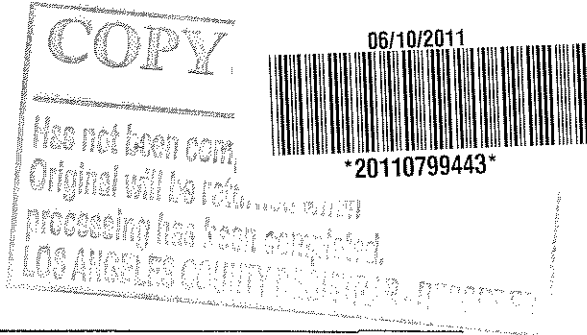


**Recording Requested by
and Mail to:**

W. Alexander Noland, Esq.
SWEDELSON & GOTTLIEB
11900 Olympic Blvd., Suite 700
Los Angeles, CA 90064



**AMENDED AND RESTATED
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
(MONTEREY ISLAND CONDOMINIUM)**

A. This Amended and Restated Declaration of Covenants, Conditions and Restrictions (Monterey Island Condominium) ("Restated Declaration") is made as of the date of recordation hereof by Monterey Island Condominium Association, a California non-profit mutual benefit corporation (the "Association").

B. The Association consists of all of the Owners of certain real property (the "Property") located in the County of Los Angeles, State of California, which is more particularly described as:

Lot 1 of Tract No. 41025, in the City of Glendale, in the County of Los Angeles, State of California, as per Map recorded in Book 1001, Pages 79, 80 and 81 of Maps, in the office of the County Recorder of said County.

Except from that portion of said land as lies within the boundaries of Lot 1 of Tract No. 2133 as per Map recorded in Book 22, Page 59 of Maps, all minerals, oils, gases and other hydrocarbons by whatever name known that may be within or under said portion without, however, the right to drill, dig or mine through the surface or the upper 100 feet thereof, as excepted in the deed from the State of California, recorded December 11, 1969 in Book D-4579, Page 621, official records as Instrument No. 1846.

Excepting from that portion of said land as lies within the boundaries of Lot 8 of Tract NO. 2133 as per Map recorded in Book 22, Page 59 of Maps, all minerals, oils, gases and other hydrocarbons by whatever name known that may be within or under said portion without,

however, the right to drill, dig or mine through the surface or the upper 100 feet thereof, as excepted in the deed from the State of California, recorded October 27, 1970 in Book D-4782, Page 65, official records as Instrument No. 3133.

Also except as to that portion of said land as lies within the boundaries of Lot 4 of Tract No. 93 as per Map recorded in Book 14, Pages 22 and 23 of Maps, all minerals, oils, gases and other hydrocarbons by whatever name known that may be within or under said portion without, however, the right to drill, dig or mine through the surface or the upper 500 feet thereof, as excepted in final decree of condemnation recorded July 9, 1981 as Instrument No. 81-683270 official records.

Also excepting from the remainder of said Lot 1 (less such portion as lies within the boundaries of Lots 6 and 7 of Tract No. 93 as per Map recorded in Book 14, pages 22 and 23 of Maps) such interest in all oil, gas, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface, together with the right to drill into, through and to use and occupy all parts of said property lying more than 500 feet below the surface thereof, for any and all purposes incidental to the exploration for the production of oil, gas, hydrocarbon substances, or minerals from said property or other lands but without, however, any right to use either the surface of said property or any portion of said property within 500 feet of the surface for any purpose or purposes whatsoever as may have been excepted in the deed from the Glendale Redevelopment Agency recorded January 12, 1982 as Instrument No. 82-31096 official records.

C. The Property is subject to: (1) that certain Declaration of Covenants, Conditions and Restrictions (Monterey Island Condominium), recorded on May 4, 1982, as Instrument No, 82-457762; (2) the First Amendment to Declaration of Covenants, Conditions and Restrictions (Monterey Island Condominium) recorded on May 10, 1982 as Instrument No. 82-477197; (3) the Second Amendment to Declaration Covenants, Conditions and Restrictions (Monterey Island Condominium) recorded on May 13, 1982 as Instrument No. 82-492633; (4) the Amendment to the Declaration of Covenants, Conditions and Restrictions for Monterey Island Condominium Homeowners Association recorded on February 13, 1995 as Instrument No. 95-241038; (5) the Certification of Declaration of Monterey Island Condominium Association also titled as the Certification of Fourth Amendment to Declaration of Covenants, Conditions and Restrictions of Monterey Island Condominium Association recorded on March 27, 1998 as Amended and Restated Declaration of Covenants, Conditions and Restrictions (Monterey Island Condominium)

Instrument No. 98-506106; and (6) the Certificate of Amendment to Declaration of Restrictions also titled the Certificate of Amendment to Declaration of Restrictions for Monterey Island Condominium Association recorded on November 5, 2004 as Instrument No. 04-2876297, all in the Official Records of Los Angeles County, California (collectively, "Declaration").

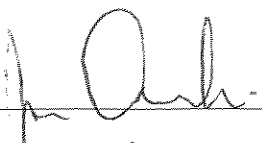
D. The Association, through the Board of Directors ("Board"), desires to comply with the provisions of California Civil Code Section 1352.5 by deleting from the Declaration any and all restrictive covenants that violate California Government Code Section 12955, and restating the Declaration to omit such provisions.

THEREFORE, The Association hereby amends and restates the Declaration and replaces it in its entirety with this Restated Declaration. This Restated Declaration is intended to reflect the Declaration of Covenants, Conditions and Restrictions (Monterey Island Condominium), recorded on May 4, 1982, as Instrument No, 82-457762 and all previous amendments thereto, with no further amendment intended herein except to the extent necessary to comply with the provisions of California Civil Code Section 1352.5.

Dated: May 27, 2011

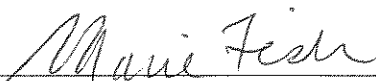
"Association"

MONTEREY ISLAND CONDOMINIUM ASSOCIATION, a California non-profit mutual benefit corporation

By 

Name REX AZDEKANI

Its President

By 

Name MARIE FISH

Its Secretary

**CERTIFICATE OF THE PRESIDENT AND SECRETARY
OF
MONTEREY ISLAND CONDOMINIUM ASSOCIATION**

We, REX ARDEKANT, President of Monterey Island Condominium Association, and MARIE FISH, Secretary of Monterey Island Condominium Association, hereby certify that:

The terms and provisions recited in the Amended and Restated Declaration of Covenants, Conditions and Restrictions (Monterey Island Condominium), attached hereto, were approved by the Board of Directors on MAY 27, 2011 and did not require the approval of the Members of the Association, pursuant to California Civil Code Section 1352.5.


We certify that, in accordance with Section 1352.5, no other changes to the Declaration have been made by amending and restating the Declaration, except only to those provisions in the Declaration that violate Government Code Section 12955 and Civil Code Section 1352.5.

IN WITNESS WHEREOF, we have executed this certificate and attached to it the foregoing This Amended and Restated Declaration of Covenants, Conditions and Restrictions (Monterey Island Condominium) on MAY 27, 2011.

By 

Name REX ARDEKANT

Its President

By 

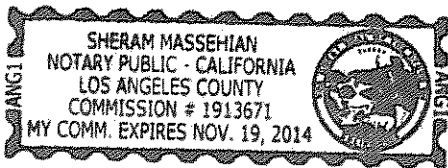
Name MARIE FISH

Its Secretary

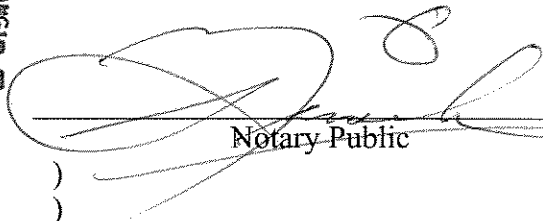
STATE OF CALIFORNIA)
)
COUNTY OF Los Angeles)

On May 27, 2011, before me, Sheram Massehian,
Notary Public, personally appeared Rex Ardekani & Marie Fish who
proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that
~~he/she~~ they executed the same in ~~his/her~~ their authorized capacity(ies), and that by
~~his/her~~ their signature(s) on the instrument the person(s), or the entity upon behalf
of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.



WITNESS my hand and official seal.


Notary Public

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____,
Notary Public, personally appeared _____, who
proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf
of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

DECLARATION OF
COVENANTS , CONDITIONS AND RESTRICTIONS
(MONTEREY ISLAND CONDOMINIUM)

THIS DECLARATION made this 3rd day of May,
1970, by WATT-RODARD CONDO CO., a general partnership,
hereinafter referred to as Declarant, is as follows:

WITNESSETH:

WHEREAS, Declarant is the owner of that certain
real property located in the City of Glendale, County of Los
Angeles, State of California (the "Property"), more particularly
described on Exhibit "A" attached hereto and made a part
hereof;

WHEREAS, the Property is improved with an eighteen
story residential building containing a total of eighty-
eight (88) "Units" (as hereinafter defined) and "Common
Area" (as hereinafter defined) (the Property together with
the Units and Common Area are hereinafter referred to as the
"Project"); and

WHEREAS, Declarant intends to and does hereby
establish for its own benefit and for the mutual benefit of
all future owners or occupants of the Project and each part
thereof, certain easements and rights in, over and upon the
Project, and certain mutually beneficial covenants, conditions,
restrictions and obligations with respect to the proper use,
conduct and maintenance thereof; and

WHEREAS, Declarant intends that the owners, mortgagees
and all other persons hereafter acquiring any interest in
the Project or any part thereof, shall at all times enjoy
the benefits of, and shall hold, sell and convey their
interests subject to the rights, easements, covenants,
conditions, restrictions, and obligations hereinafter set
forth, all of which are hereby declared to be in furtherance
of a general plan to promote the cooperative aspect of

the Project and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Project;

NOW, THEREFORE, Declarant as owner of the Project and for the purposes above set forth, hereby declares that all of the Project and each part thereof, shall be held, sold and conveyed subject to the following easements, covenants, conditions and restrictions, which are for the purpose of protecting the value and desirability of, and which shall constitute equitable servitudes on the Project and which shall run with the Project and be binding on and inure to the benefit of all parties having any right, title or interest herein, or in any part thereof, their heirs, successors and assigns.

ARTICLE I

DEFINITIONS

As used herein, unless otherwise specified or unless the context otherwise requires:

"Articles" shall mean the Articles of Incorporation of Monterey Island Condominium Association, which are, or shall be filed in the Office of the Secretary of State of California as said Articles may be amended from time to time.

"Association" shall mean Monterey Island Condominium Association, a California nonprofit mutual benefit corporation.

"Board" shall mean the Board of Directors of the Association.

"By-Laws" shall mean the By-Laws of the Association as such By-Laws may be amended from time to time.

"City" shall mean the city of Glendale.

"Common Area" shall mean all of the Project excepting the Units (as hereinafter defined).

in Section 783 of the California Civil Code, located within the Project and shall be an estate in real property consisting of (i) a separate fee estate in the air space and interior surfaces within a Unit, as more particularly described in the Condominium Plan; (ii) an undivided interest as a tenant-in-common of the Common Area; (iii) if parking and garage spaces is not included within the Unit, an exclusive easement and right to use, for parking purposes only, two (2) of the Parking Areas more particularly described in the Condominium Plan; (iv) an exclusive easement and right to use, for storage purposes only, one (1) Storage Area more particularly described in the Condominium Plan; and (v) a nonexclusive easement appurtenant to each Unit for ingress, egress and support over, across and through every portion of the Common Area.

"Condominium Plan" shall mean that certain plan or plans for condominium development of the Property recorded in the Office of the County Recorder of Los Angeles County prior to the sale of any Condominium to any Owner other than Declarant, as such Condominium Plan may be modified, revised or amended from time to time.

"County" shall mean the County of Los Angeles.

"Declaration" shall mean this instrument by which the Project is established to be a condominium development, as this Declaration may be amended from time to time.

"Declarant" shall mean Watt-Howard Condo Co., general partnership, its successors and assigns, if such successors and assigns are designated by Watt-Howard Condo Co. as the Declarant for the purpose hereof by a duly recorded written instrument.

"Lien" shall mean both voluntary and involuntary liens.

"Member" shall mean every person or entity who holds membership in the Association.

"Mortgage" shall mean and refer to a deed of trust, as well as a mortgage encumbering the project or any part thereof.

"Institutional Holder" shall mean a bank or savings and loan association or established mortgage company or other entity chartered under federal or state law, any corporation or insurance company, or any federal or state agency.

"Mortgagee" shall mean the beneficiary of a recorded deed of trust or the holder of a recorded mortgage encumbering the project or any part thereof.

"Owner" shall mean the record fee title holder or contract purchaser under a contract of sale of a condominium in the project, but excluding those having an interest merely as security for the performance of an obligation.

"Project" shall mean the Property and all improvements constructed or to be constructed thereon.

"Property" shall mean all of the real property described in Exhibit "A" attached hereto.

"Restricted Common Area" shall mean and refer to those portions of the common area, if any, which an owner has the exclusive right to use.

"Shall" is mandatory and not merely directory.

"State" means the State of California.

"Unit" shall mean the physical elements of a Condominium which are not owned in common with the Owners of other Condominiums, being more particularly described in Article II hereof, and on the Condominium Plan.

ARTICLE II

ESTABLISHMENT OF CONDOMINIUMS

Declarant, in order to establish a plan of Condominium ownership for the Project, hereby divides the Project into the following separate elements:

A. Eighty eight (88) Units. Each of said Units, which are separately shown, numbered and designated on the Condominium Plan (which plan is made a part hereof as if fully set forth as an exhibit hereto) shall be composed of a "dwelling area" and "balcony area." Each dwelling area consists of the space bounded by the interior surfaces.

of the perimeter walls, doors and windows and the interior surface of the perimeter floors and ceilings. Each dwelling area includes both the portions the building so described in the airspace so encompassed. Each balcony area consists of the space bounded by the exterior surfaces of the perimeter walls, windows and doors of the adjacent building structure where such surfaces adjoin such element and the interior surfaces of the perimeter walls, floors and ceilings of such element, where such surfaces exists. Otherwise, the lateral and vertical boundaries of each such element are vertical and horizontal planes and the dimensions and elevations shown on the Condominium Plan. Each such balcony area includes only the airspace encompassed by said boundaries. The following are not part of a Unit: bearing walls, columns, vertical supports, floors, roofs, foundations, beams, central services, pipes, ducts, flues, chutes, conduits, wires and other utility installations wherever located within the Units, excluding from this exception, however, outlets thereof within the Units. In interpreting deeds, declarations 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 metes and bounds (or other description) expressed in the deed, plan or declaration, regardless of settling or minor variance between boundaries shown on the Plan or in the deed or declaration and those of the building.

B. A separate element consisting of that portion of the Common Area within the Project to be owned by the Owners of the Units as tenants in common, each as to an undivided $\frac{1}{88}$ th interest therein.

C. A non-exclusive easement and equitable right of use, appurtenant to each Unit for ingress to, egress from

and use and enjoyment of the Common Area, which easement and right of use Declarant shall grant to each purchaser of a Condominium from Declarant

D. Each purchaser of a unit shall be granted by Declarant in the deed to each purchaser, an exclusive easement to and the exclusive right to use two (2), parking and one (1) storage space, as shown on the Condominium Plan, ("Restricted Common Area"). Parking spaces shall be used solely for the parking of personal vehicles and may not be leased, subleased, sold or given to another who is not a resident of a unit within the project. Additionally, a minimum of twelve (12) parking spaces shall be readily accessible for guest parking. There shall be one unassigned parking space reserved to the use of the Association. Such space shall not be leased, sold, given, or assigned to any unit in the Project.

ARTICLE III

NON-SEVERABILITY OF COMPONENT INTERESTS IN A CONDOMINIUM

Section 1: PROHIBITION AGAINST SEVERANCE:

An owner shall not be entitled to sever his unit from his membership in the Association and shall not be entitled to sever his unit and his membership from his undivided interest in the Common Area for any purpose. None of the component interests in a unit can be severally sold, conveyed, hypothecated, encumbered or otherwise dealt with and any violation or attempted violation of this provision shall be void. Similarly, no owner can sever any exclusive easement appurtenant to his unit over the Common Area from his unit and any attempt to do so shall be void. Additionally, no owner shall transfer his interest, or any part of his interest, in any way such that the ownership will be divided between different persons on the basis of time, nor shall any owner own his unit, or any part of a unit jointly with any other person when such ownership is differentiated on the basis of time. The suspension of the right of severability

shall not extend beyond the period set forth in Article XII regarding the right of partition. It is intended hereby to restrict severability pursuant to California Civil Code Section 1355(g).

