

BYLAWS
OF
VILLA ITALIA OWNERS ASSOCIATION

ARTICLE I

OFFICE

The office of this corporation shall be located in the City of San Diego, County of San Diego, State of California.

ARTICLE II.

Definitions

Section 1. "Association" shall mean and refer to VILLA ITALIA OWNERS ASSOCIATION, a California non-profit mutual benefit corporation, its successors and assigns.

Section 2. "Condominium Property" shall mean and refer to that certain real property located in the City of San Diego, County of San Diego, California, described as such in the Declaration recorded in the Office of the County Recorder of San Diego, California, owners of Condominiums in which are required to be members of the Association, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of any Condominium, including contract purchasers but excluding those having such interest merely as security for the performance of any obligation.

Section 4. "Declaration" shall mean and refer to the Declaration or Declarations of Restrictions recorded with the Office of the County Recorder of San Diego County, California, covering the Condominium Property, including such amendments thereto as may from time to time be recorded.

Section 5. "Condominium Plan" shall mean and refer to the Condominium Plan or Condominium Plans recorded pursuant to California Civil Code Section 1351 covering all or any part of the Condominium Property, including such amendments thereto as may from time to time be recorded.

Section 6. "Condominium" shall mean and refer to a fee simple estate in the Condominium Property, or portions thereof, as defined in that California Civil Code Section 783 and shall consist of a fee simple interest in a Living Unit and an undivided fractional interest as tenant in common in the Common Area.

Section 7. "Living Unit" shall mean and refer to those portions of the Condominium Property shown and described as such on the Condominium Plan and as defined in the Declaration.

Section 8. "Common Area" shall mean and refer to all portions of the Condominium Property not located within a Living Unit.

Section 9. "Exclusive Use Area" shall mean and refer to those portions of the Common Area, if any, which the Owner has the exclusive right to use.

Section 10. "Declarant" shall mean and refer to R.L. CALIFORNIA SOUTH, INC. along with its successors and assigns.

Section 11. "Mortgage" shall mean and refer to a deed of trust as well as a mortgage encumbering any Condominium.

Section 12. "Mortgagee" shall mean and refer to the beneficiary of a Deed of Trust, its successors, and assigns as well as a mortgagee of a mortgage encumbering a Condominium.

Section 13. "Board" shall mean and refer to the Board of Directors of the Association.

Section 14. "Mortgagor" shall mean and refer to the trustor of the Deed of Trust as well as the mortgagor.

Section 15. "Governing Documents" shall mean and refer collectively to these Bylaws, and the Declaration, and the Articles of Incorporation of the Association.

Section 16. "Eligible Mortgage Holder" shall mean and refer to the holder of the first mortgage on a Condominium who has requested notice of certain matters by submitting a written request to the Association wherein he indicates the name and address of the holder and the Living Unit number or address of the subject Condominium.

Section 17. "Eligible Insurer or Guarantor" shall mean and refer to an insurer or governmental guarantor of a first mortgage on a Condominium who has requested notice of certain matters by submitting a written request to the Association wherein he indicates the name and address of the insurer or guarantor and the Living Unit number or address of the subject Condominium.

ARTICLE III

Members

This Association shall have two (2) classes of voting membership as set forth in the Articles of Incorporation of the Association.

ARTICLE IV

Membership Assessments and Lien Rights

Section 1. REGULAR ASSESSMENTS The Board shall fix and determine from time to time regular assessments to be paid by each Owner for the purpose of operating, maintaining and repairing the Common Areas, paying the necessary

expenditures of the Association as provided in these Bylaws and the Declaration, and establishing an operating reserve fund and reserve for replacement as set forth in the Declaration.

Section 2. SPECIAL ASSESSMENTS. In addition to the regular assessments authorized above, the Board may levy special assessments for the purpose of defraying, in whole or in part, the cost of any capital improvement to the Common Area including the cost of major repair or rebuilding of the Common Area, to reimburse the Association for costs and expenses incurred in enforcing compliance by an Owner or his Condominium with the provisions of the Declaration, the Articles of Incorporation and Bylaws of the Association and the rules and regulations adopted by the Board or for such other purposes as may be determined by the Board, all as set forth in the Declaration.

Section 3. LIEN RIGHTS. As provided in the Declaration, the Association shall have a lien against the interest of each Owner in the Condominium Property to secure the full and prompt payment of all assessments levied by the Association (except those levied pursuant to Article II, Section 4 of the Declaration) in compliance with these Bylaws, and in the event of default by any Owner, said interest of such Owner may be foreclosed by the Association in the same manner as a realty mortgage or may be foreclosed by sale pursuant to Sections 2932, 2924(a), 2924(b), 2924(c), and 1356 of the California Civil Code, and to that end a power of sale is hereby conferred upon the Association, and any redemption thereafter shall be subject to the lien hereby created as to other or future events of default; provided, however, that the lien created shall, at all times, be subordinate and inferior to the lien of the first Mortgage placed on the Condominium Property or any part thereof.

Any assessments which are not paid when due shall be delinquent. If the assessments are not paid within thirty (30) days after the due date, the assessments shall bear interest from the due date at the rate of twenty percent (20%) per annum, and the Association may bring an action at law against the member personally obligated to pay the same and, in addition thereto or in lieu thereof, may foreclose the lien above provided, and interest, costs, and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessments. No member may waive or otherwise escape liability for the assessments provided for hereby by nonuse of the Common Area or abandonment of his Living Unit.

Section 4. PAYMENT OF ASSESSMENTS BY DECLARANT. The Declarant shall pay all assessments levied by the Association against any Condominium owned by it at the same time, in the same manner, and in the same amounts as any other Owner.

Section 5. COMMENCEMENT OF REGULAR ASSESSMENTS. The regular assessments shall commence as to all Condominiums on the first day of the calendar month following the close of the first sale of a Condominium by Declarant.

ARTICLE V

Membership Rights and Privileges

Section 1. No member shall have the right without the prior approval of the Board to exercise any of the powers or to perform any of the acts by these

Bylaws delegated to the Board as in Article VII of these Bylaws more fully provided. Unless otherwise provided in the Declaration and subject to the rules and regulations adopted by the Board, each member of the Association, his immediate family, guests and tenants shall have the right to use and enjoy the Common Area. The membership rights and privileges, together with the voting rights of any Member, may be suspended by the Board for any period of time during which the assessment on his Condominium remains unpaid, and for a period not to exceed thirty (30) for any infraction of the Association's published rules and regulations. Should the Board believe grounds may exist for any such suspension, the Board shall give to the Member believed to be in violation at least fifteen (15) days prior written notice of the intended suspension and the reasons therefor. The Member shall be given an opportunity to be heard before the Board either orally or in writing not less than five (5) days before the effective date of the suspension. The notice required hereby may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first class or registered mail sent to the last address of the Member shown on the Association's records. No such suspension shall affect the rights of any such member to access to his Living Unit nor his right to use of any Exclusive Use Area appurtenant to his Living Unit.

Section 2. Penalties. The Board of Directors may adopt rules and regulations imposing reasonable monetary penalties for any period of time during which any member is determined by the Board to be in breach of the provisions of the Declaration or of these Bylaws. Said penalty cannot become a lien enforceable by a sale of the Condominium pursuant to Sections 2924, 2924(b), and 2924(c) of the California Civil Code. No such possible monetary penalty shall be effective unless the member receives fifteen (15) days prior written notice of the proposed penalty and the reasons therefor and is given an opportunity to be heard either orally or in writing before the Board not less than five (5) days before the proposed effective date of the monetary penalty. The notice required hereby may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first class or registered mail sent to the last address of the member shown on the Association's records.

ARTICLE VI

Meetings of Members

Section 1. PLACE OF MEETING. All meetings of members shall be held at the Condominium Property or at such other location in the County of San Diego, California, in reasonable proximity to the Condominium Property, as may be designated in the notice of meeting.

Section 2. ANNUAL MEETINGS OF MEMBERS. The first annual meeting of members shall be held within six (6) months after the close of escrow for the sale of the first Condominium by Declarant, or within forty-five days after the close of escrow for the sale by Declarant of fifty-one percent (51%) of the Condominiums authorized for sale under the final public report, whichever shall first occur. Subsequent annual meetings of members shall be held on the annual anniversary of the first annual meeting of members. Should any annual meeting day fall upon a legal holiday, then such annual meeting of members shall be held at the same time and place on the next day thereafter ensuing which is not a legal holiday. An election of directors shall be held at the first annual

meeting of members and all positions of director shall be filled at that election.

Written notice of each such annual meeting shall be given to each member, and, upon written request therefor, to all first Mortgagees either personally or by sending a copy of the notice through the mail or by telegraph, charges prepaid, or to his address appearing on the books of the Association or supplied by him to the Association for the purpose of notice. If no address is supplied, notice shall be deemed to have been given him if mailed to the address of the Condominium owned by such member or encumbered by the first Mortgagee, or published at least once in some newspaper of general circulation in the County of said principal office. All such notices shall be sent not less than ten (10) days and not more than ninety (90) days before each annual meeting. Such notice shall specify the place, date, and time of such meeting and those matters which the Board at the time of mailing the notice intends to present for action by the members.

Section 3. SPECIAL MEETING. Special meetings of members, for any purpose or purposes whatsoever, shall be promptly scheduled by the Board in response to the vote for such a meeting by a majority of a quorum of the Board, or by the receipt of a written request of five percent (5%) or more of the total voting power of the Association. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for annual meetings of members. Notices of any special meeting shall specify in addition the place, day, and hour of such meeting, the general nature of the business to be transacted.

Section 4. ADJOURNED MEETINGS AND NOTICE THEREOF. Any membership meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power present in person or represented by proxy, but in the absence of a quorum no other business may be transacted at any such meeting.

When any membership meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of adjournment or of the business to be transacted at an adjourned meeting other than by an announcement at the meeting at which such adjournment is taken.

Section 5. MORTGAGEE REPRESENTATION. First Mortgagees shall have the right to attend all membership meetings through a representative designated in writing and delivered to the Board.

Section 6. VOTING. Voting of the members may be viva voce or by ballot. All elections for directors shall be by secret written ballot. Cumulative voting is required for all elections in which more than two (2) directors are to be elected. No member shall be entitled to cumulate votes for a candidate or candidates unless such candidates' names have been placed in nomination prior to the voting and the member has given notice at the meeting prior to the voting of the member's intention to cumulate votes. If any one member has given such notice, all members at any election for directors, subject to the foregoing, shall have the right to cumulate votes and give one (1) candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes on the same principle among as many candidates as he shall

think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Unless the entire Board is removed from office by the vote of the members, an individual director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal or not consenting in writing to his removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of directors were then being elected. Any director elected to office solely by the votes of members other than Declarant as provided below may be removed from office prior to the expiration of his term only upon the vote of a simple majority of the voting power of members other than Declarant. Anything contained herein to the contrary notwithstanding, at the first election of directors by members and thereafter for so long as a majority of the voting power of members is held by Declarant, or so long as there are two (2) outstanding classes of membership, not less than twenty percent (20%) of the directors may be elected solely by the voting power of members other than Declarant. The election of directors may be held at any meeting of members and each member shall have the right to nominate from the floor candidates for the office of director.

Except as otherwise provided in Article XIII, Section 7 of the Declaration, any provision calling for membership approval of action to be taken by the Association shall require the assent of the prescribed percentage of each class of members of the Association existing at the time of such action. If the proposed action is favored by a majority of the votes cast at a membership meeting, but such vote is less than the requisite prescribed percentage of each class of members, the written approval of members (resulting in the prescribed percentage) who were not present in person or by proxy must give their assent in writing prior to such action being approved.

Section 7. QUORUM. The presence in person or by proxy of a majority of the voting power entitled to vote at any meeting shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting power to leave less than a quorum. In the event any meeting of members cannot be held because a quorum is not present, the members present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be twenty-five percent (25%) of the voting power of the membership of the Association, provided, however, if after adjournment, a new date is fixed for the adjourned meeting, notice of the time and place of the adjourned meeting shall be given to members in the manner prescribed for regular meetings; provided further, that in the event the quorum requirement becomes twenty-five percent (25%) of the voting power of the membership, then the only matters that may be voted upon at any meeting actually attended in person or by proxy by one-third (1/3) or less of the voting power are matters, notice of the general nature of which was given in the notice of meeting.

Section 8. CONSENT OF ABSENTEES. The transactions of any meeting of members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such

meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 9. ACTION WITHOUT MEETING. Any action which may be taken at a meeting of the members, except the election of directors where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the California Corporations Code. The Board of Directors may take action without a meeting if all of its members consent in writing to the actions to be taken. If the Board resolves by unanimous written consent to take an action, an explanation of the action to be taken shall be given by the Board to the members of the Association within three (3) days after all written consents have been obtained in the manner provided in Article VII, Section 7 for the giving of notice of regular meetings of the Board.

Section 10. PROXIES. Every person entitled to vote or execute consents shall have the right to do so either in person or by a written proxy executed by such person and filed with the Secretary of the Association. All proxies shall be revocable and shall automatically terminate upon transfer of title of a Condominium by the Owner.

ARTICLE VII

Directors

Section 1. POWERS AND DUTIES. The powers and duties of the Board shall normally include, but shall not be limited to the following, in addition to those powers and duties delineated in the Declaration:

- 1) Enforcement of applicable provisions of the Declaration, Articles and Bylaws and other instruments for the ownership, management and control of the Condominium Property.
- 2) Payment of taxes and assessments which are, or could become, a lien on the Common Area or a portion thereof.
- 3) Contracting for casualty, liability, and other insurance on behalf of the Association.
- 4) Contracting for goods and/or services for the common areas, facilities and interests or for the Association subject to the limitations set forth below.
- 5) Delegation of its powers to committees, officers or employees of the Association as expressly authorized by the governing instruments.
- 6) Preparation of budgets and financial statements for the Association as prescribed in the governing instruments.
- 7) Formulation of rules of operation of the common areas and facilities owned or controlled by the Association.
- 8) Initiation and execution of disciplinary proceedings against members of

the Association for violations of provisions of the governing instruments in accordance with procedures set forth in the governing instruments.

9) Entry, by the Association's agents or employees, into any Living Unit or any portion of the Common Area as necessary in connection with the construction, maintenance or emergency repair for the benefit of the Common Area or the owners in common in accordance with Article II, Section 5 of the Declaration.

10) Election of officers of the board.

11) Filling of vacancies on the board except for a vacancy created by the removal of a Board member.

The Board shall ordinarily be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the voting power of the Association and a majority of the votes of members residing in members other than Declarant.

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

(a) A management contract, the terms of which have been approved by the Federal Housing Administration and the Veterans Administration.

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

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

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

2) Incurring any expenditures for capital improvements to the Common Area.

3) Selling property of the Association.

4) Paying compensation to members of the governing body or to officers of the Association for services performed in the conduct of the Association's business, provided, however, that the governing body may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

5) Filling of a vacancy on the Board created by the removal of a Board member.

Section 2. NUMBER AND QUALIFICATIONS OF DIRECTORS. The Board shall consist of three (3) directors until changed by amendment to this Section of the Bylaws. Directors need not be members of the Association.

Section 3. ELECTION AND TERM OF OFFICE. At the first annual meeting of members, all three (3) directors shall be elected for a term of one (1) year. Thereafter, directors shall be elected at each annual meeting of members to fill the vacancies of those directors whose term then expires and the term of each director so elected shall be two (2) years. If any annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of members held for that purpose. All directors shall hold office until their successors are elected. The election of directors may be conducted by mail in such manner as the Board may determine.

Section 4. VACANCIES. Vacancies in the Board may be filled by a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office until his successor is elected at an annual meeting of members or at a special meeting called for that purpose.

A vacancy or vacancies may be deemed to exist in case of death or resignation of any director, or if the members shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized, or at any adjournment thereof, to elect the additional directors so provided for, or in case the members fail at any time to elect the full number of authorized directors.

The members may at any time elect directors to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which the amendment of the Bylaws is voted authorizing an increase in the number of Directors.

If any Director tends his resignation to the Board, the Board shall have the power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 5. PLACE OF MEETING. All meetings of the Board shall be held within the Condominium Property.

Section 6. ORGANIZATION MEETING. Immediately following each annual meeting of members, the Board shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 7. OTHER REGULAR MEETINGS. Other regular meetings of the Board shall be held without call monthly at such time as the Board shall determine. Notice of all regular meetings shall be posted in a prominent place in the Common Area and communicated to the directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice of a written consent to the holding of the meeting.

Section 8. SPECIAL MEETINGS. Special meetings of the Board for any purpose or purposes shall be called at any time by the President, or, if he is absent

or unable or refuses to act, by any vice-president, or by any (2) directors other than the president.

Written notice of the time and place of special meetings and the nature of any special business to be considered shall be posted in the manner prescribed for notice of regular meetings and shall be sent to all directors by first class mail not less than four (4) days prior to the scheduled time of the meeting, or such notice shall be delivered personally or by telephone or telegraph not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, notice of the meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting.

Section 9. NOTICE OF ADJOURNMENT. Notice of adjournment of any directors' meeting, either regular or special, need not be given to absent directors if the time and place are fixed at the meeting adjourned.

Section 10. ENTRY OF NOTICE. Whenever any director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given to such director as required by law and these Bylaws.

