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LARRY J. BURGE
1200 Aviation Blvd., Ste. 101
Redondo Beach, Ca 90278

ENABLING DECLARATION ESTABLISHING A
PLAN FOR CONDOMINIUM OWNERSHIP

PREAMBLE

THIS DECLARATION, made and executed by
KFN DEVELOPMENT CO.,
as General Partners of
GUADALUPE VILLAS,
a Limited Partnership, hereinafter referred to as "Declarant", is
made with reference to the following facts and recitals:

1. Declarant and the persons joining in this Declaration are the owners or otherwise have an ownership interest in the real property and improvements thereon (hereinafter referred to as "property") located in the City of Redondo Beach, County of Los Angeles State of California, which is more particularly described in Exhibit "A" attached hereto and made a part hereof.
2. Declarant, by recording this Declaration, submits the property to the provisions of the California Condominium Act.
3. Declarant intends to improve said property by the construction of a condominium, consisting of 6 units, with separate title to each unit within the project; each unit to have an undivided interest in all of the remaining property. The development shall be referred to as the "Project" as that term is defined in Article I of

this Declaration.

4. Declarant intends by this Declaration to impose upon the property mutually beneficial restrictions under a general plan of improvement for the benefit of all of the said condominiums and the owners thereof. The covenants, conditions and restrictions contained in this declaration and in the exhibits attached hereto and incorporated herein by reference shall be enforceable equitable servitudes and shall run with the land.

5. Declarant hereby establishes by this declaration, a plan for the individual ownership of the real property estates, consisting of the area of space contained in each unit, as well as the co-ownership by the individual owners, as tenants in common, and as hereafter set forth, of all the remaining portions of the project which is hereinafter defined and referred to as the "common areas".

6. The property shall be known as
GUADALUPE VILLAS,
and the address of the property is
222-224 South Guadalupe Avenue, Redondo Beach, California.

NOW, THEREFORE, Declarant hereby declares that the hereinafter described property shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved, subject to the following declarations, definitions, limitations, covenants, conditions, restrictions and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the property and the division thereof into condominiums. All of the limitations, covenants, conditions,

restrictions and easements shall constitute covenants that run with the land and shall be binding upon declarant and its successors, heirs, and assigns and all parties having or acquiring any right, title or interest in, or to, any part of the property of the project.

ARTICLE I
DEFINITIONS

The terms used herein shall have the same meaning as set forth in the California Condominium Act, and as follows, unless the context shall otherwise require.

1. "Assessment" shall mean that portion of the cost of maintaining, improving, repairing, operating, and managing the property which is to be paid by each unit owner as determined by the association.

2. "Association" shall mean and refer to the GUADALUPE VILLAS HOMEOWNERS ASSOCIATION, an unincorporated association, the members of which shall be the owners of condominiums in the project.

3. "Board" or "Board of Directors" shall mean the governing body of the association.

4. "Building" shall mean the structures containing one or more units that have been or shall hereinafter be constructed on the land.

5. "By-Laws" shall mean and refer to the by-Laws of the

association as amended thereby from time to time.

6. "Common Areas and Facilities" shall mean and refer to these portions of the property to which title is held by all of the owners in common, as tenants in common, and excepting the individual condominium units. The common areas include, without limitation: the land within the condominium project; parking and driveway areas and garage areas unless designated as part of a unit in the condominium plan; sprinklers, sprinkler pipes and sprinkler heads which protrude into the airspace of a condominium unit; central television antenna; recreational and other community facilities; and all other parts of the property necessary or convenient to its existence, maintenance, and safety, or normally in common use, and all areas and facilities designated as common areas and facilities by the California Condominium Act.

7. "Common Expenses" means and includes the actual and estimated expenses of operating the property and any reasonable reserve for such purpose as found and determined by the board and all sums designated common expenses by or pursuant to the condominium documents.

8. "Common Interest" shall mean the proportionate undivided interest in the common area which is appurtenant to each unit as set forth in this declaration.

9. "Common Profits" shall mean all the income collected or accrued by or on behalf of the unit owners association, other than income derived from assessments.

10. "Condominium" shall mean an estate in real property as

defined in California Civil Code Section 783, consisting of title to a unit and an undivided interest in a common area. The ownership of each condominium shall include the ownership of a unit and each unit shall be a separate freehold estate consisting of the space described in Article II, Paragraph 2A, including the portions of the structure so defined and the airspace so encompassed.

11. "Condominium Units" shall mean a unit together with the undivided interest in the common areas and facilities pertaining to that unit.

12. "Condominium Building" shall mean a residential structure containing the condominium units.

13. "Condominium Documents" shall mean and refer to this declaration as may be amended from time to time, the exhibits attached hereto and incorporated herein by reference, the by-laws of the association, and the rules and regulations of the members as established from time to time.

14. "Condominium Plan" shall mean and refer to the recorded diagrammatic floor plan and notes of the units built or to be built on the property which identifies each unit and show its dimensions pursuant to Civil Code Section 1351, which plan was recorded on the day of _____, 198____, as Instrument No. _____ official records of Los Angeles County.

15. "Declarant" shall mean and refer to
GUADALUPE VILLAS,
a limited partnership, by
KFN DEVELOPMENT CO.,

as general partners, its successors and assigns as well as an other person or persons who may execute this declaration or an amendment thereto, or in whose behalf executes this declaration or an amendment thereto, including the successors, heirs and assigns of such other person or persons.

16. "Declaration" shall mean and refer to this enabling declaration, the instrument by which the property is submitted to the provisions of the California Condominium Act and its lawful amendments.

17. "Eligible Holder Mortgages" shall mean mortgages held by "Eligible Mortgage Holders".

18. "Eligible Mortgage Holder" shall mean a first lender who has requested notice of certain matters from the association in accordance with this declaration.

19. "Eligible Insurer or Guarantor" shall mean an insurer or governmental guarantor of a first mortgage who has requested notice of certain matters from the association in accordance with this declaration.

20. "First Lender" shall mean any person, entity, bank, savings and loan association, insurance company or financial institution holding a recorded first mortgage on any condominium unit.

21. "Map" shall mean and refer to a subdivision tract map entitled 42420.

22. "Member" shall mean and refer to any person entitled to membership in the association, as provided herein.

23. "Mortgage" shall include a deed of trust and the term "Deed of Trust" shall include a "Mortgage".

24. "Mortgagee" shall include a beneficiary or a holder of a deed of trust, as well as a mortgagee.

25. "Mortgagor" shall include the trustor of a deed of trust, as well as a mortgagor.

26. "Owner" or "Owners" shall mean and refer to the record holder or holders of title, if more than one, of a condominium in the project. This shall include any person having a fee simple title to any unit and shall not include any person, persons, entity or entities that have any interest merely as security for the performance of an obligation. If the unit is sold under a recorded contract of sale to a purchaser who resides in the unit, the resident purchaser, rather than the fee owner shall be considered the "Owner" as long as he resides in the unit as a contract purchaser.

27. "Person" or "Persons" shall mean and refer to a natural person, a corporation, a partnership, a trustee, or any other legal entity.

28. "Project" shall mean and refer to the entire real property described in Exhibit "A" including all structures and improvements erected or to be erected thereon.

29. "Project Documents" shall mean this declaration, as amended from time to time, the exhibits, if any, attached thereto, together with the other basic documents used to create and govern the project, including the map, the by-laws and the condominium plan (but excluding unrecorded rules and regulations adopted by the board or

the association).

30. "Property" means and includes all the real property described in Exhibit "A" and all the structures and improvements erected thereon and all the property, real, personal or mixed, intended for or used in connection with the condominium.

31. "Share" shall mean and refer to the percentages in and to the common areas attributed to and appurtenant to each unit as set forth in Article II.

32. "Unit" shall mean and refer to the elements of the condominium, as defined in Article II, Paragraph 2A, which are not owned in common with owners of other condominiums in the project, and are designed and intended for individual ownership and use.

33. "Unit Designation" shall mean the number, and/or letter, or other official designations shown on the condominium plan.

34. "Singular and Plural". The singular and plural number and the masculine, feminine and neuter gender shall each include the other where the context requires.

ARTICLE II: DESCRIPTION OF PROJECT, DIVISION OF
PROPERTY AND CREATION OF PROPERTY RIGHTS

1. Description of Property: The Project shall consist of the underlying real property, more particularly described in Exhibit "A" of this Declaration, along with all the a condominium units and all other improvements located thereon. The project will consist of

6 units.

2. Division of Property: The property is divided into the following separate freehold estates, to wit:

A. Units.

(1) Each condominium unit is composed of one or more elements as more particularly shown on details of the units in the condominium plan.

