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Los Angeles
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File No.
06036-001

July 30, 2007

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[Handwritten signatures]

Board of Directors
Villa Firenze Condominiums, Inc.
c/o Cammarata Management, Inc.
25039 Narbonne Avenue
Lomita, California 90717

Attention: Steve

Re: Villa Firenze Condominiums, Inc. ("Association")

Dear Board Members:

Enclosed for your files, please find the original copy of the Association's Amended and Restated Declaration of Covenants, Conditions & Restrictions which was recorded on June 18, 2007, in the Los Angeles County Recorder's Office. If you have any questions regarding the enclosed, please do not hesitate to contact me.

Very truly yours,

WOLF, RIFKIN, SHAPIRO & SCHULMAN, LLP

KELLY ALLEGRA WEIL

KAW:mhe

Enclosure

cc: Daniel C. Shapiro, Esq.

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JUL 31 2007

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SCHULMAN, LLP
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06/18/07



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TITLE(S)

AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

FOR

VILLA FLORENZE CONDOMINIUMS, INC.

WHEN RECORDED RETURN TO:

Kelly Allegra Weil, Esq.
Wolf, Rifkin, Shapiro
& Schulman, LLP
11400 W. Olympic Blvd., Ninth Fl.
Los Angeles, California 90064-1582

AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

for

VILLA FLORENZE CONDOMINIUMS, INC.

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AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

for

VILLA FLORENZE CONDOMINIUMS, INC.

The following Amended and Restated Declaration of Covenants, Conditions and Restrictions ("Declaration") is made this 11 day of JUNE, 2007, to amend in full that certain former Declaration of Covenants, Conditions and Restrictions recorded on March 7, 1975, as Instrument No. 3489 (the "Original Declaration") in the Office of the County Recorder of Los Angeles County, State of California, which is hereby canceled and revoked in its entirety:

A. The real property (the "Property") which is the subject of this Declaration is described as follows:

Lot 1 of Tract 31753 as per map recorded in Book 852, pages 30 through 32, inclusive of Maps, in the Office of the County Recorder of Los Angeles, State of California.

B. The Property has been improved by the construction thereon of twenty-one (21) Condominiums (as such term is hereinafter defined) and appurtenances, known as "Villa Florenze" which Condominiums and appurtenances have been sold and conveyed to various individuals subject to the basic protective restrictions, conditions, covenants, reservations, liens and charges set forth in the Original Declaration.

NOW, THEREFORE, it is hereby declared that all of the Property is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, covenants, conditions, restrictions, reservations, liens and charges, all of which are hereby declared and established and agreed to be in furtherance of a general plan and scheme for the subdivision, development, improvement and sale of Condominiums in a Condominium Project, as those terms are defined in Sections 783 and 1351(f) of the Civil Code of California, and all of which are declared, established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and every part and portion thereof. All of said limitations, covenants, conditions,

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reservations, liens, charges and restrictions are hereby established and imposed upon the Condominiums, and each of them, and upon the Property, for the benefit of the Property and each and every individual Condominium hereinafter described and of each Owner of one or more Condominiums as that term is hereinafter defined, and the owners of an interest of any kind or character in the Property or any portion thereof. All of said limitations, covenants, conditions, reservations, liens, charges and restrictions shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, whether as sole owners, joint owners, lessees, tenants, occupants, or otherwise. Each and all of said limitations, covenants, conditions, restrictions, reservations, liens and charges shall be deemed to be, and shall be construed as equitable servitudes, enforceable by any of the Owners of any of the Condominiums or any interest in the Property against any person bound thereby or subject thereto, and shall be enforceable by the Board, as that term is hereinafter defined, or its duly appointed representatives, against any such person.

ARTICLE I DEFINITIONS

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

Section 1.1 - Articles. "Articles" shall mean the Articles of Incorporation of the Association, as the same may be amended from time to time.

Section 1.2 - Assessment. "Assessment" shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the Project and the cost of enforcing the Association's governing documents that is to be paid by each Owner as determined by the Association, and includes Regular Assessments, Special Assessments of all types and Monetary Penalties.

Section 1.3- Association. "Association" shall mean Villa Firenze Condominiums, Inc., a California non-profit mutual benefit corporation, the Members of which shall be all of the Owners of the Condominiums in the Project.

Section 1.4 - Board of Directors. "Board" or "Board of Directors" shall mean the governing body of the Association.

Section 1.5 - Bylaws. "Bylaws" shall mean the duly adopted bylaws of the Association as the same may be amended, changed or modified from time to time.

Section 1.6 - Common Area. "Common Area" shall mean the entire Project excepting the Units.

Section 1.7 - Condominium. A "Condominium" shall mean a condominium as defined in Sections 783 and 1351(f) of the Civil Code of California, consisting of an undivided interest in a common portion of the Project, a separate interest in a space called a Unit, and a non-exclusive easement for access to, use and enjoyment of, and ingress and egress through the Common Area of the entire Project.

Section 1.8 - Condominium Plan. "Condominium Plan" shall mean the plan prepared and recorded with respect to the Project as required by Section 1351(e) of the Civil Code of California and pursuant to Sections 783 and 1351, et seq., inclusive, of the Civil Code of California.

Section 1.9 - Declaration. "Declaration" shall mean this Declaration as the same may be amended, changed or modified from time to time.

Section 1.10 - Exclusive Use Common Area. "Exclusive Use Common Area" shall mean those portions of the Common Area set aside for exclusive use of an Owner or Owners of the Condominium to which they are attached or assigned as shown on the Condominium Plan as well as the following: any shutters, awnings, exterior doors, doorframes and hardware incident thereto, screens and windows, fireboxes and any other fixtures designed to serve a single Unit, whether located inside or outside the boundaries of the Unit and specifically including patios, parking spaces and storage lockers.

Section 1.11 - Manager. "Manager" shall mean the managing agent, if any, whether individual or corporate, retained by the Board, on contract, to whom the Board may delegate the management activities related to the Project.

Section 1.12 - Member. "Member" means every person or entity who is an Owner as defined in Section 1.15.

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Section 1.13 – Monetary Penalty. “Monetary Penalty” shall mean a monetary penalty imposed against a Member, after notice and a hearing, for a violation of the Association’s governing documents committed by a Member or any guests, servant, family members, tenants or invitees of Owner in accordance with Section 5.20 of this Declaration.

Section 1.14 - Mortgage. "Mortgage" shall mean a deed of trust or a mortgage encumbering a Condominium.

Section 1.15 - Mortgagee. "Mortgagee" shall mean a holder of a Mortgage encumbering a Condominium or other portion of the development. The term "Mortgagee" shall include the beneficiary under a deed of trust as well as a mortgagee.

Section 1.16 - Owner. "Owner" shall mean the record owner or owners, if more than one, of a Condominium in the Project, excluding those persons or entities having such interest merely as security for the performance of an obligation.

Section 1.17 - Project. "Project" shall mean the entire Property as divided into Condominiums, including all structures and improvements thereon, the Units, and the Common Area, which Project shall be commonly known as "Villa Firenze."

Section 1.18 – Operating Rules. “Operating Rules” shall mean the rules and regulations adopted and amended from time to time by the Board, by a majority vote thereof, in accordance with Civil Code Section 1357.100 et seq., as the same may be amended, changed or modified from time to time, pertaining to the Project, including, without limitation, the use of the Common Areas, Exclusive Use Common Areas and Units.

Section 1.19 – Regular Assessment. “Regular Assessment” shall mean each Owner’s share of the amount that the Board, in its sole discretion estimates will be sufficient to perform the duties and undertake the responsibilities required by this Declaration. Unless the Board expressly votes to charge to the Owners any Regular Assessment on a different interval, Regular Assessments shall be assessed on a monthly basis. In no case will the frequency be less than monthly and any changes to the frequency may only become effective at the commencement of a new fiscal year.

Section 1.20 – Special Assessment. “Special Assessment” shall mean any Assessment that is not a Regular Assessment. Special Assessments

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include but are not limited to any amount that the Board, in its sole discretion estimates shall be needed for: operation, repair, replacement, or improvement; any insufficient Regular Assessments; any insufficient operating or reserve funds; any costs or other purpose. Special Assessments also specifically include any amount as set forth Section 4.3 herein.

Section 1.21 - Unit. "Unit" shall mean and refer to the elements of a Condominium which are not owned in common with the other Owners of other Condominiums. The boundaries of a Unit shall be as shown and defined on the Condominium Plan, that has been recorded, pursuant to Section 1351 of the California Civil Code, in the office of the County Recorder of Los Angeles County. The Unit shall include both the portions of the building so described and the airspace so encompassed. In interpreting deeds and plans, the existing physical boundaries of a Unit reconstructed in substantial accordance with the original plans, shall be conclusively presumed to be its boundaries, rather than metes and bounds, or other description, expressed in the deed or plan, regardless of settling or lateral movement of buildings and regardless of minor variance between boundaries shown on the plan or in the deed and those of a building.

ARTICLE II
HOMEOWNERS ASSOCIATION; MEMBERSHIP; VOTING

Section 2.1 - Management of Project. The common business affairs and management of the Project shall be conducted by the Association, its successors and assigns.

Section 2.2 - Qualifications for Membership. Each Owner of a Condominium shall be a Member of the Association. If a given Condominium is owned by more than one Owner, all such Owners shall be Members of the Association. Ownership of a Condominium within the Project shall be the sole qualification for being a Member of the Association.

Section 2.3 - Transfer of Membership. The Association membership of each Owner shall be appurtenant to the Condominium giving rise to such membership, and shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon the transfer of title to said Condominium, and then only to the transferee of title to said Condominium. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Condominium shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

Section 2.4 - Voting Classes. The Association shall have one class of voting membership, consisting of all Owners as defined in Article I. All Members shall be entitled to one vote for each Condominium in which they hold the interest required for membership. When more than one person holds such interest in any Condominium, all such persons shall be Members; however, regardless of the number of Owners of a Condominium, the vote for each Condominium may be cast only as a unit, and fractional votes shall not be allowed.

ARTICLE III
RIGHTS IN THE COMMON AREA

Section 3.1 - Percentage and Transfer of Undivided Interests in Common Area. The undivided interest in the Common Area hereby established and which shall be conveyed with each respective Unit in the Property, is a one- twenty-first (1/21st) interest.

Section 3.2 - Owners' Easement of Enjoyment. For the benefit of the Property, and for the benefit of all of the Owners in the Project, there shall be non-exclusive reciprocal easements of access to, use and enjoyment of, and ingress and egress through all of the Common Areas of the Project. Such easements may be used by all Owners and the members of their families, their servants, guests, tenants and invitees, for pedestrian walkways, vehicular access and such other purposes reasonably necessary to the use and enjoyment of the Units and the Common Areas in the Project, including all recreational facilities in the Common Areas. Such easements shall be appurtenant to and shall pass with the title to every Condominium, subject to the following provisions:

(a) The right of the Board to establish uniform Operating Rules pertaining to, among other things, electromagnetic radiation transmitting and/or receiving devices, littering, trash collection and removal, noise levels, parking, pets, posting of signs or placement of items in the Common Area, storage, and the number of guests, the hours of use and other matters relating to the use and enjoyment of the Common Areas and the facilities thereon, Exclusive Use Common Areas and the Units.

(b) The right of the Board, in accordance with the Bylaws, to borrow money and pledge Assessments for the purpose of improving, repairing, and/or rebuilding the Common Area and facilities thereon.

(c) The right of the Board to suspend any Owner's voting rights and/or Common Area privileges (other than the right of ingress and egress to the Owner's Unit) for the period during which any Assessment, including any Monetary Penalty against such Owner's Condominium, remains unpaid for in excess of thirty (30) days, and/or for as long as the violation continues for any infraction of this Declaration, the Bylaws or the published Operating Rules of the Association committed by any Owner, or any guest, servant, family member, tenant or invitee. In addition to suspension rights, the Board may impose a Monetary Penalty on any Owner in an amount set forth in the schedule of Monetary Penalties adopted and amended by the Board from time to time for each such infraction committed by such Owner, that Owner's guest, servant, family member, tenant or invitee. The Board shall distribute to the Owners, by personal delivery or certified mail, a copy of the schedule of Monetary Penalties adopted by the Board, and any amendments thereto. Any suspension and/or monetary penalty provided for in this Declaration shall be imposed only after notice and hearing has been afforded in accordance with the Bylaws. The Association and the Board shall have the same rights and remedies, including lien, foreclosure, late charge and interest rights, for the enforcement and collection of any Monetary Penalty as for the enforcement and collection of Assessments, and any Monetary Penalty provided for herein shall be deemed to be a Special Assessment. Any infraction or violation of an ongoing nature shall subject the violating Owner to a continuing Monetary Penalty which may be assessed on a daily basis until the infraction or violation in question has been remedied. The Board shall provide procedures for enforcing the Declarations, Bylaws and Operating Rules.

(d) Access to Common Areas within the Project may be controlled through the use of locks on entry doors keyed to the locks on the individual Units within such buildings, or other means, so that only the residents of the building and the Project Manager and staff will have free access to the Common Areas of such buildings.

(e) Smoking is forbidden in all of the Common Areas and in each Owner's Exclusive Use Common Area.

(f) In no event such easement be used by any Owner for advertising of any business, advertising the leasing any Unit in the Project, or advertising for any other purpose.

Section 3.3 - Waiver of Use. No Owner may waive or otherwise escape liability for the Assessments provided for by this Declaration or otherwise duly and properly levied by the Board in accordance with this

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Declaration, or release the Condominium owned by any Owner from any lien, charge or Assessment by non-use of the Common Area and the facilities thereon, or any part thereof, or by abandonment of his Condominium.

Section 3.4 - Additional Provisions Relating to the Common Area.

The Owners covenant and agree as follows:

(a) That the Common Area shall remain undivided; and no Owner shall bring any action for partition except as provided in this Declaration, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project.

(b) In the event the improved part of the Project is partially or totally destroyed and then rebuilt, the Owners agree that minor encroachments of parts of the Common Area due to construction shall be permitted and that valid easements for said encroachments and the maintenance thereof shall exist.

(c) That a non-exclusive easement for ingress, egress and support through the Common Area is appurtenant to each Unit, and the Common Area is subject to such easements.

