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DECLARATION OF ESTABLISHMENT

OF

BASIC PROTECTIVE RESTRICTIONS, LIMITATIONS, CONDITIONS,

COVENANTS, RESERVATIONS, LIENS AND CHARGES

FOR

PARK ESTATES NORTH

CONDOMINIUM PROJECT

WHICH CANCELLS AND SUPERSEDES THE

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

RECORDED ON JUNE 29, 1976 INSTRUMENT NUMBER 4672

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DECLARATION OF ESTABLISHMENT

OF

BASIC PROTECTIVE RESTRICTIONS, LIMITATIONS, CONDITIONS,

COVENANTS, RESERVATIONS, LIENS AND CHARGES

FOR

PARK ESTATES NORTH

A CONDOMINIUM PROJECT

This Declaration, made this 29 day of JUNE, 1982, by PARK ESTATES NORTH, a California Corporation hereinafter referred to as "Declarant."

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain real property located in the City of Long Beach, County of Los Angeles State of California, and more particularly described as follows:

Lot 1 of Tract Map No. 24825 in the City of Long Beach, in the County of Los Angeles, State of California, as per Map recorded in Book 1009, Pages 18 & 19 of Maps, in the Office of the County Recorder of said County.

Being a condominium apartment house project located at 5300 Atherton Street, Long Beach, California, and commonly known as PARK ESTATES NORTH.

WHEREAS, there has been or will be recorded a plan pursuant to Section 1351 of the California Civil Code, in the office of the County Recorder of Los Angeles County, which plan includes: a description or Survey Map of the surface of the land included within the project, diagrammatic floor plans of the buildings built thereon, in sufficient detail to identify each unit, its relative location and approximate dimensions; and a certificate consenting to the recordation of such plan, as required by said section, signed and acknowledged by the recorded owner of such property and all record holders of security interests therein

and,

WHEREAS, it is the desire and intention of Declarant to sell and convey interest in said real property to various individuals, subject to certain Basic Protective Restrictions, Limitations, Conditions, Covenants, Reservations, Liens and Charges, as hereinafter set forth;

NOW THEREFORE, the Declarant hereby declares that all of the property described above is and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved subject to the Protective Restrictions, Limitations, Conditions, Covenants, Reservations, Liens and Charges herein contained, all of which are declared and agreed to be in furtherance of a general plan and scheme for the subdivision, improvement and sale of condominiums, as defined in Section 783 of the Civil Code of California, in a condominium project, as defined in Section 1350 of the Civil Code of California; and are established and agreed upon for the purpose of enhancing and protecting the value, desirability, and attractiveness of the project, and every part thereof. Each and all of the Restrictions, Limitations, Conditions, Covenants, Reservations, Liens and Charges herein contained shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in the described property or any part thereof. The condominium project comprising the real property above described is intended to be made subject to each and all of the provisions of Sections 1350 to 1359, inclusive, of the Civil Code of California. The provisions of this Declaration shall be enforceable by any owner against any other owner or owners thereof, and against any other person, and shall also be enforceable by the Board, as hereinafter defined, or by the Manager, if any.

ARTICLE I

DEFINITION OF TERMS

Whenever used in this Declaration, the following terms shall have the following meanings:

1. Declarant: PARK ESTATES NORTH, a California Corporation, their successors and assigns.

2. Declaration: This Declaration as the same may be amended, changed or modified from time to time.

3. Unit: The elements of a condominium which are not owned in common with the owners of other condominium in the project. The boundaries of units 1 through 21, inclusive which are parking stall units, are as shown and defined on said map and diagrammatic floor plan. The boundaries of units 22 through 35, inclusive which are apartment units, are as shown and defined on said map(s) and the diagrammatic floor plan. The unit includes both the portion of the building lying within said boundaries and the air space so encompassed. A unit may be either a residential or parking stall unit.

4. Common Area: The entire project, excepting all residential and parking stall units therein granted or reserved. Each unit when conveyed will receive an undivided interest in the common area as shown on the attached Schedule "A".

5. Condominium: An estate in real property consisting of an undivided interest in the common area, together with a separate interest in a unit, as hereinabove defined on said real property.

6. Owner: The record owner, or owners, if more than one, of a condominium in the project, including Declarant, so long as any condominium(s) remain unsold or any purchaser under a land sale installment contract.

7. Association: An incorporated Association consisting of all owners of condominiums in the project, known as PARK ESTATES NORTH.

8. Organization Meeting: The first meeting of the owners referred to in Article III hereof.

9. By-Laws: The duly adopted By-Laws of the Association, as the same may be amended from time to time.

10. Board: The Board of Governors of the Association.

11. Manager: The managing agent, whether individual or corporate, retained by Declarant, or by the Board, on contract, and charged with the maintenance and upkeep of the project.

12. Lender: The beneficiary of the deed of trust or the mortgagee of a mortgage that may encumber any condominium unit within this project.

13. Project: The entire parcel of real property divided, or to be divided, into residential and parking stall unit condominiums, including all structures thereon.

ARTICLE II

DESCRIPTION OF LAND AND IMPROVEMENTS

(a) The hereinbefore described real property, designated as "LOT 1" consists of an irregular shaped lot located between Ash Brook Avenue and Litchfield Avenue in the City of Long Beach, California. Said lot contains 14 residential units, twenty-one parking spaces two of which hold two vehicles in a tandem configuration. Said units are provided within a wood-frame and stucco building of two floors constructed over a one-story concrete and masonry garage.

ARTICLE III

MANAGEMENT AND OPERATION

(a) Said real property and improvements, to be known and designated as PARK ESTATES NORTH shall be organized and operated as a condominium project. The grant deeds conveying condominiums therein to individual purchasers thereof shall expressly refer to and incorporate by reference this Declaration. The owners of the condominiums shall constitute an incorporated Association, and an organization meeting of such owners shall be held within forty-five (45) days after the closing of the sale of the fifty-first (51st) percentile interest in said project, but in no event later than six (6) months after the sale of the first unit and undivided interest in the common area. At this meeting, the control of the common areas shall be transferred to the newly established PARK ESTATES NORTH
Thereafter, annual meetings of such owners shall be held at a time as set forth in the By-Laws.