Section 11. WAIVER OF NOTICE. The transactions of any meeting of the Board, however called or noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or consent to holding such a meeting or an approval of the minutes thereof. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 12. QUORUM. A majority of the Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board.

Section 13. ADJOURNMENT. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at the directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 14. COMPENSATION AND FEES. Neither the directors nor the officers of the Association shall receive any monetary compensation for their services performed in the conduct of the business of the Association, except upon the vote or written consent of a majority of the voting power of each class of members of the Association, or after conversion of Class B membership to Class A membership, except upon the vote or written assent of (i) fifty-one percent (51%) of the total voting power of the Association, and, (ii) fifty-one percent (51%) of the total voting power of the members other than Declarant. Nothing herein contained shall be construed or preclude any Director or officer from serving the Association in any other capacity as agent, employee, or otherwise and receiving compensation therefor. Directors and Officers of the Association

may be reimbursed for expenses incurred in carrying out the business of the Association.

Section 15. ATTENDANCE AT MEETINGS AND EXECUTIVE SESSIONS. Regular and special meetings of the Board shall be open to all members of the Association; provided, however, that members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, upon the vote of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personal matters, litigation in which the Association is or may become involved and other matters of business of a similar nature. Only members of the Board shall be entitled to attend executive sessions. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE VIII

Officers

Section 1. OFFICERS. The Officers of the Association shall be a president, a vice president, a secretary, and a treasurer. The Association may also have, at the discretion of the Board, one (1) or more assistant secretaries, one (1) or more assistant treasurers and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Officers other than the President need not be directors. One (1) person may hold two (2) or more offices, except those of president and secretary.

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

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

Section 4. REMOVAL AND RESIGNATION. Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board or, except in case of an officer chosen by the Board, by an officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Board or the president, or to the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

Section 6. PRESIDENT. The president shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction, and control of the business and officers of the Association. He shall preside at all meetings of the members and at all meetings of the Board. He shall be ex-officio a member of all standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of the president of a corporation, and shall have such other powers and duties as may be prescribed by the Board or the Bylaws. The president shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes of the Association.

Section 7. VICE PRESIDENT. In the absence or disability of the president, the vice president shall perform all the duties of the president, and when so acting shall have all powers of and be subject to all the restrictions upon the president. The vice president shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board or by the Bylaws.

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

The secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board required by the Bylaws or by law to be given, and he shall keep other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

Section 9. TREASURER. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, and surplus. The books of account shall at all times be open to inspection by any director.

The treasurer shall sign all checks and promissory notes of the Association and shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He shall disburse funds of the Association as may be ordered by the Board, shall render to the President and the directors, whenever they request it, an account of all his transactions as treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

ARTICLE IX

Miscellaneous

Section 1. CHECKS, DRAFTS, ETC. All checks, drafts, or other orders for payment of money, notes or other evidences of indebtedness, issued in the name

of, or payable to the Association, shall be signed or endorsed by the president and treasurer of the Association.

Section 2. CONTRACTS, ETC. HOW EXECUTED. The Board, except as in the Bylaws otherwise provided, may authorize any officer or officers or agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no Officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Any agreement for professional management of any portion of the Condominium Property, or any other contract providing for services shall be terminable for cause upon thirty (30) days written notice, and without cause or payment of a termination fee upon ninety (90) days or fewer written notice, and shall have a term of not more than three (3) years, renewable with the consent of the Association and the management agent. No contract with the Association negotiated by Declarant shall exceed a term of one (1) year.

Section 3. INSPECTION OF BOOKS AND RECORDS. The Association shall keep in its principal office for the transaction of business or at such other place within the Condominium Property as the Board shall prescribe the original or a copy of the Bylaws as amended or otherwise altered to date, certified by the secretary, a membership register, books of account, and copies of minutes of all Membership, Board and Committee meetings, all of which shall be made available for inspection and copying by any member of the Association, or any member's duly appointed representative and by all first Mortgagees, at any reasonable time and for a purpose reasonably related to his interest as a member or Mortgagee. The Board shall establish reasonable rules with respect to:

(a) Notice to be given to the custodian of the records by the member of Mortgagee desiring to make the inspection;

(b) Hours and days of the week when such an inspection may be made; and

(c) Payment of the costs of reproducing copies of documents requested.

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the Common Area. The right of inspection by a director shall include the right at his expense to make extracts and copies of documents.

Section 4. FISCAL YEAR. The fiscal year of the Association shall begin the first day of the January and end on the thirty-first (31) day of December of each year, except that the first fiscal year shall begin on the date of incorporation of the Association. However, the fiscal year of the Association is subject to change from time to time as the Board shall determine.

Section 5. FINANCIAL STATEMENTS and BUDGETS.

(a) The following financial information shall be regularly prepared and distributed by the Board to all members:

(1) A budget for each fiscal year consisting of at least the following information shall be distributed not less than 45 days prior to the beginning

of the fiscal year.

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

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

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

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

(3) A report consisting of the following shall be distributed within 120 days after the close of the fiscal year.

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

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

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

(D) For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

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

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

ARTICLE X

Amendments

Except as otherwise provided herein, new Bylaws may be adopted or these Bylaws may be amended or repealed by the vote of the members entitled to exercise fifty-one percent (51%) or more of the voting power of each class of members of the Association existing at that time and a majority of the votes of members other than Declarant or by the written assent of such members; provided, however, that the approval of Eligible Mortgage Holders holding mortgages on condominiums which have at least fifty-one percent (51%) of the votes of condominiums subject to Eligible Holder Mortgages shall be required to add or amend any material provisions of the Bylaws which establish, provide for, govern or regulate any of the following:

(a) voting;

(b) assessments, assessment liens or subordination of such liens;

(c) reserves for maintenance, repair and replacement of the Common Area (or Living Units if applicable);

- (d) insurance or Fidelity Bonds;
- (e) rights to use of the Common Area;
- (f) responsibility for maintenance and repair of the several portions of the project;
- (g) expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project;
- (h) boundaries of any Living Unit;
- (i) the interest in the general Common Area or Exclusive Use Areas;
- (j) convertibility of Living Units into common areas or of common areas into Living Units;
- (k) leasing of condominiums;
- (l) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his or her condominium;
- (m) any provisions which are for the express benefit of mortgage holders, Eligible Mortgage Holders or Eligible Insurers or Guarantors of first mortgages on condominiums;

(k) Any provisions which, by its terms, is specifically for the benefit of the first Mortgagees, or specifically confers rights on first Mortgagees.

So long as there is a Class B membership in the Association, any amendment to these Bylaws shall require the prior approval of the Veterans Administration. A draft of any amendment should be submitted to the Veterans Administration for its approval prior to its approval by the membership of the Association.

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

I, the undersigned, do hereby certify:

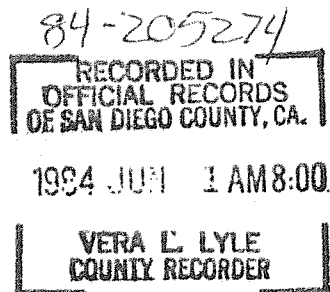
1. That I am the duly elected and acting Secretary of VILLA ITALIA OWNERS ASSOCIATION, a California nonprofit mutual benefit corporation; and

2. That the foregoing Bylaws, comprising () pages constitute the Bylaws of said corporation duly adopted at the meeting of the Board of Directors thereof duly held on

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this day of , 1984.

RECORDING REQUESTED BY:
Transamerica Title Ins. Co.

WHEN RECORDED RETURN TO:
Transamerica Title Ins. Co.
4355 Ruffin Road
San Diego, Calif. 92123
ATTN: M. ROLAND



DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS, made this 10th day of May, 1984 by R. L. CALIFORNIA SOUTH INC. hereinafter called "Declarant".

This Declaration is made with reference to the following:

RECITALS:

A. Declarant is the owner of the real property in the City of San Diego, County of San Diego, California, more particularly described in Article I, Section 3 hereof, hereinafter called the "Condominium Property".

B. Declarant has or will hereafter file a Condominium Plan with the Office of the County Recorder of San Diego County, California, covering the entirety of the Condominium Property.

C. Declarant has or intends to improve the Condominium Property by constructing thereon 9 condominium units and intends to establish a condominium project under the provisions of the California Condominium Act providing for separate title to Living Units (as hereinafter defined) appurtenant to which will be an undivided 1/9th fractional interest in the Condominium Property other than the Living Units.

D. The Owners of Condominiums will receive title to the Living Unit plus an undivided 1/9th fractional interest as tenant in common in the Common Area (as hereinafter defined) of Lots 1, 2, and 3, Block 15 of CENTER ADDITION TO THE LA JOLLA PARK. Each Condominium shall have appurtenant to it a Class A membership in VILLA ITALIA OWNERS ASSOCIATION, a non-profit mutual benefit California corporation ("Association"), which will be the management body for the overall condominium project.

E. Before selling or conveying any interests in the Condominium Property Declarant desires to subject the Condominium Property in accordance with a common plan to certain covenants, conditions and restrictions for the benefit of Declarant and any and all present and future owners of the Condominium Property.

NOW, THEREFORE, Declarant hereby certifies and declares and does hereby establish the following general plan for the protection and benefit of all of the real property described above and has fixed and does hereby fix the following protective covenants, conditions and restrictions upon each and every ownership interest in the Condominium Property described above, under which said covenants, conditions and restrictions each ownership interest in the

Condominium Property shall be hereafter held, used, occupied, leased, sold, encumbered, conveyed, and/or transferred. Each and all of said covenants, conditions and restrictions are for the purpose of protecting the value and desirability of and shall inure to the benefit of all of the real property described above and shall run with and be binding upon and pass with the Condominium Property and each and every ownership interest therein and shall inure to the benefit of, apply to, and bind the respective successors in title or interest of Declarant.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to VILLA ITALIA OWNERS ASSOCIATION, a California non profit mutual benefit Corporation and it's successors and assigns.

Section 2. "Board" shall mean and refer to the Board of Directors of the Association.

Section 3. "Condominium Property" shall mean and refer to that certain real property located in the County of San Diego, California, described as follows:

Lots 1, 2, and 3, Block 15 of CENTER ADDITION TO THE LA JOLLA PARK, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 915, filed in the Office of the County Recorder of San Diego County, August 4, 1904.

Section 4. "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of fee simple title to any Condominium which is a part of the Condominium Property, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 5. "Condominium Plan" shall mean and refer to the Condominium Plan recorded pursuant to California Civil Code Section 1351 covering the Condominium Property, including such amendments thereto as may from time to time be recorded.

Section 6. "Condominium" shall mean and refer to a fee simple estate in the Condominium Property as defined in Section 783 of the California Civil Code and shall consist of a separate interest in a Living Unit and an undivided fractional interest as tenant in common in the Common Area.

Section 7. "Living Unit" shall mean and refer to those portions of the Condominium Property shown and described as such on the Condominium Plan; provided, however, that the following are not part of any Living Unit: bearing walls, columns, floors, roofs, foundations, central heating, central refrigeration and central air conditioning equipment, reservoir tanks, pumps and other central services, pipes, ducts, flues, chutes, conduits, wires and other utility installations, wherever located, except the outlets thereof when located in the Living Unit.

Section 8. "Patio" shall mean and refer to those portions of the Condominium Property shown and described as such on the Condominium Plan.

Section 9. "Common Area" shall mean and refer to all portions of the Condominium Property not located within a Living Unit.

Section 10. "Exclusive Use Area" shall mean and refer to those portions of the Common Area to which an exclusive right to use is granted to an Owner as shown and described on the Condominium Plan and shall consist of Assigned Parking Spaces, Balconies, Patios, and Assigned Storage Areas.

Section 11. "Declarant" shall mean and refer to R. L. CALIFORNIA SOUTH INC., along with its successors and assigns.

Section 12. "Mortgage" shall mean and refer to a Deed of Trust as well as a mortgage.

Section 13. "Mortgagee" shall mean and refer to a beneficiary under or holder of a Deed of Trust as well as a mortgagee.

Section 14. "Bylaws" shall mean and refer to the Bylaws of the Association as they may from time to time be amended.

Section 15. "Articles" shall mean and refer to the Articles of Incorporation of the Association as they may from time to time be amended.

Section 16. "Boundaries" In interpreting deeds and plans, the then existing physical boundaries of a Living Unit or Exclusive Use Area, whether in its original state or reconstructed in substantial accordance with the original plans thereof 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 variance between boundaries shown on the plan or deed, and those of the building.

Section 17. "Member" shall mean and refer to an Owner as defined in Section 4 herein.

Section 18. "Project" shall mean and refer to the entire Condominium property above described, including all structures and improvements erected or to be erected thereon.

Section 19. "Declaration" shall mean and refer to this enabling Declaration of Restrictions.

Section 20. "Map" shall mean and refer to Map No. 915 filed in the Office of the County Recorder of San Diego, California, on August 4, 1904.

Section 21. "Common Expense" means and includes the actual and estimated expenses for operating the Condominium Property and reasonable reserve for such purposes as found and determined by the Board and all sums designated common expenses by or pursuant to the Condominium Documents.

Section 22. "Condominium Building" shall mean a residential structure containing condominium Living Units.

Section 23. "Condominium Documents" means and includes the Declaration as it may be amended from time to time, the exhibits, if any, attached thereto, the Articles, the Bylaws, and the rules and regulations for the members as established from time to time by the Board and the Condominium Plan.

Section 24. "Mortgagor" shall mean and refer to the trustor of the Deed of Trust as well as the mortgagor.

Section 25. "Assigned Parking Space" shall mean and refer to those portions of the Condominium Property shown and described as such on the Condominium Plan.

Section 26. "Governing Documents" shall mean and refer collectively to this Declaration, the Bylaws, and the Articles.

Section 27. "Eligible Mortgage Holder" shall mean and refer to the holder of the first mortgage on a Condominium who has requested notice of certain matters by submitting a written request to the Association wherein he indicates the name and address of the holder and the Living Unit number or address of the subject Condominium.

Section 28. "Eligible Insurer or Guarantor" shall mean and refer to an insurer or governmental guarantor of a first mortgage on a Condominium who has requested notice of certain matters by submitting a written request to the Association wherein he indicates the name and address of the insurer or guarantor and the Living Unit number or address of the subject Condominium.

Section 29. "Storage Area" shall mean and refer to those portions of the Condominium Property shown and described as such on the Condominium Plan.

Section 30. "Balcony" shall mean and refer to those portions of the Condominium Property shown and described as such on the Condominium Plan.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

Section 1. Every Owner of a Condominium shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Condominium. Each Owner is obligated promptly, fully and faithfully to comply with and conform to the Articles and Bylaws and the rules and regulations adopted thereunder from time to time by the Board and officers of the Association.

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

The Association shall have two classes of voting membership:

Class A. Class A members shall be all owners of a Condominium with the exception of Declarant, and shall be entitled to one (1) vote for each Condominium owned. When more than one person holds an interest in any Condominium, all such persons shall be members. The vote for such Condominium shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Condominium.

Class B. The Class B member (s) shall be the Declarant and shall be entitled to three (3) votes for each Condominium owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) Two (2) years following the date of the original issuance by the California Department of Real Estate of the Final Subdivision Public Report.

Section 2. Except as otherwise provided in Article XIII, Section 7 of this Declaration, any provision calling for membership approval of action to be taken by the Association shall require the assent of the prescribed percentage of each class of members of the Association existing at the time of such action. If the proposed action is favored by a majority of the votes cast at a membership meeting, but such vote is less than the requisite prescribed percentage of each class of members, the written approval of members (resulting in the prescribed percentage) who were not present in person or by proxy must give their assent in writing prior to such action being approved.

Section 3. Except as otherwise provided herein, the Association acting through the Board and Officers shall have the sole and exclusive right and duty to manage, operate, control, replace, or restore all of the Common Area or any portion thereof, together with the improvements, trees, shrubbery, plants, and grass thereon, all as more fully set forth in this Declaration of Restrictions, the Articles and the Bylaws.

Section 4. The Board shall have the right to adopt reasonable rules not inconsistent with the provisions contained in this Declaration, and to amend the same from time to time relating to the use of the Common Area and the recreational and other facilities situated thereon by Owners and by their tenants or guests, and the conduct of such persons with respect to automobile parking, outside storage of boats, trailers, bicycles, and other objects, disposal of waste materials, drying of laundry, control of pets, and other activities which, if not so regulated, might detract from the appearance of the community or offend or cause inconvenience or danger to persons residing or visiting therein. Such rules may provide that the Owner of a Condominium whose occupant leaves property on the Common Area in violation of the rules may be financially penalized after appropriate notice and an opportunity for a hearing before the Board as delineated below and a two-thirds (2/3) vote of approval by the Board to cover the expense incurred by the Association in removing such property and storing or disposing thereof. Said penalty cannot become a lien

enforceable by a sale of the Condominium pursuant to Sections 2924, 2924(b), and 2924(c) of the California Civil Code. The Board may suspend the voting rights and the right to use the recreational facilities located on the Common Area of a member who is in default in the payment of any assessment for any period during which the assessment remains unpaid, and for a period not to exceed thirty (30) days for any infraction of its published rules and regulations. Prior to any decision to find an alleged violation to have occurred, and prior to any decision to impose a penalty, the alleged violator shall be given reasonable written notice and an opportunity for a hearing before the Board which satisfy the minimum requirements of Section 7341 of the California Corporation Code as provided for in the Bylaws.