(d) That except as otherwise set forth in this Declaration, the Association shall have the responsibility to manage and maintain all of the Common Area within the Project, and such maintenance shall be of a high quality so as to keep the entire Project in a first-class condition and in a good state of repair.

(e) Each Condominium shall be, by its Owner(s), subject to any and all easements of record at the time of the initial conveyance of such Condominium to an Owner for the use and benefit of the several authorized public and/or other utilities which may include, but not be limited to, easements for cable television, sanitary sewers, water, gas, electrical and drainage facilities, and no Owner shall damage or interfere with the installation and maintenance of such utilities, or in any manner change the direction or flow of drainage channels in any such easements, or in any manner obstruct or retard the flow of water through drainage channels in any such easements.

(f) Easements on, over and under the Project for the installation and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities, and for drainage facilities as shown on the recorded

map of the Project, and as may be hereafter required or needed to service the Project, are hereby reserved by the Association, together with the right to grant and transfer such easements.

(g) Any Owner may delegate his rights of enjoyment in the Project, including the Common Area, to the members of the Owner's family, guests, and invitees, and to such other persons as may be permitted by this Declaration, the Bylaws and the Operating Rules, subject, however, to this Declaration, the Bylaws and the Operating Rules; provided, however, that neither an Owner of a Condominium who has sold same to a contract purchaser thereof or has leased or rented same, nor members of that Owner's family, guests and invitees, shall be entitled to use and enjoy the Common Area while such Owner's Condominium is occupied by such contract purchaser, lessee, or renter, but, instead, such contract purchaser, lessee or renter, while occupying such Unit, shall be entitled to use and enjoy the Common Area and to delegate the rights of enjoyment in the same manner as if such contract purchaser, lessee or renter were the Owner of such Condominium during the period of his occupancy thereof. Each Owner shall notify the Manager, or, if none, the Board, of the names of any contract purchasers, lessees or renters of such Owner's Condominium. Each Owner, contract purchaser, lessee or renter shall also notify the Manager, or, if none, the Board, of the names of all persons to whom such Owner, contract purchaser, lessee or renter has delegated any rights of enjoyment in the Project and the relationship which each such person bears to such Owner, contract purchaser, lessee or renter. Any rights of enjoyment delegated pursuant hereto are subject to suspension and Monetary Penalties to the same extent that rights of Owners are subject thereto.

ARTICLE IV
COVENANT FOR ASSESSMENTS AND LIENS

Section 4.1 - Creation of Lien and Personal Obligation of Assessments. Each present or future Owner of any Condominium 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: Regular Assessments and Special Assessments for the purposes permitted in this Declaration, such Assessments to be fixed, established, and collected from time to time as hereinafter provided.

The Regular and Special Assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a

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charge on the real property and shall be a continuing lien upon the Condominium against which each such Assessment is made, the lien to become effective upon the recordation with the Los Angeles County Recorder a notice of Assessment as provided in California Civil Code Sections 1367 and 1367.1 or any successor sections. Each such Assessment, together with such interest, costs, penalties, and attorneys' fees, shall also be the personal obligation of the person who is the Owner of such Condominium at the time the Assessment is made. No Owner shall be exempt from liability for payment of Assessments by waiver of the use or enjoyment of any Common Area or by the abandonment of the Owner's Condominium.

Section 4.2 - Regular Assessment; Portion for Reserves. The Board shall establish and levy Regular Assessments in the amount that the Board estimates will be sufficient to raise the funds needed to perform the duties of the Association during each fiscal year. The total estimated common expenses of the Association shall be divided among, assessed and charged to and against the individual Owners and their Condominiums as stated in Section 4.5 below. The Regular Assessment shall include a portion for reserves in those amounts as the Board in its discretion considers appropriate to meet the costs of future repair, replacement, or additions to the major improvements and fixtures that the Association is obligated to maintain and repair. Reserve funds shall be deposited in a separate account, and the signatures of at least two persons, either two members of the Board or one officer who is not a member of the Board and a member of the Board, shall be required to withdraw moneys from the reserve account. Until changed as herein provided, the Regular Assessment per Condominium per month shall be the amount having been assessed on the date of this Declaration, as determined pursuant to the Assessment Schedule attached hereto as Exhibit "A" which, by this reference, is incorporated herein and made a part hereof.

Section 4.3 - Special Assessments. The Board may at any time levy a Special Assessment in order to raise funds for unexpected operation or other costs, insufficient operating or reserve funds, or other purposes as the Board in its discretion considers appropriate, including, without limitation, the following:

(a) Special Assessments for Emergency, Maintenance and Other Needs. The Board may levy during any fiscal year Special Assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or unexpected repair or replacement of a capital improvement or existing component upon the Common Area and personal property related thereto.

(b) Special Assessment When Insurance Proceeds Unavailable. In the event the proceeds of insurance obtained by the Association are paid to any Mortgagee of a Condominium and by reason of such payment, said insurance proceeds are not made available to the Association as trustee or otherwise to effect any repair, reconstruction or restoration of any damage and/or destruction to all or any portion of the Project as provided herein, then the amount of such proceeds not made available shall be assessed and charged solely to and against the Owner and the Owner's Condominium as a Special Assessment.

(c) Special Assessment for Owner's Failure to Maintain Unit or Exclusive Use Common Area. In the event any Owner fails to maintain the Owner's Condominium or Exclusive Use Common Area and make repairs thereto as required by this Declaration, and the Board causes such maintenance and/or repair to be performed in accordance with the provisions hereof, all costs and expenses incurred in connection with such work, maintenance and/or repairs shall be immediately assessed and charged solely to and against such Owner and the Owner's Condominium as a Special Assessment.

(d) Special Assessment for Act Increasing Insurance Premiums. In the event any act or omission of any Owner, any member of that Owner's family, or guest, tenant, servant, employee, licensee, agent or invitee of that Owner shall increase the premiums for any insurance policy purchased or obtained by the Association for the benefit of the Project and the residents thereof, the amount of said increase shall be assessed and charged solely to and against such Owner and that Owner's Condominium as a Special Assessment.

(e) Special Assessment to Bring Owner into Compliance With Governing Documents. The Board may levy a Special Assessment against an Owner and that Owner's Condominium for such other purposes as may be set forth in this Declaration as well as to reimburse the Association for costs incurred in bringing the Owner into compliance with the Association's governing documents. Any Monetary Penalty levied against an Owner pursuant to this Declaration shall be considered a Special Assessment.

Section 4.4 - Restrictions on Increases in Regular or Special Assessments. The Board may increase Regular Assessments up to twenty percent (20%) above the Regular Assessment for the immediately preceding fiscal year without the vote of the Members. In addition the Board may levy Special Assessments which in their aggregate do not exceed twenty percent

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(20%) of the budgeted gross expenses of the Association for that fiscal year without the vote of the Members. The Board may not impose on any Condominium a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year or levy Special Assessments to defray the cost of any action or undertaking on behalf of the Association that in the aggregate exceeds twenty percent (20%) of the budgeted gross expenses of the Association for that fiscal year without the vote or written consent of Owners casting a majority of the votes at a meeting of the Association at which a quorum is present.

Notwithstanding the foregoing, the Board, without membership approval, may increase Regular Assessments or levy Special Assessments necessary for an emergency situation. For purposes of this paragraph, an emergency situation is one of the following:

(a) An extraordinary expense required by an order of a court;

(b) An extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible when a threat to personal safety on the Project is discovered; or

(c) An extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget; provided, however, that prior to the imposition or collection of the 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 Owners with the notice of the Assessment.

The Association shall provide the Owners by first-class mail a notice of any increase in the Regular Assessments or the imposition of any Special Assessments of the Association not less than thirty (30) days prior to the increased Assessment becoming due.

Section 4.5 - Rate of Assessment. Except for Special Assessments that relate only to an individual Owner and that Owner's Condominium, and except as may be set forth in Section 12.3, Regular and Special Assessments must be fixed at an equal rate for all Condominiums.

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Section 4.6 - Due Dates. Regular Assessments shall be due and payable in advance on the first day of each month regardless of the lack of any monthly notice thereof. Special Assessments shall be due and payable within thirty (30) days from the date written notice thereof is given by the Board or within such extended period as the Board shall determine to be appropriate.

Section 4.7 - Maintenance and Reserve Fund.

(a) All Assessment charges collected shall be properly deposited in two (2) or more separate commercial and/or savings accounts in a federally insured bank, and/or savings and loan association selected by the Board, which accounts shall be clearly designated in the name of the Association as "VILLA FLORENZE CONDOMINIUMS, INC. CURRENT MAINTENANCE AND OPERATION ACCOUNT" and the "VILLA FLORENZE CONDOMINIUM, INC. RESERVE ACCOUNT" or other similar names; provided, however, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments with a national brokerage firm consistent with the investment standards normally observed by trustees. The Board shall have control of said accounts, and shall be responsible to the Owners for the maintenance of accurate records thereof at all times. To preclude the multiplicity of bank accounts, all sums received or collected by the Association from Assessments or otherwise, together with any interest charges attributable thereto, need not be deposited in separate accounts so long as separate accounting records are maintained identifying all funds received by the Association in payment of each Assessment and of all disbursements made therefrom; provided, however, any portion of Assessments allocated toward reserves shall be promptly transferred to a segregated account, as provided for below.

(b) The Board shall allocate a portion of said funds as collected for the annual maintenance and operation of the Project as specified in the annual budget, and the Board shall allocate a portion of said funds as collected as reserves for contingencies, replacement and deferred maintenance of the capital components of the Project as specified in the annual budget. Reserve funds shall be deposited in a separate account and the signatures of at least two (2) persons who shall either be members of the Board or one officer who is not a member of the Board and a member of the Board shall be required to withdraw monies from the reserve account.

(c) Upon sale or transfer of any Condominium by an Owner, the Owner's interest in the trust funds shall be deemed automatically transferred to the successor or transferee of such Owner. Any interest payable



with respect to any funds deposited by the Association or Board shall become a part of that account to be used for the purposes intended.

(d) In the event that the Board retains a professional management service, the Board may delegate the authority to deposit or withdraw funds from the operation account only to responsible representatives of the professional management agent so retained. Said professional management agent may additionally be authorized to establish a common trustee account for deposit of Assessments as collected. Any funds deposited in such an account shall be allocated as previously specified herein.

Section 4.8 - Effect of Nonpayment of Assessments; Lien Rights; Remedies of Association. Every Owner shall be deemed to covenant and agree to pay the Assessments provided for in this Declaration, and to further agree to the enforcement of such Assessments in the manner provided for in this Declaration.

(a) Delinquency. Any Assessment provided for in this Declaration which is not paid when due shall become delinquent on the day after the date on which such Assessment is due (the "date of delinquency"). A late charge of \$10.00 or ten percent (10%) whichever is greater, per each delinquent Assessment shall be payable with respect to each Assessment not paid within fifteen (15) days after the date of delinquency. Assessments not paid within thirty (30) days after the date of delinquency shall thereafter bear interest at the lesser of the following rates, accrued from the date of delinquency: twelve percent (12%) per annum or the maximum rate allowed by law. The Board, its attorney or other authorized representative may, at its option, at any time after such thirty (30) day period, and in addition to any other remedies provided herein or by law or in equity, enforce the obligation to pay Assessments in any manner provided by law or in equity, and without limiting the generality of the foregoing, by any or all of the following procedures:

(1) Enforcement by Suit. The Board may cause a suit at law to be commenced and maintained in the name of the Association against any Owner or Owners, or any of them, personally obligated to pay Assessments for such delinquent Assessments as to which they are personally obligated. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon at the rate of twelve percent (12%) per annum from and after the date of delinquency (or if less, the maximum rate allowed to be charged by law), late charges as provided for by the Declaration, court costs and reasonable attorneys' fees in such amount as

the Court may award. Suit to recover a money judgment for unpaid Assessments shall be maintainable by the Board, or its authorized agent, without foreclosing or waiving the lien hereinafter provided for.

(2) Enforcement of Lien.

(i) The Board may proceed to record, or cause to be recorded, a notice of Assessment with respect to the Condominium as to which Assessments are delinquent as provided by Sections 1366, 1367 and 1367.1 of the California Civil Code, as the same may be amended, modified or superseded from time to time.

(ii) Such notice of Assessment shall be recorded in the office of the County Recorder of the county in which such Condominium is located and shall set forth all Assessments which have become delinquent as of the date of recordation thereof, together with all costs (including reasonable attorneys' fees), and all late charges and interest accrued thereon. The notice of Assessment shall also set forth a description of the Condominium with respect to which it is recorded, the name of the record Owner thereof and, if the lien is to be enforced by power of sale under non-judicial foreclosure proceedings, the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice of Assessment shall be signed by any officer of the Association, or by any authorized representative of the Board.

(iii) Immediately upon recordation of a notice of Assessment pursuant to the provisions of this paragraph, the amounts set forth in said notice of Assessment shall be and become a lien upon the Condominium described in the notice of Assessment, which lien shall also secure all other Assessments which shall become due and payable with respect to the Condominium as to which the notice of Assessment was recorded following the date of recordation of the notice of Assessment, together with all costs (including reasonable attorneys' fees), and all late charges and interest whether accruing thereon, or accruing on the delinquent Assessments set forth in the notice of Assessment.

(iv) Except as set forth in sub-section (v) below, the lien so created may thereafter be enforced by sale of the Condominium as to which the lien is created by the Board, its attorney, or other person authorized by the Board to make the sale, such sale to be conducted in accordance with the provisions of Sections 2924, 2924b, 2924c, 2924f, 2924g, and 2924h of the Civil Code of California applicable to the

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exercise of powers of sale in mortgages and deeds of trust, or in any other manner which may be permitted by law. The Board, or its duly authorized representative, on behalf of the Association, shall have the power to bid on and purchase the Condominium at foreclosure sale and hold, use, lease, encumber and convey the same.

