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12/08/2010



20101813328

AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

for

AUTUMN POINTE HOMEOWNERS ASSOCIATION

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AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

for

AUTUMN POINTE HOMEOWNERS ASSOCIATION

The following Amended and Restated Declaration of Covenants, Conditions and Restrictions ("Declaration") is made this __ day of _____, 2010, to amend in full that certain former Declaration of Covenants, Conditions and Restrictions recorded on November 9, 1981, as Instrument No. 81-1107302 and any other amendments of record (collectively, the "Original Declaration") in the Office of the County Recorder of Los Angeles County, State of California, which is hereby canceled and revoked in its entirety:

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

Lots 1, 2, 3 and 4 of Tract 37441 as per map recorded in Book 985, pages 96 through 98, inclusive of Maps, in the Office of the County Recorder of Los Angeles, State of California.

B. The Property has been improved by the construction thereon of one hundred seventy-six (176) Condominiums (as such term is defined in Article I below) and appurtenances which Condominiums and appurtenances have been sold and conveyed to various individuals subject to the basic protective restrictions, conditions, covenants, reservations, liens and charges set forth in the Original Declaration.

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

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conditions, reservations, liens, charges and restrictions are hereby established and imposed upon the Condominiums, and each of them, and upon the Property, for the benefit of the Property and each and every individual Condominium hereinafter described and of each Owner (as such term is defined in Article I below) of one (1) or more Condominiums, and the owners of an interest of any kind or character in the Property or any portion thereof. All of said limitations, covenants, conditions, reservations, liens, charges and restrictions shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, whether as sole owners, joint owners, lessees, tenants, occupants, or otherwise. Each and all of said limitations, covenants, conditions, restrictions, reservations, liens and charges shall be deemed to be, and shall be construed as equitable servitudes, enforceable by any of the Owners of any of the Condominiums or any interest in the Property against any person bound thereby or subject thereto, and shall be enforceable by the Board (as such term is defined in Article I below), or its duly appointed representatives, against any such person.

ARTICLE I DEFINITIONS

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

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

Section 1.2 - Assessment or Assessments. "Assessment" or "Assessments" shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the Complex (as such term is defined in this Article I below) and the cost of enforcing the Association's governing documents that is to be paid by each Owner as determined by the Association, and includes Regular and Special Assessments.

Section 1.3 - Assessment, Regular. "Regular Assessment" shall mean an Assessment duly made and levied by the Association against an Owner and such Owner's Condominium, representing such Owner's share of

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the total common expenses which are to be levied among all the Owners and their Condominiums in the Complex in the manner and proportions specified herein.

Section 1.4 - Assessment, Special. "Special Assessment" shall mean an Assessment, other than a Regular Assessment, from time to time duly made and levied by the Association against all Owners and their Condominiums, or against a particular Owner and such Owner's Condominium, in the manner and proportions specified herein.

Section 1.5 - Association. "Association" shall mean a non-profit mutual benefit corporation, consisting of all Owners of Condominiums in the Complex, and known as Autumn Pointe Homeowners Association. Each Owner shall be and become a Member of the Association contemporaneously with upon becoming an Owner of a Condominium.

Section 1.6 - Board of Directors. "Board" or "Board of Directors" shall mean the governing body of the Association.

Section 1.7 - Building or Buildings. "Building" or "Buildings" shall mean the building or buildings containing the Units and the Common Area within the Complex.

Section 1.8 - Bylaws. "Bylaws" shall mean the duly adopted bylaws of the Association as the same may be amended, changed or modified from time to time.

Section 1.9 - Common Area. "Common Area" shall mean the entire Complex excepting the Units.

Section 1.10 - Complex. "Complex" shall mean the entire Property as divided into Condominiums, including all structures and improvements thereon, the Units, and the Common Area, which Complex shall be commonly known as "Autumn Pointe."