Section 5. In discharging their duties and responsibilities, the Board acts on behalf of and as representative of the Association which acts on behalf of and as representative of the Owners, and no member thereof shall be individually or personally liable or obligated for the performance or failure of performance of such duties or responsibilities unless he fails to act in good faith.

ARTICLE III

COVENANT FOR MAINTENANCE TO ASSOCIATION

Section 1. The Declarant, for each Condominium owned within the project, hereby covenants, and each Owner of any Condominium by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association: (1) regular assessments, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The regular assessments shall be for the purpose of and must contain provisions for the operating, maintaining, and repairing the Common Area, paying the necessary expenditures of the Association as provided in the Bylaws and this Declaration, and establishing an operating reserve fund for maintenance, repairs, and replacement of those common elements that must be replaced on a periodic basis. The regular and special assessments, together with interest, costs, and reasonable attorney's 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's fees shall also be the personal obligation of the person who was the Owner of such Condominium at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to an Owner's bona fide and for value successors in title unless expressly assumed by them. No Owner of a Condominium may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the Common Area or by abandonment of his Condominium.

Section 2. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of all of the residents in the entire project and for the improvement and maintenance of the Common Area for the common good of the project.

Section 3. Until January 1st of the year immediately following conveyance of the first condominium to an owner, the maximum annual regular assessment shall

be \$ _____ per condominium. From and after January 1st of the year immediately following the conveyance of the first Condominium to an owner, the maximum annual regular assessment may be increased more than twenty percent (20%) above the maximum annual regular assessment for the previous year by the vote or written assent of a majority or more of each class of members of the Association; provided, however, that following the conversion of the Class B membership to Class A membership, the maximum annual regular assessment may be increased more than twenty percent (20%) above the maximum annual regular assessment for the previous year by the vote or written assent of (1) fifty-one percent (51%) of the total voting power of the Association, and (2) fifty-one percent (51%) of the total voting power of the members other than the Declarant.

Section 4. In addition to the annual regular assessments authorized above, the Association 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, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment which in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for that fiscal year shall have the vote or written assent of a majority or more of each class of members of the Association; provided, however, that following the conversion of the Class B membership to Class A membership, any such excess assessment shall have the vote or written assent of (i) fifty-one percent (51%) of the total voting power of the Association and (ii) fifty-one percent (51%) of the total voting power of the members other than the Declarant. The Association may also levy a special assessment against any member to reimburse the Association for cost incurred in bringing the member and its Condominium into compliance with the provisions of the Condominium documents, which special assessment may be levied upon the vote of the Board after notice and an opportunity for a hearing which satisfy the requirements of Section 7341 of the California Corporations Code as provided for in the Bylaws.

Section 5. Any action authorized under Sections 3 or 4 above shall be taken at a meeting called for that purpose, written notice of which shall be sent to all members not less than ten (10) days nor more than ninety (90) days in advance of the meeting. A quorum for such meeting shall be fifty-one percent (51%) of members of the Association. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum for the preceding meeting. If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than the requisite fifty-one percent (51%), 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.

Section 6. Except as otherwise provided herein, both regular assessments and special assessments shall be fixed at a uniform rate for all Condominiums and may be collected on a monthly basis or otherwise as determined by the Board. A special assessment against members to raise funds for the rebuilding or major repair of a portion of the structural Common Area shall be levied upon the basis of the ratio of the square footage of the floor area of the Living Unit to the Condominium to be assessed to the total square footage of the

aggregate floor area of Living Units in all Condominiums to be assessed. A special assessment against a member to reimburse the Association for costs incurred in bringing the member and his Condominium into compliance with the provisions of the Condominium documents shall be assessed only against that member and his Condominium. Any assessment not paid within thirty (30) days after the due date shall be delinquent and shall bear interest at the rate of twenty percent (20%) per annum, from the due date until paid.

Section 7. The regular assessments provided for herein shall commence as to all Condominiums covered by this Declaration on the first day of the month following the conveyance of the first Condominium to an individual Owner. The Board shall determine and fix the amount of the annual regular assessment against each Condominium at least thirty (30) days in advance of each annual assessment. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board. 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 Condominium have been paid. A properly executed certificate of the Association as to the status of assessments on a Condominium is binding upon the Association as of the date of its issuance.

Section 8. At any time after any assessments levied by the Association (except those levied pursuant to Article II, Section 4, herein) affecting any Condominium have become delinquent, the Board may file for recording in the Office of the San Diego County Recorder a notice of delinquency as to such Condominium, which notice shall state all amounts which have become delinquent with respect to such Condominium and the costs (including attorney's fees) and interest which have accrued thereon, the amount of any assessments relating to such Condominium which are due and payable although not delinquent, a description of the Condominium with respect to which the delinquent assessments are owed, and the name of the record or reputed record Owner of such Condominium. Such notice shall be signed by the President or Vice President and Secretary or Assistant Secretary of the Association. In the event the delinquent assessments and all other assessments which have become due and payable with respect to the same Condominium together with all costs (including attorney's fees) and interest which have accrued on such amounts are fully paid or otherwise satisfied prior to the completion of any sale held to foreclose the lien provided for in this Article, the Board shall record a further notice, similarly signed, stating the satisfaction and releasing of such lien. Immediately upon recording of any notice of delinquency pursuant to the foregoing provisions of this section, the amounts delinquent, as set forth in such notice, together with the costs (including attorney's fees) and interest accruing thereon, shall become a lien upon the Condominium described therein, which lien also shall secure all other payments and/or assessments which shall become due and payable with respect to said Condominium following such recording, and all costs (including attorney's fees) and interest accruing thereon. Said lien shall continue for a period of one (1) year unless extended for a period of an additional year by the recording of a written extension by the Association. 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 (i) all taxes, bonds, assessments, and other levies which by law, would be superior thereto, and (ii) the lien or charge of any first mortgage of record.

Section 9. Each assessment lien may be foreclosed as and in the same manner

as the foreclosure of a mortgage upon real property under the laws of the State of California, or may be enforced by sale pursuant to Sections 2924, 2924(b), 2924(c), and 1356 of the California Civil Code, and to that end a power of sale is hereby conferred upon the Association. The Association, acting on behalf of the Condominium Owners, shall have the power to bid for the Condominium at a foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same. Suit to recover a money judgment for unpaid assessments, rent, and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

Section 10. The lien provided for herein shall be subordinate to the lien of any first mortgage made in good faith and for value upon any Condominium. Sale or transfer of any Condominium pursuant to judicial or nonjudicial foreclosure of a first mortgage made in good faith and for value shall extinguish the lien of such assessments as to payments which became due prior to sale or transfer. No sale or transfer shall relieve such Condominium from lien rights for any assessments thereafter becoming due. Where the Mortgagee of a first mortgage of record obtains title to the same as a result of foreclosure, such acquirer of title, his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Condominium which became due prior to the acquisitions of title to such Condominium by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectable from all of the Condominiums excluding such acquirer, his successors, and assigns.

Section 11. Upon acquisition of record title to a condominium from Declarant, each owner shall contribute to the capital of the Association an amount equal to one-twelfth (1/12th) the amount of the then annual assessment as determined by the Board. This amount shall be deposited by the buyer into the purchase and sale escrow and disbursed from the escrow to the Association. Prior to the expiration of two (2) months after close of the first sales escrow of a condominium by Declarant as seller, the Declarant shall deposit into an escrow an amount equal to one-twelfth (1/12th) of the then annual assessment for any and all units not yet sold. Escrow shall remit these funds to the Association. Upon the close of escrow if any unit for which the capitalization fund was prepaid by Declarant, escrow shall remit the capitalization fee collected from the buyer to the Declarant. Said capital contribution shall be limited to the first sales of Condominiums by Declarant and shall not apply to any resale of the Condominiums.

Section 12. In the event that any taxes are assessed against the Common Area or the personal property of the Association, rather than against individual Condominiums, said taxes shall be added to the annual assessments and, if necessary, a special assessment may be levied against the Condominiums in an amount equal to said taxes, to be paid in two (2) installments, thirty (30) days prior to the due date of each tax installment.

ARTICLE IV

USE OF LIVING UNITS, AND COMMON AREA AS DESCRIBED IN CONDOMINIUM PLAN

Section 1. Each Living Unit shall be improved, used, and occupied for

residential purposes only, and no portion thereof nor of the Common Area shall be used for any commercial purpose whatsoever; provided, however, Declarant may use any of the Living Units owned by Declarant as model homes and sales offices during that period of time commencing when the Condominiums are first sold or offered for sale to the public and ending when all the Condominiums are sold and conveyed by Declarant to separate owners thereof, or five (5) years from the date of sale of the first Condominium in the project, whichever shall first occur.

Section 2. Each Owner shall have the right to lease his Living Unit together with its appurtenant exclusive use areas provided that such lease is in writing and provides that tenant shall be bound by and obligated to the provisions of this Declaration, the Bylaws, and the rules and regulations of the Board; provided, however, no Owner shall be permitted to lease his Condominium for transient or hotel purposes. Any such lease which is either for a period of less than thirty (30) days or pursuant to which the lessor provides any services normally associated with a hotel shall be deemed to be for transient or hotel purposes. No Owner may lease less than his entire Living Unit.

Section 3. No Living Unit, Exclusive Use Areas, or improvements situated therein shall be occupied or used for any purpose or in any manner which shall cause improvements to be uninsurable against loss by fire or the perils of the extended coverage endorsement to the California Standard Policy form, or cause any such policy or policies representing such insurance to be cancelled or suspended, or the company issuing the same to refuse renewal thereof.

Section 4. Not exceeding one (1) usual and ordinary household pets (exclusive of caged birds) may be kept in any Living Unit without the prior written consent of the Board. Pets shall not be allowed on the Common Area except as may be permitted by the rules made by the Board. Except as provided hereinabove, no animals, livestock, birds, or poultry shall be brought within the Condominium Property or kept in any Living Unit, or on any portion of the Common Area.

Section 5. No Living Unit nor exclusive use area shall be used in such manner as to obstruct or interfere with the enjoyment of occupants of such other areas or annoy them by unreasonable noise or otherwise, nor shall any nuisance be committed or permitted to occur in any Living Unit nor on the Common Area.

Section 6. No signs other than one (1) sign of customary and reasonable dimensions advertising a Condominium for sale or lease shall be erected or displayed in any Living Unit so that it is visible from without such area without the prior written permission of the Board, and all signs must conform with applicable governmental ordinances. No signs shall be erected or displayed on the Common Area except signs placed by authority of the Board. Anything contained in this Declaration to the contrary notwithstanding, Declarant shall have the right to install and maintain during the sales period set forth in Section 1 above such signs, poles, and advertisements as it deems appropriate in connection with its sales program for the sale to the public of Condominiums. Declarant in exercising his rights hereunder will not unreasonably interfere with the use of the Common Area by any purchaser.

Section 7. There shall be no outside television or radio antennae, poles,

or flag poles constructed, installed, or maintained on the Condominium Property for any purpose whatsoever without the prior written consent of the Board.

Section 8. Except as otherwise specifically provided herein, nothing herein contained shall give the Owner the right to paint, decorate, remodel, landscape, or adorn any part or parcel of the Common Area without the written consent of the Board.

Section 9. No noxious or offensive activity shall be carried on, in any Living Unit, or on the Common Area, nor shall anything be done therein which may be or become an annoyance or nuisance to the other Owners other than the construction or repair of improvements made at the Board's instruction or at Declarant's instruction. Nothing shall be done in any Living Unit, or in, on, or to the Common Area which will impair the structural integrity of any building, or which would structurally change any building located therein. Except as otherwise provided herein, nothing shall be altered, or constructed in or removed from the Common Area except upon the written consent of the Board or an architectural committee appointed by the Board. All equipment, garbage cans, wood piles or storage piles shall be kept screened and concealed from the view of neighboring Living Units, streets, and Common Area. All rubbish, trash, or garbage shall be regularly removed from each Living Unit and shall not be allowed to accumulate thereon or on the adjacent Common Area. No fences, hedges, or walls shall be erected or maintained upon the Condominium Property except such as are installed in accordance with the initial construction of the buildings located on the Condominium Property or as provided by the Board. No exterior clothes lines shall be erected or maintained, and there shall be no outside drying or laundering of clothes on the Common Area.

Section 10. Except as otherwise provided herein, the Common Area shall be improved and used only for the following purposes:

(i) affording vehicular passage and pedestrian movement within the Condominium Property, including access to Living Units;

(ii) recreational use by the Owners and occupants of the Living Units in the Condominium Property and their guests, subject to rules established by the Board;

(iii) beautification of the Common Area and providing privacy to the residents of the Condominium Property through landscaping and such other means as the Board shall deem appropriate;

(iv) parking of automotive passenger vehicles in areas provided therefor as may be designated and approved by the Board by such persons, upon such terms and conditions and for such fees as may time to time be determined by the Board;

(v) as Exclusive Use Areas to be used in the manner hereinafter described. Nothing herein contained shall be deemed to allow persons other than the Owner of a Living Unit to which an Exclusive Use Area is appurtenant (or his tenants and licensees) to enjoy the use thereof.

No part of the Common area shall be obstructed so as to interfere with its use for the purposes hereinabove permitted, nor shall any part of the non-exclusive

use Common Area be used for storage purposes (except as incidental to one of such permitted uses, or for storage of maintenance equipment used exclusively to maintain the Common Area), nor in any manner which shall increase the rate of which insurance loss by fire, or the perils of the extended coverage endorsement to the California Standard Fire Policy form, or bodily injury, or property damage liability insurance covering the Common Area and improvements situated thereon may be obtained, or cause such premises to be uninsurable against such risks or any policy or policies representing such insurance to be cancelled or suspended or the company issuing the same to refuse renewal thereof.

Section 11. Except as otherwise provided herein, no Owner shall make any alteration or improvement to the Common Area or remove any planting, structure, furnishing, or other object therefrom except with the prior written consent of the Board.

Section 12. Each Owner shall be legally liable to the Association for all damages to the Common Area or to any improvements thereto or thereof, including but not limited to the buildings, recreation facilities, and landscaping caused by such Owner, his licensee(s), or any occupant of such Owner's Living Unit as such liability may be determined under California law.

Section 13. Each Owner shall have the right, at his sole cost and expense, to maintain, repair, paint, paper, panel, plaster, tile, and finish the interior surfaces of the ceilings, floors, window frames, door frames, tile, perimeter walls of the Living Unit and the surfaces of the bearing walls and partitions located within the Living Unit. Said Owners shall have the right to substitute new finished surfaces in place of those existing on said ceiling, floors, walls, and interior doors of said Living Unit.

Section 14. Each Exclusive Use Area shall be (i) appurtenant to the Condominium and Living Unit as set forth on the Condominium Plan, and (ii) used only for the purposes set forth in this Declaration. The right to so use an Exclusive Use Area shall be exercisable only by the Owner(s) of the Condominium appurtenant thereto and/or said Owner's tenants and licensee(s). Conveyance of a Condominium shall effect conveyance of Exclusive Use Areas appurtenant thereto and transfer of all rights thereto to the vested Owner of the Condominium. Any license(s) thereto shall be terminated upon such conveyance. No Exclusive Use Area or any rights thereto (other than said revokable licenses) shall be transferred or conveyed apart from conveyance of the Condominium to which it is appurtenant. Each Exclusive Use Area shall be deemed to be Common Area for all those purposes set forth in this Declaration which are not inconsistent with this Article IV or Article V.

Section 15. Each Owner shall have the following rights with regard to the areas shown on the Condominium Plan which he has the exclusive right to use.

(i) To place furniture and plants upon the appurtenant Patio (if any) or Balcony (if any) in a manner which does not unreasonably interfere with the enjoyment of adjacent Living Units and Exclusive Use Area.

(ii) To park one (1) automotive vehicle in the appurtenant Assigned Parking Space(s). Recreation Vehicles shall not be parked in the Common Area.

(iii) To store non-combustible items in the appurtenant Assigned Storage

Area. To door to each Assigned Storage Area shall remain closed except upon accessing items therein.

Except as provided in this Section 15 and Section 13, nothing contained herein shall give any Owner the right to paint, decorate, remodel, or alter said Exclusive Use Area without the prior written consent of the Board.

Section 16. No power equipment, hobby shops, or car maintenance (other than emergency work) shall be permitted on the Condominium Property except with prior written approval of the Board. Approval shall not be unreasonably withheld and in deciding whether to grant approval the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

Section 17. Anything contained in this Declaration to the contrary notwithstanding, no building, fence, wall, or other structure or improvement shall be commenced, erected, placed or altered upon the Common Area until the location and the complete plans and specifications showing the nature, kind, shape, height, and materials, including the color scheme, have been submitted to and approved in writing as to harmony of external design, color, and location to surrounding structures and topography by the Board or by an architectural committee composed of three (3) or more, but not to exceed five (5) representatives appointed by the Board from the membership of the Association. The grade, level, or drainage characteristics of the Condominium Property or any portion thereof shall not be altered without prior consent of the Board or its designated committee. In the event said Board or its designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. The provisions of this Section 17 shall not apply to the initial construction by Declarant of dwellings or other improvements on the Condominium Property, and neither the Board nor any committee appointed by the Board shall have any authority or right to approve or disapprove thereof.

Section 18. Each owner shall have the right to bring suit against the Association or any other owner for failure to comply with the provisions of this Declaration, the Articles, the Bylaws, or with the decisions of the Association which are made pursuant to authority granted the Association by these documents.