Section 2: CONVEYANCES:

After the initial sale of the units, any conveyance of a unit by an owner shall be presumed to convey the entire condominium unit. However, nothing contained herein shall preclude the owner of any unit from creating a co-tenancy or joint tenancy in the ownership of the unit with any other person or persons.

ARTICLE IV

MONTEREY ISLAND CONDOMINIUM ASSOCIATION

Section 1: ORGANIZATION:

The Association is a California nonprofit mutual benefit corporation, which corporation shall be the governing body for all of the Owners for the maintenance, repair, replacement, administration and operation of the Common Area and all other property it is required or permitted to maintain pursuant to this Declaration, and shall have the duties and powers prescribed by law and set forth in the Articles, By-Laws and this Declaration. Neither the Articles nor the By-Laws shall 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.

Section 2. MEMBERSHIP:

(a) Qualifications:

Each Owner of a Condominium, including Declarant, shall automatically, upon becoming an Owner, become a Member of the Association and shall remain a Member until he ceases to own a Condominium.

(b) Membership Rights and Duties:

Each Member shall have the rights, duties and

obligations set forth in this Declaration, the Articles, the By-Laws, the Association Rules which are adopted pursuant to Article IV, Section 7, and such rules and/or guidelines as are adopted by the Environmental Control Committee pursuant to Article VII hereof, as said documents may be amended from time to time.

(c) Transfer of Membership:

The Association membership of each Owner (including Declarant) shall be appurtenant to the Condominium giving rise to such membership, and shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon the transfer of title to said Condominium, and then only to the transferee of title to said Condominium. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Condominium shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof. The Board shall have the authority to impose a reasonable transfer fee in connection with the transfer of any membership upon transfer of title to a Condominium.

Section 3. VOTING:

(a) Number of Votes:

The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners except Declarant and shall be entitled to one vote for each Condominium owned. When more than one person is the Owner of a Condominium, all such persons shall be Members. The vote for such Condominium shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Condominium.

Class B. The Class B Member shall be the Declarant who shall be entitled to three (3) votes for each Condominium owned. Class B membership shall cease and be

converted to Class A membership on the happening of the earlier of the following events:

(1) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or

(2) The second anniversary of the original issuance of the Final Subdivision Public Report for the Project.

(b) Joint Owner Disputes:

The vote for each Condominium must be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners of a Condominium are unable to agree among themselves as to how their one vote shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote representing a 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) vote is cast for a particular Condominium, none of said votes shall be counted and all said votes shall be deemed void.

(c) Approval of Actions of the Association:

With the exception of the provision of Article IV, Section 4 (m) hereinafter, any provision in the Articles of Incorporation, By-Laws and this Declaration calling for membership approval of action to be taken by the Association shall expressly require the vote or written assent of the prescribed percentage of each class of membership during the time there are two (2) outstanding classes of membership. Wherever this declaration requires the vote or written assent of each class of membership for the initiation of action by or in the name of the Association then any requirements herein, other than as set forth in Article IV, Section 4(m),

that the vote of the Declarant shall be ~~exclusive~~ in any such determination shall be applicable only if there has been a conversion of Class B to Class A shares and only for so long as the Declarant holds or directly controls 25% or more of the voting power of the Association.

(d) Creation of Board of Directors:

The members of the Association shall hold an organizational (first annual) meeting within forty-five (45) days after the close of sale of the first Condominium in the project which represents the fifty-first (51st) percentile interest authorized for sale under the first Public Report, but no later than six (6) months after the close of sale of the first Condominium in the project. At the meeting, a Board of Directors shall be elected by vote of the Association members. Prior to the organizational meeting, the initial Board named by Declarant, shall manage the affairs of the Association. The initial Board of Directors shall consist of five persons who shall hold office until the organizational meeting at which time the members, including Declarant, with respect to any Condominium owned by Declarant, shall elect in accordance with the bylaws, a Board of Directors replacing the initial Board.

(e) Annual Meetings of the Association:

Annual meetings of the Association members shall be held within the subdivision or at a meeting place as close thereto as possible. Unless unusual conditions exist, members' meeting shall not be held outside of Los Angeles County. At each annual meeting, directors shall be elected and any other proper business may be transacted.

(f)

[Deleted by Fourth Amendment to Declaration of Covenants, Conditions and Restrictions of Monterey Island Condominium Association]

(g) Specially Elected Director:

To assure resident owners representation on the Board, from the first election of the Board (organizational meeting) and thereafter for so long as a majority of the voting power of the Association resides in Declarant or so long as there are two (2) outstanding classes of membership.

not less than twenty (20%) percent of the incumbents on the Board shall be elected solely by the votes of owners other than Declarant, at a duly constituted meeting of the members. At such meeting, 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 this special election, although Declarant or his representatives may be present. The candidate receiving the highest number of votes up to the number of specially elected directors to be elected, shall be deemed to be the specially elected director and his term shall be the same as that of any other director. A director who has been elected to office solely by the votes of members other than Declarant, may be removed from office prior to the expiration of his term only by the vote of a simple majority of the voting power residing in members other than Declarant.

Section 4. DUTIES OF THE ASSOCIATION:

In addition to the powers delegated to it by its Articles and By-Laws and without limiting the generality thereof, the Association shall have the obligation to perform each of the following duties:

(a) Maintenance and Management of Common Area:

To maintain in a safe and first class condition, manage and preserve, all of the Common Area, and all improvements presently or hereafter located thereon and thereunder, including but not limited to the recreational facilities, parking spaces, plumbing, utilities, sewer facilities, supplies, equipment, tools and all facilities and equipment within the perimeter walls to the interior surface of the wall of each Unit, all equipment between the ceiling of one unit and the floor of the adjacent unit and such property as the Members, by a vote of fifty-one percent (51%) of the

voting power of the Association, elect to maintain. Maintenance of heat pumps (which are contained within the Unit) are the sole responsibility of the Unit Owner.

The Association shall provide exterior maintenance of the building containing Units as follow: paint, maintain, repair and replace (if required because of normal wear, tear or deterioration or an event against which the Association is insured) roofs, gutters, downspouts and exterior building surfaces, railing and fences, and maintain the landscaping (including trees, grass, shrubs, and walks) within the Common Area.

Such exterior maintenance shall not include any additions built and maintained within the balcony areas by an Owner, any other additional improvements made by an Owner or any windows or sliding glass doors in any unit. Such excluded items shall be the responsibility of each Owner. Such exterior maintenance also shall not include repairs or replacements determined to have arisen out of or determined to have been caused by the willful or negligent act of an Owner, his family, guests or invitees, after the Owner has been given an opportunity to be heard in accordance with the procedure set forth in Article VI, Section 4 hereof.

(b) Rubbish Collection:

To provide refuse pick-up and garbage disposal for the Project.

(c) Water and Other Utilities.

To acquire, provide and/or pay for water, gas, sewer, electrical and telephone and other necessary utility services for the Common Area, and for the Units if such service for the Units is deemed appropriate by the Board.

(d) Taxes and Assessments:

To pay taxes and assessments which are or could become a lien on the Common Area or any portion thereof;

(e) Delegation:

To delegate its powers to committees, officers or employees of the Association as expressly authorized herein and/or in the By-Laws;

(f) Contracts:

To contract for goods and/or services for the Common Area, facilities and interests or for the Association, subject to the limitations set forth in Article IV, Section 6 hereinbelow;

(g) Recreational Equipment:

To operate all recreational equipment and facilities located within the Common Area;

(h) Insurance:

To acquire and pay for liability insurance, insuring the Association, any manager and the owners and occupants of the units and their respective family members, guests, invitees and the agents and employees of each, against liability incident to the ownership or use of the Common Area including, if obtainable at reasonable cost, and a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than \$1,000,000.00 covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance may include coverage against water damage liability, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location and use.

The Board shall also purchase and maintain in force a master policy of fire and extended coverage insurance in an amount equal to one hundred (100) percent of the full replacement cost of the entire condominium project.

To the extent available at a reasonable cost, directors' and officers' liability insurance, Workers' Compensation Insurance and any other insurance deemed

necessary or desirable by the Association. Such other policy(s) shall cover such risks, be written by such insurers, and be in such amounts as the Association shall deem necessary and proper under the circumstances.

The policy may contain an agreed amount endorsement or a contingent liability from operation of building laws endorsement or their equivalent; an extended coverage endorsement, vandalism, malicious mischief coverage, a special form endorsement and a determinable cash adjustment covering the full value of the improvements based on replacement cost in the case of partial destruction and a decision not to rebuild. The Board may also purchase and maintain demolition insurance in adequate amounts to cover demolition in the case of partial or total destruction and a decision not to rebuild, and a blanket form of flood insurance and earthquake coverage.

All insurance proceeds payable under the foregoing sections may be paid to a trustee to be held and expended for the benefit of the owners, mortgagees and other, as their respective interests shall appear. The trustee shall be a commercial bank that agrees in writing to accept the trust. If repair or reconstruction is authorized, the Board shall have the duty to contract for such work, as provided under Article VIII hereinafter.

The Board shall purchase and maintain fidelity bonds or insurance covering individuals handling Association funds which shall be in an amount equal to one hundred fifty (150%) percent of the Association's annual assessments plus reserves, which names the Association as obligee and insurers against loss by reason of the acts of members of the Board, officers, agents and employees, whether or not such persons are compensated for their services. The Board shall purchase and maintain such insurance on personal property owned by the Association and any other insurance that it deems

necessary including but not limited to valet parking at the project.

It shall be the duty of the Board to annually review all insurance policies for adequacy of coverage. Further, all policies of hazard insurance shall contain or have attached the standard mortgagee clause commonly accepted by institutional mortgagees. The clause shall provide that the insurance carrier shall notify the Board or institutional mortgagee named, at least ten (10) days in advance of the effective date of any cancellation of the policy or policies. The Board is appointed attorney-in-fact by each owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to the foregoing. The Board is granted full right and authority to compromise any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer. No provisions of this section (h) shall prevent any Owner of a Condominium from obtaining, at his own expense, such other insurance as he may deem appropriate to protect his interests, provided that such policy(s) of insurance shall not conflict with any rights to insurance proceeds which may become due to the Association under any master policy of insurance for the Project naming the Association as insured.

(i) Rule Making:

To adopt reasonable rules and regulations and to amend the same from time to time, relating to the use of the Common Area and any recreational facilities located thereon by members and their guests with respect to automobile parking, disposal of waste, control of pets and their activities which, if not so regulated might, to an unreasonable degree, detract from the appearance of the community or cause inconvenience or danger to person or property;

(j) Environmental Control Committee:

To appoint and remove members of the Environmental Control Committee subject to the provisions of this Declaration.

(k) Enforcement of Restrictions and Rules:

To 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 and the Association Rules.

(1) Budgets and Financial Statements:

The board shall cause financial statements for the Association to be regularly prepared and copies to be distributed to each Member as follows:

(A) A pro forma operating statement (budget) for each fiscal year (which shall include a reserve for the repair and replacement of Common Area) shall be distributed not less than 60 days before the beginning of each fiscal year of the Association.

(B) A balance sheet as of an accounting date which is the last day of the month closest in time to six months from the date of recordation of the deed for the first sale of a Condominium to a retail purchaser and an operating statement for the period from the date of recordation of the deed for such first sale to such accounting, shall be distributed within 60 days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the description of the Condominium and the name of the person or entity assessed.

(C) An annual report consisting of the following shall be distributed within 120 days after the close of the fiscal year.

(i) A balance sheet as of the end of the fiscal year.

(ii) An operating (income) statement for the fiscal year.

(iii) A statement of changes in financial position for the fiscal year.

(iv) Any information required to be reported under Section 8322 of the California Corporations Code.

The annual report referred to in paragraph (c) herein, shall be prepared by an independent

certified public accountant for any fiscal year in which the gross income to the Association exceeds \$75,000.

If the annual report referred to in paragraph (c) above is not prepared by an independent certified public accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

(m) Enforcement of Bonded Obligations:

In the event the Common Area improvements which are included in this subdivision, have not been completed prior to issuance of the Final Subdivision Public Report by the Department of Real Estate of the State of California, and the Association is obligee under a bond to secure performance of the commitment of Declarant to complete the improvements, the following substantive and procedural provisions relative to the initiation of action to enforce the obligations of Declarant and the surety under the bond shall apply:

(1) The Board shall consider and vote upon the question of action by the Association to enforce the obligations under the Bond with respect to any improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date for that improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing, (which extension shall not exceed ninety (90) days), for the completion of any Common Area improvement, the Board shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension period.

(2) A special meeting of the Members for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or

on the failure of the Board to consider and vote on the question shall be held not less than thirty-five (35) days, nor more than forty-five (45) days after receipt by the Board of a petition for such a meeting signed by Members representing five percent (5%) or more of the total voting power of the Association.

(3) A vote of the majority of the voting power of the Association residing in Members other than the Declarant at the special meeting called pursuant to subparagraph (2) above to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Association.

Section 5. POWERS AND AUTHORITY OF THE ASSOCIATION:

The Association shall have all the powers of a non-profit mutual benefit corporation organized under the General Non-Profit Corporation Law of the State of California, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the By-Laws or this Declaration. 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 by this Declaration, the Articles 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:

(a) Assessments:

To levy assessments against Condominiums and to enforce payment of such assessments, all in accordance with the provisions of Article V hereof and to file liens against condominiums because of non-payment of assessments duly levied by the Association and to foreclose said liens,

as more fully set forth under Article V hereof.

(b) Association Costs and Expenses:

To meet the costs of any liability and fire insurance for the Common Area, fidelity bonds, Board of Directors errors and omissions insurance, out-of-pocket expenses of the Board relating to the operation of the Association, legal and accounting fees and including, without limitation, fees or any manager and a reasonable reserve for contingencies with respect to the Common Area;

(c) Board of Directors:

To elect officers of the Board;

(d) Board Vacancies:

To fill vacancies on the Board, except for a vacancy created by the removal of a Board member;

(e) Right of Entry and Enforcement:

To enter into any Unit or any Common Area for the purpose of ascertaining whether the provisions of this Declaration have been or are being complied with, for the purpose of enforcing by peaceful means any of the provision of this Declaration and the Association Rules or for the purpose of maintaining or repairing any such area as required by this Declaration. Such entrance shall be after twenty-four (24) hours prior written notice to the Owner, or such greater notice as may be required by any provision hereof; provided, however, that such entrance shall be permitted without any prior notice whatsoever in the event of an emergency. The Association shall also have the power and authority from time to time in its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration and the Association Rules and to enforce, by mandatory injunction or otherwise, all of the provisions

hereof.

In addition, the Association may impose monetary penalties, temporary suspension of a member's rights as a member of the Association or other appropriate discipline for failure to comply with the provisions of this Declaration or the By-Laws; provided that the following procedures with respect to notice and hearing are complied with:

(i) The accused member is provided with fifteen (15) days prior notice of the expulsion, suspension, imposition of monetary penalties or other appropriate discipline and the reasons therefor; and

(ii) An opportunity is afforded the accused member to be heard (orally or in writing) before the Board not less than five (5) days before the effective date of the expulsion, suspension, imposition of monetary penalties or other appropriate discipline. The notice required may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first-class or registered mail, postage prepaid, sent to the last address of the member shown on the books of the Association.

Notwithstanding the foregoing, there can be no purported power in the Association to cause a forfeiture or abridgement of a member's rights to the full use and enjoyment of his individually owned unit because of a failure by the member to comply with the provisions of this Declaration or the By-Laws or of the duly enacted rules of operation for the Common Area and facilities, except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for the failure of the member to pay assessments levied by the Association;

(f) Employment of Agents:

To employ the services of any person or

corporation as managers, or other employees, to, as may be directed by the Board, manage, conduct, and perform the business, obligations and duties of the Association, and enter into contracts for such purpose. Such agents shall have the right to ingress and egress over such portion(s) of the Project as is (are) necessary for the performance of such business, duties and obligations.

(g) Employment of Professional Advisors:

To employ professional counsel and obtain advice from such persons or firms or corporations such as, but not limited to, landscape architects, recreation experts, architects, planners, lawyers and accountants.

(k) Borrowing of Money:

To borrow and repay monies for the purpose of maintaining and improving the Common Area, and to encumber property of the Association as security for the repayment of such borrowed money.

(i) Commercial Concessions:

Negotiate contracts and grant commercial concessions over portions of the Common Area, provided, however, that any such contract or grant having a term of more than one (1) year shall require the majority vote or written approval of the Members pursuant to Article IV, Section 6, hereinbelow.