Section 1.11 - Condominium. A "Condominium" shall mean a condominium as defined in Sections 783 and 1351(f) of the Civil Code, consisting of an undivided interest in a common portion of the Complex, a separate interest in a space called a Unit, and a non-exclusive easement for access to, use and enjoyment of, and ingress and egress through the Common Area of the entire Complex.

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Section 1.12 - Condominium Plan. "Condominium Plan" shall mean the plan prepared and recorded with respect to the Complex as required by Section 1351(e) of the Civil Code and pursuant to Sections 783 and 1351, et seq., inclusive, of the Civil Code.

Section 1.13 - Declaration. "Declaration" shall mean this Declaration as the same may be amended, changed or modified from time to time.

Section 1.14 - Exclusive Use Common Area. "Exclusive Use Common Area" shall mean the following portions of the Common Area set aside for exclusive use of an Owner or Owners of the Condominium to which they are attached: any (i) shutters, (ii) awnings, (iii) window boxes, (iv) door steps and stoops, (v) decks (vi) front, garage, exterior sliding deck doors, doorframes, and hardware incident thereto, (vii) screens (both window and door), (viii) glass and windows, including the frames thereof (ix) internal and external wiring, electrical wiring from the breaker box, and telephone connection boxes designed to serve only one Owner's Unit, (x) sewer and drain pipes, lines, ducts and valves serving only one Owner's Unit between the points at which the pipes, lines, ducts and/or valves enter the Owner's Unit and the points at which the pipes, lines, ducts and/or valves join other pipes, lines, ducts and/or valves serving other Units and/or the Common Area, (xi) other fixtures designed to serve a single Unit, whether located inside or outside the boundaries of the Unit, and (xiv) storage areas reserved for the use of a specified Unit.

Section 1.15 - Improvements. "Improvements" shall mean all structures and appurtenances thereto of every type and kind, including, but not limited to, the following (if applicable) whether now existing or hereafter located within the Complex: dwelling units and other buildings, awnings, trellises, terraces, balconies, decks, patios, lobbies, swimming pools, spas fitness or recreational facilities, meeting rooms, ,walkways, hallways, stairways, elevators and elevator shafts, storage areas, driveways, parking areas, fences, screening walls, block walls, retaining walls, bearing walls, columns, vertical supports, girders, ceiling joists, raised ceilings, subfloors, floors, windows, skylights, walls, roofs, slabs, foundations, paint on surfaces of any structure, heating and cooling equipment, water heaters, water softeners, reservoirs, tanks, pumps, motors, ducts, flues, and chutes, conduits, pipes, plumbing, sprinkler systems, irrigation systems, drainage systems, landscaping, hedges, trees, shrubs, windbreaks, poles, fire protection systems, security systems (including security cameras), television antennas, satellite

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dishes, wires, lighting, basketball standards, sports apparatus, or exterior decoration.

Section 1.16 - Manager. "Manager" shall mean the managing agent, if any, whether an individual or an entity, retained by the Board, on contract, to whom the Board may delegate the management activities related to the Complex.

Section 1.17 - Member. "Member" means every person or entity who holds a membership interest in the Association as provided in this Declaration.

Section 1.18 - Mortgage. "Mortgage" shall mean a deed of trust or a mortgage encumbering a Condominium of record in the Los Angeles County Recorder's Office.

Section 1.19 - Mortgagee. "Mortgagee" shall mean a holder of, or beneficiary under, a Mortgage encumbering a Condominium.

Section 1.20 - Owner or Owners. "Owner" or "Owners" shall mean the owner or owners, if more than one (1), of record in the Los Angeles County Recorder's Office of a Condominium in the Complex, excluding those persons or entities having such interest merely as security for the performance of an obligation.

Section 1.21 - Rules and Regulations. "Rules and Regulations" shall mean the rules and regulations adopted by the Board, by a majority vote thereof, in accordance with Civil Code Section 1357.100 et seq. as the same may be amended from time to time, pertaining to the Complex, including, without limitation, the use of the Common Area, Exclusive Use Common Area and Units, as the same may from time to time be amended.