(2) Those areas shown on the condominium plan bearing the letter designations "A", "S" and "C" are elements of a unit consisting of dwelling areas, and each of those areas shown on the condominium plan bearing the letter designation "G" is an element of a unit consisting of a garage area. The lateral boundaries of each such element are the interior surfaces of the perimeter wall, windows and doors thereof at the limits indicated on the respective portions thereof. The lower vertical boundary of each such element is the interior surface of the floor thereof and the upper vertical boundary of each such element is the interior surface of the ceiling thereof, both at the limits shown in the condominium plan, except the upper vertical boundaries of the areas designated by letters "M" and "N" of the condominium plan which are inclined planes intersecting the upper vertical limits shown on the respective portions thereof. Each such element includes the respective portions of the building and improvements lying within said boundaries [except as stated in (4) below] and the airspace so encompassed.

(3) Each of those areas shown on the condominium plan bearing the letter designation "P", "D" & "B" are elements of a unit consisting of a Patio, Deck and Balcony respectively. The

lateral boundaries of each such element are the exterior surfaces of the perimeter wall, windows and doors of the adjacent building structure, where such surfaces adjoin each such elements, otherwise, the lateral and vertical boundaries of each such element are vertical and horizontal planes at the limits of the dimensions and elevations shown on the condominium plan.

(4) The following are not part of the unit:

Bearing wall, columns, vertical supports, floors, roofs, slabs, foundations, beams, balcony and patio structures, railings and enclosures, common stairways and hallways, resevoirs, tanks, pumps, air ducts and other central services and equipment, pipes, ducts, flues, chutes, conduits, wires and other utility installations wherever located, servicing more than one unit. (Except the outlets thereof when located within and servicing only particular unit).

Each unit includes all those elements bearing an identical number designation and consists of the space bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and doors of each unit and each such elements, as depicted in the condominium plan, and described therein, and shall collectively comprise one "unit". A unit includes both the portions of the building so described and depicted and the airspace so encompassed. The units do not contain those areas described, designated or defined as "Common Areas." Each unit is subject to the same encroachments as are contained in the building, whether the same now exist or may later be caused to exist or created in any manner referred to in Article VIII. In interpreting deeds and plans, the then existing physical boundaries of a unit, whether in its original

state or reconstructed in substantial accordance with the original plans therein shall be conclusively presumed to be its boundaries rather than the boundaries expressed in the deed or plan, regardless of settling or lateral movement of the building and regardless of minor variances between the boundaries shown on the plan or deed and those of the building.

B. Common Areas. The "Common Area" or "Common Areas" of the property shall include, without limitation, all those portions of the property defined as "Common Areas and Facilities" in Article I, Paragraph 6 of this declaration, and those areas designated in the condominium plan. Such "Common Area" or "Common Areas" consist of, inter alia, the land and real property and all improvements constructed thereon within the boundary lines of Exhibit "A", except those portions defined and described herein as "Units." Each unit owner shall have, as appurtenant to his unit, a one-sixth (1/6th) undivided interest in the common areas. The ownership of each condominium shall include a unit and such undivided interest in the Common Area. The common interest appurtenant to each unit is declared to be permanent in character and cannot be altered without the consent of all the unit owners affected, and seventy-five percent (75%) of the first mortgagees of such unit owners, as expressed in an amended declaration. Such common interest cannot be separated from

the unit to which it is appurtenant. Each unit owner may use the common areas in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of other unit owners.

C. Restricted Common Areas. Portions of the common area referred to as "restricted common areas" are hereby set aside and allocated for the exclusive use of the owner of each unit identified by the corresponding number, if any.

D. No separate Conveyance of Undivided Interests. The foregoing undivided interests are hereby established and are to be conveyed with the respective units as indicated above and cannot be changed except as herein set forth, and declarant, its successors, assigns and grantees covenant and agree that the undivided interests in the common areas and the fee title to the respective units conveyed therewith, shall not be separated or separately conveyed, and each such undivided interest shall be deemed to be conveyed or encumbered with its respective unit even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the unit.

3. Partition Prohibited: The common areas shall remain undivided as set forth above. Except as provided by California Civil Code Section 1354, no owner shall bring any action for partition, it being understood and agreed that this restriction is necessary in order to preserve the rights of the common owners with respect to the operation and management of the project. Judicial partition by sale of a single unit owned by two or more persons and division of the

sale proceeds is not prohibited hereby, however, partition of title to a single unit is prohibited.

4. Purpose of Property and Restrictions of Use:

A. The purpose of the property is to provide residential housing, parking, recreational and related facilities for unit owners, their respective families, tenants, guests, servants, successors, heirs and assigns.

B. The units and common areas shall be occupied and used as follows:

(1) No commercial business shall be permitted within the property;

(2) There shall be no obstruction of the common areas and facilities, except in the case of designated storage areas, nothing shall be stored in the common areas and facilities of the property without the prior written consent of the board.

(3) Nothing shall be done or kept in any unit or in the general or restricted common areas which shall increase the rate of insurance on the general or restricted common areas and facilities without the prior written consent of the board. No owner shall permit anything to be done or kept in his unit or general or restricted common areas and facilities which would result in the cancellation of insurance of any unit or any part of the general or restricted common areas or which would be in violation of any law. No waste shall be committed of the general or restricted common areas and facilities.

(4) No sign of any kind whatsoever shall be

erected on the property or displayed to the public view from any unit or from the general or restricted common areas without the prior written consent of the board except for a sign of reasonable and customary size advertising the sale or rental of a unit.

(5) No noxious, dangerous or offensive activity shall be carried on in any unit or in the general or restricted common areas and facilities, and nothing shall be done therein which may be or become an annoyance or nuisance to the other owners.

(6) Nothing shall be altered, constructed or otherwise built in, or removed from the general or restricted common areas without the prior written consent of the board.

(7) The board is hereby authorized to adopt rules and regulations for the use and enjoyment of the general and restricted common areas and facilities and prescribe penalties for any violation thereof, and shall furnish such rules and regulations in writing, to the unit owners, who shall be bound thereby.

(8) Declarant, and persons that it may select, and the board of directors, shall have the right of ingress and egress over, upon and across the general and restricted common areas and facilities and included therein is the right to store materials thereon and to make such other use thereof as may be reasonably necessary as an incident to construction, development, and sales of the condominiums and operation of the units and common areas and facilities in connection with the project and the overall development of the property. Declarant and its agents shall retain the right to use of the sales office and model unit or units and the general and

restricted common areas and facilities in connection with the development and sale of the condominiums. Declarant, in exercising declarants' rights under this paragraph, shall not unreasonably interfere with the use of the common area by any owner.

(9) Any dispute over the interpretation of the rules, regulations, restrictions and obligations imposed by the condominium documents or by the board of directors of the association, shall first be taken up with the association before any resort to legal proceedings may be instituted. The burden of proof as to the inapplicability or unenforceability of any such rule, regulation, restriction or obligation imposed hereunder shall be on the party challenging such rule, regulation, restriction or obligation.

ARTICLE III

ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

1. Association To Manage Common Areas: The management of the common areas (both general and restricted common area) shall be vested in the association in accordance with its by-laws. The owners of all the condominiums covenant and agree that the administration of the project shall be in accordance with the provisions of this declaration and the by-laws of the association.

2. Membership: The owner of a unit shall automatically, upon becoming the owner of the same, be a member of the association, and shall remain a member thereof until such time as his ownership

ceases for any reason, at which time his membership in the association shall automatically cease. Membership shall be held in accordance with the provisions of this declaration and the by-laws of the association.

3. Transferred Membership: Membership in the association shall not be transferred, pledged or alienated in any manner, except upon the sale or encumbrance of the unit to which it is appurtenant, and then, only to the purchaser of that unit, in the case of a sale, or the mortgagee, in the case of an encumbrance of such unit. A mortgagee does not have the full rights of a member of the association until he has become an owner by the foreclosure of the unit encumbered or the acceptance of a deed in lieu of such foreclosure. Any attempt to make a prohibited transfer of such membership is void. In the event the owner of any unit should fail or refuse to transfer the membership registered in his name to the purchaser of his unit, the association shall have the right to record the transfer on its books and may then issue a new certificate of membership to the purchaser of the said unit and thereupon any old certificate of membership outstanding in the name of the seller shall become null and void.

4. Membership Classes and Voting Rights: There shall be two classes of voting membership in the association, which are:

A. Class A. Class A members shall be all owners with the exception of the declarant and shall be entitled to One (1) vote for each unit owned. When more than one person holds an interest in any unit, all such persons shall be members. The vote for each such

unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast for each respective unit.

B. Class B. Class B members shall be the declarant and shall be entitled to vote only as follows:

(1) Class B voting shall be the same as for Class A memberships, except that Class B members shall triple their votes for each unit owned;

(2) Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first;

(a) When the total votes outstanding in Class A membership equal the total votes (tripled as stated above) outstanding in the Class B membership; or

(b) On the second anniversary date of the original issuance of the final subdivision report for the project.