(v) A Monetary Penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Declaration or the Operating Rules, except for the late payments, may not become a lien against the Member's Condominium enforceable by the sale of the interest under Civil Code Sections 2924, 2924b, and 2924c, but are enforceable by court proceedings. If Civil Code Section 1367.1(e) is amended to permit monetary penalties imposed by the Association as a disciplinary measure for failure of an Owner to comply with this Declaration or the Operating Rules to be enforceable by the sale of the interest under Civil Code Sections 2924, 2924b, and 2924c, then this provision shall be deemed amended to conform to any such amendment of Civil Code Section 1367.1(e). A Special Assessment imposed by the Association 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 or the Member's guests or tenants were responsible may become a lien against the Member's separate interest enforceable by the sale of the interest under Civil Code Sections 2924, 2924b, and 2924c as well as by court proceedings.

(b) Curing of Default. Upon the timely payment, or other satisfaction, of all delinquent Assessments set forth in the notice of Assessment recorded in accordance with this Article IV and all other Assessments which have become due and payable with respect to the Condominium as to which such notice of Assessment was recorded following the date of such recordation, together with all costs (including reasonable attorneys' fees), and all late charges and interest which have accrued thereon, the Board shall cause to be recorded a further notice stating the satisfaction and release of the lien created by the notice of Assessment. A fee covering the cost of preparation and recordation by the Association prior to the execution and recordation of such notice of release by the Board shall be included in the costs charged to the Owner. The notice of release and satisfaction of the lien created by the notice of Assessment shall be executed by any officer of the Association or by any authorized representative of the Board. For the purposes of this paragraph (b) and the provisions of subparagraph (ii) of paragraph (a) of Section 4.8 of Article IV of this Declaration, 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

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the delinquent Assessments secured by the lien created by the notice of Assessment, and shall also include a reasonable sum for attorneys' fees actually incurred.

(c) Additional Costs Secured by Lien. In the event the lien created is foreclosed judicially by action in Court, reasonable attorneys' fees and court costs as the Court may award, title search fees, interest at the rate of twelve percent (12%) per annum from the date of delinquency (or if less, the maximum rate allowed by law), late charges as provided for by this Declaration, and all other costs and expenses shall be allowed to the extent permitted by law.

(d) Notice of Creation of Assessment Lien. Notwithstanding anything contained in this Declaration, no action shall be brought to foreclose any lien created pursuant to the recordation of a notice of Assessment, whether judicially, by power of sale, or otherwise, less than ten (10) days after the date that a copy of the notice of Assessment is deposited in the United States mail, postage and fees prepaid, addressed to each of the Owners of the Condominium as to which the notice of Assessment relates at the address provided for by this Declaration for the giving of notice to an Owner.

(e) Priority of Lien. The lien created pursuant to this Declaration upon the recordation of a notice of Assessment shall be prior and superior to all liens except (i) all taxes, bonds, Assessments and other similar devices which by law would be superior thereto, and (ii) the lien or charge of the holder of any deed of trust to the extent that such rights are set forth in Section 4.9 of this Article.

(f) Rights of Board; Waiver by Owners. Each Owner hereby vests in and delegates to the Board or its duly authorized representatives the right and power to bring all actions at law or lien foreclosures, whether judicially or 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 in accordance with this Declaration of the obligation to pay Assessments as set forth in this Declaration.

Section 4.9 - Priority of Assessment Lien. The lien of the Assessments, interest thereon and costs of collection (including attorneys' fees) as provided for herein, shall be subordinate to the lien of any Mortgage upon any Condominium. The sale or transfer of any Condominium shall not affect

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the Assessment lien; however, the sale or transfer of any Condominium pursuant to judicial or nonjudicial foreclosure of a Mortgage shall extinguish the lien of such Assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Condominium from lien rights for any Assessments thereafter becoming due. Where the beneficiary of a Mortgage of record or other purchaser of a Condominium obtains title through judicial or nonjudicial foreclosure of the Mortgage, the person who acquires title and his successors and assigns shall not be liable for the share of the common expenses or Assessments by the Association chargeable to such Condominium which became due prior to the acquisition of title to such Condominium by such person. Such unpaid share of common expenses and Assessments shall be deemed to become common expenses collectible from all of the Condominiums, including the Condominium belonging to such person and his successors and assigns.

Section 4.10 - Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of maintaining the health, safety and welfare of the Owners, their guests and invitees, and in particular shall be used for the purpose of maintaining and increasing the value of the Project; improving, protecting, operating and maintaining the Common Area and the facilities, improvements, landscaping and structures located thereon; providing, facilitating and encouraging pleasant living conditions within the Project; providing for the acquisition and maintenance of property, services and facilities devoted to these purposes; and otherwise providing for the performance by the Board of each and every of the powers and duties of the Board.

Section 4.11 - Disclosure to Owner. Upon written request from an Owner, the Association shall, within 10 days of the mailing or delivery of the request, provide an Owner with a copy of the requested items specified in Civil Code Section 1368, as the same may be amended from time to time. The items required to be made available pursuant to Civil Code Section 1368 may be maintained in electronic form and requesting parties shall have the option of receiving them by electronic transmission or machine readable storage media if the Association maintains these items in electronic form. The Association may charge a reasonable fee for this service based upon the Association's actual cost to procure, prepare, and reproduce the requested items.

Section 4.12 - Transfer Fee. The Association may charge an Owner a transfer fee to cover the Association's actual costs to change its records. For purposes of this Section, transfer shall be defined to include the following: a sale of a Unit, the lease or rental of a Unit to a new tenant, or the sublease of a

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Unit by an existing tenant to a subtenant.

Section 4.13 - Excess Special Assessment Funds. If the proceeds of any Special Assessment exceed the amount to accomplish the purpose for which any such Assessment was levied, such surplus may, in the Board's discretion, be returned proportionately to the contributors thereof, reallocated among any of the Association's reserve accounts if any such account is, in the Board's sole discretion, under-funded, or credited proportionately on account of the Owner's future Regular Assessments.

ARTICLE V
USE RESTRICTIONS

In addition to all other covenants contained herein, the use of the Project and each Unit therein and the Common Area is subject to the following restrictions. For purposes of this Article, except when the context otherwise requires, "Owner" shall include the family (and each member thereof), guests, tenants, licensees, servants, employees and invitees of such Owner.

Section 5.1 - Residential Use; Business Usage Prohibited.

(a) No Condominium shall be occupied and used except for residential purposes. No part of the Project or Units therein shall ever be used or caused to be used, or allowed or authorized in any way, directly or indirectly, to be used for any business, commercial, manufacturing, mercantile, vending, transient, hotel or other such nonresidential purposes; provided, that the foregoing restriction shall not apply to the activities, signs or activities of the Association in the discharge of its responsibilities under this Declaration. Transient, Hotel or other such nonresidential purposes," as used in the immediately preceding sentence shall mean: (1) rental for any period less than one (1) year; (2) any rental if the occupants of the Unit are provided customary hotel services, such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service; (3) time share arrangements, and (4) any "home swap". The Board is authorized to make exceptions to the above requirements on a case-by-case basis and for good cause shown.

(b) Notwithstanding subsection (a), no restriction shall be construed in such a manner so as to prohibit any Owner from (1) keeping his or her personal business records or accounts therein; (2) handling his or her personal or professional telephone calls or correspondence therefrom; (3) leasing or renting his Unit in accordance with the Section in this Article

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entitled "Leasing"; or, (4) having a "home office" or "home business," provided that such "home office" or "home business" is incidental to the principal residential use of the Unit, complies with the Operating Rules established by the Board from time to time and applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific government authorization, does not interfere with the quiet enjoyment of the other Owners, does not produce or generate any external evidence thereof from outside the Unit, and provided that no product, good or service is produced, rendered, manufactured, stored or sold from or in the Unit; no employee works in the Unit; and no client, customer or patron visits the Unit or any other portion of the Project in relation to any business conducted therefrom, except with written permission of the Board.

(c) No health care facilities operating as a business or charity shall be permitted in the Project.

(d) Notwithstanding subsection (a), any Owner may permit temporary residence to a "house sitter" provided, however, that (1) each such house sitter complies with this Declaration, the Bylaws and the Operating Rules, and (2) the Owner reasonably notifies the Manager or, if none, the Board, of any such house sitter.

Section 5.2 - Signs; Decorations; Flags; Lock Boxes.

(a) Except as permitted by Civil Code Sections 712, 713, 1353.5, and 1353.6, as the same may be amended from time to time, or otherwise by law, or as authorized by the Association's Operating Rules, no sign, flag, banner, notice, instruction, decoration, painting or advertisement of any kind shall be displayed in the public view on or about the exterior of any Unit, or the interior of any window of any Unit. To the extent permitted by law, the Association may establish reasonable Operating Rules regulating any such sign, flag, banner, notice, instruction, decoration, painting or advertisement, provided however that the Operating Rules shall not permit any such item to be: (i) lighted; (ii) in excess of 17" high and 22" wide or the limit imposed by law; or (iii) more than one (1) such item at any one time on any Unit.

(b) No lock box may be installed in the Common Area except as provided below. The Project will have one lockbox on or near the front gate to facilitate the sale but not the leasing of Owners' Units. Lockboxes will be allowed on the door of individual Units for sale but only if they have the capability of providing a record to the Manager or, if none, the Board, of each party entering each Unit. Policies and procedures for managing the lockbox on

the front gate shall be provided in the Operating Rules.

(c) The Board may establish and maintain a web site for the Project that will have the capability of providing information regarding Units that are for sale or lease. A permanent sign may be posted on or near the front gate displaying the internet address of the web site. The Board may prepare policies and procedures for management of this site which will include details of any fees for posting and removing sale or lease details. No sign advertising the sale or lease of Units is permitted on any Common Area except as provided below for any "open house." Owners may use the existing post to post "for sale" but not "for lease" signs until such time as the web site is operational.

(d) "Open house" type access to individual Units is permitted as follows: (1) for sale of that Unit only and not for leasing; (2) by or under authority of the Owner; (3) after the Manager or, if none, the Board, has been notified in accordance with the Operating Rules; and (4) with Signs placed on the Common Area only at times specified in the Operating Rules and removed immediately thereafter. Additionally, in connection with any such "open house," the front gate or other doors must not be left open unless the Owner or the Owner's representative is in attendance at such entrance. The Owner(s) of the Unit being offered for sale are responsible for any damages to the Common Areas and/or other Units in the Project caused by anyone admitted to the building during the period of the Open House. The Board at its sole discretion may limit or remove the right of an Owner to hold an "Open House" at their Unit.

Section 5.3 - Owner Structural Changes; Improvements.

(a) No Owner shall make or cause to be made structural alterations or modifications to the interior of that Owner's Unit or any installation located therein, including, but not limited to: interior non-load bearing walls; nor shall anything be done in any Unit or in, on or to the Common Area which will impair the structural integrity of the Project without the prior written consent of the Board in accordance with Article XIV. Without limiting the generality of the foregoing, any modification which affects the floor plan of any Unit, including the creation or removal of any window, doorway or portal or the combination of Units shall be deemed to be a structural modification for the purposes of this Section. The Owner is responsible for any damages to the Common Areas or other Units and to any persons in the Project as a result of such changes.

(b) Nothing shall be altered or constructed in or removed from the Common Area, except upon the prior written consent of the Board in accordance with Article XIV.

(c) No building, fence, wall, pool, spa, obstruction, outside or exterior wiring, security camera or lighting, patio, balcony, patio/balcony cover or awning, trellis, windows, skylight, exterior decoration, improvement or structure of any kind shall be commenced, installed, painted, replaced, repainted or maintained upon the Project, except upon the prior written consent of the Board in accordance with Article XIV.

Section 5.4 - Storage; Use of Balconies and Patios. There shall be no storage of any kind in or upon a Unit, Exclusive Use Common Area, balcony, or patio which is visible from any adjoining street, the Common Area, or other Unit. No item of any kind may be stored by any Owner or tenant in the Common Area except in areas, if any, specifically designated for such purpose by the Board. Balconies and patios shall be kept in a neat and orderly fashion with only those articles pertinent to outdoor living may be placed thereon, such as patio furniture, barbecues, holiday decorations and potted plants. The Board may adopt Operating Rules regarding personal property on balconies and patios, including, without limitation, a limit on the number, type and weight of pots permitted.

Section 5.5 - Pets. The following restrictions regarding the care and maintenance of pets within the Project shall be observed by each Owner:

(a) From and after the date of this Declaration, Owners, their tenants or other occupants of Units may keep one (1) cat or one (1) bird or one (1) dog, provided it is not kept, bred, or maintained for any commercial purposes and is kept under control at all times. No pet weighing in excess of thirty-five (35) pounds when fully grown will be permitted. No other animal, livestock, fish or poultry of any kind shall be kept, bred, raised, or brought into any Unit. Notwithstanding the foregoing, if an Owner has or has permitted a pet that does not conform to the requirements of this sub-section living in a Unit before the date of recordation of this Declaration, any such non-conforming pet will be allowed to remain within the Property until such time as that pet dies or is permanently removed from the Unit, at which time the right to keep such non-conforming pet shall cease.

(b) Except as set forth in sub-section (a), no animal is permitted in the Project.

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(c) The Board shall have the right to establish and enforce Operating Rules not inconsistent with sub-section (a), and impose standards for the reasonable control and keeping of pets in, upon and around the Project to ensure that the same do not interfere with the enjoyment of the Project.

(d) Subject to the Operating Rules adopted by the Board, pets shall be allowed on the Common Area only for supervised egress or ingrees

(e) Each person bringing or keeping any animal, including any pet on the Project shall be solely responsible for the conduct of that animal or pet. Each Owner shall be absolutely liable to the Association and to each and all remaining Owners, their families, servants, guests, tenants and invitees for any damage to person or property caused by any pet or animal brought up or on, kept upon or in the Project under the authority of that Owner. The Association, its Board, officers, employees and agents shall have no liability (whether by virtue of this Declaration or otherwise) to any Owner, their family members, guests, invitees, tenants for any damage or injury to persons or property caused by any such animal or pet.

(f) Immediate corrective, reasonable action may be taken by the Board to correct, minimize or otherwise address any pet causing or creating a nuisance, obnoxious odors or unreasonable disturbance, and, after notice and hearing, the Board may cause any pet causing or creating a nuisance, obnoxious odors or unreasonable disturbance to be permanently removed from the Project, upon twenty (20) days' written notice from the Association. An Owner shall be assessed a Special Assessment by the Board for the cost of corrective action together with any attorneys' fees. A Monetary Penalty may also be charged as provided in the Operating Rules. The provisions of Article IV hereof relative to the creation of a lien for Assessments and the enforcement of payment of Assessments shall apply to all Special Assessments levied pursuant to this Section.

