

FIRST AMERICAN TITLE COMPANY of LOS ANGELES  
 WHEN RECORDED MAIL TO:

HERBERT J. STRICKSTEIN LAW CORPORATION  
 2049 Century Park East - Suite 1200  
 Los Angeles, California 90067

(213) 553-4888

This is to certify that the attached is a true and correct copy of the covenants, conditions and restrictions recorded 11-21-85 as Instrument No. 85-1387540 Official Records.  
 FIRST AMERICAN TITLE COMPANY of LOS ANGELES  
 By Arnelia F. Ross

INDEX OF DECLARATION OF ESTABLISHMENT OF  
 COVENANTS, CONDITIONS AND RESTRICTIONS  
 STONEMAN ESTATES CONDOMINIUM  
 LOS ANGELES, CALIFORNIA

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Los Angeles, California 90067

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DECLARATION OF ESTABLISHMENT OF COVENANTS, CONDITIONS AND RESTRICTIONS  
STONEMAN ESTATES CONDOMINIUM  
TRACT 40854  
LOS ANGELES, CALIFORNIA

THIS DECLARATION is made this 8th day of November, 1985, by STONEMAN CORPORATION, A CALIFORNIA CORPORATION, hereinafter referred to as "Declarant," with reference to the following:

A. On or about the date of recordation of this Declaration in the Office of the Los Angeles County Recorder, Declarant owns that certain real property, commonly known as Stoneman Estates Condominium, located at 14200 Foothill Boulevard (Sylmar), in the City of Los Angeles, County of Los Angeles, State of California, improved with thirty-four (34) units, and with the property, improvements and all appurtenances and facilities thereof, being hereinafter collectively referred to as the "project," all of which is hereinafter more particularly described as follows:

Lot 1 of Tract 40854, as per Map recorded in Book 1055, Pages 52 and 53 of Maps, in the Office of the Los Angeles County Recorder (the "property").

B. It is the desire and intention of Declarant to sell and convey interests in said real property to various individuals, subject to certain basic protective restrictions, limitations, easements, covenants, reservations, liens and charges between Declarant and the acquirers or users of said property, as hereinafter set forth.

NOW, THEREFORE, pursuant to the provisions of Chapter 1. of Title 6., Part 4. of Division 2nd and Section 1468 of the California Civil Code, Declarant hereby declares that the property, improvements, appurtenances and facilities described herein and as shown on the Condominium Plan recorded in connection with the project, shall be held, conveyed, divided, encumbered, hypothecated, used, leased, occupied and improved only and subject to the following uniform covenants, conditions, restrictions, limitations, easements, rights, rights of way, liens, charges and equitable servitudes, all of which are hereby declared, established, expressed and agreed to: (i) be in furtherance of a plan for the subdivision and sale of individual condominiums in a condominium project as defined in Section 1350 of the Civil Code; (ii) be for the benefit and protection of the project, its desirability, attractiveness and value; (iii) be for the benefit of

owners of condominiums in the project; (iv) run with the land and be binding upon all parties having or acquiring any right, title or interest in the project or any portion thereof; (v) inure to the benefit of every portion of the project and any interest therein; and (vi) inure to the benefit of and be binding upon each successor and assignee of each owner and of Declarant.

Any conveyance, transfer, sale, lease or sublease made by Declarant or by the Association (as hereinafter defined) of a unit in the project, shall and hereby is deemed to incorporate by reference the provisions of this Declaration, including, without limitation, covenants, conditions, restrictions, limitations, easements, rights, rights of way, liens, charges and equitable servitudes.

The provisions of this Declaration shall be enforceable by Declarant, any owner or his or its successor in interest and by the Stoneman Estates Condominium Association, Inc., its Board of Directors or any person, firm or corporation duly authorized by said Association or its Board to enforce all or any one or more of the provisions hereof.

## ARTICLE I

### DEFINITION OF TERMS

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

Section 1.01. "Articles," shall mean the Articles of Incorporation of Stoneman Estates Condominium Association, Inc., a California non-profit mutual benefit corporation, as said Articles may be amended from time to time.

Section 1.02. "Assessment," shall mean an assessment, whether regular or special, against an owner and his condominium, made in accordance with the provisions of this Declaration and which shall become a debt of such owner and be deemed to have been "made" within the meaning of Section 1356 of the Civil Code when such assessment is entered on the assessment roll described in Article VI (Assessments) hereof, and notice thereof has been mailed or delivered to the owner of the condominium so assessed.

Section 1.03. "Association," shall mean a nonprofit mutual benefit corporation consisting of all owners of condominiums in the project, which entity shall have the duty of maintaining, operating and managing the Common Area of the project in the manner and to the extent provided for herein. Each owner of a condominium shall automatically become a member of the Stoneman Estates Condominium Association, Inc. contemporaneously with the acquisition of his condominium without further documentation of any kind.

Section 1.04. "Board and/or Board of Directors," shall mean the governing body of the Association.

Section 1.05. "Bylaws," shall mean the duly adopted Association Bylaws, as the same may be amended from time to time.

Section 1.06. "Common Area," shall mean the land and real property including all improvements constructed thereon within the boundary lines of Lot 1 of Tract 40854, as per Map recorded in the Office of the Los Angeles County Recorder, excepting those portions shown as Units 1 to 34 inclusive on the Condominium Plan for said Lot 1 of Tract 40854, a copy of which Condominium Plan is attached hereto as Exhibit "A." All landscaped Common Area open space in the project constructed by Declarant, shall remain a grassy lawn area as required by the City of Los Angeles.

Section 1.07. "Common Funds," shall mean all funds collected or received by and/or due and payable to the Association, its Board, officers, the manager, if any, or any duly authorized representative of the Association for use in the administration, operation, maintenance, repair, addition, alteration or reconstruction of all or any portion of the Common Area.

Section 1.08. "Condominium," shall mean a condominium as defined in Section 783 of the Civil Code and shall be an estate in real property consisting of: (i) a separate fee interest in the airspace and interior surfaces in a unit within the residential building, as more particularly shown on the Condominium Plan; and (ii) an undivided 1/34th interest as a tenant-in-common in Common Area Lot 1 of Tract 40854, as more particularly set forth on Exhibit "B" hereto.

Section 1.09. "Condominium Plan," shall mean that certain plan recorded pursuant to Civil Code Section 1351, in the Office of the Los Angeles County Recorder and depicting the buildings, units and other specific areas created in connection with the project, a copy of which Condominium Plan is attached to this Declaration as Exhibit "A" and made a part hereof.

Section 1.10. "Institutional Holder of First Mortgage," shall mean a bank or savings and loan association or established mortgage company or other entity chartered or licensed under federal or state laws whose principal business is lending money on the security of real property, or any insurance company or any federal or state agency. A "first mortgage" or "first mortgagee," is one having priority as to all other mortgages or holders of mortgages encumbering the same condominium or other portions of the project.

Section 1.11. "Member," shall mean every person or entity who holds membership in the Association.

Section 1.12. "Mortgage," shall mean and refer to a deed of trust as well as a mortgage.

Section 1.13. "Mortgagee," shall mean and refer to a beneficiary under or a holder of a mortgage, as well as a mortgagee.

Section 1.14. "Organizational Meeting," shall mean the first meeting of owners which shall occur within forty-five (45) days after the close of escrow of the first unit in the project which represents the fifty-first (51st) percentile interest authorized for sale under the first Public Report, but no later than six (6) months after the close of escrow of the first unit in the project, at which meeting, a Board of Directors shall be elected by secret written ballot of the owners and all positions on the Board shall be filled.

Section 1.15. "Owner," shall mean the record fee title holder or contract purchaser under a contract of sale of a condominium in the project.

Section 1.16. "Project," shall mean the real property, divided or to be divided into condominiums, including all structures and improvements thereon.

Section 1.17. "Unit," shall mean a unit as defined in Section 1350(2) of the Civil Code, being the elements of a condominium which are owned individually and not in common with owners of other elements of the project, such units and their respective elements and boundaries being shown and delineated on the Condominium Plan, a copy of which Plan is attached hereto as Exhibit "A."

## ARTICLE II

### DESCRIPTION OF LAND AND IMPROVEMENTS RIGHTS OF ENJOYMENT AND EASEMENTS

Section 2.01. Condominium Plan Best Authority.

In the event of any conflict between the information set forth in Section 2.02. below and the Condominium Plan, the Condominium Plan shall be deemed to conclusively control.

Section 2.02. Property Description.

The property consists of Lot 1 of Tract 40854, in the City of Los Angeles, County of Los Angeles, State of California as per Map recorded in the Office of the Los Angeles County Recorder. The hereinbefore described real property consists of an irregularly-shaped plot of land, approximately 2.7 acres in size, located at 14200 Foothill Boulevard, Sylmar, California. Construction has been or will be completed on said land and improvements, consisting basically of six (6) building(s) containing thirty-four (34) units, together with sixty-eight (68) garage parking spaces which constitute part of the unit and seventeen (17) open guest parking spaces which are part of the Common Area. Common facilities shall consist of landscaping, drives, a swimming pool, spa, rest rooms, fences, walls, lighting and a volleyball court.

