth in Article XI respecting the suspension of partition. It is intended

hereby to restrict severability pursuant to Section 1355(l) of the California Civil Code.

2. Conveyances. Subsequent to the initial sales of the condominiums, any conveyance of a unit, or of the component interest in any common area, by the owner of any condominium, shall be presumed to convey the entire condominium; provided, however, that nothing herein contained shall be construed as precluding the owner of any condominium from creating a co-tenancy or joint tenancy in the ownership of said condominium with any other person or persons.

ARTICLE XIII

TERM OF DECLARATION, COMPLIANCE WITH

RULE AGAINST PERPETUITIES

Subject to the provisions of Section 1 of Article XV, this Declaration shall run with the land, and shall continue in full force and effect for a period of fifty-nine (59) years from and after the date on which this Declaration

is executed, after which time same shall be automatically extended for successive periods of ten (10) years, unless an instrument executed by not less than a majority of the owners of the condominiums and all mortgagees of condominiums shall be recorded, cancelling and terminating this Declaration.

ARTICLE XIV

PROTECTION OF MORTGAGES

1. Mortgage Permitted. Any owner may encumber his condominium with a mortgage.
2. Subordination. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any mortgage en-

cumbering all or a portion of the development, or any condominium therein, made in good faith and for value, and no such lien shall in any way defeat, invalidate or impair the obligation or priority of such mortgage unless the mortgagee thereunder shall expressly subordinate his interest, in writing, to such lien.

3. Effect of Breach Hereof. No breach of any provision of these covenants, conditions and restrictions shall invalidate the lien of any mortgage made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon any owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

4. Foreclosure. If any condominium is encumbered by a mortgage made in good faith and for value, the foreclosure of any lien created by any provision set forth in this Declaration for assessments, or installments thereof, shall not operate to affect or impair the lien of such mortgage, and any purchaser at a foreclosure sale respecting foreclosure of such lien shall take title to such condominium subject to such mortgage. In addition, upon foreclosure of such mortgage, the foreclosure purchaser shall take title to such condominium free of the lien hereof for such assessments, or installments thereof, as shall have accrued up to the time of the foreclosure sale (but the prior owner or owners of such condominium shall not be relieved of personal liability for the payment of such assessments as shall have accrued up to such time); and upon so coming into title to such condominium such foreclosure purchaser shall only be obligated to pay assessments or other charges levied or assessed by the Association subsequent to the time such foreclosure purchaser acquired title to such condominium which subsequently levied assessments or other charges may include previously unpaid assessments provided all owners, including such foreclosure purchaser, and the successors and assigns thereof, are required to pay their proportionate

share thereof as hereinabove provided.

5. Non-Curable Breach. Any mortgagee who acquires title to a condominium by foreclosure or by deed in lieu of foreclosure shall not be obligated to cure any breach of this Declaration which is non-curable or of a type which is not practical or feasible to cure.

6. Loan to Facilitate. Any mortgage given to secure a loan to facilitate the resale of a condominium after acquisition by foreclosure or by a deed in lieu of foreclosure shall be deemed to be a loan made in good faith and for value and entitled to all of the rights and protections of this Article XIV.

7. Appearance at Meetings. When invited, any mortgagee may appear at meetings of the members and the board to draw attention to violations of this Declaration which have not been corrected or made the subject of remedial proceedings or assessments.

8. Right to Furnish Information; Collection of Insurance Premiums. Any mortgagee shall have the right to furnish information to the board concerning the status

of any mortgage. The board may also delegate to any mortgagee the right to collect such portion of a condominium's assessments, or installments thereof, representing premiums payable for insurance coverage.