(g) Any unaccompanied animal on the Common Area shall be subject to immediate pick up (by the Humane Society or similar organization or authority) without liability to the Association.

(h) Animals are not allowed to defecate/urinate on the Common Area. The responsible Owners must immediately remove all excrement left by any such animal or pet. This shall be enforceable by Monetary Penalties which may be imposed as frequently as daily.

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(i) The Board, in its sole discretion may levy a Monetary Penalty against any Owner who brings or permits the bringing of, or keeps, any animal, fish, reptile, livestock or poultry onto the Project in violation of this Declaration and/or of the Operating Rules.

Section 5.6 - Offensive Activities. No Owner shall permit or suffer anything to be done or kept upon or in his Unit or the Common Area which will increase the rate of insurance thereon or result in the cancellation of any such insurance or cause the Project or any part thereof to be uninsurable against loss by fire or the perils of the extended coverage endorsement to the California Standard Fire Policy Form or loss on account of bodily injury or property damage or which will obstruct or interfere with the rights of other Owners, their families, guests, tenants, servants and invitees, nor annoy them by unreasonable noises or otherwise, nor which shall in any way interfere with the quiet enjoyment by each Owner of his respective Condominium, nor will he commit or permit any nuisance, noxious or offensive activity, or any illegal act to be committed thereon or therein. Each Owner shall comply with all of the requirements of the local and State Board of Health and with all other governmental authorities with respect to the occupancy and use of his Condominium. Immediate corrective, reasonable action may be taken by the Board to correct, minimize or otherwise address any such offensive activity, and all costs related thereto shall be made a Special Assessment imposed against the responsible Owner(s). In addition this section shall be enforceable in the Board's discretion by Monetary Penalties that may be imposed as frequently as daily and as further provided in the Operating Rules.

Section 5.7 - Owner Liability. Each Owner shall be liable to the Association for any damage to the Common Area or any improvements, landscaping or equipment thereon and Exclusive Use Common Area, which may be caused by reason of the negligence or willful misconduct of said Owner or anyone living in or visiting Owner's Unit, such as the Owner's family, guests, tenants, servants, licensees, agents, representatives or invitees, and an Owner shall be assessed a Special Assessment by the Board for the cost of repair or replacement thereof, together with any costs for corrective action and attorneys' fees. A Monetary Penalty may also be charged as provided in the Operating Rules. The provisions of Article IV hereof relative to the creation of a lien for Assessments and the enforcement of payment of Assessments shall apply to all Special Assessments levied pursuant to this Section.

Section 5.8 - Exploration for Minerals. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in the Project or any portion thereof, nor shall

oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any portion of the Project or within five hundred (500) feet below the surface of the Property, and no derrick or other structure designed for use in boring for water, oil, natural gas or other minerals shall be erected, maintained or permitted upon any portion of the Project.

Section 5.9 - Rubbish. All rubbish, trash and garbage shall be properly packaged and regularly removed from the Units by the Owners thereof and placed in proper receptacles at the collection site for the refuse pick-up service arranged by the Association pursuant to this Declaration, and shall not be allowed to be stored or to accumulate thereon or on the Common Area. Trash, garbage, and other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of waste materials shall be kept in a clean and sanitary condition. All equipment, garbage cans or recycling containers, woodpiles, or storage piles shall be kept screened and concealed from view of other Condominiums, streets, and Common Areas, except when placed at the collection site. No toxic or hazardous materials shall be disposed of within the Project by dumping in the garbage containers, down the drains or otherwise.

Section 5.10 - Equipment. No commercial power equipment, hobby shops or carpenter shops shall be maintained on the Project. Notwithstanding anything to the contrary, the use of customary, hand-held, household power tools such as drills and screwdrivers shall not violate this Section.

Section 5.11 - Encroachments. If any portion of the Common Area encroaches upon the Units, a valid easement for the encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event any building or buildings containing a Unit is partially or totally destroyed, and then rebuilt, the Owner agrees that minor encroachments of parts of the Common Area due to construction shall be permitted and that valid easements for said encroachment and the maintenance thereof shall exist. The Common Area is and shall always be subject to easements for minor encroachments thereon of the Units. If minor variances exist between physical boundaries and boundaries shown on a deed or plan, it shall be conclusively presumed that the physical boundaries are the correct boundaries.

Section 5.12 - Taxes and Utilities. Each Owner shall pay any real and personal property taxes separately assessed against his respective Unit, and all utility charges separately metered or charged against his Unit, and such payments shall be made by each such Owner in addition to and

separately from Assessments otherwise payable by each such Owner to the Association. All such taxes, charges and Assessments and liens arising therefrom shall relate only to the Units to which they pertain and not to the Project as a whole.

Section 5.13 - Parking and Vehicle Restrictions.

(a) Each Owner shall have an exclusive easement and the exclusive right to use the parking space(s) as shown on the Parking Plan attached hereto as Exhibit "B" and incorporated herein by this reference.

(b) Owners shall park their vehicles only in their assigned parking spaces. Said parking spaces are to be used for the parking of standard passenger vehicles, and shall not be converted to living quarters or workshops or used for the storage of boats, trailers, campers, recreation vehicles, or any other personal property, except that the Board may allow, at its sole discretion, temporary storage of personal property in parking spaces for good reason shown. The Owner is responsible for clearly marking such items. This Section shall be enforceable in the Board's discretion by one or more Monetary Penalties that may be imposed as frequently as daily as specifically provided in the Operating Rules.

(c) Each Owner shall maintain his assigned parking space(s) in a neat and orderly condition.

(d) The Project will maintain three "Special Use" parking spaces which are subject to the following restrictions:

(1) These Special Use parking spaces are not for regular use by the residents of the Project. For the purpose of this paragraph (d) the Board has the sole discretion to define the term "resident of the Project" in the Operating Rules.

(2) The Special Use parking spaces are intended for the use of guests, contractors or service providers of the Association and/or residents.

(3) Use of the Special Use parking spaces shall otherwise be governed by the Operating Rules.

(4) The Board is authorized to assess a Monetary Penalty for violation(s) of the Operating Rules regarding Special Use parking

spaces.

(e) No motor vehicle shall be constructed, reconstructed or repaired in or on the Project and no dilapidated, unregistered or inoperable vehicle, including vehicles without wheel(s) or an engine, shall be stored on the Project; provided, however, that the provisions of this Section shall not apply to emergency vehicle repairs.

(f) The Board shall have the authority to tow, at the Owner's expense, any vehicle parked or stored in violation of this Section, including, without limitation, any vehicle parked in any parking space without permission, in a "no parking" area or blocking ingress or egress from the Project. The Board also may assess a Monetary Penalty, as provided in the Operating Rules to enforce this paragraph (f).

Section 5.14 - Antennae; Protrusions; Exterior Wiring. Except for the television antenna and any other antenna authorized by the Board, and except as otherwise may be required by law, no television, radio, or other signal device antenna or antennae, and no rotor, banner, bunting, pole, wire, machine, equipment or similar object or unsightly object of any kind shall be allowed on the exterior or roof of any building within the Project, or any part thereof, nor shall any such object be allowed to protrude through the roof or any walls within the Project unless expressly permitted by law. No Owner shall install, attach, hang, maintain or cause to be installed, attached, hung or maintained any electrical equipment or wiring for exterior lighting, television, radio transmitting or receiving antenna, other telecommunication antenna, air-conditioning units or other like equipment or wiring in, on, over, across or through any portion of the Common Area or Exclusive Use Common Area or that protrude from any balcony or patio, or through any Common Area or Exclusive Use Common Area wall, floor, ceiling, window or door, except as approved in accordance with Article XIV. All radio, television or other electrical equipment and/or appliances of any kind or nature or wiring therefor installed in or used by any Owner in his Unit shall comply fully with all rules, regulations and requirements of all state and any local public authority having jurisdiction over same and such Owner shall be liable for any damage or injury caused by any such electrical equipment, or wiring installed or used in his Unit. For purposes of this Section 5.14 holiday decorative lighting is excepted and is allowed, subject to reasonable restrictions as may be provided in the Operating Rules.

Section 5.15 - Occupancy. No Unit may be occupied by more persons than allowed by law.

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Section 5.16 - Visible Interior Surfaces. The use and the covering of the interior surfaces of the glass doors and windows appurtenant to any Unit in the Project whether by draperies, shades, tinting or other items visible from the exterior of the building shall be subject to the Operating Rules of the Association.

Section 5.17 - No Hanging Laundry. No towel, bathing suit, wet suit, clothes, sheet, blanket, laundry of any kind or other article shall be hung out or exposed on any part of the Common Area or any balconies or patios appurtenant to any Unit.

Section 5.18 - Operating Rules. Each Owner of a Unit, the members of his family and his tenants, guests, employees, servants, licensees, representatives, agents, and invitees shall abide by the Operating Rules adopted and amended from time to time by the Board in accordance with Civil Code Section 1357.100 et seq., as the same may be amended from time to time, pertaining to the use of the Project. Such Operating Rules shall be binding upon each and every Owner and the members of his family and his tenants, guests, employees, servants, licensees, representatives, agents and invitees, and these Operating Rules shall have the same force and effect as if they were set forth in this Declaration.

Section 5.19 - Lease of Units. Any Owner who leases or rents his Unit shall:

(a) Notify the Board, in writing, and any management company then employed by the Association, in writing, of the name of the tenant, the telephone number of the tenant, the legal Unit number and address of the Unit being leased or rented, the term of the lease, if any, the commencement date of the tenancy, and any change in the address or telephone number of the Owner. Such notification shall be given on the date of the execution of the lease or on the date of the rental agreement, as the case may be.

(b) Notify the Board, in writing, whenever any tenancy terminates and there is a change of possession of the Unit.

(c) Provide lessees and tenants with a copy of this Declaration and the Operating Rules and all amendments thereto.

(d) Have a written rental agreement with such tenants which expressly provides that "Tenant agrees to comply with the Declaration of

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Covenants, Conditions and Restrictions and the Rules and Regulations of the Association” and to supply signed copies of any lease agreements upon request by the Manager, or, if none, the Board.

(e) Be liable to the Association for any damage caused to the Common Area by the Owner and/or the Owner’s tenants moving in and out of the Project or otherwise. The Association may require Owners to provide the Association with a cleaning fee deposit prior to any move in or move to help cover the cost of repairing any damage to the Common Area.

(f) Be responsible for ensuring that Owner’s tenants comply with the Association’s governing documents.

(g) Not lease their Unit for less than a one (1) year period.

(h) Make themselves available immediately to the Association should any problem relating to their Unit(s) require attention.

(i) In addition to any other rights and remedies it may have, the Board may assess fines as pursuant to the Operating Rules on any Owner(s) that do not adhere to these leasing limits set forth in this Section and/or the Operating Rules.

Section 5.20 - Monetary Penalty. Recognizing the need for a reasonable means of encouraging and enforcing compliance with the provisions of this Article and the Operating Rules, the Board is hereby authorized to assess a monetary penalty against any Owner for a violation of any provision of this Declaration or the Operating Rules committed by such Owner, his guests, servants, family members, tenants or invitees in an amount set forth in the schedule of Monetary Penalties adopted and amended by the Board from time to time. The Board shall distribute to the Members, by personal delivery or first class mail, a copy of the schedule of Monetary Penalties adopted by the Board, and any amendments thereto. All such Monetary Penalties are deemed to be Special Assessments in accordance with Article IV of this Declaration. No Monetary Penalty may be assessed against an Owner unless and until such Owner has been provided with (i) at least thirty (30) days notice of the alleged infraction or violation of the Declaration, the Bylaws or Operating Rules and the proposed Monetary Penalty related thereto and (ii) an opportunity to be heard by the Board.

Section 5.21 - Diseases and Pests. No Owner shall permit any thing or condition to exist in his Unit which shall induce, breed or harbor

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infectious diseases, rodents or noxious insects.

Section 5.22 - Exterior Fires; Barbecues. There shall be no fires within the Project whatsoever except fires confined to fireplaces within the Units and gas barbecue fires in receptacles adequately designed for such purposes on patios or balconies. The location and any installation and/or replacement of any fixed electrical or gas-fueled barbecue equipment shall be subject to the approval of the Board.

Section 5.23 - Flammable, Corrosive or Explosive Materials. No Owner nor any member of his family, tenant, agent, employee, licensee or guests shall at any time bring into, keep, store or maintain in or on any portion of the Project any inflammable or highly corrosive or explosive solid, liquid, gas, chemical substance or other material (except for cleaning or similar materials or supplies in quantities consistent with normal household use) without in each case obtaining the consent of the Board of Directors.

Section 5.24 - Water; Unreasonable Use. No Owner shall cause or permit hot and/or cold water to be left running any unreasonable or unnecessary length of time. The Operating Rules shall provide rules for water use and for violations of such rules.

Section 5.25 - Roofs. Owners, members of their families, guests, tenants, agents, licensees and employees, shall not at any time enter upon or attempt to enter upon the roof of the building within the Project without the prior written approval of the Board.

Section 5.26 - Washers and Dryers.

(a) From and after the date of this Declaration, the Board, in its sole discretion, shall have the right to allow, prohibit and/or regulate the installation and replacement of washers and dryers in the Units, and no washers and unvented dryers may be installed, operated and/or replaced within any Unit, without the prior written approval of the Board.

(b) The Board may adopt Operating Rules relating to washers and dryers including, without limitation, Operating Rules which set forth (i) the types and models of washers and dryers that may be installed; (ii) the plans and specifications which must be submitted to the Board for approval; (iii) the manner in which a washer and dryer must be mounted and the type of base which must be used; and (iv) reasonable noise reduction measures.

(c) Each Owner is financially responsible for any and all damages to any other Units and/or Common Areas as a result of the installation and/or use of any washer and/dryer in the Owner's Unit. If, upon reasonable notice, the responsible Unit Owner fails to pay for any such repair or damage the Board may authorize any such repair and charge to the responsible Owner as a Special Assessment the cost of such repair and a Monetary Penalty as provided in the Operating Rules.