There is no guaranty that this project will be completed or that the number of condominiums or amenities in this project will be developed as described herein. The development of the project will be consistent with the overall development plan submitted to and approved by the Veterans Administration.

Section 2.03.            Description of Individual Condominium.

Each condominium within the project which shall be offered for sale, shall consist of a fee simple interest in and to a particular unit, together with an undivided 1/34th interest as a tenant-in-common in the Common Area, as set forth on Exhibit "B" hereto, the unit more particularly shown and delineated on the Condominium Plan, Exhibit "A" hereto.

Section 2.04.            Parking.

Those parking spaces which constitute part of a unit, shall be used solely for the parking of personal vehicles and may not be leased, subleased, sold or given to others not a resident of a unit within the project. The seventeen (17) open guest parking spaces are intended for temporary guest parking and may not be used by a unit owner or his tenant on a regular permanent basis.

Section 2.05.            Delegation of Use.

Any owner may delegate his rights of use and enjoyment in the project, including the Common Area and facilities, to members of his family, his guests and invitees and to such other persons as may be permitted by this Declaration. However, if an owner has sold his unit to a contract purchaser or leased his unit, the owner, members of his family, his guests and invitees shall not be entitled to the use and enjoyment of the Common Area and facilities and may delegate the rights of use and enjoyment in the same manner as if such contract purchaser or tenant were an owner during the period of his occupancy.

Section 2.06.            Non-Exclusive Easements of Use and Enjoyment.

Every owner of a unit shall have a non-exclusive easement of use and enjoyment in, to and throughout the Common Area and for ingress, egress and support over and through the Common Area. Each such non-exclusive easement shall be appurtenant to and pass with the title to every unit, subject to the following rights and restrictions:

(a) The right of the Association to borrow money to improve, repair and/or maintain the Common Area;

(b) The right of the Association to charge reasonable fees for the use of any facilities situated on the Common Area;

(c) The right of the Association, through its Board, to impose monetary penalties, temporary suspension of an owner's rights as a member of the Association or other appropriate discipline for the failure to comply with the provisions of this Declaration, the Bylaws or the duly enacted rules and regulations for the operation and use of the Common Area and facilities, subject to the notice and hearing provisions set forth in Article IV, Section 4.05. hereinafter.

Section 2.07.            Encroachment Easements.

The owners of each unit are hereby granted an easement over all adjoining units and the Common Area for the purpose of accommodating any minor encroachments due to engineering errors, errors in original construction, settlement or shifting of any building, or any other cause. There shall be easements for the maintenance of said encroachments so long as they shall exist and the rights and obligations of owners shall not be altered in any way because of the encroachment, settlement or shifting; provided that, in no event shall an easement for encroachment be created in favor of any owner if the encroachment occurred due to his willful misconduct. In the event any portion of the buildings are partially or totally destroyed and then rebuilt, each owner agrees that easements for minor encroachments (and for the maintenance of same) over all adjoining units and the Common Area shall exist so long as the encroachment exists.

Section 2.08.            Easements Granted by Association.

The Association shall have the right and power to grant and convey to any third party, easements and rights of way in, on, over or under the units and the Common Area for the purpose of construction, erection, maintenance, repair, replacement, removal and inspection of present and future pipelines, meters and related facilities, lines, cables, wires or other conduits or devices for water, electricity, power, telephone and other purposes and any other similar public or quasi-public improvements or facilities, and each purchaser, by acceptance of a deed to his unit, expressly consents to such easements. However, no such easement shall be granted if it would interfere with the use, occupancy or enjoyment by any owner of his unit.

ARTICLE III

USE RESTRICTIONS

Section 3.01.            Residential Use.

No owner shall occupy or use his unit or permit the same or any portion thereof, to be occupied or used for any purpose other than residential. No industry, business, trade, occupation or profession of any kind, whether commercial or otherwise designed for profit, shall be conducted, maintained or permitted in any unit. However, the lease by an owner of his unit for residential purposes shall not be deemed to constitute a non-residential use by such owner.

Section 3.02.            Leasing or Renting of Condominium.

Nothing in this Declaration shall prevent an owner from leasing or renting his condominium but not on a "time-share" or transient basis. Any lease or rental agreement shall be in writing and shall provide that the tenant shall abide by and be subject to all provisions of this Declaration, the Bylaws and Association rules. Any lease or rental agreement must specify that failure to abide by such

Provisions shall be a default under the lease or rental agreement. Any owner leasing or renting his condominium shall additionally:

(i) be liable to the Association for all obligations contained in this Declaration, including the obligations to pay assessments in respect to his condominium;

(ii) be liable to and responsible to the Association for any violation of this Declaration, the Bylaws or Association rules, committed by his renter or lessee (or any persons entering his condominium with the permission of or at the request of his renter or lessee);

(iii) be deemed to have agreed, in connection with such renting or leasing, that upon being requested so to do by the Association he will forthwith and immediately take such action or actions including the institution of proceedings in unlawful detainer in respect to his renter or lessee as may be necessary or required to cause such renter or lessee to fully comply with each and all of the terms and provisions of this Declaration, the Bylaws, Association rules, and resolutions of the Board (and, upon failing to take such action or actions, the Board upon behalf of the Association may then take such action or actions, including the institution of proceedings in unlawful detainer, if required, against such renter or lessee, and the costs of all such action or actions taken by the Association, including reasonable attorney's fees and costs of suit shall be charged to such owner and the Association may obtain reimbursement therefor by any remedy set forth in this Declaration or at law); and

(iv) be deemed to have agreed to save, hold harmless, indemnify and defend the Association of and from any and all claims, demands, actions, causes of action, liabilities, damages and expenses arising out of, or incurred as a result of, the leasing or renting by such owner of his condominium, together with all costs and expenses including reasonable attorney's fees resulting therefrom.

Prior to renting or leasing his condominium, an owner shall obtain and deliver to the Board from his proposed renter or proposed lessee a written statement to the effect that such renter or lessee agrees to be bound by, and abide by, each and all of the terms and provisions of this Declaration, the Bylaws, Association rules and resolutions of the Board, which written statement may, if such owner desires, be contained in the written rental agreement or lease.

### Section 3.03. Maintenance of Units.

Each owner shall maintain, in good repair, the interior of his unit and shall have the responsibility for the maintenance and repair of glass, doors leading to the Common Area, locks and screens and shall have the exclusive right, at his sole cost, to paint, paper, drape, carpet and tile and otherwise refinish and decorate the inner surfaces of the walls, ceilings, windows, floors and doors bounding his unit, subject to the following provisions:

(a) Draperies.

Curtains, draperies and any other materials subject to view from the exterior of the building shall be of a uniform building color, so as to preserve the aesthetic integrity and attractiveness of the project as a whole.

(b) Sound Systems.

Sound system loudspeakers shall not be rigidly attached to the ceilings, walls, shelves or cabinets so as to introduce vibrational energy into the unit. Suitable mounting and/or vibrational isolation shall be incorporated to preclude such occurrence.

(d) Patio Restrictions.

No portion of any patio shall be enclosed in any manner whatsoever, nor shall any structure, hot-tub, shade, screen, awning, hanging plants or other devices be attached thereto without the prior approval of the Board.

Section 3.04. Distinguishing Maintenance Responsibilities.

With respect to the maintenance, repair and/or replacement of all furnishings, fixtures, equipment and machinery not owned by or under the control of the Association nor owned solely by any owner, including but not limited to carpeting, other floor coverings, drapes, blinds, shutters, shades, curtain rods or devices, plumbing fixtures, electrical fixtures, electric outlets and/or switches, gas or electric heaters, hot water heaters, furnaces, gas or electric air conditioners or coolers, thermostats or other controls, humidifiers, fans, gas or electric ovens or ranges, gas or electric refrigerators, gas or electric washers or dryers, wires, pipes, conduits, vents, flues, dampers, locks, windows (glass or otherwise), security or warning devices, railings, cabinets, countertops, tile, plaster or plaster board, door, window, cabinet and other hardware, the following rules shall apply:

(a) To the extent that the same is situate within the boundaries of any unit and is intended by size, design, capacity and location primarily for the use of the occupants thereof and to service a particular unit, the owner of the unit shall conduct such maintenance, repair and replacement and shall bear the cost and expense of the same without reimbursement by the Association or any other owner, provided that such owner shall be entitled to the benefit of the proceeds of any insurance policy insuring damage or destruction thereof under Article IX, or otherwise.

(b) To the extent that the same is situate in the Common Area(s), outside the boundaries of a unit, and is intended by size, design, capacity and location to service more than one unit or is so intended for the use and convenience of all of the owners, the Association shall conduct such maintenance, repair and/or replacement of its cost and expense without reimbursement from any owner.

(c) Notwithstanding anything to the contrary herein for all other purposes, except as the same may have been separately acquired by any owner, all such furnishings, fixtures, equipment and machinery shall nevertheless be deemed a part of and included in the Common Area(s).