(j) Hold Title and Make Conveyances:

To acquire, hold title to and convey, with or without consideration, real and personal property and interests therein, whether tangible or intangible, including but not limited to easements.

(k) Services:

To contract for or otherwise provide for all services necessary or convenient to the management, maintenance and operation of the Common Area and the Units.

Section 6. LIMITATIONS ON POWERS OF THE BOARD:

Notwithstanding the powers of the Association as set forth in Section 5 of this Article hereof, the Board shall not take any of the following actions without the prior vote or written consent of a majority of the votes residing in members other than declarant:

(a) Enter into a contract with a third person or entity wherein such person or entity will furnish goods or services for the Common Area or the Association for a term longer than one year with the following exceptions:

(i) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

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

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

(c) Pay compensation to Directors or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Board may cause a Director or an officer to be reimbursed for expenses incurred in carrying on the business of the Association.

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

(e) Fill any vacancy on the Board created by the removal of a Director.

Section 7. THE ASSOCIATION RULES:

By a majority vote of the Board, the Association may, from time to time, adopt, amend, and repeal such rules and regulations as it may deem reasonable (the "Association Rules"). The Association Rules shall govern the use of the Common Area by any Owner, or by any guest invitee, licensee or lessee of such Owner, by the family of such Owner, or by any guest, invitee, licensee or lessee of the family of such Owner; provided, however, that the Association Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or the By-Laws. A copy of the Association Rules as they may from time to time be amended, adopted or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, said Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration. In the event of any conflict between any such Association Rules and any of the other provisions of this Declaration, or the Articles or the By-Laws, the provisions of such Association Rules shall be deemed to be superseded by the provisions of this Declaration and provisions of the By-Laws or Articles, the provisions of this Declaration shall prevail.

Section 8. RECORDS AND SUPERVISION:

It shall be the duty of the Board to: (a) cause to be kept a complete record of all its acts and to present a statement thereof to the members at each annual meeting of the members, or at any special meeting when such statement is requested in writing by the members; (b) supervise all officers, agents and employees of the Association and to see that their duties are properly performed.

ARTICLE V

ASSESSMENTS

Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION
FOR ASSESSMENTS:

Declarant, for each Condominium owned by it hereby covenants, and each Owner of any Condominium by acceptance of a deed therefor, whether or not it shall be so expressed in such deed or other conveyance, is deemed to covenant and agree, for each Condominium owned, to pay to the Association Annual Assessments, Special Assessments, Emergency Assessments, and Remedial Assessments, all of which shall be established and collected as hereinafter provided. The Annual, Special, and Emergency Assessments, together with interest, costs of collection and reasonable attorneys' fees, shall when perfected by the recordation of a notice of assessment in accordance with the provisions of Section 11 of this Article V, be a charge on the Condominium and shall be a continuing lien upon the Condominium against which such assessment is made. Each such assessment, together with late charges, interest, costs, penalties and reasonable attorneys' fees, shall also be the joint and several and personal obligation of each person who was the Owner of such Condominium at the time when the assessment became due and payable. No Owner may waive or otherwise escape liability for the assessments provided for in this Declaration by non-use of the Common Area, or any part thereof, or abandonment of his Condominium. As used herein, "Costs," shall include but not be limited to recording and copying all necessary documents in the County Recorder's Office; (b) notary services for verifying signatures of persons designated to execute the proper documents; (c) mileage and messenger service necessary to have documents notarized and recorded; (d) postage for correspondence

relating to the collection of delinquent assessments; (e) administrative costs for time of personnel devoted to collection of the delinquency; and (f) court costs if a court judgment is necessary. As used herein, "reasonable attorney's fees," shall mean: (a) a fee equal to fifty (50%) percent should a Notice of Assessment Lien be cured prior to filing a Notice of Default; (b) a fee equal to one hundred (100%) percent should it be necessary to file a Notice of Default and proceed toward foreclosure.

Section 2. PURPOSES OF ASSESSMENTS:

Assessments levied shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Project, the improvement, operation and maintenance of the Common Area, and the performance of the duties of the Association as set forth in this Declaration.

Section 3. OPERATING FUND:

There shall be an operating fund, into which the Association shall deposit all monies paid to it as:

- (a) Annual Assessments;
- (b) Emergency Assessments;
- (c) Special Assessments;
- (d) Remedial Assessments;
- (e) Miscellaneous fees;
- (f) Income attributable to the operating fund;
- (g) Concessionaire's fees;

and from which the Association shall make disbursements in performing the functions for which the foregoing assessments are levied.

Section 4. ANNUAL ASSESSMENTS:

(a) Levy and Enforcement of Annual Assessments:

Annual Assessments shall be made and enforced by the Board in the manner provided in this Declaration against the Owners of all Condominiums, including Declarant.

(b) Amount of Assessments:

Beginning with the fiscal year of the Association in which the Initial Commencement Date (as that term is defined in Section 4(c) below) occurs, the amount of the total Annual Assessment for all the Condominiums shall be determined by the Board at least thirty (30) days prior to the commencement of each fiscal year based on the budget for such fiscal year called for by Section 4(1) of Article IV hereof. The Annual Assessment shall be assessed equally against all of the Condominiums.

(c) Commencement Date for Annual Assessments:

The Annual Assessment hereunder shall commence to accrue on all Condominiums initially subject to this Declaration on the date (the "Initial Commencement Date") which is the first day of the first month following the recordation of the deed for the sale of the first Condominium to an Owner other than Declarant.

(d) Increase of Annual Assessments:

The Annual Assessments for each succeeding fiscal year may be increased by the Board for the next year without a vote of the Members of an amount which shall not exceed twenty percent (20%) of the Annual Assessments for the immediately preceding fiscal year. Any increase in the Annual Assessments which exceeds twenty percent (20%) of the immediately preceding fiscal year's Annual Assessments shall be made only upon the affirmative vote or written assent of a majority of the voting power of Members other than Declarant.

(e) Reserve Funds:

For purposes of creating reserves to ensure payment when due of the cost of capital expenditures relating to the repair and replacement of the Common Area, a portion of the Annual Assessments shall constitute a capital contribution to the Association. The specific items for which such

capital contribution shall be made and the amount of such contribution in respect of each such item shall be determined by the Board, acting in its sole discretion, at the time it adopts the budget for the Annual Assessments in accordance with Section 4(1) of Article IV, hereof. All such capital contributions shall be collected in equal monthly installments as provided in Section 10 hereof, shall be accounted for separately and shall be held in trust and used to pay for each specific capital expenditure in such manner and at such times as the Board, acting in its sole discretion, shall determine. Immediately upon receipt, all such capital contributions shall (1) be deposited in a separate interest-bearing account or accounts, denominated Trustee Capital Account in any savings and loan association, bank or trust company under the supervision of the California Superintendent of Banks, the California Commissioner of Savings and Loan Associations, the Federal Home Loan Bank Board or the United States Controller of the Currency as may be determined by the Board by resolution or (2) invested in certificates of deposit issued by a bank or financial institution having assets in excess of Five Hundred Million Dollars (\$500,000,000.00) or (3) invested in such other manner as the Board, acting in its sole discretion, shall determine.

Section 5. ASSESSMENT ROLL:

An assessment roll shall be accurately maintained and available in the office of the Association for inspection at all reasonable times by any Owner or his duly authorized representative. Said assessment roll shall indicate for each Condominium, the name and address of the Owner thereof, all assessments levied against each Owner and his Condominium, and the amount of said assessments paid and unpaid. The Board shall, upon written request therefor from any Owner or

his Mortgagee, and for a reasonable charge not to exceed Ten Dollars (\$10.00), furnish a certificate executed and acknowledged by an officer of the Association, stating whether any indebtedness secured by any lien created hereby upon any such condominium, has been paid. The certificate shall be conclusive upon the Association and the Owner of such Condominium as to the amount of such indebtedness as of the date of such certificate, in favor of all persons who rely thereon in good faith.

Section 6. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS:

In addition to the Annual Assessments authorized above, the Board may levy during any fiscal year, a special assessment ("Special Assessment") applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction or unexpected repair or replacement of a capital improvement upon the Common Area and/or the necessary fixtures and personal property related thereto. Special Assessments, which in the aggregate in any fiscal year exceed an amount equal to five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, shall be levied only upon vote or written assent of a majority of the votes of members other than Declarant. Special Assessments shall be assessed equally against all of the Condominiums; provided, however, any Special Assessment levied for the purpose of financing the rebuilding or major repair of the structural Common Area which encompasses a Unit or Units shall be levied according to the following formula: each Unit's portion of the total Special Assessment shall be equal to a fraction, the numerator of which will be the square footage of the floor area of such Unit and the denominator of which will be the total square footage of the floor area of all the Units to be assessed. The provisions herein with respect to special assessments

shall not apply in the case where the special assessment against a member is a remedy utilized by the Board to reimburse the Associations for costs incurred in bringing the member and subdivision interest into compliance with the provisions Declaration or the By-Laws.

Section 7. EMERGENCY ASSESSMENTS:

If the assessments levied at any time are, or will become, inadequate to meet all expenses incurred hereunder for any reason, including nonpayment of any Owner's assessments on a current basis, the Board shall immediately determine the approximate amount of such inadequacy and issue a supplemental budget, noted as to the reason therefor, and levy an emergency assessment which shall apply equally to all Condominiums, for the amount required to meet all such expenses on a current basis ("Emergency Assessment") against the Owners of each of the Condominiums. Except that an emergency assessment levied for capital improvements pursuant to Section 6 hereinabove shall be levied pursuant to the formula set out in such Section 6. Emergency Assessments which in the aggregate in any fiscal year exceed an amount equal to five (5%) of the budgeted gross expenses of the Association for the fiscal year, shall be levied only upon vote or written assent of a majority of the votes of members other than Declarant.

Section 8. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED

UNDER SECTIONS 4, 6 AND 7:

Any action authorized under Sections 4, 6 or 7 of this Article V which requires the vote or written consent of the Members shall require the vote or written consent of at least a majority of the voting power of the Members and the assent of a majority of the votes of members other than Declarant.

Section 9. REMEDIAL ASSESSMENTS:

Pursuant to this Declaration, the Board shall levy an assessment against any Condominium to reimburse the

Association for costs incurred in bringing such Condominium and its Owner into compliance with provisions of this Declaration or the Association Rules. Remedial Assessments shall be due ten (10) days after the Board gives written notice thereof to the Owner subject thereto. The provisions of Section 8 of this Article V with respect to approval of Annual Assessments, Special Assessments and Emergency Assessments shall not apply in the case of Remedial Assessments. In no event shall such Remedial Assessments become a lien upon a delinquent Owners condominium.

Section 10. DUE DATES OF ASSESSMENTS; CERTIFICATE REGARDING ASSESSMENTS:

The first Annual Assessment and all Special Assessments shall be adjusted according to the number of months remaining in the fiscal year. The Board shall fix the amount of the Annual Assessment against each Condominium at least thirty (30) days in advance of each Annual Assessment period. Written notice of all assessments shall be sent to each Owner subject thereto. The Annual Assessments and Special Assessments shall be collected on a monthly basis in advance on the first day of each month (hereinafter referred to as "Assessment Payment Date". The Annual Assessments and Special Assessments shall be due and payable monthly on each Assessment Payment Date commencing on the first Assessment Payment Date following the date Annual Assessments commence to accrue as provided in Section 4(c) above of this Article V. The Emergency Assessments and Remedial Assessments shall be due and payable at the time and in the manner specified by the Board.

Section 11. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION:

In the event of a default in payment of any assessment when due, except Remedial Assessments as set forth hereinabove in Section 9, such assessments shall be deemed to be delinquent.

With respect to each such assessment not paid within ten (10) days after its due date, the Board may, at its election, require the delinquent owner to pay a late charge of not less than Ten (\$10.00) Dollars or twenty (20%) percent of the amount of the delinquent assessment, whichever is greater, together with interest at the maximum rate permitted by law on the delinquent sums, calculated from the date of delinquency to and including the date full payment is received by the Association. Each Owner vests in the Association or its assigns the right and power to bring all actions at law and in equity, to establish and foreclose the liens or enforce any other remedy provided herein against the Owner for the collection of delinquent assessments except Remedial Assessments as defined herein shall not constitute a lien against an Owners Condominium. In the event an attorney or attorneys are employed for collection of any assessment, whether by suit or otherwise, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner. In addition to any other remedies herein, the Association may enforce the obligations of the Owner to pay the assessments provided for herein, and each of them, in any manner provided by law or in equity, and without any limitation of the foregoing, by any or all of the following procedures:

(1) Suspension of Rights:

After a hearing by the Board (whether or not the delinquent Owner appears) conducted in accordance with the procedures set forth in the By-Laws, the Board may suspend the voting rights of any Owner and/or such Owner's right to use the Common Area for any period during which any assessment against such Owner's Condominium remains unpaid; provided, this provision shall not operate or be construed to deny or restrict ingress or egress of any Owner to and from his Unit.

(2) Enforcement by Suit:

By commencement and maintenance of a suit at law against an Owner or prior Owner to enforce said assessment obligation, such suit to be maintained in the name of the Association. Any judgment rendered in any such action shall include the amount of the delinquency, interest thereon at the maximum legal rate per annum from the date of the delinquency, court costs and reasonable attorneys' fees, in such amount as the court may adjudge against the delinquent Owner.

(3) Enforcement by Lien:

There is hereby created a claim of lien, with power of sale, on each and every Condominium to secure payment to the Association of any and all assessments except Remedial Assessments, levied against any and all Condominiums under this Declaration together with interest thereon at the maximum legal rate per annum from the date of delinquency, and all costs of collection which may be paid or incurred by the Association in connection therewith, including without limitation reasonable attorneys' fees. Each default shall constitute a separate basis for a claim of lien, but any number of defaults may be included within a single claim of lien. At any time after the occurrence of any default in the payment of any assessment, the Association or any authorized representative may, but shall not be required to, make a written demand for payment to the delinquent Owner. Said demand shall state the date and amount of the delinquency. If such delinquency is not paid within ten (10) days after delivery of such demand, or at any time ten (10) days after the date of delinquency if no written demand is made the Board shall cause to be recorded a notice of claim of lien ("notice of lien") securing the payment of any delinquent sums due the Association from any Owner, as provided in Section 1356 of the Civil Code. Such

notice of lien shall state the amount of the delinquent sums and other authorized charges and interest, including the cost of recording the notice, expenses of collection in connection with the delinquent sums, reasonable attorney's fees, a sufficient description of the unit against which the same has been assessed, the name and address of the Association and the name of the unit owner thereof. The notice shall be signed by an authorized representative of the Association.

Upon payment to the Association of the delinquent sums and charges in connection therewith, or other satisfaction thereof, the Board shall cause to be recorded a notice of satisfaction and release of lien ("notice of release") stating the satisfaction and release of the delinquent sums and charges. The Board may demand and receive the cost of recording the notice of release before recording the same. Any purchaser or encumbrancer who has acted in good faith and extended value may rely on the notice of release as conclusive evidence of the full satisfaction of the sums stated in the notice of lien.

All sums assessed in accordance with the provisions of this Declaration, except for Remedial Assessments as set forth hereinabove, shall constitute a lien on each respective unit prior and superior to all other liens except: (i) all taxes, bonds, assessments and other levies which by law would be superior thereto; and (ii) the lien or charge of any first mortgage of record (meaning any recorded mortgage or deed of trust with first priority or seniority over other mortgages or deeds of trust) made in good faith and for value and recorded prior to the date on which the lien became effective. Notwithstanding the forgoing, any assessment lien provided for herein shall be prior and superior to any Declaration of Homestead recorded after the recordation of this Declaration. Said lien shall become effective upon recordation of the notice of lien in the

manner provided for in paragraph (3) above. Such lien shall relate only to the individual unit against which the assessment was levied and not to the project as a whole. All taxes, bonds, assessments and other levies, except Remedial Assessments which may become prior liens under local law shall relate only to the individual unit against which same was levied and not the project as a whole.

It shall be the duty of the Board to enforce the collection of any amounts due under this Declaration by one or more of the alternative means of relief afforded by this Declaration. Such lien, when delinquent, shall be enforced by sale of the condominium by the Association, its attorney or other persons authorized to make the sale, after failure of the unit owner to pay an assessment as provided for herein. Such sale shall be conducted in accordance with the provisions of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any manner permitted by law.

