

### Instructions

**Lender:** Complete the first table below and enter the date on which the form should be returned to you.

**Homeowners' Association (HOA) or Management Company:** This form has been sent to you on behalf of an individual seeking mortgage financing to purchase or refinance a unit in this project. The mortgage lender needs this information to determine the eligibility of the project for mortgage financing purposes. Complete and return this form by 10/16/20 to the lender listed below. Questions about this form should be directed to the lender contact.

<b>Lender Name:</b> Ameritrust Mortgage	<b>Lender Phone Number:</b> (657) 250-2196
<b>Contact Name:</b> Manu Bartlett	<b>Lender Fax Number:</b>
<b>Lender Address:</b> 17341 Irvine Blvd., Irvine, CA 92780	<b>Lender Email Address:</b> manu@ameritrust-mortgage.com

I. Basic Project Information	
1 Project Legal Name:	Southwest Homeowners Association
2 Project Physical Address:	128 South Broadway Unit E, Redondo Beach, CA 90277
3 HOA Management Address:	Same
4 HOA Name (if different from Project Legal Name):	N/A
5 HOA Tax ID #:	94-1347393 (EIN)
6 HOA Management Company Tax ID #:	N/A
7 Name of Master or Umbrella Association (if applicable):	N/A
8 Does the project contain any of the following? Check all that apply:	
a <input type="checkbox"/> Hotel/motel/resort activities, mandatory or voluntary rental-pooling arrangements, or other restrictions on the unit owner's ability to occupy the unit	
b <input type="checkbox"/> Deed or resale restrictions	
c <input type="checkbox"/> Manufactured homes	
d <input type="checkbox"/> Mandatory fee-based memberships for use of project amenities or services	
e <input type="checkbox"/> Non-incident income from business operations	
f <input type="checkbox"/> Supportive or continuing care for seniors or for residents with disabilities	
Provide additional detail here, if applicable (optional):	

II. Project Completion Information		
1	Is the project 100% complete, including all construction or renovation of units, common elements, and shared amenities for all project phases?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
If <b>No</b> , complete lines a-f:		
a	Is the project subject to additional phasing or annexation?	<input type="checkbox"/> YES <input type="checkbox"/> NO
b	Is the project legally phased?	<input type="checkbox"/> YES <input type="checkbox"/> NO
c	How many phases have been completed?	
d	How many total phases are legally planned for the project?	
e	How many total units are planned for the project?	
f	Are all planned amenities and common facilities fully complete?	<input type="checkbox"/> YES <input type="checkbox"/> NO
2	Has the developer transferred control of the HOA to the unit owners?	<input checked="" type="checkbox"/> YES Date transferred: 5/1/91 <hr/> <input type="checkbox"/> NO Estimated date the transfer will occur: <hr/>

III. Newly Converted or Rehabilitated Project Information		
1	Is the project a conversion within the past 3 years of an existing structure that was used as an apartment, hotel/resort, retail or professional business, industrial or for other non-residential use?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
If <b>Yes</b> , complete lines a-g:		
a	In what year was the property built?	
b	In what year was the property converted?	
c	Was the conversion a full gut rehabilitation of the existing structure(s), including replacement of all major mechanical components?	<input type="checkbox"/> YES <input type="checkbox"/> NO
d	Does the report from the licensed engineer indicate that the project is structurally sound, and that the condition and remaining useful life of the project's major components are sufficient?	<input type="checkbox"/> YES <input type="checkbox"/> NO
e	Are all repairs affecting safety, soundness, and structural integrity complete?	<input type="checkbox"/> YES <input type="checkbox"/> NO
f	Are replacement reserves allocated for all capital improvements?	<input type="checkbox"/> YES <input type="checkbox"/> NO
g	Are the project's reserves sufficient to fund the improvements?	<input type="checkbox"/> YES <input type="checkbox"/> NO

### IV. Financial Information

<b>1</b>	How many unit owners are 60 or more days delinquent on common expense assessments?	0
<b>2</b>	In the event a lender acquires a unit due to foreclosure or a deed-in-lieu of foreclosure, is the mortgagee responsible for paying delinquent common expense assessments?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	<b>If Yes</b> , for how long is the mortgagee responsible for paying common expense assessments? (Select one)	<input type="checkbox"/> 1 to 6 months <input type="checkbox"/> 7 to 12 months <input type="checkbox"/> More than 12 months
<b>3</b>	Is the HOA involved in any active or pending litigation?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
<b>If Yes</b> , attach documentation regarding the litigation from the attorney or the HOA. Provide the attorney's name and contact information:		
	Attorney Name:	
	Attorney Phone Number:	

### V. Ownership & Other Information

1 Complete the following information concerning ownership of units:

	Entire Project	Subject Legal Phase (in which the unit is located) <i>If Applicable</i>
Total number of units	5	
Total number of units sold and closed	4	
Total number of units under bona-fide sales contracts	1	
Total number of units sold and closed or under contract to owner-occupants	5	
Total number of units sold and closed or under contract to second home owners	0	
Total number of units sold and closed or under contract to investor owners	0	
Total number of units being rented by developer, sponsor, or converter	0	
Total number of units owned by the HOA	0	

2 Complete the following table if more than one unit is owned by the same individual or entity.

Individual / Entity Name	Developer or Sponsor (Yes or No)	Number of Units Owned	Percentage Owned of Total Project Units	Number Leased at Market Rent	Number Leased under Rent Control
	<input type="checkbox"/> YES <input type="checkbox"/> NO		%		
	<input type="checkbox"/> YES <input type="checkbox"/> NO		%		
	<input type="checkbox"/> YES <input type="checkbox"/> NO		%		
	<input type="checkbox"/> YES <input type="checkbox"/> NO		%		

3 Do the unit owners have sole ownership interest in and the right to use the project amenities and common areas?  YES  NO

If **No**, explain who has ownership interest in and rights to use the project amenities and common areas:

4 Are any units or any part of the building used for non-residential or commercial space?  YES  NO  
If **Yes**, complete the following table:

Type of Commercial or Non-Residential Use	Name of Owner or Tenant	Number of Units	Square Footage	% Square Footage of Total Project Square Footage
				%
				%
				%
				%

5 What is the total square footage of commercial space in the building that is separate from the residential HOA?  
Include above and below grade space used for commercial purposes, such as public parking facilities, retail space, apartments, commercial offices, and so on.

Total square footage of commercial space:

## VI. Insurance Information & Financial Controls

1 Are units or common elements located in a flood zone?  YES  NO

If **Yes**, flood coverage is in force equaling (*Select only one option below*):

100% replacement cost

Maximum coverage per condominium available under the National Flood Insurance Program

Some other amount (*Enter amount here*): \$ \_\_\_\_\_

2 Check all of the following that apply regarding HOA financial accounts:

HOA maintains separate accounts for operating and reserve funds.

Appropriate access controls are in place for each account.

The bank sends copies of monthly bank statements directly to the HOA.

Two members of the HOA Board of Directors are required to sign any check written on the reserve account.

The Management Company maintains separate records and bank accounts for each HOA that uses its services.

The Management Company does not have the authority to draw checks on, or transfer funds from, the reserve account of the HOA.

3 Supply the information requested below. Do NOT enter “contact agent.”

Type of Insurance	Carrier/Agent Name	Carrier/Agent Phone Number	Policy Number
Hazard	State Farm - Emily Cohen	650-854-0500	97-EV-H3897
Liability	State Farm - Emily Cohen	650-854-0500	97-EV-H3897
Fidelity	State Farm - Emily Cohen	650-854-0500	97-EV-H3897
Flood			

## VII. Contact Information

Name of Preparer: Matt Rohrbach

Title of Preparer: Owner / Treasurer

Preparer's Phone: (650) 906-7935

Preparer's Email: mjrohrbach@gmail.com

Preparer's Company Name: N/A

Preparer's Company Address: 4220 Bain Avenue, Santa Cruz, CA. 95062

Date Completed: 10/18/20

## Condominium Project Questionnaire Addendum

This Addendum is applicable to both condominium and cooperative projects. It must be completed by an authorized representative of the HOA/Cooperative Corporation.

Project Information	
Project Name:	
Project Address:	

Building Safety, Soundness, Structural Integrity, and Habitability	
<b>1</b>	When was the last building inspection by a licensed architect, licensed engineer, or any other building inspector?
<b>2</b>	Did the last inspection have any findings related to the safety, soundness, structural integrity, or habitability of the project's building(s)? <input type="checkbox"/> YES <input type="checkbox"/> NO
<b>2a</b>	If <b>Yes</b> , have recommended repairs/replacements been completed? <input type="checkbox"/> YES <input type="checkbox"/> NO
If the repairs/replacements have not been completed:	
<b>2b</b>	What repairs/replacements remain to be completed?
<b>2c</b>	When will the repairs/replacements be completed?
<i>Provide a copy of the inspection and HOA or cooperative board meeting minutes to document findings and action plan.</i>	
<b>3</b>	Is the HOA/Cooperative Corporation aware of any deficiencies related to the safety, soundness, structural integrity, or habitability of the project's building(s)? <input type="checkbox"/> YES <input type="checkbox"/> NO
<b>3a</b>	If <b>Yes</b> , what are the deficiencies?
<b>3b</b>	Of these deficiencies, what repairs/replacements remain to be completed?
<b>3c</b>	Of these deficiencies, when will the repairs/replacements be completed?

**Building Safety, Soundness, Structural Integrity, and Habitability**

**4** Are there any outstanding violations of jurisdictional requirements (zoning ordinances, codes, etc.) related to the safety, soundness, structural integrity, or habitability of the project's building(s)?  YES  NO

If **Yes**, provide notice from the applicable jurisdictional entity.

**5** Is it anticipated the project will, in the future, have such violation(s)?  YES  NO

If **Yes**, provide details of the applicable jurisdiction's requirement and the project's plan to remediate the violation.

**6** Does the project have a funding plan for its deferred maintenance components/items to be repaired or replaced?  YES  NO

**7** Does the project have a schedule for the deferred maintenance components/items to be repaired or replaced?  YES  NO

If **Yes**, provide the schedule.

**8** Has the HOA/Cooperative Corporation had a reserve study completed on the project within the past 3 years?  YES  NO

**9** What is the total of the current reserve account balance(s)? \$

**10** Are there any current special assessments unit owners/cooperative shareholders are obligated to pay? If **Yes**:  YES  NO

**10a** What is the total amount of the special assessment(s)? \$

**10b** What are the terms of the special assessment(s)?

**10c** What is the purpose of the special assessment(s)?

**Building Safety, Soundness, Structural Integrity, and Habitability**

<b>11</b>	Are there any planned special assessments that unit owners/ cooperative shareholders will be obligated to pay? If <b>Yes</b> :	<input type="checkbox"/> YES <input type="checkbox"/> NO
<b>11a</b>	What will be the total amount of the special assessments?	\$
<b>11b</b>	What will be the terms of the special assessments?	
<b>11c</b>	What will be the purpose of the special assessments?	
<b>12</b>	Has the HOA obtained any loans to finance improvements or deferred maintenance?	<input type="checkbox"/> YES <input type="checkbox"/> NO
<b>12a</b>	Amount borrowed?	\$
<b>12b</b>	Terms of repayment?	

**Additional Comments:****Contact Information**

<b>Name of Preparer:</b>	
<b>Title of Preparer:</b>	
<b>Preparer's Phone:</b>	
<b>Preparer's Email:</b>	
<b>Preparer's Company Name:</b>	
<b>Preparer's Company Address:</b>	
<b>Date Completed:</b>	



BYLAWS OF  
SOUTHWEST  
HOMEOWNERS ASSOCIATION  
AN UNINCORPORATED ASSOCIATION

ARTICLE I  
GENERAL PROVISIONS

1. OFFICE. The office of this Association shall be located in the City of Redondo Beach, County of Los Angeles, State of California.

2. PURPOSE. The specific and primary purposes for which this Association is formed are to exercise the powers granted to it by the Declaration of Covenants, Conditions and Restrictions for SOUTHWEST HOMEOWNERS ASSOCIATION as the same may be recorded in the Office of the County Recorder of Los Angeles County and as from time to time amended, and to provide for the maintenance, preservation, architectural control and administration of the Project on the real property described in Article I, Section 3 below.

3. PROPERTY. The property, which is the subject of the aforementioned Declaration of Covenants, Conditions and Restrictions, is described as follows:

Lot 1 of Tract Map No. 46463, in the City of Redondo Beach, County of Los Angeles, State of California, as per map recorded in Book 1166, Page 17 of Maps, in the Office of the County Recorder of said County.

ARTICLE II  
MEMBERSHIP IN ASSOCIATION

1. Each owner of a condominium and the accompanying undivided interest in the common area, both of which are non-separable, in the property described in Article I, Section 3 of these Bylaws, said property being hereinafter called the "Real Property" shall be a member of this Association. The transfer of title to any such unit shall automatically transfer the membership appurtenant thereto to the transferee. No such membership may be severed from the unit to which it is appurtenant or transferred except in connection with a conveyance of the members interest or ownership of such unit. In the event that such unit is owned by two or more persons, then all such persons shall be members; however, they shall determine among themselves how their vote shall be cast pursuant to the voting rights set forth in these Bylaws.

ARTICLE III  
MEMBERSHIP FEES AND ASSESSMENTS AND LIEN RIGHTS

1. Membership Fees and Assessments. The Board of Directors shall fix and determine from time to time the fees and assessments to be paid by each member in reasonable sums determined as provided in the Declaration of Covenants, Conditions and Restrictions above referred to. The Directors of this Association are authorized to bring a legal action against any member for any such membership fees or assessments which are delinquent, in addition to other remedies provided herein.

2. Lien Rights. This Association for the purpose of enforcing payment of said fees and assessments, shall have a lien against the interest of any member in said Real Property to secure the faithful performance in compliance with these Bylaws and the full and prompt payment of all fees and Assessments levied by the Board of Directors, and in the event of non-performance or a default by any member, said interest of such member may be foreclosed by this Association pursuant to the provisions of Section 1366 of the California Civil Code, and any redemption thereafter shall be subject to the lien hereby created as to other or future events of non-performance or default, and the lien hereby created shall likewise apply to the Grantee of any Trustee's Deed after foreclosure as to other or future events of non-performance or default; provided, however, that it is specifically understood that the lien hereby created shall, at all times be subordinate to the first mortgage lien of any bona fide lending institution which now exists or is hereafter placed on said Real Property or any part or parcel thereof.

3. Payment of Assessments By Declarant. Declarant shall be liable to pay all fees and assessments levied by the Board of Directors against any unsold unit or units for the period commencing on the first day of the month following the close of the first escrow and continuing to the sale of all of the individual units, in the same manner and in the same amounts as any other member and during said period shall have the same rights with reference to said unsold unit.

ARTICLE IV  
Membership Rights and Privileges

Membership Classes. There shall be two classes of membership:

Class A. Class A members shall be all Owners with the exception of the Declarant. Each Member shall be entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall there be more than one vote cast per Unit.

Class B. The Class B member shall be the Declarant and shall be entitled to vote in the same manner as Class A members, except that it shall be entitled to three votes for each Unit owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes held by Class A members equals the total votes held by Class B members; or

(b) On the second anniversary date of the first conveyance of a Unit in the Project.

#### ARTICLE V MEETING OF MEMBERS

1. Place of Meetings. All meetings of members shall be held on the premises of the subdivision or at a meeting place as close thereto as possible.

2. Membership Meetings. Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. Notwithstanding any other provision of law, notice of meetings of the Members shall specify those matters the Board intends to present for action by the Members, but, except as otherwise provided by law, any proper matter may be presented at the meeting for action. Members of the Association shall have access to Association records in accordance with Article 3 (commencing with Section 8330) of Chapter 13 of Part 3 of Division 2 of Title 1 of the Corporations Code. The Board of Directors shall permit any member of the Association to speak at any meeting of the Association. A reasonable time limit for all members to speak before a meeting of the Association shall be established by the Board of Directors.

3. Annual Meetings of Members. The annual meetings of members shall be held during the month of January of each year following the organizational meeting. The organizational meeting shall be held no later than six (6) months after the closing of the sale of the first unit in said Project. Directors chosen at the organizational meeting shall serve until the next annual meeting and until their successors are elected.

Written notice of each such annual meeting shall be given to each member either personally or by sending a copy of the notice through the mail or by telegraph, charges prepaid, to his address appearing on the books of the association or supplied by him to the Association for the purpose of notice. If a member supplies no address, notice shall be deemed to have been given him if mailed to the place where the principal office of the

Association is situated, or published at least once in some newspaper of general circulation in the county or said principal office. All such notice shall be sent to each regular member not less than ten (10) days and not more than ninety (90) days before each annual meeting, and shall specify the place, the day and the hour of such meeting.

4. Special Meetings. A special meeting of the members of the Association shall be promptly called by the Board of Directors upon: (1) the vote for such a meeting by a majority of a quorum of the Board, or (2) receipt of a written request therefore signed by members representing at least five (5%) percent of the total voting power of the Association. Except in special cases where other express provisions are made by statute, notice of such special meeting shall be given in the same manner as for annual meetings of members. Notices of any special meeting shall specify in addition to the place, day and hour of such meeting, the general nature of the business to be transacted.

5. Quorum. The presence in person or by proxy of a majority of the membership votes entitled to vote at any meeting shall constitute a quorum for the transaction of business. The members present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than quorum. A majority of those members present at any one time shall prevail on all matters brought before the meeting at this time, except as otherwise provided in the management documents.