(d) In the event of any dispute as to the meaning or intent of or as to whether an owner or the Association shall be liable for the maintenance, repair or replacement of any of the furnishings, fixtures, equipment or machinery contemplated under this Section 3.04., the determination of the Board shall be conclusive as to all owners.

Section 3.05. No Offensive Activity.

No owner shall permit or suffer anything to be done or kept on the project premises which shall obstruct or interfere with the rights of other owners or annoy them by unreasonable noises; nor shall he commit or permit any illegal act thereon. Each owner shall comply with all applicable ordinances and statutes and with the requirements of local and/or state boards of health with respect to the use and occupancy of his unit.

Section 3.06. Signs.

The owner of a unit, or his agent, may display a sign advertising his unit for sale or lease, which sign shall be of a professional type and of dignified appearance and placed in a location on the Common Area as designated by the Board. Nothing contained in this section shall prohibit or restrict Declarant's right to construct such promotional signs or other sales aids on or about the project premises or to use a unit as a model; provided that, such use shall not unreasonably interfere with the use of the Common Area by the unit owners; and provided that such use shall terminate no later than four (4) years after the original issuance of the Final Public Report.

Section 3.07. Exterior Alteration.

The Board or its duly authorized agent shall have the exclusive right to paint, repair, maintain, alter or modify the exterior door surfaces, exterior of balconies, railings, roof and all installations and improvements relating to the Common Area and no owner shall be permitted to do or have done any such work. The restrictions set forth in this section shall not apply to the initial construction of the project or renovation of improvements thereto made by Declarant.

Section 3.08. Liability of Owners.

Subject to the provisions of Article IV, Section 4.05. of this Declaration, each owner shall be liable to the Association for any damage to the Common Area and facilities to the extent such damage is not covered by insurance carried by the Association and to the extent such damage is determined to be the owner's fault. Such owner shall be assessed by the Board for the costs of repair or replacement, together with costs and attorney's fees, such

assessment to be due and payable within thirty (30) days after receipt of the owner of the statement of costs due. In the case of joint ownership of a unit, liability shall be joint and several.

Section 3.09. Personal Injury.

In the event of personal injury or property damage sustained by any one person while physically within the unit of any other owner and in the further event any other owner shall be sued or a claim made against him for injury or damage, the owner of the unit in which the injury or damage occurs shall indemnify and hold harmless any such other owner against which a claim may be made and shall further defend any such other owner, at his own expense (to the extent such expense is not covered by insurance) in the event of litigation of the claim; provided that, such protection shall not extend to any other owner whose own negligence or willful misconduct may have caused or contributed to the cause of the injury or damage.

Section 3.10. No Restrictions.

No owner shall execute or record any instrument which imposes a restriction on the sale, lease or occupancy of his unit on the basis of race, color, national origin, ancestry, sex, religion, marital status, physical disability or adulthood.

Section 3.11. No Drilling/Mining Operations.

The use of any portion of the property for drilling operations, mining or quarrying of any kind, including without limitation, oil well drilling, boring for water or mining operations of any kind, is prohibited.

Section 3.12. Antennas.

Unless the Board otherwise approves, no projections of any type shall be placed or permitted on the roof of any building and no outside television or radio pole or antennae or other electronic device shall be constructed, erected, connected or maintained on any building or on any property within the project in such manner as to be visible from the exterior of the building.

Section 3.13. Parking Restrictions.

No commercial vehicle, trailer, camper, boat or similar-type vehicle shall be permitted to remain on any portion of the Common Area, except for those areas designated as guest parking for a period not exceeding twenty-four (24) hours. No owner shall park his vehicle or allow his guests and/or tenants to park their vehicles in any space other than that conveyed to the owner or spaces designated as guest parking. No automobile or other vehicle repairs shall be permitted on any portion of the Common Area, except in the case of emergency repair.

Section 3.14.

Pets.

No animals, livestock, reptiles or poultry shall be kept in any unit, except that one (1) dog not exceeding twenty (20) pounds in weight, or one (1) cat, or fish and birds (in inside bird cages) may be kept as household pets. Subject to the provisions of Article IV, Section 4.05., the Association shall have the right to prohibit the maintenance of any pet which constitutes a nuisance to any other owners. Pets belonging to owners, occupants or their guests, tenants or invitees within the project, must be kept either within the confines of the unit or on a leash when within any portion of the Common Area. If any pet belonging to an owner is found unattended outside of the unit, the pet may be removed by the local animal shelter. However, if the owner of the pet can be readily identified, a reasonable attempt must be made to notify the owner prior to the pet being removed from the project premises. Every owner shall be liable to each and all remaining owners, their family members, guests and invitees, for any unreasonable noise, injury to person or damage to property caused by any pet brought or kept within the project, by any owner, member of his family or guests. It shall be the responsibility and duty of each owner to clean up after his pet which has used any portion of the Common Area.

Section 3.15.

Child Provision.

Each owner shall be accountable to the remaining owners for the conduct and behavior of children residing in or visiting in his unit.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS  
NOTICE AND HEARING

Section 4.01.

Membership.

Every person or entity who is an owner of a unit which is subject by these covenants to assessments by the Association, shall be a member of the Association. Membership and the right to vote shall be appurtenant to and may not be separated from the fee ownership of any unit which is subject to assessment by the Association. Ownership of a unit within the project shall be the sole qualification for membership in the Association.

Section 4.02.

Transfer of Membership.

The Association membership appurtenant to each unit shall not be assigned, transferred, pledged, conveyed or alienated in any way, except on the transfer of title to the unit and then only to the transferee of title to the unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a unit shall operate automatically to transfer the membership in the Association appurtenant hereto to the new owner thereof. The Board shall have authority to

Use a reasonable transfer fee in connection with the transfer of any membership on the transfer of title to any unit.

Section 4.03. Control of Common Area.

The Common Area shall be controlled by the owners in common through their membership in the Association. The Association shall have the responsibility of managing and maintaining or causing to be managed or maintained, all of the Common Area, as hereinafter provided.

Section 4.04. Voting Rights.

The Association shall have two (2) classes of voting membership, as follows:

Class A.

Class A membership shall be that held by each owner of a unit, other than Declarant, and each Class A member shall be entitled to one (1) vote for each unit owned. If a unit is owned by more than one person, each such person shall be a member of the Association but there shall be no more than one (1) vote for each unit.

Class B.

Class B membership shall be that held by Declarant who shall be entitled to three (3) votes for each unit owned; provided that, Class B membership shall be converted to Class A membership and shall forever cease to exist on the occurrence of whichever of the following events is first in time: (i) the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or (ii) the second anniversary of the original issuance of the Final Public Report for the project.

The voting rights of each class of membership shall be subject to the restrictions and limitations provided in this Declaration, the Articles and Bylaws.

Section 4.05. Notice and Hearing.

(a) Association Enforcement Rights.

In the event of an alleged violation of the provisions of this Declaration, the Bylaws or duly enacted rules and regulations for the operation and use of the Common Area and facilities, and after written notice of such alleged failure is delivered, personally or by certified mail to the owner ("respondent") alleged to be in default, the Association shall have the right, after affording the respondent an opportunity for an appropriate hearing (as hereinafter provided) to take any one or more of the following actions: (i) suspend an owner's voting privileges as an owner; (ii) impose a monetary penalty which shall not exceed Twenty-Five (\$25.00) Dollars for any one violation or Five Hundred (\$500.00) Dollars in any one calendar year. Any such suspension pursuant to (i) above shall be for

Period not exceeding thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction (including non-payment of assessment after the same become delinquent) may be imposed for so long as the violation continues. The failure of the Board to enforce the provisions of this Declaration, the Bylaws or duly enacted rules and regulations for the operation and use of the Common Area and facilities shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and as otherwise provided in this Declaration, shall be cumulative and none shall be exclusive. However, the Board must exhaust all available internal remedies of the Association prescribed by this Declaration, the Bylaws or duly enacted Association rules and regulations, before the Board may resort to a court of law for relief with respect to any alleged violation; provided that, the foregoing limitation pertaining to exhaustion of administrative remedies shall not apply to the Board where the complaint alleges nonpayment of assessments.

(b) Written Complaint.

A hearing to determine whether a right or privilege of the respondent should be suspended or conditioned, or whether a monetary penalty should be imposed shall be initiated by the filing of a written complaint by any owner, or by any officer or member of the Board, with the President of the Association or other presiding member thereof. The complaint shall constitute a written statement of charges which shall set forth in concise language the acts or omissions with which the respondent is charged and a reference to the specific provision(s) of this Declaration, the Bylaws or duly enacted Association rules and regulations for the operation and use of the Common Area and facilities which the respondent is alleged to have violated. A copy of the complaint shall be delivered to the respondent in accordance with the notice provisions set forth below.

(c) Notice of Hearing.