An action may be brought to foreclose the lien of the Association by the Board or by any unit owner if the Board fails or refuses to act, after the expiration of thirty (30) days from the date on which the notice of lien was recorded; provided that, at least ten (10) days have expired since a copy of the notice of lien was mailed to the unit owner affected thereby. The Association, through its agent, shall have the power to bid on the condominium at foreclosure sale, and to acquire, hold, lease, mortgage and convey the same. Suit to recover a money judgment shall not constitute an affirmation of the adequacy of money damages. Any recovery resulting from a suit in law or in equity initiated pursuant to this section, may include reasonable attorney's fees as fixed by the court.

Any lien created or claimed under the provisions of this Declaration, is expressly made subject and subordinate to the rights of the beneficiary of any first deed of trust or first mortgage on any condominium

unit therein, made in good faith and for value and such lien shall, in no way defeat, invalidate or impair the obligation or priority of such first deed of trust or first mortgage, unless the beneficiary thereof shall expressly subordinate his interest, in writing, to such lien. Each holder of a first mortgage lien on a unit who comes into possession of the unit by virtue of judicial foreclosure, or by a exercise of a power of sale or any purchaser at a judicial foreclosure sale or who acquires under a power of sale of a first trust deed or first mortgage, shall take the unit free of any claim for unpaid assessments and charges against the unit which accrue prior to the time the holder comes into possession of the unit. No transfer of the unit as a result of a foreclosure or exercise of a power of sale, shall relieve the new owner, whether it be the former beneficiary of the first trust deed or first mortgage, or another person, from liability for any assessments thereafter becoming due or from the lien thereof.

No owner may exempt himself from liability for any assessment by waiver of the use or enjoyment of the Common Area or by abandonment of his condominium.

The provisions contained in this Declaration prohibiting the attachment of any lien for Remedial Assessments pursuant to 2792.26(c), Title 10, California Administrative Code shall not apply to charges imposed against an owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys fees) in its effort to collect delinquent assessments.

Section 12. ASSIGNMENT OF RENTS:

As security for the payment of all such liens, each Owner hereby gives to and confers upon the Association the right, power and authority, during the continuance of such ownership, to collect the rents, issues and profits of said Owner's Condominium, reserving unto the Owner the right, prior to any default by such Owner in performance of that Owner's obligation under this Declaration, or the By-Laws or the Articles to collect and retain such rents, issues and profits and they become due and payable. Upon any such default, the Association may, at any time, upon ten (10) days written notice to such Owner, either in person, by agent or by a receiver to be appointed by a court of competent jurisdiction, and without regard to the adequacy

of any security for such indebtedness, enter upon and take possession of such Owner's Condominium or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, in payment of any indebtedness to the Association or in performance of any agreement hereunder, and in such order as the Association may determine. The entering upon and taking possession of said Condominium, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure nor waive any default hereunder or invalidate any act done pursuant to this Declaration.

The assignment of rents and powers described in the foregoing paragraph shall not affect, and shall in all respects be subordinate to, the rights and powers of the holder of any first mortgage on any Condominium, or any part thereof, to do the same or similar acts.

Section 13. SUBORDINATION TO CERTAIN TRUST DEEDS:

The lien of the assessments shall be prior to all encumbrances made by the Owner or imposed by legal process upon any Condominium except taxes, bonds, assessments and other levies, which, by law, are prior thereto, whether the notice of assessment is recorded prior or subsequent to any such encumbrances, except that the lien of the assessments shall be subordinate to the lien of any first mortgage or first deed of trust in favor of any Mortgagee, provided such first mortgage or first deed of trust is made in good faith and for value and recorded in the Office of the County Recorder of Los Angeles County prior to the recordation of the notice of assessment for said assessments. Sale or transfer of any Condominium shall not defeat or affect the due assessment lien. However, the sale or transfer of

any Condominium which is subject to any first mortgage or first deed of trust pursuant to judicial foreclosure, or exercise of a power of sale under such first mortgage or first deed of trust shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Condominium or the purchaser thereof from liability for any assessments thereafter becoming due or from the lien thereof.

Section 14. PROPERTY TAX ASSESSMENTS:

Until such time as the Los Angeles County Tax Collector segregates the property taxes on the Property into separate assessments for each Condominium, the Association shall, upon written request of Declarant, make and enforce a property tax assessment ("Property Tax Assessment") against each Owner whose Condominium is taxed to Declarant pursuant to an unsegregated property tax bill on the Property or any portion thereof. The Property Tax Assessment shall constitute a lien on such Owner's Condominium which shall be deemed perfected hereunder as of the date such taxes became a lien and shall be enforceable as herein provided. Notwithstanding the foregoing, the Association shall, prior to undertaking enforcement of delinquent Property Tax Assessments, record a notice of claim of lien against such delinquent Owners' Condominium in the manner provided in Section 11 of this Article V. The amount of the Property Tax Assessment against each Owner shall be that portion of the unsegregated property tax which bears the same relationship to the total tax as one (1) bears to the total number of all Owner's Condominiums in the lot in

which such Owner's Condominium is located. The Property Tax Assessment shall be due and payable no later than December 1 as to the first installment of property taxes and April 1 as to the second installment. No later than the aforesaid dates, the Association shall deliver to Declarant evidence satisfactory to Declarant that such tax has been paid or a check payable to the Los Angeles County Tax Collector in the total amount of the tax due from the Members of the Association. Upon receipt of said funds, Declarant shall cause the tax bill to be paid.

Section 15. INCOME TAX ELECTIONS:

The Board shall have the right, exercisable in its sole discretion, to elect to report the receipts, expenses, deductions and credits, if any, of the Association for income tax purposes pursuant to Section 528 of the Internal Revenue Code of 1954, as amended, Section 23701(t) of the California Revenue and Taxation Code, as amended, or any comparable statute or amendment thereto hereinafter enacted.

Section 16. TAXES:

Each owner shall pay any real and personal property taxes separately assessed against his unit and all utility charges separately metered or charged against his unit, and such payments shall be made by each owner in addition to and separately from assessments otherwise payable to the Association by the owner.

ARTICLE VI

COVENANTS AND USE RESTRICTIONS

In addition to all other covenants contained herein, the following covenants and restrictions shall govern the use and occupancy of the Project:

Section 1. RESIDENTIAL USE:

No Owner shall occupy or use his Condominium, or

permit the same or any portion thereof to be occupied or used for any purpose other than a private residence for such Owner, his tenants or guests; provided however, that the rental for any period of time not less than 30 days by the Owner of his Condominium to one or more persons for residential occupancy shall not be deemed to constitute a nonresidential use by such Owner which is inconsistent with the restrictions set forth in this Section 1. No part of any Condominium shall be used for other than residential purposes.

Section 2. PARTITION OF COMMON AREA:

(1) Suspension.

The right of partition is suspended pursuant to California Civil Code Section 1354 as to the project. Partition of the project can be had on a showing that the conditions for partition as stated under Article VIII hereinbelow, have been met. Nothing in this Declaration shall prevent partition or the subdivision of interest between joint or common owners of any unit.

(2) Distribution of Proceeds

Proceeds or property resulting from a partition shall be distributed to and among the respective owners and their mortgagees as their interests appear, according to the fair market value of all affected units, as determined by an M.A.I. appraiser to be retained by the Board.

(3) Power of Attorney.

Pursuant to California Civil Code Section 1355 (b)(9), each of the owners hereby grants the Association an irrevocable power of attorney to sell the project for the benefit of the owners when partition can be had. Exercise of the power is subject to approval of seventy-five (75%) percent of the members and their institutional first mortgagees.

Section 3. INTERIOR DECORATION, BALCONIES:

Each Owner shall have the exclusive right at this sole cost and expense to paint, wax, paper, drape, carpet and tile (as hereinafter conditioned) and otherwise refinish and decorate the inner surfaces of the walls, ceilings, windows, floors and doors bounding his unit, and to landscape the balcony area of his unit subject to the following provisions.

(1) Draperies.

Curtains, draperies and any other materials subject to view from the exterior of the building, shall be white or off-white in color, so as to preserve the aesthetic integrity and attractiveness of the project as a whole.

(2) Floor Coverings.

that the installation of carpeting shall be mandatory

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required in all bedroom and living-dining room areas. For all other areas, it will be at the sole discretion of the unit owner. The installation of carpeting shall be of a combined total weight of no less than one hundred (100 ounces) per square yard. High quality padding shall be used.

addition to carpeting, hardwood, marble, and granite flooring material is permitted under the following conditions: installation shall be made with appropriate insulation underlayment and the installation of any flooring shall fall within the parameters set forth in the building and safety codes of the City of Glendale, California. In addition, all traffic areas such as hallways shall be covered with area rugs and rug runners and felt type skid pads shall be fitted on chair legs that sit on such hard flooring.

In addition to the above, vinyl flooring may be used in the kitchen and bathroom areas. All other flooring not specified here must have written approval of the Board of Directors.

(3) Glass/Screens

No owner or occupant shall replace the glass in the windows of his unit, or the screens for sliding glass doors, or other windows, except with glass or screens of a similar color and quality to that originally supplied with the unit or esthetically compatible with the rest of the building.

(4) Bathtub Jacuzzis.

In order to preserve the structural integrity of the project as a whole and to facilitate the quiet enjoyment of all unit occupants, the installation and/or maintenance of bathtub jacuzzis shall be prohibited.

(5) Absolute Prohibition of Hot Tubs.

There is hereby established an absolute

prohibition on all unit owners within the project against the installation and/or maintenance of hot tubs or similar devices within any unit or balcony appurtenant thereto.

(6) Balcony Restrictions.

No portion of any balcony shall be enclosed in any manner whatsoever, nor shall any structure, shade, screen, awning, hanging plants or other devices be attached thereto. Further, nothing shall be placed, stored or maintained on any balcony (such as bicycles, telescopes and barbeques) other than patio furniture specifically designed for patio use and which may include potted plants, so long as such plants are not hung therefrom.

(7) Laundry Dryer Exhaust System/ Washing Machines

The proposed laundry dryer exhaust system for each unit has been designed to accommodate only those dryers which are capable of delivering a pressure great enough to overcome the total resistance of .35" water column and move 160 CFM of air. It will be each unit owner's responsibility to verify compliance with this criteria for any clothes dryer which he may install. Efficiency of operation of the dryer may be substantially lessened if the above described specification is not adhered to.

Due to problems caused in the plumbing systems installed in the building, there is hereby established an absolute prohibition on all unit owners against the use in any Unit of high-sudsing detergents in their washing machines.

(8) Sound Systems.

Sound system loudspeakers shall not be rigidly attached to the ceilings, walls, shelves or cabinets so as to introduce vibrational energy into the structure. Suitable mounting and/or vibration isolation shall be incorporated to preclude such occurrence.

(9) Other Devices/Appliances.

Pianos and other appliances, including but not limited to, washers, dryers and the like, ("Appliances") can and may be a cause of annoyance and complaint in a multi-family structure. Usually this is because of the concentrated weight on each leg of the appliance and the resultant vibrational energy transfer as these

localized ^{contact} points. This is ^{frequency} the case, regardless of whether carpeting and padding exist. It shall, therefore, be the responsibility of any Owner to evaluate the particular solution with respect to his appliances. A 1/2" neoprene waffle load distribution plate or pad has been a solution in many cases and will be required for any such appliance. Many other devices or uses or mis-uses thereof, can likewise be the cause of unacceptable sound or vibration in adjacent units including, but not limited to, rotating, oscillating or vibrating devices. The unit owners must be forewarned that the criteria for acoustical privacy set forth in paragraph (10) below, shall apply for any condition resulting in annoyance and complaint by other unit occupants within the project.

(10) Impact Noise Ratings.

It is mandatory, for the mutual interest and protection of all owners or lessees within the project, to recognize that acoustical privacy is achieved only through understanding and compliance with certain limitations and restrictions, the design and construction of this project attempts to meet the standards and criteria imposed by the City of Glendale related to sound insulation as much as permitted by the state-of-the-art in construction practice today. It is recognized that total isolation from an adjacent occupancy in a manner comparable to a single-family residence is difficult to attain. There will usually be some residential awareness of one's neighbors, depending upon the situation. Within the basic design of the project, every effort has been made to alleviate airborne noise, structure-borne noise and impact noise transmission from and to each unit. Modification of design of the structures or related components thereof by any unit owner could, then, alter the resultant expected isolation. The following restrictions attempt to treat those anticipated changes, additions or deletions which would introduce annoyance to others: (1) Exterior noise

levels shall not exceed an annual exterior Community Noise Equivalent Level (CNEL) value of greater than 45; (ii) Interior noise levels shall not exceed an annual interior CNEL value of greater than 40; (iii) Interior noise levels below the recognized Noise Criteria (NC) curves of N-25 are considered beyond reasonable design capacity to maintain, that levels much less than this are possible to experience in the structures, but that this shall be the level for determination of reasonableness of complaints of annoyance. Intruding noise levels about the N-25 value of ten (10) decibels, if constant, shall constitute an annoyance condition. Six (6) decibels, if noise is random, intermittent or of pure tone characteristic, shall also constitute an annoyance condition. Six (6) decibels, if noise is random, intermittent or of pure tone characteristic, shall also constitute an annoyance condition; (iv) the sound insulation between adjacent units shall be a minimum Noise Isolation Class (NIC) of 55, measured in accordance with ASTM Procedures; (v) the impact insulation between adjacent units shall be a minimum Impact Insulation Class (IIC) of 55, measured in accordance with ASTM Procedures.

In the event an Owner shall fail to comply with the provisions of this Article, the Association, shall notify such Owner in writing of such specific lack of compliance, which notice shall state that such Owner has a right to a hearing before the Board with regard to the matters of noncompliance set forth in such notice and, which notice may state that from and after a specified date (which date shall be subsequent to the date of the hearing provided for herein) the Board or its authorized agents may enter the Unit for the purpose of remedying such lack of compliance. If such Owner fails to remedy such lack of compliance within five (5) days after receipt of such notice (or within such greater time period as may be specified in such notice), or, in the

alternative, fails to deliver written notice to the Board within five (5) days from receipt of such notice requesting a hearing before the Board with regard to the matters of noncompliance set forth in such notice, the Association or its authorized agents shall have the right to enter into such Owner's Unit for the purpose of remedying the matters set forth in the notice, and shall not be liable for trespassing in connection with such entry. If the Owner timely requests a hearing before the Board, the Board shall schedule a hearing and shall provide the Owner with at least seven (7) days written notice as to the date, time and place thereof. At the hearing the Owner will have an opportunity to discuss with the Board the merits of the claims set forth in the Association's original notice of noncompliance, and the Board will determine what action, if any, need be taken by the Owner and the time within which it must be accomplished.

The decision of a majority of the members of the Board present at the hearing will be binding upon the Association and the Owner. If the Owner fails to so comply within the designated time period, the Association or its authorized agents shall then have the right to enter into the Owner's Unit to perform the required acts and shall not be liable for trespass in connection therewith. The cost to the Association of remedying such Owner's failure to comply with the provisions of this Section shall be assessed to the Owner as a Remedial Assessment, enforceable in the manner provided in Article V of this Declaration.

In the event a complaint is made for non-compliance with the provisions set forth under Article V, Section 1(o) hereof, the Association may retain the services of a recognized acoustical engineer to field test the area of complaint. The costs shall be chargeable to the complaining party in the event

the field test ^{show} that conditions meet ^{the} criteria of paragraph (h) above. If such field tests show non-compliance then the costs of the testing shall be borne by the offending party.

Section 5. STRUCTURAL ALTERATIONS AND IMPROVEMENTS:

No structural alteration to any unit or alteration of any sort to the Common Area shall be made, constructed or maintained upon the Project except by Declarant, until the plans and specifications therefor have been approved by the Board or the Environmental Control Committee in the manner set forth herein; no change in the exterior appearance, type, color, grade, height or location of any such structure placed within the Project shall be made except by Declarant without the written approval of the Board or the Environmental Control Committee acting pursuant to Article VII hereof. In no event shall any Owner be permitted to combine separate Units into a single Unit.