(b) At the organization meeting, and at each annual meeting, the owners shall elect a Board of Governors, consisting of five (5) members, all of whom shall be owners. The general powers and duties of the Board shall be as hereinafter set forth, but may be more particularly defined by such By-Laws and/or Regulations as may be adopted by the owners at the organization meeting or at any subsequent meeting of the owners; provided, however, that this Declaration may be amended directly or indirectly, but only in the manner hereinafter provided. Certificates of identity of the owners elected to membership on the Board shall be prepared and recorded promptly following each election, and after any change in the membership of the Board, pursuant to Section 1355 (a) of the Civil Code of California. At all meetings of members each member shall be entitled to one (1) vote for each residential unit owned in said property subject to the voting procedures established in the By-Laws.

(c) In general, the Board shall have authority to conduct all business affairs of common interest to all owners. The powers of the Board shall include, but shall not be limited to, authority to: enforce all applicable provisions of this Declaration, any duly established By-Laws, and any other duly adopted instruments for the management and control of this project; collect the monthly installments of annual assessments and capital improvement assessments, collect duly authorized special assessments, and make or authorize expenditures therefrom; contract for and pay for utilities, repairs, janitor, gardening, trash and garbage removal, legal and accounting service, or such other services and expenses as shall be reasonably required for the maintenance of the common area; purchase and pay for necessary supplies and personal property for the common area; pay any taxes or assessments which are, or could become, a lien against any commonly owned real or personal property; formulate rules of operation of the common areas and facilities owned or controlled by the Association, and levey monetary penalties and suspend voting and/or use privileges of members of the Owners Association for reason of breach of the Declaration, authorized Amendments and By-Laws. However, the Board must determine and set time for special owners meetings at which any disciplined member may then have a hearing of said breach in accordance with the By-Laws provisions for disciplining of members.

(d) The Board shall have authority to contract with qualified persons or corporations for the professional handling of all or part of the goods and services required for the maintenance of said project and/or the handling of the financial affairs thereof; provided, however, that any such contract shall not exceed one (1) year, unless such contract period be ratified by vote of not less than fifty-one percent (51%) of the total voting power of the Association, excluding Declarant's vote, either in person or by proxy, at any meeting of the owners, within thirty (30) days from the date of execution of said contract, or the same shall be void and of no effect. A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration, may also exceed the one (1) year period. Lease

agreements for laundry room fictures and equipment not to exceed five (5) years duration may be entered into provided that the lessor under the agreement is not an entity in which the subdivider has a direct or indirect ownership interest of 10 percent (10%) or more. Furthermore, any such contract, regardless of duration, shall provide for termination for cause on thirty (30) days written notice, or by either party without cause and without payment of a termination fee on ninety (90) days written notice.

Said manager may further be authorized to file any notice and to take any legal action on behalf of the owners, which is within the power and authority of the Board.

(e) The Board shall not have authority to act in the following matters, without the consent of not less than a majority of the owners excluding the Declarant's vote:

1. Incur or levy special assessments for capital improvements and/or other purposes in excess of five percent (5%) of the annual budget for the Association in any fiscal year.

2. In any fiscal year, levy special assessments for the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the budget for this fiscal year.

3. Increase the amount of the monthly maintenance charge more than twenty percent (20%) annually from the amount charged at the time of such adjustment.

(f) At all meetings, the presence in person or by proxy of fifty percent (50%) of the voting membership, shall constitute a quorum. A majority of the members present and entitled to vote, either in person or by proxy, shall be sufficient for the passage of any motion or the adoption of any resolution except in connection with matters set forth elsewhere in this Declaration or the By-Laws where a specified voting requirement has been established.

(g) As of an accounting date, which shall be the last day of the month closest in time to six (6) months from the date of closing of the first sale of a condominium, the Board shall cause to be prepared an operating (income) statement, a balance sheet, and a statement of changes in financial position for the Association for an accounting period from the aforesaid date of first closing to the aforesaid accounting date. Any information required to be reported under Section 8322 of the Corporations Code shall also be included. Such operating statement shall include a schedule of assessments received or receivable itemized as to unit per the attached Schedule "A" and by name of the person or entity assessed for each unit. A copy of such financial report shall be mailed to each condominium owner within sixty (60) days after the aforesaid accounting date.

(h) The Board shall conduct its organization meeting immediately upon the adjournment of the organization of the owners, and shall at such time elect from among its members such officers as specified in the By-Laws. The powers and duties of such officers shall be as set forth therein. The annual meeting of the Board shall be held immediately upon adjournment of the annual meeting of the owners.

(i) The Board shall give written notice of the annual meeting or any special meeting, to each owner not less than ten (10) days, nor more than ninety (90) days to the date of such meeting by mailing such notice to the last known address of each owner. Any notice for a special meeting shall set forth time, place, and nature of the business to be conducted.

(j) A management body or agent selected prior to the first annual election after initial organization shall be employed to manage only until the first annual election, at which time the continuance of the same or the selection of another body or agent shall be determined by a majority vote by the owners.

(k) There shall be an annual independent examination or audit of the account or accounts of the management body for any fiscal year in which the gross income of the Association exceeds Seventy Five Thousand Dollars ($75,000.00), and a copy of such financial report shall be mailed to each condominium owner within sixty (60) days after the end of the fiscal year, or thirty (30) days of completion of said examination or audit, whichever is sooner. If the report is not prepared by an independent accountant, the report shall be issued by the Board of Governors and shall be certified by the Treasurer of the Association to be prepared without audit from the books and records of the Association. Such report shall contain as a minimum a balance sheet as of the last day of the Association's fiscal year, an operating (income) statement for said fiscal year, a statement of changes in financial position for the fiscal year, and any information required to be reported from Section 8322 of the Corporations Code.

(l) The owner, subdivider or agent shall be precluded from entering into any contract which would bind the Board of Governors or Owners Association for a period in excess of one (1) year, unless such contract be ratified by vote of not less than fifty-one percent (51%) of the Association membership, excluding Declarant's vote, and unless reasonable cancellation provisions are included.

(m) At the discretion of the Declarant or the Board of Governors, an Architectural Control Committee may be formed. The following delineates the procedure for establishing said Committee. Duties and responsibilities shall be as set forth in the By-Laws of this Association.

1. The committee for the control of structural and landscaping architecture and design (Architectural Control Committee) within the subdivision shall consist of not less than three (3) nor more than five (5) members.

2. The Declarant may appoint all of the original members of the Committee and all replacements until the first anniversary of the issuance of a public report for the subdivision. The Declarant may reserve to himself the power to appoint a majority of the members of the Committee until ninety percent (90%) of all the subdivision interests in the overall development have been sold or until the fifth (5th) anniversary of the issuance of the final public report for the first (or only) phase of the subdivision, whichever first occurs.