ARTICLE XV

AMENDMENT

1. Procedure. This Declaration may be amended in any respect by any group of members holding not less than two-thirds (2/3) of the total voting rights, which group of members shall, in any event, include a subgroup of members (excluding Declarant) holding not less than one-third (1/3) of the total voting rights (excluding any voting rights held by Declarant), by vote (as hereinafter provided) or by their execution of an instrument ~~amending~~ same, which instrument shall make appropriate reference to

this Declaration and any amendments thereto and which instrument shall be acknowledged and recorded in the office of the County Recorder of said County. The foregoing notwithstanding, the percentage of voting rights necessary to amend any specific provision or clause of this Declaration shall not, in any event, be less than the prescribed percentage of affirmative voting rights required for action to be taken under that specific provision or clause. Whenever in this Article XV owners of a specified percentage or percentages of votes or voting rights are required to execute an instrument to be recorded in order to effectuate an amendment, then, in lieu thereof, a special meeting of members may be held, and if owners of such specified percentage or percentages of votes or voting rights assent by vote to such amendment at such meeting, then, and in that event, the secretary or any other officer of the Association may sign such instrument to be recorded and certify thereon that such assent by vote to such amendment was duly obtained as aforesaid from owners of such specified percentage or percentages of votes or voting rights. Any such instrument bearing such officer's certificate shall have the same effect as though executed by owners of such specified percentage or percentages of votes or voting rights.

2. Conflict With Article XIV or Other Provisions of this Declaration. To the extent any provisions of this Article XV conflict with the provisions of Article XIV or any other provisions of this Declaration, the conflicting provisions of Article XIV or such other conflicting provisions shall control.

3. Business and Professions Code Section 11018.7. The foregoing to the contrary notwithstanding, all amendments or revocations of this Declaration shall comply with the provisions of Section 11018.7 of the California Business and Professions Code to the extent said section is applicable thereto.

5. Approval by City of Redondo Beach. Any amendment or modification of any of the provisions of this Section, Section 3, 6 and 8 of Article III, Section 2 of Article V, Article VI, Article VII and Article XI and Sections 6, 7, 8, 9 and 10 of Exhibit "B" must, in any event, be approved in writing by a representative of the City of Redondo Beach. Such approval may be in the form of a letter and need not be part of any recorded instrument.

6. Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid as to anyone relying thereon in good faith.

ARTICLE XVI

GENERAL PROVISIONS

1. Headings. The headings used in this Declaration are for convenience only and are not to be used in interpreting the meaning of any of the provisions of this Declaration, or otherwise.

2. Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions hereof shall not invalidate any other provisions hereof.

3. Cumulative Remedies. Each remedy provided for in this Declaration shall be cumulative and not exclusive. Failure to exercise any remedy provided for in this Declaration shall not, under any circumstances, be construed as a waiver thereof.

4. Violations as Nuisance. Every act or omission in violation of the provisions of this Declaration shall constitute a nuisance and, in addition to all other remedies herein set forth, may be abated or enjoined by any owner, any member of the board, the manager, or the Association.

5. No Racial Restriction. No owner shall execute or cause to be recorded any instrument which imposes a restriction upon the sale, leasing or occupancy of his condominium on the basis of race, color or creed.

6. Districts. To the extent permitted by law, no owner shall oppose the formation of any district in which the development would be included.

7. Access to Books. Any owner may, at any reasonable time and upon reasonable notice to the board or manager and at his own expense, cause an inspection to be made of the books and financial records of the Association as provided in the by-laws.

8. Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a plan of condominium ownership for the development. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision thereafter.

9. Notification of Sale of Condominium. Concurrently with the consummation of the sale of any condominium under circumstances whereby the transferee becomes an owner thereof, or within five (5) business days thereafter, the transferee shall notify the board in writing of such sale. Such notification shall set forth the name of the transferee and his transferor, the street address of the condominium purchased by the transferee, the transferee's mailing address, and the date of sale. Prior to receipt of such notification, any and all communications required or permitted to be given by the Association, the board or the manager shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor. Mailing addresses may be changed at any time upon written notification to the board. Notices shall be deemed received forty-eight (48) hours after mailing if mailed to the transferee, or to his transferor if the board has received no notice of transfer as above provided, by certified mail, return receipt requested, at the mailing address above specified.