Section 1.22 - Unit. "Unit" in said Property shall mean and refer to the elements of a Condominium which are not owned in common with the other Owners of other Condominiums. The boundaries of a Unit shall be as shown and defined on the Condominium Plan. The Unit shall include both the portions of the Building so described and the airspace so encompassed. In interpreting deeds and plans, the existing physical boundaries of a Unit reconstructed in substantial accordance with the original plans, shall be conclusively presumed to be its boundaries, rather than metes and bounds, or other description, expressed in the deed or plan, regardless of settling or lateral

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movement of buildings and regardless of minor variance between boundaries shown on the plan or in the deed and those of a building.

Section 1.23 - Voting Power. "Voting Power" shall mean the number of Condominiums in the Complex minus the number of Condominiums as to which voting rights are suspended in accordance with this Declaration at the time the counting of any vote of the Owners.

ARTICLE II HOMEOWNERS ASSOCIATION; MEMBERSHIP; VOTING

Section 2.1 - Management of Complex. The common business affairs and management of the Complex shall be conducted by the Association.

Section 2.2 - Qualifications for Membership. Each Owner of a Condominium shall be a Member of the Association. If a given Condominium is owned by more than one (1) Owner, all such Owners shall be Members of the Association. Ownership of a Condominium within the Complex shall be the sole qualification for membership in the Association.

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

Section 2.4 - Voting Classes. The Association shall have one (1) class of voting membership, consisting of all the Owners. All Members shall be entitled to one (1) vote for each Condominium in which they hold the interest required for membership, subject to the provisions of Article XIII, Section 13.5 (a) below (regarding suspension of an Owner's voting rights). When more than one (1) person holds such interest in any Condominium, all such persons shall be Members and all such persons may attend any meeting of the Association; however, regardless of the number of Owners of a Condominium, the vote for each Condominium may be cast only as a unit, and fractional votes shall not be allowed.

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ARTICLE III
RIGHTS IN THE COMMON AREA

Section 3.1 - Percentage and Transfer of Undivided Interests in Common Area. The undivided interest in the Common Area hereby established and which shall be conveyed with each respective Unit in the Property, is as follows:

(a) The Owners of the ninety-eight (98) Units located in Phase I shall have the undivided one ninety-eighth (1/98th) interest in Lot 1 of Tract 37441.

(b) The Owners of the seventy-eight(78) Units located in Phase II shall have an undivided one seventy-eighth (1/78th) interest in Lots 2, 3 and 4 of Tract 37441.

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

(a) Rules and Regulations. The right of the Board, pursuant to Article VII, Section 7.5(c) below, to establish uniform Rules and Regulations pertaining to the use of the Units, Exclusive Use Common Area and Common Area, including, but not limited to, noise levels, parking, pets, storage, and the number of guests, the hours of use and other matters relating to the use and enjoyment of such areas and the facilities thereon.

(b) Borrow Money. The right of the Board, in accordance with Article VII, Section 7.5(h) below, to borrow money and pledge Assessments for the purpose of improving, repairing, and/or rebuilding the Common Area and facilities thereon.

(c) Disciplining for Breach. The right of the Board, in accordance with the provisions of Article XIII, Section 13.5 below, to suspend

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any Owner's voting rights and/or Common Area privileges (other than the right of ingress and egress to the Owner's Unit) for the period during which any Assessment, including any monetary penalty against such Owner's Condominium, remains unpaid and delinquent, and, for a period not to exceed thirty (30) days, or for as long as the violation continues for any other infraction of this Declaration, the Bylaws or the published Rules or Regulations of the Association committed by any Owner and/or such Owner's guests, servants, family members, tenants or invitees.

