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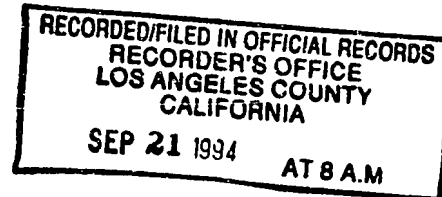
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DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
THE EMPRESS
(A Condominium Project)

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- EXHIBIT A - PROPERTY**
- EXHIBIT B - CALIFORNIA CIVIL CODE SECTIONS 1354, 1365, 1365.5 and 1366**
- EXHIBIT C - ASSESSMENT ALLOCATION and UNDIVIDED INTEREST in the COMMON AREA**

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**DECLARATION OF COVENANTS, CONDITIONS
RESTRICTIONS AND EASEMENTS FOR
THE EMPRESS**

THIS DECLARATION is dated for reference purposes only, this 14th day of November, 1992, by the following, collectively referred to as "Declarant":

THOMAS H. LOFTUS and JOAN LOFTUS;
THOMAS F. GILLESPIE,
as Trustee of the Gillespie Family Trust dated May 5, 1992;
STEVEN C. JENSEN;
MARGARET LOPEZ SALAZAR;
QUENTIN L. WOOD;
JOE V. HERNANDEZ and SHARON J. HERNANDEZ;
HARRY BETTS;
RICHARD E. DUKE and GRACE K. BOWNESS-DUKE;
WALTER H.F. HAMBLY and CECILIA HAMBLY;
DONALD C. WALKER;
STEPHEN HUGH SELLERS and MARGARET SELLERS CARTWRIGHT;
MARION BROCKBANK, or her Successor in interest, as Trustee(s) for
the Marion Brockbank Revocable Living Trust dated December 4, 1987;
EUGENE S. PACKER; and
PATRICIA L. Bennett, as Trustee of the Patricia L. Bennett Family Trust under
Declaration of Trust dated February 9, 1990.

RECITALS:

- A. Declarant is the owner of that certain real property ("Property") in the City of Long Beach, County of Los Angeles, State of California, described in attached Exhibit "A".
- B. Declarant intends to convert the Property into a Condominium project under the provisions of California Civil Code Section 1350, et seq.
- C. A Declaration of Covenants, Conditions and Restrictions covering said property ("Original Declaration"), was recorded on July 28, 1950, Instrument No. 1409, in the Office of the County Recorder of Los Angeles County, State of California.

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- D. Declarant declares that the Original Declaration is hereby terminated, rescinded and cancelled in all respects and that the Original Declaration be of no further force and effect and all rights, duties and obligations which may exist or may arise by virtue of the Original Declaration shall terminate and be superseded by the Superseding Declaration of Covenants, Conditions, Restrictions and Easements for THE EMPRESS.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, conveyed, Mortgaged, encumbered, leased, rented, used, occupied, sold, and improved, subject to the following declarations, limitations, covenants, conditions, restrictions, liens, charges and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property, and every part thereof, in accordance with the plan for the improvement of the Property and division thereof into Condominiums. All of the limitations, covenants, conditions, restrictions, and easements shall constitute equitable servitudes in accordance with Civil Code Section 1354 and shall be binding upon Declarant and its successors and assignees, and all parties having or acquiring any right, title or interest in or to any part of the Property.

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ARTICLE I

DEFINITIONS

The following definitions apply unless otherwise required by the context:

"Approval" - Prior written approval.

"Articles" - The Articles of the Association, including any amendments.

"Assessments" - All types of Association charges and Assessments levied against the Owners.

"Association" - The California nonprofit mutual benefit entity formed (or to be formed) to govern the Project, its successors and assignees, including its agents, the Board or any committee as applicable.

"Board" or **"Board of Directors"** - The Board of Directors of the Association.

"Bylaws" - The Bylaws of the Association, including any amendments.

"Code Section" - Any reference to "Code Section" (e.g. "Civil Code", "Vehicle Code") refers to Codes as set forth by the State of California. Reference to any specific Code Section shall include any future successor sections.

"Common Area(s)" - The entire Property (including structures, land and improvements) other than the Units described in this Declaration and the Condominium Plan.

"Common Expenses" - The actual and estimated expenses of the Association in performing its duties as set forth in the Governing Documents.

"Condominium" - An estate in real property (defined in Sections 783 and 1351(f) of the California Civil Code) consisting of both:

- (a) A separate interest in space called a "Unit"; and
- (b) An undivided interest in the Common Area appurtenant to each Unit.

"Condominium Building" - A building or structure containing any portion of any Condominium Unit(s).

"Condominium Plan" - The recorded diagrammatic floor plan of the Units built or to be built on the Property which identifies each Unit and shows its dimensions pursuant to California Civil Code Section 1351(e).

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"Declarant" - The person(s) or entity identified in the introductory paragraph of this Declaration; also, Declarant's successors and assignees.

"Declaration" - This instrument and any amendments.

"Eligible First Mortgagees" - Holders of First Mortgages who have requested the Association to notify them of specified proposals and changes to the Governing Documents and other Association matters.

"FHA" - The Federal Housing Administration of the United States Department of Housing and Urban Development and any department or agency of the United States government which succeeds to the FHA's function of insuring notes secured by Mortgages on residential real estate.

"FHLMC" - The Federal Home Loan Mortgage Corporation (also known as The Mortgage Corporation) created by Title II of the Emergency Home Finance Act of 1970, and any successors to such corporation.

"FNMA" - The Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and any successors to such corporation.

"Governing Documents" - All documents governing the Property, including this Declaration, the Articles, Bylaws, Condominium Plan and any Rules and Regulations.

"GNMA" - The Government National Mortgage Association administered by the United States Department of Housing and Urban Development, and any successors to such association.

"Institutional Lender" - Any bank, savings and loan association, insurance company, real estate investment trust, retirement fund trust, or other financial institution holding a recorded first Mortgage on any Condominium.

"Manager" or "Managing Agent" - The person(s), firm or corporation contractually engaged by the Association or Declarant and charged with the management of the Common Area(s) and the performance of other duties of the Association as provided for in this Declaration.

"Member" - Any person who is an Owner based upon the provisions of the Governing Documents.

"Mortgage" - A mortgage or deed of trust.

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"Mortgagee" - A mortgagee, beneficiary or holder of a deed of trust.

"Mortgagor" - A mortgagor or trustor of a deed of trust.

"Notice and a Hearing" - A notice of time and an opportunity for a hearing as provided for in the Governing Documents.

"Occupant" - An Owner, resident, guest, invitee, tenant, lessee, sublessee, or other person in possession.

"Owner" or "Owners" - The person(s) or legal entity holding a fee simple interest in a Unit, or the purchaser(s) of a Unit under an executory contract of sale. "Owner" does not include any person or entity having an interest in a Unit merely as security for the performance of an obligation.

"Person" - A person, partnership, corporation, trustee or other legal entity.

"Project" or "Property" - The real property described in Paragraph "A" of the Recitals to this Declaration, which is divided or to be divided into Condominiums, including the Common Area and the Units therein. The Project is a "Condominium Project" as defined in Section 1351(f) of the California Civil Code. The Property is a "Common Interest Development" as defined in Section 1351(c) of the California Civil Code.

"Regular Assessments" - Assessments used to meet the Association's normal operating expenses and to establish necessary reserves.

"Rules and Regulations" - The rules as established and adopted from time to time by the Board as provided for in this Declaration.

"Special Assessments" - Assessments levied on an as-needed basis to meet expenses of an extraordinary or capital nature, or imposed against a particular Owner in order to reimburse the Association for any costs incurred in connection with that Owner's violation of the Governing Documents, or a monetary penalty imposed by the Association as a disciplinary measure for failure to comply with the Governing Documents.

"Unit" - The elements of a Condominium not owned in common with other Owners as defined in California Civil Code Section 1351(f). Each Unit is designated as a Unit in the Condominium Plan for the Property and is separately identified.

"VA" - The Department of Veterans Affairs of the United States and any department or agency of the federal government which succeeds to VA's function of issuing guarantees of notes secured by Mortgages on residential real estate.

ARTICLE II
DESCRIPTION OF PROPERTY.
DIVISION OF PROPERTY

The Condominium Property consists of Units and Common Area(s).

2.01 **Units.**

- (a) Each Unit consists of all elements and areas identified as such on the Condominium Plan.
- (b) Existing physical Unit boundaries (re)constructed in substantial accordance with the original plans will be the presumed boundaries (rather than the figures in the deed or Condominium Plan) regardless of a building's settling, lateral movement or other minor variance.

2.02 **Common Area(s).**

The Property not constituting the Units is the Common Area.

Each Unit Owner will receive the undivided interest in the Common Area as set forth in Exhibit C.

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ARTICLE III

OWNERS GENERAL USE RESTRICTIONS

3.01 Unit Use.

- (a) Each Unit shall be used solely as a private residential dwelling and for no other purpose.
- (b) An Owner may rent a Unit for residential purposes provided:
 - (1) There is a written agreement;
 - (2) The rental term is longer than thirty (30) days;
 - (3) The lease states it is subject to all the provisions of the Governing Documents; and
 - (4) The names and telephone numbers (including work and/or emergency numbers) of all tenants must be given to the Board.
- (c) Occupations and businesses that do not interfere with the residential nature or character of the Property or quiet enjoyment by other Owners may be carried on within a Unit, provided that all applicable laws, ordinances, zoning regulations and rules are satisfied and that there is no external evidence of any such occupation, such as an unreasonable increase in visitors.

3.02 Common Area Use.

Common Area(s) may only be used for purposes which are compatible with usages customarily associated with common areas located within residential developments in California, and subject to the limitations described in this Declaration and other Governing Documents.

3.03 Nuisances.

- (a) Illegal, offensive, obnoxious actions, or noxious odors that interfere with any Occupant's quiet enjoyment, or that may impair the structural integrity of any building, are not permitted anywhere on the Property.
- (b) An Occupant may not cause the level of noise or sound from the Unit to interfere with the quiet enjoyment of an Occupant of another Unit (i.e., loud music or television, shouting, slamming of doors, and other such actions.)
- (c) The Board shall have the right to determine if any action, odor, noise or other conduct constitutes a nuisance, and to appropriately deal with the situation.

3.04 **Debris, Trash and Refuse.**

Weeds, rubbish, debris, objects or materials of any kind that are unsanitary, unsightly, or offensive may not be placed or permitted to accumulate in any Unit or the Common Area(s).

3.05 **Signs.**

- (a) Subject to Civil Code Sections 712 and 713, and any local ordinance, an Owner may advertise a Condominium for sale or lease with sign(s) with a size, format, and location previously approved by the Members.
- (b) No other sign, poster, display, or advertising device may be displayed anywhere on the Property visible outside a Unit without the prior written consent of the Board.