Notices shall also be deemed received (i) twenty-four (24) hours after being sent by telegram or (ii) upon personal delivery to any occupant of a condominium.

10. Number; Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter, as the context requires.

11. Exhibits. Any and all exhibits attached hereto shall be deemed made a part hereof and incorporated by reference herein.

12. Easements Reserved and Granted. Any and all easements referred to herein shall be deemed reserved or granted, or both reserved and granted, as appropriate, by reference to this Declaration in a conveyance of any condominium.

13. Binding Effect. This Declaration shall inure to the benefit of and be binding upon the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, lessees, successors and assigns of the owners.

14. Indemnification of Officers and Directors.

Every director and every officer of the Association shall be, and is hereby, indemnified by the Association against all expenses and liabilities, including fees of counsel, reasonably incurred by or imposed upon such director or officer in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the Association, or any settlement thereof, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of wilful misfeasance or malfeasance in the performance of his duties; provided, that in the event of a settlement the indemnification herein shall apply only when the board approves such settlement and reimbursement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to, and shall not be exclusive of, all rights to which each such director or each such officer may otherwise be entitled.

15. Waiver re Unenforceability. Each owner, by acceptance of a deed to his condominium, shall be deemed to have agreed that Declarant shall have no liability whatsoever resulting from any term or provision hereof having been held to be unenforceable in whole or in part.

16. Use of Funds Collected by the Association.

All funds collected by the Association, including assessments, both regular and special, and contributions to the

Association paid by owners on close of their unit purchases, if any, shall be held in trust by the Association, to be expended in their entirety for not-for-profit purposes of the Association in maintaining, preserving, and architecturally controlling the development and for other permitted purposes as set forth in this Declaration. The payment of any regular or special assessment or installment thereof, or contribution, present or future, by any owner is expressly conditioned upon the obligation of the Association to treat such amount, when received, in a fiduciary manner solely for such purposes. For any breach of this fiduciary obligation, any amount so paid by an owner shall forthwith be returned to him.

17. Attorney's Fees. Should suit be instituted hereon, hereunder or in connection herewith to enforce any of the terms or provisions hereof, or to obtain any of the remedies provided for herein, the prevailing party shall be entitled to an award of reasonable attorney's fees from any court of competent jurisdiction.

18. 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 or offered initial sales price of such condominium by the total initial sales prices and offered initial sales prices of all condominiums within the development (the term "offered initial sales price" being the price at which an unsold condominium is then being offered for sale by Declarant). 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 by any remedy set forth in this Declaration or at law.

19. Specially Elected Director. Notwithstanding any other provision hereof to the contrary, so long as all owners other than Declarant do not possess a sufficient number of votes by the application of cumulative voting to elect at least one (1) director, the election of one (1) director (a "specially elected director") shall be determined at a special election held immediately prior to the holding of the regular election of directors (except in the case of the election of a specially elected director following removal of his predecessor as noted below). In this regard, at the duly constituted meeting of members in question nominations for the specially elected director shall be made from the floor. When nominations have been closed, the special election shall take place. Declarant shall not have the right to participate in or vote in such special election (although Declarant or Declarant's representatives may be present thereat), and the candidate

receiving the highest number of votes shall be deemed to be the specially elected director, and his term shall be the same as that of any other director. Unless members (excluding Declarant) holding a majority of all voting rights (excluding any voting rights held by Declarant) assent thereto by vote or written consent, such specially elected director may not be removed. In the event of the death, resignation or removal of a specially elected director, his successor shall be elected at a special meeting of members, and the provisions above set forth respecting the election of a specially elected director shall apply as to the election of a successor thereof. Except as otherwise expressly provided herein, the provisions of this Declaration and of the bylaws applicable to directors shall apply to a specially elected director.