Any provision of the foregoing instruments calling for membership approval of action to be taken by the association, except provisions with respect to the action to enforce the obligations of the subdivider under any completion bond, shall expressly require the vote or written assent of the prescribed percentage of each class of membership during the time that there are two outstanding classes of membership.

Voting rights attributable to sub-division interests shall not vest until assessments against those interests have been levied by the association.

ARTICLE IV
MAINTENANCE AND ASSESSMENTS

1. Creation of The Lien and Personal Obligation For Assessments: The declarant, for each unit owned within the project, hereby covenants and each owner of any unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the association.

A. Annual Assessments or Charges; Special Assessments or Charges for Capital Improvements; Such Assessments to be Established and Collected as Hereinafter Provided: The annual and special assessments, together with interest, costs and reasonable attorneys fees, shall be a charge on the condominium and shall be a continuing lien upon the condominium against which each such assessment is made, the lien to become effective upon recordation of a notice of assessment. Each such assessment, together with interest, costs and reasonable attorney fees, shall also become a personal obligation of the person or persons who is, or are, the owner, or owners, of such condominium at the time the assessment shall become due and payable. While the personal obligation of such assessment shall not pass to the successors of such owner, unless personally assumed by such successors, the lien placed on the respective condominium shall remain thereon as an encumbrance thereon until the same has been satisfied. No owner may exempt himself from liability for his enjoyment of any part or portion of the common area or areas or by the abandonment of the condominium.

2. Purpose of Assessments: The assessments levied by the association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the entire project and for the improvement and maintenance of the common areas for the common good of the project. In this respect, no assessment shall be levied for the benefit of a single owner or a minority group of owners, or his or their respective condominium units.

3. Maximum Annual Assessment: Until January 1st of the year immediately following the conveyance of the first unit to an owner, the maximum annual assessment shall be paid \$92.84 per month for each unit.

A. From and after January 1 of the year immediately following the conveyance of the first unit to an owner, the maximum annual assessment shall not be increased by more than twenty percent (20%) above the maximum assessment for the previous year without a vote of the membership of the association.

B. The board may not, without the vote or the written consent of a majority of the voting power of the association, residing in members other than the declarant, as well as a majority of the total voting power of the association including the declarant, impose a regular annual assessment which is more than twenty percent (20%) greater than the regular annual assessment for the immediately preceding fiscal year.

C. The board of directors may fix the annual assessment at an amount not in excess of the maximum annual

assessment. The annual assessment may not be decreased either by the board of directors or by the members, by more than ten percent (10%) in any one year without the approval of a sixty percent (60%) majority of the voting members of the association.

4. Special Assessments for Capital Improvements or Extraordinary Expenses; Reserves for Replacements; Trust Funds: The board of directors may levy, in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, major repair, or replacement of a capital improvement upon the common area, including fixtures and personal property related thereto, or for the extraordinary expenses incurred by the association; provided, however, that in the event that such special assessments exceed in the aggregate five percent (5%) of the budgeted gross expenses of the association for that fiscal year, the vote or written consent of the majority of the voting power, of the association, residing in members other than the declarant, as well as a majority of the total voting power of the association including the declarant, shall be required to approve such assessments. Special assessments shall be levied on the same basis as regular assessments, except where the special assessment against a member is a remedy utilized by the board of directors to reimburse the association for the costs incurred in bringing the member and his unit into compliance with the provisions of the condominium documents, or is the result of a fine imposed by the board. A special assessment to raise funds for the rebuilding or major repair of the structural

common area shall be levied upon the basis of the ratio of the square footage of the floor area of the unit to be assessed to the total square footage of the floor area of all units to be assessed.

As part of the regular annual assessments for the maintenance authorized above, the board of directors shall annually fix the amount to be contributed pro rata by each member to reserve funds for the purpose of defraying, in whole or in part, the cost or estimated cost of any reconstruction, repair or replacement of improvements, including fixtures and personal property related thereto. Such determination shall be made after consideration of the need for additional funds and the association's capital position. The board shall maintain a separate trust account for those funds. The board shall fix the method of payment of each assessment and shall have the authority to permit either lump sum or monthly payments unless required to provide for monthly payments. Separate records shall be maintained for all funds deposited to the reserve trust account.

Amounts received by the association as contributions, assessments or dues from the owners shall be held in one or more trust accounts. Deposits shall be made, and funds accounted for so that reserves for capital improvements and for replacement, can be clearly separated from funds for operating expenses or repair and maintenance funds. Capital improvements and replacement funds shall be used solely for capital improvements and replacements of the common areas within the project and for no other purpose without the prior written consent of sixty percent (60%) of all of the voting

members of the association, excluding the declarant.

5. Notice and Quorum for any Action Authorized under this Article: Any action authorized under paragraphs 3 and 4 of this Article which require a vote of the membership, shall be taken at a meeting called for that purpose, following written notice sent to all members. Such written notice shall be no less than ten (10) nor more than sixty (60) days in advance of the meeting and shall specify the time, place and hour of such meeting. In the case of a special meeting, the nature of the business to be undertaken shall be clearly stated. If a quorum is present and the proposition is favored by the majority vote of the members present at such meeting, but such vote is less than the requisite majority, members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officers of the association not later than thirty (30) days from the date of such meeting.

6. Division of Assessments: All assessments, both annual and special, shall be charged to and divided among the unit owners in the percentage of the number of subdivision interests owned by the owner assessed to the total number of interests subject to assessments. Assessments maybe collected on a monthly basis.

7. Date of Commencement of Annual Assessment; Due Date: The regular annual assessments provided for herein shall commence as to all units covered by this declaration on the first day of the month following the conveyance of the first condominium to an individual owner. The first assessment shall be adjusted according to the number of months remaining in the calendar year. Subject to

the provisions of Article IV, Paragraph 3, above, the board of directors shall determine and fix the amount of the annual assessment period. The due dates shall be established by the board of directors. The association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the association setting forth whether the assessments on a specified unit have been paid, such certificates being conclusive evidence of such payment.

8. Effect of Non-Payment of Assessments: Any assessment not paid within thirty (30) days after the due date thereof shall bear interest at the rate of ten percent (10%) per annum from the due date until paid.

9. Transfer by sale or Foreclosure: Sale or transfer of any unit shall not affect the assessment lien. However, the sale or transfer of any unit pursuant to mortgage foreclosure or sale under a power of sale contained in a first deed of trust, shall extinguish the lien of such assessments (including fees, late charges, fines or interest levied in connection therewith) as to payments which became due prior to such sale or transfer (except for assessment liens recorded prior to the mortgage). Although the liens on such units shall become extinguished under such circumstances, no sale or transfer shall relieve such unit from liability for any assessments thereafter becoming due or from the lien thereof.

Where the mortgagee of a first mortgage of record or purchaser of a condominium obtains title to the same as a result of foreclosure of any such first mortgage, such acquirer of title, his assigns, heirs and successors, 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 acquirer except for assessment liens recorded prior to the mortgage. No amendment to the preceding sentence may be made without the consent of seventy-five (75%) of all first lenders. Such unpaid share of common expenses or assessments shall be deemed to be part of the common expenses collectible from all of the condominiums including such acquirer, his assigns, heirs, and successors.

10. Priorities, Enforcement, Remedies: When a notice of assessment has been recorded, such assessment shall constitute a lien on each respective condominium prior and superior to all other liens except, (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (2) the lien or charge of any first mortgage of record made in good faith and for value.

Such lien, when delinquent, may be enforced by sale by the association, its attorney, or other person authorized to make the sale, after failure of the owner to pay such assessment in accordance with its terms, such sale to be conducted in accordance with the provisions of Sections 2924 through 2924(h), inclusive, of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust or in any other manner permitted by law.

The association, acting on behalf of the condominium owners, shall have the power to bid for the condominium at the foreclosure sale, and to acquire and hold, lease, mortgage and convey

the same. During the period a unit is owned by the association, following foreclosure:

A. No right to vote shall be exercised on behalf of the unit;

B. No assessment shall be assessed or levied on the unit; and

C. Each other unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged to such unit had it not been acquired by the association as a result of foreclosure.

After acquiring title to the unit at a foreclosure sale following notice of publication, the association may execute, acknowledge and record a deed conveying title to the unit, which deed shall be binding upon the owners, successors, and all other parties.

The board may temporarily suspend the voting rights and the right to use the recreational areas, to any member in default in payment of any assessment, after notice and hearing as provided by Paragraph 2.F. of Article V, hereinbelow.

11. Unallocated Taxes: In the event that any taxes are assessed against the common area, or the personal property of the association, rather than against the units, said taxes shall be included in the assessments made under the provision of this article, and, if necessary, a special assessment may be levied against the units in an amount equal to such taxes, to be paid in two equal installments, thirty (30) days prior to the date each tax installment becomes delinquent.