3.06 **Use Alteration Affecting Insurance Rates.**

- (a) Acts that threaten cancellation or an increase of insurance rates for the Property may not be committed without Board approval.
- (b) If a particular Owner's use, activity or improvement of a unit is the cause of increased insurance rates, the responsible Owner is personally liable for the additional insurance premiums.
- (c) An Owner must notify the Board of any substantial improvement to the Unit.

3.07 **California Vehicle Code Regulations.**

All applicable provisions of the California Vehicle Code Section 22658.2 (regarding illegally parked cars) shall be enforced.

3.08 **Animal Regulations.**

- (a) No dogs (except those assisting blind persons), parrots, livestock, reptiles, insects, poultry or other animals of any kind shall be permitted in any Unit or on the Property, unless approved by the majority of all Owners.
- (b) Fish may be kept in Units for pleasure provided they do not become a nuisance to other Owners.

3.09 **Repair and Maintenance by Owner.**

- (a) In accordance with the Governing Documents, each Owner must maintain and repair all of the following:
- (1) All of the Owner's Unit (see the Condominium Plan for a detailed description) in a clean, sanitary and attractive condition;
 - (2) The door bells and screens.
 - (3) All Unit windows. Any window replacement must be with similar glass color and quality to the window glass supplied with the Unit. Window frames are the responsibility of the Association, unless the damage is caused by the Unit Owner or Occupant;
 - (4) Any hot water heater that solely and exclusively services the Owner's Unit;
 - (5) Any air conditioning equipment that solely and exclusively serves the Owner's Unit; and
 - (6) Any damage to the Common Area(s) caused by an Owner, their Tenant(s), Occupant(s), family or guest(s), even if the damage is to an area otherwise maintained by the Association. All the repairs shall be subject to prior approval of the Board.
- (b) Except as otherwise provided herein, each Owner has the exclusive right to paint, wallpaper or otherwise furnish and decorate the interior surfaces of the walls, partitions, ceilings, and doors within the Unit (including furniture and furnishings), without prior approval of the Board.
- (c) An Owner may not do anything that unreasonably increases the level of noise without obtaining the approval of the Board. If an Owner does anything within the Unit that may increase the level of noise or sound that can be heard outside the Unit during normal use and occupancy of the Unit (for example, replacing carpeting with tile or other hard surface), the Owner must first obtain approval from the Board, and upon approval, take all reasonable measures (at own expense) to deaden, insulate or otherwise decrease the level of such noise to the minimum level reasonably possible. All Units on the second floor must have wall-to-wall carpeting with padding on all floor areas (except for the kitchen and bathroom). At the time of recording of this Declaration, the Owner of Unit 13 is exempt from this carpeting requirement; however, the subsequent Owner(s) of Unit 13 shall be required to comply at his/her/their own expense prior to occupancy of the Unit.
- (d) Any change to the exterior appearance of a Unit must be approved by the Board in accordance with the Governing Documents and applicable laws.

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- (e) An Owner/Occupant may not make any improvement which impairs the structural integrity or mechanical systems, or lessens the structural support of any portion of the Property.
 - (f) Subject to this Declaration and California Civil Code Section 1360, an Owner may do the following:
 - (1) Make any improvement or alteration within the Unit that does not impair the structural integrity or mechanical systems, or lessen the support of any portion of the Property.
 - (2) Modify a Unit to eliminate hazards and facilitate access for disabled persons (including the route from the public way to the Unit door) subject to the following conditions:
 - (A) The modifications must be consistent with applicable building code requirements.
 - (B) The modifications must be consistent with applicable provisions of the Governing Documents regarding safety and aesthetics.
 - (C) External modifications to the Unit may not prevent reasonable passage by other Owners, and must be removed by the Owner when the Unit is no longer occupied by the person(s) requiring the modifications.
 - (D) Plans and specifications must be submitted to the Board for review to determine compliance with the provisions of this paragraph.
 - (E) The Board may not deny approval of the proposed modifications without good cause.
 - (g) Owner/Occupant may not place or store unsightly objects on the deck or halls or any other location on the Common Area that can be seen by the public or other Owners from their Units or Common Area.
 - (h) Any antenna that is broken or not in use must be removed in a timely manner by the Unit Owner.
 - (i) Air conditioning units may not be located in windows facing the interior courtyard, Ocean Blvd., or the Pacific Ocean.

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ARTICLE IV

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

4.01 Membership.

Every Unit Owner is automatically an Association Member.

4.02 Voting Rights.

- (a) Each joint Unit Owner has an indivisible interest in a single Membership.
- (b) Each Unit is entitled to one (1) vote.
- (c) Each Unit's vote is cast as a single unit, without fraction.
- (d) If joint Unit Owners cannot unanimously agree how to cast their vote, they forfeit their right to vote on the matter in question.
- (e) If a joint Owner casts a vote representing a certain Unit, it will be presumed for all purposes to be a vote with the authority and consent of all other joint Owners of the Unit.
- (f) After Notice and Hearing, the Association has the right to suspend the voting rights of any Owner delinquent in the payment of Assessments.

4.03 Transfer of Membership.

- (a) Membership of each Owner shall be appurtenant to the Condominium owned, and may only be (and is automatically) transferred upon conveyance of title to a Condominium to the new Owner.
- (b) In connection with any transfer or change of ownership of any Condominium, the Association and each Owner must comply with Civil Code Section 1368.

ARTICLE V**DUTIES AND POWERS OF THE ASSOCIATION****5.01 Specific Association Duties and Powers.**

The duties and powers of the Association are those set forth in the Governing Documents, together with its general and implied powers as a nonprofit mutual benefit corporation, generally to do all things which are necessary or proper for the peace, health, comfort, safety and general welfare of its Members, including the following:

- (a) Enforce the applicable provisions of the Governing Documents and other instruments for the ownership, management and control of the Project.
- (b) Adopt and enforce reasonable rules and regulations concerning the Property.
- (c) Contract for goods and/or services for the Common Areas, facilities, and interests, or for the Association subject to the limitations set forth below.
- (d) Exercise any powers normally exercised by residential homeowner associations under the laws of the State of California.

5.02 Board Powers and Limitations.

Except as to matters requiring the approval of Owners, the affairs of the Association shall be managed and conducted by the Board and its officers consistent with the law.

5.03 Insurance.

- (a) The Board must maintain the following specified (or equivalent) insurance coverages subject to the Section entitled, "Government Financing Programs":
 - (1) Fire insurance for one hundred percent (100%) of the full value of all improvements on the Property, including the Condominiums and Common Area(s), without deduction for depreciation or coinsurance naming as insureds the Owners, their Mortgagees, the Association.
 - (2) Extended coverage for replacement costs of damage to the Common Area(s) that arises out of vandalism or malicious mischief.

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- (3) At least ONE MILLION DOLLARS (\$1,000,000) in comprehensive public liability insurance that covers the Association, Board, Managing Agent, Owners, Occupants and any other agents or employees incident to the ownership or use of Common Area(s) against physical injury, death and property damage arising out of a single occurrence.
 - (4) If available, an extended coverage endorsement clause known as "special form", and a clause that permits a cash settlement to cover the full value of improvements in case of destruction and a subsequent decision not to rebuild.
 - (5) There shall be a deductible of no more than Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the face amount of the policy, provided it is acceptable to the First Mortgagees named as insured.
 - (6) Each hazard insurance policy must be written by a carrier who meets FNMA requirements for a "Best Rating".
 - (7) If the Secretary of Housing and Urban Development identifies the Property as having special flood hazards and if required by a lender:
 - (A) A "blanket" flood insurance policy must be maintained to the maximum coverage available under the appropriate National Flood Insurance Administration program, or 100% of the insurable value of the facilities, whichever is less; and
 - (B) The maximum deductible for the policy is FIVE THOUSAND DOLLARS (\$5,000) or one percent (1%) of the policy's face amount, whichever is less.
 - (8) A fidelity bond that insures the Association for the estimated maximum amount (or at least three (3) months aggregate Assessments on all Units and reserve funds) that could be affected by the dishonest act of any person who handles funds for the Owners' benefit. (Mandatory for a Property with more than twenty (20) Units, and at the option of the Association for a Property with less Units).
 - (9) Workers' compensation insurance, in compliance with all applicable laws (if there are any employees).
 - (b) Association insurance policies shall contain the following provisions, ("Special Condominium Endorsements") as appropriate:
 - (1) Statements that the policies are primary and non-contributing, even if an Owner has other insurance;

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- (2) Statements that an Owner's conduct will not constitute grounds for avoiding liability;
 - (3) A waiver of the carrier's right of subrogation against any Owner or family member, the Association, the Board, the Manager, the Board, and any of their agents or employees;
 - (4) Inflation Guard Endorsement, if obtainable at a reasonable cost;
 - (5) Any Insurance Trust Agreement will be recognized;
 - (6) If a construction code requires changes to undamaged portions of a building when any part of the building is destroyed by an insured hazard, then a Construction Code Endorsement, typically including endorsements for demolition cost, increased cost of construction, and contingent liability from building operation laws;
 - (7) If the property has central heating or cooling, Steamed Boiler and Machinery Coverage Endorsement should provide a minimum liability per accident of \$2,000,000, or the insurable value of the building housing the boiler or machinery, whichever is less;
 - (8) The Association is not obligated to provide intra-Unit public liability insurance or any protection against risks customarily covered under "apartment owners" or "condominium owners" package policies. Owners may individually insure against such risks; and
 - (9) Standard mortgage clause and name as mortgagee either FNMA or servicers (if applicable).
- (c) Insurance and fidelity bonds must provide for a ten (10) day written notice of modification or termination to any insurance trustee, and to each FNMA servicer who has filed a written request with the carrier for such notice.
 - (d) At least annually, the Board must review the Association's insurance policies.
 - (e) If economically feasible, prior to each annual review the Board shall obtain a current appraisal of the full replacement value of Improvements on the Property (except for foundations and footings) without deduction for depreciation.
 - (f) The insurance policies must be satisfactory to all institutional mortgagees (i.e. banks, savings and loans, federal or state agencies) holding loans on any condominiums.

(g) It is each Owner's responsibility, if desired, to obtain:

- (1) Insurance for the personal property within a potential liability occurring within a Unit;
- (2) loss assessment coverage for certain future special assessments;
- (3) Any other available insurance.

An Owner shall not obtain any insurance that potentially may cause a reduction in the Association's insurance proceeds.

5.04 Budget, Financial Statements and Governing Documents.

- (a) The Board of Directors of the Association must comply with all current requirements of California Civil Code Sections 1365, et. seq., or successor statutes pertaining to financial records, governing documents, etc.
- (b) The Association shall make the following documents available for inspection and copying by a Member or his duly appointed representative at the office of the Association upon request during normal business hours or under other reasonable circumstances:
 - (1) The Membership register, mailing addresses, telephone numbers, books of account and minutes of meetings of the Board for any purpose reasonably related to a Member's interest.
 - (2) For Owners, lenders, holders, insurers and guarantors of a first Mortgage on any Unit, current copies of all Governing Documents, books, records, and financial statements of the Association;
 - (3) The Association may charge a fee to the requesting party for this service which may not exceed the reasonable cost to prepare and reproduce the requested items.
 - (4) Copies of relevant California Code Sections referenced on any Governing Documents.