3. After one (1) year from the date of issuance of the original public report for the first (or only) phase of the subdivision, the Board of Governors of the Association shall have the power to appoint one (1) member of the Architectural Control Committee until ninety percent (90%) of all of the subdivision interests in the overall development have been sold or until the fifth (5th) anniversary date of the issuance of the Final Public Report for the first (or only) phase of the subdivision, whichever first occurs. Thereafter, the Board of Governors shall have

the power to appoint all of the members of the Architectural Control Committee.

4. Members appointed to the Architectural Control Committee by the Board of Governors shall be from the membership of the Association. Members appointed to the Committee by the Declarant need not be members of the Association. Members shall serve for one (1) year terms. In the event a member is unable to fulfill his term, the appointing authority shall designate a replacement to complete the unexpired portion of the term of office.

(n) A pro forma operating statement (budget) for the Association shall be regularly prepared and adopted by the Board of Governors for each fiscal year and copies shall be distributed to each member of the Association not less than sixty (60) days before the beginning of the fiscal year. Such statement shall be accompanied by a statement of the monthly assessments for each unit necessary to produce the funds proposed to be expended by the budget.

(o) To effect the annexation of other real property to the existing subdivision and to grant use rights or easements over the common area, the vote or written assent of not less than sixty-six and two-thirds percent (66-2/3%) of the total votes residing in Association members, other than the Declarant, shall be required, unless the proposed annexation, use right, or easement is in conformance with a plan of phased or staged development which is set forth in detail in the governing instruments for the first phase of the subdivision.

(p) If the action of any governmental agency shall result in the expenditure of monies from the maintenance fund, the Board shall have the authority to increase the monthly assessments, without limitations, to provide for such expenditures. If the increased assessment exceeds $2,000.00 on an annual basis, the Board shall provide evidence of diligent conduct in complying with the governmental action.

ARTICLE IV

MAINTENANCE FUND: LIEN

(a) Each owner shall be obligated to pay to the Board or a designated member thereof, or to the manager, on a monthly basis, an annual assessment and capital improvement assessment in monthly installments as shown on the attached Schedule "A" or such greater or lesser amount and/or in such a manner as shall be established as herein provided by action of the Board or the owners present in person or proxy at a duly constituted meeting and entitled to vote. Each owner shall be obligated to pay in like manner any special assessments levied against his unit. Disposition of special assessments as to account shall be made at the time of levying and such assessments shall be subject to the same collection procedures specified for regular monthly maintenance charges. Said maintenance charges shall be paid, in advance on the first day of each month, or on such earlier date as shall be determined by the owners. Maintenance charges so collected shall be properly deposited in a commercial bank account in a bank to be selected by the Board or Manager, which account shall be clearly designated as the PARK ESTATES NORTH Maintenance Fund Account. The records of such account shall reflect the distribution of funds upon deposit into a minimum of two (2) separate funds - Current Maintenance and Reserve for Replacement. The Board, or Manager, as the case may be, shall have control of said account, and shall be responsible to the owners for the maintenance of accurate records thereof at all times and shall be responsible for apportioning the monthly maintenance assessments to either of the above funds so as to maintain an adequate balance in the Reserve for Replacement Fund to insure replacement of the common elements of the project. No withdrawal shall be made from said account except to pay the charges and expenses for the common benefit of all owners set forth in Article III of the Declaration; provided, however, that any expense not so included which is determined by affirmative vote of not less

than seventy-five percent (75%) of the owners present and entitled to vote, excluding Declarant's vote, at a duly constituted meeting to be a proper charge against said maintenance fund may be paid from said account.

(b) The maintenance charge which each owner is obligated to pay shall be a debt of each owner at the time that each monthly installment becomes due. In the event of default by any owner in the payment of any such installment, such amounts as may be in default, together with interest thereon at the rate of seven percent (7%) per annum, and all costs which may be incurred by the Board or Manager in the collection of such charges, including reasonable attorney's fees, shall be and become a lien upon his entire interest in the project, upon the recording of a notice of assessment in the County Recorder's Office of said County, as provided in Section 1356 of the Civil Code of California. The notice of assessment shall not be filed for record unless and until the Board, or a person designated by them, shall have delivered to said defaulting owner, not less than fifteen (15) days prior to the recordation of such notice of assessment, a written notice of default and a demand upon the defaulting owner to cure same within said fifteen (15) day period, and failure of the defaulting owner to comply. Said lien shall expire and be null and void unless the Board files for record a notice of default as hereinafter provided.

(c) Not less than ten (10) days nor more than thirty (30) days from the filing of said notice of assessment, the Board shall file for record a notice of default and thereafter may cause the entire interest in the project of said defaulting owner to be sold in the same manner as a sale under the power contained in deeds of trust, as provided in Sections 2924 et seq., of the Civil Code, or through judicial foreclosure. The sale must be held, or legal action to enforce the lien must be instituted, within one hundred fifty (150) days of the recording of the notice of default, or said lien shall be deemed void and of no effect. If any action is filed by the Board to enforce the provisions of this Article, the judgment rendered against the defaulting owner shall include all costs and expenses, and reasonable attorney's fees necessarily

incurred in prosecuting such action. If any such default is cured prior to sale, or prior to filing a judicial foreclosure, the Board shall cause to be recorded a certificate setting forth the satisfaction of such claim and release of such lien, upon payment of actual expenses incurred and reasonable attorney's fees, not to exceed Two Hundred Dollars ($200.00) by such defaulting owner.

(d) In addition to the right of such lien, the remaining owners, or any one of them, or any member of the Board, acting on behalf of all the owners, shall be entitled to bring legal action for damages against any owner who shall breach, or who shall be in default of, any of the provisions, herein contained, including, but not limited to, the covenant to pay said maintenance charge, to enjoin any violation of this Declaration or of the Management agreement, By-Laws and/or Regulations, or to presecute any other appropriate legal or equitable action that may be necessary or expedient on the premises. Any judgment rendered against any such owner shall include reasonable attorney's fees to be fixed by the court.

(e) Each owner does hereby waive, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption laws of the State of California in effect at the time an installment is due or lien imposed.

(f) Upon the conveyance of the first unit and undivided interest the Maintenance Fund Account shall be established, and all owners shall be obligated to pay into said account as hereinbefore provided, as well as the Declarant, who shall be obligated to pay for each unsold unit. Commencement of assessment payments on all units shall begin on the 1st of the month following the closing of the first escrow.

(g) Authorized maintenance charges shall be as specified below, and collected in a manner specified at the time of the levying of such assessment(s) whether they be annual, capital or special.