6. Adjourned Meeting and Notice Thereof. In the absence of a quorum, a members' meeting may be adjourned not less than five (5) days and not more than thirty (30) days from the original meeting date, by the vote of a majority of the members present in person or by proxy, but no other business may be transacted at such meeting. The quorum for the adjourned meeting shall be twenty-five (25%) percent of the total voting rights of the members of the Association. If the time and place for adjourning meeting is not fixed by those in attendance at the original meeting or for any reason a new date is fixed after adjournment, notice of the time and place of the adjourned meeting shall be given to members in the matter prescribed for regular meetings.

7. Voting. At all meetings each member shall be entitled to one vote for each single living unit. Voting for the Board of Directors shall be by secret written ballot and such member at any election for election or removal of Director shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of Directors to be elected or removed multiplied by the number of votes to which the member is entitled or distribute the member's votes on the same principle among as many candidates as he shall think fit. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be elected.

8. Acts Without Meetings. Any action which may be taken by the vote of members at a regular or special meeting, except the election of of the Board of Directors where cumulative voting is a requirement, it may be taken without a meeting if done in compliance with the provisions of Section 7513 of the Corporations Code despite the unincorporated status of the Association.

9. Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the secretary of the Association, provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the member executing it specifies therein the length of time for which the proxy is to continue in force, which in no case shall exceed one (1) year from the date of its execution, and provided further that in no event shall a proxy continue in force after the person granting such proxy is no longer entitled to membership in the Association as defined in Article II, above.

Any form of proxy or written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot shall provide that, where the member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid.

## ARTICLE VI DIRECTORS

1. Authority of the Board of Directors of the Association. Regardless of whether the Association is incorporated or unincorporated, the Association may exercise the power granted to a nonprofit mutual benefit corporation, as enumerated in Section 7140 of the Corporations Code, except that an unincorporated association may not adopt or use a corporate seal or issue membership certificates in accordance with Section 7313 of the Corporations Code. An association, whether incorporated or unincorporated, may exercise the powers granted to an association by Section 374 of the Code of Civil Procedure and the powers granted in these Bylaws.

2. Powers. Subject to limitations of the Declaration of Restrictions, Bylaws, and of California Law as to action to be authorized or approved by the members, and subject to the duties of Directors as prescribed by the Bylaws, all Association powers

shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board of Directors. Any management body or agent named by the developers or subdividers shall be employed to manage only until the first annual election of Directors, at which the same or another body or agent shall be elected by a majority of the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board of Directors shall have the following powers:

(a) To select and remove all the other officers, agents, and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, with the Declaration of Restrictions or Bylaws, fix their compensation and require from them security for faithful service.

(b) To conduct, manage, and control the affairs and business of the Association, and to make such rules and regulations therefor not inconsistent with Law, the Declaration of Restriction or the Bylaws, as they may deem best.

(c) To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidence of debt and securities therefor, provided, however that no property of the Association shall be encumbered as security for any such debt, except upon the vote of the majority of the members, not including Declarant.

(d) To manage, operate, maintain, and repair any personal property or any real property owned by the Association, together with all buildings, structures and other improvements on said real property, including (by way of description and not by way of limitation) the following:

(1) To contract and pay for (1) fire, casualty, liability and other insurance insuring said property owned by the Association and (2) bonding expense incurred in bonding the officers and directors of the Association.

(2) To pay all charges for water and lighting, metered or charged to the Association in the operation and maintenance of the property owned by the Association.

(3) To prepare budgets and financial statements for the Association as provided in the Declaration.

(4) To maintain, repair and paint the property owned by the Association and any improvements now or hereafter constructed thereon, and to provide and pay for maintenance and/or janitorial service for said property.

(5) To formulate reasonable rules for operation of the common areas and facilities owned or controlled by the Association.

(6) To restore or replace any or all of said buildings, structures, or improvements at any time and from time to time as the Board of Directors may determine desirable or necessary.

(7) To pay for reconstruction of any portion or portions of the project damaged or destroyed which are to be rebuilt.

(8) To elect officers and fill vacancies on the Board of Directors except for vacancies created by removal of a Director.

(9) To enforce each and every one of the provisions of these Bylaws, Declaration of Restrictions, or any other agreement to which this Association is a party and to initiate any disciplinary proceedings against members of the Association for violations of any rules, regulations and/or provisions of governing documents in accordance with procedure set forth therein.

(10) To contract and pay for maintenance, gardening, utilities, materials and supplies and services relating to the Association's property and to employ personnel necessary for the operation and maintenance of said property, including legal and accounting services.

(11) To pay any taxes and special assessments which are or would become a lien on the property owned by the Association.

(12) To delegate any of its powers hereunder.

(13) To enter into any unit when necessary in connection with maintenance, construction, or emergency repairs for the benefit of the common area or the owners in common.

(e) To adopt a policy or policies imposing monetary penalties. If the Association adopts a policy imposing any monetary penalty, including any fee, on any Member for a violation of the Declaration, these Bylaws or any Rules and Regulations, including any monetary penalty relating to the activities of a guest or invitee of a Member, the Board shall adopt and distribute to each Member, by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed for those violations, which shall be in accordance with authorization for Member discipline contained in the Declaration or these Bylaws.

The Board shall not be required to distribute any additional schedules of monetary penalties unless there are changes from the schedule that was adopted and distributed to the Members pursuant to this Section. The Board shall meet in executive session if requested by the Member being disciplined, and the Member shall be entitled to attend the executive session.

(f) The Board of Directors shall ordinarily be prohibited from taking any of the following actions, except with the assent, by vote at a meeting of the Association or by written ballot without a meeting pursuant to Corporation Code Section 7513, of a simple majority of the members, other than Declarant, constituting a quorum consisting of more than fifty (50) percent of the voting power of the Association residing in members other than Declarant:

(1) Entering into a contract with a third person wherein the third person will furnish goods or services for the common area or the Owners Association for a term longer than one (1) year with the following exceptions:

(A) A management contract, the terms of which have been approved by the Federal Housing Administration or the United States Department of Veterans Affairs.

(B) 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 terms of the contract shall not exceed the shortest term of which the supplier will contract at the regulated rate.

(C) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided the policy permits for short rate cancellation by the insured.

(D) Lease agreements for any laundry room fixtures in the common area and equipment of not to exceed five (5) years duration provided that the lessor under the agreement is not an entity in which the subdivider has a direct or indirect ownership interest of ten percent (10%) or more.

(E) Agreements for cable television services and equipment of not to exceed five (5) years duration provided that the supplier is not an entity in which the subdivider has a direct or indirect ownership interest of ten percent (10%) or more.

(F) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five (5) years duration provided that the supplier or suppliers are not entities in which the subdivider has a direct or indirect ownership interest of ten percent (10%) or more.



(G) A contract for a term not to exceed three (3) years that is terminable by the Association after no longer than one (1) year without cause, penalty or other obligation upon ninety (90) days written notice of termination to the other party.

(2) Incurring aggregate expenditures for the 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 the fiscal year.

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

(4) Paying compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business, except reimbursement for expenses.

3. Number and Qualifications of Directors.

The Board of Directors shall consist of three (3) persons who need not be members of the Association.

4. Election of the Board of Directors and Term of Office.

(a) The election of the Board of Directors shall be held at the first meeting of the Association and all positions on the Board shall be filled at that election.

(b) Voting for the Board of Directors shall be by secret ballot. Cumulative voting in the election of the Board of Directors shall be prescribed for all elections in which more than two positions on the Board are to be filled, subject only to the procedural prerequisites to cumulative voting prescribed in Section 7615(b) of the Corporations Code.

(c) Unless the entire Board of Directors is removed from office by the vote of the Association members, an individual Director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal would be sufficient to elect the Director if voted cumulatively at an election which the same total number of votes were cast and the entire number of Directors authorized at the most recent election were then being elected.

(d) A Director who has been elected to office solely by the votes of members of the Association other than the subdivider may be removed from office prior to the expiration of his term of

office only by the vote of at least a simple majority of the voting power residing in members other than the subdivider.

(e) At the first election and at any subsequent election for so long as a majority of the voting power of the Association resides in the subdivider, not less than twenty (20%) percent (but in no case less than one (1) director) of the incumbents on the Board of Directors shall be elected solely by the votes of owners other than the subdivider.

(f) The term of office for each Director shall be for one (1) year concurrent terms and each Director shall hold office until his successor is elected.

5. Vacancies. Vacancies in the Board, except those existing as a result of a removal of a Director, may be filled by a majority of the remaining Directors, although less than a quorum, or by a sole remaining Director, and each Director so elected shall hold office until his successor is elected at an annual meeting of Members, or at a special meeting called for that purpose. A vacancy which exists as a result of a removal of a Director may be filled by the Board with the vote or written assent of a majority of the voting power residing in Members other than Declarant.

6. Time and Place of Meeting. The regular meetings of the Board of Directors shall be conducted monthly or from time to time as determined by the Board. Said meeting shall be held within the subdivision, or as close thereto as possible, and notice of the time and place of meeting shall be posted in a prominent place within the common area and shall be communicated to the Directors not less than four (4) days prior to the meeting, unless the Director has signed a waiver of notice or a consent to holding of the meeting. If the Common Area consists only of an easement or is otherwise unsuitable for posting of such notice, the Board shall communicate the notice of the time and place of such meeting by any means it deems appropriate.

As used in these Bylaws, a meeting of the Board includes any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session. Unless the time and place of a meeting is fixed by these Bylaws, or unless these Bylaws provide for a longer period of notice, Members shall be given notice of the time and place of a meeting of the Board, except for an emergency meeting, at least four (4) days prior to the meeting. Notice may be given by posting the notice in a prominent place or places within the Common Area, by mail or delivery of the notice to each Unit in the Project, or by newsletter or similar means of communication.

7. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by written notice by the President, or by any two members of the Board other than the President. Written notice of the time and place of special meeting and the nature of the special business to be considered shall be posted or communicated in a manner prescribed for notice of regular meetings and shall be sent to all Directors not less than seventy-two (72) hours prior to the scheduled time of the meeting, unless said Director signs a waiver of notice or written consent to holding of the meeting.

8. Emergency Meetings. An emergency meeting of the Board may be called by the President of the Association, or by any two (2) members of the Board other than the President, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide notice as required by these Bylaws.

9. Attendance At Meeting. Regular and special meetings of the Board of Directors shall be governed by the provisions of Section 1363.05 of the Civil Code.

10. Quorum. A majority of the Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors.

11. Action Without Meetings. The Board of Directors may take actions without a meeting if all of its members consent in writing to the action to be taken. If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the common area within three (3) days after the written consents of all the Directors have been obtained. If the Common Area consists only of an easement or is otherwise unsuitable for posting the explanation of the action taken, the Board shall communicate said explanation by any means it deems appropriate.

12. Adjournment. A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum a majority of the Directors present at the Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

13. Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, or any meeting of the Board, other than an executive

session, shall be available to members within thirty (30) days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any member of the Association upon request and upon reimbursement of the Association's costs in making the distribution. Members of the Association shall be notified in writing at the time the pro forma budget is distributed or at the time of any general mailing to the entire membership of the Association of their right to have copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

## ARTICLE VII OFFICERS

1. Officers. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer. The Association may also have, at the discretion of the Board of Directors, one or more assistant secretaries, one or more assistant treasurers and such other officers as may be appointed in accordance with provisions of Section 3 of this Article. Officers other than the President need not be Directors. One person may hold two or more offices, except those of President and Secretary.

2. Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article VII shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

3. Subordinate Officers, Etc. The Board of Directors may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

4. Removal and Resignation. Any officer may be removed from office with or without cause by a majority vote of the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled in the manner prescribed in the Bylaws for regular appointment to such office.

6. President. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have supervision, direction and control of business and officers of the Association. He shall preside at all meetings of the members and at all meetings of the Board of Directors. He shall be ex officio a member of all standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of president of an association, and shall have such powers and duties as may be prescribed by the Board of Directors or by the Bylaws.

7. Vice President. The Vice President shall act in the place and stead of the President in the event of his absence, his inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.

8. Secretary. The Secretary shall keep or cause to be kept a book of minutes at the principal office or such other place as the Board of Directors may order of all meetings of Directors and members, with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, the names of those present at the Directors' meetings, the number of memberships present or represented at members' meetings and the proceedings thereof.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board of Directors required by the Bylaws or by law to be given, and he shall keep the minutes of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

9. Treasurer. The treasurer shall keep and maintain or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts and disbursements, gains, losses, capital and surplus. Any surplus, including earned surplus, paid-in surplus and surplus arising from a reduction of stated capital, shall be classified according to source and shown in a separate account. The books of account shall at all times be open to inspection by any Director. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Treasurers and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

ARTICLE VIII  
MISCELLANEOUS

1. Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by the President and Treasurer or in such manner as, from time to time, shall be determined by resolution of the Board of Directors. In the event of a withdrawal from the Association's reserve fund, the required signatures shall be as set forth in the Declaration.

2. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors, and having been so determined, is subject to change from time to time as the Board of Directors shall determine.

ARTICLE IX  
AMENDMENTS AND CONSTRUCTION

1. Approval of Amendments. These Bylaws may be amended, at a regular or special meeting of the members as follows:

As long as the two (2) classes, Class A and Class B, are still in effect, a bare majority of the votes of each class of members shall be required. After termination of the two-class structure, the required vote shall be a bare majority of the voting power of the Association and a bare majority of the votes of members other than Declarant.

Notwithstanding the above, the percentage of a quorum of the members of each class necessary to amend a specific clause or provision herein shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

So long as there is a Class B membership, any amendment to these Bylaws shall require the prior approval of the United States Department of Veterans Affairs ("VA") should any Unit be subject to VA lending requirements. A draft of any amendment shall be submitted to and approved by the VA prior to approval by the membership.

2. Superseding Law. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In case any of these Bylaws conflict with the provisions of the California Civil Code, the provisions of said statute shall control.

IN WITNESS WHEREOF, these Bylaws are executed this 28<sup>th</sup> day  
of December, 2001.

*Mark Bustin*

*President*

*Southwest Homeowners Association*



LEAD SHEET

01-2432946

RECORDED/FILED IN OFFICIAL RECORDS  
RECORDER'S OFFICE  
LOS ANGELES COUNTY  
CALIFORNIA  
2:21 PM DEC 19 2001

SPACE ABOVE THIS LINE FOR RECORDERS USE

TITLE(S)

FEE

FEE \$13 C  
DAF \$2  
C-20 3

D.T.T.

CODE

20

CODE

19

CODE

9

Assessor's Identification Number (AIN)

To Be Completed By Examiner OR Title Company In Black Ink

Number of Parcels Shown

THIS FORM IS NOT TO BE DUPLICATED



# Accommodation

2

WHEN RECORDED RETURN TO: )  
 892167A-02 )  
 SUBTEC - Cheryl Vargo )  
 5147 W. Rosecrans Ave. )  
 Hawthorne, CA 90250 )  
 )  
 )  
 )  
 )  
 )  
 )  
 )

01-2432946

(Above Space for Recorder's Use)

FIRST AMENDMENT TO DECLARATION OF  
 COVENANTS, CONDITIONS AND RESTRICTIONS  
 FOR  
 SOUTHWEST HOMEOWNERS ASSOCIATION

Lot 1 of Tract No. 46463, in the City of Redondo Beach, County of Los Angeles, State of California, as per Map recorded in Book 1166, Page 17 of Maps, in the office of the County Recorder of said County.

THIS AMENDMENT to the Declaration of Covenants, Conditions and Restrictions is made this 14th day of December, 2001 with reference to the following facts:

A. A Declaration of Covenants, Conditions and Restrictions for Southwest Homeowners Association ("Declaration") executed by Broadway I Townhomes, a California Limited Partnership was recorded on January 8, 1991 as Instrument No. 91-311938, Official Records.

B. The Declaration is being amended pursuant to Article XVI of said Declaration.

C. The Declaration in Article V, Section 2, subsections (e) and (i) require all common areas including the roof of the structure to be maintained by the Association, the roof being part of the common area(s). It is now the desire of the Association and all members thereof that each Owner as defined in the Declaration shall be responsible for the maintenance, repair and replacement of that portion of the roof directly above or appurtenant to his Unit as defined in the Declaration and as shown and described on the Condominium Plan for the Project.

NOW THEREFORE, the Declaration shall be amended as follows:

Any and all references requiring the maintenance of the common area roof by the Association shall be modified to permit maintenance by each of the individual homeowners, more specifically as follows:

1. "Unless otherwise directed by a majority vote of the Board of Directors, the Owner of each Unit shall be solely responsible for the maintenance, repair and/or replacement of the Unit's roof area. Prior approval of the Board of Directors shall be required before any roof maintenance, repair and/or replacement work is started."