5.05 Association Performance of an Owner's Obligations.

If an Owner fails to accomplish any maintenance or repair required by this Declaration, the Association has the right (but not the obligation) to cause such maintenance or repair to be accomplished according to the following regulations:

- (a) The Board must give the Owner a Notice of Deficiency that outlines the problem and set a date for a hearing before the Board or its appointed Committee ("Board").
- (b) A hearing must be held from fifteen (15) to thirty (30) days after the Notice of Deficiency's delivery date and must be conducted as follows:
 - (1) According to reasonable rules and procedures adopted by the Board;
 - (2) The Owner may present evidence and cross-examine any person offering evidence against the Owner;
 - (3) A decision rendered against the Owner must set a date by which the Owner is to correct the deficiency; and
 - (4) A committee decision may be appealed to the Board, but a decision by the Board is final.
- (c) If the deficiency continues after the time limit imposed by the Board, such maintenance or repair may be accomplished according to the following regulations:
 - (1) After a written Notice of Action by the Board, the Owner has no more than ten (10) days to select a day(s) when such maintenance or repair may be accomplished;
 - (2) The Owner must select a date between fifteen (15) and forty-five (45) days from the final day of the ten (10) day Notice of Action period;
 - (3) If the Owner does not select a day(s), the Board may select dates to accomplish the work, between twenty-five (25) and fifty-five (55) days from the last day of the ten (10) day Notice of Action period; and
 - (4) Unless the Owner and Board otherwise agree, such maintenance or repair must take place during daylight hours Monday through Saturday, excluding national holidays.
- (d) Any Association payments for such maintenance or repair must be reimbursed by the Owner within thirty (30) days.

5.06 Penalties for Non-Compliance.

- (a) In recognition of the need for a reasonable means of encouraging and insisting upon compliance with the provisions of the Governing Documents without resorting to suits for injunctive relief, the Board is authorized to do the following:

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- (1) Establish a reasonable policy of reasonable penalties, including monetary penalties (which specifies the amounts of potential monetary penalties);
 - (2) Assess such penalties against any Owner found to be in violation of any provision of the Governing Documents; and
 - (3) Temporarily suspend an Owner's voting rights as a Member of the Association for as long as the violation continues.
- (b) Notice and Hearing relating to the imposition of any penalties in this Section must be made in the following manner and at a minimum:
- (1) Notice must be given to the relevant Owner's most recent address in the Association's records at least fifteen (15) days before the proposed effective date of the penalty;
 - (2) Notice must set forth details of the violation itself, the proposed penalty, and the date, time and place of the Hearing;
 - (3) The penalized Owner may be heard (either orally or in writing) at a Hearing held at least five (5) days before the effective date of the proposed penalty;
 - (4) Hearing will be held by the Board of Directors, and their decision is final and binding upon the Owner;
 - (5) The Board shall meet in executive session if requested by the member being disciplined, and the member shall be entitled to attend the executive session.
 - (6) Following the Hearing, the Board must decide whether or not the Owner should in fact be penalized, and the nature of the penalty.
- (c) If the Association adopts a policy imposing any monetary penalty, including any fee on any member for a violation of the Governing Documents or rules of the Association, including any monetary penalty relating to the activities of a guest or invitee of a member, the Board shall adopt and distribute to each member by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed for those violations, which shall be in accordance with authorization for member discipline contained in the Governing Documents. (The Board shall not be required to distribute any additional schedules of monetary penalties unless there are changes from the schedule that was adopted and distributed to the members.)

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- (d) If an Owner fails to comply with a penalty imposed pursuant to the provisions of this Section, the Board may seek judicial enforcement of the penalty in any court of competent jurisdiction, with the Owner liable for all costs (collection costs, court costs, attorney's fees, etc.). However, such penalties and costs shall not be treated as an assessment that may become a prejudgment lien enforceable by Civil Code Section 2924.
 - (e) Notwithstanding the foregoing, the Owner shall be given, at a minimum, the rights set forth in Corporations Code Section 7341 or any successor statute.

5.07 Right of Entry.

- (a) The Board has the right to enter any Unit or Common Area(s) to determine compliance with the Governing Documents.
- (b) In case of emergency, a Unit may be entered immediately. Otherwise, a Unit may only be entered at reasonable hours after the Owner has received three (3) days telephone and written notice, and if the Occupant does not physically attempt to stop the entry.
- (c) Entry must be made with as little inconvenience as possible to the Owner, and if possible, the entering Board Member should be accompanied by another Board Member or another Owner.

5.08 Repair and Maintenance by the Association.

Subject to the Owner's maintenance and repair obligations provided for in this Declaration, the Association (and not individual Owners) is solely responsible for:

- (a) Maintaining the Common Areas in a first-class condition, making necessary repairs, modifications and improvements, including (but not limited to) an adequate lighting system along all walkways;
- (b) Maintaining the plumbing and electrical systems within the Common Areas; and
- (c) Painting Unit doors. The paint shall match the original paint color on the door, unless a color change is agreed to by a majority vote of the Association.

5.09 Wood-Destroying Pests.

If maintenance and repair necessitated by wood-destroying pests or organisms is required by the Association, the procedure must be in compliance with Civil Code Section 1364.

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ARTICLE VI

COVENANTS FOR ASSESSMENT

6.01 Assessments.

- (a) Assessments may be levied by the Association for improvement and maintenance of the Common Area(s), administration of the Property, and to promote the recreation, safety, and welfare for the common good of all the Owners.
- (b) Each Owner, by acceptance of a deed to a Condominium, whether or not it shall be so expressed in any deed, covenants and agrees to pay all Assessments to the Association.
- (c) Assessments and related interest, collection costs, and reasonable attorneys' fees are the personal obligations of the Owner and binds heirs, devisees, representatives, successors and assignees, but does not pass to successors in title unless expressly assumed by them. The Condominium does remain subject to any Assessment liens of record.
- (d) The Association may not collect an Assessment fee in excess of the amount needed for the purpose levied.

**6.02 Date of Regular Assessments:
Due Dates of Assessments.**

Except for the partial first year, Regular Assessments shall be due and payable in any reasonable manner established by the Board.

6.03 Assessment Rate.

Assessments shall be divided among the Units according to the fractional percentage interests set forth in Exhibit "C" attached hereto.

6.04 Assessment Duties of the Board of Directors.

- (a) The Board must levy Regular and Special Assessments in compliance with Civil Code Section 1366.

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6.05 **Effect of Nonpayment of Assessments:**
Delinquency and Remedies of the Association.

- (a) An Assessment is delinquent ("Delinquent Assessment") if not paid within fifteen (15) days after the due date. A Delinquent Assessment includes:
- (1) A late charge imposed by the Board to the maximum amount in accordance with California Civil Code Section 1366 (or any successor statutes);
 - (2) Reasonable collection costs and attorney's fees; and
 - (3) Interest on all costs and charges at the maximum permissible rate, commencing thirty (30) days after the Assessment is due.
- (b) Delinquent Assessments and related costs will be a continuing lien on the relevant Condominium when a "Notice of Delinquent Assessment" is recorded against an Owner's fee interest in a Condominium.

This lien is prior and superior to all other monetary liens on the Owner's fee interest except:

- (1) Taxes, bonds, Assessments and other levies that are superior by law; and
 - (2) The lien or charge of any first Mortgage of record made for value in good faith.
 - (3) The lien for Assessments which were due and payable prior to the transfer of an Owner's interest in a Condominium shall be deemed extinguished upon the transfer of said interest as the result of the exercise of a power of sale or a judicial foreclosure involving a default under the first Mortgage.
 - (4) Notwithstanding the foregoing, any Special Assessments imposed against a particular Owner in order to reimburse the Association for any costs incurred in connection with that Owner's violation of the Governing Documents, or a monetary penalty imposed by the Association as a disciplinary measure for failure to comply with the Governing Documents, may not become a lien against the Owner's interest. However, this 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 or for costs reasonably incurred including attorney's fees in its efforts to collect other delinquent assessments.
- (c) In addition to all other legal rights and remedies, the Association may:

- (1) Bring legal action against an Owner who is personally obligated to pay the Assessment and charges (without foreclosing or waiving any lien security);
 - (2) Judicially foreclose the lien against the Condominium, including the Assessment, interest, collection costs and late charges;
 - (3) Foreclose the lien by power of sale in accordance with California Civil Code Sections 2924-2924h, or any other lawful manner;
 - (4) Bid on the Condominium through authorized agents at the foreclosure sale, to acquire and thereafter to hold, lease, Mortgage or convey; or
 - (5) Temporarily suspend the voting rights of the Owner in accordance with the provisions of this Declaration.
- (d) Foreclosure action may not proceed until thirty (30) days after a Notice of Claim of Delinquent Assessment is duly recorded with the relevant County Recorder that meets the requirements of Civil Code Section 1367.
 - (e) A copy of the Notice of Claim of Delinquent Assessment must be sent by certified or registered prepaid United States mail, addressed to the Owner or his designated agent previously given in writing to the Association at the Condominium (or an address that the Owner has previously given in writing to the Association which address must be within the United States).
 - (f) Upon an Owner's timely payment of a default and all related fees, Association officers may prepare and record (at the Owner's cost) a release of the Notice of Delinquent Assessment.
 - (g) No transfer of an Owner's interest in a Condominium 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 mortgage or another person, from liability for any assessment thereafter becoming due or from the lien thereof.

6.06 Nonuse and Abandonment.

An Owner does not waive or otherwise escape liability for Assessments by nonuse of the Common Area(s) or abandonment of a Unit.

6.07 Waiver of Exemptions.

With respect to Assessment liens, each Owner waives (to the extent permitted by law) the benefit of any California homestead or exemption laws in effect when any Assessment or installment becomes delinquent or a lien is imposed.

ARTICLE VII

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ARCHITECTURAL CONTROL

7.01 Approval by the Board.

- (a) Any exterior alteration or improvement or change to the exterior of a Unit anywhere on the Property (including any Common Area) or any interior alteration or improvement must first be approved in writing by the Board.
- (b) Complete plans and specifications must be submitted in writing showing plot layout, materials, sizes, color, design and landscaping, and with the signature of the Owner.
- (c) The Association may charge an Owner for reasonable costs incurred for review of any proposals submitted (e.g., Architect's fee).

7.02 Certain Procedures for the Board.

- (a) If the Board fails to rule on a proposal within thirty (30) days after complete plans and specifications have been submitted as outlined below, the plans will be considered automatically approved.
- (b) Complete plans and specifications must be either:
 - (1) Personally delivered to a Board Member; or
 - (2) Mailed postage prepaid, certified mail, return receipt requested to the Board at its current address.