ARTICLE V

RESPONSIBILITIES OF MAINTENANCE

Section 1. Owner Maintenance of Living Unit. Each owner of a Condominium shall be responsible for the maintenance and repair of the glass doors and windows enclosing his Living Unit and the interior of his Living Unit and all appliances whether "built-in" or freestanding within the Living Unit, the interior surfaces of the Living Unit and shall also be responsible for the maintenance and repair of the plumbing, electrical and heating systems servicing his Living Unit and located within the outside perimeter of the exterior bearing walls thereof, including television cable equipment and connections and all appliances and equipment located in said Living Unit. Each

Owner shall be responsible for the maintenance and repair of the Patio (if any) or Balcony (if any) which he has the exclusive right to use, and shall make such repairs as the Board deems necessary to preserve the attractive appearance and protect the value thereof. Each Owner shall be responsible for the maintenance of the interior of his Assigned Storage Area.

Section 2. Owner's Grant of Easements. Each Owner hereby grants easements to other Owners to enter into each Condominium and to have utility companies enter into Condominiums to repair the plumbing, heating, and electrical systems located thereon, subject to the following limitations. Entry into a Living Unit for emergency purposes may be immediate; provided, however, such entry shall be made with as little inconvenience as possible to the Owner and any damage caused thereby shall be repaired by the entering party. Entry into a Living Unit for other than emergency repairs shall be made only after three (3) days notice has been given to the Owner and shall be made with as little inconvenience as possible to the Owner and any damage caused thereby shall be repaired by the entering party.

Section 3. Association Maintenance of Common Area. Except as otherwise provided herein, the Association acting through the Board and its officers shall have the sole and exclusive right and duty to manage, operate, control, repair, replace or restore all of the Common Area or any portion thereof, together with the improvements, trees, shrubbery, plants and grass thereon, all as more fully set forth in this Declaration of Restriction, the Articles and the Bylaws. The Association shall maintain and repair all parking areas which are Exclusive Use areas.

Section 4. Association Right of entry. For the purpose of performing the maintenance of the Common Area or for any other purpose reasonably related to the performance by the Board of its responsibilities under this Declaration, the Association agents or employees shall have the right to enter any Living Unit or upon any portion of the Common Area to effect emergency repairs. For other than emergency repairs, the Association's agents or employees shall have the right to enter any Living Unit or any portion of the Common Area to effect repairs, improvements, replacements or maintenance which the Association, after approval by two-thirds (2/3) vote of the Board, reasonably deems necessary. Such entry shall be made with as little inconvenience to the Owner as possible and any damage caused thereby shall be repaired by the Association. Further, such entry for other than emergency repairs shall be made only after not less than three (3) days notice has been given to Owner, and such entry shall be made between 8:00 a.m. and 5:30 p.m. on a weekday.

ARTICLE VI

PARTITION PROHIBITED

Section 1. Separation of Interest. No Owner may sell, assign, lease or convey (i) his interest in the Common Area separate and apart from his Living Unit nor (ii) his interest in any exclusive Use Area separate and apart from his interest in Common Area and his Living Unit.

Section 2. Prohibition of Partition. Each of the Owners of a Condominium, whether such ownership is in fee simple or as a tenant in-common, is hereby prohibited from partitioning or in any other way severing or separating such

ownership from any of the other ownerships in the Condominium Property, except upon the showing that: (i) more than three (3) years before the filing of the action, the Project was damaged or destroyed so that a material part thereof was unfit for its use and the Project has not been rebuilt or repaired substantially to its state prior to its damage or destruction, or (ii) that three-fourths (3/4) or more of the Project has been destroyed or substantially damaged, and that Owners holding in aggregate more than a fifty percent (50%) interest in the Common Area are opposed to repair or restoration of the Project, or (iii) that the Project has been in existence in excess of fifty (50) years, that it is obsolete and uneconomic, and that Owners holding in aggregate more than a fifty percent (50%) interest in the Common Area are opposed to repair or restoration of the Project; provided, however, that if any Condominium shall be owned by two (2) or more co-tenants as tenants in common or as joint tenants, nothing herein shall be deemed to prevent a judicial partition as between such cotenants, and no Condominium may be partitioned or subdivided without the prior written approval of the Mortgagee holding the first Mortgage on that Condominium.

ARTICLE VII

POWER OF ATTORNEY

The Association is hereby granted an irrevocable power of attorney to sell the Condominium Property for the benefit of all the Owners thereof when partition of the Owner's interest in the Condominium Property may be had pursuant to Article VI above. The power of attorney herein granted may be exercised upon the vote or written consent of Owners holding in the aggregate at least two-thirds (2/3) of the interest in the Common Area by any two (2) members of the Board who are hereby authorized to record a certificate of exercise in the Office of the County Recorder, San Diego County, which certificate shall be conclusive evidence thereof in favor of any person relying thereon in good faith, provided, however, that said power of attorney shall not apply to the Administrator of Veterans Affairs, an Officer of the United States of America.

ARTICLE VIII

SPECIAL RESTRICTIONS

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 to which at least sixty-seven percent (67%) of the votes of each class of the Association are allocated and the approval of Eligible Holders holding mortgages on condominiums which have at least fifty-one (51%) percent of the votes of condominiums subject to Eligible Holder Mortgages.

ARTICLE IX

DESTRUCTION OF COMMON AREA OR LIVING UNITS

Section 1. Casualty Destruction of Common Area. If any portion of the Common Area is damaged or destroyed by fire or other casualty then:

(a) If the cost of repairing or rebuilding does not exceed the amount of available insurance proceeds by more than five percent (5%) of the budgeted gross expenses of the Association for the fiscal year during which the repairs or rebuilding is necessitated, the Board shall contract to repair or rebuild the damaged portions of the Common Area substantially in accordance with the original plans and specifications therefor. Any action to rebuild to a plan that is not substantially the same as the original plans must have the approval by Eligible Mortgage Holders holding mortgages on Condominiums which have at least fifty-one percent (51%) of the votes of Condominiums subject to Eligible Mortgages.

(b) If the cost of repairing or rebuilding exceeds the amount of available insurance proceeds by more than five percent (5%) of the budgeted gross expenses of the Association for the fiscal year during which the repairs or rebuilding is necessitated, and if the owners holding in aggregate more than fifty percent (50%) interest in the Common Area agree to the repair or restoration of the project, then the Board shall contract as provided in (a) above.

(c) If the owners do not so agree to the repair or rebuilding of the Common Area as provided in (b) above, then each owner (and his mortgagee(s)) as their respective interests shall then appear shall be entitled to receive that portion of the insurance proceeds equal to the proportion of the decrease in fair market value of his Condominium as compared to the aggregate decrease in the fair market values of all the Condominiums caused by such damage or destruction. For purposes hereof, fair market value shall be determined by a Member of the American Institute of Real Estate Appraisers selected by the Board and hired by and at the expense of the Association. Should dispute arise as to the distribution of insurance proceeds, the dispute shall be decided by arbitration by the American Arbitration Association pursuant to its Commercial Rules of Arbitration.

(d) If a bid to repair or rebuild is accepted, the Board shall levy a special assessment against each Condominium pursuant to Section 6 of Article III of this Declaration for purposes of raising funds for the rebuilding or major repair of a portion of the structural Common Area, to make up any deficiency between the total insurance proceeds and the contract price for such repair and rebuilding, and such assessment and all insurance proceeds, whether or not subject to liens of mortgagees shall be paid to the account of the Association to be used for such rebuilding.

Section 2. Taking of Common Area. If any portion of the Common Area is taken by condemnation, eminent domain or any proceeding in lieu thereof, and the award therefor is not apportioned among the owners and their mortgagees as their respective interests then appear by court judgment or by agreement between the condemning authority and each of the affected owners, then the owners of the Common Area, and their mortgagees as their respective interest then appear, shall be entitled to receive a distribution from the award for such taking in the same proportion as insurance proceeds will be distributed pursuant to subsection (c) of Section 1 above, provided, however, that should it be determined to repair or rebuild any portion of the Common Area, such proceeds shall be paid to the Association for that purpose in the same manner and subject to the same terms, conditions and limitations as are set forth above in Section 1 of this Article IX for repairing damaged or destroyed

portions of the Common Area. A decision to repair or rebuild shall be made in the same manner and subject to the same conditions and limitations as provided above in Section 1 of this Article IX for determining whether to rebuild or repair following damage or destruction.

Section 3. Casualty Destruction of Living Unit. In the event of damage or destruction to any Living Unit, the Owner thereof shall reconstruct the same as soon as reasonably practicable and substantially in accord with the original plans and specifications therefor; provided, however, that any such Owner may, with the written consent of the Board and the written consent of Eligible Holders holding mortgages on condominiums which have at least fifty-one percent (51%) of the votes of condominiums subject to Eligible Holder Mortgages, reconstruct or repair the same pursuant to new or changed plans and specifications. In the event the Board or Eligible Mortgage Holders fail to approve or disapprove such changed plans and specifications within sixty (60) days of the receipt thereof, they shall be deemed to have been approved.

Section 4. Taking of Living Unit. In the event of any taking of a Living Unit, the owner (and its mortgagees as their interests may appear) of the Living Unit shall be entitled to receive the award for such taking and after acceptance thereof the owner and his mortgagee shall be divested of any further interests in the Condominium Property if such owner shall vacate his Living Unit as the result of such taking. In such event said owner shall grant his remaining interests in the Common Area appurtenant to the Living Unit so taken, if any, to the other owners owning a fractional interest in the same Common Area, such grant to be in proportion to the fractional interest in the Common Area then owned by each.

Section 5. Termination of Legal Status. Any election to terminate the legal status of the project after substantial destruction or a substantial taking in condemnation of the Condominium Property must require the approval of Eligible Holders holding mortgages on condominiums which have at least fifty-one percent (51%) of the votes of condominiums subject to Eligible Holder Mortgages.

ARTICLE X

ASSOCIATION INSURANCE

The Association shall obtain and continue in effect the following insurance:

(a) A master fire insurance policy with glass coverage and extended coverage endorsement for the full insurable value of all of the improvements within the project. "Improvements" means and refers to the Common Area together with those appliances and improvements located within the Living Units provided by the Declarant to the initial owners of Condominiums and does not include items not provided by Declarant. The form and content of such policy must be satisfactory to all institutional first trust deed lenders and shall meet the maximum standards of the various institutional first trust deed lenders whose loan(s) encumber any of the Condominiums.

(b) A public liability and property damage insurance policy with cross liability endorsement, if available, insuring the Association, any manager, the

Declarant and the owners against liability incident to ownership or use of the Common Area. The limits of such insurance shall not be less than \$1,000,000.00 covering all claims for death, personal injury and property damage arising out of a single occurrence.

(c) A fidelity bond covering members of the Board, officers and employees of the Association and employees of any manager or managing agent, whether or not such persons are compensated for their services, naming the Association as obligee and written in an amount equal to at least one hundred-fifty percent (150%) of the estimate annual operating expenses of the Association, including reserves.

(d) Workman's Compensation Insurance covering any employees of the Association.

Insurance premiums for the master policy shall be a common expense to be included in the monthly assessments levied by the Association. Each owner shall be responsible to pay any deductible amount for any loss to his Condominium. Each owner may separately insure the improvements not covered by the master fire insurance policy and personal property within his Condominium. No owner shall insure his Condominium in any manner which would cause any diminution in insurance proceeds from the master policy. Should any owner violate this provision he shall be responsible to the Association for any such diminution.

ARTICLE XI

ENFORCEMENT

Section 1. The Association, Declarant, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by this Declaration.

Section 2. Failure by the Association, Declarant, or any Owner to enforce any provision of the Declaration shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE XII

POWERS AND DUTIES OF ASSOCIATION

Subject to other provisions of the Declaration and Bylaws and to the limitations of the Articles of Incorporation, the Bylaws and the California Corporation Code as to action to be authorized or approved by the members, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board. Without prejudice to such general powers but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers and duties:

Section 1. To select and remove all officers, agents and employees of the Association, prescribe such powers and duties for them as may not be

inconsistent with the law, the Articles of Incorporation, the Bylaws or the Declaration, and, subject to the provisions of Section 14 of Article VII of the Bylaws, to fix their compensation.

Section 2. To conduct, manage, and control the affairs and business of the Association, and to make such rules and regulations therefor not inconsistent with the law, and the Articles of Incorporation, the Bylaws or the Declaration as they deem best, including rules and regulations for the operation of the Common Area and facilities owned or controlled by the Association.

Section 3. To change the principal office for the transaction of the business of the Association from one location to another in the same County; to designate any place within the City of San Diego, County of San Diego, State of California, for the holding of any membership meeting or meetings and to adopt, make and use a corporate seal, and to alter the form of such seal, from time to time as in their judgment they may deem best, provided such seal shall, at all times, comply with the provisions of law.

Section 4. To borrow money and incur indebtedness for the purposes of the Association and to cause to be executed and delivered therefor, in the corporate name, promissory notes or other evidences of debt and with the vote or written assent of two-thirds (2/3) of the voting power of each class of members of the Association, to mortgage, pledge, deed in trust or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred. After conversion of the Class B membership to Class A membership, the action herein requiring membership approval shall require the vote or written consent of (i) two-thirds (2/3) of the total voting power of the Association, and (ii) two-thirds (2/3) of the total voting power of the members other than Declarant.

Section 5. To contract and pay for fire, casualty, liability, fidelity and other insurance adequately insuring the Association and the Owners with respect to the Common Area and the affairs of the Association, which shall include bonding of the members of any management body. Notwithstanding any provisions to the contrary herein, so long as the Federal National Mortgage Association (FNMA) holds a mortgage on a Condominium in the project, or owns a Condominium, the Association shall continuously maintain in effect such casualty and liability insurance and fidelity bond, meeting all requirements and containing such coverage and endorsements as may be required from time to time by FNMA. Such casualty insurance shall include, but not be limited to, a condominium master or blanket policy with full replacement cost coverage and agreed value endorsement.

Section 6. To pay all water, electricity, gas, cable television, and other utility services for the Common Area and, to the extent not separately metered and charged, for each Living Unit.

Section 7. To manage, operate, maintain and repair the Common Area and all improvements located thereon, including the restoration and replacement of any and all buildings, structures or improvements which are part of the Common Area at any time and from time to time as the Board may determine desirable or necessary; and to make capital expenditures for and on behalf of the Association with the vote or written assent of a majority of the voting power of each class of members of the Association; provided, however, that after conversion of the Class B membership to Class A membership, capital

expenditures shall require the vote or written assent of (i) fifty-one percent (51%) of the total voting power of the Association, and, (ii) fifty-one percent (51%) of the total voting power of the members other than the Declarant.

Section 8. To enter onto any Exclusive Use Area subject to the limitations set forth in the Declaration.

Section 9. To enforce the provisions of the Declaration, the Articles of Incorporation and the Bylaws of the Association, or any agreement to which the Association is a party.

Section 10. To contract and pay for goods and services relating to the Common Area, and to employ personnel necessary for the operation and maintenance of the same, including legal and accounting services; provided, however, that the term of any contract with a third person for supplying goods or services to the Common Area or for the Association shall not exceed a term of one (1) year unless a longer term is approved by a majority of the voting power of each class of members of the Association, or, after conversion of Class B membership to Class A membership, unless such longer term is approved by (i) fifty-one percent (51%) of the total voting power of the Association, and, (ii) fifty-one percent (51%) of the total voting power of the members other than the Declarant; except that a contract with a public utility company for materials or services the rates for which are regulated by the Public Utilities Commission may exceed a term of one (1) year so long as it does not exceed the shortest term for which the public utility will contract at the regulated rate, a contract for prepaid casualty and/or liability insurance policies may be for a term of not to exceed three (3) years, provided that the policy permits short rate cancellation by the Association, and a management contract, the terms of which have been approved by the Veterans Administration may exceed a term of one (1) year. Anything contained herein to the contrary notwithstanding, any agreement for management of the Condominium Property and any other contract providing for services by the Declarant, shall be terminable for cause upon thirty (30) days written notice, and without cause or payment of a termination fee upon ninety (90) days, or fewer, written notice and shall have a term of not more than three (3) years, renewable with the consent of the Association and the management agent. No contract with the Association negotiated by Declarant shall exceed a term of one (1) year.

Section 11. To pay any taxes and governmental special assessments which are or could become a lien on the Common Area or any portion thereof.

Section 12. To initiate and execute disciplinary proceedings against members of the Association for violation of the provisions of the Articles of Incorporation and Bylaws of the Association, the Declaration, and the rules and regulations adopted by the Board.

Section 13. To prepare budgets and financial statements for the Association as provided in the Bylaws.

Section 14. To notify Eligible Mortgage Holders and Eligible Insurers or Guarantors of:

- (a) any condemnation loss or any casualty loss which affects a material portion of the project or any Condominium on which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, as applicable;

- (b) any delinquency in the payment of assessments or charges owed by an Owner of a condominium subject to a first mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Insurer or Guarantor, which remains uncured for a period of sixty (60) days;
- (c) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;
- (d) any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified in the Governing Documents.

Section 15. To give notice in writing to the Federal Home Loan Mortgage Corporation ("FHLMC") in care of the servicers of FHLMC loans on condominiums provided such servicers have informed the Association in writing of their addresses, of any loss to or taking of the Common Area if such loss or taking exceeds \$10,000 and of any damage to a Living Unit if such damage to a Living Unit if such damage exceeds \$1,000.00.