Section 5.27 - Prohibition Against Waterbeds, Pianos and Treadmills. No waterbed may be kept, stored or placed in any Unit. From and after the date of this Declaration, no Owner may keep, store or place a piano or treadmill in the Owner's Unit. Notwithstanding the foregoing, if an Owner has a piano and/or a treadmill in the Owner's Unit before the date of recordation of this Declaration, any such non-conforming piano and/or treadmill will be allowed to remain within the Property until such time as the same is permanently removed from the Unit, at which time the right to keep such non-conforming piano and/or treadmill shall cease. An Owner shall have no right to replace any non-conforming piano and/or treadmill.

Section 5.28 - Prohibition Against Smoking. Smoking is forbidden in all of the Common Areas and in each Owner's Exclusive Use Common Area. In the event that California or federal law specifically permits the Association to designate the entire Project as a non-smoking building, the Association shall have the right to prohibit smoking in all areas of the Project (including, but not limited to, the Units).

ARTICLE VI
MAINTENANCE AND REPAIR

Section 6.1 - Maintenance, Improvement and Decorative Authority.

(a) Except as provided in Section 6.2 of this Article, the Association shall maintain, repair, replace (when necessary), restore, operate, and manage all of the Common Areas and all facilities, improvements, furnishings, equipment, and landscaping on the Common Areas, and all property that may be acquired by the Association, provided that each Owner shall maintain the Exclusive Use Common Area appurtenant to that Owner's Condominium in a neat and clean condition. Except as provided in Section 6.2, the Association's maintenance and repair obligations shall include, without limitation, painting, maintaining, cleaning, repairing, and replacing of all Common Areas, including, without limitation, the garages, hallways,

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chimneys, fire alarms and intercoms, exterior doors, exterior walls and windows.

(b) No Owner shall interfere with the Association's maintenance and repair obligations. Each Owner shall cooperate with the Association's maintenance and repair activities, including, without limitation, providing the Association timely access to their Units to accommodate such maintenance and repair.

(c) The Association shall have the Common Area periodically inspected for wood-destroying pests and organisms and shall take appropriate corrective measures. The Association shall have the authority to require the temporary removal of occupants of a Unit as may be necessary in connection with the treatment of wood-destroying pests or organisms, pursuant to the procedures described in California Civil Code §1364(d) or any successor statute. The costs of any temporary relocation shall be borne by each Owner who is required to move.

Section 6.2 - Maintenance of Unit and Exclusive Use Common Area. Subject to the architectural restrictions in Article XIV, each Owner shall have the following rights and obligations:

(a) Each Owner shall have the exclusive right, at his sole cost and expense, to paint, repaint, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors and doors bounding his own Unit, and at his sole cost and expense, to substitute new finished interior surfaces in place of those existing on said walls, floors, partitions or ceilings; provided, however, no Owner may alter any flooring surface in his Unit (including any balcony surface) except as may be permitted by Section 6.4 of this Declaration. Each Owner shall be responsible to maintain, repair and replace the balcony surface(s) of the Owner's Unit. Each Owner shall maintain and repair his Unit and keep his Unit in a clean, sanitary, safe and attractive condition and except as otherwise expressly set forth herein, shall also be responsible for the maintenance of all Exclusive Use Common Area property allocated to his Unit and for any additions or alterations made to the Unit structure or to the Exclusive Use Common Area property allocated to this Unit.

(b) Each Owner shall also be responsible for the maintenance, servicing, repair and replacement of all plumbing fixtures and lighting fixtures inside his Unit, refrigerators, heating equipment, dishwashers, disposals, ranges, ovens, electronic devices and other appliances and equipment in Owner's Unit, including all lines, vents, wiring and motors,

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whether or not physically attached to or located within such Unit together with such parts and equipments as are reasonably necessary to comply with the provisions of this Declaration.

(c) In order to prevent, reduce or eliminate the presence of mold, fungi, spores, pollens and other botanical substances, or other allergens (collectively "Mold") within the Units, the Owners shall be responsible for inspecting the interior of their Units. If any water leaks and/or Mold are detected within a Unit, the responsible Owner shall immediately take appropriate steps to repair the leak, and/or remove the Mold and to maintain proper ventilation within enclosed areas, and to maintain humidity levels to reduce the risk of Mold growth, and take such other prudent steps as may be appropriate to prevent Mold growth, or eliminate any existing Mold. Owners are responsible for any damage to Common Areas and other Units due to the lack of such maintenance.

(d) If an Owner fails to so maintain his Unit, Exclusive Use Common Area or any other components which are the Owner's responsibility in accordance with this Declaration, or make repairs thereto in such manner as may be deemed necessary in the judgment of the Board to preserve and protect the attractive appearance and value of the Project, the Board shall give written notice to such Owner, stating with particularity the work of maintenance or repair which the Board finds to be required, and requesting that the same be carried out within a specified period from the giving of such notice. If such Owner fails to carry out such maintenance or repair within the period specified by the notice, the Board shall cause such work to be done and shall assess the cost thereof to such Owner as a Special Assessment.

(e) If an Owner fails to effect emergency repairs to his Unit, the Association shall do so at the expense of the Owner, without the requirement of the notice. An emergency repair is one which, if not made, does or could potentially effect the safety of occupants; integrity of the structure; or damage to Common Area or any Unit within the Project. The cost of such emergency repairs shall be assessed to such Owner, such Assessment to be due and payable within thirty (30) days after the Board gives written notice thereof and shall be deemed to be a Special Assessment.

(f) The provisions of Article IV hereof relative to the creation of a lien for Assessments and the enforcement of payment of Assessments shall apply to all Assessments levied pursuant to this Article.

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Section 6.3 - Right of Entry.

(a) The Board, or its authorized agents may enter any Unit when necessary in connection with any maintenance, landscaping, repair or construction for which the Board is responsible, in case of any emergency originating in or threatening the Unit, whether the Owner is present or not, or for any other purpose reasonably related to the performance by the Board of its powers or responsibilities. Such entry shall be made with as little inconvenience to the Owners as practicable and shall be preceded by reasonable notice wherever the circumstances permit, and any damage caused thereby shall be repaired by the Board out of the common Assessments. Upon receipt of reasonable notice from the Association (which shall in no event be less than fifteen (15) days, each Owner shall vacate his Unit in order to accommodate efforts by the Association to perform any other maintenance or repairs pursuant to this Declaration. The Board shall have the right of entry to the Units and the right to remove Owners from their Units, as necessary, to accomplish its duties as provided herein. The cost of performing any such maintenance or repairs shall be a common expense of the Association; however, each Owner shall bear his own costs of temporary relocation.

(b) The Manager and/or Board will make their best effort in the notice to the Owner to estimate the duration of the required period of access in each Unit. The Owner or the Owner's representative will be responsible for determining the estimated time of scheduled access at their Unit(s) and for being present in their Unit for the entire period of access. The Board will not be responsible for any losses or damages occurring in the Unit(s) as a result of the Owner or the Owner's representative not being present for the duration of the access period.

(c) If any Owner has placed an extra locks or locks on the main door of their Unit in addition to the single lock installed by the Association, the Owner is responsible for ensuring the Manager has a key to such lock(s). If the Owner fails to supply the key(s) and the Board, or its authorized agents, is unable to exercise their right of entry, the Owner will be responsible for any damage any Unit or any Common Area that occurs as a result of not being able to gain access in a timely fashion. In addition, the Board or its Manager may, in their sole discretion, employ a locksmith or dismantle or break down the door of the Unit to gain access to a Unit in an emergency in which case the Owner of the Unit will be responsible for all repairs to the Unit necessary due to this means of entry.

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(d) Notwithstanding subsections (a) and (b), above, an Owner may revoke the Board's right to enter a Unit using its master key by advising the Board in writing and changing the main lock on the Owner's Unit. In the event an Owner exercises such right, the following terms shall apply:

(1) Current phone numbers must be provided to the Association (and updated regularly) to enable the Manager or Board to contact the Owner or the Owner's representative to request their presence at the Project to unlock their Unit in the event emergency access to the Owner's Unit is needed.

(2) The Owner or the Owner's representative must arrive at the Project within forty-five (45) minutes of being notified that emergency access to the Owner's Unit is needed. If the Owner or the Owner's representative does not arrive at the Project within such time frame, or if the nature of the emergency requires immediate access to the Unit, the Board or its Manager, may in their sole discretion, employ a locksmith or dismantle or break down the door of the Unit to gain access to a Unit in an emergency in which case the Owner of the Unit will be responsible for all repairs to the Unit necessary due to this means of entry.

(e) Each Owner shall be responsible for any extra costs and/or damages incurred as a result of the Manager or Board member(s) inability to gain emergency access to an Owner's Unit in a timely fashion due to an extra lock and/or revocation of the Association's right to use its master key. Such costs will include but not be limited to: locksmith fees, extra hourly tradesman costs, and extra damages to the any Units and/or Common Areas. These costs will apply regardless of whether the Unit was the source of the problem or needed to be accessed to diagnose the problem.

(f) The Manager and the Board are not responsible to shut off all services in the building while awaiting an Owner or the Owner's representative.

(g) When the Association requires non-emergency access to a Unit, such as for door painting, the Unit Owner will be responsible for any costs incurred as a result of not providing access during the period when the Association's contractor or vendor is at the Project. Unless otherwise directed by the Board, if the contractor or vendor has left the Project the Owner will be responsible for contracting directly with the Association's contractor or vendor to have the work done at the Owner's expense. If the Owner does not have the work completed within a period of one month, the Manager and/or Board will

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be authorized to employ a locksmith at the Owners' expense, perform the work at the Owner's expense and assess the Owner a Monetary Penalty.

Section 6.4 - Hard Floor Covering. From and after the date of this Declaration, no Owner shall install in any Unit above the first floor any "hard floor covering" (as such term is defined below), except to replace the hard floor covering in the kitchen and bathrooms which is part of the original construction of the building, but then only if such replacement includes appropriate measures to deaden, insulate and otherwise decrease the level of such noise or sounds to the minimum level reasonably possible and complies with the Operating Rules. If an Owner has any hard floor covering in his or her Unit as of the date of this Declaration which does not conform to the requirements of this Section, any "non-conforming" hard floor covering will be allowed to remain in the Unit until such non-conforming hard floor covering wears out or is no longer desired by the Unit's Owner; provided, however, when such non-conforming hard floor covering wears out or is no longer desired, the Owner shall be obligated to restore carpeting and padding to the non-conforming area. No Owner shall be allowed to replace such non-conforming hard floor covering with any floor covering other than carpeting and padding. For purposes hereof, "hard floor covering" includes all forms of floor covering or lack of floor covering (such as exposed concrete or other sub-floor material) excepting padding and carpeting which provides reasonable sound-proofing characteristics as determined in the sole discretion of the Board. Owners with the non-conforming hard floor coverings are responsible for ensuring that the flooring does not result in excessive noise to the Units above, below or adjacent. To this end, area rugs or similar supplements must be used in any areas of high traffic for Units with "hard floor covering."

ARTICLE VII
PROHIBITION AGAINST SEVERABILITY
OF COMPONENT INTEREST IN CONDOMINIUM

No Owner shall be entitled to sever his Unit from his undivided interest in the Common Area, nor shall the respective undivided interests established with each respective Unit be changed. The undivided interests in the Common Area established and the fee title to the respective Units conveyed therewith shall not be separated, severed or separately conveyed, encumbered or otherwise transferred, and each such undivided interest in the Common Area shall conclusively be deemed to be conveyed, transferred or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit. It is intended hereby

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to restrict severability of the various components of a Condominium in the manner provided by Section 1358 of the California Civil Code, as the same may be amended. Nothing herein contained shall be construed to preclude an Owner of any Condominium from creating a co-tenancy in the ownership of a Condominium with any other person or persons.

ARTICLE VIII
DUTIES AND POWERS OF ASSOCIATION

Section 8.1 - 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 should be in accordance with the provisions of this Declaration, the Bylaws and such Operating Rules as may be adopted by the Board and amendments, changes and modifications thereto as 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 Operating Rules, the provisions of this Declaration shall prevail. 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 in this Declaration and the Bylaws, together with the powers and duties otherwise expressly delegated to the Board by the Declaration or the Bylaws, except for action or activity expressly set forth herein, in the Bylaws, or California law as requiring the vote or assent of the Members of the Association or a given percentage thereof.

Section 8.2 - Meetings. Annual and Special Meetings of the Members of the Association shall be held as provided for by the Bylaws.

Section 8.3 - Board Duties. In addition to the duties enumerated in the Bylaws, or elsewhere provided for in this Declaration, and without limiting the generality of those duties, the Association shall have the following duties:

(a) The Board shall acquire and pay for out of the Assessments levied and collected in accordance herewith, water, common use telephone lines, gas, electric power, gardening service, refuse collection, and other necessary services for the Common Area (and to the extent not separately metered or charged, for the Units).

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(b) The Board shall maintain, or cause all Common Areas, and the landscaping, improvements, facilities, and structures thereon to be maintained in accordance with Section 6.1 of this Declaration, and pay for out of such Assessments such services, furnishings, equipment, maintenance and repair it may determine are necessary in order to keep and at all times maintain the Common Area and the facilities, landscaping, improvements and structures thereon in good condition.

(c) The Association shall discharge by payment, if necessary, any lien against the Common Area and charge the cost to the Owner or Owners responsible for the existence of the lien (after notice and a hearing, as provided in the Bylaws).

(d) The Association shall pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association.

(e) The Association shall fix, levy, collect, and enforce Assessments as set forth in Article IV of this Declaration.

(f) The Association shall maintain the policy or policies of insurance required by Article XI of this Declaration.

(g) The Board shall cause financial statements for the Association to be annually prepared and copies thereof to be distributed to each Owner, and to each Mortgagee who makes a written request for same.

Section 8.4 - Board Powers. In addition to the powers enumerated in the Articles and Bylaws or elsewhere provided for in this Declaration, and without limiting their generality, the Association shall have the following powers:

(a) The Board may employ a professional Manager, and may employ such other employees as it deems necessary and prescribe their duties, and enter into contracts and agreements all for the purpose of providing for the performance of the business, powers, duties and/or obligations of the Board or any portion thereof. Such Manager, if any, and all employees shall have the right of ingress and egress over, and access to, such portions of the Project as may be necessary in order for them to perform their obligations. Under any management agreement entered into by the Board, the Board shall require such agreement to provide the Association the right to terminate such

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agreement for cause on thirty (30) days' written notice, or terminate without cause or payment of a termination fee on ninety (90) days' written notice.