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

Section 3.3 - Waiver of Use. No Owner may waive or otherwise escape liability for the Assessments provided for by this Declaration or otherwise duly and properly levied by the Board in accordance with this Declaration, nor release the Condominium owned by such Owner from the liens and charges hereof, by non-use of the Common Area and the facilities thereon, or any part thereof, or by abandonment of such Owner's Condominium.

Section 3.4 - Additional Provisions Relating to Common Areas. The Owners covenant and agree as follows:

(a) Suspension of Right for Partition. The Common Area shall remain undivided; and no Owner shall bring any action for partition except as provided below, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Complex. In accordance with the foregoing, except as otherwise set forth in Articles X and XI of this Declaration, the provisions of Civil Code Section 1359 are hereby waived and the right to partition the Common Area is hereby suspended until the later of: (i) fifty (50) years from the date of this Declaration; or (ii) at such time as sixty-six and two-thirds percent (66-2/3%) of Members of the Association entitled to vote, in person or by proxy, determine to partition the Complex.

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

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encroachments and the maintenance thereof shall exist. If any part of the Common Area encroaches upon a Unit, a valid easement exists for the encroachment and the maintenance of same, so long as the encroachment exists. If any part of a Unit encroaches upon the Common Area, or upon another Unit, a valid easement exists for the encroachment so long as the encroachment exists. If minor variances exist between physical boundaries and boundaries shown on a deed or plan, it shall be conclusively presumed that the physical boundaries are the correct boundaries.

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

(d) Management and Maintenance of Common Area. Except as otherwise set forth in this Declaration, the Association shall have the responsibility to manage and maintain all of the Common Area within the Complex, and such maintenance shall be of a high quality so as to keep the entire Complex in an attractive condition and in a good state of repair.

(e) Utility Easements. Each Condominium shall be, by its Owner(s), subject to any and all easements of record at the time of the initial conveyance of such Condominium to an Owner for the use and benefit of the several authorized public and/or other utilities which may include, but are not limited to, easements for cable television, sanitary sewers, water, gas, electrical and drainage facilities, and no Owner shall damage or interfere with the installation and maintenance of such utilities, or in any manner change the direction or flow of drainage channels in any such easements, or in any manner obstruct or retard the flow of water through drainage channels in any such easements. Easements on, over and under the Complex for the installation and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities, and for drainage facilities as shown on the recorded map of the Complex, and as may be hereafter required or needed to service the Complex, are hereby reserved by the Association, together with the right to grant and transfer such easements.

(f) Delegation of Rights. Any Owner may delegate such Owner's rights of enjoyment in the Complex, including the Common Area, to the members of such Owner's family, or the Owner's tenants, guests, and invitees, and to such other persons as may be permitted by this Declaration, the Bylaws and the Rules and Regulations, subject, however, to this Declaration, the Bylaws and the Rules and Regulations. Notwithstanding the foregoing, neither an Owner of a Condominium who has sold same to a

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contract purchaser thereof or has leased the same or delegated such Owner's rights to another person, nor members of such Owner's family, or the Owner's tenants, guests and invitees, shall be entitled to use and enjoy the Common Area while such Owner's Condominium is occupied by such contract purchaser, lessee or delegatee, but, instead, such contract purchaser, lessee or delegatee, while occupying such Unit, shall be entitled to use and enjoy the Common Area and to delegate the rights of enjoyment in the same manner as if such contract purchaser, lessee or delegatee were the Owner of such Condominium during the period of such person's occupancy thereof. Each Owner shall notify the Association in writing of the names of any contract purchasers, lessees of such Owner's Condominium, or any other person to whom the Owner's rights have been delegated. Any rights of enjoyment delegated pursuant hereto are subject to suspension and monetary penalties to the same extent that the rights of Owners are subject thereto.