Section 16. To prosecute or defend, in the name of the Association, any action affecting or relating to the Common Area or the property owned by the Association, and any action in which all or substantially all the Owners have an interest.

Section 17. To delegate any of its powers hereunder to others, including committees, officers, and employees.

Section 18. To make available to any prospective purchaser of a unit, any owner of a unit, any first mortgagee, and the holders, insurers and guarantors of a first mortgage on any unit, current copies of the declaration, the Articles, the Bylaws, the rules governing the condominium and all other books, records and financial statements of the Association.

Section 19. To grant utility easements under, through and over the Common Area which are reasonably necessary to the ongoing development and operation of the project.

ARTICLE XIII

GENERAL PROVISIONS

Section 1. Severability. Should any provision in this Declaration be void or become invalid or unenforceable in law or equity by judgment or court order, the remaining provisions hereof shall remain in full force and effect.

Section 2. Amendments. This Declaration may be amended at any time and from time to time by an instrument in writing signed by seventy-five (75%) of the voting power of each class of members existing at that time and by members representing at least a majority of the votes of members other than Declarant, any which amendment shall become effective upon the recording thereof with the Office of the County Recorder of San Diego County, California; provided, however, that the approval of Eligible Mortgage Holders holding mortgages on condominiums which have at least fifty-one percent (51%) of the votes of condominiums subject to Eligible Holder Mortgages shall be required to add or amend any material provisions of the Declaration which establish, provide for, govern or regulate any of the following:

- (a) voting;
- (b) assessments, assessment liens or subordination of such liens;
- (c) reserves for maintenance, repair and replacement of the Common Area (or Living Units if applicable);
- (d) insurance or Fidelity Bonds;
- (e) rights to use of the Common Area;
- (f) responsibility for maintenance and repair of the several portions of the project;
- (g) expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project;
- (h) boundaries of any Living Unit;
- (i) the interest in the general Common Area or Exclusive Use Areas;
- (j) convertibility of Living Units into common areas or of common areas into Living Units;
- (k) leasing of condominiums;
- (l) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his or her condominium;
- (m) any provisions which are for the express benefit of mortgage holders, Eligible Mortgage Holders or Eligible Insurers or Guarantors of first mortgages on condominiums;

The percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes perscribed for action to be taken under that clause.

Section 3. Extension of Declaration. Each and all of these covenants, conditions and restrictions shall terminate on December 31, 2029, after which date they may be extended for successive periods of ten (10) years upon the vote or written assent of a majority of the members.

Section 4. Annexation. Upon the approval in writing of the Association, pursuant to a two-thirds (2/3) majority of the voting power of its members, and a two-thirds (2/3) majority of the voting power of the members other than the Declarant, or the written assent of such members, and the approval of the Veterans Administration, the owner of any property who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may file or record a Declaration of Annexation. No phasing or add-ons are currently planned or proposed for this project.

Section 5. Litigation. In the event the Association, Declarant, or any Owner, shall commence litigation to enforce any of the covenants, conditions, or restrictions herein contained, the prevailing party in such litigation shall be entitled to the costs of the suit and such attorney's fees as the Court may adjudge reasonable and proper. The "prevailing party" shall be the party in whose favor a final judgment is entered.

Section 6. Encroachment Easements. The Owner of each Condominium is hereby granted an easment over all adjoining Living Units, and the Common Area for the purposes of accomodating any minor encroachments due to engineering errors, errors in original construction, settlement or shifting of buildings, or any other cause. There shall be easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachments, settlement or shifting; provided, however, that in no event shall an easement for

encroachment be created in favor of an Owner if said encroachment occurred due to the willful misconduct of any Owner. In the event any portion of a structure on the Condominium Property is partially or totally destroyed and then repaired or rebuilt, each Owner agrees that minor encroachments over adjoining Living Units, or Common Area shall be easements for the maintenance of said encroachments so long as they shall exist.

Section 7. Special Responsibilities of Association. In the event that the improvements to be installed by Declarant to the Common Area have not been completed prior to the issuance by the California Department of Real Estate of a Final Subdivision Public Report covering the Condominium Property, and in the further event that the Association is the obligee under a bond to secure performance by Declarant to complete such improvements, then if such improvements have not been completed and a Notice of Completion filed within sixty (60) days after the completion date specified in the Planned Construction Statement appended to the bond, the Board shall consider and vote upon the question of whether or not to bring action to enforce obligations under the bond. If the Association has given an extension in writing for the completion of any such improvement then the Board shall consider and vote on said question if such improvements have not been completed and a Notice of Completion filed within thirty (30) days after the expiration of the extension period. In the event that the Board determines not to take action to enforce the obligations secured by the bond, or does not vote on the question as above provided, then, in either such event, upon petition signed by the members representing at least five percent (5%) of the total voting power of the Association, the Board shall call a special meeting of the members of the Association to consider the question of overriding the decision of the Board of requiring the Board to take action on the question of enforcing the obligations secured by the bond. Said meeting of members shall be held not less than thirty-five (35) days nor more than forty-five (45) days following the receipt of the petition. At said meeting a vote of the majority of the voting power of the members of the Association, excluding the vote of the Declarant, to take action to enforce the obligations under the bond shall be deemed to be the decision of the Association, and the Board shall thereafter implement the decision by initiating and pursuing appropriate action in the name of the Association.

Section 8. Limitation of Restrictions on Declarant. Declarant is

otherwise; or

(c) Prevent Declarant from conducting on any part of the Condominium Property its business of completing said work, and of establishing a plan of Condominium ownership and of disposing of said Condominium Property in Condominium dwellings by sale, lease, or otherwise; or

(d) Prevent Declarant from maintaining such sign or signs on any of the Condominium Property as may be necessary for the sale, lease or disposition thereof; provided, however, that the maintenance of any such sign shall not unreasonably interfere with the use by any Owner of his Living Unit, or the Common Area.

The rights of Declarant provided in subparagraphs (a) through (d) above may be exercised during the period of time commencing when the Condominiums are first sold or offered for sale to the public and ending when all the Condominiums in the project are sold and conveyed by Declarant to separate owners, or five (5) years from the date of the sale of the first condominium in the project, whichever shall first occur. Declarant in exercising his rights herein shall not unreasonably interfere with the use of the Common Area by any purchaser.

Section 9. Owners' Compliance. Each owner, tenant or occupant of a Condominium shall comply with the provisions of this Declaration, the Bylaws, decisions and resolutions of the Association or its duly authorized representative, 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.

Section 10. Abandonment. The consent of Owners holding sixty-seven percent (67%) of the voting power of each class of members of the Association existing at that time and by members representing at least a majority of the votes of members other than Declarant and the approval of Eligible Holders holding mortgages on condominiums which have at least sixty-seven percent (67%) of the votes of condominiums subject to eligible holder mortgages, shall be required to terminate the legal status of the project as a condominium.

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.

IN WITNESS WHEREOF, the undersigned, being Declarant herein, has executed this instrument the day and year first hereinabove written.

R. L. CALIFORNIA SOUTH INC.,
a California corporation

BY:

Roberto Mariniello
Roberto Mariniello - President

RECORDING REQUESTED BY:
Transamerica Title Ins. Co.

WHEN RECORDED RETURN TO:
Transamerica Title Ins. Co.
4355 Ruffin Road
San Diego, Calif. 92123
ATTN: M. ROLAND

SUBORDINATION AGREEMENT

BANK OF AMERICA, a National Banking Association, holder of the beneficial interest in that certain Note secured by Deed of Trust dated February 15, 1984 and recorded February 28, 1984 as File/Page No. 84-070289 of Official Records of San Diego County, California, affecting that certain property known as:

Lots 1, 2 and 3 in Block 15 of CENTER ADDITION TO LA JOLLA PARK, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 915, filed in the Office of the County Recorder of San Diego County, August 4, 1904.

does hereby subordinate its interest in said Note and Deed of Trust to that certain Declaration of Restrictions executed by R. L. CALIFORNIA SOUTH, INC., a California corporation, affecting said property, which Declaration of Restrictions are recorded concurrently herewith.

DATED this 10th day of May, 1984.

BANK OF AMERICA,
a National banking association

BY: 

S.H. Speer, Vice President

BY: 

Lynn D. Muslovski, Assistant Vice President

STATE OF CALIFORNIA)

) ss.

COUNTY OF SAN DIEGO)

On *May 10, 1984*, before me, the undersigned, a notary public in and for said County and State, personally appeared ROBERTO MARINIELLO, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person whose name is subscribed to the foregoing instrument and acknowledged that he executed the same.

Margaret M. Roland
Notary Public in and for said
County and State



Villa Italia Homeowners' Association
Balance Sheet
As of May 31, 2020

	<u>May 31, 20</u>
ASSETS	
Current Assets	
Checking/Savings	
Checking -Chase- Operating Acct	4,392.00
Checking -Chase- Reserve Acct	19,359.74
Total Checking/Savings	<u>23,751.74</u>
Total Current Assets	<u>23,751.74</u>
TOTAL ASSETS	<u>23,751.74</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
.Reserve (125/mo. x 9 units)	25,734.74
Prepaid Monthly Assessments	4,000.00
Total Other Current Liabilities	<u>29,734.74</u>
Total Current Liabilities	<u>29,734.74</u>
Total Liabilities	29,734.74
Equity	
Retained Earnings	4,136.39
Net Income	-10,119.39
Total Equity	<u>-5,983.00</u>
TOTAL LIABILITIES & EQUITY	<u>23,751.74</u>

Villa Italia Homeowners' Association
Profit & Loss
May 2020

	May 20	Aug '19 - May 20
Ordinary Income/Expense		
Income		
Mo. Member Assessments- \$375x 9	3,375.00	33,750.00
Reserve	0.00	15,101.28
Total Income	3,375.00	48,851.28
Expense		
General Expenses		
Annual Tax Return Prep.	0.00	460.00
Bookkeeping	350.00	3,500.00
Filing Fees - IRS/FTB/SOS Forms	35.00	35.00
Insurance	507.33	4,913.65
Office Supplies/Postage/Misc.	0.00	176.88
PO Box Fee	0.00	154.00
Total General Expenses	892.33	9,239.53
Repairs and Maintenance		
Backflow Test, annual	0.00	59.00
Cleaning Contract	130.00	1,430.00
Elevator Contract	0.00	2,286.09
Fire Alarm Service/Test, annual	0.00	250.00
Fire Extinguisher Serv. Annual	0.00	51.50
Gardening Contract	220.00	2,200.00
Landscaping, general	0.00	700.00
Pest Control Contract	0.00	1,197.00
Plumbing	0.00	546.00
Repairs & Replacement (Reserve)	0.00	15,101.28
Repairs & Replacements	0.00	1,353.79
Total Repairs and Maintenance	350.00	25,174.66
Utilities		
Gas & Electric	310.23	3,787.77
Telephone (elevator)	65.13	655.89
Trash Removal	214.98	14,725.81
Water	752.56	5,387.01
Total Utilities	1,342.90	24,556.48
Total Expense	2,585.23	58,970.67
Net Ordinary Income	789.77	-10,119.39
Net Income	789.77	-10,119.39

New Budget 2019-2020

[illegible]

Villa Italia Homeowners' Association
New Budget
2019-2020

				Budget†	Actual Income/Expense	Budget
				Aug 1, 2019 - July 31, 2020	Aug 1, 2018 - July 31, 2019	Aug 1, 2018 - July 31, 2019
			Utilities			
			Gas & Electric	4,625	4,625	4,400
			Telephone (elevator)	790	783	780
			Trash Removal	15,940	13,670	9,700
			Water	6,600	5,606	5,000
			Total Utilities	27,955	24,684	19,880
			Total Expense	\$48,047	\$51,209	\$40,297
			Net Income	-7,547	-\$10,259	\$203
			OPERATING ACCOUNT			
			Beginning 8/1 Balance	\$7,636	\$20,095	\$19,905
			Net Income	-7,547	-10,259	203
			Prepaid Mo. Assessment		-2,200	
			Budgeted Ending Balance (must maintain \$5000min)	\$89	\$7,636	\$20,108
			RESERVE ACCOUNT			
			Beginning 8/1 Balance	\$29,586	\$32,823	\$33,013
			Reserve Income = \$75x9x5 (Aug 2018 - Dec 2018)		3,375.00	3,375.00
			Reserve Income = \$125x9x7 (Jan 2019- Jul 2019)		7,875.00	7,875.00
			Reserve Income = \$125x9x12 (Aug 2019 to Jul 2020)	13,500.00		
			Transfer to Operating Account for Repairs covered by Reserve		-14,487	-1,070
			Total Reserve Fund Ending Balance	\$43,086	\$29,586	\$43,193

Villa Italia HOA Meeting
July 10, 2013

Attendees:

Phil & Sally Burgess, Pat Caffey, Tom Smith, David Waldman and Suzanne (last name unknown at the time of this reporting). The meeting called to order in unit one at 4:15 PM

Introductions were made of incoming new owners, David Waldman and partner, Suzanne by Tom to Phil, Sally and Pat.

Tom Smith's resignation from the board was accepted. He has sold his unit. He and Julie will be moving out before the end of the month.

There was a review/discussion on the status of various situations and potential problems:

- Retaining wall

Competitive bidding process has already been done: Rick Woodford: \$9000 bid. We should refresh bid and ask if he will do landscaping lighting or if he can refer someone to us. We need to decide on the use of slump block or split block for the wall and what color the blocks should be.

- Landscape lighting
- Landscape changes needed after the retaining wall & lighting are completed.
- Plumbing, Drain Patrol
- Elevator : Future major expense since it is approximately 27 years old
- Flooding: Two of the three unit owners involved did not have homeowners insurance.

It was suggested to change the House Rules with stronger language requiring that owners have liability insurance.

- Ways to save money:

Elevator phone – call AT & T to request a lower charge since this phone is never used and that we are required to have it. It is known that AT&T does lower charges for basic use individuals.

Recycling Bin – It is believed that the cost of trash pick up can be lowered if all residences use a recycle bin. A slab has already been poured for a bin.

The HOA Annual Meeting is scheduled for **Wednesday, August 21, 2013 at 4:00 PM in Unit 4**. All owners are welcomed and encouraged to attend. For those owners out of town we would like to get a proxy from you in order to have a quorum to vote for HOA Board Officers at this annual meeting.

Please let the board know if you would like to serve as a board member. Tentatively, Officers to be voted on are: Pat Caffey: President, Phil Burgess: Vice President, & David Waldman, Board officer (title to be announced).

Meeting adjourned at 5:30 PM.

*Sally and I would like to thank Tom for his dedication to Villa Italia. He spent many hours in all aspects of the business of "our" condominium building. I know you join us in wishing Julie and Tom the very best in their new home.

Phil Burgess, Vice President

VILLA ITALIA HOMEOWNERS' ASSOCIATION

P.O. BOX 1497

LA JOLLA, CALIFORNIA 92038

HOUSE RULES & REGULATIONS

The owners of each of the nine (9) units In the Villa Italia Condominium Building, and through them, any tenant/residents, have exclusive ownership of, and rights to, their individual condominium as well as rights to the building's common areas. These rights are accompanied by responsibilities, as defined in our Codes, Covenants and Restrictions (CC&R's), and by the following House Rules & Regulations.

OCCUPANT INFORMATION SHEET

Each unit owner is responsible for the completion of an Occupant Information Sheet and for ensuring it is returned to the Board within 30 days of receipt. The form is an addendum to this document. This Occupant Information Sheet provides specific information to be used by the Board in case of emergency and to ensure building security. The Information Sheets are held as confidential information.

Information sheets should be updated regularly. Owners who rent their units are responsible for ensuring that this sheet is completed and signed by the Occupant and returned to the Board. If an owner employs a rental agent, the agent should be reminded of this requirement.

SECURITY

It is advisable not to let strangers or solicitors into the building. The security of the building is dependent upon the people living in the building. When entering or leaving the building, be sure that doors and/or the garage gate are securely closed and locked. Do not leave doors open and unattended. Do not allow persons unknown to you to have access to the building (if you are called to the intercom, do not release the lock to allow visitors to access other units). If you enter the building, do not permit other people with whom you are not acquainted to enter with you. Ask them to use their own key.

When exiting the building via the garage door, always wait to see that the garage door is closed. Keep vehicle(s) secured and storage areas locked at all times. Garage, door openers and keys should be safeguarded.

Normally, the Board does not have keys to individual units. An owner may request that the Board hold a key under special circumstances. Residents planning to leave their unit unoccupied for any length of time are encouraged to notify a Board member. Residents should have mail and newspapers picked up during their absence. Laundry hoses must be

maintained and laundry valves shut off during a prolonged absence to prevent a leak damaging your unit and/or the unit below. Building keys are available from Board members if lost. Duplication is at the cost of the unit owner. Our garage door is a LiftMaster made by The Chamberlain Group. Contact them if you need a new remote operator, at unit owner expense.

Residents are encouraged to remember that attention to these items can prevent injury, damage, and loss for themselves as well as the other building residents.

POLICY/PRACTICE IN ENFORCING LIEN RIGHTS

Regular assessments are payable monthly, in advance, on the first day of the month to VILLA ITALIA HOMEOWNERS' ASSOCIATION, P.O. BOX 1497, LA JOLLA, CALIFORNIA 92038.