20. Rental or Leasing of Condominiums. Any owner leasing or renting his condominium shall nevertheless:

(a) be liable to the Association for all obligations contained in this Declaration, including the obligations to pay assessments in respect to his condominium,

(b) be liable to and responsible to the Association for any violations of this Declaration committed by his renter or lessee (or any persons entering his condominium with the permission of or at the request of his renter or lessee),

(c) be deemed to have agreed, in connection

with such renting or leasing, that upon being requested so to do by the Association he will immediately take such action or actions in respect to his renter or lessee as may be necessary or required to cause such renter or lessee to fully comply with each and all of the terms and provisions of this Declaration, bylaws, Association rules, if any, and resolutions of the board (and, upon failing to take such action or actions, the Association may on his behalf then take such action or actions, including the institution of proceedings in unlawful detainer, if required, against such renter or lessee, and the costs of all such action or actions taken by the Association, including fees of counsel, shall be charged to such owner and the Association may obtain reimbursement therefor by any remedy set forth in this Declaration or at law), and

(d) be deemed to have agreed to save, hold harmless, indemnify and defend the Association of and from any and all claims, demands, actions, causes of action, liabilities, damages and expenses arising out of, or incurred as a result of, the leasing or renting by such owner of his condominium, together with all costs, expenses and fees of counsel resulting therefrom.

Prior to renting or leasing his condominium, an owner shall obtain and deliver to the board from his proposed renter or proposed lessee a written statement to the effect that such

renter or lessee agrees to be bound by, and abide by, each and all of the terms and provisions of this Declaration, the bylaws, Association rules, if any, and resolutions of the board, which written statement may, if such owner desires, be contained in the rental agreement or lease.

21. Additional Provisions. Additional provisions are set forth in Exhibit "C" attached hereto.

IN WITNESS WHEREOF, Declarant has executed this instrument as of this 3 day of Dec, 1979.

Albert La Charite
ALBERT LA CHARITE

8J- 73537

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss

On Dec 3, 1979 before me, the undersigned, a Notary Public in and for said State, personally appeared ALBERT LA CHARITE

to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

WITNESS my hand and official seal

Signature AnaLene C. Kenney

Name (Typed or Printed)

OFFICIAL SEAL
ANALENE C. KENNEY
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My Comm. Expires APR 6, 1981

80- 73537

EXHIBIT "A"

Parcel 1 of Parcel Map No. 11,393, in the City of Redondo Beach, County of Los Angeles, State of California, as per parcel map recorded in Book . Page of Parcel Maps, in the office of the County Recorder of said County.

EXHIBIT "B"

1. Declarant intends to improve the real property described in Exhibit "A" hereof by constructing thereon, among other improvements, three (3) dwelling units and related improvements, all in accordance with plans and specifications therefor on file with the City of Redondo Beach, California.

2. The common area consists of Parcel 1 of said Parcel Map No. 11,393, excepting therefrom the three (3) units of the development, which said three (3) units are more specifically defined in the condominium plan.

3. The respective interest in the common area to be conveyed with each unit is set forth in Schedule "1" attached hereto and made a part hereof.

4. Any provisions hereof to the contrary notwithstanding, the owners and occupants of each unit shall maintain the heating and water heating equipment serving such unit at their sole cost and expense, and nonexclusive easements and equitable servitudes in, upon, over, across, along and through the common area for purposes of such maintenance are hereby established.

5. The owners of each condominium shall, at their sole cost and expense, cause all drainage and sewer pipes and lines serving their unit to remain open and unobstructed between the points at which same enter their unit and the points at which same join other drainage and sewer pipes and lines serving the units of other condominiums.

6. The City of Redondo Beach, California, the County of Los Angeles, California, the State of California, and the United States, and any department, bureau or agency

thereof, and each thereof, shall have the right of immediate access to all common areas of the development at all times for the purpose of preserving the public health, safety and welfare, excepting, however, entry in those instances where a portion of the common area is only accessible through a unit. Notice of the foregoing right of entry in favor of governmental agencies shall be prominently displayed in the common area of the development.