(b) The Board, at any time may establish and amend, by a majority vote of the Board, in accordance with Civil Code Section 1357.100 et seq., as the same may be amended from time to time, such Operating Rules as the Board may deem reasonable in connection with the use, occupancy and maintenance of the Project, Units, Exclusive Use Common Area and the Common Area by Owners and their family members, servants, licensees, agents, representatives, tenants, guests and invitees, and the conduct of such persons with respect to trash disposal, noise, plumbing system usage, moving in, moving out, storage of personal property, personal conduct, vehicles, parking, bicycle use, use of recreational facilities, control of pets and any other activity, without limitation, which if not so regulated might detract from the appearance and/or value of the Project or offend or be offensive to or cause inconvenience, noise or danger to persons residing in or visiting the Project. Such Operating Rules, including the schedule of Monetary Penalties, and any amendments shall be effective upon adoption by the Board and the distribution of the same to the Owners by first class mail or personal delivery unless otherwise provided by California law. Notwithstanding anything to the contrary, if any such Operating Rules conflict with this Declaration, the Declaration shall be deemed to govern.

(c) Upon becoming effective, the Operating Rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding upon the Owners and their successors in interest whether or not actually received thereby. The Association may take disciplinary action against any Owner for failure to pay Assessments or for violation of any provision of the Association's governing documents, including the Operating Rules. Discipline may include, but is not limited to: Monetary Penalties, temporary suspension of voting rights, suspension of Common Area privileges (other than the right of ingress or egress to an Owner's Unit) or other appropriate discipline, provided that the accused Owner is given notice and the opportunity to be heard with respect to the alleged violations before a decision to impose Monetary Penalties or other discipline is made. The notice and hearing requirement which shall be employed in connection with any such Penalties, temporary suspension of voting rights, or other appropriate discipline shall be the requirements as set forth in California Associations Code Section 7341 and California Civil Code Section 1363, as both may be amended from time to time.

(d) The Board may grant permits, licenses, and easements over the Common Area for utilities, roads and other purposes necessary for the proper operation of the Project.

(e) The Board shall have the power to perform such other acts, whether expressly authorized by this Declaration or the Bylaws, as may be reasonably necessary (including the imposition of Monetary Penalties) to:

(1) enforce any of the provisions of this Declaration, the Bylaws, or the Operating Rules duly adopted by the Board; or

(2) carry out and perform its powers and responsibilities.

(f) Subject to Section 8.5, the Board shall have the power to acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, or otherwise dispose of real or personal property in connection with the affairs of the Association.

Section 8.5 - Limitation on Board Powers. Notwithstanding anything contained in this Declaration or the Bylaws to the contrary, the Board and the Association are prohibited from taking any of the following actions, except with the vote or written assent of a majority of the voting power of the Association:

(a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than two (2) years.

(b) Paying compensation to any member of the Board or any officer of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member of the Board or an officer to be reimbursed for reasonable expenses incurred in carrying on the business of the Association.

Section 8.6 - Inspection of Association's Books and Records.

(a) The membership register, books of account, records and minutes of meetings of the Owners, of the Board and of committees of the Board shall be made available for inspection and copying by any Owner or Mortgagee, or their duly appointed representative, for a purpose, stated in writing, reasonably related to their interests as an Owner or a Mortgagee, as

the case may be, as provided in paragraph (b) below, at the office of the Association or at such other place as the Board shall prescribe.

Notwithstanding anything to the contrary, a Member's right of inspection shall not include the right to inspect minutes of executive session Board meetings or any documentation protected by the attorney-client privilege and/or any other privilege recognized by California law.

(b) The Board may provide in the Operating Rules reasonable rules with respect to:

(1) Notice to be given to the custodian of the records by the Owner or such holder desiring to make the inspection.

(2) Hours and days of the week when such an inspection may be made.

(3) Payment of the cost of reproducing copies of documents requested by an Owner or such holder.

(c) Every director shall have the absolute right at any reasonable time to inspect, including the right to make extracts and copies of, all books, records and documents of the Association and the physical properties owned or controlled by the Association.

Section 8.7 - Personal Liability. No member of the Board or of any committee of the Association, or any officer of the Association, or the Manager, if any, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the Manager or any other representative or employee of the Association, or any other committee, or any officer of the Association, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, and without willful or intentional misconduct.

Section 8.8 - Limitation of Liability. Neither the Association, nor the Board, nor any member thereof, nor any member of any committee appointed by the Board, nor the officers of the Board, nor any of them, nor the management agent, nor the Manager, if any, nor his staff, shall be liable for any failure to provide any service or perform any duty, function or responsibility designated herein to be performed by them, or for injury and/or damage to persons or property in the Project, or resulting from electricity, water, Mold, rain, dust or sand which may leak or flow from outside of any Unit

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or from any pipe, drain, conduit, appliance or equipment or from any other place or cause, unless caused by gross negligence of the Association, its Board, officers, the Manager or his staff.

ARTICLE IX
RIGHT OF PARTITION

Except as otherwise set forth in Articles XII and XIII of this Declaration, the provisions of California Civil Code Section 1359 are hereby waived and the right to partition the Common Area is hereby suspended until the later of:

- (a) fifty (50) years from the date of this Declaration; or
- (b) at such time as sixty-six and two-thirds percent (66-2/3%) of Members of the Association entitled to vote, in person or by proxy, determine to partition the Project.

ARTICLE X
UTILITIES

Section 10.1 - Utility Rights. The rights and duties of the Owners with respect to structures or spacers used for utility access, such as lines, drains, pipes, conduits, cables, and/or airspace for sewer, water, electricity, gas, telephone, radio, and/or other telecommunications shall be governed by the following:

(a) Whenever any such utility access structures or spacers are installed within the Property and lie in or upon portions of the Property owned by others, then the Owners of the Units served thereby shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon such portions of the Property to repair, replace and generally maintain said means as and when the same may be necessary as set forth below.

(b) Whenever any such structures or spacers are installed within the Property, and serve more than one Unit, the Owners of each Unit served by said structures or spacers shall be entitled to the full use and enjoyment of such portions of such means as service his Unit.

(c) In the event any portion of such structures or space 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 each such structure or spacer, then such structures or spacers shall be repaired and restored by the Association, but at the expense of the responsible Owner which expense shall be a Special Assessment. The Board may also assess Monetary Penalties as provided in the Operating Rules.

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

(e) The Association shall maintain all utility facilities located in the Common Area except for those facilities maintained by utility companies, public, private, or municipal, and those maintained by the Owners as described in Article VI, Section 6.2 of this Declaration.

(f) In the event of a dispute among Owners with respect to the repair or rebuilding of said structure or spacer, or with respect to the sharing of the cost thereof, then upon written request of one or more of such Owners addressed to the Association, the matter shall be submitted to the Board for a final and binding determination.

Section 10.2 - Easements. Easements through the Units and Common Area for utility rights shall be appurtenant to each Unit, and all other Units and the Common Area shall be subject thereto; provided, however, that the 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 upon damage or destruction pursuant to Article XII hereof upon written approval of the Board or by court order.

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ARTICLE XI
INSURANCE

Section 11.1 - Insurance. The Association shall obtain and maintain the following insurance:

(a) a master hazard policy insuring all improvements, equipment and fixtures in the Project (including the Units as originally constructed) with policy limits of not less than one hundred percent (100%) of the full insurable replacement cost value thereof (as determined every three (3) years by the Board in conjunction with the insurance company issuing such policy). The following endorsements should be included in any such master hazard policy, if commercially reasonable to obtain: (1) changes in building codes ("ordinance or law endorsement"); (2) inflation guard coverage; (3) demolition coverage; (4) "agreed-amount" endorsement (to eliminate a coinsurance problem); (5) replacement cost endorsement; and (6) primary coverage endorsement;

(b) if obtainable, an occurrence version comprehensive general liability policy insuring the Association, the Board, its agents, the Owners, occupants and other persons as the Board may determine, against liability incident to the ownership or use of the Common Area or any other Association-owned or maintained real or personal property and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. If obtainable, such insurance shall also include insurance against water damage, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location and use. The amount of general liability insurance that the Association shall carry at all times shall be not less than the minimum amounts required by Civil Code Sections 1365.7 and 1365.9, as the same may be amended from time to time;

(c) workers' compensation insurance to the extent required by law (or such greater amount as the Board deems necessary). The Association shall obtain a certificate of insurance naming it as an additional insured in regard to workers' compensation claims from any independent contractor who performs any service for the Association, if the receipt of such a certificate is practicable;

(d) flood insurance if the Project is located in an area designated by an appropriate governmental agency as a special flood hazard

area;

(e) officers and directors liability insurance in the minimum amounts required by Civil Code Section 1365.7, as the same may be amended from time to time; and

(f) such other insurance as the Board in its discretion considers necessary or advisable, including, without limitation, demolition insurance in adequate amounts to cover demolition in the event of destruction and the decision not to rebuild, earthquake insurance, and fidelity bonds or insurance covering officers, directors, and employees that have access to any Association funds.

Section 11.2 - Amount, Term and Coverage; Review of Policies.

The amount, term and coverage of any policy required hereunder (including the type of endorsements, the amount of the deductible, the named insureds, the loss payees, standard mortgage clauses, notices of changes or cancellations, and the insurance company rating) shall satisfy the minimum requirements imposed for this type of project by the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Association ("FHLMC") or any successor to either of those entities (except for earthquake insurance, the purchase of which shall be within the discretion of the Board). If the FNMA or FHLMC requirements conflict, the more stringent requirement shall be met. If FNMA and FHLMC do not impose requirements on any policy required hereunder, the term, amount and coverage of such policy shall be no less than that which is customary for similar policies on similar projects in the area. The Association shall periodically (and not less than once every three (3) years) review all insurance policies maintained by the to d Association determine the adequacy of the coverage and to adjust the policies accordingly.

Section 11.3 - Payment of Deductible. The Board shall adopt a policy regarding payment of deductibles on any insurance coverage. Unless the Board determines otherwise, the Association shall pay deductibles required under any insurance claims from Association funds, except (a) if the damage is the result of the negligence or willful misconduct of an Owner, their families, guests, tenants, servants and invitees, in which case the Owner shall be responsible to pay such deductible and the Association shall levy a Special Assessment against the Owner in such amount in accordance with Article IV of this Declaration or (b) if insufficient funds are available to the Association from the Association's accounts or from funds borrowed by the Association in accordance with this Declaration, in which event, the Association shall levy a Special Assessment, in accordance with Article IV of this Declaration, with

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respect to the amount of any such deductible which exceeds funds available to the Association from Association funds or from borrowing.

Section 11.4 - Policies and Procedures Regarding the Filing and Processing of Claims. The Board shall adopt policies and procedures regarding the filing and processing of claims for damage and destruction of Common Area improvements or any other matters covered by insurance maintained by the Association.

Section 11.5 - Authority of Board. Each of the Owners, and every other person named or covered as an insured in connection with any of the policies purchased by the Board, hereby irrevocably delegates to the Board any authority which he may otherwise have to negotiate loss settlements with the appropriate insurance carriers. The Board shall have the sole and exclusive authority and right to negotiate any such loss claim and release in connection with the settlement of a loss claim. Any such settlement shall be binding on all of the Owners, and upon any other person named as an insured on any such policy or policies only upon the execution thereof by a majority of the members of the Board, and the Owners and every other person named or insured hereby appoints the Association, by and through the Board, as its attorney-in-fact for the purpose of executing any necessary claim form, release form or settlement agreements on their behalf.

Section 11.6 - Notice to Members. The Association shall distribute annually to the Members a summary of the Association's insurance policies as required by Civil Code Section 1365(e) as the same may be amended from time to time. The Association as soon as reasonably practical, shall notify its Members by first-class mail if any of the policies have been canceled and not immediately renewed or restored or if there is a significant change such as a reduction in coverage or limits or an increase in the deductible for any policy. If the Association receives any notice of non-renewal of a policy, the Association immediately shall notify its Members if replacement coverage will not be in effect by the date the existing coverage will lapse. To the extent that the information required to be disclosed, as described in Civil Code Section 1365(e), is specified in the insurance policy declaration page, the Association may meet its disclosure obligations by making copies of that page and distributing copies to all its Members.

Section 11.7 - Owner Insurance. Owners are required to purchase and maintain premises liability insurance coverage including bodily injury and property damage insurance which covers the contents of such Owner's Unit, damage to such Owner's Unit, damage to other Owners' units caused by the

negligence or willful misconduct of the Owner and personal injury to such Owner, his/her tenants, guests, invitees and family members ("Required Insurance"). Additionally, Owners may choose to purchase insurance covering additional living expenses and loss assessment coverage. Each Owner agrees to be personally responsible for all damages to persons and property for injury caused by the negligent or intentional misconduct of such Owner or the Owner's guests, tenants, family members and/or invitees.

(a) Each Owner must submit written proof of the Required Insurance coverage to the Association's Board on January 1, or the first business day thereafter, of each year during which this Declaration remains in effect.

(b) Notwithstanding the fact that each Owner must obtain the Required Insurance, the Association and its officers and directors shall not be liable for any Owner's failure to do so or any damages that result therefrom nor shall the Association be under any duty or obligation to assure that Owners obtain and/or maintain the Required Insurance. If any Owner does not have the Required Insurance, and in the event of any damage to person or property which would be covered by the Required Insurance, such Owner agrees to indemnify, defend and hold harmless the Association and its officers, directors and employees from any and all losses, costs, liability, damages or expenses (including attorneys fees) which the Association may sustain as a result of the Owner's failure to purchase the Required Insurance.

Section 11.8 - Waiver of Subrogation. Any insurance maintained by the Association shall contain "waiver of subrogation" as to the Association and its officers, directors and Members, the Owners and occupants of the Condominiums and Mortgagees, and, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. All individually owned insurance shall contain a waiver of subrogation as to the Association and its officers, directors and Members, the Owners and occupants of the Condominiums and Mortgagees, and all Members are deemed to have waived subrogation rights as to the Association and/or other Members, whether or not their policies so provide.