The by-laws of the Villa Italia Homeowners association provide for a mandatory late fee plus interest on dues received after the fifteenth day of the month in which they are due. Smooth running of the Association requires prompt payment by all members.

Payments received are applied to delinquent charges before current charges are retired. The monthly assessment is due and payable on the first day of each calendar month and becomes delinquent subject to a penalty of \$25.00 if payment is not received by the fifteenth (15th) day of each month. In addition, interest will be charged at the rate of 1% of the delinquent amount per month. Penalties and interest are cumulative per month. Reference California Civil Code 1366.

If payment is not received for 60 days, the owner may be sent a pre-lien letter by certified mail and charged for legal fees incurred in preparing this letter. A lien will be filed against the property after 90 days of nonpayment and the owner will be charged for legal fees. If the account is not paid 30 days after the lien is filed, the Board will consider foreclosure action. Late charges and interest will be assessed until all fees are paid. Reference California Civil Code 1367.

COMMON AREAS

There are two types of common areas – those which all owners can use, e.g., the courtyard, walkways and garbage dumpster; and those which are for the exclusive use of the unit owners, e.g., unit balconies/patios, assigned parking spaces and assigned storage box in garage. Any changes to common areas, including exclusive use areas, must have prior approval of the Board.

Every resident should help keep the common area clean by picking up debris and removing newspapers daily. Personal items should not be left in common areas other than those areas for exclusive use which are not otherwise limited (see section on "PARKING"). This prohibition includes personal items left at the doorway of individual units. Exceptions to this are door mats and potted plants.

Owners and residents are responsible for their guests' behavior. Visiting children should be supervised in common areas.

EXCLUSIVE USE COMMON AREAS

1. STORAGE BOX

Each unit is assigned a storage box along the West wall of the garage. The door to each unit must be kept closed at all times. Only non-combustible items may be stored.

2. ASSIGNED PARKING SPACES

Owners/Occupants are reminded that all vehicles must be within the marked boundary of their assigned space. Please be sure that you do not encroach upon the adjacent parking space assigned to another unit. Use of assigned parking spaces for special/temporary uses must be cleared with the Board. Each owner (including renters) must register the vehicles authorized to use their unit's parking spaces. Automobile make, model, year and license plate number should be completed on the Occupant Information Sheet, attached, and returned to the Board at the above address. Residents may not rent out their parking spaces to non-residents.

Each owner is responsible for the cleanliness and maintenance of their assigned parking spaces. In cases of excessive abuse where cleaning is necessary and the owner has not been responsive to Board requests, the owner will be billed for the cost of cleaning fees, should the Board determine that use and/or maintenance of the spaces does not comply with the CC&R and/or House Rules & Regulations.

In addition to the assigned storage box along the West wall of the garage, unit owners/tenants may store other personal items in closed storage containers against the wall of their assigned parking spaces, as long as a full size car can still be stored in the parking space. Only storage containers with doors or covers are acceptable. Personal items must be kept from view. Bicycles may be stored outside a container as long as they are against the wall of the assigned parking space. Only noncombustible items can be stored in the assigned storage areas.

Car washing is not permitted in the garage due to the risk of water damage to the elevator. Repair of water damage from actions of owners/tenants will be charged to the unit owner responsible.

3. BALCONIES/PATIOS

Balconies and patios are common property with exclusive use by the unit owner/tenant. Unit owners are responsible for the maintenance of their balconies/patios. Significant changes such as railing color scheme and flooring material are subject to prior approval by the Board of the HOA.

GARBAGE

Current garbage pickup is every Tuesday and Friday mornings. All garbage and trash should be placed in sealed or tied bags prior to disposal in the trash chutes. This is to ensure that all garbage actually makes it to the dumpster and not float outside it, creating an unsanitary condition. When this is not possible, the garbage should be carried to the dumpster room located at the back of the building behind the Utility Room on the first floor. Doors to the dumpster room and trash chute access should be closed after use. All trash chute access areas should be maintained in a clean and orderly condition. If any of your garbage falls on the ground/floor, please pick it up.

MOVING

All moving (in and out) should be registered with the Board prior to the date of moving. Owners of rental units are responsible for informing the Board when a tenant is moving. Arrangements must be made to pick up the elevator hold key. A deposit fee of \$100 is required for all moves to and from the building to prevent damage to the elevator, floors, steps, and walls, and to guarantee return of the elevator key. The deposit will be returned within three (3) days after receipt of the returned elevator key and/or completion of move. **ALL MOVES MUST BE MADE THROUGH THE BACK DOOR OR GARAGE. HOMEOWNER IS LIABLE FOR DAMAGES.**

PETS

One usual and ordinary house pet is permitted. Pet noise must be kept to an absolute minimum. The pet must be kept on a leash at all times in the common areas. The pet owner is responsible for the pet and for assuring that the building and building grounds are maintained clean and sanitary. The building grounds are not to be used as a run area for pets. Pet owners are required to clean up after their pets.

RENTALS

Renters/tenants are subject to all rules and regulations (CC&R's and these House Rules & Regulations) of the Homeowners' Association. All owners are responsible for the tenants in their unit, and are required to provide copies of these rules and regulations to the tenant on or before the time that the tenant resides in the unit, and for ensuring that the tenant signs and returns the attached Occupant Information Sheet. No rentals of under three (3) months are allowed. Maximum occupancy of any unit is four (4) persons. Owners must notify the Board of Directors when tenants occupy a unit if the owner is not also in residence. Owners will be subject to fines and repair or damage charges caused by their tenants' violation of any rule or regulation. Tenant complaints or problems should be referred to the unit owner only.

INSURANCE

All owners are encouraged to carry insurance coverage on their units. Building insurance

covers only common property and joint liability coverage and does not protect the individual owner, their possessions, or individual liability.

Owners of rental units are encouraged to require their tenant to carry renter's insurance to cover that which is not covered under common property insurance (building insurance).

NOISE

No Unit shall be used in any manner as to obstruct or interfere with the enjoyment of the occupants of other Units or annoy them by unreasonable noises. No Owner shall permit noise including, but not limited to, the playing of musical instruments or playing of sound reproduction equipment, running, jumping, and other athletic activities, which would unreasonably disturb another Owner's quiet enjoyment of his Unit or of the Common Area. If a new flooring system is installed by the Owner, a high quality sound-deadening underlayment should be considered.

EMERGENCIES

When an emergency occurs that could affect common areas or other residents, please contact a Board member. If no Board member is available, use the Building Contact List located on the bulletin board in the garage next to the elevator door and Member Roster to assist in contacting other association members and to make necessary immediate repairs. Retain all documentation and provide this to the Board for consideration of repair claims.

Items NOT building-related, such as maintenance and repair of windows, screens, glass doors, appliances, plumbing, electrical, and heating systems should be taken care of by the individual unit owner.

MISCELLANEOUS INFORMATION

Owners are responsible for the cleanliness and appearance of their unit. No laundry, rugs or clothing are to be hung from railing or windows.

Use of the unit is restricted to residential purposes only. No business or commercial use of the unit is permitted.

Windows are replaced at the unit owner's expense. All replacement windows must be of the slider-type to match existing windows in the building. External color must match existing window colors (dark brown). Owners must receive Board approval before replacing any windows.

Only window coverings that are usual and customary are allowed. Blankets, sheets, plastic, foil, etc., are prohibited.

Replacement or painting of doors or addition of screen doors must receive prior approval of the Board.

Clothes dryer vents are to be kept free of lint. If lint is observed at the dryer vent discharge, please clean your filter and vent pipe immediately, to avoid a fire hazard.

If your unit is equipped with a fireplace, it is designed to be used with natural gas only, using the manifold provided. Do not attempt to burn wood in your fireplace.

Your HOA has an annual contract with a termite control company. Please report any termite sightings inside your unit to a Board member right away. Our contract requires that each unit must be inspected annually by the termite company. We request your cooperation in gaining access to your unit at the appropriate time. All units must be inspected at the same time.

SUGGESTIONS

Suggestions and complaints should be made in writing and mailed to the Homeowners' Association at Post Office Box 1497, La Jolla, California 92038. Attendance by members at Board meetings is also encouraged, especially to discuss issues which may be controversial.

The above has been approved by the Board of Directors on June 20, 2011

OCCUPANT INFORMATION SHEET

TO: ALL OCCUPANTS - VILLA ITALIA CONDOMINIUMS

FROM: HOMEOWNERS' ASSOCIATION – BOARD OF DIRECTORS

For the purposes of building maintenance, repair, emergency, and security, the Homeowners' Association requires the following information from all occupants of Villa Italia. If you own your unit but are renting it to someone else, you are responsible for having the occupant sign and return this completed form to the HOA:

UNIT # _____

OCCUPANT'S NAME(S) _____

TELEPHONE NUMBER (DAYTIME: _____; EVENING: _____)

E-MAIL ADDRESS: _____

VEHICLE #1 (MAKE/MODEL/YEAR) _____ (LICENSE) _____

VEHICLE #2 (MAKE/MODEL/YEAR) _____ (LICENSE) _____

EMERGENCY CONTACT NAME: _____

ADDRESS: _____

TELEPHONE: _____

MARQUE LISTING AT BUILDING INTERCOM _____

I have read and will comply with these Villa Italia Condominium House Rules & Regulations.

Signed: _____ Date: _____

(Unit Occupant)

In case of emergency (fire/earthquake/etc.) the Fire Department or Police may have to access your unit by force. In case of a water leak, the HOA may do the same. Your assistance in completing this form will help to protect you and the other occupants of the building. Return completed form to:

VILLA ITALIA HOMEOWNERS' ASSOCIATION
P.O. BOX 1497
LA JOLLA, CA 92038

Villa Italia HOA Meeting
July 10, 2013

Attendees:

Phil & Sally Burgess, Pat Caffey, Tom Smith, David Waldman and Suzanne (last name unknown at the time of this reporting). The meeting called to order in unit one at 4:15 PM

Introductions were made of incoming new owners, David Waldman and partner, Suzanne by Tom to Phil, Sally and Pat.

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Recycling Bin – It is believed that the cost of trash pick up can be lowered if all residences use a recycle bin. A slab has already been poured for a bin.

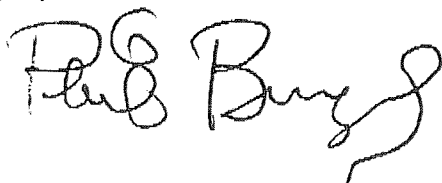
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Please let the board know if you would like to serve as a board member. Tentatively, Officers to be voted on are: Pat Caffey: President, Phil Burgess: Vice President, & David Waldman, Board officer (title to be announced).

Meeting adjourned at 5:30 PM.

*Sally and I would like to thank Tom for his dedication to Villa Italia. He spent many hours in all aspects of the business of "our" condominium building. I know you join us in wishing Julie and Tom the very best in their new home.

Phil Burgess, Vice President



CONDOMINIUM BOARD MEETING
VILLA ITALIA - 1115 Pearl Street, La Jolla, California 92037

The meeting of the board commenced at 4:00 p.m. on August 21, 2013 at Villa Italia, 1115 Pearl Street, Unit #4. Present at the meeting were: Dr. David Waldman, Unit #4; Dr. and Mrs. Phil Burgess, Unit #1; Dr. Pat Caffey, Unit #3; Ms. Mira Kelly, Unit #9.

Dr. Burgess informed the group that he had in his possession proxies from three additional owners. These included Unit #2 (Cummings); Unit #5 (Kevorkian); and Unit #6 (Lessler).

At the onset of the meeting the election was held for the new Board of Directors. The following were elected officers of the Board of Directors for a 2-year term: Dr. Pat Caffey, President; Dr. Philip Burgess, Vice President; Dr. David Waldman, Secretary.

Old Business

1. Insurance

It was again re-stated that in **updated wording** to the House Rules and Regulations it is **strongly advised** that all homeowners carry liability insurance on their units. It is **strongly advised** that homeowners require their tenants to carry renter's insurance to cover that which is not covered under common property insurance (building insurance). Building insurance covers only common property and joint liability coverage, and does not protect the individual owner, their possessions, or individual liability, especially in cases of fire or water damage. This issue was discussed by the members present and it was stated that this should be included in the Minutes to emphasize to all owners the importance of this, and strongly advise that each homeowner carry their own liability insurance.

2. Parking, Storage and Garage

It was again reminded to the owners present, and to all owners, that the homeowners association requests that individuals remove or properly store items that are currently in their garage. This was discussed among the members present, and it was agreed that all items of all owners need to be placed in appropriate storage containers **no later than September 30, 2013**. After that date, it will be at the discretion of the board to remove all unidentified property not in appropriate storage containers.

3. Water Damage - Unit #8

Information was reviewed and updated about water damage that occurred on or about April 21, 2013 with Unit #8, causing damage to Units #8, #5, and #2. It was discussed among the members present that it is acknowledged that all necessary repairs have been made to Unit #2,

and Unit #2 is returned to acceptable conditions. Unit #5 is currently being restored by the owner. Restoration of Unit #8 is unknown. This was discussed by the members present, stating that Unit #8 is being held by a trust and there has been poor communication with the owner as to the status of the repairs. It was again stated that the board strongly emphasizes the owner(s) of Unit #8 to restore their unit to its original condition.

4. Retaining Wall, Ground Lighting, and Consequential Landscaping

This was discussed by the members present, and at 5:15 p.m. a meeting with Mr. Rick Woodford, general contractor, occurred outside the building. Those present included Pat Caffey, Phil and Sally Burgess, and David Waldman. All three owners and members of the board met with Mr. Woodford to review the various options. Replacement of slump block was discussed, and to add color texture. Mr. Woodford is going to return with a sample item and will confirm the present price. The board members also met to discuss extending the retaining wall to the entire project. The board also discussed with Mr. Woodford the consideration of new lighting. Ms. Mira Kelly also stated she may be able to obtain an individual who can recommend to the board various landscape options, as it has been decided by the board to remove certain plants from in front of the building.

New Business

1. Garage

Concern about lighting within the garage was discussed by Ms. Mira Kelly, as there are many areas that are dark. Ms. Kelly also discussed the garage door possibly hitting her car. The board members emphasized to Ms. Kelly the need to use caution with the garage door opener. The board also determined that under Future Business it will consider adding additional lighting and fixtures within the garage area.

A general inspection was made of the building, with attachments being noted by Unit #9 to common area and plants in the hallway close to the trash door, and a hose on the third floor. The board emphasized that these attachments to the walkway were done without specific approval from the board. The new president, Dr. Pat Caffey, stated that he will contact the owner of Unit #9 in reference to the plantings and the hose within the hallway.

2. Fence

There is a fencing bordering the property between Villa Italia and the adjacent property. The board discussed that this area needs to be either painted or replaced with a new vinyl fence. The board at this time deferred the decision about who will approach the property manager of the adjacent complex to the south to try to arrange a replacement.

3. Budget

The board discussed the budget for the new year, which has been approved and accepted under the Villa Italia Homeowners Association New Budget of 2013-2014. It was also discussed that the current dues will remain at \$350 per month to cover total general expenses, and \$50 per month for the reserve income fund, for a total of \$400 per month.

There being no further business to come before the board, the meeting was adjourned at 5:30 p.m.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "David Waldman".