12. Exemption From Assessments: All property dedicated to,

and accepted by, a local public authority or public agency and all property owned by a charitable corporation, or nonprofit organization, exempt from taxation by the laws of the State of California shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

THE DUTIES AND POWERS OF THE ASSOCIATION

1. Duties: In addition to the duties enumerated in its by-laws, or elsewhere provided for in this declaration, and without limiting the generality thereof, the association shall perform all of the following duties:

A. Maintenance: The association shall maintain, repair, replace, restore, operate, manage and control all of the common area and all facilities, improvements, furnishings, equipment, landscaping thereon, and all property that may be acquired by the association. The term "maintenance" shall include within its meaning, without limitation, painting, maintaining, repairing and replacing of all common areas, exterior glass surfaces, landscaping, balconies, parking areas and recreational facilities. The responsibility of the association for maintenance and repair shall not extend to repairs and replacements arising out of or caused by the wilfull or negligent act or conduct of an owner, or his guests, tenants, invitees, or licensees, the cost of which is not covered by insurance. The repair or replacement of a condominium unit exterior resulting from such excluded items shall be the responsibility of the

owner; provided, however, that if an owner shall fail to make the repairs or replacements which are the responsibility of such owner, as provided above, then, upon a vote of a majority of the board of directors, and after not less than thirty (30) days notice to the owner, and hearing, the association shall have the right (but not the obligation) to enter the condominium and make such repairs and replacements, and the costs thereof shall be added to the assessments chargeable to such condominium and shall be payable to the association by the owner of such condominium.

B. Insurance: The association shall maintain such policy or policies of insurance as are required by this declaration and the by-laws of the association.

C. Discharge of Liens: The association shall discharge by payment if necessary, any lien against the common area, and assess the cost thereof to the member or members responsible for the existence of such liens.

D. Assessments: The association shall fix, levy, collect and enforce assessments as provided for in Article IV of this declaration.

E. Payment of Expenses: The association shall pay all expenses and obligations incurred by the association in the conduct of its business including, without limitation, all licenses, taxes, government charges levied or imposed against the property of the association.

F. Enforcement: The association shall enforce this declaration.

2. Powers: In addition to the powers enumerated in its by-laws, or elsewhere provided for in this declaration, and without

limiting the generality thereof, the association shall have the following powers:

A. Utility Service: The association shall have the authority to obtain, for the benefit of all of the condominiums, all water, electrical, and gas services, refuse collection and janitorial services and window cleaning services.

B. Easements: The association shall have the authority to grant easements where and whenever necessary for utilities, cable television, and sewer facilities over the common areas to serve the common and open space areas and the condominium units.

C. Manager: The association shall have the authority to employ a manager and/or other persons and to contract with independent contractors and managing agents to perform all or any part of the duties and responsibilities of the association; provided that any contract with a firm or person appointed as a manager or managing agent shall not exceed a one (1) year term, shall provide for the right of the association to terminate the same at the first annual meeting of the members of the association, and to terminate the same for cause on thirty (30) days written notice, or without cause or payment of a termination fee on ninety (90) days written notice.

D. Adoption of Rules: The association may adopt reasonable rules, not inconsistent with this declaration, relating to the use of the common areas, and all facilities thereon, and the conduct of the owners and their tenants and guests with respect to the property and other owners.

E. Access: For the purpose of performing the

maintenance authorized herein or for any other purpose reasonably related to the performance by the association or the board of directors of their respective responsibilities, the association's agents or employees shall have the right and authority after reasonable notice to, or attempting to give reasonable notice to, the owner thereof, to enter any unit or units or to enter any portion of the common areas at reasonable hours.

F. Assessments, Lien and Fines: The association shall have the power to levy and collect assessments in accordance with the provisions of Article IV hereof and to impose fines or take disciplinary action against any owner for failure to pay assessments or for violation of any provision of the condominium documents. However, no such action may be taken except in compliance with the provisions of Paragraph 2.F. of Article V, providing for procedures for notice and hearing, which satisfied the requirements of Section 7341 of the Corporations Code and no such power shall cause a forfeiture or abridgment of an owner's rights to the full use and enjoyment of his individually owned subdivision interest on account of a failure by the owner to comply with provisions of the governing instruments or of duly enacted rules of operation of common areas and facilities except where the loss or forfeiture is the result of the judgment of a Court or a decision arising out of Arbitration or on account of foreclosure or sale under a Power of Sale for failure of the owner to pay assessments levied by the association. Penalties may include, but are not limited to: (1) fines; (2) temporary suspension of voting rights; (3) suspension of rights to the use of recreational facilities; (4) or other appropriate discipline. In every case, the accused member shall be given notice of the

violations allegedly committed and the opportunity to be heard in order to defend against the same, before any decision to impose any discipline against such member is made.

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

The provisions of the foregoing paragraph do not apply to charges imposed against an owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse the association for the loss of interest and for costs reasonably incurred, including attorney fees, in its efforts to collect delinquent assessments.

G. Enforcement: The association shall have the power and authority to enforce this declaration as per Article VIII hereof.

H. Acquisition of Property: The association shall have the power to acquire, by gift, purchase or otherwise, and to own, hold, improve, build upon, operate, maintain, convey, sell, transfer, lease, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the

association.

I. Loans: The association shall have the power to borrow money, and only with the assent, by vote or written consent, of three-fourths (3/4) of each class of members, to mortgage, pledge, deed of trust, or otherwise hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

J. Dedication: The association shall have the power and authority to dedicate, sell or transfer, all or any part of the common areas to any public agency, authority, district or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by three-fourths (3/4) of each class of members, agreeing to such dedication, sale or transfer.

K. Contracts: The association shall have the power and authority to enter into contract for goods and/or services for the common areas, facilities and interests or for the association, subject only to those limitations set forth in the condominium documents.

L. Delegation: The association shall have the power and authority to delegate its authority and its power to its agents, employees, its committees or the officers of the association.

M. Use of Recreational Facilities: The association shall have the power and authority to limit the number of the owners' guests who may be allowed to use the recreational facilities of the project. However, any such limitation shall be applied equally to all the members of the association.

ARTICLE VI

UTILITIES

1. Owner's Right and Duties: The rights and duties of the owners of condominiums within the project with respect to the sanitary sewer, water, electricity, gas and telephone lines and facilities, and heating and air-conditioning facilities, shall be as follows:

A. Whenever sanitary sewer, water, electricity, gas, television receiving, telephone lines or connections, heating or air-conditioning conduits, ducts or flues are installed within the property, which connections, or any portion thereon lie in or upon condominiums owned by other than the owner of the condominium served by said connections, the owners of any condominium served by said connections shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon the condominiums or to have the utility companies enter upon the condominiums in or upon such connections, or where any portions thereof lie, to repair, replace and generally maintain said connections as and when necessary.

B. Whenever sanitary sewer, water, electricity, gas or telephone lines or connections, heating or air-conditioning conduits, ducts or flues are installed within the property which connections serve more than one condominium, the owner of each condominium served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as service his condominium.

C. In the event of a dispute between owners with respect to the repair or rebuilding of said connections, or with

respect to the sharing of the cost thereof; then, upon written request of one of such owners addressed to the association, the matter shall be submitted to the board of directors who shall decide the dispute, and the decision of the board shall be final and conclusive on the parties.

2. Easements For Utilities and Maintenance: Easements over and under the property for the installation, repair and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities, heating and air-conditioning facilities, cable or master television antenna lines, drainage facilities, walkways and landscaping as shown on the recorded map of the property, and as may be hereafter required or needed to service the property, are hereby reserved by declarant and its successors and assigns, including the association, together with the right to grant and transfer the same.

3. Association's Duties: The association shall maintain all utility installations located in the common area except those installations maintained by utility companies, public, private or municipal. The association shall pay all charges for utilities supplied to the project except those metered or otherwise separately charged or chargeable to the units.

ARTICLE VII

USE RESTRICTIONS

In addition to all of the covenants contained herein, including those use restrictions set forth in Article II, Paragraph 4, the use of the property and each condominium therein is subject to the following:

1. Condominium Use: No condominium shall be occupied and used except for residential purposes by the owners, their tenants, and social guests. No trade or profession shall be conducted in any condominium except that the declarant, and its successors and assigns, may use any unit or units in the project owned by declarant for a model home site or sites and display and sales office during construction and until the last unit is sold by declarant. No tent, shack, trailer, basement, garage, out building or structure of a temporary character shall be used at any time as a residence, either temporarily or permanently. Residents shall be limited as follows:

A. No more than three (3) persons in a one bedroom unit.

B. No more than four (4) persons in a two bedroom unit.

C. No more than two (2) unrelated persons in any unit.

2. Animals: No animals, or birds of any kind, shall be raised, bred, or kept in any condominium, or on any portion of the property except that no more than two (2) usual and ordinary household pets (such as dogs, cats, birds, etc.) may be kept, provided that they are not kept, bred or maintained for any commercial purposes, and they are kept under reasonable control at all times. Notwithstanding the foregoing, no pets may be kept on the property which result in an annoyance or are obnoxious to other unit owners. No pets shall be allowed in the common areas except as may be permitted by the rules and regulations set forth by the board of directors. No dog shall enter into the common areas except while on a leash which is held by a person capable of controlling the animal.