7.03 No Waiver.

Board approval of a proposal does not limit the Board's right to withhold approval for similar proposals.

7.04 Review Standards.

- (a) The Board must approve or reject plans and specifications submitted for proposed construction or alteration based on:
 - (1) Aesthetic aspects of design, placement, landscaping, color, finish, materials, and harmony with existing structures; and

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- (2) Overall benefit or detriment to the Property and the area immediately surrounding the Unit involved.
 - (b) The Board is not responsible for approval of plans from the standpoint of structural safety or conformance with building codes.
 - (c) Board approval of solar heating units may not be withheld unreasonably.

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ARTICLE VIII

MORTGAGEE PROTECTION

8.01 Subordination of Lien and Foreclosure.

- (a) Any lien created or claimed in this Declaration:
 - (1) Is subject and subordinate to the rights of any first Mortgage that encumbers any part of the Property made for value in good faith; and
 - (2) May not in any way impair or invalidate the obligation or priority of a first Mortgage unless expressly subordinated in writing by the Mortgagee.
- (b) Foreclosure of any Assessment lien created by any provision of this Declaration shall not operate to impair any lien encumbered by a first Mortgage made for value in good faith.
- (c) Upon foreclosure of a first Mortgage, the purchaser:
 - (1) Will take the Condominium title free of any Assessment lien accrued up to the time of the foreclosure sale (provided that nothing herein is intended to impair the rights of the Association to receive payment on any Assessment lien in the event the net sale proceeds are in excess of what is owed on all encumbrances prior to the Assessment lien);
 - (2) Is only obligated to pay Assessments or other Association charges accruing after the Unit title is acquired; and
 - (3) If the Mortgagee obtains title with a deed in lieu of foreclosure, any Assessment lien will not be extinguished.

8.02 Mortgagees Are Not Required to Cure Certain Breaches.

A first Mortgagee who acquires title by foreclosure or by a deed in lieu of foreclosure or assignment in lieu of foreclosure shall not be obligated to cure an existing breach of this Declaration that is non-curable or of a type that is not practical or feasible to cure.

8.03 Effect of Breach of Declaration.

- (a) Breach of this Declaration may not:

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- (1) Cause any forfeiture or reversion of title; or
 - (2) Bestow any right of reentry.
- (b) Breach of this Declaration may be enjoined or abated by court action by the Association, or any Unit Owner, and damages may also be awarded provided that:
- (1) The violation does not impair or invalidate the Mortgage lien or deed of trust made for value in good faith; and
 - (2) This Declaration binds any Owner whose title is derived through foreclosure, trustee's sale or otherwise.

8.04 Exemption From Right of First Refusal.

- (a) No right of first refusal or similar restriction may be placed on an Owner's right to sell, transfer, or otherwise convey a Unit, unless a Mortgagee of the Property grants written consent to the Association.
- (b) Any right of first refusal or option to purchase a Unit that may be granted to the Association (or other party) may not impair the rights of a first Mortgagee to do any of the following:
 - (1) Foreclose or take title to a Unit, pursuant to the remedies provided in the Mortgage;
 - (2) Accept a deed (or assignment) in lieu of foreclosure in the event of default under the Mortgage; or
 - (3) Sell or lease a Unit acquired by the Mortgagee.

8.05 Restrictions on Certain Changes.

- (a) Eligible First Mortgagees are holders of First Mortgages who have requested the Association to notify them of specified proposals and changes to the Governing Documents.
- (b) At least sixty-six and two-thirds percent (66 2/3 %) of Owners and at least fifty-one percent (51 %) of the votes of Eligible First Mortgagees must give written approval before the Association may, by act or omission, do any of the following:
 - (1) Abandon, partition, subdivide, encumber, sell or transfer any portion of a Common Area (other than granting easements as specified in this Declaration);

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- (2) Alter the method of determining Assessments or other charges levied against an Owner;
 - (3) Partition or subdivide any Condominium;
 - (4) Seek to abandon or terminate the Condominium Property (except as provided by statute in case of substantial loss to the Units or Common Areas);
 - (5) Use hazard insurance proceeds for losses to the Property (Unit or Common Area) for other than repair, replacement or reconstruction of the relevant Property (except as provided by statute in case of substantial loss to the Units or Common Areas);
 - (6) Change, waive or abandon any regulations or enforcement pertaining to the architectural design, the exterior appearance or the maintenance of the Units or the Common Area(s).
 - (7) Fail to maintain Fire and Extended Coverage on insurable Common Area(s) as specified in this Declaration.
 - (8) Amend the Governing Documents concerning any material provision (which includes, but is not limited to, the following):
 - (A) Voting rights;
 - (B) Rights to use the Common Area(s), and reallocation of interests in the Common Area (including Exclusive Use Common Areas);
 - (C) Reserves and responsibility for maintenance, repair and replacement of the Common Property;
 - (D) Unit boundaries;
 - (E) Owners' interests in the Common Area;
 - (F) Convertibility of Common Area into Units or Units into Common Area;
 - (G) Unit leasing;
 - (H) Establishment of self-management by the Association where professional management has been required by any beneficiary, insurer or guarantor of a first Mortgage;
 - (I) Annexation or deannexation of real property;

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- (J) Assessments, Assessment liens, or the subordination of such liens;
 - (K) Casualty and liability insurance (or other insurance or fidelity bonds);
 - (L) Imposition of a right of first refusal or similar restriction of an Owner's right to sell, transfer or otherwise convey the Unit;
 - (M) Restoration or repair of the Property after hazard damage or partial condemnation;
 - (N) Action to terminate the legal status of the Property after substantial destruction or condemnation; and
 - (O) Any provisions that are for the express benefit of first Mortgagees, insurers or governmental guarantors of first Mortgages.
- (c) Change, waive or abandon the provisions of this Declaration (and their enforcement) pertaining to architectural design and control of the exterior appearance of structures, maintenance of the Common Area(s), walks, fences, driveways, lawns and plantings on the Property.
 - (d) When Unit Owners are considering termination of the legal status of the Project for reasons other than substantial destruction or condemnation of the Property, written approval of sixty-seven percent (67%) of Eligible First Mortgagees must be given.
 - (e) An Eligible First Mortgagee's approval will be considered granted if a negative response is not delivered to the Board within thirty (30) days after it receives notice of the proposed amendment, provided notice was delivered personally or by certified or registered mail, return receipt requested.

8.06 Inspection of Association Books and Records.

Any first Mortgage holder has the right to examine the books and records of the Association.

8.07 Condemnation Awards and Insurance Proceeds.

- (a) First Mortgagees have priority over any other party (including the Owner) pursuant to their Mortgage in a case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of Units or Common Areas. Any provision to the contrary in this Declaration, the Bylaws, or other Governing Documents is to such extent void.

- (b) All applicable fire, physical loss or extended coverage insurance policy must contain loss payable clauses acceptable to the affected first Mortgagee, naming the Mortgagees as their interests may appear.

8.08 Mortgagee's Right to Attend Meetings.

Any Mortgagee may appear at Association and Board meetings, but is not eligible to vote, unless such Mortgagee has acquired title to any Unit by virtue of foreclosure, deed-in-lieu of foreclosure, etc..

8.09 Payments by Mortgagees.

- (a) First Mortgagees may pay the following jointly or severally:
 - (1) Taxes or other charges in default which may be a charge against any part of the Common Area(s); and
 - (2) Overdue premiums on hazard insurance policies, or to secure new hazard insurance coverage on the lapse of a policy for the Common Area(s).
- (b) Upon making such payments, the Association:
 - (1) Owes immediate reimbursement to first Mortgagees making such payments; and
 - (2) Must, upon Mortgagee's request, execute an agreement that reflects the first Mortgagees' entitlement to such reimbursement.

8.10 Loss Payable Endorsement.

All applicable fire, physical loss or extended coverage insurance policies must contain loss payable clauses naming the Mortgagees who encumber the Condominiums.

8.11 Notices to Mortgagees.

- (a) The holder, insurer or guarantor of the mortgage on any Unit is entitled to timely written notice of:
 - (1) Any condemnation or casualty loss that affects a material portion of the Project or the Unit securing its mortgage;

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- (2) Any sixty-day delinquency in the payment of Assessments or charges owed by the Owner of any Unit on which it holds the mortgage;
 - (3) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and
 - (4) Any proposed action that requires the consent of a specified percentage of Eligible First Mortgage Holders.
- (b) To obtain the information above, the mortgage holder, insurer or guarantor must send a written request to the Association, stating both its name and address and the unit number or address of the unit it has the mortgage on.

8.12 Governmental Financing Programs.

- (a) It is the intent that the Governing Documents and the Project in general, shall now and in the future meet all requirements necessary to purchase, guarantee, insure, or subsidize any Mortgage of a Condominium in the Project by the Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. The Association and each Owner shall promptly take any action and/or shall adopt any resolutions required by the Association or any Mortgagee to conform this Declaration or the Project to the requirements of any of these entities or agencies. Each Owner of a Condominium in the Project, by accepting a deed to a Condominium, shall be deemed to have constituted and irrevocably appointed the Association as its Attorney-in-Fact, for itself and each of its Mortgagees, heirs, legal representatives, successors and assignees, whether voluntary or involuntary, and thereby to have conveyed a Power of Attorney coupled with an interest to the Association as its Attorney-in-Fact for the purpose of amending the Governing Documents to conform with any new requirements.
- (b) These steps include the requirement that, when available, the Association must maintain certain types of insurance coverage issued by carriers who meet the requirements of the relevant governmental financing program.
- (c) Hazard insurance policies required by this Section must contain (or attach) the standard Mortgagee clause commonly accepted by private institutional Mortgage investors for similar properties in the locale (except when a separate policy covering the Common Area(s) is maintained).
- (d) If there are any such loans, the Association will give written notice to FHLMC (or its designated representative) of the following:

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- (1) Any loss to the Common Area in excess of Ten Thousand Dollars (\$10,000.00); or
 - (2) Damage to a Condominium covered by a first Mortgage purchased (in whole or in part) by the FHLMC in excess of One Thousand Dollars (\$1,000.00).

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ARTICLE IX

DESTRUCTION OF IMPROVEMENTS

9.01 Restoration of the Property.

If there is damage or destruction of improvements to the Common Area:

- (a) If insurance proceeds cover at least eighty-five percent (85%) of restoration costs, the Association shall cause Common Area damage to be repaired unless seventy-five percent (75%) of the total voting power elect not to reinvestment or repair.
- (b) If insurance proceeds cover less than eighty-five percent (85%) of restoration costs, then the vote (or written assent) of seventy-five percent (75%) of the Owners and first Mortgagees must approve proceeding with restoration and a Special Assessment to be levied by the Board.
- (c) If the estimated cost of repair does not exceed ten thousand dollars (\$10,000.00), the Board must cause the repair to occur without the consent of Members irrespective of the available amount of insurance proceeds. The Board is empowered to levy a Special Assessment if necessary as described herein.
- (d) If the Owners (and Mortgagees, if applicable) decide to rebuild the Board shall levy a Special Assessment against all Owners to raise the remaining funds required for repair of such damage. Said Special Assessment shall be levied upon the basis of the ratio of the square footage of the floor area of the Unit to be assessed to the total square footage of floor area of all Units to be assessed.
- (e) If the Owners and Mortgagees determine that restoration costs would be substantial and not in their best interests, the Owners may proceed as provided below.