2. "In the event that an Owner fails to accomplish any maintenance, repair or replacement of the roof for which he is hereafter obligated, the Association or its agents may, but shall not be obligated, to cause such maintenance, repair and/or replacement to be accomplished as hereinafter set forth:

a. Upon a finding by the Association of a deficiency in such maintenance, repair or replacement, the Association shall give notice of such deficiency to the Owner which shall briefly describe the deficiency to the Owner and which shall set forth a date for a hearing for such purpose. Such hearing shall be not less than ten (10) days nor more than thirty (30) days from the date of said notice.

b. Such hearing shall be conducted according to such reasonable rules and procedures as the Association shall adopt which shall provide the Owner with the right to present oral and written evidence and to confront and cross-examine any person offering at such hearing evidence adverse to such Owner. If the Association renders a decision against the Owner, it shall further set a date by which the deficiency is to be corrected by the Owner.

c. If the deficiency continues to exist after the time limitation imposed by the Association, the Association may cause such maintenance, repair and/or replacement to be accomplished.

d. In the event the Association elects to cause such maintenance, repair and/or replacement to be accomplished, the following shall apply:

(1) The Owner shall have no more than ten (10) days following the receipt of written notice of such election from the Association to select a day or days upon which such maintenance, repair and/or replacement work shall be accomplished;

(2) The date which said Owner selects shall be not less than fifteen (15) nor more than forty-five (45) days following the last day of said ten (10) day period; and

(3) If said Owner does not select such day or days within said ten (10) days period, the Association may select a day or days upon which such work may be accomplished which shall be not less than twenty-five (25) nor more than fifty-five (55) days from the last day of said ten (10) day period.

e. If the Association pays for all of any portion of such maintenance, repair and/or replacement, such amount shall be a Special Assessment to the affected Owner and his Unit. Upon the failure of any Owner to pay said Special Assessment within thirty (30) days of its due date, the Association may resort to all remedies of the Association for the collection thereof, including those set forth in Article VI of the Declaration."

This Amendment to the Declaration was approved at a duly held meeting of the Association by no less than eighty (80%) percent of the homeowners as set forth in the minutes of said meeting which minutes further instruct and/or permit the President of the Association to execute this Amendment and cause its recordation by the Los Angeles County Recorder.

IN WITNESS WHEREOF, the undersigned has executed this amendment as of the day and year set forth hereinabove.

SOUTHWEST HOMEOWNERS ASSOCIATION

BY: Martin Burstein  
Martin Burstein, President

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) SS

On December 14, 2001 before me, Cheryl A. Vargo personally appeared Wayne G. Anastasi, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/ their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Cheryl A. Vargo



Po Box 2915  
Bloomington IL 61702-2915

**Named Insured**

AT2 M-02-3691-FB80 F V

SOUTHWEST HOMEOWNERS  
ASSOCIATION  
4220 BAIN AVE  
SANTA CRUZ CA 95062-4537

<b>Policy Number</b>	97-EV-H389-7	
<b>Policy Period</b>	<b>Effective Date</b>	<b>Expiration Date</b>
12 Months	APR 1 2023	APR 1 2024
The policy period begins and ends at 12:01 am standard time at the premises location.		

**Agent and Mailing Address**  
EMILY CHAPMAN CLU  
325 SHARON PARK DR STE B2  
MENLO PARK CA 94025-6848

PHONE : (650) 854-0500

**Residential Community Association Policy**

**Automatic Renewal** - If the policy period is shown as 12 months, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy's term is terminated, we will give you and the Mortgage/Lender written notice in compliance with the policy provisions or as required by law.

Entity: ASSOCIATION/COOPERATIVE

NOTICE: Information concerning changes in your policy language is included. Please call your agent if you have any questions.

POLICY PREMIUM \$ 6,522.00

Discounts Applied  
Claim Record

Prepared  
JAN 17 2023  
CMP-4000

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FOR FURTHER INFORMATION

**RENEWAL DECLARATIONS (CONTINUED)**

Residentia Community Association Policy for SOUTHWEST HOMEOWNERS  
 Policy Number 97-EV-H389-7

**SECTION I - PROPERTY SCHEDULE**

Location Number	Location of Described Premises	Limit of Insurance Coverage A - Buildings	Limit of Insurance Coverage B - Business Personal Property
001	128 S BROADWAY REDONDO BEACH CA 90277-3371	\$ 3,573,800	No Coverage

\* As of the effective date of this policy, the Limit of insurance as shown includes any increase in the limit due to Inflation Coverage.

**SECTION II - INFLATION COVERAGE INDEX(ES)**

Inflation Coverage Index: 245.2

**SECTION III - DEDUCTIBLES**

Basic Deductible \$10,000

Special Deductibles:

Money and Securities	\$250	Employee Dishonesty	\$250
Equipment Breakdown	\$2,500		

Other deductibles may apply - refer to policy.

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RENEWAL DECLARATIONS (CONTINUED)

Resident Community Association Policy for SOUTHWEST HOMEOWNERS  
 Policy Number 97-EV-H389-7

**SECTION - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - EACH DESCRIBED PREMISES**

The coverages and corresponding limits shown below apply separately to each described premises shown in these Declarations, unless indicated by "See Schedule." If a coverage does not have a corresponding limit shown below, but has "included" indicated, please refer to that policy provision for an explanation of that coverage.

COVERAGE	LIMIT OF INSURANCE
Collapse	Included
Damage To Non-Owned Buildings From Theft, Burglary Or Robbery	Coverage B Limit
Debris Removal	25% of covered loss
Equipment Breakdown	Included
Fire Department Service Charge	\$5,000
Fire Extinguisher Systems Recharge Expense	\$5,000
Glass Expenses	Included
Increased Cost Of Construction And Demolition Costs (applies only when buildings are insured on a replacement cost basis)	10%
Newly Acquired Business Personal Property (applies only if this policy provides Coverage B - Business Personal Property)	\$100,000
Newly Acquired Or Constructed Buildings (applies only if this policy provides Coverage A - Buildings)	\$250,000
Ordinance Or Law - Equipment Coverage	Included
Preservation Of Property	30 Days

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## RENEWAL DECLARATIONS (CONTINUED)

Residential Community Association Policy for SOUTHWEST HOMEOWNERS  
 Policy Number 97-EV-H389-7

**SECTION - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - EACH COMPLEX**

The coverages and corresponding limits shown below apply separately to each complex as described in the policy.

COVERAGE	LIMIT OF INSURANCE
Accounts Receivable	
On Premises	\$50,000
Off Premises	\$15,000
Arson Reward	\$5,000
Forgery Or Alteration	\$10,000
Money And Securities (Off Premises)	\$5,000
Money And Securities (On Premises)	\$10,000
Money Orders And Counterfeit Money	\$1,000
Outdoor Property	\$5,000
Personal Effects (applies only to those premises provided Coverage B - Business Personal Property)	\$2,500
Personal Property Off Premises	\$15,000
Pollutant Clean Up And Removal	\$10,000
Property Of Others (applies only to those premises provided Coverage B - Business Personal Property)	\$2,500
Signs	\$2,500
Valuable Papers And Records	
On Premises	\$10,000
Off Premises	\$5,000

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**RENEWAL DECLARATIONS (CONTINUED)**

**Resident Community Association Policy for SOUTHWEST HOMEOWNERS**  
**Policy Number 97-EV-H389-7**

**SECTION III - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - PER POLICY**

The coverages and corresponding limits shown below are the most we will pay regardless of the number of described premises shown in these Declarations.

COVERAGE	LIMIT OF INSURANCE
Back-Up of Sewer or Drain	Included
Employee Dishonesty	\$25,000
Loss Of Income And Extra Expense	Actual Loss Sustained - 12 Months

**SECTION III - LIABILITY**

COVERAGE	LIMIT OF INSURANCE
Coverage L - Business Liability	\$2,000,000
Coverage M - Medical Expenses (Any One Person)	\$5,000
Damage To Premises Rented To You	\$300,000
Directors And Officers Liability	\$2,000,000
<b>AGGREGATE LIMITS</b>	
Products/Completed Operations Aggregate	\$4,000,000
General Aggregate	\$4,000,000
Directors and Officers Aggregate	\$2,000,000

Each paid claim for Liability Coverage reduces the amount of insurance we provide during the applicable annual period. Please refer to Section III - Liability in the Coverage Form and any attached endorsements.

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## RENEWAL DECLARATIONS (CONTINUED)

Residentia Community Association Policy for SOUTHWEST HOMEOWNERS  
 Policy Number 97-EV-H389-7

Your policy consists of these Declarations, the BUSINESSOWNERS COVERAGE FORM shown below, and any other forms and endorsements that apply, including those shown below as well as those issued subsequent to the issuance of this policy.

#### FORMS AND ENDORSEMENTS

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CMP-4101	Businessowners Coverage Form
FE-6999.3	*Terrorism Insurance Cov Notice
CMP-4696	Residentia Community Assoc
CMP-4746.1	Hired Auto Liability
CMP-4260.1	Amendatory Endorsement-CA
CMP-4261	Amendatory Endorsement
CMP-4705.2	Loss of Income & Extra Expense
CMP-4508	Money and Securities
CMP-4814	Directors & Officers Liability
CMP-4710	Employee Dishonesty
CMP-4828	Extra Replacement Cost
CMP-4864	Building Ordinance or Law Cov
CMP-4830	Interior Building Damage
FD-6007	Land Marine Attach Dec
	* New Form Attached

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This policy is issued by the State Farm General Insurance Company.

#### Participating Policy

You are entitled to participate in a distribution of the earnings of the company as determined by our Board of Directors in accordance with the Company's Articles of Incorporation, as amended.

In Witness Whereof, the State Farm General Insurance Company has caused this policy to be signed by its President and Secretary at Bloomington, Illinois.

*Lynne M. Yauell*  
 Secretary

*Thomas Conley*  
 President

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 JAN 17 2023  
 CMP-4000

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**RENEWAL DECLARATIONS (CONTINUED)**

**Resident Community Association Policy for SOUTHWEST HOMEOWNERS**  
**Policy Number 97-EV-H389-7**

**IMPORTANT NOTICE:**

California law requires us to provide you with information for filing complaints with the State Insurance Department regarding the coverage and service provided under this policy.

Your agent's name and contact information are provided on the front of this document. Another option is to reach out by mail or phone directly to:

State Farm® Executive Customer Service  
 PO Box 2320  
 Bloomington IL 61702  
 Phone # 1-800-STATEFARM (1-800-782-8332)

Department of Insurance complaints should be filed only after you and State Farm or your agent or other company representative have failed to reach a satisfactory agreement on a problem.

California Department of Insurance  
 Consumer Services Division  
 300 South Spring Street  
 Los Angeles, CA 90013  
 Phone # 1-800-927-HELP (4357) or visit [www.insurance.ca.gov/01-consumers](http://www.insurance.ca.gov/01-consumers)

**NOTICE TO POLICYHOLDER:**

For a comprehensive description of coverages and forms, please refer to your policy.

Policy changes requested before the "Date Prepared", which appear on this notice, are effective on the Renewal Date of this policy unless otherwise indicated by a separate endorsement, binder, or amended declarations. Any coverage forms attached to this notice are also effective on the Renewal Date of this policy.

Policy changes requested after the "Date Prepared" will be sent to you as an amended declarations or as an endorsement to your policy. Billing for any additional premium for such changes will be mailed at a later date.

If, during the past year, you've acquired any valuable property items, made any improvements to insured property, or have any questions about your insurance coverage, contact your State Farm agent.

Please keep this with your policy.

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 JAN 17 2023  
 CMP-4000

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## RENEWAL DECLARATIONS (CONTINUED)

Residential Community Association Policy for SOUTHWEST HOMEOWNERS  
Policy Number 97-EV-H389-7

**Your coverage amount....**

It is up to you to choose the coverage and limits that meet your needs. We recommend that you purchase a coverage limit equal to the estimated replacement cost of your structure. Replacement cost estimates are available from building contractors and replacement cost appraisers, or, your agent can provide an estimate from Xactware, Inc.<sup>®</sup> using information you provide about your structure. We can accept the type of estimate you choose as long as it provides a reasonable level of detail about your structure. State Farm<sup>®</sup> does not guarantee that any estimate will be the actual future cost to rebuild your structure. Higher limits are available at higher premiums. Lower limits are also available, as long as the amount of coverage meets our underwriting requirements. We encourage you to periodically review your coverages and limits with your agent and to notify us of any changes or additions to your structure.

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JAN 17 2023  
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Po Box 2915  
Bloomington IL 61702-2915

Named Insured

M-02-3691-FB80 F V

SOUTHWEST HOMEOWNERS  
ASSOCIATION  
4220 BAIN AVE  
SANTA CRUZ CA 95062-4537

<b>Policy Number</b>	97-EV-H389-7	
<b>Policy Period</b>	<b>Effective Date</b>	<b>Expiration Date</b>
12 Months	APR 1 2023	APR 1 2024
The policy period begins and ends at 12:01 am standard time at the premises location.		

**ATTACHING INLAND MARINE**

**Automatic Renewal** - If the policy period is shown as 12 months, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lenderholder written notice in compliance with the policy provisions or as required by law.

**Annual Policy Premium** included

The above Premium Amount is included in the Policy Premium shown on the Declarations.

Your policy consists of these Declarations, the INLAND MARINE CONDITIONS shown below, and any other forms and endorsements that apply, including those shown below as well as those issued subsequent to the issuance of this policy.

**Forms, Options, and Endorsements**

- FE-8739 Inland Marine Conditions
- FE-6271 Amendatory Endorsement
- FE-8745 Inland Marine Computer Prop

See Reverse for Schedule Page with Limits

Prepared  
JAN 17 2023  
FD-6007

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FORM NO 60 01 0001 (01/2023)

## ATTACHING INLAND MARINE SCHEDULE PAGE

## ATTACHING INLAND MARINE

ENDORSEMENT NUMBER	COVERAGE	LIMIT OF INSURANCE	DEDUCTIBLE AMOUNT	ANNUAL PREMIUM
FE-8745	Inland Marine Computer Prop Loss of Income and Extra Expense	\$ 10,000 \$ 10,000	\$ 500	Included Included

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 OTHER LIMITS AND EXCLUSIONS MAY APPLY - REFER TO YOUR POLICY
 

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Prepared  
JAN 17 2023  
FD-6007

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FOR POLICY AT THE ADDRESS

In accordance with the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2019, this disclosure is part of your policy.

**POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE**

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Coverage for acts of terrorism is not excluded from your policy. However your policy does contain other exclusions which may be applicable, such as an exclusion for nuclear hazard. You are hereby notified that the Terrorism Risk Insurance Act, as amended in 2019, defines an act of terrorism in Section 102(1) of the Act. The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under this policy, any covered losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. Under the formula, the United States Government generally reimburses 80% beginning on January 1,

2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

There is no separate premium charged to cover insured losses caused by terrorism. Your insurance policy establishes the coverage that exists for insured losses. This notice does not expand coverage beyond that described in your policy.

THIS IS YOUR NOTIFICATION THAT UNDER THE TERRORISM RISK INSURANCE ACT, AS AMENDED, ANY LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER YOUR POLICY MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT AND MAY BE SUBJECT TO A \$100 BILLION CAP THAT MAY REDUCE YOUR COVERAGE.

FE-6999.3



**IMPORTANT NOTICE**  
**Anti-Fraud Disclosure**

For your protection California law requires notification of the following disclosure:

Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

553-4370 CA





**Southwest HOA  
2023 Actuals**

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
<b>Revenue:</b>													
Unit A - Wang	\$0.00					\$1,000.00	\$2,000.00						\$3,000.00
Unit B - Gadberry	\$3,000.00												\$3,000.00
Unit C - Rohrbach		\$1,500.00						\$1,500.00					\$3,000.00
Unit D - Cardozo		\$500.00	\$500.00				\$500.00	\$500.00		\$1,000.00			\$3,000.00
Unit E - Patton		\$1,500.00									\$1,500.00		\$3,000.00
Other										\$216.27			\$216.27
<b>Total Revenue</b>	<b>\$3,000.00</b>	<b>\$3,500.00</b>	<b>\$500.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,000.00</b>	<b>\$2,500.00</b>	<b>\$2,000.00</b>	<b>\$0.00</b>	<b>\$1,216.27</b>	<b>\$1,500.00</b>	<b>\$0.00</b>	<b>\$15,216.27</b>
<b>Expenses:</b>													
Landscape	\$250.00	\$0.00	\$500.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$3,000.00
Trash Pickup	\$188.99	\$188.99	\$188.99	\$188.99	\$188.99	\$188.99	\$216.27	\$0.00	\$432.54	\$216.27	\$216.27	\$216.27	\$2,431.56
Electric	\$82.07	\$39.00	\$0.00	\$0.52	\$37.19	\$36.46	\$44.23	\$39.02	\$0.00	\$9.34	\$39.11	\$39.94	\$366.88
Water	\$261.57	\$122.12	\$103.52	\$122.12	\$112.82	\$142.80	\$92.19	\$122.60	\$0.00	\$255.48	\$110.05	\$139.21	\$1,584.48
Pest Control													\$0.00
Mailbox/Keys													\$0.00
Light Bulbs													\$0.00
Plumbing/Sewer Cleaning													\$0.00
Fire Extinguisher Inspection													\$0.00
Annual Building Insurance		\$6,522.00		\$148.00				\$216.27					\$6,886.27
Fire Alarm Inspection, Repair													\$0.00
Deco Construction - upkeep													\$0.00
Lighting													\$0.00
Termite Inspection													\$0.00
Sprinkler Repair													\$0.00
Electrician													\$0.00
Banking										\$17.34			\$17.34
Roof maintenance/cleaning													\$0.00
Property Inspection													\$0.00
Tree expense													\$0.00
<b>Total Expenses</b>	<b>\$782.63</b>	<b>\$6,872.11</b>	<b>\$792.51</b>	<b>\$709.63</b>	<b>\$589.00</b>	<b>\$618.25</b>	<b>\$602.69</b>	<b>\$627.89</b>	<b>\$682.54</b>	<b>\$748.43</b>	<b>\$615.43</b>	<b>\$645.42</b>	<b>\$14,286.53</b>
<b>Net Income</b>	<b>\$2,217.37</b>	<b>-\$3,372.11</b>	<b>-\$292.51</b>	<b>-\$709.63</b>	<b>-\$589.00</b>	<b>\$381.75</b>	<b>\$1,897.31</b>	<b>\$1,372.11</b>	<b>-\$682.54</b>	<b>\$467.84</b>	<b>\$884.57</b>	<b>-\$645.42</b>	<b>\$929.74</b>