Declarant, or any owner, may cause any unleashed dog found within the common areas to be removed by declarant, the property manager, custodian or other authorized agent or employee of the association, to a pound or animal shelter under the jurisdiction of the City of Redondo Beach, County of Los Angeles

State of California, by calling the appropriate authorities, whereupon the owner may, upon payment of all expenses connected therewith, repossess the dog. No dog whose barking unreasonably disturbs other owners shall be permitted to remain on the property. Owners shall prevent their pets from soiling any portion of the common area where other persons customarily walk and shall promptly clean up any mess left by their pets.

3. Vehicle Restrictions: No trailer, camper, mobile home, commercial vehicle (other than a standardized pickup truck or automobile) inoperable automobile, boat or similar equipment or vehicle shall be permitted to remain upon any area of the property other than temporarily, unless placed or maintained solely within the unit's designated parking space. Commercial vehicles, as the term is used herein, shall not include sedans, standard sized pickup trucks which are used both for business and personal use provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the board. No noisy or smokey vehicles shall be operated on the property, except for temporary periods of short duration while awaiting repairs to cure such conditions. No vehicles with oil or other types of leaks will be permitted in the garage or on the property. No off-road vehicles will be permitted to be used or operated on the property.

4. Garbage and Refuse Disposal: All rubbish, trash and

garbage shall be regularly removed from the property and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. All equipment, garbage cans, woodpiles, or storage piles shall be kept screened and concealed from view of other units, streets, or common area.

5. Radio and television Antennas: No alteration to or modification of a central radio and/or television antenna system or cable television system, whichever is applicable, as developed by the declarant, or by the association, and maintained thereby, shall be permitted. No owner may be permitted to construct and/or use and operate his own external radio and/or television antenna without the consent of the board of directors, which consent, once given, may be revoked on ninety (90) days written notice.

6. Right to Lease: The respective condominiums shall not be rented by the owners thereof for transient or hotel type purposes, which shall be defined as (a) rental for any period less than Thirty (30) days, or (b) any rental if the occupants of the unit are provided customary hotel services such as room service for food or beverage; maid service; laundry and linen services; bellhop services or any similar service. Subject to the foregoing restrictions, the owners of the respective units shall have the absolute right to lease such units provided that the lease is in writing and made subject to the terms, conditions and covenants of the several condominium documents and the rules and regulations enacted thereunder. A mortgagee in possession following a default in a first mortgage, a foreclosure proceeding, or any deed or other arrangement in lieu of

enclosures, may rent for a period less than thirty (30) days. All leases shall be in writing.

7. Architectural Control: No building, fence, wall, obstruction, balcony, screen, patio, patio cover, tent, awning, carport, carport cover, improvement, or structure of any kind whatsoever shall be commenced, erected, painted, or maintained on the property, nor shall any alteration or improvement of any kind be made thereto until the same has been approved, in writing, by the board of directors. Plans and specifications showing the nature, kind, shape, color, size, materials and location of such improvements, alterations or the like shall be submitted to the board, or to an architectural control committee appointed by the board, for approval as to the quality of the workmanship, design, and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography and finish grade elevation. No permission or approval will be required to repaint in accordance with the declarant's original colors, or to rebuild in strict accordance with the declarant's original plans and specifications. No permission or approval shall be required to repaint in accordance with colors previously approved by the board or to rebuild in strict accordance with plans and specifications previously approved by the board.

No landscaping of patios or yards visible from the street or the common areas not involving the use of natural plants, grass, trees or shrubs, and which involve the use of synthetic materials or of concrete, rock, or similar materials, shall be undertaken by any one owner until plans and specification showing the nature, kind, shape, and location of the materials shall have been submitted to and

approved in writing by the board or architectural control committee appointed by the board.

The architectural control committee shall consist of not less than three(3) nor more than five (5) members. Declarant may appoint all of the original members of the committee and all replacements until the first anniversary of the issuance of the original public report for the project. The declarant reserves the right to appoint a majority of the members to the committee until ninety percent (90%) of all the units have been sold or until the fifth (5th) anniversary date of the original issuance of the final public report of the sub-division, whichever first occurs. Thereafter, the board shall have the right to appoint all of the members of the architectural control committee. Neither the members of the committee nor its designated representatives shall be entitled to any compensation for services rendered pursuant hereto. The committee shall only have the right to recommend that the board, either approve or disapprove any such plans or specifications submitted by a particular owner, and the board shall have the right to make the final decision to approve or disapprove such plans and specifications.

After one year from the date of issuance of the original public report for the sub-division, the governing body of the association shall have the power to appoint one (1) member to the architectural control committee until ninety percent (90%) of all of the units in the sub-division have been sold or until the fifth anniversary date of the original issuance of the final public report for the sub-division, whichever occurs first. Thereafter the governing body of the association shall have the power to appoint all

of the members of the architectural control committee.

8. Drapes: All drapes and curtains visible from the street or the common areas shall be of a color and design approved by the board of directors.

9. Clothes Lines: No exterior clothes lines shall be erected or maintained and there shall be no outside laundering or drying of clothes.

10. Power Equipment and Automobile Maintenance: No power equipment, hobby shops, or car maintenance (other than emergency work) shall be permitted on the property except with the prior written consent of the board. Approval shall not be arbitrarily or unreasonably withheld and in deciding whether or not to grant approval the board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, possible interference with the radio and television reception and similar objections.

11. Liability of Owners for Damage to Common Areas: The owner of each unit shall be liable to the association for all damages to the common areas or improvements thereon caused by such owner or any occupant of his or her unit, except for that portion of such damage, if any, fully covered by insurance. Liability of any such owner must first be established by the board and only after notice and hearing to the owner. In this respect, the burden of proof as to the nature and extent of any such damage, and the amount assessed for repairs, shall be on the board.

ARTICLE VIII

GENERAL PROVISIONS

1. Enforcement: Subject to the provisions of Article II, Paragraph 9, the association, or any owner, shall have the right to enforce, by any proceeding of law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of the condominium documents in general, and this declaration in particular, and in such action shall be entitled to recover reasonable attorneys fees as are ordered by a court of competent jurisdiction. Failure of 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.

2. Invalidity of any Provision: Should any provision or portion hereof be declared invalid or in conflict with any law of the jurisdiction where this project is situated, the validity of all other provisions and portions hereof shall remain unaffected and in full force and effect.

3. Term: The covenants and restrictions of this declaration and of the various condominium documents shall run with and bind the property, and shall inure to the benefit of and shall be enforceable by the association or the owner of any property subject to this declaration, their legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this declaration is recorded, after which time they shall be automatically extended for five (5) year terms, unless an instrument in writing, signed by a majority of the then owners of the condominiums has been recorded within the year preceding the beginning of each successive five (5) years, agreeing to terminate the same in whole or in part.

4. Amendments: Prior to the close of escrow on the sale of the first unit, declarant may amend this declaration. After sale of the first unit, this declaration may be amended only by the affirmative vote, in person or by proxy, or written consent of

members representing seventy five percent (75%) of the voting power of the association and a majority of the members other than the declarant, or where the two class voting structure is in effect, seventy-five percent (75%) of each class of membership. However, the percentage of voting power necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment must be recorded in the office of the County Recorder for the County of Los Angeles, State of California. No amendment shall adversely affect the right of the holder of any mortgage of record prior to the recordation of such amendment.

5. Encroachments, Easements: Each condominium within the project is hereby declared to have an easement over all adjoining condominiums and the common area for the purpose of accomodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other cause. There shall be valid easements for the maintenance of such encroachments as long as they shall exist, and the rights and obligations of owners shall not be altered in any way by said encroachment, settlement, or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an owner or owners if said encroachment occurred due to the willful misconduct of said owner or owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the owners of each condominium agree that minor encroachments over adjoining condominiums or common areas shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

6. Rights of Institutional Lenders: No breach of any covenant, condition or restriction herein contained, nor the enforcement of any lien provisions herein, shall render invalid the lien of any first mortgage (meaning a mortgage with first priority over any other mortgage) on any unit made in good faith and for value, but all of said covenants, condition and restrictions shall be binding upon and effective against any owner whose title is derived through foreclosure by trustee's sale, or otherwise. Notwithstanding any provision in the condominium documents to the contrary, first lenders shall have the following rights:

A. Copies of project documents: The association shall make available to unit owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the declaration, by-laws, articles or other rules concerning the project and the books, records and financial statements of the association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

B. Audited Statement: The holders of fifty-one percent (51%) or more of first mortgages shall be entitled, upon written request, to have an audited financial statement for the immediately preceding fiscal year prepared at their expense if one is not otherwise available. Such statement shall be furnished within a reasonable time following such request.