Section 6. ALTERATION AND DECORATION OF INTERIOR WALLS AND COMMON AREA:

Subject to the provisions of Section 28 of this Article VI, no Owner shall do, make or suffer any alteration, addition or modification to any portion of the Common Area nor shall he install, attach, paste, hinge, screw, nail, build or construct any lighting, decoration or other article or thing thereto, without the prior written consent of the Board. Certain Common Area facilities and equipment will be located inside interior walls of Units and inside walls separating an Owner's Unit from other Units and from the Common Area, including such facilities and equipment as telephone conduits, wiring and cables, intercom cables and wiring, electrical cables and wiring, plumbing vents and lines, and sprinkler systems and sprinkler heads. For that reason no Owner shall do, make, or suffer any alteration, addition or modification to any portion of any interior wall or ceiling in his Unit or of any wall separating his Unit from any other Unit or the Common Area nor shall he

install, attach, paste, hinge, screw, nail, build or construct any lighting, fixtures, shelving, art work or any other article or thing to any such interior wall or any wall separating his Unit from any other Unit or the Common Area, without the approval of the Environmental Control Committee; provided that such alteration or decoration which requires minor penetration of any such interior walls by ordinary and usual nails, screws or the like shall be permitted any damage occurring to the Common Area as a result of any such penetration of interior walls shall be the sole responsibility of the Owner of said Condominium. The painting of sprinkler heads or the use of Grunau Phantom cover plates on such sprinkler heads, or any similar devices shall be prohibited. In requesting the Committee's approval, Owner shall submit to the Board the plans for any proposed alteration, addition or modification and shall reimburse the Committee for any costs incurred as a result of having a third party such as an architect or engineer review the Owner's proposed plans. When approved, each alteration, addition or modification shall be completed in accordance with the approved plans.

Section 7. COMMON AREA:

No Owner, his agents, invitees, guests, employees or lessees shall remove, alter or injure in any way any portion of the Common Area, including but not limited to, all improvements thereto and personal property located thereon. An Owner who violates this Section shall reimburse the Association for all expenses incurred by it in remedying the damage caused by said Owner's violation. Such expense shall be assessed to the Owner as a Remedial Assessment, enforceable in the manner provided in Article V hereof.

Section 8. SIGNS:

No sign, notice, nameplate, card or advertisement of any kind shall be displayed to the public view on or from any Unit or any Common Area, provided that signs of customary

and reasonable dimensions advertising the sale of Condominiums, which signs are of a professional type and dignified appearance, may be placed in such location(s) in the Common Area as designated by the Board, which location shall be open to public view. Nothing herein contained shall prohibit or restrict Declarants right to construct such promotional signs on other sales aids on or about the portions of the project, or to use a unit as a model; provided that, such use by Declarant shall not unreasonably interfere with the use of the Common Area by members of the Association and provided further that such use by Declarant shall terminate no later than four (4) years after the issuance of Final Subdivision Public Report.

Section 9. ELECTRICAL WIRING AND EQUIPMENT:

No Owner shall install, attach or hang or cause to be installed, attached or hung any television or radio transmitting or receiving antenna or equipment, air-conditioning units or any other equipment, machines or wiring in or on any portion of the Common Area or that protrude from any Unit or through any Unit or Common Area Wall, floor, ceiling, window or door, except with the prior consent of the Board. All radio, television, air-conditioning units; or other electrical machines, equipment or appliances of any kind or nature or wiring therefor installed or used in a Unit shall fully comply with all rules, regulations and requirements of all state and local public authorities having jurisdiction over same, and the Unit Owner alone shall be liable for any damage or injury caused by any such radio, television or other electrical equipment or appliance installed or used in his Unit. Normal radio, stereo, high fidelity and television equipment installations within a Unit are excepted from the provisions of this Section 9. provided same comply with Section 3, paragraph (10) hereinabove.

Section 10. OBNOXIOUS AND OFFENSIVE ACTIVITIES:

No obnoxious or offensive activity shall be carried on in or upon any Condominium or any part of the Project, nor shall anything be done therein which may be or may become an annoyance or nuisance to the neighborhood or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective Condominium, or which shall in any way increase the premium rate of insurance.

Section 11. ANIMALS:

No animals, livestock, birds, fish or poultry of any kind shall be raised, bred or kept in or upon any Condominium or on any portion of the Common Area except that no more than two (2) dogs, cats or such other household pets as may be approved by the Association may be kept in each Unit, provided it is not kept, bred or maintained for any commercial purposes or any purpose if there would be involved an odor or noise such as would unreasonably disturb the use and enjoyment of any portion of the project by other Owners. Notwithstanding the foregoing, no animals, livestock, birds, fish or poultry may be kept which result in any annoyance or are obnoxious to residents in the vicinity, and in any event, each Owner shall be absolutely liable to each and all remaining Owners, their families, guests, and invitees, and to the Association for any and all damage to person or property caused by any pet or other animal, livestock, bird, fish or poultry brought within or kept within any Unit or the Common Area by such Owner, members of his family, guests or invitees, and each Owner shall comply with such reasonable rules and regulations governing the keeping of pets which may be adopted by the Association from time to time. Upon the written request of any Owner, the Board shall conclusively determine, in its sole discretion, whether for the purposes of this Section, a particular animal or fowl is generally

recognized as a household pet or yard pet, or constitutes a nuisance, or whether the number of pets within any Unit is reasonable. Any decision rendered by the Board shall be enforceable as other restrictions contained herein. In no event shall any domestic pet or pets be permitted in or on any portion of the Common Area unless carried or on a leash.

Section 12. VEHICLES:

No commercial vehicle, trailer, camper, boat or similar type vehicle shall be permitted to remain on any portion of the Common Area, except for those areas designated by the Board as "guest parking," for a period not to exceed twenty-four (24) hours. No unit owner shall park his vehicle or allow his guests and/or tenants to park their vehicles in any spaces other than those conveyed to the owner and any spaces designated as "guest parking." No automobile or other vehicle repairs shall be permitted on any portion of the Common Area, except in the case of emergency repair.

Section 13. DEBRIS AND OUTSIDE STOPAGE:

(a) No rubbish, trash or garbage or containers therefor shall be allowed to accumulate on the Common Area and shall be kept only in sanitary containers.

(b) No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes in the balcony areas or other areas visible from the Common Area.

Section 14. TAXES AND UTILITY CHARGES:

Each Owner of a Condominium shall pay all real and personal property taxes or charges assessed against his Condominium, and the utility charges for said Condominium.

Section 15. PARKING AND STREET OBSTRUCTIONS:

Parking of vehicles of any type whatsoever on any portion of the Common Area shall be permitted only as set

forth in the Association Rules. No Owner shall do anything which will in any manner prevent the streets and driveways within the Project from at all time being free and clear of all obstructions and in a safe condition for vehicular use.

Section 16. RESTRICTIVE AGREEMENTS:

No Owner shall execute or file for record any instrument which imposes a restriction upon the sale, leasing or occupancy of his Condominium on the basis of race, color or creed.

Section 17. PESTS:

No Owner shall permit any thing or condition to exist upon any portion of the Project which shall induce, breach or harbor infectious plant diseases or noxious insects or vermin.

Section 18. ANTENNAE AND EXTERIOR APPLIANCES:

(a) No towers, antennae, aerials, or other facilities for the reception or transmission of radio or television broadcasts or other means of communication shall be erected and maintained or permitted to be erected and maintained in the Project except by installations inside of structures constructed in the Project, or by underground conduits.

(b) No wiring for electrical or telephone installations, television antennae, security systems, machines or air conditioning units, or appliances shall be permitted on the exterior of the residential building or that protrude through the walls or roof of the residential building except as permitted by the Board or the Environmental Control Committee pursuant to Article VII hereof.

(c) This Section 17 shall not apply to, nor restrict, master antennae and head end system for a cable television system installed by Declarant or by a franchise cable television operator.

Section 19. COMPLIANCE WITH LAWS:

Each Owner shall promptly comply with all laws, statutes, ordinances, rules and regulations of Federal,

State or municipal governments or authorities applicable to the Project.

Section 20. EXTRACTION OF MINERALS:

No oil drilling, oil development operations, oil refining quarrying or mining operations of any kind shall be permitted in the Project, nor shall oil wells, tanks, tunnels or mineral excavations be permitted in the Project or within five hundred (500) feet below the surface of the Property and no derrick or other structure designed for use in boring for water, oil, or natural gas shall be erected, maintained or permitted upon any portion thereof, except as shall be approved in writing by the Board or the Environmental Control Committee pursuant to Article VII hereof and by any first Mortgage of a Condominium in the Project.

Section 21. OWNER'S INSURANCE

Each Owner shall purchase, obtain and maintain, at the Owner's own expense, insurance with respect to damage or destruction to personal property and improvements within the Owner's condominium as well as third party liability insurance. Such liability insurance shall be for bodily injury and property damage. The amount of coverage for third party liability shall be at least \$100,000.00. A copy of the declaration page of the Owner's policy shall be kept current with the Association's Manager.

Section 22. EXTERIOR FIRES; BARBECUES; FIREPLACES

There shall be no exterior fires within the Project whatsoever except for barbecue fires in confined receptacles located in the balcony areas and in accordance with all applicable laws, ordinances and/or rules and regulations of the Association.

The fireplaces, if any, in the Units are of the gas log decorative type and are not approved for the burning of wood or any other combustible material. The burning of any such material is expressly prohibited.

Section 23. FLAMMABLE, CORROSIVE OR EXPLOSIVE MATERIALS:

No Owner nor any member of his family, tenant, agent, employee, licensee or guest shall at any time bring into, keep or maintain in or on any portion of the Project any highly corrosive or explosive solid, liquid, gas, chemical, substance or other material which may be hazardous to life, limb or property without in each case obtaining the prior written consent of the Board.

Section 24. COMMERCIAL OPERATIONS:

Except for the management, operation and maintenance of the Project, no professional, commercial or industrial operation or business of any kind whatsoever shall be established, maintained, operated, carried on, permitted or conducted on or within the Project. The foregoing shall not be deemed to restrict Declarant in any way with respect to its sales and marketing operations in the project.

Section 25. TRASH; REFUSE:

No unconcealed trash or rubbish or similar items visible from public or private streets, other Units, or the Common Area shall be kept or maintained within the Project. Except as provided in the Association Rules, no trash or refuse cans, ice, milk bottles or other articles shall be placed in the Common Area halls, lobbies, or stairways, nor shall any cloth, curtains, rugs or mats, dust, dirt or other articles or substance be hung, shaken, swept or thrown from, on or into any Common Area hallway, stairway, door, window or any other Unit.

Section 26. ROOF:

Owners, members of their families, guests, tenants, agents, licensees, employees and invitees, shall not at any time or for any reason whatsoever enter upon or attempt to enter upon the roof of the residential building without the prior approval of the Board, except by means of established access to such Owner's balcony included in a Unit, and then such access shall be confined to such balcony.

Section 27. WATER SOFTENERS:

All water softeners installed in a Unit must be commercially serviced. No Owner shall deposit or dispose, or permit to be deposited or disposed, and salts or other chemicals from water softeners into the Project's sewage systems.

Section 28. RECREATIONAL FACILITIES:

It is hereby intended that the recreational facilities shall be used only by the Owners, their guests or lessees, all of whom shall abide by the Association rules regulating the use thereof, as the same may; from time to time, be amended and posted at or near said facilities and areas.

Section 29. EXCEPTIONS:

The restrictions set forth in this Article VI or in Article VII below shall not and do not apply to any of the following:

(b) Any act done or proposed to be done upon the Property, or any condition created thereon, by any governmental agency or entity, or the agents or employees of any governmental entity acting in the scope of their authority as such agents or employees;

(c) Any act done or proposed to be done in the Project, or any condition created thereon, by any utility company (including, but not limited to, companies furnishing electric, gas, water, telephone, cable television and/or sewer service to all or parts of the Project), or the agents or employees of any such company, which act could be done by such company were this Declaration not made;

(d) Any act done or proposed to be done in the Project, or any condition created thereon, by Declarant, or its successors, assigns, agents, employees or contractors, in the course of planning for, preparing the Property for and/or construction upon the Property of streets, utilities, the residential building, and all other original improvements,

or in connection with the exercise of any easement reserved to declarant in Article X hereof; and

(e) Any act done or proposed to be done upon the Property, or any condition created thereon, by any person pursuant to court order, or the order of any public officer of public agency; provided, however, that the orders contemplated in this subparagraph are only those which are the result of action initiated by public officers or agencies and which embody mandatory requirements with penalties for non-performance, and are not those orders which result from the application of private parties or are merely permissive.

Section 30. MECHANICS LIENS:

No labor performed or materials furnished for use in connection with any unit shall create any right to file a claim of mechanic's lien against the unit of any other Owner not expressly consenting to or requesting such labor or materials or against any interest in the Common area except the undivided percentage interest therein appurtenant to the unit of the Owner for who furnished. Each Owner shall indemnify, defend and hold harmless each other Owner from and against any such claim, liability litigation or loss.

ARTICLE VII

ENVIRONMENTAL CONTROL COMMITTEE

Section 1. ESTABLISHMENT OF COMMITTEE; MEMBERSHIP:

The following persons are hereby designated as the initial members of the Environmental Control Committee established hereby:

Office No. 1 Steve Fine

Office No. 2 Bernard Burger

Office No. 3 Gary E. Leven

All of the rights, powers and duties of the Environmental Control Committee as set forth in Section 2 of this Article

VII are hereby delegated to the Committee established hereby. Such delegation may not be revoked except by Declarant until the first to occur of (i) expiration of five (5) years after issuance of the first Final Subdivision Public Report for the Project or (ii) sale by Declarant of ninety percent (90%) of the Condominiums in the Project.

(b) Term of Office:

The terms of office of the first two members of the Committee listed in subparagraph (a), above, shall continue for a period of five (5) years after the issuance of the first Final Subdivision Public Report for the Project or until Declarant has sold ninety percent (90%) of the Condominiums in the Project, whichever occurs first. The term of the third member shall continue for one year after the sale of the first Condominium in the Project. Thereafter, the term of each Environmental Control Committee member shall be for a period of three (3) years or until the appointment of his successor. Any new member appointed to replace a member who has died, resigned or been removed shall serve such member's unexpired term.

(c) Appointment, Removal and Resignation:

The Board shall have the right to appoint and remove all members of the Environmental Control Committee; provided, however, that no initial member of the Environmental Control Committee may be removed, nor any successor appointed for an initial member who dies or resigns, except by Declarant prior to the expiration of his term of office pursuant to subparagraph (b) above. Members who have resigned, been removed or whose terms have expired, may be reappointed.

Members appointed to the Environmental Control Committee by the Board shall be from the membership of the

Association. Members appointed to the Committee by the Declarant need not be Members.

Section 2. OPERATION OF COMMITTEE:

(a) The Committee may require the submission to it of all documents which it determines to be reasonably appropriate to the activity for which consent is requested.

(b) The Committee, before giving such approval, may require that changes be made to comply with such requirements as the Committee may, in its absolute discretion, impose as to design and structural features of any proposed structure, so that such improvements shall be reasonably compatible with the general architectural style and character of existing improvements within the Project and shall not jeopardize the structural integrity of any building or otherwise create any condition unreasonably disadvantageous to other Owners or detrimental to the Project as a whole.

(c) If the Committee fails to mail a certificate approving or disapproving any matter submitted to it hereunder, within sixty (60) days after submission to it, it shall be conclusively presumed that the Committee has approved the specific matters as to which approval was sought in the submission. It shall thereupon be the duty of the members of the Committee, forthwith upon the request of the submitting party, to sign and acknowledge a certificate evidencing such approval.

(d) The Committee shall act by majority vote.

(e) Each member of the Committee, or any other agent or employee of the Board, shall, at all reasonable hours, have the right of access to any part of the Project, and to any structures built or being built thereon, for the purpose of inspection relative to compliance with this Declaration.

(f) The approval or disapproval by the Committee of any matters submitted for approval shall not be deemed to be a waiver by the Committee of its right to approve or disapprove any of the features or elements embodied therein when the same features or elements are embodied in other plans, specifications, drawings or other matters submitted to the Committee.

(g) Neither the Committee nor any of its members shall be responsible for any defects in any improvement erected, constructed, installed, placed, altered or maintained in accordance with or pursuant to any plans and specifications, color scheme, or other material approved by them or any conditions or requirements that they may have imposed with respect thereto.

ARTICLE VIII

DESTRUCTION

Section 1. RECONSTRUCTION WITHOUT ELECTION BY OWNERS:

In the event of a total or partial destruction of any portion of the Common Area and if the available proceeds of the insurance carried pursuant to Article IV of this Declaration are sufficient to cover not less than eighty-five percent (85%) of the cost of repair, restoration or reconstruction thereof, the Board shall promptly cause the Common Area to be repaired and rebuilt unless, within forty-five (45) days from the date of such destruction, not less than seventy-five percent (75%) of the Members present and entitled to vote, in person or by proxy, at a duly constituted and called annual or special meeting of the Members at which a quorum is present, determine that such reconstruction shall not take place. If reconstruction is to take place, the Board shall cause to be executed, acknowledged and recorded not later than 120 days from the date of destruction, in the office of the Los Angeles County Recorder, a certificate

declaring the intention of the Owners to repair rebuild and reconstruct; such certificate to be executed by any officer or agent of the Association duly authorized to execute the same by the Board.