**Transfer from Checking to Saving**

**Cash Flow - beginning balance**

<b>\$7,789.37</b>	<b>\$10,006.74</b>	<b>\$6,634.63</b>	<b>\$6,342.12</b>	<b>\$5,632.49</b>	<b>\$5,043.49</b>	<b>\$5,425.24</b>	<b>\$7,322.55</b>	<b>\$8,694.66</b>	<b>\$8,012.12</b>	<b>\$8,479.96</b>	<b>\$9,364.53</b>	<b>\$8,719.11</b>
<b>\$336.34</b>	\$336.38	\$336.42	\$336.42	\$336.46	\$336.46	\$336.54	\$336.58	\$336.58	\$336.70	\$336.74	\$336.78	\$336.82

**Southwest HOA  
2024 Actuals**

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Total
<b>Revenue:</b>													
Unit A - Wang	\$0.00					\$3,000.00							\$3,000.00
Unit B - Gadberry	\$3,000.00												\$3,000.00
Unit C - Rohrbach		\$1,500.00											\$1,500.00
Unit D - Cardozo		\$1,000.00				\$1,000.00							\$2,000.00
Unit E - Moore	\$1,500.00												\$1,500.00
Other		\$148.00											\$148.00
<b>Total Revenue</b>	<b>\$4,500.00</b>	<b>\$2,648.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$11,148.00</b>
<b>Expenses:</b>													
Landscape	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00						\$1,750.00
Trash Pickup	\$216.27	\$216.27	\$216.27	\$216.27	\$216.27	\$216.27							\$1,297.62
Electric	\$51.75	\$56.86	\$51.72					\$32.09					\$192.42
Water	\$129.55	\$132.45	\$44.47	\$62.11	\$73.88	\$239.83							\$682.29
Pest Control													\$0.00
Mailbox/Keys													\$0.00
Light Bulbs													\$0.00
Plumbing/Sewer Cleaning													\$0.00
Fire Extinguisher Inspection			\$210.30										\$210.30
Annual Building Insurance		\$7,452.00											\$7,452.00
Fire Alarm Inspection, Repair					\$516.00								\$516.00
Deco Construction - upkeep													\$0.00
Lighting													\$0.00
Termite Inspection													\$0.00
Sprinkler Repair													\$0.00
Electrician													\$0.00
Banking													\$0.00
Roof maintenance/cleaning													\$0.00
Property Inspection													\$0.00
Tree expense													\$0.00
<b>Total Expenses</b>	<b>\$647.57</b>	<b>\$8,107.58</b>	<b>\$772.76</b>	<b>\$528.38</b>	<b>\$1,056.15</b>	<b>\$738.19</b>	<b>\$250.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$12,100.63</b>
<b>Net Income</b>	<b>\$3,852.43</b>	<b>-\$5,459.58</b>	<b>-\$772.76</b>	<b>-\$528.38</b>	<b>-\$1,056.15</b>	<b>\$3,261.81</b>	<b>-\$250.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-\$952.63</b>
<b>Transfer from Checking to Saving</b>													
Deposits/Credits to Savings	\$0.01												
Service Fees from Savings													
<b>Cash Flow - beginning balance</b>													
	<b>\$8,719.11</b>	<b>\$12,571.54</b>	<b>\$7,111.96</b>	<b>\$6,339.20</b>	<b>\$5,810.82</b>	<b>\$4,754.67</b>	<b>\$8,016.48</b>	<b>\$7,766.48</b>	<b>\$7,766.48</b>	<b>\$7,766.48</b>	<b>\$7,766.48</b>	<b>\$7,766.48</b>	<b>\$7,766.48</b>
	<b>\$336.82</b>	\$336.83	\$336.83	\$336.83	\$336.46	\$336.46	\$336.54	\$336.58	\$336.58	\$336.70	\$336.74	\$336.78	\$336.82

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WHEN RECORDED RETURN TO:

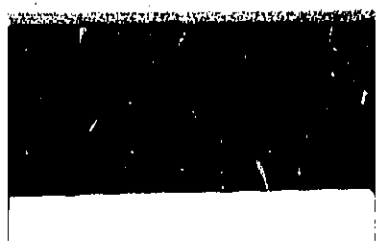
SUBTEC - Cheryl Vargo  
5147 W. Rosecrans Avenue  
Hawthorne, California 90250

RECORDED IN OFFICIAL RECORDS  
RECORDER'S OFFICE  
LOS ANGELES COUNTY  
CALIFORNIA  
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DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
SOUTHWEST  
HOMEOWNERS ASSOCIATION



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DECLARATION OF ESTABLISHMENT  
OF COVENANTS, CONDITIONS AND RESTRICTIONS

SOUTHWEST  
HOMEOWNERS ASSOCIATION  
REDONDO BEACH, CALIFORNIA

THIS DECLARATION is made this 20th day of November, 19 90 by  
BROADWAY I TOWNHOMES, A CALIFORNIA LIMITED PARTNERSHIP hereinafter  
referred to as "Declarant" with reference to the following:

RECITALS

1) On or about the date of the recordation of this Declaration, in the office of the County Recorder for Los Angeles County, State of California, Declarant owns that certain real property, commonly known as 128 South Broadway, Redondo Beach, California, and more particularly described in Exhibit "A" attached hereto.

2) Said real property is to be improved with five (5) condominium units, and with the property, improvements and all appurtenances and facilities thereof shall hereinafter collectively be referred to as the "PROJECT".

3) It is the desire and intention of Declarant to sell and convey interests in the Project to various individuals and subject to certain basic protective covenants, conditions, restrictions, limitations, easements, rights, rights of way, reservations, liens, charges and equitable servitudes between it and the acquirers or users of said property as hereinafter set forth.

NOW, THEREFORE, pursuant to the provisions of Chapter 1 of Title 6, Part IV of Division 2 of the California Civil Code, Declarant hereby declares that the property, improvements, appurtenances and facilities described herein and as shown on the Condominium Plan, to be recorded in connection with the Project, shall be held, conveyed, divided, encumbered, hypothecated, leased, rented, used, occupied and improved only and subject to the following uniform covenants, conditions, restrictions, limitations, reservation, grants of easements, rights of way, rights, liens, charges, and equitable servitudes, all of which are hereby declared, established, expressed and agreed:

a) to be in furtherance of a plan for the subdivision and sale of individual condominiums in a condominium project, as defined in Section 1351(f) of the Civil Code;

b) to be in for the benefit and protection of the Project, its desirability, value and attractiveness;

c) to be for the benefit of the owners of condominiums in the Project;

d) to run with the land and be binding on all parties having or acquiring any right, title or interest in the Project or any portion thereof;

e) to inure to the benefit of every portion of the Project and any interest therein; and

f) to inure to the benefit of and be binding on each successor and assignee in interest of each owner and of Declarant.

Any conveyance, transfer, sale, assignment, lease or sublease made by Declarant or by the Association (as hereinafter defined) of a condominium in the Project will and hereby is deemed to incorporate by reference the provisions of this Declaration including, but not limited to, covenants, conditions, restrictions, limitations, easements, rights, rights of way, reservations, liens, charges and equitable servitudes contained herein. The provisions of this Declaration shall be enforceable by Declarant, any Owner or its or his successor in interest and shall be enforceable by the Association, its Board of Directors or any person, corporation or other entity duly authorized by the Association or its Board to enforce all of any one or more of the provisions hereof.

ARTICLE I  
DEFINITION OF TERMS

Whenever used in this Declaration, the following terms shall mean:

1. "Association" shall mean SOUTHWEST HOMEOWNERS ASSOCIATION, the members of which shall be owners of condominium units in the Project:

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

3. "Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

4. "Common Area" shall mean the entire project, excepting all units therein granted or reserved, subject to all easements and, rights of use described herein and in the document of conveyance through which each owner acquired his condominium.

5. "Condominium" shall mean a condominium as defined in Sections 783 and 1351(f) of the Civil Code, consisting of an individual interest in common in a portion of a parcel of real property, together with a separate interest in space in a residential building on such real property; more particularly an estate in real property, consisting of an equal undivided 1/5th fractional interest in the Common Area, as set forth in the Condominium Plan recorded concurrently herewith, together with a separate interest in a Unit as defined herein.

6. "Condominium Plan" shall mean the Plan as defined in Section 1351(e) of the Civil Code prepared, executed and recorded in connection with the Project.

7. "Declarant" shall mean BROADWAY I TOWNHOMES, A CALIFORNIA LIMITED PARTNERSHIP, its successors and assigns, if such successors and/or assigns should acquire all or any portion of the property for the purpose of sale.

8. "Declaration" shall mean this Declaration, as the same may be amended, changed or modified from time to time.

9. "Exclusive Use Common Area" shall mean those areas designated on the Condominium Plan as balconies and DECKS. Said areas are portions of the Common Area set aside and allocated for the restricted and exclusive use of the individual Unit which bears the same number designation. The maintenance of such areas shall be the responsibility of the Unit Owner using said areas.

Any shutters, awnings, window boxes, doorsteps, stoops, porches, exterior doors, door frames, and hardware incident thereto, screens and windows, or other fixtures designed to serve a single Unit, but located outside the boundaries of the Unit, are exclusive use common areas allocated exclusively to that Unit. Notwithstanding the provisions of this Declaration, internal and external wiring designed to serve a single Unit, are exclusive use areas allocated exclusively to that Unit. Subject to the consent of the Association, the Owner of the Unit shall be entitled to reasonable access to the Common Areas for the purpose of maintaining the internal and external telephone lines. The Association's approval shall not be unreasonably withheld, and may include its approval of telephone wiring upon the exterior of the Common Areas, and other conditions as the Association determines reasonable.

10. "Mortgage" shall mean a security interest taken in a Unit in the Project, including, but not limited to, a Deed of Trust.

11. "Organizational Meeting" shall mean the first meeting of members of the Association designated by the Board of Directors.

12. "Owner" shall mean the record owner or owners or contract vendee or vendees (if more than one) of a Condominium in the Project. Declarant shall be considered an "Owner" so long as any condominiums remain unsold.

13. "Project" shall mean the entire parcel of real property, divided or to be divided into Condominiums, including all structures and improvements thereon.

14. "Property and Improvements" shall mean and include all that real property more particularly described in Exhibit "A", attached hereto, together with five (5) Units and Common Area, as more particularly shown and defined on the Condominium Plan.

15. "Unit" shall mean the elements of a Condominium which are not owned in common with other Owners of other Condominiums in the Project. The boundaries of the five (5) Units are shown and defined on the Condominium Plan, recorded concurrently herewith.

ARTICLE II  
DESCRIPTION OF LAND AND IMPROVEMENTS

1. Condominium Plan Best Authority. The following description is intended for information purposes only and in the event of any conflict between this description and the Condominium Plan, said Plan shall be deemed to conclusively control.

2. Property Description. The Property and Improvements consist of five (5) individual Condominium Units, each with its own two-car garage.

3. Description of Individual Condominiums. Each Condominium within the Project which shall be offered for sale, shall consist of a fee simple interest in and to a particular Unit, as more particularly shown and defined in the Condominium Plan, together with an undivided fractional interest as a tenant-in-common in and to the Common Area.

4. Parking. Each Condominium Unit shall have as an element thereto, a two-car attached garage as designated in the Condominium Plan. All parking spaces shall be used only by the Owners or their lessees and all such persons shall be required to have and keep in force, property damage insurance on their automobiles. All guest parking spaces shall be so marked. No guest parking space may be assigned or designated for particular use by any person or entity.

5. Easements. Each Owner shall receive as an incident of conveyance of his Unit, a non-exclusive easement appurtenant thereto, for ingress, egress and support over, across and through the Common Area and every portion of any Unit within the Project required for the structural support of the building within which said Unit is located. In the event any portion of the Common Area encroaches on a Unit, or a Unit encroaches on any portion of the Common Area as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the Project, a valid easement for the encroachment and the maintenance thereof shall exist so long as the encroachment exists.

ARTICLE III  
OWNERS ASSOCIATION

1. Common Area Management. The management of the Common Area shall be vested in the Association in accordance with the Association Bylaws as the same may from time to time be amended in accordance with this Declaration. The Owners of all Units covenant and agree that the administration of the Project shall be in accordance with the provisions of this Declaration, and the Bylaws of the Association.

2. Membership. The Owner of a Unit shall automatically, upon becoming the Owner of same, be a member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be in accordance with the Bylaws of the Association.

3. Transferred Membership. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of the Unit to which it is appurtenant, and then only to the purchaser, in the case of a sale, or mortgagee, in the case of an encumbrance of such Unit. Any attempt to make a prohibited transfer is void. In the event the Owner of any Unit should fail or refuse to transfer the membership registered to his name to the purchaser of his Unit, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

ARTICLE IV  
MANAGEMENT OF OWNERS ASSOCIATION

1. First Meeting of Members. The first meeting of members of the Association shall be held on a date designated by the Board of Directors, which date shall be no later than the earlier of:

(a) forty-five (45) days after the closing of the sale of the subdivision interest which represents the fifty-first percentile interest authorized for sale under the first public report for this subdivision; or

(b) six (6) months after the closing of the sale of the first Unit.

In the event that the date specified for the annual meeting falls within the time period set forth above, the first meeting shall be such annual meeting. Directors shall be elected at the first meeting of members notwithstanding the fact the terms of sitting directors shall not yet have expired.

2. Annual Meetings. Annual meetings of members of the Association shall be held in accordance with the provisions of the Bylaws of the Association, as they may from time to time be amended in accordance with this Declaration.

3. Owner Voting Rights. The Association shall have two (2) classes of membership:

a. Class A. Class A members shall be all those Owners, with the exception of Declarant. Class A members shall be entitled to one (1) vote for each Unit in which they hold the required interest for membership. When more than one person holds such interest in any Unit, all of such persons shall be members. The one vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

b. Class B. Prior to the close of the first escrow, there will be only Class B members; the only member of Class B shall be Declarant, who shall be entitled to three (3) votes for each Unit in which Declarant holds the interest required for membership, provided that the Class B membership shall cease and be converted to Class A membership on the happening of the following events, as set forth under Article II of the Bylaws to wit.

(1) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(2) on the second anniversary date of the original issuance of the Final Subdivision Public Report from the California Department of Real Estate.

4. Election and Removal of the Board. Voting for directors shall be by written ballot and members shall be permitted to cumulate their votes in all elections in which more than two (2)

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positions on the Board of Directors are to be filled. The persons receiving the largest number of votes shall be elected. The first such election of all members of the Board of Directors shall take place at the first meeting of members. Any or all directors may be removed without cause if such removal is approved by a majority of all members; however, unless the entire Board of Directors is removed from office, no director shall be removed prior to the expiration of his term of office, if the votes cast against removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of the director were then being elected. 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 of office only by the vote of at least a simple majority of the voting power residing in members other than the Declarant.

5. Special Procedure. For so long as a majority of the voting power of the Association resides in the Declarant for so long as there are two (2) outstanding classes of membership of the Association, the following special voting procedure shall be used at all elections to insure that Class A members have at least minimal representation on the Board of Directors: Class A members (members other than the Declarant) shall be allowed to elect at least one (1) director or twenty percent (20%) of the incumbents of the governing body, whichever is greater. The procedure shall be to allow the Class A members to vote by themselves until this minimal representation is achieved and thereafter the remaining directors shall be elected in accordance with normal voting procedures.

6. Voting Proxies. Voting may be carried out either in person or by a written proxy. Proxies may be carried and voted only by other Owners of a Unit in the Project and shall be valid only if signed and dated by the Owner giving the proxy.

7. Quorum Requirements for Association Meetings. At all meetings of Owners, fifty-one percent (51%) of the total voting power of the Association, present in person or by proxy, shall constitute a quorum, and a majority of those present in person or by proxy shall be sufficient for the passage of any motion or the adoption of any resolution, except as otherwise provided (a) in the Articles of Incorporation, if the Association is incorporated; (b) in the Bylaws; (c) in this Declaration of Restrictions; and (d) in connection with amendment or repeal of this Declaration, as hereinafter set forth under Article XIV. If the required quorum is not present, another meeting may be called and the required quorum for a regular adjourned meeting shall be twenty-five and

one-half percent (25-1/2%) of the total voting power of the Association. In the absence of a quorum at a meeting of members, a majority of those present in person or by proxy may adjourn the meeting to another time. An adjournment for lack of a quorum shall be to a date not less than five (5) nor more than thirty (30) days from the original meeting date. No written notice of the adjourned date need be given unless the date is not set at the meeting. When the adjourned meeting is reconvened and if no more than one-third (1/3) of the voting power of the Association is in actual attendance, no business other than that scheduled for the earlier meeting may be transacted.

8. Written Notice of Meetings. Written notice of regular and special meetings shall be given to members by the Board of Directors not less than ten (10) nor more than ninety (90) days before the date of any meeting at which members are required or permitted to take any action. The notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken. A special meeting shall be promptly called by the Board of Directors upon (a) the vote for such a meeting by a majority of a quorum of the Board of Directors; or (b) receipt of a written request by five percent (5%) of the total voting power of the Association.