9.02 Sale of Property and Right to Partition.

- (a) If the Association elects not to rebuild, an independent MAI appraiser shall determine the relative fair market values of all condominiums as of a date immediately prior to any damage or destruction and the proceeds of insurance shall be apportioned among all owners, and their respective Mortgagees, in proportion to such values.
- (b) An Owner may not partition his or her interest in the Condominium, and there may be no judicial partition of the Property, except:
 - (1) If a certificate of a resolution to rebuild has not been recorded within six (6) months of the destruction; or

- (2) If restoration has not begun within six (6) months and the vote (or written consent) of sixty-six and two-thirds percent (66 2/3%) of the Condominium Owners is given, then conditions for partition as set forth in Subdivision (4) of California Civil Code Section 1359(b) will be deemed satisfied.
- (c) In case of partition, the Association (acting through a Board majority) must promptly record a certificate that states:
 - (1) That a Board majority has irrevocable power of attorney to sell the Property for the Owners' benefit (except the VA) and for whatever documents are necessary for the Association to sell the Property for the best price, either in its damaged condition, or after damaged structures have been razed; and
 - (2) That the certificate is conclusive evidence of authority for any person relying upon it in good faith.
- (d) Net proceeds from sale, condemnation award (affecting all or a part of the Structural Common Area which is not apportioned among Owners by court judgment or by agreement between condemning authorities and each of the Owners) and/or Association insurance must be divided proportionately among the Owners according to an appraised fair market value of the Condominiums (as of a date immediately prior to destruction or condemnation), computed by dividing the value of each Condominium by the total value of all Condominiums. Appraiser(s) hired by the Board for this purpose will be paid as an Association Common Expense.
- (e) The balance due on any valid encumbrance of record will be paid in order of priority before the distribution of any proceeds to the relevant Owner.

9.03 Interior Damage.

Restoration and repair of any interior damage to a Unit is the individual expense of the relevant Owner, except for any casualty or damage insured against by the Association.

9.04 Notice to Owners and Listed Mortgagees.

Immediately upon learning of any material damage or destruction to the Common Property or any Unit, the Board must notify all Owners, and Beneficiary, insurer or guarantor of any relevant Mortgage who have filed a written request for Board notice (see "Mortgagee Protection" Article).

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ARTICLE X

CONDEMNATION

10.01 Representation by the Board in Condemnation Proceedings.

In case any Condominium is taken by condemnation or sale by eminent domain:

- (a) The Board will be the sole representative of all Members in any action to recover awards and all aspects of condemnation proceedings (subject to Mortgagees who have requested to join the Board in the proceedings); and
- (b) Members may not challenge the Board's good faith in fulfilling these duties.

10.02 Distribution of Award.

- (a) In case of condemnation or sale by eminent domain, the Board must distribute any award according to these provisions (after deducting fees and expenses related to the condemnation proceedings).
- (b) Any award must first be applied toward payment of any balance due on any Mortgages of record, in order of priority.
- (c) If condemnation judgment apportions the award among the Owners and Mortgagees, the Board will distribute the remaining amount (after deductions above) according to the terms of the judgment allocation.
- (d) If by sale under threat of condemnation (or if the judgment of condemnation fails to apportion the award), the Board will distribute the award based upon relative values of the affected Condominiums as determined by an independent M.A.I. appraiser(s) hired by the Board.
- (e) The determination of the appraiser(s) of each Condominium's value and degree of affect by the proceedings will be final and binding on all Owners and Mortgagees.
- (f) An Owner does not have priority over a Mortgagee for the condemnation award allocated to the Condominium.
- (g) An award may not be distributed to an Owner or Mortgagee in excess of the allocated amount.

10.03 **Inverse Condemnation.**

The Board may bring an inverse condemnation action, in which case these provisions apply with equal force.

10.04 **Revival of the Right to Partition.**

- (a) If condemnation or sale by eminent domain renders more than twenty percent (20%) of the Units incapable of substantial restoration to prior condition (of at least ninety-five percent (95%) of the floor area):
 - (1) The Board must call an Owners' meeting within sixty (60) days by mailing notice to each Owner at the address in the Association records; and
 - (2) The Owners may permit sale and partition of the entire Property (by a sixty-six and two-thirds percent (66 2/3%) vote or written consent of the Owners, based on one (1) vote per Unit), in which case an Owner's right to partition through legal action is revived.
- (b) The Board will determine whether Condominiums partially taken are capable of being restored, and their decision is final and binding.

10.05 **Awards for Members' Personal Property and Relocation Allowances.**

- (a) In case of condemnation or sale by eminent domain, each Owner has exclusive right to claim:
 - (1) All of the award made for the Member's personal Property; and
 - (2) Relocation and moving expenses.
- (b) The Board shall represent each Member in an action to recover awards regarding the Members' personal property, and must allocate the proportional amount of any award attributable to the appropriate portion of each Members' personal property.

10.06 **Notice to Members.**

As soon as the Board learns of any potential condemnation or sale by eminent domain, it must notify all Members and First Mortgagees who have filed a written request for notice (see "Mortgagee Protection" Article).

10.07 Change of Condominium Interest.

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- (a) In case of condemnation or sale by eminent domain, the Board may amend the Condominium Plan to reflect changes (subject to this Declaration).
- (b) If the Board records such an amendment, all relevant Owners and security interest holders must:
 - (1) Execute and acknowledge the amendment in compliance with California Civil Code Section 1351 (or any similar statute in effect); and
 - (2) Execute other documents and take other actions required to make the amendment effective.
- (c) The Board must send a notice of Condominium Plan change to each Owner and Mortgagee within ten (10) days after the amendment is filed in the relevant County Recorder's Office.

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ARTICLE XI

COVENANT AGAINST PARTITION AND RESTRICTION
ON SEVERABILITY OF CONDOMINIUM COMPONENT INTEREST

11.01 No Partition; Exceptions; Power of Attorney.

- (a) The right of partition is hereby suspended (except that the right to partition revives and the Property may be sold as a whole when the provisions of this Declaration concerning Destruction and Eminent Domain are met).
- (b) Upon prior written approval of the First Mortgagee, an Owner may bring an action for partition by sale as provided in California Civil Code Section 1359 (or any similar statute in effect at the time).
- (c) These provisions do not prevent a judicial partition between co-tenants of a Unit.
- (d) The Association (through its Board) has irrevocable power of attorney not applicable to the VA for the following circumstances:
 - (1) To sell the Property for the benefit of Owners and Mortgagees when partition takes place under California Civil Code Section 1359;
 - (2) Only after a certificate executed by a majority of Board Members is recorded which states that power of attorney is duly exercisable under the circumstances.

11.02 Proceeds of Partition Sale.

- (a) Whenever an action is brought for partition by sale, the Owners will share the proceeds in the same proportion as the relative values of each Condominium, determined by comparing its fair market value on partition date (established by an M.A.I. Appraiser selected by the Association) to the total assessed value of all Units in the Property on that date.
- (b) Distribution of partition sale proceeds must be adjusted to reflect prior condemnation awards or insurance proceeds paid to Owners and Mortgagees.
- (c) In case of partition and sale, provisions of all Mortgages and Assessment Liens extend to each Owner's interest in the resultant proceeds.
- (d) An Owner's interest may only be distributed upon prior payment of any Mortgage or Assessment encumbering the proceeds.

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11.03 No Separate Conveyance of Condominium Components.

- (a) An Owner may not sever, sell, convey or encumber a Unit's component interests (such as the undivided interest in the Common Area from the Unit).
- (b) The provisions of this Section terminate when a partition is decreed (either judicial or in accordance with this Article).

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ARTICLE XII

EASEMENTS

12.01 Certain Easements for Owners.

Declarant grants nonexclusive easements for enjoyment, ingress, egress, pedestrian walkway and general recreation purposes over and upon the Common Area (except Exclusive Use Common Areas, if any) to all Owners, subject to Governing Documents.

12.02 Certain Easements for Association.

Declarant grants to the Association nonexclusive easements over the Common Areas and Units to the Association to discharge its obligations as described in this Declaration.

12.03 Encroachment.

Declarant, the Association and Owners of contiguous Units have a reciprocal easement appurtenant to each of the Units and Common Areas for the following purposes:

- (a) Accommodating any existing encroachment of a wall or structure; and
- (b) Maintaining any structure and accommodating authorized construction, reconstruction, repair, shifting, movement or natural settling.

12.04 Creation of Easements.

- (a) Easements referred to herein are established upon the recordation of the first deed conveying a condominium in the Project, and the provisions hereof with respect to such easements shall be covenants running with the land for the use and benefit of Units and Property superior to all other encumbrances.
- (b) Individual grant deeds to Units shall state that the grant is made subject to the provisions of this Declaration, and may set forth reference to these easements, but are not required to do so.

12.05 Utility Easements.

The Association may grant easements and rights of way through the Common Area(s) and units for water, sewer, telephone and cable lines, storm drains, underground conduits, sprinkler systems, and other purposes intended to maintain the health, safety, convenience and enjoyment of the Units and Common Area(s).

ARTICLE XIII

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AMENDMENT

13.01 Amendment.

- (a) This Declaration may only be amended in the following ways (and subject to the Article entitled "Mortgagee Protection"):
 - (1) A signed, written instrument from sixty-six and two-thirds percent (66 2/3%) of Association Members; or
 - (2) A signed, written instrument by two Association officers certifying that the relevant amendment has been approved by at least sixty-six and two-thirds percent (66 2/3%) of Association Members.
- (b) Any amendment must be properly recorded in the relevant County Recorder's Office.
- (c) The percentage of Association Members needed to amend this Declaration may not be less than the percentage of affirmative votes prescribed for action to be taken under the relevant provision.
- (d) An Owner or the Association may petition the Superior Court for an order reducing the percentage of affirmative votes needed to amend this Declaration (pursuant to Civil Code Section 1356, or any successor statutes).