The Board shall serve a written notice of hearing on all parties at least fifteen (15) days prior to the hearing date. The notice to the respondent shall be substantially in the following form, but may include other information:

"You are hereby notified that a hearing will be held before the Board of Directors of the Association at \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at the hour of \_\_\_\_\_ upon the charges made in the complaint served upon you. You may be present at the hearing and may, but need not be represented by counsel, may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to request the attendance of witnesses and the production of books, documents or other items by applying to the Board of Directors."

(d) Hearing.

The hearing shall be held in executive session pursuant to the notice, affording the respondent a reasonable opportunity to be heard. Prior to the effectiveness of any sanction,

proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery is entered by the officer or director who delivered or mailed the notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. 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 or monetary penalty.

(e) Limitation on Association Enforcement Rights.

Notwithstanding the foregoing enforcement rights, the Association is not empowered to cause a forfeiture or forfeiture of an owner's right to the full use and enjoyment of his individually owned unit because of the failure of the owner to comply with the provisions of this Declaration, the Bylaws or duly enacted association rules and regulations for the operation and use of the Common Area and facilities, except by judgment of a court or a decision arising out of arbitration or because of a foreclosure or sale under a power of sale for failure of the owner to pay assessments duly levied by the Association. A monetary penalty imposed by the Association as a disciplinary measure for failure of an owner to comply with the provisions of this Declaration, the Bylaws or duly enacted rules and regulations for the operation and use of the Common Area and facilities, or as a means of reimbursing the Association for costs incurred in the repair of damage to the Common Area and facilities for which the owner was allegedly responsible, or in bringing the owner and unit into compliance with this Declaration, cannot be characterized as an assessment which may become a lien against the owner's unit enforceable by a sale of the unit in accordance with the provisions of Sections 2924, 2924b and 2924c of the California Civil Code. However, the immediately preceding prohibition does not apply to charges imposed against an owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorney's fees) in its efforts to collect delinquent assessments.

ARTICLE V

POWERS AND DUTIES OF THE BOARD

Section 5.01.

Powers.

The Board as constituted from time to time, shall be responsible for the day-to-day operation and management of the affairs of the Association and shall have the sole power and duty to perform and carry out the powers and duties thereof as set forth in this Declaration and the Bylaws, except for action or activity expressly set forth herein or in the Bylaws or the California Nonprofit Mutual Benefit Corporation Law requiring the vote or assent of members of the Association or a given percentage thereof.

Without limiting the foregoing, the Board shall have the following powers and duties:

(a) To enforce the applicable provisions of this Declaration, the Articles and Bylaws relative to the management and control of the project;

(b) To pay taxes and assessments which are or could become a lien on the Common Area or a portion thereof;

(c) To contract for casualty, liability and other insurance on behalf of the Association, as more particularly set forth in Article VIII (Insurance) hereinafter;

(d) To contract for goods and/or services for the Common Area, facilities and interests or for the Association, subject to the limitations set forth in Section 5.02. hereof;

(e) To delegate its powers to committees, officers or employees of the Association, as expressly authorized herein and in the Bylaws;

(f) To prepare budgets and financial statements for the Association, as more particularly set forth in Article VI (Assessments) hereinafter and in Article VIII of the Bylaws;

(g) To formulate rules of operation for the Common Area and facilities;

(h) To initiate and execute disciplinary proceedings against members of the Association for violations of provisions of this Declaration, the Articles and Bylaws, subject to the notice and hearing provisions set forth in Article IV, Section 4.05.;

(i) To enter upon any privately owned unit as necessary in connection with construction, maintenance or emergency repair for the benefit of the Common Area or the owners in common. However, such entry shall be made only after at least four (4) days notice has been given to the owner and any damage caused by such entry shall be repaired by and at the expense of the Association. The right of entry shall be immediate in the case of an emergency originating in or threatening the unit, whether or not the owner or occupant is present;

(j) To elect officers of the Board;

(k) To fill vacancies on the Board except for a vacancy created by the removal of a Board member;

(l) To maintain the Common Area, all improvements thereon and all utilities thereunder (except those maintained by public utility companies) in good, clean, attractive and sanitary order and repair;

(m) To repaint exterior surfaces of the buildings situated on the property, as such repainting is required, in order to preserve the attractiveness of the community as a whole. Painting of exterior surfaces shall be deemed to include, but not be limited to, front doors, shutters, window trim, pot shelves, masonry, exterior walls, underneath sides of roof overhangs and garage doors;

(n) To maintain, repair and re-roof as necessary, the roofs of the buildings situated within the project;

(o) To bond any members of the Board who participate in financial affairs of the Association;

(p) To file liens against unit owners because of nonpayment of assessments duly levied by the Association and to foreclose said liens, as more fully provided in Article VII (Liens) hereinafter;

(q) To settle or compromise any claim or cause of action (threatened or after suit is instituted) on behalf of the Association for damages, alleged or otherwise, to the Common Area.

(r) To make available to any prospective purchaser of a condominium, any owner of a condominium, any first mortgagee, and the holders, insurers and guarantors of a first mortgage on any condominium, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the condominium and all other books, records and financial statements of the Association.

(s) To permit utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development and operation of the project.

Section 5.02.           Limitation on Authority of Board.

The Board shall 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 votes residing in members other than Declarant:

(a) Entering into a contract with a third person, wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year, with the following exceptions: (i) a management contract, the terms of which have been approved by the Federal Housing Administration and the Veterans Administration; (ii) a contract with a public utility company if the rates charged for the services or materials are regulated by the Public Utility Commission; provided that, the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; (iii) prepaid casualty and/or liability insurance policies not exceeding three (3) years duration; provided that, the policies permit for short-rate cancellation by the Association; (iv) lease agreements for laundry room fixtures and equipment not exceeding five (5) years; provided that, the lessor under the agreement is not an entity in which Declarant has a direct or indirect ownership

interest of ten (10%) percent or more; and (v) agreements for cable television services and equipment of not to exceed five (5) years duration; provided that, the lessor under the agreement is not an entity in which Declarant has a direct or indirect ownership interest of ten (10%) percent or more;

(b) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five (5%) percent of the budgeted gross expenses of the Association for that fiscal year;

(c) Paying compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business; provided that, the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association;

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

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

Section 5.03. Use of Agent.

The Board may employ a manager or other person and may contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided that such employment or contract may not exceed one (1) year in duration unless a longer term has been approved by the vote or written assent of a majority of the voting power and a majority of the votes residing in members other than Declarant. Any management contract exceeding two (2) years in duration must be terminable by the Board without cause and without payment of a termination fee upon thirty (30) days written notice.

Section 5.04. Association Rules.

The Association shall have the power, as provided in the Bylaws and this Declaration, to adopt, amend and repeal Association rules. Such rules shall govern such matters as further the purposes of the Association as the Board shall deem appropriate including, without limitation, the use and enjoyment of the Common Area and facilities; provided that, the Association rules may not discriminate among members and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of such rules, as the same may be adopted, amended or repealed from time to time, shall be mailed or otherwise delivered to each owner and a copy thereof shall be posted in a prominent location within the Common Area. Upon the mailing or delivery and posting, the rules shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of any conflict between the Association rules and other provisions of this Declaration,

Articles or Bylaws, the provisions of the Association rules shall be deemed to be superseded by such other provisions.

Section 5.05.        Duties.

It shall be the duty of the Board:

(a) To cause to be kept a complete record of all of its acts and to present a statement thereof to the members at each annual meeting or at any special meeting;

(b) To supervise all officers, agents, committees and employees of the Association and to see that their duties are properly performed; and

(c) Such other duties as may be set forth in this Declaration or the Bylaws to effectuate the responsible and efficient management and operation of the project as a whole.

ARTICLE VI

ASSESSMENTS

Section 6.01.        Creation of Lien.

Declarant, for each unit owned within the project hereby covenants, and each owner of a unit within the project, by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other conveyance, is and shall be deemed to covenant and agrees to pay assessments to the Association. The assessments, together with interest and costs of collection thereof shall be a charge on the land and shall be a continuing lien on the unit against which each such assessment is made. Each such assessment, together with late charges, interest, costs and reasonable attorney's fees shall also be the joint and several personal obligation of each person who was the owner of the unit when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the owner's successors in title unless expressly assumed by them.

As used herein, "costs" shall mean: (i) recording and copying all necessary documents in the Office of the County Recorder; (ii) notary services for verifying signatures of persons designated to execute documents; (iii) mileage and messenger service necessary to have documents notarized and recorded; (iv) postage for correspondence relating to the collection of delinquent assessments; (v) administrative costs for time of personnel devoted to the collection of the delinquencies; and (vi) court costs if a court judgment is necessary.

Section 6.02.        Purpose of Assessments.

The assessments levied by the Association shall be collected, accumulated and used exclusively for the purpose of providing for and promoting the pleasure, recreation, health, safety

and social welfare of the members, including the enhancement of the value, desirability and attractiveness of the project, the improvement and maintenance of the Common Area and facilities, and the discharge of any obligations or duties imposed on the Association by this Declaration.

Section 6.03. Regular Assessments.