Section 3.5 - Prohibition Against Severability Of Component Interest in Condominium. No Owner shall be entitled to sever such Owner's Unit from such Owner's undivided interest in the Common Area, nor shall the respective undivided interests established with each respective Unit be changed. The undivided interests in the Common Area established and the fee title to the respective Units conveyed therewith shall not be separated, severed or separately conveyed, encumbered or otherwise transferred, and each such undivided interest in the Common Area shall conclusively be deemed to be conveyed, transferred or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit. It is intended hereby to restrict severability of the various components of a Condominium in the manner provided by Section 1358 of the Civil Code, as the same may be amended. Nothing herein contained shall be construed to preclude an Owner of any Condominium from creating a co-tenancy in the ownership of a Condominium with any other person or persons.

ARTICLE IV COVENANT FOR ASSESSMENTS AND LIENS

Section 4.1 - Creation of Lien and Personal Obligation of Assessments.

(a) Covenant to Pay. Each present or future Owner of any Condominium within the Complex, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: Regular Assessments or

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charges and Special Assessments for the purposes permitted in this Declaration, such Assessments to be fixed, established, and collected from time to time as hereinafter provided.

(b) Obligation of Owner. The Regular and Special Assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the real property and shall be a continuing lien upon the Condominium against which each such Assessment is made, the lien to become effective upon the recordation with the Los Angeles County Recorder of a notice of assessment as provided in California Civil Code Sections 1367 and 1367.1 or any successor sections. Each such Assessment, together with such interest, costs, penalties, and attorneys' fees, shall also be the personal obligation of the person who is the Owner of such Condominium at the time the Assessment is made. The Owner's personal obligation for delinquent Assessments shall not pass to such Owner's successors in the title unless expressly assumed by them. No Owner shall be exempt from liability for payment of Assessments by waiver of the use or enjoyment of any Common Area or by the abandonment of the Owner's Condominium. If there is more than one (1) Owner of a Unit, all such Owners are jointly and severally liable for the payment of Assessments imposed against such Unit.

Section 4.2 - Regular Assessment; Portion for Reserves. The Board shall establish and levy Regular Assessments in the amount that the Board estimates will be sufficient to raise the funds needed to perform the duties of the Association during each fiscal year. The total estimated common expenses of the Association shall be divided among, assessed and charged to and against the individual Owners and their Condominiums as stated in Article IV, Section 4.5 below. The Regular Assessment shall include a portion for reserves in those amounts as the Board in its discretion considers appropriate to meet the costs of future repair, restoration, replacement, or maintenance of the major components that the Association is obligated to repair, restore, replace or maintain and for which the reserve fund was established. Until changed as herein provided, the Regular Assessment per Condominium per month shall be the amount having been assessed on the date of recordation of this Declaration, as determined pursuant to the Assessment Schedule attached hereto as Exhibit "A" which, by this reference, is incorporated herein and made a part hereof.

Section 4.3 - Special Assessments. The Board may at any time levy a Special Assessment in order to raise funds for unexpected operation or other costs, insufficient operating or reserve funds, or other purposes as the

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Board in its discretion considers appropriate, including, without limitation, the following:

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

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

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

(d) Special Assessment for Act Increasing Insurance Premiums. In the event any act or omission of any Owner, any member of such Owner's family, or any of such Owner's guests, tenants, servants, employees, licensees, agents or invitees, shall increase the premiums for any insurance policy purchased or obtained by the Association for the benefit of the Complex and the residents thereof, the amount of said increase shall be assessed and charged solely to and against such Owner and such Owner's Condominium as a Special Assessment.

(e) Special Assessment to Bring Owner into Compliance With Governing Documents. The Board may levy a Special Assessment against an Owner and such Owner's Condominium for such other purposes as may be

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set forth in this Declaration as well as to reimburse the Association for costs incurred in bringing the Owner into compliance with the Association's governing documents. Additionally, any monetary penalty levied against an Owner pursuant to this Declaration shall be considered a Special Assessment.

Section 4.4 - Restrictions on Increases in Regular or Special Assessments.

(a) Increases Without Owner Vote. The Board may increase Regular Assessments up to twenty percent (20%) above the Regular Assessment for the immediately preceding fiscal year and levy Special Assessments which in the aggregate do not exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the vote of the Members.