1. Annual or special assessments shall be a charge against each unit, representing, operating and managing the common improvements and the expenses associated therewith for which the Association is liable. Such assessments shall be prorated according to the "Undivided Interest" of the units as specified in Schedule "A" attached hereto .

2. Capital improvements which are additions to or acquisition of real property and the payment of property taxes on common areas shall be assessments which shall be pro-rated according to the "Undivided Interest" of the unit as specified in Schedule "A" attached hereto .

3. Compliance assessments may be a charge against any or all units as determined from time to time by the Board and would represent charges arising from, but not limited to, repair of damages to personal property of the Association; replacement of losses due to acts of vandalism, negligence, or any other reason; government actions requiring the expenditure of funds for compliance; punitive measures arising out of enforcement of house rules or any other condition or situation in which the preceding assessments shall be prorated according to the nature of the assessment and as is deemed equitable by the Board and the Association as is appropriate for the establishment of the compliance assessment.

Those compliance assessments which represent 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 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.

All other compliance assessments [including but not limited to charges imposed against an owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent assessments] are not subject to the preceding limitations as to lien rights of the Association.

ARTICLE V

INSURANCE

(a) Insurance as specified in this Article shall be purchased by the Board as promptly as possible following its election, and shall be maintained in force at all times, the premiums thereon to be paid out of the maintenance fund. Prepaid casualty and/or liability insurance policies not to exceed three (3) years duration may be obtained provided that the policy permits short rate cancellation by the insured.

The insurance shall provide for all owners as insured, including Declarant, during such time as they shall remain the owners of one or more condominium units. The Manager, if any, shall also be named insured during such time as his agency shall continue. The insurance shall include contractual liability coverage to cover the liability of any owner hereunder to indemnify any other owner, or any other person for injury or damage arising out of negligence. The insurance shall also contain a cross-liability endorsement to cover negligent injury by one owner to another, vandalism and malicious mischief

coverage, special form endorsement, stipulated amount clause and determinable cash adjustment clause or similar clause or permit cash settlement covering full value of the improvements in the event of partial destruction and decision not to rebuild.

(b) If available, underlying coverage for individual condominium units shall be written as a part of, or in conjunction with, said master policy, where necessary to protect individual lenders. If such coverage is not available, each owner shall purchase at his expense, and maintain, such fire and hazard insurance coverage as may be required by his individual lender. Any such underlying insurance shall contain such other endorsements as may be a part of the master policy. Such insurance shall also contain a loss payable endorsement to the trustee designated under the provisions of this Article.

(c) The scope of coverage shall be equal to or greater than fire and extended coverage. The policy shall provide, as a minimum, fire and extended coverage insurance on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage stipulated in the policy. Except for insurance under the National Flood Insurance Act of 1968, as amended, and for deductibles, as permitted below, the amount of coverage shall be sufficient so that in the event of any damage or loss to the project of a type covered by the insurance, the insurance proceeds shall provide the greater of: (i) compensation equal to the full amount of damage or loss, or (ii) compensation to the first mortgagee under the mortgage equal to the full amount of the unpaid principal balance of the mortgage loan. All buildings valued at $1,000. and over must be insured.

(d) Where the project is exposed to any appreciable hazard against which fire and extended coverage does not afford protection, the additional insurance coverage shall be obtained for protection against such hazard.

(e) Policies containing a deductible clause up to the greater of $500. or one percent (1%) of the face amount of the policy applicable to either fire or extended coverage, or both, are acceptable. When policies contain a fall of building clause, such clause must be waived.

(f) All insurance proceeds, except on losses under $1,500., shall be paid to the trustee as designated by the Board to be held for the benefit of the owners, mortgagees and others, as their respective undivided interests as defined in Schedule A shall appear, and be paid out in accordance with Article VI. The Board is authorized to enter into such agreement with such trustee, on behalf of the owners, and consistent with those provisions, relating to the trustee's powers, duties, and compensation, as the Board may approve. On any such loss involving $1,500. or less, the proceeds shall be paid directly to the Board.

(g) The Board may purchase and maintain in force at all times demolition insurance in adequate amounts to cover demolition in the event of destruction and decision not to rebuild. The premium therefor shall be paid out of the maintenance fund. Such policy, if purchased, shall contain a determinable demolition clause, or similar clause, to allow for coverage of the cost of demolition in the event of destruction and decision not to rebuild. The Board shall also purchase and maintain workmen's compensation insurance to the extent that the same shall be required by law for employees of the owners. The Board may also purchase and maintain fidelity bonds, insurance on commonly owned personal property, and such other insurance as it deems necessary, the premiums thereon to be paid out of the maintenance fund.

(h) An owner may carry such personal liability and property damage insurance respecting his individual unit as he may desire; however, any such policy shall include a waiver of subrogation clause.

(i) A multi-peril type policy is required covering the entire condominium project providing as a minimum fire and extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost).

(j) If there is a steam boiler in operation in connection with the Mortgaged Premises, there must be in force boiler explosion insurance evidenced by the standard form of boiler and machinery insurance policy and providing as a minimum, $100,000. per accident per location.

(k) If the condominium project is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards, a "blanket" policy of flood insurance on the condominium project must be maintained in the amount of the aggregate of the outstanding principal balances of the mortgage loans on the Condominium Units comprising the condominium project or the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is greater. The name of the insured under each required policy must be stated in form and substance similar to the following: "Association of Owners of the PARK ESTATES NORTH Condominium for use and benefit of the individual owners" (designated by name, if required by the insurer).

(l) The association of owners must have fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds belonging to or administered by the condominium association of owners. The fidelity bond or insurance must name the condominium association of owners as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

(m) The association of owners must have a comprehensive policy of public liability insurance covering all of the common elements, commercial spaces and public ways in the condominium project. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a condominium owner because of negligent acts of the Association or other unit owners. The scope of coverage must include all other

coverage in the kinds and amounts required by private institutional mortgage investors for projects similar in construction, location and use. Liability coverage shall be for at least $1,000,000. per occurrence, for personal injury and/or property damage.

(n) Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by Best's Insurance Reports of B/VI or better. Hazard insurance policies are also acceptable from an insurance carrier which has a financial rating by Best's Insurance Reports of Class V , provided it has a general policy holder's rating of at least A. Each carrier must be specifically licensed or authorized by law to transact business within the state or territory where the project is located. Policies are acceptable where: (i) under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against the Borrower or lender; or (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent the lender or the borrower from collectin insurance proceeds.

(o) All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the project is located. The mortgagee clause must provide that the insurance carrier shall notify the first mortgagee (or trustee) named at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy.