David Waldman, MD
Secretary, Board of Directors

Villa Italia Homeowners Association

Annual Meeting

Tuesday, August 25, 2015

Attendees:

Pat Caffey, President

Sally and Phil Burgess, Vice President

Josie and Peter Sayn-Wittgenstein

Kathleen and David Ervin

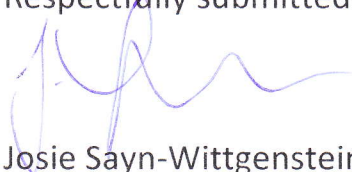
Mera Kelley

- I. 2014 Annual Meeting Minutes Approved
- II. Financial Report
 - a. 2015-2016 Budget Approved
- III. Old Business and Updates
 - a. Plumbing – Suggestion to have plumbing cleaned out every other year. Next cleaning set for 2016.
 - b. Insurance still with Farmer's
 - c. Recycling – Keep up the recycling! Boxes should be broken down.
 - d. Landscaping – Desert landscaping suggested. Need architect to help design and actually do the work.
 - i. **Action: Peter to follow up with recommendation**
 - e. Parking garage lighting – Lighting done for the corners, now everything else looks dark. All agree to increase lighting.
 - f. Courtyard
 - i. Need designer to help. **Action: Peter to follow up with recommendation**
 - ii. Need paint/coating for 2nd and 3rd floor hallways. Action : **David E. to follow up**
 - g. Elevator telephone - \$100/mo through AT&T;
 - i. Waiting for inspector to renew license before making a decision whether to renew contract with AT&T and buy a phone

IV. New Business

- a. Election of Board Officers Next Year
 - i. Send out nomination notice
 - ii. Executive board meeting before next annual meeting
- b. Relabel names on intercom – **Action: David E. to look into it**
- c. Railings on 2nd & 3rd floor are getting rusty. Need to be cleaned/scraped and painted.
 - i. **Action: Sally to follow up**
- d. FedEx will be given a key to the building
 - i. Extra keys can be obtained from La Jolla Lock & Key
- e. Security cameras
 - i. **Action: Peter to look into options**
 - ii. Potential savings on insurance premiums

Respectfully submitted,



Josie Sayn-Wittgenstein
Scribe

**Villa Italia Homeowners' Association
New Budget
2015-2016**

	Actual Income/Expense Aug 1, 2014 - July 31, 2015	Budget Aug 1, 2014 - July 31, 2015	Budget Aug 1, 2015 - July 31, 2016
Mo. Member Assessments- \$350x 9	\$37,800	\$37,800	\$37,800
Late Fees	133		
Total Income	<u>37,933</u>	<u>37,800</u>	<u>37,800</u>
Expense			
General Expenses			
Annual Tax Return Prep.	375	350	375
Bank Charges			
Bookkeeping	3,840	3,840	3,840
Elevator Permit		225	225
Filing Fees - IRS/FTB/SOS Forms	-10	45	
Insurance	4,372	4,672	4,947
Office Supplies/Postage/Misc.			
Miscellaneous			
PO Box Fee	128	124	128
Total General Expenses	<u>8,705</u>	<u>9,256</u>	<u>9,515</u>
Repairs and Maintenance			
Backflow Test, annual	38	38	38
Cleaning Contract	1,690	1,690	1,690
Elevator Contract	2,605	2,584	2,668
Fire Alarm Service/Test, annual	200	222	200
Fire Extinguisher Serv. Annual	120	49	120
Gardening Contract	2,640	2,640	2,640
Landscaping, general	170	600	600
Pest Control Contract	989	989	989
Plumbing	458	1,000	600
Repairs & Replacements			
Lighting	0	2,500	0
Repairs and Replacements	1,804	1,000	2,000
Total Repairs and Maintenance	<u>10,713</u>	<u>13,311</u>	<u>11,545</u>
Utilities			
Gas & Electric	3,287	2,903	3,400
Telephone (elevator)	1,160	829	780
Trash Removal	4,944	7,376	4,920
Water	3,933	3,962	4,000
Total Utilities	<u>13,323</u>	<u>15,070</u>	<u>13,100</u>
Total Expense	<u>\$32,741</u>	<u>\$37,637</u>	<u>\$34,160</u>
Net Income	<u>\$5,192</u>	<u>\$163</u>	<u>\$3,640</u>
OPERATING ACCOUNT			
Beginning 8/1 Balance	\$16,083	\$16,083	\$21,274
Net Income	5,192	163	3,640
Transfer from Reserve Account			
Budgeted Ending Balance (must maintain \$5000min)	<u>\$21,275</u>	<u>\$16,246</u>	<u>\$24,914</u>
RESERVE ACCOUNT			
Beginning 8/1 Balance	\$15,159	\$15,159	\$20,559
Reserve Income = \$50x9x12	5,400	5,400	5,400
Transfer to Operating Account			
Total Reserve Fund Ending Balance	<u>\$20,559</u>	<u>\$20,559</u>	<u>\$25,959</u>

Villa Italia Homeowners Association

Announcement

September 15, 2015

David Waldman, because of out-of-area work responsibilities, has resigned as Secretary of the Villa Italia HOA.

In a brief executive session, Josie Sayn-Wittgenstein was appointed Secretary of the Association for the remainder of David's term.

A handwritten signature in dark ink, appearing to read "Patrick Caffey", with a stylized flourish at the end.

Patrick Caffey
President

Villa Italia Homeowners Association

Annual Meeting

Wednesday, August 27, 2014

Attendees:

Pat Caffey, President
Sally and Phil Burgess, Vice President
David Waldman, Secretary
Suzanne Williamson
Josie and Peter Sayn-Wittgenstein
Mera Kelley

The meeting was called to order at 6PM on August 27, 2014

- I. The first order of business was approval of the February 9, 2014 meeting minutes, which was approved on a voice vote.
- II. The financial status of the association was reviewed and discussed.
- III. Old business and updates – The president gave a summary of events since the last meeting.
 - a. The HOA insurance policy had to be changed – Travelers Insurance premium involved an 85% increase which was deemed excessive and we were able to obtain a policy with Farmers for a 25% increase over the previous year. Farmers' policy contains numerous items of coverage, which do not apply to our situation and we will try to change that in the future.
 - b. Claims related to the flooding of unit 8, 5 and 2 have been settled. Unit 5 received a sizable settlement, which involved several sources and unit 2 a relatively small settlement related to general infrastructure losses.
 - c. With the renovation projects in units 8, 5 and 2, along with other renovation activities, there have been considerable problems with contractors and workers tracking construction materials over the front steps, entrance, courtyard and elevator for a period of months. Because of this, fines were assessed to units 8, 5 and 3 to offset costs of cleaning and maintaining the common areas.
 - d. As approved in the last meeting a plumbing clean-out was performed. We have also had several significant plumbing problems which were resolved, some involving negligence and some otherwise.
 - e. Since we began recycling as required by law. The trash pickup has been reduced to one day a week (Tuesday). Recycling pickup is Wednesdays. The city agency overseeing the recycling program is also requiring periodic updates substantiating ongoing encouragement of recycling by providing photos, copies of recycling communication and notes from annual meetings for emphasizing the importance of recycling.
 - f. Sally has worked with the landscaping redistributing plants and tree trimming. SDG&E has offered to remove our 2 front trees which they say is required. Suzanne noted that the trees could be sold and will investigate. At any rate they will need to be replaced by trees which do not interfere with the power lines.

- g. As discussed in the previous meeting, the Board of Directors is very concerned that some owners do not have insurance on their units. Unit insurance cannot be required but is strongly recommended by the Board. As has happened recently, 2 of the 3 units involved in the flooding of #8 had no insurance causing many months of loss of occupancy, filing claims, renovation stop and starts, and inconvenience to residents. The unit which had insurance was renovated and sold within a couple of months. Whether or not owners maintain insurance on their unit is important to the HOA as it affects insurance decisions and policies. Therefore, the Board is requesting each unit owner to send a note to the Board Secretary, David Waldman, unit 4, indicating whether or not the owner is maintaining insurance on their unit and to what extent.
- h. There have been numerous discussions with residents, electricians and others regarding lights (for the front steps in particular) with a few good possibilities. Also, lights are needed in a couple of areas in the garage. An electrician has been contacted to resolve both of those problems.
- i. We received a letter from a storm water code compliance office indicating that a violation had occurred in April in which contaminated liquids had been released into the city drainage system. This involved unit 8 and it is understood that a fine is involved.

IV. New Business

- a. As required by regulations, the budget for the coming year was presented and after considerable discussion, the annual budget was approved with the stipulation that future proposed annual budgets be presented with corresponding expenditures and costs in the current year.
- b. There was a discussion regarding the need to improve the appearance of the courtyard. Tile replacement for the floor was noted in particular. Suzanne suggested that we consider stamped concrete and volunteered to help us look into the possibility.

Meeting adjourned at 7:50 PM

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Pat Caffey".

Pat Caffey, President

**CONDOMINIUM HOMEOWNERS ASSOCIATION BOARD MEETING
VILLA ITALIA - 1115 Pearl Street, La Jolla, CA 92037**

February 9, 2014

The meeting commenced at 4:00 P.M. Present at the meeting were: President Pat Caffey; Vice President Phil and Sally Burgess; Secretary David Waldman.

Agenda

Approval of Minutes of last meeting

The Board unanimously approved the minutes of the prior Board Meeting.

Financial Report

The financial report was reviewed. Prior dues of Unit 8 have now been paid.

Construction Report

- A. Wall and external lights: After discussion it was decided to continue to obtain bids for an electrician to replace lighting at the front steps.
- B. Landscaping: Two landscaping contractors have looked at the outside landscaping. However, no firm bid has been submitted. The members of the Board discussed the potential to obtain additional bids for consideration of exterior landscaping. The gardener will also be consulted for a bid on minor landscaping changes.

Review and Update re: Unit 5 and 8

- A. Two attorney letters in regard to the slow progress of the insurance claims of Unit 5 and 8 were presented to the Board. The Board members with no comment reviewed these letters. President Pat has informed the Board that due to the claims of Units 5 and 8, we have received notification that the building's homeowner's policy will show an increase in the next premium.
- B. After considerable discussion, the Board agreed to respectfully request that the owners of each individual unit present to Jocelyn the extent to which their individual homeowners insurance policy has coverage for damages and personal loss in order to help the Board make decisions regarding insurance for the building in the future.

- C. Renovation problems: The Board discussed the renovation process in units 5 and 8. The contractors and construction workers are creating a problem with the front steps, entrance, courtyard and elevator with continued daily tracking of construction material with considerable dirt left during the long construction time. It was noted that the owner of Unit 8 has offered to contribute to the cost of improving the appearance of the courtyard.

Recycling Implementation

The Board discussed that the HOA was informed of the legal requirement to provide a recycling bin and begin recycling in practice to avoid penalties. This will increase the cost by approximately \$480 per year. The Board discussed consideration to cut the cost of the regular trash pick up by changing the trash collection from twice a week to once a week.

Maintenance

President Pat Caffey requested permission for a plumbing cleanout, and the Board agreed. When the cleanout process occurs, all cars will need to be removed from the underground parking.

Lights in garage: It was discussed that there is a problem with dark areas within the garage. An electrician will be asked to provide a bid to improve the lighting in the garage area.

Adjournment: There being no further business to come before the board, the meeting was adjourned at 5:45 P.M.

Respectfully submitted,



David Waldman, MD
Secretary, Board of Directors

Villa Italia Homeowners Association

Tuesday, June 14, 2016

Attendees:

Pat Caffey, President
Sally Burgess, Vice President
Josie Sayn-Wittgenstein, Secretary
Peter Sayn-Wittgenstein

The meeting was called to order at 5PM on June 14, 2016

Courtyard & Front Entrance

- Painting railing (interior and all patios)
 - Cost: \$2200 estimate
 - Color change from white: Josie to provide samples
- Renovation ideas
 - Travertine Tile: Peter to provide samples
 - Built-in planter(s) in courtyard: Peter to provide options/estimates
 - New front door: Add to agenda for annual meeting
 - Elevator re-paneling: Add to agenda for annual meeting

Landscaping

- Quote from Landcare (folks who did the Villagio at Eads/Kline) \$10-15K
- Several companies quoted \$2-\$4K for plans only
- Need a set budget to get a contractor

Security Camera

- 2 quotes: \$2200 (Dempsey Alarms) and \$3400 (San Diego CCTV)
 - 3 cameras: one facing front entrance, one facing back entrance, one in garage facing main gate and rear doorway
 - Equipment on par with both companies
 - Lock to the utility room needs to be replaced to secure camera hard drive and monitor
 - Socket required to plug in: Pat confirmed there is a socket in the utility room

August 2016 Elections of HOA Officers

- Election ballots for Board of Directors 2 year term will be sent out Wednesday, July 27, 2016

Addendum: Follow up Meeting on July 12, 2016

- Painting railing (interior and all patios) – Contract in place, job underway
- Security camera – Dempsey Alarms preferred vendor, contract in the works

A handwritten signature in dark ink, appearing to be 'John' or similar, with a stylized, cursive script.

Villa Italia HOA
Called Meeting Minutes

Special called meeting was convened at 6:30 PM Wednesday, May 1, 2019. Those in attendance were: Patrick Caffey, President, Sally Burgess, Vice President, Josie Lucero, Secretary, Peter Sayn-Wittgenstein.

- I. Minutes of the last meeting were accepted.
- II. Old Business
 - A. Plumbing
 1. Plumbing problems have been few, lately.
 2. Clean-out in the fall is still recommended.
 3. No response regarding comment made in last minutes with respect to non-resident owners responsibility for the functioning of their units.
 - B. Trash
 1. Need to replace the door to the trash bin with a way to prevent neighbors from making use of our bin.
 2. Inspection of trash bin room revealed no evidence of rodent infestation. Unless other units have a mice problem, this is considered a unit problem.
 3. Problem with recycle pickup. Peter will look into other waste pickup companies.
 - C. Roof
 1. Peter repaired a railing that was loosened by high winds this winter.
 2. Peter placed some reflection tape on the roof skylights to discourage bird droppings, which were complained about by the owner of unit 8.
 - D. Termites
 1. Harbor Pest Control has increased their fee about 20%.
 2. Termite inspection is scheduled for 5-15-2019.
 - E. Elevator
 1. Practices of Kone, our current contractor taking care of the elevator.
 - a. Excessive cost for urgent service.
 - b. Charges for inability to get in building, although their repairmen were provided a key to the building.
 - c. Peter will look into other possible elevator maintenance companies.
 - F. Landscaping
 1. Considerable discussion regarding the reworking the appearance of the landscaping. A lot of ideas, but no conclusions as of yet.

Meeting adjourned.

P. Caffey

**Villa Italia Home Owners Association
Annual Meeting
September 13, 2016**

Attendees:

Pat Caffey, President
Sally Burgess, Vice President
Josefina Sayn-Wittgenstein, Secretary
Mera Kelley

The meeting was called to order at 6:30PM on September 13, 2016

- I. Approval of minutes of previous meeting – Approved
- II. Old Business and updates
 - a. Plumbing – Clean out in the garage area this fall
 - b. Painting
 - i. Rails complete - Unit #5 did not make his unit available for repainting. To ensure the look of the building is consistent and to ensure compliance among all units, this issue will be discussed further.
 - ii. Painting colors for the walkways on the 2nd and 3rd floors were reviewed. Neutral colors were suggested. Cost estimates for the painting will be obtained.
 - c. Other renovations considered
 - i. Samples of tiles for the courtyard and front steps were provided and one estimate for installation has been obtained. Sally to provide one additional estimate.
 - ii. Fed-X key to front door– No longer an issue
 - iii. Mailbox repair by post office maintenance will be requested.
 - iv. Other projects for change or renovation will be discussed at a later date.
 - d. Security Camera System – installation has been approved and will be completed shortly. Peter and Josefina Sayn-Wittgenstein will coordinate.
 - e. Landscaping
 - i. Because of water regulations, a change in building landscape has been under discussion for some time, Estimates obtained have been very expensive. Various approaches are under consideration. Peter Sayn-Wittgenstein has been very helpful in obtaining estimates for design, removal, plants and labor. Other estimates will be sought.

III. New Business

- a. Annual budget presented – Approved
- b. The slate of officers for the HOA for the next 2 years was approved.
 - i. President – Pat Caffey
 - ii. Vice President – Sally Burges
 - iii. Secretary – Josefina Sayn-Wittgenstein

Meeting adjourned at 7:50PM

Respectfully submitted
Josefina Sayn-Wittgenstein
Secretary

Villa Italia Homeowners' Association

New Budget

~~2015-2016~~

2016-2017

	Actual Income/Expense Aug 1, 2015 - July 31, 2016	Budget Aug 1, 2015 - July 31, 2016	Budget Aug 1, 2016 - July 31, 2017
Mo. Member Assessments- \$350x 9	\$37,800	\$37,800	\$37,800
Late Fees	25		
Total Income	37,825	37,800	37,800
Expense			
General Expenses			
Annual Tax Return Prep.		375	375
Bank Charges			
Bookkeeping	3,840	3,840	3,840
Elevator Permit		225	225
Filing Fees - IRS/FTB/SOS Forms	35		
Insurance	5,037	4,947	5,164
Office Supplies/Postage/Misc.			
Miscellaneous			
PO Box Fee	130	128	130
Total General Expenses	9,042	9,515	9,734
Repairs and Maintenance			
Backflow Test, annual	38	38	38
Cleaning Contract	1,690	1,690	1,690
Elevator Contract	2,683	2,668	2,760
Fire Alarm Service/Test, annual	200	200	200
Fire Extinguisher Serv. Annual	133	120	133
Gardening Contract	2,640	2,640	2,640
Landscaping, general	860	600	2,000
Pest Control Contract	1,088	989	1,088
Plumbing	323	600	600
Repairs and Replacements	2,822	2,000	1,000
Total Repairs and Maintenance	12,477	11,545	12,149
Utilities			
Gas & Electric	3,514	3,400	3,600
Telephone (elevator)	784	780	792
Trash Removal	5,441	4,920	5,500
Water	4,065	4,000	4,200
Total Utilities	13,804	13,100	14,092
Total Expense	\$35,323	\$34,160	\$35,975
Net Income	\$2,502	\$3,640	\$1,825
OPERATING ACCOUNT			
Beginning 8/1 Balance	\$21,274	\$21,274	\$24,976
Net Income	2,502	3,640	1,825
Prepaid Mo. Assessment	1,200		
Budgeted Ending Balance (must maintain \$5000min)	\$24,976	\$24,914	\$26,801
RESERVE ACCOUNT			
Beginning 8/1 Balance	\$20,559	\$20,559	\$25,959
Reserve Income = \$50x9x12	5,400	5,400	5,400
Transfer to Operating Account			
Total Reserve Fund Ending Balance	\$25,959	\$25,959	\$31,359

Villa Italia HOA
Annual Meeting and Financial Review
September 12, 2019
Minutes

Present: Patrick Caffey, President; Sally Burgess, Vice President; Josefina Lucero, Secretary. Also, for this meeting there was an open line telephone hook-up (bridge) for members through which Saket Ambasht made comments and recommendation while other members, David Erwin and Jay Kelly listened in.

The meeting was called to order at 6:00 PM.

I The minutes of the last meeting were approved.