(b) Increases With Owner Vote. The Board may not impose on any Condominium a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year or levy a Special Assessment to defray the cost of any action or undertaking on behalf of the Association that in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the vote or written consent of Members casting a majority of the votes at a meeting of the Association at which a quorum is present. For purposes of this Section, a "quorum" shall mean Members constituting more than fifty percent (50%) of the Voting Power of the Association.

(c) Increases Without Owner Vote - Emergencies. Notwithstanding the foregoing, the Board, without membership approval, may increase Regular Assessments or levy Special Assessments necessary for an emergency situation. For purposes of this Section, an emergency situation is one of the following:

(i) Court Order. An extraordinary expense required by an order of a court;

(ii) Threat to Personal Safety. An extraordinary expense necessary to repair or maintain the Complex or any part of it for which the Association is responsible when a threat to personal safety on the Complex is discovered; or

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(iii) Unforeseen Expenses. An extraordinary expense necessary to repair or maintain the Complex or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget; provided, however, that prior to the imposition or collection of the Assessment, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Members with the notice of the Assessment.

(d) Notice of Increases. The Association shall provide to the Owners by first-class mail notice of any increase in the Regular Assessments or the imposition of any Special Assessments of the Association not less than thirty (30) nor more than sixty (60) days prior to the increased Assessment becoming due.

Section 4.5 - Rate of Assessment. Except for Special Assessments that relate only to an individual Owner and such Owner's Condominium, and except as may be set forth in Article X, Section 10.3 below, Regular and Special Assessments shall be fixed at an equal rate for all Condominiums.

Section 4.6 - Due Dates. Regular Assessments shall be due and payable in advance on the first (1st) day of each month regardless of the lack of any monthly notice thereof. Special Assessments shall be due and payable within thirty (30) days from the date written notice thereof is given by the Board or within such extended period as the Board shall determine to be appropriate.

Section 4.7 - Maintenance and Reserve Fund.

(a) Bank Accounts; Investment. All charges collected for an Assessment shall be properly deposited in two (2) or more separate commercial and/or savings accounts in a federally insured bank, and/or savings and loan association selected by the Board, which accounts shall be clearly designated in the name of the Association, with at least one (1) account designated as an operating fund and another account designated as a reserve fund; provided, however, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments with a national brokerage firm consistent with the investment standards normally observed by trustees. The Board shall have control of said accounts, and shall be responsible to the Owners for the maintenance of accurate records thereof at all times.

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(b) Commingling. To preclude the multiplicity of bank accounts, all sums received or collected by the Association from Assessments or otherwise, together with any interest charges attributable thereto, need not be deposited in separate accounts so long as separate accounting records are maintained identifying all funds received by the Association in payment of each Assessment and of all disbursements made therefrom; provided, however, any portion of Assessments allocated toward reserves shall be promptly transferred to a segregated account, as provided for below. Any interest payable with respect to any funds deposited by the Association or the Board shall become a part of that account to be used for the purposes intended. No Owner shall have the right to receive any interest on such funds deposited.

(c) Allocation of Funds to Reserves. The Board may allocate a portion of the funds collected and described in Article IV, Section 4.7(a) above as reserves for contingencies, replacement and deferred maintenance of the capital components of the Complex as specified in the annual budget. Reserve funds shall be deposited in a separate account and the signatures of at least two (2) persons who shall either be members of the Board or one (1) officer who is not a member of the Board and a member of the Board shall be required to withdraw monies from the reserve account.

(d) Sale or Transfer of Condominium. Upon the sale or transfer of any Condominium by an Owner, the Owner's interest in the Association's accounts shall be deemed automatically transferred to the successor or transferee of such Owner. No Owner is entitled to a refund for monies paid in as Assessments when such Owner ceases to be a Member of the Association.