Section 2. RECONSTRUCTION BY CONSENT OF OWNERS:

If the proceeds of such insurance are less than eighty five (85%) of the costs of reconstruction, such reconstruction may nevertheless take place if, within forty five (45) days from the date of destruction a majority of the voting power of the Members present either in person or by proxy and entitled to vote, at a duly noticed and called annual or special meeting of the Members at which a quorum is present, elect to rebuild, repair or reconstruct. In the event of an election to rebuild, a certificate as provided in Section 1 above shall be executed, acknowledged and recorded as provided for in such Section 1 hereof.

Section 3. ASSESSMENTS:

In the event of a determination to rebuild pursuant to either Sections 1 or 2, above, each Owner shall be obligated to contribute, as a Special Assessment, such funds as shall be necessary to pay his proportionate share of the cost of reconstruction, over and above the insurance proceeds. The proportionate share of each Owner as to such assessment shall be determined according to the assessment formula for Special assessments set forth in Section 6 of Article V of this Declaration, and such assessment shall be due and payable in full within thirty (30) days after written notice thereof. The Special Assessment for reconstruction shall be enforceable in the manner provided in Article V hereof.

Section 4. OBLIGATION OF BOARD:

It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of such reconstruction at the earliest possible date.

Section 5. DETERMINATION NOT TO REBUILD:

If a certificate of intention to rebuild has not been executed, acknowledged and recorded in accordance with either Section 1 or Section 2 hereof within four (4) months from the date of any partial or total destruction of the Common Area, or if reconstruction and rebuilding has not actually commenced within a nine (9) month period, then any insurance proceeds available for such rebuilding shall be distributed by the Board among the Owners subject to (i) the right of the Mortgagee(s) of an Owner's Condominium and (ii) all unpaid assessments of each Owner together with any interest of fees attributable thereto. The proportionate interest of each Owner in said proceeds shall be based on the ratio of the fair market value of his Condominium to the fair market value of all of the Condominiums, as determined by a real estate appraiser appointed by the Board; provided, said independent appraiser shall be a member of the American Institute of Real Estate Appraisers, or any successor organization.

Section 6. DAMAGE TO UNIT:

Any restoration and repair of any damage to a Unit shall be made by and at the individual expense of the Owner of such Unit. If an Owner fails to make such restoration or repair of his Unit, the Board in accordance with this Declaration, may take appropriate remedial action.

Section 7. REVIVAL OF RIGHTS TO PARTITION:

If no certificate of intention to rebuild has been recorded in the applicable time periods as set forth hereinabove,

the right of any Owner to partition as described in Article VI, Section 2 herein, shall revive immediately.

Section 8 . ARBITRATION:

In the event of a dispute among the Owners with respect to the provisions of this Article VIII, any Owner may cause such dispute 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 Board and all other Owners within ten (10) days after reference to arbitration, and all Owners shall have an opportunity to appear in such arbitration proceedings. The decision in such arbitration shall be final and conclusive upon all Owners, and the decision may include an award for costs and/or attorneys' fees against any one or more parties to the arbitration.

ARTICLE IX

CONDEMNATION

Section 1. TAKING OF ENTIRE PROJECT:

In the event the entire Project is taken under the power of eminent domain, the amount payable shall be paid to the Association, as Trustee, for distribution to the Owners subject to (i) the rights of any Mortgagee(s) of an Owner's Condominium and (ii) all unpaid assessments of each Owner together with any interest charges or fees attributable thereto. The proportionate interest of each Owner in said proceeds shall be equal to a fraction, the numerator of which is the current fair market value of the Condominium owned by such Owner and the denominator of which is the fair market value of all the Condominiums in the Project, as determined by an independent real estate appraiser appointed by the Board; provided, said independent appraiser shall be a member of the American Institute of Real Estate Appraisers, or any successor organization.

Section 2. PARTIAL TAKING:

(a) In the event of a partial taking of the Common Area, the Association shall use all amounts awarded to it on account of such taking, to repair, reconstruct or restore the Common Area as nearly as may be possible to its condition immediately prior to such taking, or if that is not reasonably possible, to acquire and improve other real or personal property to replace the Common Area which was taken; provided, however, that the Association shall not be obligated to replace such real or personal property if seventy-five percent (75%) of the total voting power of the Association elects to distribute the condemnation award in the manner provided in Section 1 hereof rather than make such replacement. If the Members do not elect, within sixty (60) days after the taking of the Common Area, to distribute the condemnation award, the Board shall proceed with such repair and restoration and the acquisition and improvement of new property and may levy a Special Assessment on the Owners in accordance with Section 6 of Article V hereof to raise any funds needed for such purpose in excess of the condemnation award. If the Members do not approve such Special Assessment the Board shall perform such repair and restoration work and make such acquisitions as are possible with the available funds.

(b) In the event of a taking of any Units, or portions thereof, and any portion of the Common Area in the Project, those Owners whose Units are partially or completely taken shall be entitled to retain the award made to them subject to (i) the rights of Mortgagees and (ii) any unpaid assessments, as provided in Section 1 hereof. Any Owner whose Unit is completely taken shall quitclaim to the remaining Owners in equal shares, his undivided interest in that portion of the Common Area which was not taken by condemnation. The Association shall repair or reconstruct the remaining

Common Area in the manner provided in Section 2(a) hereof. The Association shall, within ninety (90) days after the taking, cause an amended Condominium Plan depicting the new configuration of the Common Area and the Units and the revised number of Units and interests in the Common Area, and an amendment to this Declaration shall be prepared and executed by all Owners and other persons or entities required by law to execute such documents and to be recorded in the office of the County Recorder of Los Angeles County.

Section 3. TAKING OF UNITS:

Nothing contained in this Article IX shall be deemed to limit the right of an Owner to pursue all available legal remedies and obtain all compensation to which he may be entitled by reason of the taking of all or a portion of this Unit, and the improvements therein, and the undivided interest in the Common Area appurtenant thereto.

Section 4. REVIVAL OF RIGHT TO PARTITION:

On the sale or on the taking that renders more than fifty (50%) percent of the units in the project uninhabitable the right of any Owner to partition through legal action, shall revive immediately.

ARTICLE X

EASEMENTS

Section 1. STREETS AND UTILITIES:

Declarant hereby reserves for itself and hereby grants to each Owner, the Association and its Members a non-exclusive easement for roadway, ingress, egress, access and for all utility purposes incidental thereto, over and upon all of the streets presently or hereafter existing within the boundaries of the Project. The easement hereby given to each Owner shall be appurtenant to and pass with title to each Owner's Condominium. The easement hereby reserved by the Declarant shall be both in gross and appurtenant to any Condominium owned at any time by Declarant, and may be

conveyed by declarant to the Owners, or any of them, of any Condominium in the Project, or in any other manner convenient or necessary to complete the improvements required on the Property, or shown on the Condominium Plan.

Section 2. ENCROACHMENTS:

If any portion of the Common Area encroaches upon any Unit or Units, an easement for the encroachments and for the maintenance of same, so long as it stands, shall and does exist in favor of said Common Area. In the event the residential building is partially or totally destroyed, and then rebuilt, the Owners of Units agree that minor encroachments of parts of the Common Area due to construction shall be permitted and that valid easements for said encroachment and the maintenance thereof shall exist. The Common Area is and shall always be subject to easements for minor encroachments of the units.

Section 3. USE OF THE COMMON AREA, STREETS:

Each Owner of a Condominium is hereby declared to have a non-exclusive easement and equitable right of use and enjoyment in and to and throughout the Common Area as well as a non-exclusive easement and equitable right for ingress and egress over and through the Common Area including but not limited to the streets; provided, however, that such non-exclusive easements and equitable rights shall be subject to the easements described in Sections 1, 2, 4, 5 and 6 of this Article X. Said easements are appurtenant to and shall pass with title to each Condominium. Said easements are for the benefit of the Condominiums, the Owners of the Condominiums and each of them, their respective families and guests, invitees, tenants, contract vendees, and such other classes of persons to whom the Board may, from time to time, and subject to the Association Rules, extend the privilege of use and enjoyment of the Common Area and ingress and egress for all of the purposes and uses hereinabove set forth. In

furtherance of the establishment of these easements, the individual grant deeds to the Condominiums may, but shall not be required to, set forth the foregoing easement. The right of Declarant and each person set forth above to use and possess the Common Area as set forth herein, shall be subject to and governed by the provisions of this Declaration, the Articles, the By-Laws, and the Association Rules. The Association shall have the authority to lease or to grant licenses or concessions with respect to all or any part of the Common Area, subject only to the provisions of this Declaration, the Articles and By-Laws; provided, however, that any charges levied against the general public for any particular facilities shall not be less than charges levied against Condominium Owners for the same use of the same facilities.

Section 4. USE BY DECLARANT:

Declarant, on behalf of itself, its agents, employees, contractors, subcontractors, invitees, successors, assigns and other authorized personnel reserves unto itself, for a period of time extending until four (4) years following the closing of the sale of the first Condominium within the Project an exclusive easement in, over, under and through the Common Area, all Units owned by Declarant and any Unit not owned by Declarant if the Owner of that Unit Consents, for the purpose of: (1) completing the development of the Project; (2) marketing, selling and reselling the Condominiums therein; (3) customer relations and providing post sale customer service to Owners; and in connection with such easement the right, but not the obligation: (a) to perform any and all architectural, engineering, construction, excavation, landscaping and related work and activities; (b) to erect and maintain upon the Property storage buildings, storage areas and temporary sewage disposal facilities; (c) to store

and use materials, equipment, vehicles, tools and machines which may be necessary or desirable in connection with such construction, (d) to display signs and erect, maintain and operate, for sales and administrative purposes, model Units and a fully staffed customer relations, customer service and sales office complex on the Property, (e) to show the Project, unsold Condominiums and any Condominiums which are offered for resale to, and to arrange for the inspection of recreational facilities in the Common Area by, prospective purchasers, and (f) to perform maintenance, repair and replacement work on, and to make custom improvements, alterations and additions to Units and Buildings. No such activities shall be deemed to be a nuisance. No Owner (other than Declarant) shall post any notice of nonresponsibility in connection with such construction and development and any such notice which is posted shall be deemed void ab initio and of no force or effect. Declarant shall have the right, without the joinder of any other Person, to grant and transfer all or any part of the easement reserved in this Section.

Section 5. UTILITY EASEMENTS TO OWNERS:

The rights and duties of the Owners of Condominiums within the Project with respect to sanitary sewer and water, electricity, gas, television cables, security system cables, air conditioning and telephone lines and facilities shall be governed by the following:

(a) Wherever sanitary sewer house connections, electricity, gas, telephone, air conditioning, television and security system lines are installed within the Project, which connections or any portion thereof lie in or upon Common Area adjacent to Units owned by persons or entities other than the Owner of the Unit served by the said connections, or any portion thereof, the Unit Owner of any unit served

by the connections shall have the right and is hereby granted an easement to the full extent necessary therefore, to enter upon such portion of the project or to have the utility companies enter thereon, to lay, repair, replace and generally maintain said connections as and when the same may be necessary as set forth below; provided, prior written notice is given to such Owner (except in an emergency).

(b) Wherever electricity, gas or telephone lines are installed within the Project, which connections serve more than one Condominium, the Owner of each Condominium served by said connections shall be entitled to the full use and enjoyment of such portions of said connections as service his Condominium.

(c) In the event any portion of the connections or lines are damaged or destroyed through the negligent act or acts or failure to act or willful misconduct of one unit owner or any of his agents, invitees, tenants, guests or members of his family, so as to deprive other unit owners of the full use and enjoyment of the connections or lines, then the connections or lines shall be repaired and restored by the Association but at the expense of the unit owner who commits or whose agents, guests or family members commit, such act or acts.

(d) In the event any portion of the connections or lines are damaged or destroyed by some cause other than the negligence or willful misconduct of one of the unit owners, his family members, guests, agents, tenants or invitees, including ordinary wear and tear and deterioration from lapse of time, then in that event, the connections or lines shall be repaired and restored by the Association, such repair and restoration to be paid out of assessments levied by the Association in accordance with this Declaration.

(e) In the event of dispute between owners with regard to the repair or restoration of the connections of lines, or with respect to the sharing of the costs thereof, then on written request of one of such owners addressed to the Association, the matter shall be submitted to the Board for a final and binding decision

Section 6. EASEMENT RESERVED BY DECLARANT:

Easements over, along, upon and under the Property for the installation and maintenance of electric, telephone, water, gas, Cable T.V., CATV, security and sanitary sewer lines and facilities, for air conditioning and heating ducts and for drainage facilities as required for the Map and Condominium Plan of the Project, and as may hereinafter be required or needed to service the Property, and for the construction of all improvements to the Property to be made by Declarant, are hereby reserved by Declarant, together with the right to grant and transfer the same without the joinder of any other person.

Section 7. COVENANTS RUNNING WITH THE LAND:

Each of the easements provided for in this Declaration shall be deemed to be established upon the recordation of this Declaration, and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the Declarant, the Condominiums and the Common Area, as the case may be, superior to all other encumbrances applied against or in favor of any portion of the Project which are the subject of this Declaration. In furtherance of the easements provided for in this Declaration the individual grant deeds to the Condominiums may, but shall not be required to, set forth said easements.

ARTICLE XI

ENFORCEMENT

In the event of any default by any Owner under the

provisions of this Declaration, the Articles, By-Laws, or the Association Rules, and upon any failure of any Owner to comply with any provision set forth in this Declaration, the Association and its successors and assigns, and the Board and its agents, or any of them, shall have all the rights and remedies which may be provided for in this Declaration, the By-Laws, the Articles, the Association Rules, or which may be available at law or in equity, and shall prosecute any action or other proceeding against such defaulting Owner and/or other persons for enforcement of any lien and the appointment of a receiver for the Condominium and ownership interest of such Owner, or for damages or injunction or specific performance, or for judgment or payment of money and collection thereof, or the right to take possession of the Condominium and to sell the same as hereinabove provided, or for any combination of remedies, or for any other relief. The Association and the Board, and the agents of each, shall have the authority to correct such default and to do whatever may be necessary for such purpose. All expenses of the Association in connection with such actions or proceedings, including court costs and attorneys' fees, and all damages, together with interest thereon at the maximum legal rate until paid, shall be charged to such defaulting or non-complying Owner, and shall be a lien on such Owner's Condominium, except that no lien shall be created or perfected with respect to Remedial Assessments as defined hereinabove, and upon all of such Owner's additions and improvements to his Condominium, which lien shall be enforceable in the manner set forth in Article V hereof. Any and all such remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association, or the Board. The provisions of this Article XI are available in addition to the provisions in Article V hereof relating to the enforcement of assessments.

Should any Member institute suit against the Association, and should the Association be successful or sustained in its position in such suit, then such Member shall be required to reimburse the Association for its legal expenses incurred, including but not limited to attorneys' fees, fees of experts, court costs and other expenses reasonably incurred by the Association, and the amount to which the Association is entitled shall be a lien against his Condominium as provided in and enforceable pursuant to the provisions of Article V hereof and this Article XI. However, there can be no purported power in the Association to cause a forfeiture or abridgement of an owner's rights to the full use and enjoyment of his individually owner unit because of a failure by an owner to comply with the provisions of this Declaration, the By-Laws, or of the duly enacted rules of operation for the Common Area and facilities, except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for the failure of the member to pay assessments levied by the Association.

ARTICLE XII

NON-SEVERABILITY OF COMPONENT INTERESTS IN A CONDOMINIUM

Section 1. PROHIBITION AGAINST SEVERANCES:

An owner shall not be entitled to sever his unit from his membership in the Association and shall not be entitled to sever his unit and his membership from his undivided interest in the Common Area for any purpose. None of the component interests in a unit can be severally sold, conveyed, hypothecated, encumbered or otherwise deal with and any violation or attempted violation of this provision shall be void. Similarly, no owner can sever any exclusive easement appurtenant to his unit over the Common Area from his unit and any attempt to do so shall be void. Additionally,

no owner shall transfer his interest, or any part of his interest, in any way such that the ownership will be divided between different persons on the basis of time, nor shall any owner own his unit, or any part of a unit on the basis of time. It is intended hereby to restrict severability pursuant to California Civil Code Section 1355(g).

Section 2. CONVEYANCES:

After the initial sale of the units, any conveyance of a unit by an owner shall be presumed to convey the entire condominium unit. However, nothing contained herein shall preclude the owner of any unit from creating a co-tenancy or joint tenancy in the ownership of the unit with any other person or persons.