C. Notice of Action: Upon written request to the association, identifying the name and address of the eligible mortgage holder or eligible insurer or guarantor, and the unit number or address, such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of:

(1) Condemnation loss or any casualty loss which affects a material portion of the project or any unit on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;

(2) Any default in performance of obligations under the project documents or delinquency in the payment of assessments or charges owed by an owner of a unit subject to a first mortgage held, insured or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days;

(3) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the association;

(4) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified in article VIII, Paragraph 6.D..

(5) The association shall discharge its obligation to notify eligible holders or eligible insurers or guarantors by sending written notices required herein to such parties at the address given on the current request for notice, in the manner prescribed hereinbelow.

D. Consent of Action:

(1) Except as provided by statute or by other provision of the project documents in case of substantial destruction or condemnation of the project, and further excepting any relocation of interests in the common area(s) which might occur

pursuant to any plan of expansion or phased development contained in the original project documents:

(a) The consent of owners of units to which at least sixty seven percent (67%) of the votes in the association are allocated and the approval of eligible mortgage holders holding mortgages on units which have at least sixty seven percent (67%) of the votes of units subject to eligible holder mortgages, shall be required to terminate the legal status of the project as a condominium project;

(b) The consent of owners of units to which at least sixty-seven percent (67%) of the votes in the association are allocated and the approval of eligible mortgage holders holding mortgages on units which have at least fifty-one percent (51%) of the votes of the units subject to eligible holder mortgages, shall be required to alter or amend any material provisions of the project documents which establish, provide for, govern or regulate any of the following: (i) voting; (ii) assessments, assessment liens or subordination of such liens; (iii) reserves for maintenance, repair and replacement of the common area(s) (or units if applicable); (iv) insurance or fidelity bond; (v) rights to use the common areas; (vi) responsibility for maintenance and repair of the several portions of the project; (vii) expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project (except as provided in Paragraph D.(1), above); (viii) boundaries of any unit; (ix) the interest in the general or restricted common areas; (x) convertibility of units into common areas or of common areas into units; (xi) leasing of units; (xii) imposition of any right of first refusal or similar restriction on the right of a unit owner to sell, transfer, or otherwise convey his or her unit; (xiii) any provisions which are for the express benefit of mortgage holders,

eligible mortgage holders, or eligible insurers or guarantors of first mortgages on units.

(c) An addition or amendment to such document shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. An eligible mortgage holder who received a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

(2) Except as provided by statute in case of condemnation or substantial loss to the units and/or common elements of the condominium project, unless the holder(s) of at least two thirds (2/3) of the first mortgages (based upon one vote for each first mortgage owned), or owners of the individual condominium units have given their prior written approval, the association and/or the owners shall not be entitled to:

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

(b) Change the pro rata interest or obligations of any individual condominium unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each condominium unit in the common area.

(c) Partition or subdivide any condominium

unit;

(d) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the common area. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the common area by the condominium project shall not be deemed a transfer within the meaning of this clause).

(e) Use hazard insurance proceeds for losses to any condominium property (whether to units or to common areas) for other than the repair, replacement or reconstruction of such condominium property.

E. Right of First Refusal: The right of a unit owner to sell, transfer, or otherwise convey his or her unit shall not be subject to any right of first refusal or similar restriction.

F. Contracts: Any agreement for professional management of the condominium project, or lease or any other contract providing for services of the developer, sponsor, or builder, may not exceed one (1) year. Any agreement, contract or lease, including a management contract entered into prior to passage of control of the board of directors of the association to unit purchasers, must provide for termination by either party for cause on thirty (30) days written notice, or without cause and without payment of a termination fee or penalty on ninety (90) days or less written notice.

G. Reserves: Condominium dues or charges shall include an adequate reserve fund or maintenance, repairs and replacement of those common area improvements (and restricted common area improvements which the association is obligated to maintain) that must be replaced on a periodic basis, and shall be payable in

regular installments rather than by special assessments.

H. Priority of Liens: Each holder of a first mortgage lien on a unit who comes into possession of the unit by virtue of foreclosure of the mortgage, or any purchaser at a foreclosure sale under a first deed of trust, will take the unit free of any claims for unpaid assessments and fees, late charges, fines or interest levied in connection therewith, against the unit which accrue prior to the time such holder comes into possession of the unit, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all project units including the mortgaged unit, and except for assessment liens recorded prior to the mortgage.

I. Distribution of Insurance of Condemnation Proceeds: No provision of the condominium constituent documents shall give a condominium unit owner, or any other party, priority over any rights of first mortgagees of condominium units pursuant to their mortgages in the case of a distribution to condominium unit owners of insurance proceeds or condemnation awards for losses to or taking of condominium units and/or common elements.

J. Restoration or Repair: Any restoration or repair of the project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the declaration and the original plans and specifications, unless other action is approved by eligible mortgage holders holding mortgages on units which have at least fifty-one percent (51%) of the

votes of units subject to eligible holder mortgages.

K. Termination: Any election to terminate the legal status of the project after substantial destruction or a substantial taking in condemnation of the project property must require the approval of eligible mortgage holders holding mortgages on units which have at least fifty-one percent (51%) of the votes of units subject to eligible holder mortgages.

L. Reallocation of Interest: No reallocation of interests in the common areas resulting from a partial condemnation or partial destruction of the project may be effected without the prior approval of eligible mortgage holders holding mortgages on all remaining units whether existing in whole or in part, and which have at least fifty-one percent (51%) of the votes of such remaining units subject to eligible holder mortgages.

M. Termination of Professional Management: When professional management has been previously required by any eligible mortgage holder or eligible insurer or guarantor, whether such entity

became an eligible mortgage holder or eligible insurer or guarantor at that time or later, any decision to establish self management by the association shall require the prior consent of owners of units to which at least sixty-seven percent (67%) of the votes in the association are allocated and the approval of eligible mortgage holders holding mortgages on units which have at least fifty-one percent (51%) of the votes of units subject to eligible holder mortgages.

7. Owner's Right and Obligation to Maintain and Repair: Except for those portions of the project which the association is required to maintain and repair, each unit owner shall, at his sole cost and expense, maintain and repair his unit (and shall maintain the landscaping within the private patio areas appurtenant thereto is part of the restricted common area), keeping the same in good condition. Each owner shall bear the cost of maintenance, repair and replacement of the following items within or serving such owner's unit: patio, garage interior, and entrance and interior surfaces of all perimeter and interior walls, ceilings and floors (including carpeting, tile, wallpaper, paint or other coverings); garbage disposals, hot water heaters, ranges, refrigerators, dishwashers, washing machines, driers, light fixtures and any and all other appliances of any nature whatsoever; heating, ventilating and air-conditioning equipment servicing such unit (although such equipment may be located in part outside such units); interior and exterior doors, including all hardware thereon; window panes and light bulbs; plumbing and other fixtures of any nature whatsoever; "built-in" features; and decorative features, fireplaces, if any, and any furniture and furnishings. All electric utilities serving

individual units shall be separately metered and shall be the expense of each individual unit owner. Electric utilities serving the general common elements shall be a common expense of the association. Each unit owner shall keep those portions of any restricted common area to which he has exclusive easement rights clean and neat. Each owner shall have the exclusive right to paint, plaster, panel, tile, wallpaper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his unit. In the event an owner fails to maintain the interior of his unit (or the landscaping within his private patio area) in a manner which the board deems necessary to preserve the appearance and value of the property, the board may notify the owner of the work required and request it be done within sixty (60) days from the giving of such notice. In the event owner fails to carry out such maintenance within said period, the board may, following notice and hearing, cause such work to be done and may specially assess the cost thereof to such owner, and, if necessary lien his unit for the amount thereof.

8. Insurance, Damage or Destruction: In the event of damage to or destruction of any unit, the same shall be reconstructed as soon as reasonably practicable, and substantially in accord with the original plans and specifications therefor.

Each unit owner appoints the association or any insurance trustee to be designated by the association, as attorney in fact for the purpose of purchasing and maintaining the association's insurance, including: The collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the

performance of all other acts necessary to accomplish such purpose. The association or any insurance trustee shall be required to receive, hold, or otherwise properly dispose of any proceeds of insurance in trust for unit owners and their first mortgage holders, as their interests may appear.

The association shall obtain and continue in effect a master policy of insurance covering all of the personal property and supplies of the association, and all of the real property and improvements of the project, including the common area and all fixtures and building service equipment therein, and the units and any fixtures, equipment or property therein covered by a first mortgage on the unit, and protecting the interests of the association and its members, including, without limitation, fire and extended coverage and special form and insuring one hundred percent (100%) of current replacement cost of all improvements in the project, including the units, comprehensive general liability insurance insuring the association and each owner for his liability for the common area, and a fidelity bond covering officers, directors and employees in an amount to be determined by the board, but in no event less than a sum equal to three (3) months aggregate assessments on all units plus reserve funds.