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ARTICLE XIV

MISCELLANEOUS PROVISIONS

14.01 Enforcement - Resolution of Disputes - Arbitration.

- (a) An Owner or the Association may enforce by legal action any restrictions, conditions, covenants, reservations, liens, Assessments, fees and penalties imposed by this Declaration or other Governing Documents for violations committed by any offending party, or with respect to any dispute related to any portion of any property covered by the Declaration.
- (b) Failure to take action does not constitute a waiver of the right to take action.
- (c) Reference is hereby made to California Civil Code Section 1354 (current Section set forth in Exhibit "B"), which sets forth pre-filing requirements, or arbitration proceedings and other procedures for certain types of enforcement actions.
- (d) It is expressly declared, stipulated and agreed that the Board shall divert the prosecution or defense of any civil action to Binding Arbitration (an Alternative Dispute Resolution proceeding). It is recommended that the Board first attempt to settle disputes through Mediation (an Alternative Dispute Resolution proceeding) before proceeding to Binding Arbitration.
- (e) If the dispute or claim involves a sum not in excess of the jurisdictional limit of the Small Claims Court, the Owner may take the matter to Small Claims Court in lieu of Binding Arbitration.
- (f) The Board shall agree to the following in any civil action diverted to an Alternative Dispute Resolution proceeding:
 - (1) Participate fully, and in good faith, in the resolution of any such action diverted to an Alternative Dispute Resolution proceeding; and
 - (2) Pay the costs reasonably incurred by the Association on account of those Alternative Dispute Resolution proceedings.
- (g) Any claim or dispute referred to Mediation or Binding Arbitration, shall be settled and determined in accordance with the rules of either the American Arbitration Association ("AAA"), or its successor, or the Judicial Arbitration and Mediation Services, Inc. ("JAMS"), or its successor, and the provisions of the California Code of Civil Procedure, Section 1283.05 (or any successor amended statute or law containing similar provisions, shall be applicable in any such arbitration).

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- (h) In any case where the American Arbitration Association (or its successor) is not in existence or fails or refuses to act within a reasonably prompt period of time (but in no event exceeding 90 days from the date a request for arbitration is filed), the arbitration shall proceed in accordance with the laws relating to arbitration then in effect in the State of California (including but not limited to Section 1280 through 1294.2 of the California Code of Civil Procedure, as the same may be amended or superseded from time to time).
 - (i) Any such arbitration shall be conducted by one (1) arbitrator. If the parties cannot agree on one (1) arbitrator, there shall be three, as follows:
 - (1) Each party shall choose an arbitrator and the two arbitrators shall choose the third.
 - (2) The parties shall name their respective choices within five days after demand for arbitration is made.
 - (3) If either party neglects or refuses to participate in the appointment of the arbitrator(s), or to furnish the arbitrator(s) with any papers or information demanded, the arbitrator(s) may proceed *ex parte*.
 - (j) In the case of Binding Arbitration, the judgment upon the award rendered in any such arbitration shall be final and binding upon the parties and may be entered in any court having jurisdiction thereof.
 - (k) The prevailing party of the arbitration shall be entitled to receive as part of the award in its favor, all costs, fees and expenses (including actual attorney's fees and arbitrator fees) incurred with respect to the arbitration, plus interest at the highest rate permitted by law, from and as of the date of the alleged breach or violation. In the event it is determined by the Arbitrator that there is no prevailing party, then all costs, fees and expenses excluding attorneys' fees shall be shared equally by the parties to the arbitration. All attorneys' fees incurred where there are no prevailing parties shall be the sole responsibility and obligation of the respective parties who incurred such fees.

14.02 Notification of Declarant by Association of Defects and Resolution of Disputes with Declarant.

- (a) The Board agrees that in the event of any alleged defect in any Common Areas for which the Association believes the Declarant may be responsible, the Board shall:
 - (1) Provide the Declarant with written notice of such defect; and
 - (2) Grant the Declarant a reasonable opportunity to repair, replace, or otherwise cure any defect in workmanship and/or material.

- (b) Upon receipt of written notice of grievance, Declarant shall promptly respond with an investigation, inspection, meeting, discussion or other action reasonably appropriate to the circumstances (including prompt communication with the aggrieved party, and a proposed course of action to resolve the problem).
- (c) All parties involved in the matter must negotiate in a good faith attempt to amicably resolve the problem.
- (d) If the parties are unable to resolve the problem within a reasonable period of time (not to exceed ninety (90) days after the first notice of claim or dispute), then the matter shall be submitted to Binding Arbitration in accordance with the provisions set forth in 14.01 above.
- (e) If the dispute or claim involves a sum not in excess of the jurisdictional limit of the Small Claims Court, the Owner may take the matter to Small Claims Court in lieu of Binding Arbitration.
- (f) If a dispute regarding any right or action to which Section 1298.7 of the California Code of Civil Procedure (collectively referred to as "Defect Disputes") shall arise between the Association and Declarant (or any of its contractors and/or subcontractors, consultants and/or subconsultants, and their employees and/or agents), at least one hundred twenty (120) days prior to commencing any mediation, arbitration or judicial proceedings, the Board, in good faith, shall attempt to provide written notice to the Members for the purpose of disclosing such proposed proceedings to the Members. Such notice shall inform the Members of all relevant information pertaining to such proposed proceedings, including, but not limited to the following:
 - (1) The specific areas and/or components of the Project which it believes to be defective and the basis for such belief;
 - (2) The estimated cost to repair such defects;
 - (3) How the necessary repairs will be funded;
 - (4) The Declarant's position, if any, regarding repairing the alleged defects;
 - (5) The name of the attorney whom the Association is contemplating retaining and an estimate of the attorney's fees, consultant's fees and any other costs to be incurred to prosecute such proceedings;
 - (6) How such fees and costs will be funded;
 - (7) Each Member's duty to disclose to prospective purchasers the alleged defects; and

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- (8) The potential impact the proceedings may have on the marketability and availability of financing for Condominiums in the Project.
 - (g) The above notice requirement may be shortened by the Board as necessary to avert the barring of any claim due to the expiration of any applicable statute of limitations.
 - (h) Any such Alternative Dispute Resolution proceeding, or civil action, associated with a Defects Dispute between the Association and the Declarant shall be conducted in accordance with the procedures set forth in Section 14.01 of this Declaration.
 - (i) This section, 14.02, in its entirety, may not be amended at any time without the express written consent of the Declarant, or its successors-in-interest and/or assigns.

14.03 Term of Declaration.

- (a) This Declaration is binding upon all parties for sixty (60) years after the recording date.
- (b) After sixty (60) years, the Declaration will automatically be extended for successive ten (10) year periods, unless the Owners (heirs, successors, representatives) of a majority of subject Units record a signed, written instrument:
 - (1) At least one (1) year before the beginning of any ten (10) year period; and
 - (2) Agreeing to change or terminate this Declaration.

14.04 Notices.

Any required notice must be given by:

- (a) Personal delivery to the location of the address of the recipient of the Notice; or
- (b) Mailing by first-class, registered or certified pre-paid U.S. mail (deemed given five (5) days after deposit in the mail);
- (c) Delivery by a reputable overnight courier service such as Federal Express, United Parcel Service, etc. (deemed given upon delivery to the location of the address of the recipient of the Notice); or
- (d) Facsimile transmission (deemed given upon date of transmission upon confirmation of receipt).

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14.05 **Partial Invalidity.**

If any of this Declaration is declared invalid or in conflict with any relevant law, the validity of the remainder of this Declaration will remain in full force and effect.

14.06 **Number.**

As required by the context of this Declaration, a singular grammatical reference includes the plural application.

14.07 **Attorneys' Fees.**

In any legal action by an Owner(s) or the Association to enforce any provision of the Governing Documents, the prevailing party shall be awarded reasonable costs (including attorney's fees).

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EXHIBIT "A"

**The Northerly 260 feet of Lot 3 in Block 5 of
Alamitos Beach Townsite, City of Long Beach,
County of Los Angeles, State of California, as per
map recorded in Book 59, Page 11 of Miscellaneous
Records, in the office of the County Recorder of said
County.**

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EXHIBIT "B"

CALIFORNIA CIVIL CODE SECTIONS 1354, 1365, 1365.5, and 1366

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§ 1354. Covenants and restrictions in declaration as equitable servitudes; enforcement

(a) The covenants and restrictions in the declaration shall be enforceable equitable servitudes, unless unreasonable, and shall inure to the benefit of and bind all owners of separate interests in the development. Unless the declaration states otherwise, these servitudes may be enforced by any owner of a separate interest or by the association, or by both.

(b) Unless the applicable time limitation for commencing the action would run within 120 days, prior to the filing of a civil action by either an association or an owner or a member of a common interest development solely for declaratory relief or injunctive relief, or for declaratory relief or injunctive relief in conjunction with a claim for monetary damages, other than association assessments, not in excess of five thousand dollars (\$ 5,000), related to the enforcement of the governing documents, the parties shall endeavor, as provided in this subdivision, to submit their dispute to a form of alternative dispute resolution such as mediation or arbitration. The form of alternative dispute resolution chosen may be binding or nonbinding at the option of the parties. Any party to such a dispute may initiate this process by serving on another party to the dispute a request for resolution. The request for resolution shall include:

- (1) A brief description of the dispute between the parties,
- (2) A request for alternative dispute resolution, and

(3) A notice that the party receiving the request for resolution is required to respond thereto within 30 days of receipt or it will be deemed rejected. Service of the request for resolution shall be in the same manner as prescribed for service in a small claims action as provided in section 116.340 Of the code of civil procedure. Parties receiving a request for resolution shall have 30 days following service of the request for resolution to accept or reject alternative dispute resolution and, if not accepted within the 30-day period by a party, shall be deemed rejected by that party. If alternative dispute resolution is accepted by the party upon whom the request for resolution is served, the alternative dispute resolution shall be completed within 90 days of receipt of the acceptance by the party initiating the request for resolution, unless extended by written stipulation signed by both parties. The costs of the alternative dispute resolution shall be borne by the parties.

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EXHIBIT "B"**CALIFORNIA CIVIL CODE SECTIONS 1354, 1365, 1365.5, and 1366****Current as of 12/13/93****[Page 2 of 9]**

(c) At the time of filing a civil action by either an association or an owner or a member of a common interest development solely for declaratory relief or injunctive relief, or for declaratory relief or injunctive relief in conjunction with a claim for monetary damages, other than association assessments, not in excess of five thousand dollars (\$ 5,000), related to the enforcement of the governing documents, the party filing the action shall file with the complaint a certificate stating that alternative dispute resolution has been completed in compliance with subdivision (b).

The failure to file a certificate as required by subdivision (b) shall be grounds for a demurrer pursuant to section 430.10 Of the code of civil procedure or a motion to strike pursuant to section 435 of the code of civil procedure unless the filing party certifies in writing that one of the other parties to the dispute refused alternative dispute resolution prior to the filing of the complaint, that preliminary or temporary injunctive relief is necessary, or that alternative dispute resolution is not required by subdivision (b), because the limitation period for bringing the action would have run within the 120-day period next following the filing of the action, or the court finds that dismissal of the action for failure to comply with subdivision (b) would result in substantial prejudice to one of the parties.