ARTICLE XIII

GENERAL PROVISIONS

Section 1. AMENDMENT PRIOR TO CLOSE OF FIRST SALES ESCROW:

Prior to the close of the first sales escrow, Declarant shall have the right to amend this Declaration by executing and recording the desired amendment, after receiving the prior written approval of the State of California Department of Real Estate and any other local and/or state administrative agency then having regulatory jurisdiction over the project and the recording of said amendment shall be presumed to be valid as to anyone relying thereon good faith.

Section 2. SUBSEQUENT TO CLOSE OF FIRST SALES ESCROW:

If the two-class voting structure is still in effect in the Association, this Declaration may be amended only with the vote or written assent of seventy-five percent (75%) of each class of membership.

Any such amendment shall become effective upon recordation in the Office of the County Recorder of Los Angeles County, of a written instrument setting forth such amendment and signed and acknowledged by a majority of the Board who shall certify in said written instrument that at

least seventy-five percent (75%) of each class of membership in the Association has given its written approval of such amendment; provided however that, no amendment which materially affects the ownership, possession or use of an owner, either directly or as a member of the Association, shall be valid unless the prior written consent of the California Real Estate Commissioner is obtained to the extent that such consent is required under Section 11018.7 of the Business and Professions Code; and provided further, that no material amendment shall become effective unless written approval therefor is obtained from at least seventy-five percent (75%) of first mortgagees of units within the project. For purposes of this Article XIII, Section 2., the term "material amendment," shall be the same as that term is defined herein in Article XIV, Section 4.

If the two-class voting structure is no longer in effect in the Association because of the conversion of Class B membership to Class A membership, this Declaration may be amended only with the vote or written assent of members entitled to cast seventy-five percent (75%) of the voting power of the Association and at least a majority of members other than Declarant. Any such amendment shall become effective upon recordation in the Office of the County Recorder of Los Angeles County of a written instrument setting forth such amendment and signed and acknowledged by a majority of the Board who shall certify in said written instrument that at least seventy-five percent (75%) of the total voting power of the Association and at least a majority of members other than Declarant, have given their written approval of such amendment; provided however that, no amendment which materially affects the ownership, possession or use of an owner, either directly or as a member of the Association, shall be valid unless the prior written consent of the California Real Estate Commissioner is obtained to the

extent such consent is required under Section 11018.7 of the Business and Professions Code' and provided further that, no material amendment shall become effective unless written approval of such amendment is obtained from at least seventy-five percent (75%) of first mortgagees of units within the project. For purposes of this Article XIII, Section 2., the term "material amendment," shall be the same as that term is defined under Article XIV, Section 4 herein. No amendment to the Declaration shall affect the rights of a mortgagee under any mortgage or trust deed recorded prior to the recordation of such amendment without the mortgagee's consent.

Notwithstanding the forgoing, the percentage of voting power of the Association or of members other than Declarant necessary to amend a specific clause or provision of this Declaration, shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

Section 3. AMENDMENT IN DEROGATION OF

OBLIGATION TO MAINTAIN THE COMMON AREA:

Notwithstanding anything in this Declaration to the contrary, any amendment to this Declaration which would defeat the obligation of Declarant or the Association to maintain the Common Area in a first-class condition and in a good state of repair, or which would defeat the assessment procedure set forth in this Declaration to assure said maintenance, must be first approved by the City of Glendale.

Section 4. NOTICES:

Notices provided for in this Declaration shall be in writing and shall be addressed to the person intended to receive the same, at the following address:

Association:

Watt Industries, Inc.
2716 Ocean Park Blvd.
Santa Monica, CA 90406
Attention: Gary E. Leven

Declarant:

Watt-Howard Condo Co.
2716 Ocean Park Blvd.
Santa Monica, CA 90406
Attention: _____

Environmental Control Committee:

Monterey Island Condominium Association
2716 Ocean Park Blvd.
Santa Monica, CA 90406
Attention: _____

Owner:

At the address of the Condominium
owned by him.

or such other address as may be designated herein. Declarant, the Association and the Environmental Control Committee may designate a different address or addresses for notice to it giving written notice of such change of address to all Members of the Association. Any Owner may designate a different address or addresses for notices to him by giving written notice of such change of address to the Association. Notice addressed as above provided shall be deemed delivered after 48 hours of mailing by United States mail, return receipt requested, or when delivered in person with written acknowledgement of the receipt thereof.

Upon written request, any Mortgagee shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners whose property is subject to such recorded mortgage or deed of trust.

Section 5. SEVERABILITY:

If any provision of this Declaration, the Articles, the By-Laws, or any Section, sentence, clause, phrase or word, or the application thereof in any circumstance, is held invalid, the validity of the remainder of the Declaration, the Articles and By-Laws, and of the application of any such Section, sentence, clause phrase, or word in any other circumstances shall not be affected thereby.

Section 6. CONSTRUCTION:

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance of the Common Area.

Failure to enforce any provision of this Declaration shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

Section 7. INAPPLICABILITY TO PROPERTY OF PUBLIC ENTITY:

The provisions hereof shall be inapplicable to any property now owned or hereafter acquired by the State of California or a political subdivision thereof.

Section 8. VIOLATION AND NUISANCE:

Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or any Owner or Owners.

Section 9. VIOLATION OF LAW:

Any violation of any state, municipal or local law, ordinance or regulations, pertaining to the ownership, occupancy or use of any of the Project is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

Section 10. NOTIFICATION OF SALE OF PROPERTY:

(a) Concurrently with the execution of any escrow instructions, deposit receipt, or other agreement for the sale or transfer of a Condominium, under circumstances whereby the transferee will become the Owner thereof, the transferor shall notify the Association in writing of such sale. Such notification shall set forth:

(1) the name of the transferee and his transferor;

(2) the street address of the Condominium purchased by the transferee;

(3) the transferee's mailing address;

(4) the name and address of the escrow holder, if any, for such sale and the escrow number; and

(5) the date of sale or transfer.

Concurrently with the consummation of such sale of any Condominium, or within five (5) business days thereafter, the transferor shall notify, in writing the Association of consummation of such sale. Such notification shall set forth the information called for in clauses (1), (2), (3) and (4) above, and the date such sale was consummated.

Prior to receipt of any such notification, any and all communication required or permitted to be given by the Association, the Board or the Environmental Control Committee shall be deemed to be duly given and made to the transferee if duly and timely made and given to said transferee's transferor.

Section 11. BREACH:

No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provisions herein, shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value, by all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

Section 12. APPLICABLE LAW:

This Declaration shall be construed in accordance with the laws of the State of California.

Section 13. TERM:

This Declaration and the covenants, conditions and restrictions contained herein, as amended from time to time,

shall be and remain in full force and effect for a term of sixty (60) years from the date this Declaration shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing signed by those Members then holding at least seventy-five percent (75%) the total votes in the Association has been recorded with the Los Angeles County Recorder, agreeing to change or terminate said covenants, conditions, and restrictions in whole or in part.

Section 14. PLURALS; GENDER:

Whenever the context so requires, the use of the singular shall include and be construed as including the plural, and the masculine shall include the feminine.

Section 15. HEADINGS:

Section headings are inserted for convenience only and are not intended to be a part of this document or, in any way, to define, limit, or describe the scope or intent of the particular section to which they refer.

Section 16. LEASES OF UNITS:

Any Owner who shall lease or rent his Unit to any person or entity shall be responsible for assuring compliance by any such person or entity with all of the covenants, conditions, restrictions, easements, reservations, liens and charges of this Declaration, as amended and supplemented. Any lease between an Owner and a lessee shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, the Articles, the By-Laws, and the Association Rules and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All such leases shall be in writing.

Section 17. CAPITAL CONTRIBUTION:

upon acquisition of a condominium, each initial

shall be required to pay to the Association an amount equal to five hundred dollars (\$500.00), said amount to be retained by the Association in a general fund and used to pay any expenses which may arise in connection with the administration, operation, maintenance, repair, addition, alteration, or reconstruction of all or any portion of the Common Area and for which the Regular and Special Assessments provided for in Article V prove to be deficient or inadequate.

ARTICLE XIV

PROTECTION OF MORTGAGEES

Section 1. IN GENERAL:

(a) Extension of Mortgagee Protection. The Association may, by agreement, extend the benefits of this Article, and other provisions relating to the rights of Mortgagees, to real property security holders not otherwise entitled to such benefits.

(b) Conflict. The provisions and requirements of this Article, and any other provisions and requirements of this Declaration relating to the rights of Mortgagees: (i) shall prevail over any conflicting provisions of this Declaration; and (ii) are in addition to any other provisions of this Declaration.

(c) Application of this Declaration. Except as specifically provided in this Article or elsewhere in this Declaration, all Mortgages and Mortgagees are bound by this Declaration.

(d) Rental of Units. Notwithstanding any other provision of this Declaration, any First Mortgagee in possession of a Unit following default under the Mortgage, a foreclosure of such Mortgagee, or the receipt of a deed or other arrangement in lieu of foreclosure, may lease such Unit for transient or hotel purposes during one year from the date such Mortgagee takes possession of said Unit.

Section 2. APPLICATION OF ASSESSMENTS TO MORTGAGEES.

THE ASSESSMENT LIENS CREATED UNDER THIS DECLARATION ARE

to the rights of first Mortgagees. No first Mortgagee shall be liable for the payment of assessments against the mortgaged Unit except those accruing after such first Mortgagee obtains title to the Unit pursuant to judicial foreclosure or power of sale. Each first Mortgagee who obtains title pursuant to judicial foreclosure or power of sale and any purchaser at a foreclosure sale, shall take title to the Unit free and clear of any claims for unpaid assessments and charges, and liens therefore, which accrued prior to such acquisition of title. Any such sale shall extinguish such liens, but the purchaser or Mortgagee who so acquires title shall be liable for all assessments accruing after the date of such sale, including assessments levied against all Owners proportionately for the unpaid assessments and charges, which assessments shall constitute a lien upon the purchased Unit in accordance with the Article entitled Assessments, Article V hereinabove, except that Remedial Assessments shall not constitute a lien upon the Unit.

Section 3. LIMITATION OF ENFORCEMENT AGAINST MORTGAGEES:

No violation of this Declaration by, or enforcement by, or enforcement of this Declaration against, an Owner, shall impair, defeat, or render invalid, the lien of any Mortgage against the Owner's Unit, but this Declaration shall be enforceable against any Owner whose title is acquired by foreclosure, trustee's sale, voluntary conveyance, or otherwise.

Section 4. APPROVAL OF CERTAIN ACTIONS:

Certain actions shall not be taken by the Association or Owners without the consent of Mortgagees, in addition to any other requirement of approval by Owners or Declarant as set forth in this Declaration. Such actions are as follows:

(a) Seventy Five Percent (75%) Approval. The prior written consent of Mortgagees of seventy-five percent

of all mortgaged Units shall be required before the Association or Owner's may:

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

(2) Effectuate any decision to terminate professional management and assume self-management of the Subdivision.

(3) Make any material amendment to this Declaration or to the Bylaws of the Association. The term "material amendment" as used herein shall mean amendments to provisions of this Declaration or the Bylaws governing (i) percentage interests of Owners in Common Area; (ii) the fundamental purpose for which the Subdivision was created (including without limitation a change from residential to non-residential use; (iii) voting rights or procedures; (iv) assessments, assessment liens, and the subordination thereof; (v) reserves for repair and replacement of Common Area; (vi) property maintenance obligations; (vii) casualty and liability insurance; (viii) reconstruction in the event of damage or destruction; (ix) rights to use Common Area; (x) annexation of Subsequent Phases; (xi) any provision which, by its terms, is specifically for the benefit of Mortgagees, or specifically confers rights on Mortgagees; and (xii) allocation of assessments or charges or of hazard insurance proceeds or condemnation awards.

(b) Two-Thirds (2/3) Approval. The prior written consent of Mortgagees or non-developer Owners of two-thirds (2/3) of all Units shall be required before the Association or Owners may:

(1) Partition or subdivide any Unit.

(2) By act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer any Common Area, except as provided in this Declaration.

(3) Use hazard insurance proceeds for losses to Units or Common Area for other than repair, replacement, or reconstruction of such Units or Common Area.

Section 5. NOTICE TO MORTGAGEES.

Mortgagees are entitled, upon written request and furnishing their address in writing to the Association, to:

(a) Notice of Default. Written notice from the Association of any default by an Owner under this Declaration or the Articles or By-Laws that is not cured within thirty (30) days.

(b) Inspection of Books. Inspect the books and records of the Association during normal business hours and make copies thereof for a reasonable charge.

(c) Financial Statements. Receive the annual financial statements of the Association ninety (90) days following the end of the Association's fiscal year.

(d) Meetings. Receive written notice of all annual and special meetings of the Members or of the Board, and to designate a representative to attend all such meetings.

(e) Changes in Articles or By-Laws. Receive written notice by the Association thirty (30) days prior to the effective date of any change in the By-Laws or Articles.

Section 6. PARTITION TO UNIT:

No Unit may be partitioned or subdivided without the prior written approval of the Mortgagee of such Unit.

Section 7. RIGHTS TO INFORMATION:

Every Mortgagee who submits a written request and furnishes its address to the Association is entitled to: (i) inspect the books and records of the Subdivision and the Association during normal business hours; (ii) receive an annual audited financial statement of the Subdivision within

ninety (90) days following the end of the Fiscal Year; (iii) written notice of all meetings of Owners' and (iv) designate a representative to attend all meeting of Owners.

Section 8. DAMAGE OR DESTRUCTION:

Every Mortgagee is entitled to timely written notice of (a) any substantial damage to or destruction of any Unit or Common Area, and (b) any condemnation or eminent domain proceeding involving, or any proposed acquisition by a condemning authority of, any Unit or portion thereof or Common Area or portion thereof.

Section 9. NO RIGHT OF FIRST REFUSAL:

No provision of this Declaration shall be construed to create a right of first refusal in the Association with respect to the sale, transfer, or other conveyance of a Unit by the Owner.

Section 10. INSURANCE PROCEEDS:

No provision of this Declaration shall be construed to give any Owner of a Unit or any other person priority over the rights of any Mortgagee with respect to the distribution of insurance proceeds or proceeds of any condemnation or eminent domain award or settlement, for losses to or a taking of Units and/or Common Area.

Section 11. MANAGEMENT AGREEMENTS:

Any agreement for professional management of the Subdivision, or any contract providing for services by Declarant to the Subdivision or to the Association, may not exceed a term of one (1) year, renewable by the parties for successive one (1) year periods, and shall provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice, and for cause upon thirty (30) days written notice. In addition, the Association shall not: (1) employ a management agent for the Subdivision; nor (ii) enter into a management

contract; nor (iii) terminate management by a third party and undertake "self-management" until such time as the Federal Housing Commissioner has approved in writing the proposed management agent form of management contract, or other management arrangements, as required in the Regulatory Agreement.

Section 12. VOTING RIGHTS OF MORTGAGEES:

If an owner is in default of his obligations to a mortgagee of his unit, said mortgagee shall have the exclusive right, if a notice of default with respect to such event has been filed, to exercise all voting privileges in respect of such unit, as it deems prudent.

Section 13. BREACHES OF THE DECLARATION:

Each mortgagee who obtains title to a Condominium pursuant to its remedies under its mortgage, and any purchaser at a foreclosure sale, shall not be obligated to cure any breach of the Declaration which is noncurable or of a type which is not feasible or practical to cure.

Section 14. PAYMENT OF CHARGES:

A mortgagee may, but shall not be obligated to, jointly or singly, pay any charges which are in default and which may or have become a lien or charge against all or a portion of the Common Area and may, but in no event shall be obligated to pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Common Area, and mortgagees making any such payments shall be entitled to immediate reimbursement therefor by the Association.

Section 15. LOSS PAYEE:

All applicable fire and all extended coverage insurance policies shall contain loss payable clauses naming the mortgagees as insured parties as their respective interests may appear.

Section 16. CONFLICTS:

The provisions and requirements of this Article XIV shall prevail over any conflicting provisions and requirements of the Declaration relating to the rights of mortgagees.

ARTICLE XV

REDESIGN OF PROJECT

Section 1: RIGHT OF DECLARANT TO REDESIGN PROJECT.

Prior to close of the first escrow of a condominium in the Project and subject to the restrictions and limitations set forth in this Article XV, Declarant reserves the right, in its sole discretion, from time to time, within a period of four (4) years from the date of the recording of this Declaration, or at any time or at different time within such four (4) year period, to redesign the Project or any portion or aspect thereof, including, but not limited to any ~~part~~ structure, any recreational Building or any other Building constructed or proposed to be constructed on, above or under the Property and, in connection with such redesign, to effect the following changes in the Project:

(a) Reduce the number of Units to be contained in the Project as shown on the Condominium Plan or any amendment thereof.