9. Indemnification for Performance of Duties. Every director, officer and member of the Association shall be indemnified by the Association against all reasonable costs, expenses and liabilities, including attorneys' fees, actually or necessarily incurred by or imposed upon him in connection with any claim, action, suit, proceeding, investigation or inquiry of whatever nature, in which he may be involved as a party or otherwise, by reason of his having been an officer or member of the Association, whether he continues in such capacity at the time of the incurring or imposition of such costs, expenses or liabilities, except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct or negligence toward the Association in the performance of his duties or, in the absence of such final adjudication, any determination of such liability by the opinion of legal counsel selected by the Association. The foregoing right of indemnification shall be in addition to and not in limitation of all rights to which such person may be entitled as a matter of law and shall inure to the benefit of the legal representatives of such person.



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ARTICLE V  
DUTIES AND POWERS OF THE ASSOCIATION

1. Administration of Project. The Owners and each of them, together with all parties bound by this Declaration, covenant and agree that the administration of the Project shall be in accordance with the provisions of this Declaration, the Bylaws and such rules and regulations as may be adopted by the Board, and amendments, changes, and modifications thereto as may come into effect from time to time. In the event of any inconsistency between the provisions of this Declaration and provisions of the Bylaws or said rules and regulations, the provisions of this Declaration shall prevail.

2. Authority of Board of Directors. Prior to the Organizational Meeting and thereafter until their successors are elected, the initial Board of Directors or its duly appointed successors, shall manage the affairs of the Association. The Board of Directors, as constituted from time to time, shall at all times be responsible for the day-to-day operation and management of the affairs of the Association and shall have the sole power and duty to perform and carry out the powers and duties of the Association, as set forth herein and in the Bylaws, together with the powers and duties otherwise expressly delegated to the Board of Directors by this Declaration or the Bylaws, except for action or activity expressly set forth herein or in the Bylaws or the California Corporations Code, as requiring the vote or assent of members of the Association or a given percentage thereof. Without limiting the generality of the foregoing, the Board of Directors shall have the following powers and duties:

a. To enforce the applicable provisions of this Declaration, the Bylaws and other instruments for the management and control of the Project. The Board of Directors shall have the right to adopt reasonable rules and to amend the same from time to time relating to (i) the use of the Common Area and any recreational and other facilities situated thereon by Owners and their tenants or guests and (ii) conduct of such persons with respect to automobile parking, outside storage of boats, trailers, bicycles and other objects, disposal of waste materials, drying of laundry, control of pets and other activities which, if not so regulated might detract from the appearance of the community or offend or cause inconvenience or danger to persons residing or visiting therein. Such rules may provide that the Unit whose occupants leave property on the Common Area in violation of the rules may be assessed to cover the expense incurred by the Board of Directors in removing such property and storing or disposing thereof. The Board of Directors may provide in such rules for reasonable rental charges to be made with respect to the use of any storage areas or facilities which may exist on the Common Area, provided that such

charge shall in no way impose liability on the Board of Directors or any of its members for damage or loss to property so stored, the intention being that the use of any such storage area or facility be solely at the risk of the person using the same. A copy of such rules and all amendments thereto shall be mailed to each Owner and a copy shall be posted in one or more places on the Common Area where the same may be conveniently inspected;

b. To pay premiums, taxes and assessments which are or could become a lien on the Common Area or some portion thereof;

c. To delegate its powers to committees, officers or employees;

d. To contract for materials and/or services for the Common Area or the Association with the term of any service contract limited to a duration of one (1) year, except with written approval of a majority of each class of Association members during the time of the two-class voting structure, the required vote shall be a majority of the votes of members other than Declarant. Without limiting the foregoing, the Association shall enter into a contract with a reputable trash removal company (and shall so contract with such a company continuously during the term of this Declaration) for the regular emptying of trash containers of the Project. The trash containers shall be of adequate size for storage of all trash and debris from the Project. Such removal shall be done at least weekly, or more frequently as necessary to maintain the Project in a first-class condition.

e. To maintain the Common Area, all improvements thereon, the parkway, all portions of the Project not occupied by Units, and all utilities thereunder, including all mechanical pumps except those maintained by public utility companies, in good, clean, attractive and sanitary order and repair;

f. To repair and maintain the Common Area damaged by the presence of wood-destroying pests or organisms. The Association shall bear the costs of such repair and maintenance. The Association may cause the temporary removal of any occupant for such periods and at such times necessary to prompt, effective treatment of the wood-destroying pests or organisms. The cost of the temporary relocation is to be borne by the Owner of the Unit affected. Not less than fifteen (15) nor more the thirty (30) days notice of the need to temporarily vacate shall be given occupants and to the owners. The notice shall state: (1) the reason for the temporary relocation; (2) the date and time of the beginning of treatment; (3) the anticipated date and time of termination of treatment; and (4) that the occupants will be responsible for their own accommodations during the temporary relocation. Notice is deemed complete if a copy is personally delivered or mailed first class to the occupants and a copy is sent to the non-occupying Owners via first class mail.

g. To operate all recreational equipment and facilities located within the Common Area, if any;

h. To repaint exterior surfaces of all buildings situated on the Project as such repainting is required in order to preserve the attractiveness of the community. Painting of exterior surfaces shall be deemed to include, but is not limited to, front doors, shutters, window trim, pot shelves, masonry, exterior walls, the undersides of roof overhangs and garage doors;

i. To maintain, repair and paint the roofs of any structure or building situated on the Project;

j. Notwithstanding any other provisions of this Declaration, the Board has an affirmative primary obligation to maintain the Common Areas and the exterior of the buildings and any other additions which may be subsequently authorized, as hereinafter provided, in good first-class condition, order and repair. Without limiting the generality of the foregoing, this obligation includes the maintenance of the surface of any paved area, sidewalks and parking areas on the Project in a level, smooth and evenly covered condition with the type of surfacing material originally installed thereon, or a substitute which is in all respects equal thereto in quality, appearance and durability. All landscaping, together with sufficient irrigation and irrigation improvements therefor, shall be maintained in a good first-class condition, healthy and without deterioration, free of weeds, disease-free and without waste or debris;

k. To pay the operating expenses of the Association, including but not limited to, expenses advanced by members of the Board of Directors, legal and accounting fees, the fees of any duly selected manager and a reasonable reserve for contingencies with respect to the Common Area.

In the event of damage to or destruction of any building, structure or other improvement situated on the Common Area, the Board of Directors shall cause the same to be repaired, replaced or rebuilt. In the event the cost of such repair, replacement or rebuilding exceeds insurance proceeds payable by reason of said damage or destruction, the amount of the difference shall be prorated among the Owners and assessed to such Owners in accordance with the provisions of Articles VI and X. In the event the amount of such insurance proceeds exceed the cost of such repair, replacement or rebuilding, the surplus shall be retained by the Association and shall be taken into consideration in determining the amount of the annual assessment for the next budget period.

[REDACTED]

[REDACTED]

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All insurance policies purchased by the Board of Directors for the mutual benefit of all Owners, shall contain a provision that each Owner will receive a notice from the insurance carrier that said policy is in effect and that each Owner will receive thirty (30) days notice prior to cancellation or termination of said policy, for any reason whatsoever.

Neither Declarant nor its agents nor the Board of Directors shall enter into any insurance contract which binds the Association in excess of one (1) year unless said contract is approved by the majority of the Association members, except that the Board of Directors may contract for prepaid casualty and/or liability insurance policies not to exceed three (3) years duration if such policies permit short rate cancellation by the insured.

1. (1) Fire Insurance. The Board of Directors shall carry fire insurance with extended coverage endorsement or other form of coverage providing protection equal to or greater than the amount of the full insurable replacement value (as determined by appraisal or such other method as shall be deemed appropriate by the Board of Directors and be acceptable to the insurance carrier and reviewed at least annually), of all buildings, structures and other improvements, including furnishings and equipment related thereto, situated on the Common Area, excluding trees, shrubs and other foliage if the Board of Directors so elects. Claims based on such insurance shall be payable to the Board of Directors;

(2) Casualty Insurance. Further, the Board of Directors shall carry a blanket policy or policies of casualty insurance with a special form all-risk coverage endorsement for the full insurable replacement cost of the Common Area and Units (or such other blanket fire and casualty insurance which gives substantially equal or greater protection) insuring the Board of Directors, the Association, the Owner or Owners of each Unit hereunder and their Mortgagee(s) as their respective interests may appear, against loss due to fire and/or other casualty customarily insured against by homeowners. Such policy or policies may provide for separate protection for each Unit to the full insurable replacement cost thereof and a separate loss-payable endorsement in favor of the Mortgagee(s) of each Unit, if any, and shall contain provisions to the extent possible which protect against any reduction in the amount of the proceeds payable as a result of any fire or similar insurance independently carried by any Owner of, or in respect to, any Unit.

(3) Public Liability Insurance. The Board of Directors shall also carry a policy or policies insuring the Association, the Board of Directors and each and all of the Owners and management agent, if any, against any liability to the public



or to the Owners or any other person resulting from or incident to the ownership, management and use of the Project by the Association, the Board of Directors, the Owners, their invitees and tenants and members of the public, the liability limits of which shall not be less than \$1,000,000.00 for the total personal injury from any accident; \$500,000.00 personal injury to any one person; and \$500,000.00 property damage, such limits to be reviewed annually by the Board of Directors and increased at the discretion of the Board of Directors.

(4) Errors and Omissions Insurance. The Board of Directors shall have authority to obtain such errors and omissions insurance or other insurance as it deems advisable insuring the Board of Directors and each member thereof, against any liability for any act or omission in carrying out their obligations hereunder or resulting from their membership on the Board of Directors or any committee thereof. The premiums for insurance purchased pursuant to the foregoing shall be payable out of the maintenance fund.

(5) Worker's Compensation Insurance. The Board of Directors shall carry worker's compensation insurance covering all persons employed by it in the performance of its responsibilities under this Declaration, and may obtain fidelity bonds for such of its employees as it may deem advisable.

(6) Flood Insurance. Further, the Board of Directors shall purchase and carry flood hazard insurance in the maximum amount available in the event the area in which the Project is located is designated by the Office of Housing and Urban Development as an area having special flood hazards.

(7) Blanket Insurance by Declarant. In order to facilitate the provision and maintenance of adequate and proper insurance, it is contemplated that Declarant may contract for blanket insurance coverage, covering the entire Project prior to or concurrently with the financing of such sales and any obligations or commitments for the payment of premiums or expenses otherwise incurred by Declarant under any such blanket policy or coverage, whether or not the same is also a personal obligation of the purchaser(s) of any Units, shall become an obligation of the Board of Directors and shall be paid out of the maintenance fund.

(8) Insurance by Owners. The Owner of any Unit may purchase such fire and casualty insurance as he may deem advisable for his own account and at his own expense, except that carrying of any insurance individually by any Owner shall not relieve him of the obligation to pay such portion of assessments as may be made from time to time for casualty insurance carried or contracted for by the Board of Directors for the benefit of the

entire Project. No such insurance coverage or terms of any such policy shall defeat or contravene the purposes and intent of Article X (Destruction of Improvements) hereof.

m. To enter any privately owned Unit where necessary in connection with construction, maintenance or repair for the benefit of the Common Area or the Owners in common; provided, however, that entry shall only be made without the Owner's consent when such cannot be obtained and entry is necessary;

n. To send to each member of the Association written notice of regular and special meetings. Except in emergency situations, at least ten (10) days notice of any meeting shall be provided. The notice shall specify the time, date and place of the meeting and in the case of a special meeting, the nature of business to be undertaken;

o. To prepare, or cause to be prepared the following financial and related information which shall be regularly prepared and distributed by the Board to all members of the Association:

(1) A pro forma operating statement (budget) for the immediately ensuing fiscal year consisting of at least the following information shall be distributed not less than forty-five (45) nor more than sixty (60) days prior to the beginning of the fiscal year.

(A) Estimated revenue and expenses on an accrual basis;

(B) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies;

(C) An estimate of the current replacement costs of and the estimated remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the Common Area and facilities for which the Association is responsible.

(D) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible.

(2) A balance sheet - as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of an interest in the subdivision - and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the Unit and the name of the Owner assessed.

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(3) A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

(A) A balance sheet as of the end of the fiscal year;

(B) An operating (income) statement for the fiscal year;

(C) A statement of changes in financial position for the total year;

(D) For any fiscal year in which the gross income to the Association exceeds \$75,000.00, a review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

(4) If the report referred to in (3) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit review.

(5) In lieu of the distribution of the pro forma operating budget required by section (1) above, the Board of Directors may elect to deliver a summary of the statements to all members with a written notice that the budget is available at the business office of the Association or at another suitable location with the boundaries of the development and that copies will be provided upon request and at the expense of the Association. If any member requests copies of the pro forma operating budget to be mailed to the member, the Association shall provide the copy to the member by first-class United States mail at the expense of the Association and delivered within five (5) days. The written notice that is distributed to each of the Association members shall be in at least 10-point bold type on the front page of the summary of the statements.

(6) In addition to financial statements, the Board of Directors shall annually distribute within 60 days prior to the beginning of the fiscal year, a statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against members' Units.

(7) The Board shall do the following not less frequently than quarterly:

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

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

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

(D) Review the most current account statements prepared by the financial institution where the Association has its operating and reserve account.

(E) Review an income and expense statement for the Association's operating and reserve accounts.

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

p. To establish and collect regular assessments, to defray expenses attributable to ownership, use and operation of the Common Area and facilities with said assessments to be levied against each Owner, including Declarant;

q. To establish and collect special assessments for capital improvements or other purposes on the same basis as regular assessments;

r. To file lien(s) against a Unit or Units because of non-payment of assessments duly levied and to foreclose said lien(s);

s. To receive complaints regarding violations of this Declaration, the Bylaws or other instruments for the management and control of the Association; to hold hearings to determine whether or not to discipline members of the Association who violate said management documents; to suspend the use privileges and voting rights of members who violate said management documents after hearing on the alleged violation has been held pursuant to the Bylaws;

t. To acquire and hold tangible and intangible personal property for the benefit of the Owners, and to dispose of the same by sale or otherwise.

u. To employ professional management to manage such affairs of the Association as may be specified by the Board of Directors. Any such professional management body selected by Declarant or by the initial Board of Directors prior to the organizational meeting shall be employed to manage only until the first annual Owners meeting at which time the continuance of the same or the selection of another body or agent shall be determined by a majority vote of the Owners other than Declarant. The Board of Directors may require a bond for any member of any management body which participates in the management of the affairs of the Association in such amounts as the Board of Directors may deem



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Directors shall enter into any services contract which binds the Association for a period in excess of one (1) year with the following exceptions: (i) a management contract, the terms of which have been approved by the Federal Housing Administration or Veteran's Administration; (ii) a contract with a public utility company if the rates charged for materials or services are regulated by the Public Utilities Commission and if the term of the contract does not exceed the shortest term for which the supplier can contract at the regulated rate. All such management agreements shall be terminable for cause stated with successive one (1) year periods upon the agreement of the parties at the expiration of each successive term.

v. To solicit bids for contracts of repairs in accordance with the terms of this subsection. With respect to each contract made by the Board of Directors for repainting exterior surfaces of building(s) and car storage spaces, and each contract for work and/or materials related to the maintenance, repair, rebuilding or replacement of any building, structure or other improvement situated on the Common Area in which the amount to be paid by the Board of Directors exceeds \$500.00, the Board of Directors shall secure at least three (3) bids from licensed contractors and must accept the lowest bid so obtained. If the amount of the contract exceeds \$1,000.00, the Board of Directors shall, regardless of the nature of the work involved, secure at least three (3) bids from licensed contractors and may accept either of the two lowest bids, and shall, in addition, require the contractor so chosen to furnish a bond assuring completion of the work and payment of all labor and materials bills for which a lien on the Common Area or any Unit could be claimed. The Board of Directors shall require, from each contractor which it engages, satisfactory evidence that adequate worker's compensation and liability insurance is carried with respect to employees and activities of such contractor. In cases where a completion bond is not required, the Board of Directors shall require labor and material releases from the contractor prior to making payment to same unless the Board of Directors deems such requirements to be impractical or unnecessary to afford protection against liens.

w. To take the following actions, but only with the written assent of a majority of each class of members during the time of the two-class voting structure, and after the time of the two-class voting structure, the required vote shall be a majority of the votes of members other than Declarant: (i) to 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; (ii) sell, during any fiscal year, property of the Association having an aggregate fair market value greater than five percent (5%) of

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the budgeted gross expenses of the Association for that fiscal year; (iii) pay compensation to members of the Board of Directors or to officers of the Association for services performed in the conduct of Association business, except that the Board of Directors may reimburse any member or officer for expenses incurred in carrying on the business of the Association.

ARTICLE VI  
COVENANT FOR MAINTENANCE ASSESSMENTS

1. Creation of Lien. Declarant, for each Unit owned by it within the Project, hereby covenants, and each Owner of any Unit within the Project, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (a) regular monthly assessments or charges; (b) special assessments for capital improvements; and (c) emergency assessments. Such assessments shall be fixed, established and collected from time to time, as hereinafter provided. The regular, special and emergency assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and a continuing lien on the Unit against which each such assessment is made. Such liens shall be created and enforced in accordance with the provisions of this Article VI. Each such assessment, and all other assessments levied in accordance with this Declaration, together with late charges, interest, costs, penalties and reasonable attorneys' fees, shall also be the joint and several personal obligation of each person who was the Owner of such Unit when the assessment was made. All Units shall be assessed equally as provided herein.