(p) Notwithstanding any other provisions herein, the Owners Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by Federal National Mortgage Association and Government National Mortgage Association, so long as either is a mortgagee or owner of a condominium within the project, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association or Government National Mortgage Association.

ARTICLE VI

DESTRUCTION OF IMPROVEMENTS

(a) In the event of a total or partial destruction of the improvements in the condominium project, and if the available proceeds of the insurance carried pursuant to Article V of this Declaration are sufficient to cover not less than eighty-five percent (85%) of the cost of repair or reconstruction thereof,

the same shall be promptly repaired and rebuilt unless, within ninety (90) days from the date of such destruction, seventy-five percent (75%) or more of the owners present and entitled to vote, in person or by proxy, at a duly constituted meeting, determine that such reconstruction shall not take place. If reconstruction is to take place, the Board shall be required to execute, acknowledge and file and record, not later than one hundred twenty (120) days from the date of said destruction, a certificate declaring the intention of the owners to rebuild.

(b) If the proceeds of such insurance are less than eighty-five percent (85%) of the costs of reconstruction, such reconstruction may nevertheless take place if, within ninety (90) days from the date of said destruction, a majority of the owners elect to rebuild. The vote under the above circumstances shall be required and must be taken. In the event of an election to rebuild, the Board shall file for record a certificate as provided in Article VI (a) thereof.

(c) If the owners determine to rebuild, either pursuant to (a) or (b) above, each owner shall be obligated to contribute such funds as shall be necessary to pay his proportionate equitable share of the cost of reconstruction, of his unit(s), and his proportionate share of the common area over and above the insurance proceeds; the owner's proportionate share of the expense shall be based on the ratio of each owner's "Floor Area Ratio" as listed on the attached Schedule "A" to the total of all owners to be assessed and shall be a debt of such owner which may be enforced under the Lien provisions contained in Article IV hereof. The condominium, if rebuilt, shall be in accordance with the then current codes and with the existing recorded condominium tract map or with a City and/or County approved new condominium tract map that shall be recorded in the County Recorder's Office of said County.

(d) If the owners determine to rebuild, the Board shall obtain bids from at least two (2) reputable contractors, and shall award reconstruction work to the lowest bidder, subject to prior written approval by the Trustee(s) referred to in Article V hereof. The Board shall have authority, after first notifying said Trustee in writing, to enter into a written agreement with said contractor for such reconstruction, and the insurance

proceeds held by said Trustee shall be disbursed to said contractor according to the terms of the agreement. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of such reconstruction at the earliest possible date.

(e) If the vote of the owners shall be insufficient to authorize rebuilding either pursuant to Paragraphs (a) or (b) above:

1. ANY insurance proceeds available for such rebuilding shall be distributed among the owners and the individual lenders by the Trustee named in Article V hereof. The proportionate interest of each owner in said proceeds, in relation to the other owners, shall be the same as his proportionate ownership in the common area as listed under the heading "Undivided Interest" on Schedule "A" and his proportionate equitable share of the reconstruction cost of his unit(s) as hereinbefore established.

2. THE BOARD 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 recorded such previously City and/or County approved subdivision 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.

(f) Upon recordation of said certificate, the right of any owner to partition his condominium through legal action shall forthwith revive.

(g) Any owner (other than Declarant) of a subdivision interest which does not include a structural improvement suitable for human occupancy, shall be exempt from the payment of that portion of any assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and the use of the structural improvement. The exemption shall include, but shall not be necessarily limited to: exterior maintenance, roof replacement, walkway and carport lighting, refuse disposal, domestic water supplied to living units and reserves for common water heaters.

Any such exemption shall be first authorized by the Board of Governors of the Association and shall continue in effect only until a valid Notice of Completion for the structural improvement has been recorded or until one hundred and twenty (120) days after the issuance of a building permit for the structural improvement, whichever first occurs. The provision for the use of this exemption shall extend to the benefit of all owners and may be involved by the Board regardless of the means by which the structural improvement may be rendered uninhabitable or unfit for human occupancy, in addition to the lack of the existence thereof as stated hereinbefore.

(h) In the event of a dispute among the owners respecting the provisions of this Article, any owner may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to the members of the Board and all other owners as promptly as possible after the reference to arbitration is made, giving all owners an opportunity to appear in such arbitration proceedings. The decision of such arbitration in this matter shall be final and conclusive upon all of the owners. The arbitrator may include in his decision an award for costs and/or attorney's fees against any one or more parties to the arbitration.

ARTICLE VII

CONDEMNATION

(a) In the event that an action for condemnation is proposed or commenced by any governmental body having the right of eminent domain, the following provisions shall apply:

1. If such action, or proposed action, is for the condemnation of the entire project, upon the unanimous consent of all the 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 lenders, in accordance with the relative values established by an independent appraiser retained by the Board, unless the court

shall, by its terms, apportion such compensation among the individual condominium owners. If an appraiser is retained by the Board, the total appraisal fee shall be distributed equally to each appraised unit.

2. If such action, or proposed action, is for the condemnation of only a portion of the project, part of the compensation for the taking shall be distributed to the owners and their lenders whose condominiums are taken, in an equitable manner as to their improved real property within their residential and parking stall units, and an equitable share of such total proceeds from said condemnation shall likewise be distributed to all of the unit owners representing the loss of common area within the project in the same manner as provided in subparagraph 1 above; provided, however, that upon the vote of at least seventy-five percent (75%) of the owners whose units are not taken, the remainder of the project may be partitioned.

3. In the event that less than seventy-five percent (75%) of the owners whose units are not taken vote affirmatively to partition as provided hereinabove, the remainder of the project shall continue to be operated as a condominium project and a City and/or County approved subdivision tract map shall be prepared and recorded, showing the elimination of the units and portions of the project which are taken.

4. Nothing herein contained shall prevent the rebuilding of the units which are taken or other parts of the common area, provided all remaining owners unanimously agree to do so, and to contribute their proportionate shares. In such event, the Board shall proceed as set forth in Article VI hereof, insofar as the same may be applicable, and shall cause to be prepared and recorded such previously City and/or County approved subdivision maps and other documents as may be necessary to show the project as rebuilt.

ARTICLE VIII

FURTHER CONDITIONS OF OWNERSHIP

(a) All units 22 through 35, inclusive in the project shall be used exclusively for residential purposes.

(b) The owners of units shall maintain the interiors thereof in good repair and in sanitary condition, and shall

have the exclusive right to paint and paper, and otherwise decorate the interiors of said units according to their own tastes, so long as no substantial alteration of any permanent installation or structure within said unit shall be involved.