(b) In the event the number of Units to be contained in the Project has been reduced pursuant to Section (a) above, to reinstate up to the number of Units previously reduced.

(c) Alter the vertical or horizontal boundaries, or both, of any Building, subject to the following restrictions and limitations:

(i) In no event shall the horizontal boundaries of any Building (exclusive of subterranean parking structures and inclusive of patios, balconies, decks, roof gardens and

atriums) be constructed so as to be located more than six (6) feet outside the horizontal boundary of that Building depicted on the Condominium Plan;

(d) Alter the size, shape, configuration, floor plan and/or location of any Units within any Building;

(e) Vary the number of Units to be constructed in any Building;

(f) Subject to the restrictions and limitations set forth in Section XV(c) above, change the location or configuration, or both, of any Building;

(g) Subject to the restrictions and limitations set forth in Section XV(c) above, adjust the location or configuration, or both, of the Common Area boundary lines and the boundary lines of any Parking Areas, Storage Areas, Restricted Common Areas or Work Shop Area;

(h) Add recreational facilities which may, but shall not be required to, be a part of a Building and which may, but shall not be required to, be limited and restricted in use to fewer than all of the Units or Owners;

(i) Subject to the restrictions and limitations set forth in Section XV(c) above, alter the size, shape, configuration, floor plan and/or location of any or all of the subterranean parking structures, if any and

(j) Effect nominal deviations from the Condominium Plan which result during the actual construction of the Buildings.

Section 2: AMENDMENT TO CONDOMINIUM PLAN:

In the event a redesign of all or any portion of the Project in accordance with the provisions of this Article XV affects any Units in the Project so as to necessitate the preparation of an amendment to the Condominium Plan, including any amendment necessary to cause the Condominium Plan to comply with the Buildings as actually built, Declarant shall prepare or cause to be prepared, execute, acknowledge, file or cause to be filed for approval and record or cause to be

recorded an amendment to the Condominium Plan. The amendment to the Condominium Plan shall, when recorded, have the effect of (a) relocating the Common Area and any Parking Area, Storage Area, Restricted Common Area or Work Shop Area therein and each Unit to the extent set forth on the amendment to the Condominium Plan, (b) vesting in each Owner (including Declarant with respect to any unsold Units) an undivided interest (to the extent of each Owner's Percentage Interest in the Common Area) in the Common Area as depicted on the amendment to the Condominium Plan, (c) divesting each Owner (except Declarant) of all right, title and interest to any Unit, other than each Owner's Unit, depicted on the amendment on the Condominium Plan, (d) vesting in each holder of a Mortgage or other Encumbrance an undivided interest (to the extent of the Percentage Interest in the Common Area of the Owner of the Unit which is the subject of such Mortgage or other Encumbrance) in the Common Area as depicted on the amendment to the Condominium Plan and (e) divesting each holder of a Mortgage or other Encumbrance of all right, title and interest to each Condominium (other than the Owner's Condominium which is the subject of such Mortgage or other Encumbrance) depicted on the amendment to the Condominium Plan. The adjustment of any Mortgage or other Encumbrance in accordance with the provisions of this Section XV shall not affect the priority of any such Mortgage or other Encumbrance with respect to any other matters affecting title to the Unit which is the subject thereof.

Section : DECLARATION OF REDESIGN:

In the event a redesign of all or any portion of the Project in accordance with the provision of this Article

XV alters the number and/or size of Units contained or to be contained in the Project, Declarant shall prepare or cause to be prepared, executed, acknowledge and record or cause to be recorded a Declaration of Redesign. A Declaration of Redesign shall constitute an amendment to this Declaration, which shall be set forth in an exhibit to such Declaration of Redesign in accordance with the provisions of the following sentence. Each Declaration of Redesign shall state that it has been prepared pursuant to and in accordance with the provisions of this Article XV, shall be substantially in the form of Exhibit "B" which is attached hereto and made a part hereof.

Section 4: POWER OF ATTORNEY:

Each Condominium Owner, by accepting a deed to a Condominium, shall be deemed to have constituted and irrevocably appointed, for himself and each of his Mortgagees, optionees, grantees, licensees, trustees, receivers, lessees, tenants, judgment creditors, heirs, legatees, devisees, administrators, executors, legal representatives, successors and assigns, whether voluntary or involuntary, for a period of four (4) years from the date of the recording of this Declaration, Declarant as his Attorney in Fact and thereby to have conveyed a Power of Attorney coupled with an interest to Declarant as his Attorney in Fact only to effect the redesign of all or any portion of the Project in accordance with the limitations and requirements set forth in this Article XV, Declarant, as attorney in Fact may only do those activities described herein in the Section 5 as follows:

(a) To prepare or cause to be prepared, execute, acknowledge, file or cause to be filed for approval and file or recorded or cause to be filed or recorded any map or record of survey required or permitted by the provisions of the Subdivision Map Act of the State of California as in effect on the date of recordation of this

Declaration and as thereafter amended and any ordinances, rules and regulations of the City of Glendale and any other governmental entities and authorities having jurisdiction over the Project as in effect on the date of recordation of this Declaration and as thereafter enacted or amended, or which may be required or permitted by any title insurer, and in connection therewith, to perform all conditions, undertake any obligations and execute all agreements and documentation required or permitted by any federal, state and local governmental entities and authorities; to appear before any such governmental entities and authorities; and to execute, acknowledge and deliver any improvement agreements and bonds and post deposits securing the performance of any such conditions and obligations;

(b) To prepare or cause to be prepared, execute, acknowledge and file or cause to be filed for approval and record or cause to be recorded any amendment to the Condominium Plan, including any amendment necessary to cause the Condominium Plan to comply with the Building as actually built, which may be required or permitted by the laws of the State of California as in effect on the date of recordation of this Declaration and as thereafter enacted or amended and any ordinances, rules and regulations of the City of Glendale and any other governmental entities and authorities having jurisdiction over the Project as in effect on the date of recordation of this Declaration and as thereafter enacted or amended, or which may be required or permitted by any title insurer, and in connection therewith, to perform all conditions, undertake any obligations and execute all agreements and documentation required or permitted by any

federal, state and local governmental entities and authorities; to appear before any such governmental entities and authorities; and to execute and deliver any improvement agreements and bonds and post deposits securing the performance of any such conditions and obligations;

(c) To prepare or cause to be prepared execute, acknowledge and file or cause to be filed for approval, any application for zoning or setback changes or variance or special use permits or any other permits and/or reports required or permitted by the laws of the State of California as in effect on the date of recordation of this Declaration and as thereafter enacted or amended and any ordinances, rules and regulations of the City of Glendale and any other governmental entities and authorities having jurisdiction over the Project as in effect on the date of recordation of this Declaration and as thereafter enacted or amended and, in connection therewith, to perform all conditions, undertake any obligations and execute all agreements and documentation required or permitted by any federal, state and local governmental entities and authorities; to appear before any such governmental entities and authorities; and to execute and deliver any improvement agreements and bonds and post deposits securing the performance of any such conditions and obligations;

(d) To make application for any property reports or public reports or amendments thereto or exceptions from the requirements therefor required or permitted in order to comply with federal and state statutes, rules and regulations relating to the sale, lease, transfer or other disposition of

subdivided lands to the public and, in connection therewith, to perform all conditions, undertake any obligations and execute all agreements and documentation required or permitted by any federal, state and local governmental entities and authorities; to appear before any such governmental entities and authorities; and to execute and deliver any agreements and bonds securing the performance of the obligations contained therein;

(e) To deliver any public reports or property reports, or amendments thereto, obtain receipts and offer and administer rescission rights required by law;

(f) To prepare or cause to be prepared, execute, acknowledge and record or cause to be recorded a Declaration of Redesign pursuant to and in accordance with the provisions of Section 4 hereof;

(g) To prepare or cause to be prepared, execute, acknowledge, file or cause to be filed for approval, any registration or any application for any permit, approval, exemption, ruling or entitlement required or permitted pursuant to any law or regulation in effect as of the date of the recording of this Declaration and as hereafter enacted or amended by any federal, state and local governmental entities and authorities, and in connection therewith to perform all conditions, undertake any obligations and execute all agreements and documentation required or permitted by such governmental body and by any such laws and regulations; to appear before any such governmental bodies and to execute and deliver any agreement and

bonds and post deposits securing the performance of any such conditions and obligations; and do all other things now or hereafter permitted or required by any such governmental body and any such laws and regulations;

(h) To prepare or cause to be prepared, execute, acknowledge and record or cause to be recorded any deeds, waivers, releases, reconveyances or other documentation which may be permitted or required to clear title to any Units, whether constructed or to be constructed, in the Project; and

(i) To do any and all things necessary or desirable under the circumstances to effect and accomplish the purposes of this Article XV.

Section 5: INDEMNIFICATION OF OWNERS ON EXERCISE OF POWER OF ATTORNEY:

Declarant shall indemnify and hold each Owner harmless from all liabilities, including attorneys' fees, which are incurred as a direct result of the execution by Declarant of any improvement agreements or bonds, or both, in connection with the exercise by Declarant of the Power of Attorney set forth in Section 5 hereof.

Section 6: MORTGAGE INTERESTS AND OTHER ENCUMBRANCES TO TAKE SUBJECT TO POWER OF ATTORNEY:

The acceptance or creation of any Mortgage or other Encumbrance whether voluntary or involuntary, and whether or not created in good faith and whether or not given for value, shall be deemed to be accepted and/or created subject to each of the terms and conditions of the Power of Attorney described in Section 5 hereof.

Section 7: POWER OF ATTORNEY BINDING ON SUCCESSORS IN INTEREST:

Each and all Unit Owners and each of their respective

Mortgagees, grantees, licensees, trustees, receivers, lessees, tenants, judgment creditors, heirs, legatees, devisees, administrators, executors, legal representatives, successors and assigns, whether voluntary or involuntary, shall be deemed to have expressly agreed, assented and consented to each and all of the provisions of this Declaration and shall be deemed to have constituted and irrevocably appointed Declarant as his Attorney in Fact to carry out the powers described in Section 5 hereof, and such Power of Attorney shall be deemed to continue to be coupled with an interest.

Section 5 PRIOR APPROVAL OF MORTGAGEES:

Prior to taking any action permitted under this Article XV, Declarant must obtain written approval of seventy-five percent (75%) of all holders of first mortgages on Units in the Project.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first hereinabove written.

WATT-HOWARD CONDO, CO.;
a California general partnership

By: WATT-NEU PARTNERSHIP,
a California general
partnership
General Partner

By: WATT INTERESTS PARTNERSHIP,
a California general
partnership
General Partner

By: WATT INDUSTRIES, INC.
a California corporation
General Partner

By: B. L. Dwyer
Vice President

By: Harry E. Leven
Asst Secretary

DESCRIPTION

LOT 1 OF TRACT NO. 41025, IN THE CITY OF GLENDALE, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1001 PAGES 79, 80 AND 81 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. 94

EXCEPT FROM THAT PORTION OF SAID LAND AS LIES WITHIN THE BOUNDARIES OF LOT 1 OF TRACT NO. 2133 AS PER MAP RECORDED IN BOOK 22 PAGE 59 OF MAPS, ALL MINERALS, OILS, GASES AND OTHER HYDROCARBONS BY WHATEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER SAID PORTION WITHOUT, HOWEVER, THE RIGHT TO DRILL, DIG OR MINE THROUGH THE SURFACE OR THE UPPER 100 FEET THEREOF, AS EXCEPTED IN THE DEED FROM THE STATE OF CALIFORNIA, RECORDED DECEMBER 11, 1969 IN BOOK D-4579 PAGE 621, OFFICIAL RECORDS AS INSTRUMENT NO. 1846.

EXCEPTING FROM THAT PORTION OF SAID LAND AS LIES WITHIN THE BOUNDARIES OF LOT 8 OF TRACT NO. 2133 AS PER MAP RECORDED IN BOOK 22 PAGE 59 OF MAPS, ALL MINERALS, OILS, GASES AND OTHER HYDROCARBONS BY WHATEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER SAID PORTION WITHOUT, HOWEVER, THE RIGHT TO DRILL, DIG OR MINE THROUGH THE SURFACE OR THE UPPER 500 FEET THEREOF, AS EXCEPTED IN THE DEED FROM THE STATE OF CALIFORNIA, RECORDED OCTOBER 27, 1970 IN BOOK D-4782 PAGE 65, OFFICIAL RECORDS AS INSTRUMENT NO. 3133.

ALSO EXCEPT AS TO THAT PORTION OF SAID LAND AS LIES WITHIN THE BOUNDARIES OF LOT 4 OF TRACT NO. 93 AS PER MAP RECORDED IN BOOK 14 PAGES 22 AND 23 OF MAPS, ALL MINERALS, OILS, GASES AND OTHER HYDROCARBONS BY WHATEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER SAID PORTION WITHOUT, HOWEVER, THE RIGHT TO DRILL, DIG OR MINE THROUGH THE SURFACE OR THE UPPER 500 FEET THEREOF, AS EXCEPTED IN FINAL DECREE OF CONDEMNATION RECORDED JULY 9, 1981 AS INSTRUMENT NO. 81-683270 OFFICIAL RECORDS.

ALSO EXCEPTING FROM THE REMAINDER OF SAID LOT 1 (LESS SUCH PORTION AS LIES WITHIN THE BOUNDARIES OF LOTS 6 AND 7 OF TRACT NO. 93 AS PER MAP RECORDED IN BOOK 14 PAGES 22 AND 23 OF MAPS) SUCH INTEREST IN ALL OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH AND TO USE AND OCCUPY ALL PARTS OF SAID PROPERTY LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF, FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR THE PRODUCTION OF OIL, GAS, HYDROCARBON SUBSTANCES, OR MINERALS FROM SAID PROPERTY OR OTHER LANDS BUT WITHOUT, HOWEVER, ANY RIGHT TO USE EITHER THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER AS MAY HAVE BEEN EXCEPTED IN THE DEED FROM THE GLENDALE REDEVELOPMENT AGENCY RECORDED JANUARY 12, 1982 AS INSTRUMENT NO. 82-31096 OFFICIAL RECORDS.

EXHIBIT

DECLARATION OF REDESIGN
FOR MONTEREY ISLAND

THIS DECLARATION is made by WATT-HOWARD CONDO CO; a general partnership, ("Declarant").

WHEREAS, Declarant is the developer of that certain real property more particularly described as Lot 1 of Tract 41025, in the City of Glendale, County of Los Angeles, State of California, as per Map recorded in Book 1001, Pages 79, 80 and 81, inclusive, of Maps, in the Office of the County Recorder of Los Angeles County; and

WHEREAS, on _____, 19__, Declarant caused to be recorded that certain Declaration of Covenants, Conditions and Restrictions for Monterey Island (the "Declaration") as amended from time to time, as Document No. _____, in the Office of the County Recorder of Los Angeles County; and

WHEREAS, all words and phrases used in this Declaration of Redesign shall have the definitions and meanings ascribed thereto in the Declaration; and

WHEREAS, Article XV of the Declaration provides in pertinent part that Declarant may, in its sole discretion, from time to time, within a period of four (4) years from the date of the recording of the Declaration, or any time or at different times within such four (4) year period, but prior to close of the first escrow of a Condominium in the Project, redesign the Project, or any portion or aspect thereof, subject to the limitations contained in Article XV of the Declaration; and

WHEREAS, a redesign of the Project in accordance with the provisions of Article XV of the Declaration has been effected which redesign alters the number and/or size of the Units contained or to be contained in the project; and

WHEREAS, this Declaration of Redesign has been prepared pursuant to and in accordance with the provisions of Article XV of the Declaration;

NOW THEREFORE, Declarant hereby declares that the interest in the Common Area of each Owner is, and upon the recording of this Declaration of Redesign such interest in the Common Area of each Owner shall be, the Percentage Interest in the Common Area set forth opposite the number of the Unit owned by such Owner in Exhibit A attached hereto and incorporated herein.

IN WITNESS WHEREOF, this Declaration of Redesign is made by Declarant on _____, 19__.

WATT-HOWARD CONDO CO.
a California general
partnership

By: WATT-NEU PARTNERSHIP,
a California general
partnership,
General Partner

By: WATT INTERESTS
PARTNERSHIP
a California general
partnership
General Partner

By: WATT INDUSTRIES, INC.
a California corporation
General Partner

By: _____
Vice President

By: _____
Assistant Secretary