2. Basic Maximum Amount of Regular Monthly Assessments.

a. The Owner of each Unit shall be obligated to pay to the Homeowners Association an initial monthly maintenance charge of \$ 97.00. As and when the Association's budget shall increase or decrease, as herein provided, such assessments shall be adjusted so that the Owner of each Unit bears the same relative proportion of the total budget as that initially borne. Regular assessments to defray expenses attributable to the ownership, operation and furnishing of common interests by the Association shall ordinarily be levied against each Owner according to the ratio of the number of Units owned by the Owner assessed to the total number of Units subject to assessments. An Owner shall also bear the same relative proportion of any special assessment levied pursuant to Section 3 hereof.

b. The Board of Directors may not, without the approval of owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3

of Division 2 of Title 1 of the Corporation Code and Section 7613 of the Corporations Code, impose a regular assessment per Unit that is more than twenty percent (20%) greater than the regular assessment for the Association's preceding fiscal year. For purposes of this section, quorum means more than fifty percent (50%) of the Owners of the Association.

c. The Association shall, upon demand, furnish to any Owner liable for assessments, a certificate signed by an officer of the Association setting forth whether the assessments on a specified Unit have been paid and the amount of delinquency, if any. A charge of Ten Dollars (\$10.00) per certificate may be made by the Board of Directors for the issuance of said certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

3. Special Assessments. In the event regular monthly assessments described above are insufficient for any reason, the Board of Directors may not, without the approval of Owners as prescribed above for increases in regular assessments, levy special assessments to defray costs of any action or undertaking on behalf of the Association which in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. Every special assessment shall be levied upon the same basis as that prescribed for the levying of regular assessments except that: (i) a special assessment against Owners in the Project to raise funds for the rebuilding or major repair of the structural common area housing units of the Project shall be levied upon the basis of the ratio of the square footage of the floor area of the Unit to be assessed to the total square footage of floor area of all Units to be assessed; and (ii) special assessments do not apply where special assessments against a member is a remedy utilized by the Board to reimburse the Association for costs incurred in bringing the member and his Unit into compliance with the provisions of this Declaration.

4. Special Assessments For Emergencies. Increases in assessments are not limited in the case of emergency situations which are any of the following: (1) an extraordinary expense required by court order; (2) an extraordinary expense necessary to repair or maintain the Project, or any part of it for which the association is responsible where a threat to safety of persons is discovered; or (3) repairs to or maintenance of the Project for which the Association is responsible that could not have been reasonably foreseen by the Board of Directors in preparing and distributing the pro forma operating budget. However, prior to imposition or collection of the emergency assessment, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the members with the notice of assessment.

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5. Reserves for Capital Expenditures. Reserves for capital expenditures may be established to defray the cost of construction, replacement or repair which materially adds to the value or appreciably prolongs the life of capital improvements upon or related to portions of the Common Area, including but not limited to capital reserves for painting, roof replacement, carpeting, patio furniture replacement and the construction, replacement or said repair of such other Common Area capital improvements as the Board of Directors may establish. These reserves shall be funded by capital assessments which shall be made on a monthly basis. The purpose of the reserves is to preserve and enhance the value of each member's interest in the Common Area.

All assessments for such capital reserves shall be received from the members, as trustors, and held in trust in one or more separate bank trust accounts or such other trusts as may be established from time to time by the Board of Directors, and shall be used only for the construction, replacement or said repair of the capital improvements for which such reserves are established. The documents creating the trust or trusts shall name the members as beneficiaries, each owning an interest in proportion to his contribution; shall name the Association as trustee, who shall serve without compensation; and shall provide for the administration of the trust or trusts and the investment, reinvestments and disbursement of trust funds in accordance with this paragraph. The capital assessments shall not be commingled with any other assessments funds of the Association.

Upon the transfer of his ownership interest in a Unit, no member shall be entitled to the return or refund of any portion of the capital assessment which he has paid prior to such transfer, but is to sell his interest in the trust at its face value to the purchaser, who will become a successor beneficiary.

Instead of establishing separate trust accounts for such capital reserves, the Board of Directors may, on the advice of legal counsel, elect either (i) to treat all such reserves for capital expenditures remaining unexpended at the end of any given fiscal year as contributions to the capital of the Association in accordance with Section 118 of the Internal Revenue Code and regulations promulgated thereunder, or (ii) to adopt such other means of administering such reserves as may be determined on the advice of legal counsel for the Association.

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6. Payment of Assessments By Declarant. On the first day of the month following the close of escrow of the first Unit in the Project, Declarant shall be obligated to pay the monthly maintenance charge and assessments hereinbefore provided, for each unsold Unit.

7. Date of Commencement of Assessments. Regular assessments shall be paid by each Owner in equal monthly installments in advance, on the first day of each month beginning on the first day of the month following conveyance of the first Unit to an individual Owner. Special emergency assessments and assessments for capital expenditures shall be paid within thirty (30) days of receipt of a request to pay same. Declarant shall pay assessments for all unsold Units commencing on the first day of the month following conveyance of the first Unit to an individual Owner.

8. Maintenance Fund. Assessment charges so collected shall be promptly deposited in a commercial bank account in a bank to be selected by the Board of Directors or by the manager, if any. Such account shall be clearly designated in the name of the Association. The Board of Directors or the manager, as the case may be, shall be responsible to the Owners for the maintenance of accurate records thereof at all times. No withdrawal shall be made from said account except to pay for the charges and expenses for the common benefit of all Owners.

9. Effect of Non-Payment of Assessments. Every Owner, including Declarant, shall be deemed to covenant and agree to pay the regular and special assessments provided for herein and further agree to the enforcement of such assessments in the manner provided for herein.

a. The assessment charge which each Owner is obligated to pay shall be a debt of each Owner at the time each monthly installment becomes due and shall be in delinquency fifteen (15) days thereafter if not paid in full. If an assessment is delinquent, the association may recover all of the following: (1) reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees; (2) a late charge not exceeding ten (10) percent of the delinquent assessment or ten dollars (\$10.00), whichever is greater; and (3) interest on all sums imposed in accordance with this section, including the delinquent assessment, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed twelve (12) percent interest, commencing thirty (30) days after the assessment becomes due.

b. All delinquent assessments shall be and become a lien on the Unit of the delinquent Owner upon the recordation of a Notice of Assessment, as provided in Section 1367 of the California Civil Code. The Notice of Assessment shall not be recorded

unless and until the Board of Directors or a person designated by it shall have delivered to said delinquent Owner, not less than fifteen (15) days prior to the recordation of said Notice of Assessment, a written Notice of Default and a demand on the defaulting Owner to cure the same within said fifteen (15) day period. Upon failure by the delinquent Owner to cure within the stated time, the Notice of Assessment may be recorded. Not less than ten (10) days nor more than thirty (30) days from the filing of said Notice of Assessment, the Board may file of record a Notice of Default and thereafter may cause the Unit of said delinquent Owner to be sold in the same manner as provided in Section 2924, et seq., of the California Civil Code, or through judicial foreclosure. However, the lien created by said recorded Notice shall expire and be null and void unless within thirty (30) days after recordation of said Notice of Assessment the Board of Directors records a Notice of Default as hereinabove provided.

A monetary penalty imposed by the Association as a disciplinary measure for failure of a member to comply with the governing instruments or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to common areas and facilities for which the member was allegedly responsible or in bringing the member and his subdivision interest into compliance with the governing instruments may not be characterized nor treated in the governing instruments as an assessment which may become a lien against the member's subdivision interest enforceable by a sale of the interest in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) of the Civil Code. However, these provisions do 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 attorney's fees) in its efforts to collect delinquent assessments.

c. The sale of said Unit must be held or legal action to enforce the lien must be instituted within one hundred fifty (150) days after the recording of the Notice of Default or said lien shall expire and be deemed null and void. If any action is filed by the Board of Directors to enforce the provisions of this Article, any judgment rendered against the delinquent Owner shall include all costs and expenses and reasonable attorneys' fees necessarily incurred in prosecuting such action.

10. Homestead Waiver. Each Owner does hereby waive to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption law of California in effect at the time any assessment becomes delinquent or any lien is imposed pursuant to the terms hereof.

11. Curing Delinquencies. A delinquent Owner may cure a lien created by past due assessments by paying or causing to be paid all delinquent assessments set forth in the Notice of Assessment filed and recorded in accordance with this Article, all other assessments which have become due and payable with respect to the Unit following the date of recordation of the Notice of Assessment, all costs and reasonable attorneys' fees and all late charges and interest which have accrued thereon. Such payment will be timely only if made before the execution of a contract for the sale of the delinquent Owner's Unit or the filing of documents necessary to initiate judicial foreclosure, whichever comes first. If a cure is timely effected, the Board of Directors shall cause to be filed and recorded a further notice stating the satisfaction and release of lien created by the Notice of Assessment. A fee in the sum of Fifteen Dollars (\$15.00) covering the cost of preparation and recordation of the Notice of Release and Satisfaction of Lien created by the Notice of Assessment shall be executed by any officer of the Association or by any authorized representative of the Board of Directors. For the purpose of this paragraph, the term "costs" shall include costs and expenses actually incurred or expended by the Association in connection with the cost of preparation and recordation of the Notice of Assessment and in efforts to collect the delinquent assessments secured by the lien created by said Notice of Assessment and shall also include a reasonable sum for attorneys' fees actually incurred.

12. Subordination of Assessment Lien. 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 in the entire Project or on any Unit therein, made in good faith and for value, and no such lien shall in any way defeat, invalidate or impair the obligation or priority of such first deed of trust or first mortgage, unless the beneficiary thereof shall expressly subordinate his interest, in writing, to such lien.

13. Rights of Board of Directors, Waiver by Owners. Each Owner hereby vests in and delegates to the Board of Directors or its duly authorized representatives, the right and power to bring all actions at law or lien foreclosures, whether judicially, by power of sale or otherwise, against any Owner or Owners for the collection of delinquent assessments in accordance herewith and hereby expressly waives any objection to the enforcement of the obligation to pay assessments as set forth herein.

14. Equal Rate of Assessment. Initially, both regular and special assessments shall be fixed in the same proportionate share as Owners' respective interests in the Common Area, and may be collected on a monthly basis. However, the Association may later elect to make the regular and special assessments proportionate to the gross square footage of each Unit within the Project.

15. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Members thereof, their guests and invitees and, in particular, shall be used for the purpose of improving, protecting, operating and maintaining the Common Area and facilities, improvements, landscaping and structures located thereon and providing for the acquisition and maintenance of the Common Area and the Units, and otherwise providing for the ability of the Board of Directors to perform each and every one of the powers and duties of said Board of Directors.

16. Approval of the City. Any amendment which would defeat the obligation of 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 to insure said maintenance, must be first approved in writing by the City of Redondo Beach.

**ARTICLE VII  
USE RESTRICTIONS**

1. Business Usage Prohibited. All Units in the Project shall be used solely for single family residences. No part of the Property of condominiums therein shall ever be used or caused to be used or allowed or authorized in any way, directly, or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other such nonresidential purposes, except Declarant, its successors or assigns, may use the Units owned by it as models, and display and sales offices during construction and/or sales periods. However, this restriction shall not prohibit any Owner from (a) maintaining his personal professional library therein; (b) keeping his personal business records or accounts therein; (c) handling his personal or professional telephone calls or correspondence therefrom. Such uses are expressly declared to be customarily incident to the principal residential use and not in violation of any provisions of this Article VII.

2. Maintenance of Unit. The Owners shall maintain the interiors of their Units in good repair and shall have the exclusive right, at their sole cost and expense, to paint, repaint, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, windows and doors bounding their respective Units and all permanent fixtures, appliances and equipment of their Unit as well as patios and balcony areas. However, nothing in this paragraph shall be construed as permitting interference with, or damage to the structural integrity of any building. No structural alterations to the interior of any building and no alterations, painting, or changes readily visible



from the exterior of the Units shall be made by any Unit Owner without the prior written consent of the Board. If an Owner fails to so maintain his Unit or make repairs thereto in such manner as may be deemed necessary in the judgment of the Board of Directors to preserve and protect the attractive appearance and value of the Project, the Board of Directors shall give written notice to such Owner stating with particularly the work of maintenance or repair which the Board of Directors shall find to be required and requesting that same be carried out within a period of sixty (60) days from the date such notice is given. If such Owner fails to carry out such maintenance or repair within a period specified in the notice, the Board of Directors shall cause such work to be done and shall assess the cost thereof to such Owner, such assessment to be due and payable within thirty (30) days after the Board of Directors gives written notice thereof. Notwithstanding the foregoing, if the circumstances requiring the maintenance or repair, or any applicable law or ordinance, or the existence of any hazardous or dangerous conditions, require that such work be performed within less than sixty (60) days, the Board of Directors shall be required to give only such notice of the work required to be performed, including no notice in case of emergency, as the circumstances permit. The assessment for cost of the work shall include all court costs and reasonable attorneys' fees, together with interest on all such total cost incurred from the date incurred until reimbursed in full as the lesser of (a) the rate of twelve percent (12%) per annum or (b) the maximum annual rate permitted under all applicable law (collectively, "Cost"). The collection and enforcement of any such assessment and the lien created thereby shall be governed by the terms and conditions of Article VI hereof.

3. Owner Structural Change. No Owner shall, at his own expense or otherwise, make any alteration, addition or modification to the building in which his Unit is located or to any part or portion of the Common Area without the prior written approval of the Board of Directors. With respect to the installation of awnings, sunshades, screen doors and other minor installations to any individual Unit, the prior written consent of the Board of Directors shall be exercised with a view toward promoting uniformity and thereby enhancing the attractiveness of the Project as a whole.

4. Signs. The Owner of a Unit or his agent, may display a sign of customary and reasonable dimension, advertising his Unit for sale or lease, which sign shall be of a professional type and of dignified appearance, and shall be placed in some appropriate location as determined by the Board of Directors, on the Common Area open to public view. The Owner or his agent may include advertising on the sign that indicates; (a) the property is for sale, lease or exchange; (b) the agent's or Owner's name; and (c)

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the address and telephone number of the agent or Owner. Such sign may also be the sign of a licensed real estate broker engaged by an Owner for the purpose of selling or leasing his Unit. Nothing herein contained shall prohibit or restrict in any way Declarant's right to construct such promotional signs or other sales aids on or about the portions of the premises which it shall deem reasonably necessary in conjunction with its original sales program for a period not to exceed three (3) years after issuance of the First Subdivision Public Report. Notwithstanding the foregoing, no promotional signs, flags or banners shall be displayed on, in or around the Project except one (1) building identification sign, not to exceed twenty (20) square feet in area, without the prior written consent of the Board of Directors, further subject to all applicable laws and ordinances of the City and all other applicable laws.

5. Offensive Activity. No Owner shall permit or suffer anything to be done or kept on the Project which shall increase the rate of insurance thereon, or which shall obstruct or interfere with the rights or Owners, their families, guests or invitees, or annoy them by unreasonable noises or otherwise; nor shall he commit or suffer any immoral or illegal act to be committed thereon. Each Owner shall comply with all applicable ordinances and statutes and with requirements of local and/or State Boards of Health with respect to the occupancy and use of his Unit.

6. Owner Liability. Each Owner shall be liable to the Board of Directors and to all other Owners for any damage to the Common Area or to any equipment or improvements thereon, which may be sustained by reason of the negligence or willful misconduct of said Owner or of his family members, relatives, guests or invitees both minor and adult, to the extent that any such damage shall not be covered by insurance. Said Owner shall be assessed by the Board of Directors for the cost of repair or replacement thereof, together with costs and attorneys' fees, such assessment to be due and payable within thirty (30) days after written notice thereof. The collection and enforcement of any such assessment and lien created thereby shall be governed by the terms and conditions of Article VI herein. In the case of joint ownership of a Unit, the liability of such Owners shall be joint and several. In the event of personal injury or property damage sustained by any one person while physically within the Unit or private balcony, patio or yard areas, and in the further event any other Owner shall be sued or a claim made against him for said injury or damage, the Owner(s) of the Unit(s) in which said injury or damage occurs shall fully indemnify and hold harmless any such other Owners against whom such claim shall be made, and shall further defend any such other Owners, at their own expense in the event of litigation of such claim, provided that such protection shall not extend to any other

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Owner whose own negligence may have caused or contributed to the cause of any such injury or damage, and provided further that such expense is not covered by the public liability insurance purchased by the Association as provided above.

7. Common Area Improvements. No fence, hedges or walls shall be erected and maintained in the Common Area except such as are installed in accordance with the initial construction of the buildings located thereon or approved in writing by the Board of Directors and further, no building, fence, structure or wall shall be constructed on any of the open spaces unless approval therefor has been specifically obtained from the appropriate department of the City of Redondo Beach.

8. Parking Restrictions. No automobile, 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 space other than that assigned to the Owner and any space designated as "guest parking" spaces, if any. The guest parking spaces, as designated by the Board of Directors, shall be clearly identified as such by signs plainly visible from each such parking space, which signs the Association shall permanently maintain. The guest parking spaces shall not be assigned for the exclusive or particular use of any Owner, tenant, or resident of the Project, or any other person, but shall remain available for the nonexclusive use of all guests, invitees or licensees of or upon the Project.

9. Rubbish. Trash, rubbish, trash bins and trash receptacles shall not be permitted to remain on any portion of the Common Area, except on the day(s) scheduled for trash collection.