(c) No radio or television receiving or transmitting antenna or external apparatus shall be installed on the roof of any structure in the project, or any part of the common area without prior written approval of the Board.

(d) No owner shall permit or suffer anything to be done or kept upon said project which will increase the rate of insurance thereof, or which will obstruct or interfere with the rights of other owners, nor annoy them by unreasonable noises or otherwise; nor shall any owner commit or permit any nuisance on the premises or commit or suffer any immoral or illegal act to be committed thereon. Each owner shall comply with all applicable ordinances, statutes, and fire regulations, and with the requirements of the local and/or State Board of Health with respect to the occupancy and use of said project and shall be liable for any increase in insurance premiums caused by violation of this provision.

(e) Each owner shall be liable to the Board for any damage to the commonly used areas or to any of the 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. In the case of joint ownership of a condominium, the liability of such owners shall be joint and several. Any expense incurred by the Board in repairing such damage together with costs and attorney's fees, shall be a debt of the owner causing same, and the Board may specially assess said owner for the amount thereof, subject to the Compliance Assessment provisions set forth herein.

(f) In the event of personal injury or property damage sustained by any person while physically within the unit of any owner, and in the further event that any other owner shall be

sued, or a claim made against him or her for said injury or damage, the owner or owners of the unit in which said injury or damage occurs shall, to the extent such claim is not covered by insurance, 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, however, that such protection shall not extend to any owner whose own negligence may have caused or contributed to the cause of any such injury or damage.

(g) It shall be the responsibility of the Board to maintain all parts of the common area in good condition and repair at all times, and provide for the regular removal of all rubbish, trash and garbage.

(h) No owner or his agents or employees shall construct any fence, hedge, wall, or other obstruction upon any part of the common area, or plant any trees or shrubs thereon, without the prior approval of the Board.

(i) The Board shall have the authority to designate one or more qualified repairmen or other persons to enter upon and within any individual unit, in the presence of the owner thereof or otherwise, for the purpose of making emergency repairs thereto, or for necessary maintenance or repairs to portions of the common area, or further 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.

(j) No owner may exempt herself or himself from liability for his specified contribution to said maintenance fund by any waiver of the use or enjoyment of said common area, or by the abandonment of his unit.

(k) No owner shall execute or file for record any instrument which imposes a restriction upon the sale, leasing or occupancy of his condominium on the basis of race, color, creed, religion, marital status, national origin or ancestry, physical handicap, age, or sex.

(l) The books and records of the Board, and the books and records of any agent thereof pertaining to the maintenance fund,

may be inspected and/or audited by any owner, or his duly authorized representative. If an audit is desired by a majority of the owners, it shall be at the expense of the maintenance fund. Otherwise, any such inspection or audit shall be made at the expense of the owner desiring same.

(m) If any owner shall permit any lien to be filed on any part of said project for labor and/or materials furnished at the request of such owner, such owner shall, upon written demand by the Board, cause the same to be promptly removed, and if he fails to do so, the Board, or the manager, shall have the option, but not the obligation, to take such action as may be necessary to remove same. In such event, all costs and expenses incurred, including reasonable attorney's fees, shall be a debt of such owner, and shall be specially assessed against him by the Board, subject to the requirements of Paragraph (d) hereof.

(n) No member of the Board, or officer of the Association, shall be liable for or on account of any damages resulting from any acts performed, or for the failure to perform any acts, while in the furtherance of his duty, as a member of the Board, or as an officer, unless such act or omission involved an illegal act, willful misconduct, or gross negligence on the part of such member.

(o) The Board shall be responsible for regulating, designating and maintaining an area and sign board within a designated area, which shall be readily visible to passing vehicular traffic, for the purpose of notifying the public of units within the project which are for sale or rent. The intent of this paragraph shall not be to unreasonably restrict the rights of individual unit owners to market their units.

(p) Any owner shall be absolutely liable to each and all remaining owners, their families, guests and invitees, for any damage to person or property caused by any pets brought upon or kept upon said premises by any owner or by members of his family, guests or invitees.

(q) Any special assessment levied pursuant to Paragraphs (d), (e), and (m), of this Article above shall constitute a lien on the entire interest in the project of each owner so assessed, and the provisions of Article IV relative to the enforcement of liens shall apply thereto.

(r) In the event that a manager shall be employed by the owners, all of the powers and duties of the Board set forth in this Article, and elsewhere in this Declaration, in connection with the management and operation of the project, shall be deemed to be delegated to such manager upon execution of a valid written agreement between the owners or the Board and such agent, unless otherwise therein provided.

(s) In the event that the owners should decide to abolish the general plan and scheme of the condominium project, the Board shall, prior to the sale of said real property or any part thereof,

cause to be prepared and recorded such previously City and/or County approved Subdivision Maps and other documents as may be necessary to show the conversion of the project to acreage, or to a new subdivision tract.

(t) Upon recordation of the first unit sale, the Declarant shall have the right for three (3) years, or until the recordation of the sale of the last project unit, whichever occurs first, but not the obligation to exercise such right, to use some portion of the common area for sales purposes. Declarants use of the project, or any portion thereof, for sales purposes shall not unreasonably interfere with the owner's use and enjoyment of the project. The Declarant shall remove any signs, flags, billboards or other promotional items upon transfer of the title of the last unit owned by him to a purchaser or at the end of three (3) years whichever occurs first, unless at the end of three (3) years a majority of the Association members, excluding Declarant, grant approval for such use on an annual basis.

(u) Any owner(s), their families, guests and invitees, shall have the right of reasonable pedestrian traffic through any parking stall unit for the purpose of reaching any adjacent common area.

(v) The common areas owned by all of the owners shall include, but not be limited to the following items along with their continual maintenance: sanitary sewers, storm drain systems, service roads and driveways, exterior lighting and rubbish removal containers. As a condition of ownership, all unit owners, including Declarant as long as title is held to any unit, and the Owners Association shall be required to maintain the aforementioned common elements to the satisfaction of the City Engineer in a continuing workable maintenance program. At the time that the City Engineer deems that such program should be changed or otherwise improved to meet his satisfaction, then it shall be the responsibility of said owners to do so and to expend such funds as may be required to complete said work whatsoever.

(w) Twenty-one parking stalls, two of which hold two vehicles in a tandum configeration, shall be permanently maintained as parking facilities. Parking stalls must be used solely for the parking of personal vehicles. Parking stalls may not be based, subleased or given to others not a resident(s) of a unit within this development.