(d) Once a civil action specified in subdivision (a) to enforce the governing documents has been filed by either an association or an owner or member of a common interest development, upon written stipulation of the parties the matter may be referred to alternative dispute resolution and stayed. The costs of the alternative dispute resolution shall be borne by the parties. During this referral, the action shall not be subject to the rules implementing subdivision (c) of section 68603 of the government code.

(e) The requirements of subdivisions (b) and (c) shall not apply to the filing of a cross-complaint.

(f) In any action specified in subdivision (a) to enforce the governing documents, the prevailing party shall be awarded reasonable attorney's fees and costs. Upon motion by any party for attorney's fees and costs to be awarded to the prevailing party in these actions, the court, in determining the amount of the award, may consider a party's refusal to participate in alternative dispute resolution prior to the filing of the action.

(g) Unless consented to by both parties to alternative dispute resolution that is initiated by a request for resolution under subdivision (b), evidence of anything said or of admissions made in the course of the alternative dispute resolution process shall not be admissible in evidence, and testimony or disclosure of such a statement or admission may not be compelled, in any civil action in which, pursuant to law, testimony can be compelled to be given.

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(h) Unless consented to by both parties to alternative dispute resolution that is initiated by a request for resolution under subdivision (b), documents prepared for the purpose or in the course of, or pursuant to, the alternative dispute resolution shall not be admissible in evidence, and disclosure of these documents may not be compelled, in any civil action in which, pursuant to law, testimony can be compelled to be given.

(i) Members of the association shall annually be provided a summary of the provisions of this section, which specifically references this section. The summary shall include the following language:

"Failure by any member of the association to comply with the prefiling requirements of section 1354 of the civil code may result in the loss of your rights to sue the association or another member of the association regarding enforcement of the governing documents."

The summary shall be provided either at the time the pro forma budget required by section 1365 is distributed or in the manner specified in section 5016 of the corporations code.

(j) Any request for resolution sent to the owner of a separate interest pursuant to subdivision (b) shall include a copy of this section.

§ 1365. Documents prepared and distributed by associations

Unless the declaration imposes more stringent standards, the association shall prepare and distribute to all its members the following documents:

(a) A pro forma operating budget, which shall include all of the following:

(1) The estimated revenue and expenses on an accrual basis.

(2) A summary of the association's reserves based upon the most recent review or study conducted pursuant to Section 1365.5, which shall be printed in bold type and include all of the following:

(A) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component.

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(B) As of the end of the fiscal year for which the study is prepared:

(i) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components.

(ii) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.

(C) The percentage that the amount determined for purposes of clause (ii) of subparagraph (B) is of the amount determined for purposes of clause (i) of subparagraph (B).

(3) A statement as to whether the board of directors of the association has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor.

(4) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the association is obligated to maintain.

The summary of the association's reserves disclosed pursuant to paragraph (2) shall not be admissible in evidence to show improper financial management of an association, provided that other relevant and competent evidence of the financial condition of the association is not made inadmissible by this provision.

A copy of the operating budget shall be annually distributed not less than 45 days nor more than 60 days prior to the beginning of the association's fiscal year.

(b) A review of the financial statement of the association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income to the association exceeds seventy-five thousand dollars (\$75,000). A copy of the review of the financial statement shall be distributed within 120 days after the close of each fiscal year.

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EXHIBIT "B"

CALIFORNIA CIVIL CODE SECTIONS 1354, 1365, 1365.5, and 1366

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(c) In lieu of the distribution of the pro forma operating budget required by subdivision (a), the board of directors may elect to distribute a summary of the pro forma operating budget to all its members with a written notice that the pro forma operating budget is available at the business office of the association or at another suitable location within the boundaries of the development and that copies will be provided upon request and at the expense of the association. If any member requests that a copy of the pro forma operating budget required by subdivision (a) be mailed to the member, the association shall provide the copy to the member by first-class United States mail at the expense of the association and delivered within five days. The written notice that is distributed to each of the association members shall be in at least 10- point bold type on the front page of the summary of the budget.

(d) A statement describing the association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against its members shall be annually delivered to the members during the 60-day period immediately preceding the beginning of the association's fiscal year.

§ 1365.5. Board of directors; duties

(a) Unless the governing documents impose more stringent standards, the board of directors of the association shall do all of the following:

(1) Review a current reconciliation of the association's operating accounts on at least a quarterly basis.

(2) Review a current reconciliation of the association's reserve accounts on at least a quarterly basis.

(3) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget.

(4) Review the latest account statements prepared by the financial institutions where the association has its operating and reserve accounts.

(5) Review an income and expense statement for the association's operating and reserve accounts on at least a quarterly basis.

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(b) The signatures of at least two persons, who shall be members of the association's board of directors, or one officer who is not a member of the board of directors and a member of the board of directors, shall be required for the withdrawal of moneys from the association's reserve accounts.

(c) The board of directors shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. However, the board may authorize the temporary transfer of money from a reserve fund to the association's general operating fund to meet short-term cash-flow requirements or other expenses. The transferred funds shall be restored to the reserve fund within three years of the date of the initial transfer, except that the board may, upon making a finding supported by documentation that a delay would be in the best interests of the common interest development, delay the restoration until the time which the board reasonably determines to be necessary. The board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this section. This special assessment is not subject to the limitation imposed by Section 1366.

(d) At least once every three years the board of directors shall cause a study of the reserve account requirements of the common interest development to be conducted if the current replacement value of the major components which the association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the association for any fiscal year. The board shall review this study annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review.

The study required by this subdivision shall at a minimum include:

(1) Identification of the major components which the association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than 30 years.

(2) Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study.

(3) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (1) during and at the end of their useful life.

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(4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (1) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.

(e) As used in this section, "reserve accounts" means moneys that the association's board of directors has identified for use to defray the future repair or replacement of, or additions to, those major components which the association is obligated to maintain.

(f) As used in this section, "reserve account requirements" means the estimated funds which the association's board of directors has determined are required to be available at a specified point in time to repair, replace, or restore those major components which the association is obligated to maintain.

(g) This section does not apply to an association that does not have a "common area" as defined in Section 1351.

§ 1366. Levy of assessments; limitation on increases; delinquent assessments; interest

(a) Except as provided in this section, the association shall levy regular and special assessments sufficient to perform its obligations under the governing documents and this title. However, annual increases in regular assessments for any fiscal year, as authorized by subdivision (b), shall not be imposed unless the board has complied with subdivision (a) of Section 1365 with respect to that fiscal year, or has obtained the approval of owners, constituting a quorum, casting a majority of the votes at a meeting or election of the association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code. For the purposes of this section, "quorum" means more than 50 percent of the owners of an association.

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(b) Notwithstanding more restrictive limitations placed on the board by the governing documents, the board of directors may not impose a regular assessment that is more than 20 percent greater than the regular assessment for the association's preceding fiscal year or impose special assessments which in the aggregate exceed 5 percent of the budgeted gross expenses of the association for that fiscal year without the approval of owners, constituting a quorum, casting a majority of the votes at a meeting or election of the association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code. For the purposes of this section, quorum means more than 50 percent of the owners of an association. This section does not limit assessment increases necessary for emergency situations. For purposes of this section, an emergency situation is any one of the following:

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

(2) An extraordinary expense necessary to repair or maintain the common interest development or any part of it for which the association is responsible where a threat to personal safety on the property is discovered.

(3) An extraordinary expense necessary to repair or maintain the common interest development or any part of it for which the association is responsible that could not have been reasonably foreseen by the board in preparing and distributing the pro forma operating budget under Section 1365. However, prior to the imposition or collection of an assessment under this subdivision, the board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the members with the notice of assessment.

(4) An extraordinary expense in making the first payment of the earthquake insurance surcharge pursuant to Section 5003 of the Insurance Code.

(c) The association shall provide notice by first-class mail to the owners of the separate interests of any increase in the regular or special assessments of the association, not less than 30 nor more than 60 days prior to the increased assessment becoming due.

(d) Regular and special assessments levied pursuant to the governing documents are delinquent 15 days after they become due. If an assessment is delinquent the association may recover all of the following:

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CALIFORNIA CIVIL CODE SECTIONS 1354, 1365, 1365.5, and 1366

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(1) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees.

(2) A late charge not exceeding 10 percent of the delinquent assessment or ten dollars (\$10), whichever is greater, unless the declaration specifies a late charge in a smaller amount, in which case any late charge imposed shall not exceed the amount specified in the declaration.

(3) Interest on all sums imposed in accordance with this section, including the delinquent assessment, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed 12 percent interest, commencing 30 days after the assessment becomes due.

(e) Associations are hereby exempted from interest-rate limitations imposed by Article XV of the California Constitution, subject to the limitations of this section.

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6b

EXHIBIT C
ASSESSMENT ALLOCATION and
UNDIVIDED INTEREST in the COMMON AREA

<u>Unit</u>	<u>Fractional Interest</u>
1	30/393
2	25/393
3	22/393
4	22/393
5	21/393
6	37/393
7	37/393
8	31/393
9	26/393
10	23/393
11	23/393
12	22/393
13	37/393
14	37/393

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Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements

OWNER:

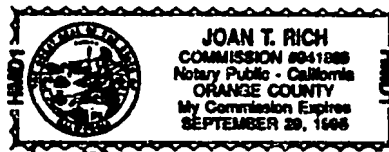
Thomas H. Loftus
THOMAS H. LOFTUS

State of California)
Orange) S.S.
County of Los Angeles)

On Nov. 19, 1992 before me, Thomas H. Loftus Joan T. Rich, personally appeared, THOMAS H. LOFTUS, ~~personally~~ or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ ^{authorized} executed the same in his/~~her~~ capacities, and that by his/~~her~~ signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.

Joan T. Rich
Notary Public in and for said State



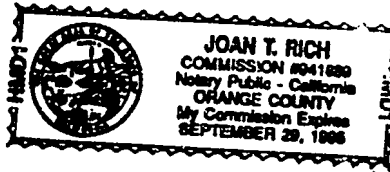
Joan Loftus
JOAN LOFTUS

State of California)
Orange) S.S.
County of Los Angeles)

On Nov. 19, 1992 before me, Joan Loftus Joan T. Rich, personally appeared, JOAN LOFTUS, ~~personally~~ or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that ~~he~~/she executed the same in ~~his~~/her ^{authorized} capacities, and that by ~~his~~/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.


Joan T. Rich
Notary Public in and for said State



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Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements

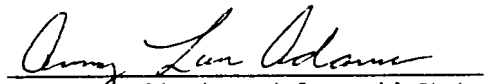
OWNER: THOMAS F. GILLESPIE, as Trustee of the Gillespie Family Trust, dated May 5, 1992.

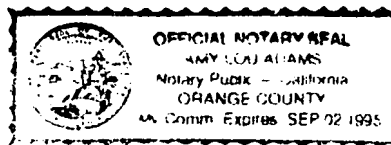

THOMAS F. GILLESPIE TRUSTEE
State of Orange)
County of Los Angeles)

) S.S.