7. In addition to the occurrence of the events described in Section 1 of Article XI which permit a partition of the development, partition thereof may be made in accordance with Section 1354 of the California Civil Code upon a showing of the occurrence of any of the following additional conditions:

(a) Two (2) years after damage or destruction to the development which renders a material part thereof unfit for its use prior thereto, and if the development 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 of the development has been destroyed or substantially damaged and that owners of two condominiums within the development are opposed to repair or restoration of the development; or

(c) That the development has been in existence in excess of the number of years shown in the following table, that it is obsolete and uneconomic, and that the percentage of owners holding in the aggregate a percentage interest in the common areas as set forth in the following table are opposed

to repair or restoration of the development --

<u>Age of Development</u>	<u>Aggregate Percentage of Interest in Common Area of Owners Opposed to Repair or Restoration</u>
30 years	100%
40 years	66-2/3%
50 years	66-2/3%
60 years	66-2/3%
70 years	33-1/3%

8. In consideration of the approval of the development by the City of Redondo Beach, California, there is hereby granted to said City of Redondo Beach the right and authority to veto any action of the Association which would tend, directly or indirectly, to decrease the amount of any annual maintenance budget for the development below that set forth in 9, next. Such veto right shall be exercised by the City of Redondo Beach upon a finding that such a decrease could or would adversely affect the long-run maintenance of the development, including any structures and other portions of the common area. In connection with the foregoing, any such Association action which would tend, directly or indirectly, to decrease the amount of the regular annual assessment shall not become effective until 60 days after prior written notice of such action is given to the City of Redondo Beach, California, in writing. If said City of Redondo Beach fails to exercise its veto rights of such action as herein described prior to the termination of said 60 day period, then, and in that event, such Association action shall be deemed to be in full force and effect.

9. The initial annual maintenance budget for the development shall not be less than \$3,190.00.

10. The six enclosed spaces within garages comprising component elements of units shall be used solely by unit owners, members of the families of such owners, their guests, or the lessees of such owners.

11. The owners of each condominium within the development agree and acknowledge and by acceptance of delivery of the deed to their respective condominium shall be deemed to have agreed and acknowledged, that water is being billed to the development by one or more master water meters, that the Association will pay all master water bills and that the Association will seek reimbursement therefor through the collection of regular assessments.

Schedule "1"

Unit Number

Interest in Common Area

1	1/3
2	1/3
3	1/3

EXHIBIT "C"

Financing By
Federal Home Loan Mortgage Corporation
and
Cal-Vet Financing

Notwithstanding any and all provisions hereof to the contrary, there are hereby added to the within instrument the following provisions (and to the extent these added provisions conflict with any other provisions of the within instrument, these added provisions shall control):

A. A "first mortgagee" (meaning herein a mortgagee under a mortgage encumbering a condominium with priority over other mortgages encumbering such condominium) at its request is entitled to written notification from the Association of any default by the mortgagor of such condominium in the performance of such mortgagor's obligations under the "condominium documents" (meaning collectively the within instrument, the by-laws, Association rules and board resolutions) which is not cured within sixty (60) days.

B. Any first mortgagee or other person who obtains title to a condominium pursuant to the remedies provided in the mortgage, or by foreclosure of the mortgage, or by deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal" contained in the condominium documents. In this regard, no such right of first refusal shall impair the rights of a first mortgagee to:

(1) foreclose or take title to a condominium pursuant to the remedies provided in the Mortgage;

(2) accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor; or

(3) sell or lease a unit of a Condominium so acquired by the mortgagee.

C. Any first mortgagee or other person who obtains title to a condominium pursuant to the remedies provided in the mortgage, or by foreclosure of the mortgage, shall take the property free of any claims for, and shall not be liable for, unpaid assessments or charges against the mortgaged condominium which accrued prior to the acquisition of title to the condominium by such first mortgagee or other person (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges thereafter to all condominiums including the mortgaged condominium).