ARTICLE IX

SUSPENSION OF RIGHT OF PARTITION

(a) The right of partition of the common areas is hereby suspended pursuant to Section 1354 of the Civil Code of California.

(b) The project may be partitioned and sold as a whole pursuant to the provisions of Section 1354 of the Civil Code of the State of California, upon a showing of the occurrences of any of the events therein provided. Additionally, partition by sale set forth in Paragraph (f) of Article VI, or Subparagraph (a) (2) of Article VII, shall have been met. Northing herein contained shall prevent the partition or division of interest between joint or common owners of one condominium.

ARTICLE X

PROHIBITION AGAINST SEVERABILITY OF COMPONENT INTEREST IN CONDOMINIUM

(a) No owner shall be entitled to sever his interest in any residential or parking stall units from his related undivided interest in the common area for any purpose, and no component interest 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; provided, however, that nothing herein contained shall prevent the owner of more than one parking stall unit from conveying the same separately to another owner of a residential unit in this project; however, no owner shall convey all parking stall unit from his respective residential unit and that no such conveyance may be made without the prior written consent of the lender with respect to the unit to be conveyed. The suspension of this right of severability shall in no event last beyond the period set forth in Article XI of this Declaration. It is intended hereby to restrict severability in accordance with the provisions of Subparagraph (g) of Section 1355 of the Civil Code of California.

(b) Subsequent to the initial sales of the condominiums, any conveyance of a residential unit, or of the component interest in the common area, by the owner of any residential condominium, shall be presumed to convey the entire residential condominium, including any parking stall unit(s), if any owned by him, provided, however, that nothing herein contained shall be construed to preclude the owner of any condominium from creating a co-tenancy in the ownership of a condominium with any other person or persons.

ARTICLE XI

TERM OF DECLARATION: COMPLIANCE WITH RULE AGAINST PERPETUITIES AND RESTRAINTS ON ALIENATION

(a) 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, 2132, after which time the Covenants shall be automatically extended for successive periods of twenty-one (21) years, unless an instrument executed by not less than a majority of the owners of the units shall be recorded, cancelling and terminating this Declaration.

ARTICLE XII

PROTECTION OF LENDERS

(a) Unless seventy-five percent (75%) of the institutional lenders of a first deeds of trust or first mortgages (hereinafter referred to as "first position lender"), shall have given their prior written approval, neither the Owners Association nor the Owners shall be entitled to take any of the following actions:

(i) By act or omission seek to abandon, terminate, partition, or subdivide, encumber, sell or transfer the common area or the entire project, except as provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common area of the project shall not be deemed a transfer within the meaning of this clause.

(ii) Any amendment to this Declaration or to the By-Laws of the Owners Association, including, but not limited to, any amendment which would change:

(a) The percentage interest of the unit owners in the common elements of the project;

(b) The fundamental purpose for which the project was created (such as a change from residential use to a different use);

(c) Voting requirements;

(d) Assessments, assessment liens, and subordination thereof;

(e) The reserve requirements for repair and replacement of common elements;

(f) Property maintenance obligations;

(g) Insurance or fidelity bond amounts or terms of coverage;

(h) Rights to use the common elements; or

(i) Any provision, which by its terms, is specifically for the benefit of first mortgagees, or specifically confers rights on first mortgagees.

(j) Change the pro rata interest or obligations of any unit for the purposes of allocating distributions of hazard insurance proceeds or condemnation awards.

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

(l) Any amendment as stated above which would involve the annexation of additional common elements or property to be held in fee by the Owners Association for the benefit of all members of the Owners Association, or any change to the existing provisions of this document with regard to reconstruction or alteration of the project in the event of damage, destruction or any other action which could result in a total or partial taking or modification of any unit or common elements of the project.

(iii) The effectuation of any decision by the Owners Association to terminate professional management and assume self-management of the project.

(b) No unit shall be partitioned or subdivided without the prior written approval of the first position lender with respect to each unit.

(c) Any lien which the Owners Association may have on any unit in the project for payment of assessments attributable to such unit will be subordinate to the lien or equivalent security interest of any first position lender with a trust deed or mortgage on the entire project, or upon any condominium units therein, made in good faith and for value, recorded prior to the date any such assessments become due, and no such lien shall in any way impair the obligation

or the priority of such trust deed or mortgage unless the lender thereof shall expressly subordinate his interest, in writing, to such lien.

(d) Each first position lender shall, upon request, be entitled to:

(i) Inspect the books and records of the Owners Association during normal business hours;

(ii) Receive an annual audited financial statement of the project within one hundred twenty (120) days following the end of any fiscal year of the Owners Association; and

(iii) Receive written notice of all meetings of the Owners Association and/or the Board of Governors and be permitted to designate a representative to attend all such meetings. The lender or his representative may draw attention to violations of this Declaration which have not been corrected or made the subject of remedial proceedings or assessments.

(e) In the event of substantial damage to or destruction of any unit or any part of the common area, the lender on a unit will be entitled to timely written notice of any such damage or destruction and no provision of any document establishing the project will entitle the owner of a unit or any other party to priority over such lender with respect to the distribution to such unit of any insurance proceeds.

(f) If any unit or portion thereof or the common area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the lender on a unit will be entitled to timely written notice of any such proceeding or proposed acquisition and no provision of any document establishing the project will entitle the owner of a unit or other party to priority over such lender with respect to the distribution of such unit of the proceeds of any award or settlement.

(g) In the event any portion of the common area encroaches upon any unit or any unit encroaches upon the common areas, 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 for the maintenance of the same shall exist so long as the encroachment exists; provided, however, that in no event shall a valid easement for encroachments be created in favor of an owner if said encroachment occurred due to the willful conduct of said owner(s).

(h) The right of a unit owner to sell, transfer or otherwise convey the owner's unit will not be subject to any right of first refusal or any similar restriction in favor of the Owners Association.

(i) With the exception of a first position lender in possession of a unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner shall be permitted to lease his unit for transient or hotel purposes. No unit owner may lease less than the entire unit. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and the By-Laws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be required to be in writing. Other than the foregoing, there shall be no restrictions upon the right of any owner to lease his unit.

(j) Any first position lender who comes into possession of a unit by virtue of foreclosure of the mortgage will take the unit free of any claims for unpaid assessments and charges against the unit which accrue prior to the time such lender comes into possession of the unit. Except as noted above, any lender shall be liable only for regular or special assessments due during the actual period of time that such lender holds the title to and/or possession of a condominium. This liability for assessments on the part of a lender is on a pro rata basis with the pro rata period commencing on the date the lender acquires title and/or possession and ending upon resale or other transfer by the lender, whereupon the liability for new future assessments will attach to the transferee.