(a) Amount and Time of Payment.

The total estimated common expenses shall be divided among, assessed and charged to the individual owners and their units (including Declarant with respect to any units owned by Declarant) in proportion to each owner's undivided fractional interest in the Common Area as set forth on Exhibit "B" hereto. As and when the Association's budget shall increase or decrease, such assessments shall be adjusted so that the owner of each unit bears the same relative proportion to the total budget as that initially borne, as set forth on Exhibit "B" attached hereto. Notwithstanding the foregoing, the Board may not increase the amount of the regular assessment for any assessment period to an amount which is more than ten (10%) percent greater than the amount of the immediately preceding assessment period, without the vote or written consent of a majority of the voting power of the Association including a majority of the votes of members other than Declarant. The regular assessments shall be paid on a monthly basis.

(b) Date of Commencement.

Regular assessments against the units shall commence on the first day of the month following the conveyance of the first unit in the project. Voting rights attributable to subdivision interests shall not vest until assessments against those interests have been levied upon by the Association.

(c) Assessment Procedure.

At least sixty (60) days in advance of each assessment period, the Board shall estimate the total common expenses to be incurred by the Association for the forthcoming assessment period and shall, at the time, determine and fix the amount of regular assessments against each unit. Written notice of such regular assessments shall be mailed or otherwise delivered to every owner subject thereto, at least thirty (30) days in advance of each assessment period. Each owner shall thereafter pay to the Association his regular assessment in monthly installments.

(d) Reserve Fund.

For the purposes of creating reserves to insure payment when due of the cost of capital expenditures relative to the repair and replacement of the Common Area equipment, fixtures and furnishings, an appropriate amount of the regular assessments collected in each fiscal year shall constitute a reserve fund. All such capital contributions shall be collected in equal monthly installments, shall

accounted for separately, held in trust and used to pay for specific capital expenditures in such manner and at such times as the Board, acting in its discretion, shall determine. Immediately upon receipt, all such capital contributions shall be deposited in a separate interest-bearing account(s), designated "Trustee Capital Account" in any bank, savings and loan association or trust company, as determined by resolution of the Board.

(e) Assessment Roll.

An assessment roll shall be accurately maintained and be available for inspection at all reasonable times by any owner or his authorized representative. The assessment roll shall indicate for each unit, the name and address of the record owner thereof, all assessments levied against him and his unit, and the amount of assessments, paid and unpaid. At the request of any owner, the Board shall provide such owner with a statement of any delinquent assessments on the owner's unit, and it shall be the obligation of such owner to provide a statement of delinquent assessments (if any exist) and a copy of the most recent financial statement of the Association to the purchaser of his unit.

(f) Certificate of Payment.

Upon demand, the Association shall furnish to any owner liable for assessments, a certificate signed by an officer or authorized agent of the Association, setting forth whether said assessments or any portion thereof, have been paid. Such certificates shall be conclusive evidence of payment of any assessment or portion hereof therein stated to have been paid. A reasonable charge may be made by the Board for issuance of any such certificate.

Section 6.04. Special Assessments.

In addition to the annual 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 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 shall have the vote or written assent of fifty-one (51%) percent of each class of members; provided, however, after the conversion of Class B membership to Class A membership, any such assessment shall have the vote or written assent of (i) fifty-one (51%) percent of the total voting power of the Association and (ii) fifty-one (51%) percent of the total voting power of the members other than declarant.

After compliance with the due process requirements as set forth in Section 4.05 hereinabove, the Board may impose a monetary penalty and levy a special assessment against a particular unit to reimburse the Association for costs incurred in repairing damage to the Common Area or any improvements or personal property located thereon, for which the owner was allegedly responsible, or in bringing the owner or the owner's unit into compliance with this

elaboration, the Articles, Bylaws or Association rules and regulations, provided, however, this special assessment may not become a lien against the owner's unit that is enforceable by a power of sale under Civil Code Section 2924, 2924b and 2924c. This restriction on enforcement is not applicable to late payment penalties for delinquent assessments or charges imposed to reimburse the Association for loss of interest or for collection costs, including reasonable attorneys' fees, for delinquent assessments.

Special assessments shall be levied on the same basis as prescribed for the levying of regular assessments; provided that, special assessments against owners to raise funds for the rebuilding or major repair of the structural Common Area housing the units, shall be levied on the basis of the ratio of the square footage of the floor area of each unit to be assessed in relation to the square footage of the floor area of all units to be assessed.

Section 6.05.           Deposit; Bank Accounts.

Subject to the provisions of Section 6.03(d) relative to the disposition of capital contributions, all sums received or collected by the Association from assessments, together with any interest attributable thereto, shall be promptly deposited in a checking or savings account (or both) in a bank or savings and loan association selected by the Board, which account(s) shall be clearly designated in the name of the Association. The Board and the manager, if any, shall have exclusive control of said account(s) and shall be responsible to the owners for the maintenance of accurate records thereof at all times.

Section 6.06.           Liability for Assessments.

No owner may waive or otherwise escape personal liability for the assessments provided for herein or release of the unit owned by him from the liens and charges hereof by non-use of the Common Area or by abandonment of his unit.

Section 6.07.           Due Dates, Late Charges, and Interest.

At least ten (10) days prior to the commencement of any regular or special assessment, the Board shall give each owner written notice of the amount of assessment, and the due date (or due dates if paid in installments, and the amount of each installment). The notice need only be given once for any assessment paid in installments. Unless the Board specifies otherwise, the installment due dates shall be the first day of each month.

Any assessment payment, including any installment payment, shall become delinquent if payment is not received by the Association within thirty (30) days after its due date. There shall be a late charge of Ten (\$10.00) Dollars for each delinquent payment. The Board may impose a higher late charge provided it does not exceed one and one-half (1-1/2%) percent of the first One Thousand (\$1,000.00) Dollars of the delinquent payment and one (1%) percent of any amount in excess of One Thousand (\$1,000.00) Dollars. A late charge may not be

used more than once on any delinquent payment, shall not eliminate or supersede any charges imposed on prior delinquent payments, and shall constitute full compensation to the Association for any additional bookkeeping, billing, or other administrative costs resulting from the delinquent payments.

Interest also shall accrue on any delinquent payment at the rate of ten (10%) percent per annum or at such rate as the Board may impose from time to time. Late charges and interest shall accrue from the first day following the due date of the assessment through and including the date full payment is received by the Association.

Section 6.08. Capitalization of Association.

Upon acquisition of record title to a condominium in Lot 1 of Tract 40854 from Declarant, each owner shall contribute to the capital of the Association an amount equal to one-sixth (1/6th) the amount of the then annual assessment for that condominium as determined by the Board. This amount shall be deposited by the buyer into the purchase and sales escrow and disbursed therefrom to the Association.

ARTICLE VII

LIENS

Section 7.01. Delinquency and Remedies of the Association.

In addition to the provisions set forth in Section 6:07. of Article VI hereinabove, and all other legal and equitable rights or remedies, the Association may, at its option, bring an action at law against the owner personally obligated to pay the same and/or upon compliance with the provisions of Section 7.02. below, to foreclose the lien against the unit and there shall be added to the amount of such assessment, the late charge and all costs (including attorney's fees) incurred by the Association in the collection of the delinquent assessments. Each owner with the exception of the Administrator of Veteran Affairs, an Officer of the United States of America, vests in the Association, its successors or assigns, the right and power to bring all actions at law or lien foreclosures against each owner for the purpose of collecting delinquent assessments. In lieu of judicially foreclosing the lien, the Association, at its option, may foreclose the lien by proceeding under a power of sale as provided in Section 7.03, such power of sale being given to the Association as to each and every unit for the purpose of collecting delinquent assessments.

Section 7.02. Notice of Claim of Lien.

No action shall be brought to foreclose the lien or to proceed under the power of sale sooner than thirty (30) days after the date a notice of claim of lien (executed by a duly authorized representative of the Association) is recorded in the Office of the County Recorder, said notice stating the amount claimed, which may include the late charge, costs of collection and reasonable attorney's fees, a good and sufficient legal description of the unit being

essed, the name and address of the record owner or reputed owner thereof, and the name and address of the Association. A copy of the notice of claim of lien shall be deposited in the United States mail, certified or registered, to the owner of the unit.

Section 7.03.            Foreclosure Sale.

Any such sale provided for above shall be conducted in accordance with the provisions of Sections 2924, 2924b and 2924c of the Civil Code applicable to the exercise of powers of sale in deeds of trust, or in any other manner permitted by law. The Association, through its duly authorized agent, shall have the power to bid on the unit at foreclosure sale, using Association funds or funds borrowed for such purpose and to acquire, hold, lease, mortgage and convey the same.

Section 7.04.            Curing of Default.

Upon the timely curing of any default for which a notice of claim of lien was recorded by the Association, any officer of the Association is hereby authorized to record an appropriate release of lien, on the payment by the defaulting owner of a fee to be determined by the Board (and not to exceed a reasonable fee) to cover the costs of preparing and recording the release, together with the payment of such other charges as shall have been incurred.