D. Unless at least 75% of the first mortgagees (based upon one vote for each mortgage owned) of condominiums have given their prior written approval, the Association and owners shall not be entitled to amend this Exhibit "C" or to:

(1) except as in statute made and provided, by act or omission seek to abandon or terminate the condominium regime;

(2) change the pro rata interest or obligations of any condominium for purposes of (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (ii) determining the pro rata share of ownership of each condominium in the common area;

(3) except as in statute made and provided, partition or subdivide any condominium;

(4) except as in statute made and provided, by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common area, and, in this regard, the granting of easements for public utilities or for other public purposes consistent with the intended use of the common area by the development shall not be deemed a transfer within the meaning of this clause; and

(5) use hazard insurance proceeds for losses to any portion of the development (whether to units or to common area) for other than the repair, replacement or reconstruction of such improvements, except as provided by statute in case of substantial loss to the units and/or common area of the development.

E. First mortgagees shall have the right to examine the books and records of the Association or the development.

F. Assessments shall include an adequate reserve fund for maintenance, repairs and replacement of those portions of the common area that must be replaced on a periodic basis, and such reserve must be funded by monthly installments of regular assessments rather than by special assessments.

G. Nothing in the condominium documents shall be construed as giving any owner, or any other party, priority over any rights of first mortgagees of condominiums pursuant to their mortgages in the case of a distribution to owners of insurance proceeds or condemnation awards for losses to or a taking of units and/or common area.

H. All amenities of the development shall be available for use by owners subject only to suspension of

such use rights as are set forth in the within instrument.

I. Any agreement for professional management of the development or for the rendering of services to the development or the Association by Declarant or an affiliate of Declarant shall provide that such agreement may be terminated by either party without cause and without the payment of a termination fee on not more than ninety (90) days written notice and that the term of any such agreement shall not exceed three (3) years.

J. Upon being requested so to do by any Servicer under a program of financing of the Federal Home Loan Mortgage Corporation ("FHLMC"), the Association shall give FHLMC notice (c/o Servicer, at Servicer's address) in writing of (i) any loss to, or taking of, all or any portion of the common area, if such loss or taking exceeds \$10,000.00, or (ii) any loss to, or taking of, all or any portion of a unit covered by a mortgage purchased in whole or in part by FHLMC, if such loss or taking exceeds \$1,000.00.

K. If at any time flood insurance is required by any first mortgagee of a condominium or by any lender who desires to become a first mortgagee of any condominium by reason of any applicable law, ordinance, statute or the like requiring flood insurance as a condition of such first mortgagee's or lender's loan remaining or being made, the Association shall forthwith obtain such flood insurance covering the entirety of the development in amount and coverage, and with such carrier(s) and subject to such terms as shall satisfy such first mortgagee or lender.

L. If any loan secured by a mortgage encumbering a condominium is owned by FHLMC or its successors or assigns or is tendered to FHLMC or its successors or assigns for purchase, the Association and the owners shall obtain and maintain in full force and effect all insurance coverages which

may at any time and from time to time be required by FHLBC or its successors or assigns, and shall otherwise comply in all respects with all insurance requirements of FHLBC which may be in effect at any time and from time to time.

M. As to Cal-Vet contracts, the board is expressly authorized to adopt such resolutions as may be required in connection with Cal-Vet financing in order to reflect the fact that such Cal-Vet contracts are superior in right to the assessment liens created in the within instrument in the same manner and to the same extent as mortgages and deeds of trust are superior thereto.

N. For purposes hereof, the term "mortgage" shall mean and include a "deed of trust," the term "mortgagee" shall mean and include a "beneficiary (or its assignee) under deed of trust," and the term "first mortgage" shall mean and include a "beneficiary (or its assignee) under a deed of trust with priority over all other mortgages and deeds of trust."