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

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

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

(i) Enforcement by Suit. The Board may cause a suit at law to be commenced and maintained in the name of the Association against any Owner or Owners, or any of them, personally obligated to pay Assessments for such delinquent Assessments as to which they are personally obligated. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon at the rate of twelve percent (12%) per annum from and after the date of delinquency (or if less, the maximum rate allowed to be charged by law), late charges as provided for by this Declaration, court costs and reasonable attorneys' fees in such amount as the court may award. Suit to recover a money judgment for unpaid Assessments shall be maintainable by the Board, or its authorized agent, without foreclosing or waiving the lien hereinafter provided for.

(ii) Enforcement of Lien.

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

(B) Recording of Notice of Assessment. Such notice of assessment shall be recorded in the office of the County Recorder of the county in which such Condominium is located and shall set forth all Assessments which have become delinquent as of the date of recordation thereof, together with all costs (including reasonable attorneys' fees), an

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itemized statement of the charges and all late charges and interest accrued thereon. The notice of assessment shall also set forth a description of the Condominium with respect to which it is recorded, the name of the record Owner thereof and, if the lien is to be enforced by power of sale under non-judicial foreclosure proceedings, the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice of Assessment shall be signed by any officer of the Association, or by any authorized representative of the Board.

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

(D) Foreclosure. Except as set forth in subsection (E) below and subject to the requirements of Civil Code Section 1367.4, as the same may be amended modified or superseded from time to time, the lien so created may thereafter be enforced by sale of the Condominium as to which the lien is created by the Board, its attorney, or other person authorized by the Board to make the sale, such sale to be conducted in accordance with the provisions of Sections 2924, 2924b, 2924c, 2924f, 2924g, and 2924h of the Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner which may be permitted by law. The Board, or its duly authorized representative, on behalf of the Association, shall have the power to bid on and purchase the Condominium at foreclosure sale and hold, use, lease, encumber and convey the same.

(E) Monetary Penalties. A monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Declaration, Bylaws or the Rules and Regulations, except for the late payments, may not become a lien against the Member's Condominium enforceable by the sale of the interest under Civil Code Sections 2924, 2924b, and 2924c, but are enforceable by court proceedings. If Civil Code Section 1367.1(e) is amended to permit monetary penalties imposed by the Association as a disciplinary measure for failure of an Owner to comply with this Declaration, Bylaws or the Rules and Regulations to be enforceable by the sale

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of the interest under Civil Code Sections 2924, 2924b, and 2924c, then this provision shall be deemed amended to conform to any such amendment of Civil Code Section 1367.1(e). A Special Assessment imposed by the Association as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Areas and facilities for which the Member or the Member's guests or tenants were responsible may become a lien against the Member's separate interest enforceable by the sale of the interest under Civil Code Sections 2924, 2924b, and 2924c as well as by court proceedings.

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

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

(d) Notice of Creation of Assessment Lien. Notwithstanding anything contained in this Declaration, no action shall be brought to foreclose any lien created pursuant to the recordation of a notice of assessment, whether judicially, by power of sale, or otherwise, less than ten

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(10) days after the date that a copy of the notice of assessment is deposited in the United States mail, postage and fees prepaid, addressed to each of the Owners of the Condominium as to which the notice of assessment relates at the address provided for by this Declaration for the giving of notice to an Owner.

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

(f) Rights of Board; Waiver by Owners. Each Owner hereby vests in and delegates to the Board or its duly authorized representatives the right and power to bring all actions at law or lien foreclosures, whether judicially or by power of sale, or otherwise, against any Owner or Owners for the collection of delinquent Assessments in accordance herewith and hereby expressly waives any objection to the enforcement in accordance with this Declaration of the obligation to pay Assessments as set forth in this Declaration.