Section 7.05.            Cumulative Remedies.

The assessment lien and the right to foreclosure and sale thereunder shall be in addition to and not in substitution of all other rights and remedies which the Association may have hereunder and by law.

Section 7.06.            Priority of Assessment Lien.

Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of the beneficiary of any first deed of trust or first mortgage on any unit therein made in good faith and for value, and such lien shall in no way defeat, invalidate or impair the obligation or priority of such first deed of trust or first mortgage unless the beneficiary thereof shall expressly subordinate his interest in writing to such lien. Each holder of a first mortgage lien on a unit who comes into possession of the unit by virtue of foreclosure, or any purchaser at a foreclosure sale of a first deed of trust or first mortgage, shall take the unit free of any claim for unpaid assessments and charges against the unit which accrue prior to the time the holder comes into possession of the unit. No transfer of the unit as a result of a foreclosure or exercise of a power of sale shall relieve the new owner, whether it be the former beneficiary of the first deed of trust or first mortgage, or another person, from liability for any assessments thereafter becoming due nor from the lien thereof.

## ARTICLE VIII

### INSURANCE

#### Section 8.01. Types.

The Association shall obtain, if available, and continue in effect, full coverage blanket public liability insurance, casualty insurance and fire insurance with extended coverage endorsement, including vandalism and malicious mischief coverage, in an amount equal to one hundred (100%) percent of the full replacement value (replacement cost new, including debris removal and demolition) of the Common Area and the landscaping, facilities and improvements hereon required to be maintained by the Association, and with clauses waiving subrogation against owners and the Association and persons on the project premises with permission of a member. Such insurance shall be maintained by the Association for the benefit of the Association. As to each of said policies which will not be voided or impaired hereby, the owners hereby waive and release all claims against the Association, the Board, Declarant and agents and employees of each, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but to the extent of insurance proceeds received in compensation for such loss only. The Association may purchase such other insurance as it may deem necessary including, without limitation, worker's compensation and officers and directors liability insurance. The Board shall annually determine whether the amounts and types of insurance it has obtained, provide adequate coverage as required by this Declaration.

#### Section 8.02. Premiums and Proceeds.

Insurance premiums for any such blanket insurance coverage obtained by the Association pursuant to Section 8.01. and such other insurance deemed necessary by the Association, shall be a common expense to be included in the regular assessments levied by the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in Article IX (Damage or Destruction to the Common Area). The Board is hereby granted the authority to negotiate loss settlements with appropriate insurance carriers. A majority of the Board may sign a loss claim form and release form in connection with the settlement of a loss claim and such signatures shall be binding on the Association and the members; provided, however, said authority to negotiate loss settlements, shall not apply to the Administrator of Veterans Affairs, an Officer of the United States of America.

#### Section 8.03. Fidelity Bond.

The Board shall purchase and maintain fidelity coverage against dishonest acts on the part of directors, officers, employees or volunteers who handle or who are responsible for handling funds of the Association and such fidelity bond shall name the Association as insured and be written in an amount equal to at least the estimated maximum of funds, including reserves in the custody of

Association or a management agent at any given time during the term of the Fidelity Bond. However, the bond shall not be less than a sum equal to three (3) months aggregate assessments on all condominiums plus reserve funds. The bond shall contain waivers of any defense based on the exclusion of persons who serve without compensation or from any definition of "employee" or similar expression.

Section 8.04. Replacement Cost Insurance.

Unless at least sixty-seven (67%) percent of first beneficiaries (based on one vote for each unit on which a first mortgagee has a lien) have given their prior approval, the Association shall not be entitled to fail to maintain the extended coverage fire and casualty insurance required by this Article VIII on less than a one hundred (100%) percent current replacement cost basis.

Section 8.05. Payment of Premiums (or Taxes) by First Mortgagees.

First beneficiaries may jointly and singly pay taxes or other charges which are in default and which may or have become a charge against the Common Area unless such taxes or charges are separately assessed against the owners, in which case, the rights of first beneficiaries shall be governed by the provisions of their deeds of trust. First beneficiaries may jointly or singly pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Area and first beneficiaries making such payments shall be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of any first beneficiary which requests the same to be executed by the Association.

Section 8.06. Insurance Requirements.

Notwithstanding the foregoing provisions of this Article VIII, the Association shall continuously maintain in effect such casualty, flood, liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for residential projects established by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and Government National Mortgage Association so long as either is a beneficiary or an owner within the project, except to the extent such coverage is not available or has been waived in writing by the foregoing entities.

ARTICLE IX

DAMAGE OR DESTRUCTION TO THE COMMON AREA

Section 9.01. Destruction.

In the event of partial or total destruction of improvements on the Common Area, it shall be the duty of the Association to restore the same to its former condition as promptly as practicable and in a lawful and workmanlike manner. The proceeds of insurance maintained pursuant to Article VIII (Insurance) shall be used

such purpose, subject to the prior rights of beneficiaries of first of trust whose interests may be protected by said policies.

Section 9.02. Bids and Determination of Proceeds.

As soon as practicable after damage or destruction all or a portion of the Common Area, the Board shall: (i) obtain bids from at least two (2) reputable California-licensed contractors, each bid shall set forth in detail the work required to repair, reconstruct and restore the damaged or destroyed portions of the Common Area to substantially the same condition as they existed prior to the damage and the itemized cost of such work; and (ii) determine the amount of all insurance or condemnation proceeds available to the Association for the purpose of effecting the repair, reconstruction and/or restoration.

Section 9.03. Sufficient Proceeds Available.

If the insurance or condemnation proceeds available to the Association are sufficient to effect the total repair, reconstruction and restoration of the damaged or destroyed Common Area, then the Association shall cause such Common Area to be repaired to substantially the same condition as it existed prior to the damage or destruction, taking into account any diminution in the project as a result of any condemnation.

Section 9.04. Proceeds Partially Sufficient.

If the insurance or condemnation proceeds are insufficient to cover at least eighty-five (85%) percent of the cost of repair, the Board shall promptly cause the Common Area to be repaired to substantially the same condition as it existed prior to the damage or destruction and the difference between available insurance proceeds and the actual cost of repair, shall be specially assessed to each owner in accordance with the provisions of Article VI (Assessments), Section 6.0.

Section 9.05. Insufficient Proceeds.

If the insurance or condemnation proceeds are insufficient to cover at least eighty-five (85%) percent of the cost of repair, then the owners then holding at least sixty-seven (67%) percent of the voting power of the Association, shall determine whether: (i) to repair the damaged or destroyed Common Area and specially assess all owners in accordance with Article VI, Section 6.04.; or (ii) not repair but distribute the insurance or condemnation proceeds available, to each owner whose unit the Board determines is directly affected by the damage, subject to the rights of first mortgagees holding mortgages covering such units, and subject to all unpaid assessments of such units.

Section 9.06. Duties of the Board.

If repair is to take place in accordance with the provisions of this Article IX, the Board shall: (i) enter into a

ten contract with a California-licensed contractor submitting the most responsible bid; (ii) disburse insurance proceeds available for bid work; and (iii) take all steps necessary to insure the commencement and completion of the repair in a lawful, workmanlike manner at the earliest possible time.

Section 9.07. Certificate of Intention.

After any vote of the owners as provided in Section 9.05, either to repair or not to repair, the Board shall, within one hundred twenty (120) days from the date of destruction, record a certificate setting forth the intention to repair or not to repair the Common Area. Immediately upon the recordation of such certificate setting forth the intention of the owners not to repair the damaged Common Area, the right of partition suspended by Article X, Section 10.01, hereinafter, shall be revived.

Section 9.08. Revision of Condominium Documents.

In the event it is the determination of the owners not to repair, reconstruct or restore any damaged portion of the Common Area, the Board shall, as soon as practicable after recordation of the certificate of intention described above in Section 9.07, cause to be prepared and recorded any revised Map or other documents, reports, schedules or exhibits necessary to show the changed or altered status of the project including, without limitation, the elimination of one or more of the units as a result of the damage.

ARTICLE X

PARTITION

Section 10.01. Suspension.

The right of partition is suspended pursuant to Civil Code Section 1354 as to the project. Partition of the project can be had on a showing that the conditions for partition as stated under Article IX above, have been met. Nothing in this Declaration shall prevent partition or the subdivision of interest between joint or common owners of any unit.

Section 10.02. Distribution of Proceeds.

Proceeds or property resulting from a partition shall be distributed to and among the respective owners and their mortgagees (as their interest appear) according to the fair market value of each affected unit in relation to the fair market value of all affected units, as determined by an M.A.I. appraiser to be retained by the Board.

Section 10.03. Power of Attorney.

Pursuant to Civil Code Section 1355(b)(9), each of the owners with the exception of the Administrator of Veterans Affairs, an Officer of the United States of America, hereby grant the

Association an irrevocable power of attorney to sell the project for the benefit of the owners when partition can be had. Exercise of the power is subject to approval by at least sixty-seven (67%) percent of the members and their first mortgagees.