Section 11.9 - Limitation of Liability Regarding Insurance. The Association and its directors and officers, shall have no liability to any Owner or Mortgagee if, after a good faith effort, it is unable to obtain the insurance required hereunder, because the insurance is no longer available or, if available, can be obtained only at a cost that the Board in its sole discretion determines is unreasonable under the circumstances, or the Members fail to

approve any Assessment increase needed to fund the insurance premiums. In such event, the Board immediately shall notify each Member and any Mortgagee entitled to notice that the insurance will not be obtained or renewed.

ARTICLE XII
DESTRUCTION OF IMPROVEMENTS

Section 12.1 - Reconstruction Without Election by Owners. In the event of a total or partial destruction of any improvements in the Project, if the available proceeds of the insurance carried pursuant to Article XI 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 such destruction renders the entire project or some material portion thereof unfit for habitation and within ninety (90) days from (i) the date of such destruction or (ii) the date of determination of the insurance proceeds available for rebuilding, whichever is greater, not less than seventy-five percent (75%) of the Members entitled to vote, in person or by proxy, at a duly constituted and called annual or special meeting of the Members at which a quorum is present, determine that such reconstruction shall not take place. The Board shall be required to cause to be executed, acknowledged and recorded a certificate declaring the intention of the Owners to rebuild or not to rebuild, such certificate to be executed by any officer of the Association duly authorized to execute the same by the Board.

Section 12.2 - Repair or Reconstruction by Consent of Owners. If the proceeds of such insurance are less than eighty-five percent (85%) of the costs of repair or reconstruction, such repair or reconstruction may nevertheless take place if fifty-one percent (51%) of the Members entitled to vote elect to rebuild. A certificate as provided in Section 12.1 shall be executed, acknowledged and recorded as provided for in such Section 12.1 hereof.

Section 12.3 - Assessments. In the event of a determination to rebuild pursuant to either Sections 12.1 or 12.2 above, each Owner shall be obligated to contribute such funds as shall be necessary to pay above the insurance proceeds. Such Assessment shall be fixed at an equal rate for all Condominiums and shall be due and payable in full within sixty (60) days after written notice thereof unless otherwise determined by the Board.

Section 12.4 - Obligation of Board. The Board shall obtain bids from at least two (2) reputable contractors, and if a determination to rebuild is

made in accordance with either Sections 12.1 or 12.2 of this Article, the Board shall award reconstruction work to the bidder the Board believes is best qualified to perform the work at a reasonable price; provided, however, that the Board shall not be required or authorized to award such contract until it has sufficient monies, whether from insurance, the collection of Assessments levied in accordance with this Declaration, or otherwise included borrowed funds with which to pay the cost of reconstruction as reflected by the bid to be accepted by the Board. The Board, upon awarding said contract shall thereafter be authorized to disburse monies to the contractor in accordance with said contract out of the insurance proceeds held by the Board and the Special Assessments levied and collected by the Board in accordance with this Article. First Mortgagees, if any, shall disburse insurance proceeds held by them in accordance with their respective standard practices for repair and reconstruction. 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. All such reconstruction shall be in accordance with a plan of construction determined by the Board.

Section 12.5 - Determination Not to Rebuild. If a certificate of intention to rebuild has not been executed, acknowledged and recorded in accordance with either Section 12.1 or Section 12.2 hereof within ninety (90) days from (i) the date of such destruction or (ii) the date of determination of the insurance proceeds available for rebuilding, whichever is greater, or if reconstruction and rebuilding has not actually commenced within nine (9) months thereafter:

(a) Any insurance proceeds available for such rebuilding shall be divided proportionately among Owners, based on each Owner's interest in the Common Area. Notwithstanding the foregoing, the balance then due on any valid encumbrance of record shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Condominium is so encumbered.

(b) The conditions for partition as set forth in Section 1359 of the California Civil Code shall be deemed to have been satisfied and the right of any Owner to partition his Condominium through legal action shall forthwith revive.

Section 12.6 - Interior Damage. Restoration and repair of any damage to the interior of any individual Unit shall be made by and at the individual expense of the Owner of that Unit and, in the event of a determination to rebuild after partial or total destruction, shall be completed as

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promptly as practical and in a lawful and workmanlike manner.

ARTICLE XIII
EMINENT DOMAIN

Section 13.1 - Definition. The term "taking" as used in this Article shall mean condemnation by exercise of power of eminent domain or by sale under threat of the exercise of the power of eminent domain.

Section 13.2 - Common Area Award. In the event of a taking of all or any portion of the Common Area within the Project, the Association shall represent the Owners in any proceedings, negotiations or settlements and the award made for such taking shall be payable as follows:

(a) If the award is for the acquisition of the entire Common Area, the amount payable shall be paid to the Board, as trustee, for distribution to the Owners shall be divided proportionately among the Owners in accordance with the respective appraised fair market value of the Condominiums as of the date of destruction, expressed as percentages, and computed by dividing such appraised fair market value of each Condominium by the total of such appraised fair market values of all Condominiums in the Project. The Board is hereby authorized to hire one or more appraisers for such purpose and the cost of such appraisals shall be an expense of the Association. Owners may present documents to the appraiser to assist the appraiser in the determination of the value of their Units. Notwithstanding the foregoing, the balance then due on any valid encumbrance of record and all unpaid Assessments shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Condominium is so encumbered.

(b) If the award is for the acquisition of only part of the Common Area and is less than fifty percent (50%) of the Association's annual budget, the entire amount thereof shall be payable to the Board, as trustee, (subject to the rights of Mortgagees holding Mortgages on Condominiums within the Project) and such an amount, together with any interest earned thereon, shall be held by the Board to reduce the common expenses for the next succeeding fiscal year or to fund the Association's reserves, as the Board shall determine.

(c) If the award is for the acquisition of only part of the Common Area and is in excess of fifty percent (50%) of the Association's annual

budget, it shall be distributed to the Owners, each in proportion to the Owner's interest in the Common Area, subject to (i) the rights of Mortgagees holding Mortgages covering such Owner's Condominium and (ii) all unpaid Assessments of such Owner together with any interest charges attributable thereto.

Section 13.3 - Unit Awards. In the event of a taking of all or any portion of one or more Units within the Project, the award made for such taking shall be payable to the respective Owners of the Units so taken each in proportion to the appraised fair market value of the Owner's Unit as determined by an appraiser hired by the Board, where Condominiums are not valued separately by the condemning authority or by the court, subject to (i) the rights of Mortgagees holding Mortgages covering such Units and (ii) all unpaid Assessments of each Owner taken together with interest charges attributable thereto.

Section 13.4 - Partition. If there is a substantial taking of the Project (more than fifty percent (50%)), the Owners may terminate the legal status of the Project and, if necessary, bring a partition action under California Civil Code Section 1359 or any successor statute, on the election to terminate by fifty-one percent (51%) of the total voting power of the Association. The proceeds from the partition sale shall be distributed to the Owners and their respective Mortgagees as set forth in Section 13.2(a) of this Declaration.

Section 13.5 - Revision of Governing Documents; Reorganization. In the event of any condemnation of a part of the Project, the Board shall, as soon as practicable, cause to be prepared, filed and/or recorded any revised subdivision map, condominium plan or other documents, reports, schedules or exhibits necessary to show the changed or altered status of the Project, including, without limitation, the elimination of all or part of one or more of the Units as a result of such condemnation. In the event all of a Unit is taken in condemnation, the Condominium containing that Unit shall cease to be part of the Project, the Owner thereof shall cease to be a Member of the Association and the undivided interest in Common Area appurtenant to that Unit shall automatically become vested in the Owners of the remaining Condominiums in proportion to their respective undivided interests in the Common Area. In the event part of the Unit is taken in condemnation, the percentage interest in the Common Area appurtenant to that Unit shall be reduced in direct proportion to the reduction in square footage of the Unit, and the undivided interests of Owners in Common Areas and the assessment obligations of all Owners shall automatically be adjusted accordingly.

Section 13.6 - Notice to Owners. Upon having knowledge of any taking by eminent domain of the Project, or any portion thereof, or any threat thereof, the Board shall promptly give written notice to all Owners.

ARTICLE XIV
ARCHITECTURAL REVIEW

Section 14.1 - Board Action. The Board shall conduct all architectural reviews required or authorized by this Declaration. The Board may designate and appoint a representative who is a licensed architect to assist the Board in its evaluation of an Owner's application; however, the decision of the Board with respect to the approval or disapproval thereof shall be final.

Section 14.2 - Approval Needed.

(a) No building, fence, wall, pool, spa, obstruction, outside or exterior wiring or cabling, telecommunications device or antenna (other than a satellite dish), satellite dish (in the Common Area), security camera, or lighting, patio, balcony, patio/balcony cover or awning, trellis, windows, skylight, exterior decoration, improvement or structure of any kind shall be commenced, installed, painted, repainted or maintained upon the Project, nor shall any alteration or improvement of any kind be made to these structures or the Common Area or Exclusive Use Common Area until the plans, specifications and plot plan showing the location and nature of such replacement, addition, alteration or removal have been submitted to and approved in writing by the Board. Notwithstanding the foregoing, an Owner may improve or alter any improvements within the interior boundaries of the Unit, provided the improvement or alteration does not impair the structural, plumbing, electrical or acoustical integrity of the Common Area, utilities, or other systems servicing the Common Area or other Units, and does not involve altering any Common Area (including bearing walls, electrical wiring and plumbing lines) or Exclusive Use Common Area. If requested by the Board, all such plans, specifications and plot plans shall be prepared by an architect, engineer or landscape designer or landscape architect, said person to be employed by the Owner making application at his sole expense.

(b) Plans and resubmittals thereof shall be approved or disapproved by the Board in writing. The approval of the plans, specifications and plot plan may be withheld not only because of non-compliance with any of the specific conditions, covenants and restrictions contained in this

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Declaration, but also by reason of the reasonable dissatisfaction of the Board with the location of the structure or device, the elevation, the color scheme, finish, design, proportions, architecture, shape, height, style and appropriateness of the proposed structure, device, or altered structure or device, the materials used therein, the kind, pitch or type of roof proposed to be placed thereon, the planting, landscaping, size, height or location of trees, or because of its reasonable dissatisfaction with any or all other matters or things which, in the reasonable judgment of the Board, will render the proposed improvement inharmonious or out of keeping with the general plan of the Project or with the improvements erected on other Units. The restrictions are not intended to empower the Board to act arbitrarily, capriciously, or whimsically regarding any action taken under authority of this Article. The Board shall base its decisions on what is in the best interests of the Project as a whole, and not upon what will appease a particular Member or group of Members.

(c) The Board shall have the right and duty to promulgate reasonable standards against which to examine any request made pursuant to this Declaration in order to ensure that the proposed plans conform harmoniously to the exterior design and existing materials.

Section 14.3 - Compliance. If, after such plans and specifications have been approved, the improvements are altered, erected, or maintained otherwise than as approved by the Board, or if such improvements are constructed without obtaining approval at all, such alteration, erection and maintenance shall be deemed to have been undertaken without the approval of the Board having been obtained as required by this Declaration. With respect to any non-compliance with this Article, the Board's rulings or with the plans and specifications submitted to and approved by it, the Board shall take such actions as it deems necessary in accordance with the provisions of this Declaration, including, without limitation, and in its sole discretion, any or all of the following: (a) require that the Owner remove and/or remedy the non-complying improvement, (b) remove and/or remedy the non-compliance itself, after notice and hearing, (c) impose Monetary Penalties against the Owner, after notice and hearing, until such non-compliance is corrected, and/or (d) institute legal proceedings to enforce compliance or completion. After the expiration of one (1) year from the date of completion of any improvement, said improvement shall, in favor of purchasers and encumbrancers, in good faith and for value, be deemed to comply with all of the provisions hereof unless (i) to the extent permitted by law, a notice of such non-compliance or non-completion, executed by at least one member of the Board, shall appear of record in the Office of the County Recorder of Los Angeles County, California,

and/or (ii) enforcement proceedings shall have been instituted to enforce compliance with these provisions.

Section 14.4 - Waiver. The approval of the Board of any plans or specifications submitted for approval as herein specified shall not be deemed to be a waiver by the Board of its right to object to any of the same features or elements embodied in subsequent plans and specifications submitted for approval as herein provided for use on other structures.

Section 14.5 - No Liability. None of the Association, the Board or the members or designated representatives of thereof shall be liable in damages to anyone submitting plans or specifications to them for approval, or to any Owner by reason of mistake in judgment, negligence or malfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications, or for any defect in any structure constructed from such plans and specifications, and each Owner whose plans are approved shall defend, indemnify and hold the Association, the Board and their members, harmless from any liability arising out of that approval. Every Owner and other person or entity who submits plans or specifications to the Board for approval agree that he will not bring any action or suit against the Association, the Board or the members or designated representatives thereof to recover any such damages.

Section 14.6 - Governmental Approval. Before commencement of any alteration or improvements approved by the Board, the Owner shall comply with all appropriate governmental laws and regulations, and obtain all appropriate governmental permits. The Board may require that an Owner submit proof of a building permit as a condition precedent to approving an Owner's request for approval.

Section 14.7 - Diligent Prosecution of Work. The approval of any improvement, erection, construction, refinishing, installation, placement or alteration of a building, or other structure on the Project, shall be deemed conditional upon the commencement of said work within ninety (90) days after the approval of the Board for the same shall have been obtained, or within such other period as shall have been specified by the Board at the time of its approval. If the work is not commenced within ninety (90) days after the approval date, or such later time as the Board has approved, then the approval shall be deemed canceled, and the Owner must reapply to the Board before undertaking any such work. All work must be prosecuted diligently to completion within a reasonable time and in any event before the expiration of such period as may be specified by the Board.

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Section 14.8 - Inspection. Any member or agent of the Board may from time to time, at any reasonable hour or hours and upon reasonable notice, enter and inspect any property subject to the jurisdiction of the Board as to its improvement or maintenance in compliance with the provisions of this Article.