On 11/14/92 before me, Amy Lou Adams, personally appeared, THOMAS F. GILLESPIE, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her ^{authorized} capacities, and that by his/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.


Notary Public in and for said State



OWNER:

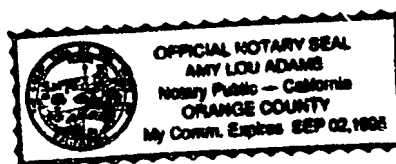
Steven C. Jensen
STEVEN C. JENSEN
State of Orange)
County of Los Angeles)

) S.S.

On 11/14/92 before me, Amy Lou Adams, personally appeared, STEVEN C. JENSEN, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her ^{authorized} capacities, and that by his/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.


Notary Public in and for said State



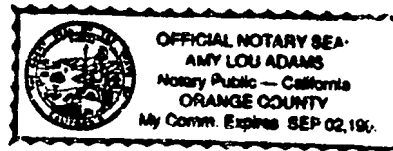
94 1740066


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Margaret Lopez Salazar
MARGARET LOPEZ SALAZAR

On 11/14/92 before me, Any Lou Adams, personally appeared, MARGARET LOPEZ SALAZAR, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her ^{authorized} capacities, and that by his/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

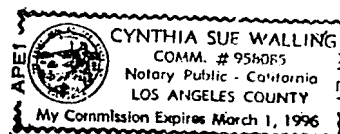
Amy Lee Adams
Notary Public in and for said State




 QUENTIN L. WOOD

On November 19, 1992 before me, Cynthia Sue Walling, personally appeared, QUENTIN L. WOOD, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ ^{authorized} capacities, and that by his/~~her~~ signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Cynthia Sue Walling
Notary Public in and for said State

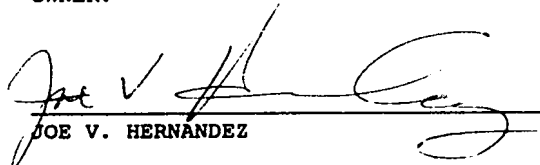


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Order: 1mj Comment:

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Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements

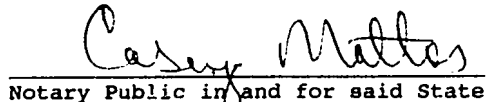
OWNER:


JOE V. HERNANDEZ

State of California)
County of Orange) S.S.
~~Los Angeles~~

On 12-16-92 before me, CASEY MATTOS, personally appeared, JOE V. HERNANDEZ, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that ~~he~~^{he/she} executed the same in ~~his~~^{his/her} authorized capacities, and that by ~~his~~^{his/her} signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.

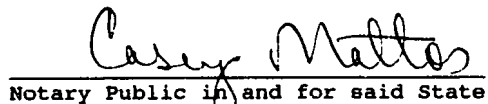

Notary Public in and for said State

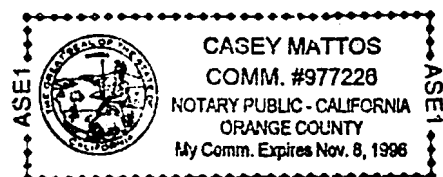
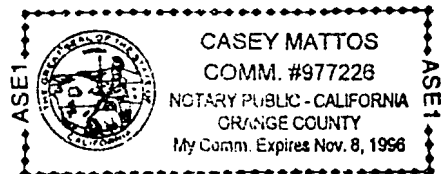

SHARON J. HERNANDEZ

State of California)
County of Orange) S.S.
~~Los Angeles~~

On 12-16-92 before me, CASEY MATTOS, personally appeared, SHARON J. HERNANDEZ, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that ~~he~~^{he/she} executed the same in ~~his~~^{his/her} authorized capacities, and that by ~~his~~^{his/her} signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.


Notary Public in and for said State



94 1740066

DECLARANT:

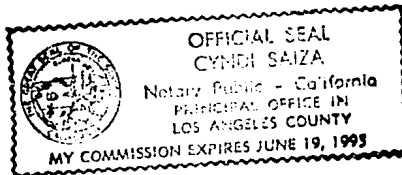
x *Harry Betts*
HARRY BETTS, an unmarried man

STATE OF CALIFORNIA)
COUNTY OF Los Angeles) ss.

On February 25, 1994, before me, Cyndi Saiza
Notary Public in and for said State, personally appeared
Harry Betts

[] Personally known to me - OR - [X] Proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument. WITNESS my hand and official seal.


(SEAL)



Cyndi Saiza
Notary Public

94 1740066

DECLARANT:

x 
RICHARD E. DUKE

x 
GRACE K. BOWNESS-DUKE

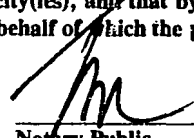
STATE OF CALIFORNIA)
COUNTY OF Los Angeles) ss.

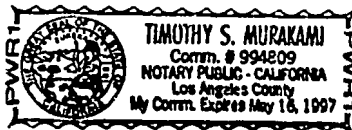
On May 8 1994, before me, Timothy S. Murakami a
Notary Public in and for said State, personally appeared

Richard E. Duke and Grace K. Bowness-Duke

[] Personally known to me - OR - [] Proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument. WITNESS my hand and official seal.

(SEAL)


Notary Public



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DECLARANT:

x Walter H.F. Hamblly
WALTER H.F. HAMBLY

x Cecilia Hamblly
CECILIA HAMBLY

STATE OF CALIFORNIA
COUNTY OF Los Angeles ss.

On Feb. 7, 19 94, before me, Carol Ann Loudin, a
Notary Public in and for said State, personally appeared Walter H.F. Hamblly
Cecilia Hamblly

[] Personally known to me - OR - [x] Proved to me on the basis of satisfactory evidence to be the
person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that
he/~~she~~/they executed the same in his/~~her~~/their ^{own} capacity(ies), and that by his/~~her~~/their signature(s) on the
instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.
WITNESS my hand and official seal.

(SEAL)



Carol Ann Loudin
Notary Public

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Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements

OWNER:

Donald C. Walker
DONALD C. WALKER

State of California)
County of San Bernardino) S.S.
~~Los Angeles~~

On 11-19-92 before me, Carol Unger, personally appeared, DONALD C. WALKER, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacities, and that by his/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.

Carol Unger
Notary Public in and for said State



JUTTA E. WALKER

State of California)
County of Los Angeles) S.S.

On _____ before me, _____, personally appeared, JUTTA E. WALKER, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacities, and that by his/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.

Notary Public in and for said State

MABEL M. FORD AND VALADA GARFIELD, Beneficiaries U/D/T/R 3/26/1975 as instrument # 2100,

MABEL M. FORD

State of California)
County of Los Angeles) S.S.

On _____ before me, _____, personally appeared, MABEL M. FORD, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacities, and that by his/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

94 1740066

County of Los Angeles)

On _____ before me, _____, personally appeared, VALADA GARFIELD, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacities, and that by his/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.

Notary Public in and for said State

OWNER: (Unit)

Stephen Hugh Sellers
STEPHEN HUGH SELLERS

State of California)

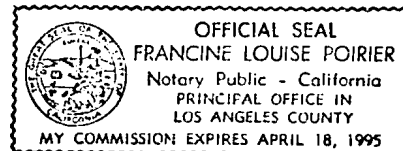
) S.S.

County of Los Angeles)

On November 24, 1992 before me, Francine Louise Poirier, personally appeared, STEPHEN HUGH SELLERS, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacities, and that by his/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.

Francine Louise Poirier
Notary Public in and for said State



Margaret Sellers Cartwright
MARGARET SELLERS CARTWRIGHT

State of California)

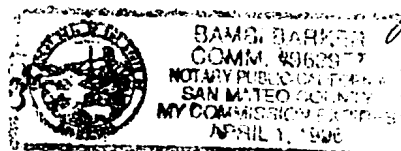
) S.S.

County of San Mateo)

On 11-20-92 before me, Bambi Barker, personally appeared, MARGARET SELLERS CARTWRIGHT, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacities, and that by his/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.

Bambi Barker
Notary Public in and for said State



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Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements

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OWNER: MARION BROCKBANK, or her Successor in interest, as Trustee(s) for the MARION BROCKBANK REVOCABLE TRUST dated December 4, 1987.

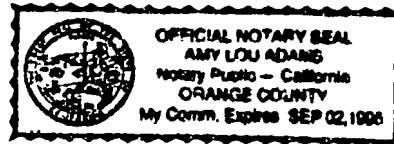
Marion Brockbank
MARION BROCKBANK, Trustee

State of California)
County of Orange) S.S.
~~Los Angeles~~

On 11/14/92 before me, Amy Lou Adams, personally appeared, MARION BROCKBANK, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacities, and that by his/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.

Amy Lou Adams
Notary Public in and for said State



OWNER:

Eugene S. Packer
EUGENE S. PACKER

State of California)
County of Orange) S.S.
~~Los Angeles~~

On 12-3-92 before me, Marie A Mendez, personally appeared, EUGENE S. PACKER, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacities, and that by his/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.

Marie A Mendez
Notary Public in and for said State
Comm exp 11-8-1996



RUTH E. KIRSCH, Beneficiary U/D/T/R 7/ AS INSTRUMENT # 79-74930910/1979

RUTH E. KIRSCH

State of California)
County of Los Angeles) S.S.

On _____ before me, _____, personally appeared, RUTH E. KIRSCH, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her

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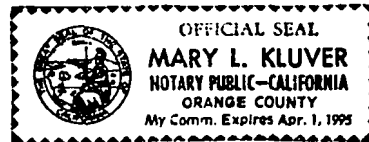
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Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements

OWNER: PATRICIA L. BENNETT, Trustee of the Patricia L. Bennett Family Trust under Declaration of Trust dated February 9, 1990,


PATRICIA L. BENNETT, Trustee

State of California)
County of Orange) S.S.
County of ~~Los Angeles~~)



On November 20, 1992 before me, MARY L. KLUVER, personally appeared, PATRICIA L. BENNETT, personally known to me or proved to me on the basis of satisfactory evidence to the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacities, and that by his/her signature on the instrument the person, or the entity upon which the person acted, executed the instrument.

Witness my hand and official seal.


Notary Public in and for said State


~~(Unit 8) GIBRALTOR MONEYCENTER, INC. A CORPORATION, Beneficiary U/D/T/R 12/31/1986 as instrument # 86-1835835~~

VICE PRESIDENT
State of California)
County of Los Angeles) S.S.

ASSISTANT SECRETARY

On _____ before me, _____, personally appeared, _____ and _____, personally known to me or proved to me on the basis of satisfactory evidence to the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their capacities, and that by their signatures on the instrument the persons, or the entity upon which the persons acted, executed the instrument.

Witness my hand and official seal.


Notary Public in and for said State

94 1740066