## ARTICLE XI

### CONDEMNATION

#### Section 11.01. Sale by Consent.

If an action for condemnation of all or a portion of the project is proposed or threatened by any governmental agency having the right of eminent domain, then upon written consent of sixty-seven (67%) percent of the owners and their first mortgagees, the project or a portion thereof may be sold by the Board acting as irrevocable attorney-in-fact of all the owners, for a price deemed fair and equitable by the Board but, in no event, for less than the aggregate unpaid balance of all mortgages encumbering the units in the project.

#### Section 11.02. Distribution of Proceeds of Sale.

On a sale occurring under Section 11.01. the proceeds shall be distributed to the owners and mortgagees of each affected unit according to the fair market value of each unit in relation to the fair market value of all affected units, as determined by an M.A.I. appraiser to be retained by the Board.

#### Section 11.03. Distribution of Condemnation Award.

A condemnation award affecting all or a part of the structural Common Area of the project which is not apportioned among the owners by court judgment or by agreement between the condemning authority and each of the affected owners in the project, shall be distributed among the affected owners and their respective mortgagees according to the respective fair market values of the units at the time of the condemnation or destruction, as determined by an M.A.I. appraiser to be retained by the Board.

#### Section 11.04. Revival of Right to Partition.

On the sale or on a taking that renders more than fifty (50%) percent of the units in the project uninhabitable, the right of any owner to partition through legal action shall revive immediately.

## ARTICLE XII

### NON-SEVERABILITY

#### Section 12.01. Prohibition Against Severance.

No owner shall be entitled to sever his unit from his membership in the Association, nor sever his unit and membership from his undivided interest in the Common Area for any purpose. None

The component interests in a condominium shall be severally sold, leased, hypothecated, encumbered or otherwise dealt with and any violation or attempted violation of this provision shall be void. Similarly, no owner shall sever any exclusive easement appurtenant (if any) to his unit over the Common Area from his unit and any attempt to do so shall be void. Further, no owner shall transfer his interest or any part thereof in any way such that the ownership will be divided between different persons on the basis of time, nor shall any owner own a unit or any part thereof jointly with any other person when such ownership is differentiated on the basis of time. The suspension of the right of severability shall not extend beyond the period set forth in Article X relative to the right to partition. It is intended hereby to restrict severability pursuant to Civil Code Section 1355(g).

Section 12.02. Conveyances.

After the initial sale of the units, any conveyance of a unit by an owner shall be presumed to convey the entire unit. However, nothing herein contained shall preclude the owner of any unit from creating a co-tenancy or joint tenancy in the ownership of his unit with any other person or persons.

ARTICLE XIII

UTILITIES

Section 13.01. Utility Rights.

The rights and duties of the owners with respect to lines for sanitary sewer, water, gas, electricity, telephone and air-conditioning (if any), shall be governed by the following:

(a) Wherever sanitary sewer house connections and lines of electricity, gas, telephone, air-conditioning or television cables are installed within the project, which connections or any portion thereof lie in or on portions of property owned by persons other than the unit owner of any unit served by the connections shall have the right and is hereby granted an easement to the full extent necessary therefor to enter on such portion of the property, or to have the utility companies enter thereon, to repair, replace and generally maintain the connections as and when it shall be necessary.

(b) Wherever sanitary sewer house connections and lines, facilities and/or water house connections and lines or gas, electricity, telephone, air-conditioning or television cables are installed within the property, which connections serve more than one unit, the owners of each unit served by the connections shall be entitled to the full use and enjoyment of such portion of the connections as serve their units.

(c) In the event any portion of the connections or lines are damaged or destroyed through the negligent act or failure to act, or willful misconduct of one unit owner or any of his agents, invitees, tenants, guests or members of his family so as to deprive other unit owners of the full use and enjoyment of the connections or

... es, then the connections or lines shall be repaired and restored by the Association but at the expense of the unit owner who commits or whose agents, guests or family members commit, such acts.

(d) In the event any portion of the connections or lines are damaged or destroyed by some cause other than the negligence or willful misconduct of one of the unit owners, his family members, guests, agents, tenants or invitees, including ordinary wear and tear and deterioration from lapse of time, then in that event, the connections or lines shall be repaired and restored by the Association, such repair and restoration to be paid out of common funds.

(e) In the event of a dispute between owners with regard to the repair or restoration of the connections or lines or with respect to the sharing of costs, then on written request of one of such owners to the Association, the matter shall be submitted to the Board for a final and binding decision.

Section 13.02. Easements.

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

ARTICLE XIV

RIGHTS OF LENDERS

Section 14.01. Written Notice to First Mortgagees.

A first mortgagee is entitled to written notice from the Board of any default in the performance of an individual unit mortgagor of any obligation under this Declaration, the Articles or the Bylaws which is not cured within thirty (30) days. It shall be the responsibility of each owner of a unit to notify the Association within thirty (30) days of the close of his escrow, of the name and address of the holder of his first mortgage.

Section 14.02. Exemption from Right of First Refusal.

Any right of first refusal contained herein or in the Articles or Bylaws, shall not impair the rights of a first mortgagee to foreclose or take title to a unit pursuant to the remedies provided in the mortgage, or interfere with a subsequent sale or lease of a unit so acquired by the first mortgagee.

Section 14.03. Subordination of Assessment Lien.

Each holder of a first mortgage lien on a unit who comes into possession of the unit by virtue of foreclosure of the mortgage, or any purchaser at a foreclosure sale of a first mortgage, shall take the unit free of any claim for unpaid assessments and charges against the unit which accrue prior to the time such holder comes into possession of the unit. The lien assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust now or hereafter placed on the units subject to assessment; provided that, such subordination shall apply only to assessments which have become due prior to a sale or transfer of the unit pursuant to a decree of foreclosure or trustee's sale. Such sale or transfer shall not relieve the unit from liability for any assessments thereafter becoming due nor from the lien of any such subsequent assessments.

Section 14.04. No Priority Over Rights of First Mortgagees.

No provision herein shall give a unit owner or any other party priority over any rights of a first mortgagee of the unit pursuant to its mortgage in the case of a distribution to the unit owners of insurance proceeds or condemnation awards for losses to or a taking of the unit and/or the Common Area. Such first mortgagee shall be entitled to timely written notice of any such damage or destruction to the Common Area or damage to a unit covered by a mortgage. Further, if any unit or portion thereof is made the subject matter of any condemnation or eminent domain proceeding, no provision herein shall entitle the owner of a unit or any other party to priority over a first mortgagee of a unit with respect to any distribution to such unit owner of the proceeds of any award or settlement. Such first mortgagee shall be entitled to timely written notice of any such proceeding or proposed acquisition.

Section 14.05. Further Notices to First Mortgagees.

Upon written request of a first mortgagee, the Board shall give such first mortgagee notice of all meetings of the Association. While each such first lien holder shall have the right to be represented at such meetings, it shall have no voting rights unless it has succeeded to title to one or more of the units by foreclosure. Further (upon written request of a first mortgagee), the Board shall deliver a copy of the Association's annual statement.

Section 14.06. Examination of Books and Records.

The holders of first mortgages shall have the right, at all reasonable times, to examine the books and records of the Association.

Section 14.07. No Obligation to Cure Breach.

Any first mortgagee who acquires title to any unit pursuant to the remedies provided in the mortgage or through foreclosure thereof, shall not be obligated to cure any breach of this

Declaration which is non-curable or of a type which is not practical or feasible to cure.

Section 14.08. No Breach of Declaration.

No breach of any of the provisions contained in this Declaration, nor the enforcement of any lien provisions created herein, shall affect, impair, defeat or render invalid the lien of any first mortgage made in good faith and for value.

Section 14.09. Prior Approval of First Mortgagees.

Except as otherwise provided by statute in case of condemnation or substantial loss to the individual units and/or the Common Area of the project, unless at least sixty-seven (67%) percent of first mortgagees (based on one vote for each unit on which a first mortgagee has a lien) have given their prior written approval, the Association shall not:

(a) Effectuate any decision to terminate professional management and assume self-management of the project;

(b) By act or omission seek to abandon or terminate the condominium regime;

(c) Change the method of determining the obligations, assessments or other charges which are levied against the unit owners;

(d) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this clause);

(e) By act or omission change, waive or abandon any scheme of regulations or enforcement thereof, pertaining to the architectural design or exterior appearance of the structural Common Area housing the units, exterior maintenance thereof, maintenance of the Common Area or upkeep of landscaping within the project;

(f) Use hazard insurance proceeds for losses to any Common Area property for other than the repair, replacement or reconstruction thereof;

(g) Fail to maintain fire and extended coverage on insurable Common Area property on a current replacement cost basis in an amount not less than one hundred (100%) percent of the insurable value (based on current replacement cost);

(h) Make any material amendment to this Declaration or to the Bylaws or Articles. The term "material amendment," as used herein shall mean amendments to provisions governing: (i) voting; (ii) assessments, assessment liens or subordination of such liens; (iii) reserves for maintenance, repair and replacement of the Common Areas;

(v) insurance or fidelity bonds; (v) rights to use the Common Areas; (vi) responsibility for maintenance and repair of the several portions of the project; (vii) annexation or withdrawal of property to or from the project; (viii) boundaries of any unit; (ix) interests in the Common Area; (x) convertibility of units into Common Areas or Common Areas into units; (xi) leasing of units; (xii) imposition of any right of first refusal or similar restriction on the right of a unit owner to sell, transfer or otherwise convey his unit; and (xiii) any provision which is for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgages on units.