(k) The Board shall be obligated to notify in writing if requested by the lenders under all trust deeds or mortgages of record against any unit in the project of any default by an owner of an encumbered unit in the payment of maintenance charges or of any breach of any other condition of this Declaration by such owner. Such notification shall be made no later than thirty (30) days from the date when the Board first has notice of such default or breach. In the event of a subsequent curing of such default or breach, the Board shall immediately notify all such lenders in writing.

(l) Any lender who comes into possession of a unit pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage or deed (or assignment) in lieu of foreclosure, shall be exempt from any right of first refusal or other restriction on sale, lease or rental of same.

(m) All taxes, assessments and charges which may become liens that are levied under local law after the recordation of this Declaration and prior to the establishment of a first trust deed or mortgage on any unit within the condominium project, shall be apportioned by the Declarant (or the Owners Association after the organization meeting) only to the individual condominium units according to the unit's undivided interest and/or Maintenance and Assessment Ratio as is appropriate for the charge or lien to be prorated and shall not be levied against the project as a whole. The ratios used shall be as shown on the attached Schedule "A".

(n) The Owners Association shall with respect to any mortgage purchased by the Federal Home Loan Mortgage Corporation, notify said Corporation in writing of any loss to, or taking of the common area of the project if such loss or taking exceeds Ten Thousand Dollars ($10,000.00) in value. Such notice shall be addressed to the local Federal Home Loan Mortgage Corporation office care of the Servicer. A copy of such notice shall be filed with the records of the Owners Association.

(o) No breach of any provision of the Covenants, Conditions, or Restrictions nor the enforcement of any lien created herein shall invalidate the lien of any mortgage or deed of trust made in good faith and for value, but all of said Covenants, Conditions,

and Restrictions, shall be binding upon any owner whose title is derived through foreclosure or trustee sale or otherwise.

(p) It is intended that any loan to facilitate the resale of any condominiums after foreclosure or deed in lieu of foreclosure is a loan made in good faith and for value and entitled to all of the rights and protections afforded to other lenders.

(q) A lender is authorized to furnish information to the Board concerning the status of any loan encumbering a condominium.

(r) A lender who acquires title by foreclosure or deed in lieu of foreclosure shall not be obligated to cure any breach of this Declaration of Restrictions which is noncurable or of a type which is not practical or feasible to cure. Assessments, either regular or special, shall not be considered as "noncurable" under the terms of this paragraph.

(s) If there is any conflict between any provision of the "PROTECTION OF LENDERS" Article and any other provision in this Declaration of Restrictions, the language contained under "PROTECTION OF LENDERS" shall control.

(t) Any first position lender who receives a written request to approve additions or amendments pursuant to the provisions of this Article, as evidenced by appropriate certification of delivery thereto, who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request. Any such request shall cite the provisions of this paragraph and shall be deemed actual notice of the provisions of this document with regard to limitations on the rights of the lender.

ARTICLE XIII

GENERAL PROVISIONS

(a) 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.

(b) The provisions herein shall be deemed independent and severable and the invalidity or partial invalidity or unenforceability of any of the provisions hereof shall not affect the validity of the remaining provisions.

(c) Each and all legal or equitable remedies provided for in this Declaration shall be deemed to be cumulative, whether so pressly provided or not.

(d) This Declaration shall be binding upon, and shall inure to the benefit of, the heirs, personal representatives, successors and assigns of Declarant, and the heirs, personal representatives, grantees, lessees, sub-lessees and assignees of the owners.

(e) No waiver or any breach of any of the covenants or nditions of this Declaration shall constitute a waiver of any ceding or proceeding breach of the same or any other covenant or condition contained herein.

(f) No reconstruction under the provisions of Article VI hereof shall be contracted for until plans and specifications therefor have been submitted to the City and/or County wherein said subdivision is located, and approved by them in all respects. Such reconstruction shall conform, insofar as may be practicable, to the original architectural style and to the original plans and specifications for said project. If the project as rebuilt results in a change in location of any ownership, any additional requirements of said City and/or County shall be complied with prior to reconstruction.

ARTICLE XIV

AMENDMENT

(a) Each and all of the Covenants, Conditions and Restrictions contained in this Declaration may be modified, amended, augmented, or deleted in the following manner, and not otherwise; by the execution of either an amended Declaration or an amendment to this Declaration, duly executed and acknowledged by members representing both of the following: (a) not less than fifty-one percent (51%) of the total voting power of the Association, and (b) not less than fifty-one percent (51%) of the voting power of the Association residing in members other than the Declarant, or subdivider, provided, however, that the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

For example, if this Declaration expressly states that seventy-five percent (75%) of the voting power must agree to an increase in the maximum annual assessment before such increase can be effected, then seventy-five percent (75%) of the voting power is necessary to amend this provision regardless of the percentage stated in this general provision respecting amendments.

(b) Said amended Declaration or amendment to Declaration shall not be effective for any purpose unless and until recorded in the Office of the County Recorder of said County but shall thereafter be conclusive and presumed valid in favor of anyone relying thereon in good faith.

IN WITNESS WHEREOF, Declarant has executed this Declaration on this day and year first above written.

PARK ESTATES NORTH, a California Corporation, "Declarant"

Doris L White

Janet Louis Gauser

TO 1945 CA (8-74)

(Corporation)

TITLE INSURANCE AND TRUST
A TICOR COMPANY

STATE OF CALIFORNIA
COUNTY OF Los Angeles } SS.

On JUNE 29, 1982 before me, the undersigned, a Notary Public in and for said State, personally appeared JANET LOUIS GAUSER, known to me to be the President, and known to me to be Secretary of the corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature Jennifer Phillips
JENNIFER PHILLIPS

STAPLE HERE

JENNIFER PHILLIPS
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Jan. 18, 1985

(This area for official notarial seal)

TO 1945 CA (8-74)

(Corporation)

TITLE INSURANCE AND TRUST
A TICOR COMPANY

STATE OF CALIFORNIA
COUNTY OF Los Angeles } SS.

On JUNE 29, 1982 before me, the undersigned, a Notary Public in and for said State, personally appeared DORIS L. WHITE, known to me to be the President, and ~~known to me to be~~ Secretary of the corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature Jennifer Phillips

STAPLE HERE

JENNIFER PHILLIPS
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Jan. 18, 1985

(This area for official notarial seal)