All insurance shall contain "severability of interest provision", "cross liability endorsement" and "waiver of subrogation" as to the association, officers, directors, members, guests, agents and employees.

The master policy shall be issued in the name of the association for the use and benefit of the owners.

The minimum limits on the liability insurance policy

shall be \$1,000,000 single limit and shall include personal injury, bodily injury, property damage and liability for non-owned automobiles. In addition the association shall obtain and continue in effect additional umbrella coverage of \$1,000,000, or as an alternative may carry a \$2,00,000 single limit policy. Worker's compensation insurance shall at all times be carried to the extent required to comply with any applicable law. Officers and directors liability insurance shall be carried by the association to cover persons serving in such capacities.

Where the project is located within an area having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program (NFIP), the association shall obtain and pay, as a common expense, the premiums upon a master policy of flood insurance on the buildings and any other property covered by the required form of policy (herein "insurable property"), in an amount deemed appropriate, but not less than the following: The lesser of: (1) the maximum coverage available under the NFIP for all buildings and other insurable property within any portion of the condominium project located within a designated flood hazard area, or; (2) one hundred percent (100%) of current "replacement costs" of all such buildings and other insurable property.

It is the responsibility of each owner to insure his personal property (if he desires) and the improvements and betterments added to his unit since the time of the original sale, together with additional living expense coverage and public liability insurance for the interior of his unit.

In addition to the master liability policy which the

association shall carry, each unit owner may carry public liability insurance covering damage to property or injury to person or others within the project resulting from negligence of the owner or his agents.

Insurance premiums for the master policy shall be a common expense to be included in the monthly assessments levied by the association and the portion of such payment necessary for the insurance premiums shall be held in a separate account of the association and shall be used solely for the payment of the master insurance policy premiums as such premiums become due.

Each buyer of a unit shall pay the portion of the premium(s) attributable to his unit (prorated to the date of close of escrow) for the policy or policies purchased by declarant for the association.

All insurance policies shall be reviewed at least annually by the board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs and replacement of the property which may have been damaged or destroyed.

If any of the project improvements are materially damaged or destroyed by fire or other casualty (materially damaged is defined for the purposes of this section as any damage for which the cost of repair or reconstruction is more than fifty percent (50%) of the full replacement value of the improvements), the project shall be repaired or reconstructed in accordance with the original as built plans and specifications unless the owners vote not to undertake such repair or reconstruction in a special election held in accordance with the following procedures:

A. In the event any portion of the project improvements are materially damaged (as defined above) or destroyed, a special election shall be held, after not less than thirty (30) days written notice to all owners, and their first mortgagees of record, at a suitable location of the property, or as close thereto as practicable, which location shall be specified in such notice.

B. The project shall be repaired or reconstructed in accordance with the original as built plans and specifications as hereinafter provided, unless: (1) in such special election at least two-thirds ($2/3$) of the total voting power of the association residing in members other than the declarant votes against such repair or reconstruction; or (2) the available insurance proceeds plus reserves of the association are inadequate to pay the cost of repair or reconstruction and a special assessment in excess of five percent (5%) of the budgeted gross expenses of the association for that fiscal year is required to provide such funds.

C. In the event the requisite number of votes are not cast against such repair or reconstruction, and if a special assessment in excess of five percent (5%) (if required) passes, all of the insurance proceeds payable on account of such damage or destruction shall be made available for such repair or reconstruction and shall be deposited with a commercial lending institution experienced in the disbursement of construction loan funds (the "depository"). The depository shall be appointed by the association. Such funds shall be disbursed in accordance with the normal construction loan practices for the depository, which are reasonably acceptable to the association. The restoration or reconstruction shall be substantially in accordance with the original as built plans

and specifications for the building, modified as may be required by applicable building codes and regulations in force at the time of such repair or reconstruction or in accordance with such other plans and specifications as may be approved by fifty-one percent (51%) of members of the association, and their respective first mortgagees.

D. The association shall designate a construction consultant (the "construction consultant"), general contractor (the "general contractor"), and architect (the "architect") for the repair or reconstruction contemplated by this paragraph. In the event of a dispute regarding the selection of the construction consultant, the general contractor and the architect, the selection of such individuals or firms shall be submitted to and be subject to the rules of the American Arbitration Association.

E. The insurance proceeds payable on account of such damage or destruction shall be deposited with the depository and shall be disbursed in accordance with the normal construction loan practices of the depository and upon the certification of the construction consultant, general contractor and architect dated not more than ten (10) days prior to any such request for disbursement, setting forth the following:

(1) That all of the work completed as of the date of such request for disbursement has been done in compliance with the approved plans and specification;

(2) That such disbursement request represents monies which either has been paid by or on behalf of the construction consultant, the general contractor or the architect and/or is justly due to contractors, subcontractors, materialmen, engineers, or other persons (whose name and address shall be stated) who have rendered or

furnished certain services and materials and the principal subdivisions or categories thereof and the respective amounts paid or due to each of said persons in respect thereof and stating the progress of the work up to the date of said certificate;

(3) That the sum then requested to be disbursed plus all sums previously disbursed does not exceed the cost of the work insofar as actually accomplished up to the date of such certificate;

(4) That no part of the costs of the services and materials described in the foregoing paragraph (1) has been or is being made the basis for the disbursement of any funds in any previous or then pending application; and

(5) That the amount held by the depository will, after payment of the amount requested in the pending disbursement request, be sufficient to pay in full the cost of such repair reconstruction.

F. In the event the insurance proceeds available for repair or reconstruction are less than the total cost of such repair or reconstruction the association may use sums from its account or if necessary from levying special assessments on the members to restore or rebuild the area affected, provided that any assessment that exceeds five percent (5%) of the budgeted gross expenses of the association for that fiscal year shall require the vote or written assent of a majority of the voting power of the association and a majority of the members other than declarant, and provided, further, if such special assessment fails to be approved by the requisite majority, and the project cannot be repaired or reconstructed without the funds from such special assessment, the provisions of paragraph

G., below, shall apply, and if the first lenders are unable or unwilling to apply the necessary funds, the provisions of paragraph I., below, shall apply.

G. In the event any portion of the common area has been damaged or destroyed and that portion of the insurance proceeds applicable to the damage or destruction is insufficient to reconstruct or repair the damaged or destroyed portion, the association shall supply the excess funds required to restore or rebuild the affected area, as provided in paragraph F., above; provided, however, that in the event the association and the members refuse or are unable to supply such excess funds, the first lenders of the units affected shall have the option of supplying such excess funds or of applying that portion of the insurance proceeds allowable to that damaged or destroyed area to the debt secured such mortgagee's mortgages or deeds of trust, as provided in paragraph I., below.

H. All such funds to be supplied by the association, or individual owners, shall be deposited with the depository and shall be disbursed pursuant to the provisions of this section. In the event that there is any dispute over the allocation of insurance proceeds or the amount of funds in excess of the insurance proceeds which any party must deposit with the depository such dispute shall be submitted to and be subject to the rules of the American Arbitration Association.

I. In the event the owners elect not to repair or reconstruct a building or elect not to approve a special assessment to provide funds for rebuilding as provided in paragraphs B. and F., above, the provisions of Civil Code Section 1354 (regarding partition

and sale) shall be deemed satisfied, and the insurance proceeds payable on account of such damage or destruction shall be disbursed as follows; and in the event of partition and sale under any conditions stated in Civil Code Section 1354, the proceeds of sale shall be disbursed as follows:

First, to the first mortgagees of the owners as their interests appear to the extent of monies owed such first mortgagees which are secured by first mortgages or deeds of trust on the project improvements;

Second, to the cost of removing any remaining or destroyed portions of the project improvements and complying with all other applicable requirements and complying with all other applicable requirements of governmental agencies;

Third, to the owners in proportion to the respective fair market values of their units and their interests in the common area at the time of the destruction as determined by the association, provided, however, that if any owner or mortgagee protests the proposed distribution based upon said fair market values as so determined, a licensed independent appraiser acceptable to the association and to the protesting members or mortgagees shall be appointed by the association to make the determination of the respective fair market values of the units at the time of the destruction. In the event of a failure to agree upon an appraiser, the appraiser shall be appointed by the then president of the Los Angeles County Bar Association.

J. In the event there is any damage or destruction to the project improvements which is not material, as that term is defined above, the damaged improvements shall be repaired and

reconstructed (without the necessity of any special election) in accordance with the applicable provisions of this section.

Rights of first lenders in the case of loss due to damage or condemnation are provided for in the above section.

Any election to terminate the legal status of the project after substantial destruction or a substantial taking in condemnation of the project property shall require the approval of eligible holders holding mortgages on units which have at least fifty-one percent (51%) of the votes of units subject to eligible holder mortgages.