An amendment to this Declaration or the Bylaws or Articles shall not be considered "material" if it is for the purpose of correcting technical errors, or for clarification only. Further, an eligible mortgage holder who receives a written request to approve an amendment who does not deliver or mail the Association a negative response within thirty (30) days, shall be deemed to have approved the amendment.

(i) Each mortgagee shall inform the Association in writing of its current mailing address and request to be notified prior to any of the above actions.

Section 14.10. Conflicts.

If there are any conflicts between any provisions of this Article XIV and any other provisions of this Declaration or the Bylaws or Articles, the provisions of this Article XIV shall control.

ARTICLE XV

GENERAL PROVISIONS

Section 15.01. Books and Records of the Association.

The membership register, books of account, minutes of meetings of members, of the Board and of committees of the Board shall be made available for inspection and copying by any member of the Association or by his duly appointed representative at any reasonable time and for a purpose reasonably related to his interest as a member. The Board shall establish reasonable rules with respect to: (i) notice to be given the custodian of the records by the member desiring to make the inspection; (ii) hour(s) and day(s) of the week when the inspection may be made; and (iii) costs for reproducing documents required by the member. Every director shall have the absolute right, at any reasonable time, to inspect the books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director shall include the right to make extracts and copies of documents.

Section 15.02. Taxes.

Each owner shall pay any real and personal property taxes separately assessed against his unit and all utility charges separately metered or charged against his unit and such payments shall

made by each owner in addition to and separately from assessments otherwise payable to the Association.

Section 15.03. Enforcement of Management Documents.

The Association or the owner of any unit, shall have the right to enforce, by proceedings at law or in equity, all of the covenants, conditions, restrictions, easements, reservations, liens and charges now or hereafter imposed by this Declaration, the Bylaws and Articles, as such documents may be amended from time to time. Should the Association fail to perform its duties of repair and maintenance of the Common Area, or should any owner fail to comply with the provisions of this Declaration and should any such failure continue for a period of thirty (30) days following written notice of such failure from the Association to the owner, the Association shall have the right, but not the duty, to correct any such noncompliance. If it shall be necessary to initiate any legal or equitable action any prevailing party shall be entitled to reasonable attorney's fees and costs of the action for expenses incurred. Any judgment or court order (including, without limitation, temporary restraining orders) rendered against any such defaulting party shall include the costs of the action together with reasonable attorney's fees in an amount to be fixed by the court. All remedies provided for in this Declaration shall be deemed cumulative and not exclusive. Failure by the Association or by an owner to enforce any covenant, condition, restriction, easement, reservation, lien or charge herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 15.04. Enforcement of Bonded Obligations.

In the event the Common Area improvements which are included in this subdivision have not been completed prior to issuance of the Final Public Report and the Association is obligee under a bond to secure the performance of the commitment of Declarant to complete the improvements, the following substantive and procedure provisions relative to the initiation of action to enforce the obligations of Declarant and the surety under the bond, shall apply:

(a) The Board shall be directed to consider and vote on the question of action by the Association to enforce the obligations under the bond with respect to any improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that improvement in the Planned Construction Statement attached to the bond. If the Association has given a written extension (which extension shall not exceed ninety (90) days) for the completion of any Common Area improvement, the Board shall be directed to consider and vote on the question if a Notice of Completion has not been filed within thirty (30) days after expiration of the extension;

(b) A special meeting of members shall be held for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the bond or on failure of the Board to consider and vote on the question. The meeting shall be required to be held not less than thirty-five (35) nor more than

irty-five (45) days after receipt by the Board of a petition for the meeting signed by members representing at least five (5%) percent of the total voting power of the Association;

(c) A vote by members other than Declarant, shall be taken at the special meeting. A vote of a majority of the voting power of the Association residing in members other than 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 this decision by initiating and pursuing the appropriate action in the name of the Association.

Section 15.05. Liberal Interpretation of Declaration.

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the project for the mutual benefit of all owners.

Section 15.06. Severability of Provisions.

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

Section 15.07. Cumulative Remedies.

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

Section 15.08. Successors and Assigns.

This Declaration shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of Declarant, and the heirs, personal representatives, grantees, lessees and assignees of each owner.

Section 15.09. Joint and Several Liability.

In the case of joint ownership of a unit, the liability of each of the owners thereof in connection with the liabilities and obligations of owners set forth in or imposed by this Declaration, shall be joint and several.

Section 15.10. Notice of Sale of Unit.

Within five (5) business days after the close of escrow of any unit under circumstances whereby the purchaser becomes an owner thereof, the purchaser shall notify the Association as to: (i) his name and the name of his seller; (ii) the street address of the unit purchased; (iii) the purchaser's mailing address; and (iv) the date of sale. Prior to receipt of such notice, any and all communications required or permitted to be given by the Association, the Board

committees thereof, shall be deemed to be duly made and given to the buyer if duly and timely made and given to his seller.

Section 15.11. Non-Liability.

To the fullest extent permitted by law, neither the Board, any committee of the Association or any member thereof, shall be liable to any member or owner or the Association for any damage, loss or prejudice suffered or claimed because of any decision, course of action, act, omission, error, negligence or the like, made in good faith within which the Board, committees or persons reasonably believed to be within the scope of their duties.

Section 15.12. Headings.

Section headings are inserted for convenience only and are not intended to be a part of this document or in any way to define, limit or describe the scope or intent of the particular section to which they refer.

Section 15.13. Gender.

Whenever the context of this Declaration requires, the singular shall include the plural and the masculine shall include the feminine.

Section 15.14. Term of Declaration.

This Declaration shall run with the land and shall continue in full force and effect for a term of fifty (50) years from the date it is recorded in the Office of the County Recorder, after which time, the same shall be automatically extended for successive periods of ten (10) years each unless, within six (6) months prior to the expiration of the initial fifty-year term or any ten-year extension period, a written statement signed by at least seventy-five (75%) percent of the voting power of the Association shall be recorded, terminating the effectiveness of this Declaration.

Section 15.15. Amendment.

Prior to the close of the first sales escrow, Declarant shall have the right to amend this Declaration by executing and recording the desired amendment, after receiving the written approval of the California Department of Real Estate and any other local and/or state administrative agency then having regulatory jurisdiction over the project and the recording of the amendment shall be presumed valid as to anyone relying thereon in good faith.

Subsequent to the close of the first sales escrow and if the two-class voting structure is still in effect, this Declaration may be amended only with the vote or written assent of seventy-five (75%) percent of each class of membership. If the two-class voting structure is no longer in effect because of the conversion of Class B to Class A membership, this Declaration may be amended only with the vote or written assent of members entitled to

at least seventy-five (75%) percent of the voting power of the Association  
at least a majority of members other than Declarant.

Any such amendment shall become effective upon the recordation of a written instrument setting forth the amendment, signed and acknowledged by a majority of the Board who shall certify in said written instrument that at least seventy-five (75%) percent of each class of membership, or seventy-five (75%) percent of the voting power of the Association and at least a majority of members other than Declarant (as the case may be) have given their written approval of the amendment; provided that, no amendment which materially affects the ownership, possession or use of an owner, either directly or as a member of the Association, shall be valid unless the prior written consent of the California Department of Real Estate is obtained, to the extent such consent is required under Section 11018.7 of the Business and Professions Code; and provided further that, no material amendment shall become effective unless written approval therefor is obtained from at least sixty-seven (67%) percent of first mortgagees of units within the project. For purposes of this Section 15.15, the term "material amendment" shall be the same as that term is defined in Article XIV (Rights of Lenders), Section 14.09(h).

Notwithstanding the foregoing, the percentage of voting power of the Association or of members other than Declarant necessary to amend a specific clause or provision of this Declaration shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

section 15.16. Veterans Administration Approval.

So long as there is a Class B membership, the following action shall require the prior approval of the Veterans Administration: annexation of additional properties to the project, mergers and consolidations, any special assessments, and any amendment to this Declaration.

IN WITNESS WHEREOF, Declarant has executed this Declaration, the day and year first hereinabove written.

STONEMAN CORPORATION,  
A CALIFORNIA CORPORATION

By:

  
Hugh N. Temple, President

STATE OF CALIFORNIA     )  
                                  ) SS  
COUNTY OF LOS ANGELES )

On this 8<sup>th</sup> day of November 1985, before me, the undersigned, a Notary Public in and for said State, personally appeared Hugh A. Temple personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the President of the Corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature Karen Yvonne Hazelrigg