10. Pets. No animals, livestock, reptiles or poultry shall be kept in any Unit except that usual and ordinary domestic dogs, cats, fish and birds (in inside bird cages) may be kept as household pets within any Unit, provided (a) they are not kept, bred or raised for commercial purposes or in unreasonable quantities; and (b) prior written approval of the Board of Directors is first obtained. As used herein, "unreasonable quantities" shall be determined by the Board of Directors, but in no event shall such term be construed so as to permit the maintenance of more than two (2) animals per Unit. The Association shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board of Directors, a nuisance to any other Owner. Animals belonging to Owners, occupants or their licensees, tenants or invitees within the Project, must be kept either within an enclosure, an enclosed patio or on a leash being held by a person capable of controlling the animal. The enclosure must be so

maintained that the animal cannot escape therefrom and shall be subject to approval of the Board of Directors. If any animal belonging to an Owner is found unattended out of the enclosure and not being held on a leash by a person capable of controlling the animal, such animal may be removed by Declarant so long as Declarant owns any interest in any portion of the Project, or other occupant or Owner within the Project, or a person designated by them to do so, to a pound under the jurisdiction where the Project is located and subject to the laws and rules governing the same, or to a comparable animal shelter. Further, each Owner shall be absolutely liable to each and all remaining Owners, their families, guests, and invitees for any unreasonable noise or damage to person or property caused by any animals brought or kept within the Project by an Owner or by members of his family, tenants or guests. It shall be the absolute duty and responsibility of each Owner to clean up after his animals which have used any portion of the Common Area. Notwithstanding the foregoing, nothin herein contained shall be construed in such a manner as to permit the maintenance of any animal contrary to any ordinance of the City of Redondo Beach.

11. Association Maintenance and Decoration Authority. The Board of Directors or its duly appointed agent, including the manager, if any, shall have the exclusive right to paint, decorate, repair, maintain and alter or modify the exterior walls, balconies, railings, exterior door surfaces, roofs and all installations and improvements on the Common Area, and no Owner of a Unit shall be permitted to do or have done any such work. The prior written approval of the Board of Directors shall be required for installation of any awnings, sunshades or screen doors. The restrictions set forth herein shall not apply to the initial construction of the buildings or improvements made thereto by Declarant.

12. Exploration of Minerals. No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted on or in the Project, or within five hundred (500) feet below the surface of the Project and no derrick or other structure designed for use in boring for water, oil or natural gas, shall be erected, maintained or permitted on any portion of the Project.

13. No Hanging Laundry. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Area or any balconies or porches constituting a part of any Unit.

14. Use of Garage. The garage is to be used for the parking of cars, boats, or any similar items for storage purposes. It is not to be converted for any type of living or recreational activities.

15. No Vehicle Repair. No vehicles of any kind shall be permanently or semi-permanently parked on the Project, or any portion thereof, for purposes of accomplishing repairs thereto or the reconstruction thereof.

16. Restrictions Applicable to Guests, Etc. The use of any Unit, and/or the Common Area, or any portion thereof, by any guest, invitee, lessee, sublessee, etc., of any Owner shall be subject to all of the provisions of this Declaration, including without limitation all of the use restrictions imposed under this Article VII, the Bylaws of the Association and the rules and regulations of the Association, and the Association may proceed directly against such guest, invitee, lessee, sublessee, etc., in the enforcement of the provisions of this Declaration, the Association Bylaws and/or the Association's rules and regulations.

17. Children. Each Owner shall be accountable to the remaining Owners, their families, visitors, guests, and invitees, for the conduct and behavior of minor children and children residing in or visiting his Unit.

18. Screening of Equipment. All electrical, mechanical, or other equipment on any roof of any building in the Project, shall be completely screened, so as not to be visible from any portion of the Project or any other point outside of the Project.

#### ARTICLE VIII GENERAL PROVISIONS

1. Owner Key Deposit for Emergency Repair. The Board of Directors shall have the authority to designate one or more qualified repairmen or other persons, to enter on and within any individual Unit for the purpose of making emergency repairs therein or for necessary maintenance or repair of portions of the Common Area, or to abate any nuisance being conducted or maintained in said Unit in order to protect the property rights and best interests of the remaining Owners. To facilitate this paragraph, all Owners shall deposit with the president of the Board of Directors or its duly appointed agent at least twenty-four (24) hours in advance to the Owner or Unit occupant. In the event an emergency makes such notice unreasonable, no notice before entry is required.

2. Continuing Liability for Assessments. No Owner may exempt himself from liability for his specified contribution to the maintenance fund by waiver of the use or enjoyment of the Common Area or by abandonment of his Unit.

3. No Racial or Religious Restrictions. No Owner shall execute or file of record any instrument which imposes a restriction of the sale, lease or occupancy of his Unit on the basis of race, color, creed, sex or religion.

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4. Books and Records of the Association. The membership register, including mailing addresses and telephone numbers, books of account, minutes of meetings or members of the Board of Directors and of committees of the Board of Directors, shall be made available for inspection and copying by any member of the Association or by his duly appointed representative at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association. The Board of Directors shall establish reasonable rules with respect to: (a) notice to be given the custodian of records by the member desiring to make the inspection; (b) hours and days of the week when such inspection may be made; and (c) payment of costs for reproducing documents required by a member. Every director shall have the absolute right, at any reasonable time, to inspect the books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

5. 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 payment shall be made by each Owner in addition to and separately from assessments otherwise payable to the Association by such Owner.

6. Enforcement of Declaration and Bylaws.

a. The Owners or any of them, or any member of the Board of Directors, or the Board of Directors acting on behalf of the Owners, or the City of Redondo Beach where the Project is located, shall be entitled to bring legal action for damages against any Unit Owner who shall become delinquent in the performance of any of the provisions hereof, the Bylaws or rules and regulations adopted by the Board of Directors for the protection of the Project, including, but not limited to, the covenant to pay assessment charges. Further, said persons shall be entitled to enjoin any violation of said documents, rules and regulations and shall be entitled to prosecute any other legal or equitable action that may be necessary to protect the Project. If any Owner, member of the Board of Directors or the Board of Directors shall deem it necessary to initiate any legal or equitable action for the protection of the Project against any Owner, then said persons shall be entitled to reasonable attorneys' fees and costs of said action from said Owner for expenses incurred in bringing or initiating the action. Any judgment rendered against any such defaulting Owner shall include costs of said action, together with reasonable attorneys' fees in an amount to be fixed by the Court. Notwithstanding the foregoing, there shall be no purported power

in the Association to cause a forfeiture or abridgment of an Owner's rights to the full use and enjoyment of his individually owned Unit because of a failure by an Owner to comply with the provisions of this Declaration, Bylaws or duly enacted rules of operation for the Common Area and facilities, except where the forfeiture or abridgment is the result of the judgment of a court or a decision arising out of arbitration or because of a foreclosure sale for failure of the Owner to pay assessments levied by the Association.

b. The Board of Directors may impose monetary penalties, and/or temporary suspensions of an Owner's rights as a member of the Association and/or other appropriate discipline for failure to comply with the governing instruments provided that the following minimum requirements are observed in compliance with Section 7341 of the Corporations Code:

(1) Written notice shall be given to the member at least fifteen (15) days prior to the date of expulsion, suspension, or termination;

(2) The written notice shall set forth the reasons for expulsion, suspension, or termination;

(3) The notice shall provide for a hearing to be held orally, or a written response to be heard, not less than five (5) days before the effective date of the expulsion, suspension or termination by the Board of Directors;

(4) Written notice may be given by any method reasonably calculated to provide actual notice; however, any notice given by mail must be by first class, certified or registered, sent to the last address of the member shown on the Association records.

7. Liberal Interpretation of Declaration. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the Project for the mutual benefit of all Owners.

8. Severability of Provisions. The provisions herein shall be deemed independent and severable and the invalidity or partial invalidity or unenforceability of any of the provisions herein, shall not affect the validity of the remaining provisions.

9. Cumulative Remedies. Each and all legal or equitable remedies provided for herein, shall be deemed to be cumulative, whether so expressly provided for or not.

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10. Successor and Assigns. This Declaration shall be binding on and shall inure to the benefit of the heirs, personal representatives, successors and assigns of Declarant, and the heirs, personal representatives, grantees, lessees and assignees of the Owners.

11. Waiver or Breach of Declaration. No waiver or any breach of any of the covenants, conditions or restrictions herein contained shall constitute a waiver of any succeeding or preceding breach of the same or any other covenant, condition or restriction contained herein.

12. Joint and Several Liability. In the case of joint ownership of a Unit, the liability of each of the Owners thereof in connection with the liabilities and obligations of Owners set forth in or imposed by this Declaration, shall be joint and several.

13. Delivery of Notice and Documents. Any written notice or other document required by this Declaration, may be delivered personally or by mail. If by mail, such notice shall be deemed to be delivered and received, unless expressly provided for herein and in the Bylaws to the contrary as to the type of notice being given, forty-eight (48) hours after a copy thereof has been deposited in the United States mail, postage prepaid, addressed as follows:

a. If to an Owner other than Declarant, to the address of any Unit on the Project owned by him in whole or in part, or to the address last furnished by such Owner to the Board of Directors. Each Owner, other than Declarant, shall file in writing with the Board of Directors promptly upon his becoming an Owner, his address for the purpose of giving notice and delivery of documents and shall promptly notify the Board of Directors, in writing, of any subsequent change of address.

b. If to Declarant, whether in Declarant's capacity as an Owner or otherwise to: Broadway I Townhomes, 24705 Narbonne Avenue, Suite 201, Lomita, California 90717.

c. Prior to the organizational meeting, notice to the Board of Directors shall be addressed as set forth in "b." above and thereafter, addressed to the Secretary of the Association. The Board of Directors shall cause the address of the Secretary to be posted at all times in a conspicuous place. Further, from and after the organizational meeting, notice of the address of the Association Secretary shall be given to each Owner within a reasonable time after the Board of Directors has received actual notice of such purchase of a Condominium.



14. Notification of Sale of Condominium. Concurrently with the consummation of the sale of any Condominium under circumstances whereby the transferee becomes an Owner thereof, or within five (5) business days thereafter, the transferor shall notify the Board of Directors in writing of such sale. Such notification shall set forth: (a) the name of the transferor and his transferee; (b) the street address or Unit number of the Condominium purchased by the transferee; (c) the transferee's mailing address; and (d) the date of sale. Prior to receipt of such notification, any and all communications required or permitted to be given by Declarant or the Board of Directors or any agent or representative thereof, shall be deemed to be duly made and given to said transferee's transferor.

ARTICLE IX  
UTILITIES

1. Utility Rights. The rights and duties of the Owners with respect to lines for sanitary sewer, water, gas, electricity, telephone cables and air conditioning, shall be governed by the following:

a. Wherever sanitary sewer house connections and lines or electricity, gas, telephone, air conditioning lines or televisions cables are installed within the Project, which connections or any portion thereof lie in or on portions of the Project owned by others than the Owner of a Unit served by said connections, the Owners of any Unit served by said connections shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter on such portion of the Project or to have the utility companies enter thereon to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below.

b. Whenever sanitary sewer house connections and line, facilities and/or water house connections and lines, or electricity, gas, telephone, air conditioning lines or televisions cables are installed within the Project, which connections serve more than one Unit, the Owners of each Unit served by said connections shall be entitled to the full use and enjoyment of such portions of said connections as serve his Unit.

c. In the event any portion of said connection, facility or line is damaged or destroyed through the negligent act or acts or failure to act, or willful misconduct of one Owner, or any of his agents, invitees, tenants, servants, guests or members of his family, so as to deprive other Owners of the full use and enjoyment of said connection, facility or line, then same shall be repaired and restored by the Association but at the expense of the Owner who commits or whose guests, agents or family members commit such act or acts.

d. In the event any portion of such connection or line is damaged or destroyed by some cause other than the negligence or willful misconduct of one the of the Owners, his family members, agents, guests, servants, tenants or invitees, (including ordinary wear and tear and deterioration from lapse of time), then in such event such connection, facility or line shall be repaired and restored by the Board of Directors, such repair and restoration to be paid out of assessments levied in accordance with this Declaration equally against all Owners.

e. In the event of a dispute between Owners with regard to the repair or rebuilding of said connection, facility or line, or with regard to the sharing of the cost thereof, then on written request of one of such Owners, addressed to the Association, the matter shall be submitted to the Board of Directors for a final and binding determination.

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

3. Utility Easements Over Private Streets and Other Areas. If the Project contains private streets, provisions shall be made for public utility easements in or adjacent to such private streets, adjacent to public streets or over other portions of the Project to accommodate fire hydrants, water meters, street furniture, storm drainage, sanitary sewers, water and gas mains, electrical lines and similar urban infrastructure. Provisions shall also be made for access routes necessary to assure that fire fighting equipment can reach and operate efficiently in all areas of the Project.

#### ARTICLE X DESTRUCTION OF IMPROVEMENTS

1. Reconstruction with Election of Owners. In the event of partial or total destruction of the improvements on the Project, a special meeting shall be called for the purpose of having the Association members vote on whether or not to repair the damage. Said meeting shall be called within forty-five (45) days of said destruction. If reconstruction is to take place, as approved by the Owners of a majority of the Units, the Board of Directors

shall be required to execute, acknowledge, file and record not later than one hundred twenty (120) days from the date of said destruction, a certificate declaring the intention of the Owner to rebuild.

2. Reconstruction Assessments. If a majority of the Owners determine to rebuild, each Owner shall be obligated to contribute such funds as shall be necessary to pay his proportionate share of the reconstruction costs over and above the insurance proceeds and the proportionate share of each Owner shall be levied upon the basis of the ratio of the square footage of floor area of all units to be assessed. In the event of failure or refusal buy any Owner to pay his proportionate share after notice to him, should failure or refusal continue for a period of sixty (60) days, the Board of Directors may levy a special assessment against such Owner which may be enforced under the lien provisions contained in this Declaration.

3. Obligation of the Board of Directors. If the Owners of a majority of the Units determine to rebuild, the Board of Directors shall obtain bids from at least two (2) reputable contractors and shall award construction work to the lowest bidder. The Board of Directors shall have authority to enter into a written contract with said contractor for such reconstruction work and the insurance proceeds held by the Board of Directors shall be disbursed to said contractor according to the terms of the contract. It shall be the obligation of the Board of Directors to take all steps necessary to insure the commencement and completion of such reconstruction at the earliest possible time.

4. Determination Not to Rebuild. If the Owners of a majority of the Units elect not to rebuild:

a. Subject to the rights of mortgagees as outlined in Article XIV, any distributed proceeds available shall be distributed amongst the Owners and their respective lenders by the Board of Directors according to each Owner's interest in the Project according to the respective fair market values of the Units at the time of the destruction as determined by an independent appraiser who shall be chosen by the Board of Directors. In the event that a majority of the Owners determine, in addition to the receipt of any available insurance proceeds to sell any or all of the Project's property which is not destroyed and is marketable, the Board of Directors shall do so only after obtaining a market appraisal based on the highest and best use or value of the property to be sold and setting the asking price in accordance therewith. Proceeds from the sale of any such property shall be distributed to each of the Owners in accordance with each Owner's fractional interest in the Common Area of the Project as defined in the Condominium Plan recorded concurrently herewith.

If the Owners of a majority of the Units elect to rebuild, the Board of Directors shall file and record a certificate as provided in Section 1 hereinabove.

b. The Board of Directors shall have the duty, within one hundred twenty (120) days of the date of such loss, to execute, acknowledge and record a certificate setting forth the determination of the Owners not to rebuild, and shall promptly cause to be prepared and filed, such revised maps and other documents as may be necessary to show the conversion of the Project to the status of unimproved land or to show the elimination of one or more of the Units as a result of such destruction.

5. Revival of Right to Partition Condominium. Upon the recordation of such certificate, the right of any Owner to partition his Condominium through legal action shall forthwith revive.

6. Arbitration of Disputes. In the event of a dispute among the Owners with regard to the provisions of this Article X, any Owner may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to members of the Board of Directors and all Owners as promptly as possible after reference to arbitration is made, giving all Owners an opportunity to appear in such arbitration proceedings. The decision of such Arbitrator in this matter shall be final and conclusive on all Owners. The Arbitrator may include in his decision, an award for the costs and/or attorneys' fees against any one or more of the parties to the arbitration.

7. Condemnation. In the event an action for condemnation is proposed or commenced by any governmental body having the right of eminent domain, the following provisions shall apply: if such action or proposed action is for the condemnation of the entire Project, or a portion thereof, upon unanimous consent of all Owners the Project may be sold to such government body prior to judgment and the proceeds of such sale shall be distributed to the Owners and their respective mortgagees according to the relative values of the Condominium Units affected by the condemnation as determined by an independent appraiser who shall be chosen by the Board of Directors. A condemnation award affecting all or a part of the structural Common Area of the Project, which is not apportioned among the Owners by court judgment or by agreement between the condemning authority and each of the affected Owners in the Project, shall be distributed among the affected Owners and their respective mortgagees according to the relative values of the Condominium Units affected by the condemnation as determined by independent appraisal of the market value based on the highest and best use or value of the property.

ARTICLE XI  
SUSPENSION OF THE RIGHT TO PARTITION

The right to partition of the Common Area is hereby suspended pursuant to Section 1359 of the California Civil Code. The Project may be partitioned and sold as a whole pursuant to the provisions of Section 1359(b) of the California Civil Code, only by sale of the entire Project and only upon a showing of the occurrence of any one of the events provided in Section 1359(b)(1) through (4). Further, partition may be had of the Project upon the showing that the conditions for such partition by sale, set forth in Article X hereinabove, have been met. Nothing herein contained shall prevent partition or division of interest between joint or common Owners of one Condominium.

ARTICLE XII  
PROHIBITION AGAINST SEVERABILITY  
OF COMPONENT INTEREST IN UNITS

1. Prohibition of Severance. No Owner shall be entitled to sever either his Unit or any appurtenant easements thereto from his undivided interest in the Common Area for any purpose. Neither of said component interests may be severally sold, conveyed, encumbered, hypothecated or otherwise dealt with, and any violation or attempted violation of this provision shall be void and of no effect.