II Old Business

A. Plumbing

1. A lengthy discussion centered on the causes of numerous unit flooding problems the past year. While the larger pipes in the garage have seldom caused blockage over the years, many of these pipes need replacing because of leaking, for joint connections and sometimes obvious joint cracking. The flooding of first and second floor stem from stoppages between the third floors and the garage. There was one instance in which the third floor was flooded because of a busted clothes washer water hose, which flooded the entire side of the building. The use of kitchen garbage disposals was discussed at length with respect to misuse and possibly requiring removal from all units. The lack of a clear understanding of the House Rules by residents and renters in particular was noted as the basis of many of our unit flooding problems and stoppage back-ups in kitchens and bathrooms.

2. A Subcommittee of the Board of Sally Burgess and Josefina Lucero was appointed to look into possible solutions to problems related to our flooding problems.

a. This subcommittee can include help from anyone they see as possibly helpful in coming up with solutions and/or recommendations.

b. To determine the process for fining and at different levels of breeches of the house rules.

c. To look into and recommend action regarding the apparent sink garbage disposal problems.

3. The plumbing in the garage needs replacement and repairs with attention to locating sources of leaks.

a. Several estimates have been received with rather wide disparity. Further discussion will be required when Peter Sayne-Wittgens is available.

B. Elevator

1. There were many months of problems with the elevator, frequent loss of service, 3-times with people trapped in the elevators and always at the third floor. Over the months the repairmen had mentioned that a part was needed on the third floor. Finally, a part was replaced and service has been consistent since that time. In the interim, we have been hit by costs in the thousands of dollars not to mention inconveniences particular of elderly residents. An attempt at terminating services of the Kone Company was met with a copy of contract signed in 2013 in which they interpreted as meaning we could get out of the contract by a ninety day notice of termination before May of 2020.

a. In the process of discussing this situation, Saket Ambasht volunteered to have his attorney look at the material Kone provided when repeating our attempt at termination. The material was copied and sent to Saket Ambasht with thanks.

b. As part of this overall process, a local company providing elevator services was found by Peter Sayne-Wittgens and available when services can be terminated by Kone.

C. Backdoor Trash Bin

1. A roller door has replaced the twin metal doors and will have a device for locking. As part of this change, it is planned to have a chute window in the wall of the SDG&E Room in order that first floor residents (and others) can drop trash directly into the trash bin.

764.91050112 700

D. Waste Removal

1. Problems with the waste removal has been frequent for the past year, seemingly since the increase in price the first of the new year. Also, residents of the neighboring building have been using our trash bin, apparently their landlord terminated use of trash bins because of the price increase. Our main problem, however has been with the recycling trash pick-up.

2. Because of the price increase and difficulty with routine pick-up, Peter Sayne-Wittgens located a waste management company that is reasonable and available.

E. Landscaping continues to be a sources of concern.

1. The Board has discussed this numerous times with no consensus. Recommendations have come from numerous members, but no agreement as of yet.

F. Front Door

1. We have an estimate for re-painting the front door along with effort at correcting the marring of the windows in the earlier renovation.

a. No decision about the color has been made.

b. Further talks with contractor is needed.

2. The NO SOLICITING sign on the door is missing since the renovation and needs to be replaced.

III Review of Finances

A. The breakdown of last year's budget and actual expense was presented along with a proposed budget for next year.

1. The budget for the next year was approved.

The meeting was adjourned.



4719 Viewridge Ave., Suite 220, San Diego, CA 92123
Tel: (858) 790-8706 • Fax: (888) 321-6084

HOA
MANAGEMENT COMPANY

Date: July 9, 2020
Escrow No.: **10366-JD**
Account No.:

RE: HOA: HOA
Property Address: **1115 Pearl Street, Unit #1, La Jolla, CA 92037**

AN ESCROW HAS BEEN OPENED AT THIS OFFICE BY:
Burgess Family Trust 09-12-97

REGARDING THE PROPERTY DESCRIBED AS:

LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "A".

Commonly known as: **1115 Pearl Street, Unit #1, La Jolla, CA 92037**

In connection therewith, we request that you furnish us with data so that proper transfer of association membership may be affected. Please advise us as to the amounts and manner in which payments are to be made, as to any delinquencies, and as to any requirements you might have for transfer of membership.

If a blanket hazard insurance policy is in effect on subject property, please furnish information regarding same, and particularly if premium is included in the fees or dues.

Please furnish us with the following items, marked by an "X".

- ☒ CC&R'S, BY-LAWS, ARTICLES OF INCORPORATION
- ☒ BUDGET, FINANCIAL STATEMENTS, INSURANCE CERTIFICATE & FIDELITY COVERAGE

We have furnished a form at the bottom of this request for you to use, however, any form you may wish to use in answer to the information requested will be acceptable.

Thank you for your cooperation in this matter.

Five Star Escrow

Jennifer Decker,

TO: **Five Star Escrow**

Date: _____

Escrow No: **10366-JD**

The undersigned association or its agents advise that as of this date: _____

1. Association Dues or fees are presently \$ 500.00 per MONTH and are now paid to VILLA ITALIA HOA and due next AUGUST 1, 2020.
2. Outstanding or delinquent fees or dues have now accrued in the amount of \$ -0- covering the period of N/A.
3. Late charges, if any, are \$ 25.00 per _____ after payment is REC'D AFTER 15th days late. OF THE MONTH
Accrued late charges \$ -0- covering N/A.
4. Transfer fee \$ 350.00 PAYABLE TO MARK P. RILEY, INC.
5. Blanket hazard insurance on the buildings, if applicable is with _____ telephone number is _____
6. Hazard insurance on unit is carried separately by unit owner. Yes ☐ No ☐

By JOCELYN WINKLER

Phone No: (858) 268-2242

ADDRESS:

7585 RONSON ROAD
SUITE 101
SAN DIEGO, CA 92111

ASK
MR. CAFFEY

Villa Italia HOA
Annual Meeting
Agenda
September 12, 2018

Present: Patrick Caffey, President, Sally Burgess, Vice President, Josefina Lucero, Secretary, Peter Sayne-Wittgenstein, Member, David Waldman, Member

The meeting was called to order at 6:00 PM

- I. Following a motion, the minutes of the previous meeting (4-19-2018) were approved.

- II. Old Business and Updates

- A. Plumbing

1. Wide ranging discussion followed a description of several drain stoppage events involving non-owner residents.

This issue is related to other circumstances in which the renters only relate to agents of the owner and apparently are informed of none of the requirements of the by-laws of the HOA for living in Villa Italia. This includes the requirement for registration of vehicles, awareness of "House Rules" and No subleasing, etc. It is the responsibility of the owners in making arrangements for leasing their units that the agent understand and see that the renters are aware of the requirements for living in the condominium. In addition, the owner is directly responsible for the upkeep and functioning of his or her unit.

2. The Board gave permission for plumbing cleanout at the end of October.

- B. Roof

1. Peter was complimented on the recent roof repairs and cleanup.
 2. Unit 8 Owner complained of bird droppings on skylights and some difficult to reach windows.
 - a. Will seek a person familiar with seagull nesting to assess and if necessary, correct the situation.
 - b. Will have someone clean the skylights.

C. Termites: No indication of problems at this time.

D. Landscaping

1. The lawn lights, recently enhanced by lighting the entrance steps and controlled by a photocell, have been lighted during the day. Peter will follow up and have adjustments performed.

2. After discussing landscaping, it was decided to delay changes for now.

E. HOA monthly assessment

1. The monthly assessment will increase \$50.00 January 1, 2019. (Total \$500.)

2. Reminder will be sent to owners December 1, 2018.

III. Courtyard – Entrance Renovation

A. Choices of materials and plans were made by a subgroup of the Board.

1. Several down payments have been made.

2. Replacement of the front steps to begin 9-19-18.

3. Residents to be notified of potential disruption to entrance and exits.

IV. New Business

A. Financial report

1. Financial activity of previous year was reviewed.

2. Proposed 2018-19 Budget reviewed and approved.

3. Financial outlook and status discussed.

B. Obtaining interest on bank account discussed.

1. Peter will look into

2. Will discuss with our accountant.

Pat Caffey, President



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME:	
	PHONE (A/C, NO, EXT):	FAX (A/C, NO):
	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	
INSURED	NAIC #	
	INSURER A:	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
INSURER F:		

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAME ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDTL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	\$	
	<input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR						DAMAGE TO RENTED PREMISES (Ea Occurrence)	\$	
							MED EXP (Any one person)	\$	
							PERSONAL & ADV INJURY	\$	
							GENERAL AGGREGATE	\$	
							PRODUCTS - COMP/OP AGG	\$	
								\$	
	GEN'L AGGREGATE LIMIT APPLIES PER:						COMBINED SINGLE LIMIT (Ea accident)	\$	
	<input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC						BODILY INJURY (Per person)	\$	
	OTHER:						BODILY INJURY (Per accident)	\$	
							PROPERTY DAMAGE (Per accident)	\$	
								\$	
								\$	
	AUTOMOBILE LIABILITY						EACH OCCURRENCE	\$	
	<input type="checkbox"/> ANY AUTO						AGGREGATE	\$	
	<input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY							\$	
	UMBRELLA LIAB						PER STATUTE	OTHER \$	
	EXCESS LIAB								
	DED						RETENTION \$		
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						E.L. EACH ACCIDENT	\$	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)						Y/N <input type="checkbox"/> N/A	E.L. DISEASE - EA EMPLOYEE	\$
	If yes, describe under DESCRIPTION OF OPERATIONS below							E.L. DISEASE - POLICY LIMIT	\$

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Villa Italia Homeowners Association
Annual Meeting
Minutes
September 21, 2017

PLEASE NOTE; IT IS VERY IMPORTANT TO READ THE MINUTES.
THERE IS AN ASSESSMENT INCREASE BEGINNING JANUARY 1, 2018.

Attendees

President	Pat Caffey
Vice President	Sally Burgess
Secretary	Josie Sayn-Wittgenstein Peter Sayn-Wittgenstein

The meeting was called to order at 5:30 PM

- I. Following a motion, the minutes of the previous meeting were approved.
- II. Updates and plans for the next year.
 - A. The sump in the garage was replaced last winter during the rainy weather.
 1. The Board approved a plumbing cleanout to take place this fall.
 - B. Painting the walkways on second and third floors has been completed.
 - C. The Board was informed that the stain, possibly with mildew, on the façade was caused by a leak from the roof – Will continue to seek a repairman to remedy the situation and some cleaning and painting will be required.
 - D. The back door replacement has been completed.
 - E. There was a lengthy discussion with respect to landscaping, which is complicated by SDG&E requirement that two trees be removed to prevent interference with power lines. Other problems were noted, upgrading the grass, selection of plants, and removal of other trees. From previous estimates, \$2-4 thousand may be required to complete this undertaking. Sally will follow up, which will include coordinating efforts with Pat and Peter.
 - F. The security camera system has been completed. A new lock will be installed on the utility door where the base system has been placed.

- G. The longstanding problem with the outdated and unattractive courtyard was again discussed at length. The Board agreed that more extensive renovation is needed. Numerous owners have also indicated this to be overdue.

Peter Sayn-Wittgenstein has obtained proposals for the renovation in \$12 thousand range, which the Board determined to be reasonable considering the amount and quality of work involved. Owners will be invited to have a voice in the choice of color and style of tile used in the process. Peter will continue to pursue this endeavor.

- H. There were no recent complaints about mailboxes.

- I. Termite inspection occurred recently in which two minor instances were found and have been treated.

III. The financial status of the Association was presented in the form of a report comparing the actual income and expenses for the previous year with the budget of the previous year and the proposal for the coming year.

- A. After discussion the budget for the next year was approved.

- B. During the budget discussion, the amount of reserve was noted to be \$27 thousand available for repairs and renovations, which will be required in the future. Following are points that were made.

1. The renovation of the courtyard and entrance complex with cost in the range of \$12 thousand,
2. Replacements and upgrading landscaping \$2-4 thousand,
3. The first roof lasted less than 20 years and its replacement cost was \$25 thousand and this was about 15 years ago.
4. The need for overall painting of the building may be further in future, but it was expensive in the past.
5. Intermittent minor repairs also add up and there is now a need for handyman work. This past year \$3.5 thousand was spent on repairs.
6. Also, importantly, our operational expenses have increased significantly over the past 13 years, including utilities, insurance, re-cycling and other services.

- C. As Part of the overall look at present finances and future needs, we were reminded that our monthly assessment is considered by some to be the least in the City of San Diego. Moreover, it has been noted that our monthly assessment has not increased in 13 years.

As a result of the foregoing, a motion was made to increase our monthly assessment to \$100 in two \$50 segments. Beginning January 1, 2018 the monthly assessment will be \$450. Beginning January 1, 2019, the monthly assessment will be \$500. This motion was approved.

IV. The meeting was adjourned.

Pat Caffey, President

Villa Italia HOA
2020 Annual Meeting and Financial Review
9-29-2020
Unit 2, Villa Italia

The meeting was called to order at 6:00 PM

Present: Pat Caffey, President; Sally Burgess, Vice President; Josefina Lucero, Secretary; and Peter Sayn-Wiigenstein, member. An open phone line was in operation, but no feedback was obtained.

The minutes of the previous meeting were approved.

Old Business

A. Plumbing

1. Fewer units have been occupied than usual over the past 6 months and almost no rain so our trouble spots have not been tested. Problems with leaks from two west-facing patios are being addressed.

B. Elevator

1. Elevator service is now being provided by San Diego Elevator, a company that was found by Peter and has resulted in reduced costs.

C. Waste management

1. Edco is now providing our waste management services. This is another company found by Peter and at a reduced cost and so far with better service.
2. Ways to stabilize the recycle bin are being discussed.

D. Renter issues

1. The subcommittee on rules and penalties reported that there are legal concerns which complicate making those decisions. Avenues to gain such information were discussed and will be looked into.

E. The Building

1. Over the past year or so, considerable has been done in both effort and expense to improve and update the building, but the Board agrees more attention to the overall appearance is needed.

- a. Stairways
Peter has several bids to clean and paint the stairways. The President would like to get one more bid. Also, the 2nd & 3rd floor runway stair doors are not appropriate for outside doors.
- b. Regarding the fence at the back of the building: About 10 years ago, the manager of the neighboring buildings approached previous Board members about working together on a replacement fence. However no such contacts have occurred in recent years. Possibility to paint our side is available.

F. Review of Finances

- 1. Jocelyn provided a breakdown of income and expenses in relationship to the approved budget. A proposal budget for 2020-2021 is also included. A copy is attached.
- 2. After review, the proposed budget was approved.

The meeting was adjourned.

Homeowners' Association New Budget 2020-2021

		Budget	Actual Income/Expense	Budget
		Aug 1, 2020 - July 31, 2021	Aug 1, 2019 - July 31, 2020	Aug 1, 2019 - July 31, 2020
Mo. Member Assessments- \$375x 9x12		\$40,500	\$40,500	\$40,500
	Late Fees			
Total Income		40,500	40,500	40,500
Expense				
General Expenses				
	Annual Tax Return Prep.	460	460	450
	Bookkeeping	4,200	4,200	4,200
	Filing Fees - IRS/FTB/SOS Forms		35	
	Insurance	6,088	5,928	5,816
	Miscellaneous		177	
	PO Box Fee	154	154	140
Total General Expenses		10,902	10,954	10,606
Repairs and Maintenance				
	Backflow Test, annual	59	59	59
	Cleaning Contract	1,755	1,755	1,690
	Elevator Contract	1,800	2,586	3,048
	Elevator 5-year Load Test (last test 2018)	n/a		
	Fire Alarm Service/Test, annual	250	250	200
	Fire Extinguisher Serv. Annual	52	52	52
	Gardening Contract	2,640	2,640	2,640
	Landscaping, general	700	700	
	Pest Control Contract	1,197	1,197	1,197
	Plumbing	300	546	300
	Repairs & Replacements (covered by Reserve)		15,101	
	Repairs & Replacements (covered by Reserve)		-15,101	
	Repairs and Replacements	1,500	2,893	300
Total Repairs and Maintenance		10,253	12,678	9,486

Villa Italia Homeowners' Association
New Budget
2020-2021

				Budget	Actual Income/Expense	Budget
				Aug 1, 2020 - July 31, 2021	Aug 1, 2019 - July 31, 2020	Aug 1, 2019 - July 31, 2020
			Utilities			
			Gas & Electric	4,800	4,575	4,625
			Telephone (elevator)	867	799	790
			Trash Removal	2,100	15,149	15,940
			Water	6,000	6,340	6,600
			Total Utilities	13,767	26,863	27,955
			Total Expense	\$34,922	\$50,495	\$48,047
			Net Income	\$5,578	-\$9,995	-\$7,547
			OPERATING ACCOUNT			
			Beginning 8/1 Balance	\$1,016	\$7,636	\$7,636
			Net Income	5,578	-9,995	-7,547
			Reserve portion of HOA \$ 1,125 /mo x 3 mos used to cover operating expenses	-3,375	3,375	
			Prepaid Mo. Assessment			
			Budgeted Ending Balance (must maintain \$5000min)	\$3,219	\$1,016	\$89
			RESERVE ACCOUNT			
			Beginning 8/1 Balance	\$24,610	\$29,586	\$29,586
			Reserve Income = \$125x9x9 mos (no transfer `for May, Jun, Jul)	\$3,375	\$10,125	
			Reserve Income = \$125x9x12	13,500.00		13,500.00
			Transferred to Operating Account for Repairs covered by Reserve		-15,101	
			Total Reserve Fund Ending Balance	\$41,485	\$24,610	\$43,086