ARTICLE XV
OBLIGATIONS OF OWNERS

Section 15.1 - Owner's Compliance. Each Owner, tenant or occupant of a Condominium shall comply with the provisions of this Declaration, the Operating Rules, the Bylaws and the decisions and resolutions of the Association or the Board, as lawfully amended from time to time. Failure to comply with any such provision, decision, or resolution shall be grounds for an action (1) to recover sums due, (2) for damages, (3) for injunctive relief, (4) for reasonable costs and attorneys' fees, (5) Monetary Penalties as provided in Declaration and the Operating Rules and/or (6) any Assessment charged under authority of this Declaration, the Bylaws or the Operating Rules.

Section 15.2 - Mechanic's Liens. No labor performed or materials furnished for use in connection with any Unit shall create any right to file a statement of mechanic's lien against the Unit of any other Owner not expressly consenting to or requesting such labor or materials or against any interest in the Common Area except the undivided percentage interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed and such materials shall have been furnished. Each Owner shall indemnify and hold harmless each of the other Owners, each of the Board Members and the Association from and against liability of loss arising from the claim of any lien against the Unit of the Owner or the Common Area, or any part hereof, for labor performed or for materials furnished in work on such Owner's Unit.

Section 15.3 - Personal Injury or Property Damage Sustained Within a Unit. In the event any personal injury or property damage is sustained by any person while physically within or on a Unit or any patio or balcony attached thereto and shall result in a claim or suit against any other Owner or the Association, any of its officers, members of its Board of Directors, the Manager or his staff, the Owner of such Unit or balcony, patio or other exclusive use area within which such injury or damage occurred (i) shall and does hereby agree to fully indemnify and hold harmless such other Owner and the Association, officer, director, Manager or member of his staff, against whom

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such claim or suit is brought and (ii) does hereby agree to defend at his own cost and expense any litigation resulting therefrom in which such other Owner and/or the Association, officer, director, Manager or member of his staff has been made a party; provided that no such obligation shall exist with respect to such other Owner or other person whose negligence or willful misconduct caused or contributed to the cause of any such injury or damage. In the event of joint ownership of any Condominium within the Project, the liability of such Owners shall be joint and several.

Section 15.4 - Association Not Responsible for Loss. Neither the Association nor any member of its Board of Directors, its officers, Manager or any member of his staff shall be responsible to any Owner nor to any member of his family, social guests, servants, employees or invitees for any loss or damage suffered by reason of theft or otherwise of any article, vehicle or thing which may be stored by such Owner or other person in or on any portion of the Common Area.

Section 15.5 - Notice of Danger. In the event any Owner observes any equipment, furniture, structure, vehicle, conduct or activity within any portion of the Project which said Owner deems likely to cause or result in serious injury to the health or safety of any resident, occupant or guest within the Project unless immediate corrective action is taken, said Owner shall immediately notify the Manager, a member of his staff, an officer of the Association or a member of the Board so that the appropriate action can be taken.

Section 15.6 - Notification of Sale of Condominium. Concurrently with consummation of the sale of any Condominium under circumstances whereby the transferee becomes an Owner thereof or within fifteen (15) business days thereafter, the transferee shall notify the Board or the Manager in writing of such sale. Such notification shall set forth:

- (a) the name of the transferee and his transferor;
- (b) the unit number of the Condominium purchased by the transferee;
- (c) the transferee's mailing address; and
- (d) the date of sale.

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Prior to receipt of such notification, any and all communications required or permitted to be given shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor.

ARTICLE XVI
GENERAL INFORMATION

Section 16.1 - Enforcement.

(a) The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the Bylaws and/or the Operating Rules and shall be entitled to recover from any Owner against whom such restrictions, conditions, covenants, rules, reservations, liens and charges are enforced, all costs and reasonable attorneys' fees incurred thereby. Failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

(b) In the event of a violation of the Association's governing documents, the Association, by and through the Board, may, if permitted by applicable law, record a Notice of Violation against the Condominium of the non-complying Owner. Upon recording a Notice of Violation, the Board shall have complete discretion in deciding whether, when and how to proceed with enforcement, and any delay after recording a Notice of Violation shall not give rise to a defense of waiver or estoppel in favor of a non-complying Owner. The Board may take action to enforce compliance against a subsequent Owner who acquires a Condominium with a recorded Notice of Violation. The right of the Association, by and through the Board, to record a Notice of Violation shall be in addition to all other rights and remedies the Association may have at law or under the Association's governing documents.

(c) The failure of any Owner, the Board, the Association or its officers or agents to enforce any of the Association's governing documents shall not constitute a waiver of the right to enforce the same thereafter, no such failure shall result in or impose any liability upon the Board, or any of its officers or agents. A waiver of any enforcement right shall be only pursuant to an instrument in writing signed by the party to be charged with such waiver and shall be limited to the particular covenant, condition or restriction contained herein which is expressly set forth as being waived in such writing.

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Section 16.2 - Nuisance. Without limiting the generality of Section 16.2, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against such act or omission.

Section 16.3 - Term. This Declaration and the covenants, provisions and restrictions contained herein shall be and remain in full force and effect for a term of ninety-nine (99) years from the date this Declaration is recorded.

Section 16.4 - Amendments. Each and all of the provisions hereof may be modified, amended, added to or deleted only by the affirmative vote or written consent of at least seventy-five percent (75%) of the Owners entitled to vote, and if required by this Declaration by the appropriate percentage of Mortgagees as required hereby, and by such other approvals, if any, as may be required by law or any prior agreements of record. Furthermore, any amendment which would defeat the obligations 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 ensure said maintenance, must first be approved in writing by the City of Palos Verdes Estates. Said amendments shall be effective upon recordation in the Office of the Recorder of Los Angeles County.

Section 16.5 - General Mortgage Provisions.

(a) Any Owner may encumber his Condominium by Mortgage.

(b) A Mortgagee who acquires title by foreclosure or deed in lieu of foreclosure shall not be obligated to cure any breach of this Declaration which is non-curable or of a type which is not feasible to cure or which is not practical to cure and does not materially affect the Association or any other Owner.

(c) It is intended that any loan to facilitate the resale of any Condominium 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 Mortgagees hereunder.

(d) No amendment to this Section shall affect the rights of the Mortgagee under any Mortgage recorded prior to recordation of such

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amendment who does not join in the execution thereof.

(e) Because of its financial interest in a Condominium, a Mortgagee may appear (but may not vote) at meetings of the Owners and the Board to draw attention to violations of this Declaration which have not been corrected or made the subject of remedial proceedings or Assessments.

(f) A Mortgagee is authorized to furnish information to the Board concerning the status of any loan encumbering a Condominium.

Section 16.6 - Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a Condominium Project, and this Declaration shall be construed and governed in accordance with California law.

Section 16.7 - Severability. The provisions hereof 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.

Section 16.8 - Successors and Assigns. This Declaration shall inure to the benefit of and be binding upon the heirs, personal representatives, grantees, lessees, successors and assigns of the Owners.

Section 16.9 - Remedies Cumulative. Each remedy provided for by this Declaration for breach of any of the covenants, conditions, restrictions, reservations, liens or charges contained herein shall be in addition to any other available remedy, whether provided for by law or in equity, and all of such remedies whether provided for by this Declaration or otherwise shall be cumulative and not exclusive.

Section 16.10 - Delivery of Notices and Documents. Any written notice or other documents relating to or required by this Declaration may be delivered personally, by electronic mail if so requested by the Owner, or by United States Postal Service mail. Such notice, unless expressly provided herein, or in the Bylaws or the Operating Rules to the contrary with regard to the type of notice being given, shall be deemed to have been delivered and received forty-eight (48) hours after a copy thereof is delivered personally, sent electronically to the electronic address last provided by the respective Owner or is deposited in the United States Postal Service mail, postage prepaid, certified mail, return receipt requested, and fees prepaid, addressed to each Owner at the address of any Unit in the Project owned by him, in whole or in part, or to

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the address last furnished by such Owner for the purpose of giving notice and delivering documents from the Board. Each Owner shall file in writing with the Board or the Manager within ten (10) days of becoming an Owner at least one address for the purpose of giving notice and delivering documents, and shall promptly notify the Board in writing of any subsequent change of address.

Section 16.11 - Joint and Several Liability. In the case of joint membership 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.

Section 16.12 - Notification to Holders of Deed of Trust and Mortgages. It shall be the duty of each Owner whose Condominium is encumbered by a Mortgage to notify the Association through its Board of the name and address of such Mortgagee or beneficiary, and the Association shall maintain a record of such encumbrancers. The Owner shall likewise notify the Association as to the release or discharge of any such Mortgage.

IN WITNESS WHEREOF, the undersigned have executed this Declaration this 11th day of JUNE, 2007, at Palos Verdes Estates, California.

Villa Florenze Condominiums Inc.

By:  _____

Its: President

I hereby certify and declare, under penalty of perjury, that the foregoing Amended and Restated Declaration has been approved by the percentage of owners required by the Declaration.

Executed at Palos Verdes Estates, California, on the 11th day of JUNE, 2007.

By:  _____

Its: Secretary

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

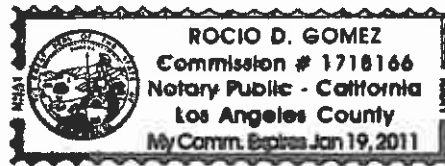
On June 11, 2007, before me, Rocio D. Gomez —, Notary Public, personally appeared Neil Ralph Stewart —, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed 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

[Signature]
Notary Public

(SEAL)

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



On June 11, 2007, before me, Rocio D. Gomez —, Notary Public, personally appeared Betty M. Jennings —, 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

[Signature]
Notary Public

(SEAL)



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EXHIBIT "A"

\$320.00 per Condominium per month

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EXHIBIT "B"

[Parking Plan]

PARKING PLAN FOR
LOT 1, TRACT NO.

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SW 1/4 line Lot 1,
Tract No. 31753

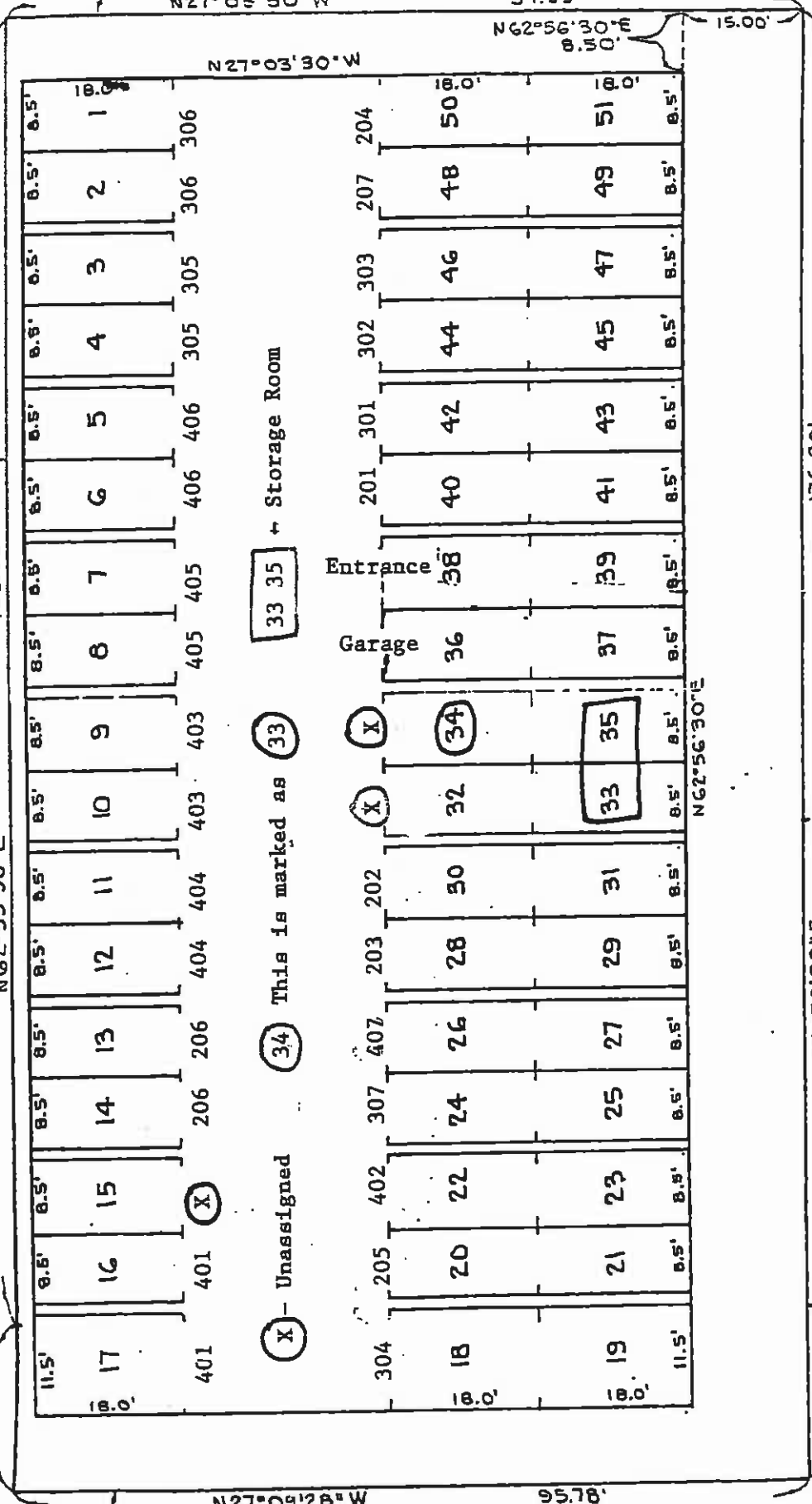
VIA CHICO

VIA CAMPESINA

$\Delta = 4^{\circ}48'03''$
 $R = 240.00'$
 $L = 20.11'$

SE 1/4 line Lot
Tract No. 31753

156.08'



33 35 + Storage Room

34 This is marked as 33

X - Unassigned

176.00'

WALK

NG2°56'30"E

NW 1/4 line Lot 1,
Tract No. 31753

N27°03'30"W 94.99'

NG2°56'30"E 8.50'

M.O.S. 30' L2N

N27°09'28"W 95.78'

NG2°56'30"E