2. Conveyance of Entire Condominium. Subsequent to the initial sales of the Units, any conveyance of a Unit, or component interest in the Common Area by the Owner of any Unit, shall be presumed to convey the entire Condominium, provided that nothing herein contained shall be construed to preclude the Owner of any Unit from creating a co-tenancy in the ownership of said Condominium with any other person(s).

ARTICLE XIII  
TERM OF DECLARATION COMPLIANCE WITH RULE  
AGAINST PERPETUITIES AND RESTRAINT OF ALIENATION

The covenants contained herein shall run with the land and shall be binding on all parties and all persons claiming under them until January 1, 2040, after which time, the covenants shall be automatically extended for successive periods of twenty-one (21) years unless an instrument, executed by the Owners of not less than a majority of the Condominiums, shall be recorded, cancelling or terminating this Declaration.

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ARTICLE XIV  
PROTECTION OF LENDERS

1. Written Notification to First Mortgagees. A first mortgagee, upon request, is entitled to written notice from the Board of Directors of any default in the performance by an individual unit mortgagor of any obligation under this Declaration, the Bylaws and Articles of Incorporation, if any, which is not cured within sixty (60) days. It shall be the responsibility of each Owner of a Unit to notify the Association within thirty (30) days of the close of his escrow to purchase his Unit of the name and address of the holder of his first mortgage on his particular Unit.

2. Exemption from Right of First Refusal. Any first mortgagee which comes into possession of the Unit pursuant to the remedies provided in the mortgage, by foreclosure or the mortgage or by deed or assignment in lieu of foreclosure, shall be exempt from any right of first refusal.

3. Subordination of Assessment Lien to Mortgages. Any holder of a first mortgage or any third party purchaser who comes into possession of the Condominium pursuant to the remedies provided in the mortgage or foreclosure of the mortgage shall take the property free of any claim for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such person comes into possession of the Unit, except 1) when title is received via a Deed In Lieu of Foreclosure, and 2) for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation thereof to all Units in the Project including the mortgaged Unit. The lien for assessments provided for herein shall be subordinate to the lien of any first mortgage now or hereafter placed on the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure or trustee's sale. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

4. Leasing. No Unit Owner may lease a Unit for transient or hotel purposes. Any lease agreement between a Unit Owner and a lessee shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and Association Bylaws and that any failure by a lessee to comply with the terms of such documents shall be a default under the lease. No Unit Owner may lease less than his or her entire Unit and all such leases shall be in writing.

5. Prior Approval of First Mortgage Holders. The Association shall give written notice to each institutional holder of first mortgage lien on Units in the Project of any material amendment to this Declaration and/or the Association Bylaws; including,

but not limited to, any amendment which would change the percentage interests of the Unit Owners in the Project. Unless seventy-five percent (75%) of the holders of first mortgages on Units in the Project have given their written approval, neither the Association nor the Owners shall:

a. By act or omission seek to abandon or terminate the Condominium regime;

b. Change the pro-rata interest or obligation of any Unit for purposes of levying assessments or charges, or allocating distributions of hazard insurance proceeds or condemnation awards; and for determining the pro-rata share of ownership of each Unit in the Common Area;

c. Change, waive or abandon, by act or omission, any scheme of regulation or enforcement thereof pertaining to the architectural design or exterior appearance of any Units, exterior maintenance of Units, maintenance of driveways or upkeep of landscaping in the Project;

d. Partition or subdivide any Condominium;

e. Subject to the provisions of California Corporations Code Section 8724, attempt to abandon, partition, subdivide, encumber, release, hypothecate, sell or transfer, by act or omission, the Common Area; the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Project shall not be deemed a transfer within the meaning of this subsection;

f. Fail to maintain fire and extended coverage on insurable Project common property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement costs); or

g. Use hazard insurance proceeds for losses to any Project common property for other than repair, replacement or reconstruction of such improvements.

6. Examination of Books and Records. The holders of first mortgages shall have the right to examine the books and records of the Association.

7. Taxes, Assessments and Charges. All taxes, charges and assessments which may become liens prior to first mortgages under local law, shall relate only to the individual Units and not to the Project as a whole. First mortgagees of Units may jointly and singly pay taxes or other charges which are delinquent and which may or have become a charge against the common property, and may

pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for such property, and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

8. Reserves for Replacement. An adequate reserve fund for replacement of the Common Area facilities must be established by the Association and must be funded by regular monthly assessments, and not by special assessments.

9. No Priority Over Rights of First Mortgagees. No provision herein shall give a Unit Owner or any other party priority over any rights of first mortgagees of Units pursuant to their mortgages in the case of a distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of Units and/or the Common Area. Such first mortgagees shall be entitled to timely written notice of such damage or destruction, if such loss or taking exceeds \$10,000.00 for the Project as a whole or damage to any single unit exceeds \$1,000.00. Additionally, if any unit or portion thereof, or the Common Area and facilities, or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding, no provision herein shall entitle the Owner of a Unit or any other party to priority over a first mortgage of a Unit with respect to any distribution to such Unit of the proceeds of any award or settlement. Such first mortgagees shall be entitled to timely written notice of any such proceeding or proposed acquisition.

10. Further Notice to Lenders.

a. Upon request, the Association shall give written notice to any first mortgagee of all meetings of the Association. Each such first lien holder shall have the right to be represented at such meeting, but shall have no voting rights unless it has succeeded to title to one or more of the Units by foreclosure or otherwise.

b. Upon request, the Association shall deliver to each such first mortgagee, a copy of the Association's annual audited statement within ninety (90) days after the end of the Association's fiscal year.

11. Professional Management of Project. Any agreement for professional management of the Project shall provide that management contracts may be terminated, with or without cause, upon ninety (90) days, or less, written notice. The term of any such contract shall not exceed three (3) years. In the event the Association first hires professional management and assume self-management of the Project, each institutional holder of a first mortgage lien on Units in the Project shall be entitled to timely written notice thereof.



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

13. Amending Article. Notwithstanding the foregoing, any amendment to this Article shall require the consent of at least seventy-five percent (75%) of the holders of first mortgages which may then be of record as valid encumbrances against the Project or any portions thereof.

#### ARTICLE XV BREACH

1. Right of Entry. Violation of any of the covenants, conditions, restrictions, limitations, easements, rights, rights of way, reservations, liens, charges and equitable servitudes contained herein, shall give to Declarant, or its successors, or to the Association, the right to enter the property upon or as to which such violation exists and to abate and remove, at the expense of the Owner thereof, any thing or condition that may be or exists thereon contrary to the intent and meaning of the provisions of this Declaration. Such entry shall be made only after notice to said Owner as provided in Article VIII, Section 6(b) and with as little inconvenience to said Owner as possible. Any damage caused by such entry shall be repaired by the Association. Declarant or its successors shall not thereby be deemed guilty of any manner of trespass by such entry, abatement or removal.

2. Nuisance. The result of every act or omission whereby any covenant, condition, restriction, limitation, easement, right, right of way, reservation, lien, charge and equitable servitude herein contained is violated, in whole or in part, is hereby declared to be a nuisance, and every remedy allowed at law or in equity against every such result and may be exercised by Declarant or its successors, or by the Association. Such remedy shall be deemed cumulative and not exclusive.

3. Right of Lien Holder. A breach of any of the covenants, conditions, restrictions, limitations, easements, rights, rights of way, reservations, liens, charges and equitable servitudes herein contained shall not affect or impair the lien or charge of any bona fide first mortgage or first deed of trust made in good faith and for value on any of the Units, provided that any subsequent Owner of the Units shall be bound by this Declaration and the Association Bylaws whether such Owner's title was acquired by foreclosure, trustee's sale or otherwise.

4. Enforcement. In the event of a breach of any of the provisions of this Declaration or the Association Bylaws which is continued for thirty (30) consecutive days, the Board of Directors

may enforce any and all of the terms and conditions of this Declaration. It is hereby declared that damages at law for such breach are inadequate. The restrictions provided for herein shall be enforceable equitable servitudes and shall inure to and bind all Owners of the residential Units.

ARTICLE XVI  
AMENDMENTS

1. Written Approval. Subject to the other provisions of this Declaration, including, without limitation, the rights of Mortgagees pursuant to Article XIV hereof, this Declaration may be amended as follows:

(a) So long as there are two classes of membership, any amendment to this Declaration shall require the affirmative written assent or vote of sixty-seven percent (67%) of each Class of members of the Association. After conversion of Class B membership to Class A membership, any amendment to this Declaration shall require the affirmative written assent or vote of not less than sixty-seven percent (67%) of the total voting power of the Association and sixty-seven (67%) of the voting power of the members of the Association other than Declarant.

(b) Notwithstanding the foregoing, any provision of this Declaration which expressly requires the approval of a specified percentage of the voting power of the Association for action to be taken under said provision can be amended only with the affirmative vote or written assent of not less than the same percentage of the voting power of the Association.

2. Amending Declaration. Any amendment to this Declaration shall not be effective for any purpose unless and until recorded in the office of the County Recorder but, shall thereafter give rise to a conclusive presumption of validity as to anyone relying thereon in good faith.

ARTICLE XVII  
RIGHTS OF THE CITY

1. Priority of City Laws. Notwithstanding any provision in this Declaration to the contrary, neither execution or approval of this Declaration by the City nor the recordation hereof shall be deemed a restriction, limitation, waiver, release or modification of any applicable provision of the Tract Map or Permit, or of any other applicable ordinance, law or regulation of the City, as any of them may be amended from time to time, or of the general police power of the City (including, without limitation, the right to make and implement independent judgments and decisions and to

grant or withhold consents or approvals with respect to zoning, planning, development and redevelopment matters and the issuance or non-issuance of permits or authorizations in connection therewith). In the event of any conflict or inconsistency between any provision hereof and the Tract Map or Permit, or any such ordinance, law or regulation, or the general police power of the City as aforesaid, the latter shall prevail.

2. Approval of the City. Whenever the approval of the City shall be required, such approval shall be the prior written approval of the Director of the Department of Community Development or the chief administrative officer of any successor agency or department to the Department of Community Development.

3. Enforcement by City. Any provision herein to the contrary notwithstanding, the City shall have the power and the right, but not the obligation, to specifically enforce any or all of the following provisions of this Declaration, in whole or in part, as a party hereto, as the governing municipality:

(a) All provisions relating to the proper maintenance and repair of the Common Area and Condominiums of the Project.

(b) Any other provisions of this Declaration requiring or providing for the review, consent and/or approval of the City or any official thereof.

4. Attorney's Fees. In any lawsuit, action or proceeding arising out of or affecting this Declaration to which the City is or is made a party, the prevailing party shall be awarded costs and attorney's fees.

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ARTICLE XVIII  
REQUIREMENTS OF THE CITY OF REDONDO BEACH

1. Private Open Space. Each Unit contains appurtenant private open space as described in the Condominium Plan. Such private open space is irrevocably assigned to each Unit.

2. Irrevocable Assignment Parking Spaces. Each Unit has been assigned off-street parking spaces as described in the Condominium Plan and such spaces are irrevocably assigned to each Unit.

3. Maintenance of Sound Attenuation Structures. Each Unit has been constructed in accordance with impact insulation class ratings required by the City of Redondo Beach and to the extent floor and wall coverings have been used to obtain minimum IIC ratings, such coverings shall not be removed except for cleaning or replacement, and in the event of replacement, the replacement covering shall furnish the same or greater degree of impact insulation as that originally installed.

4. Antennas. Individual television and radio antennas shall be prohibited outside any Unit. The Declarant shall provide either for a central antenna with connections to each Unit via underground or internal wall wiring, or each Unit shall be served by a cable antenna service provided by a company licensed to provide such service within the City.

5. Right of Entry to Common Areas. The City of Redondo Beach, County of Los Angeles, State of California and the Government of the United States and any department, bureau or agency thereof is hereby granted the right of immediate access to all Common Areas of the Project at all reasonable times for the purpose of preserving the public health, safety and welfare. Notice of this governmental right shall be prominently displayed in the Common Areas.

6. Veto Right of the City of Redondo Beach. The City of Redondo Beach shall have the right to veto any action of the Association which would tend to decrease the amount of the regular annual assessment upon a finding by the City that such a decrease would adversely affect the long term maintenance of the project, including both structures and common area. The Association shall notify the City in writing of the passage of any such action, and such action shall not be effective until sixty (60) days after such notice.

7. Amendments. The provisions of this Article as well as the provisions of Article II, Section 4; Article IV, Section 3; Article VI, Section 7; and Article X shall not be amended, modified or changed without first obtaining the written consent of the City of Redondo Beach.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration on the day and year indicated hereinabove.

BROADWAY I TOWNHOMES, A CALIFORNIA LIMITED PARTNERSHIP

BY: LINGOODS CORPORATION, A CALIFORNIA CORPORATION,  
A GENERAL PARTNER

BY: Tom Lin  
Tom Lin, President

BY: CARY RICHARDSON, A GENERAL PARTNER

BY: Gary Richardson  
Gary Richardson

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) SS.

On November 20, 1990 before me, a Notary Public in and for said state, personally appeared Tom Lin, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the President of Lingoods Corporation, the corporation that executed the within instrument on behalf of Broadway I Townhomes, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

Cheryl A. Vargo

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) SS.

On November 20, 1990 before me, a Notary Public in and for said state, personally appeared Gary Richardson, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as one of the partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.

Cheryl A. Vargo

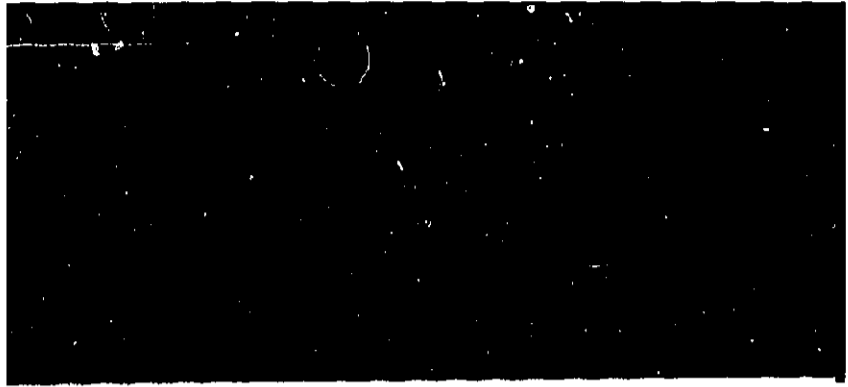
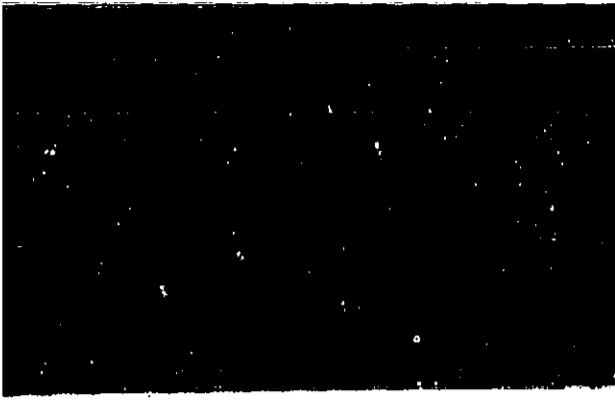
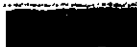


EXHIBIT "A"

Lot 1 of Tract Map No. 46463, in the City of Redondo Beach, County of Los Angeles, State of California, as per map recorded in Book 1166, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

91- 031938





SUBORDINATION  
AGREEMENT

MALAGA BANK SSB, A CALIFORNIA CORPORATION  
the holder of the beneficial interest in and under that certain  
Deed of Trust recorded April 4, 1990 in the office of  
the Los Angeles County Recorder, as Instrument No. 90-647162,  
Official Records, which Deed of Trust is by and between  
Broadway I Townhomes, a California Limited Partnership  
as Trustors, Malaga Bank SSB, a California Corporation  
as Trustee, and Malaga Bank SSB, a California Corporation,  
as Beneficiary hereby expressly subordinates said Deed of Trust  
and its beneficial interest thereunder to the hereinabove  
Declaration of Covenants, Conditions and Restrictions.

MALAGA BANK SSB, A CALIFORNIA  
CORPORATION

Dated: November 19, 1990

By: [Signature]

R. ERIC P. ALLAN, PRESIDENT/CEO

By: [Signature]

RICHARD L. MATERN, SR. VICE PRES./CLO

CAT. NO. NN00737  
TO 1945 CA (8-84)  
(Corporation)

TICOR TITLE INSURANCE

STATE OF CALIFORNIA }  
COUNTY OF LOS ANGELES } SS.

On November 19, 1990 before me, the undersigned, a Notary Public in and for  
said State, personally appeared R. Eric P. Allan  
personally known to me or proved to me on the basis  
of satisfactory evidence to be the person who executed  
the within instrument as the  
President/<sup>CEO</sup> Richard L. Matern

[Signature] personally known to me or  
proved to me on the basis of satisfactory evidence to be  
the person who executed the within instrument as the  
SE. V.P./CLO ~~Secretary~~ of the Corporation  
that executed the within instrument and acknowledged  
to me that such corporation executed the within instru-  
ment pursuant to its by-laws or a resolution of its  
board of directors.

WITNESS my hand and official seal.

Signature [Signature]  
DIANA MUSICK



91- 031938

(This area for official notarial seal)

STAPLE HERE