9. Condemnation: The owners' association shall represent the unit owners in any condemnation proceedings or lien negotiations, settlement and agreements with the condemning authority for acquisition of the common area(s), or part thereof. A condemnation award effecting all or part of the structural common area of a condominium project which is not apportioned among the owners by the court judgment or by agreement between the condemning authority and each of the affected owners in the subdivision, shall be distributed among the affected owners and their respective mortgagees according to the relative values of the condominium units affected by the condemnation as determined by independent appraisal in accordance with a procedure set forth in the governing instruments. The owner of such unit shall be entitled to receive the award for such taking and after acceptance thereof he and his mortgagee shall be divested of all interest in the project if such owner shall vacate his unit as a result of such taking. The remaining owners shall decide by majority vote whether to rebuild or repair the project, or take other action. The remaining portion of the project shall be resurveyed, if

necessary, and the declaration shall be amended to reflect such taking and to readjust proportionately the percentages of undivided interest of the remaining owners in the project. In the event of partial or total destruction of the structural common area of a condominium project, and an election by the owners not to rebuild, insurance proceeds received by the association on account of the destruction of the common area shall be distributed by the Association among owners of units and their respective mortgagees proportionately by one of the following methods:

(1) According to the respective fair market values of the units at the time of the destruction as determined by an independent appraisal in accordance with a procedure set forth in the governing instruments.

(2) According to a formula or schedule set forth in the governing instruments based upon the respective selling prices of the units in the original sales of the units by the subdivider.

(3) Such other method as the Department shall determine to be equitable.

10. Limitation of Restrictions on Declarant: Declarant is undertaking the work of construction of residential condominium dwellings and incidental improvements upon the subject property. The completion of that work and the sale, rental and other disposal of said condominium units is essential to the establishment and welfare of said property as residential community. In order that said work may be completed and said property be established as a fully occupied residential community as rapidly as possible, nothing in this declaration shall be understood or construed to:

A. Prevent declarant, its contractors, or

11. Owner's Compliance: Each owner, tenant or occupant of a condominium shall comply with the provisions of this declaration, and to the extent they are not in conflict with the declaration, the articles and by-laws, decisions and resolutions of the association or its duly authorized representatives, as lawfully amended from time to time and failure to comply with any such provisions, decisions or resolutions, shall be grounds for an action to recover sums due, for damages, or for injunctive relief.

All agreements and determinations lawfully made by the association in accordance with the voting percentages established in this declaration or in the articles or the by-laws, shall be deemed to be binding on all owners of condominiums, their successors and assigns.

12. Notices: Any notice permitted or required by this declaration may be delivered either personally or by mail. If delivered by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States Mail, postage prepaid, addressed to each person at the current address given by such person to the secretary of the board or addressed to the unit of such person if no address has been given to the secretary.

13. Special Provisions Relating to Enforcement of Declarant's Obligation to Complete Common Area Improvements: Where the project includes common area improvements which have not been completed prior to the issuance of the public report, and where the association is obligee under a bond or other arrangement (hereafter "bond") to secure performance of the commitment of declarant to complete said improvements, the board shall consider and vote on the

subcontractors from doing on the property or any unit, whatever is reasonably necessary or advisable in connection with the completion of said work; or

B. Prevent declarant or its representatives from erecting, constructing and maintaining on any part or parts of the property, such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing said property as a residential community and disposing of the same in parcels by sale, lease or otherwise; or

C. Prevent declarant from conducting on any part of the property its business of completing said work and of establishing a plan of condominium ownership and of disposing of said property in condominium units by sale, lease or otherwise (including use of one or more units as a sale offices); or

D. Prevent declarant from maintaining such sign or signs on any of the property as may be necessary for the sale, lease or disposition thereof.

The foregoing limitations of the application of the restrictions to declarant shall terminate upon sale of declarant's entire interest in the project, or three (3) years after the date of recordation of the deed of the first unit to be sold in the project, which ever occurs first.

So long as declarant, its successors and assigns, owns one or more of the condominiums established and described herein, declarant, its successors and assigns, shall be subject to the provisions of this declaration. Declarant, in exercising his rights under this paragraph, shall not unreasonably interfere with the use of the common are by any purchaser.

question of action by the association to enforce the obligations under the bond with respect to any improvement for which a notice of completion has not been filed within sixty (60) days after the completion date specified for that improvement in the planned construction statement appended to the bond. If the association has given an extension in writing for the completion of any common area improvement, the board shall consider and vote on the aforesaid question if a notice of completion has not been filed within thirty (30) days after the expiration of the extension. A special meeting of members of the association for the purpose of voting to override a decision by the board not to initiate action to enforce the obligations under the bond or on the failure of the board to consider and vote on the questions shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the board of a petition for such a meeting signed by members representing five percent (5%) or more of the total voting power of the association. At such special meeting a vote of a majority of members of the association other than the declarant shall be required to take action to enforce the obligations under the bond and a vote of a majority of the voting power of the association, excluding declarant, shall be deemed to be the decision of the association, and the board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the association.

14. Fair Housing: No owner shall, either directly or indirectly, forbid or restrict the conveyance, encumbrance, leasing, or mortgaging or occupancy of his unit to any person of a specified race, color, religion, national origin, ancestry, sex, marital status or physical handicap.

15. Arbitration: Notwithstanding the foregoing Section of this Article entitled "Enforcement," any Owner or the Association which is party to any dispute, claim, or controversy arising under, out of, in connection with, or in relation to his Declaration, the Bylaws, or the Association Rules, or any breach thereof, shall have the right to arbitrate said dispute, claim or controversy in Los Angeles County in accordance under the rules of the American Arbitration Association(the "AAA"). Arbitration may be initiated and required by giving written notice to the Association and all other Owners of the initiating Owner's or Association's demand to arbitrate, which notice shall specify the matter to be arbitrated and the remedy sought, and by filing with the regional office of AAA copies of the notice and all other documents required by AAA. If action is already pending on any matter concerning which the notice is given, this notice is ineffective unless given before the expiration of twenty-five (25) days after service of process on the person giving the notice. The costs of arbitration shall be borne by the losing party or in such proportions as the arbitrator shall determine appropriate. The decision and award made by the arbitrator shall be final and binding on all of the Owners and the Association, the judgment may be entered thereon in any court of competent jurisdiction in the State of California. If the American Arbitration Association is not then in existence or for any reason fails or refuses to act, the arbitration shall be in conformity with and subject to the then existing provisions of California law relating to arbitration. Notwithstanding the foregoing, should the Association and/or a non-defaulting Member, pursuant to the rights and powers vested in such party in Article Four entitled "Non-payment of Assessment," file an Assessment lien and foreclosure on such Assessment lien, the right of arbitration shall not be available to the parties thereto, unless

WHEN RECORDED MAIL TO:

K.F.N. Development Co.
415 N. Broadway
Redondo beach, ca 90277
Attn: Nick Olar

This Document is an exact copy (not prepared by the County Recorder) of the covenants, conditions and restrictions contained in that certain instrument which was recorded in the Office of the County Recorder of Los Angeles County, State of California on 5-12-86 Document No. 86-583215, in Book _____ Page _____

SAFECO TITLE INSURANCE COMPANY

By Jerry G. Ellis

ENABLING DECLARATION ESTABLISHING A
PLAN FOR CONDOMINIUM OWNERSHIP

FOR

GUADALUPE VILLAS

payment of the sum required to release the lien is first made to the Association.

IN WITNESS WHEREOF, the undersigned, being the declarant herein, has executed this declaration on this 10th day of April, 1986, in the City of Torrance, County of Los Angeles, State of California.

GUADALUPE VILLAS
A Limited Partnership by
KFN DEVELOPMENT CO.
General Partners

By: Fereidoun Kermani
Fereidoun Kermani, President

CAT. NO. NN00636
TO 1954 CA (9-84)

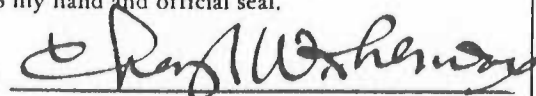
(Corporation as a Partner of a Partnership)

 **TICOR TITLE INSURANCE**

STATE OF CALIFORNIA }
COUNTY OF Los Angeles } SS.

On April 10, 1986 before me, the undersigned, a Notary Public in and for said State, personally appeared Fereidoun Kermani personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the ***** President, and ***** personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the ***** Secretary of KFN Development Company

the corporation that executed the within instrument on behalf of Guadalupe Villas, a limited partnership the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.
WITNESS my hand and official seal.

Signature 



(This area for official notarial seal)

↑ STAPLE HERE ↓

EXHIBIT "A"

LOT 1 OF TRACT NO. 42420 , IN THE CITY OF REDONDO BEACH, COUNTY
OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN
BOOK 1060 PAGES 62 THRU 63, OF MAPS, IN THE OFFICE OF THE
COUNTY RECORDER OF SAID COUNTY.