Section 4.9 - Priority of Assessment Lien. The lien of the Assessments, interest thereon and costs of collection (including attorneys' fees) as provided for herein, shall be subordinate to the lien of any Mortgage upon any Condominium. The sale or transfer of any Condominium shall not affect the Assessment lien; however, the sale or transfer of any Condominium pursuant to judicial or nonjudicial foreclosure of a Mortgage shall extinguish the lien of such Assessment as to payments which became due prior to such sale or transfer except as set forth below in this Section. No sale or transfer shall relieve such Condominium from lien rights for any Assessments thereafter becoming due. Where the beneficiary of a Mortgage or other purchaser of a Condominium obtains title through judicial or nonjudicial foreclosure of the Mortgage, the person who acquires title and such person's successors and assigns shall not be liable for the share of the common expenses or Assessments by the Association chargeable to such Condominium which became due prior to the acquisition of title to such Condominium by such person, except for Assessments as to which a notice of delinquent assessment has been recorded prior to the Mortgage. Such unpaid share of common expenses and Assessments shall be deemed to become common expenses collectible from all of the Condominiums, including the Condominium belonging to such person and such person's successors and assigns.

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Section 4.10 - Homestead Waiver. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, and to the extent of any Mortgages, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of California now in effect, or in effect from time to time hereafter.

Section 4.11 - Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the members of the Association, their guests and invitees, and in particular shall be used for the purpose of improving, protecting, operating and maintaining the Common Area and the facilities, improvements, landscaping and structures located thereon, and providing for the acquisition and maintenance of property, services and facilities devoted to this purpose and directly related to the use and enjoyment of the Common Area and the Units, and otherwise providing for the performance by the Board of each and every of the powers and duties of the Board.

Section 4.12 - Excess Assessment Funds. If the proceeds of any Special Assessment exceed the amount to accomplish the purpose for which any such Assessment was levied, such surplus may, in the Board's discretion, be returned proportionately to the contributors thereof, reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded, or credited proportionately on account of the Owner's future Regular Assessments. Furthermore, in the event that the amount budgeted to meet common expenses for the current year proves to be excessive in light of the actual common expenses, the Board in its discretion may abate collection of such Assessments to the extent it deems appropriate.

ARTICLE V

USE RESTRICTIONS

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

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Section 5.1 - Residential Use; Business Usage Prohibited.

(a) Residential Purposes. No Condominium shall be occupied and used except for residential purposes. No part of the Complex or Units therein shall ever be used or caused to be used, or allowed or authorized in any way, directly or indirectly, to be used for any business, commercial, manufacturing, mercantile, vending, transient, hotel or other such nonresidential purposes; provided, that the foregoing restriction shall not apply to the activities or signs of the Association in the discharge of its responsibilities under this Declaration. "Hotel or other such nonresidential purposes," as used in the immediately preceding sentence shall mean: (i) rental for any period less than thirty (30) days; (ii) any rental if the occupants of the Unit are provided customary hotel services, such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service; (iii) any rental of rooms to multiple persons where such persons do not form a single household and (iv) any "home swap" or time share arrangements.

(b) Exceptions. Notwithstanding subsection (a), no restrictions shall be construed in such a manner so as to prohibit any Owner from (i) keeping such Owner's personal business records or accounts therein; (ii) handling such Owner's personal or professional telephone calls or correspondence therefrom; (iii) leasing or renting such Owner's Unit in accordance with the Section in this Article entitled "Leasing Restrictions"; or, (iv) having a "home office" or "home business," provided that such "home office" or "home business" is incidental to the principal residential use of the Unit, complies with the Rules and Regulations established by the Board from time to time and applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific government authorization, does not interfere with the quiet enjoyment of the other Owners, and does not produce or generate any external evidence thereof from outside the Unit.

(c) No Healthcare Facilities. No health care facilities operating as a business or charity shall be permitted in the Complex, unless permitted by law or ordinance that preempts this restriction.

(d) No Family Day Care Center. No family day care center for children shall be permitted within the Complex except as specifically authorized by California Health and Safety Code Section 1597.40 and other applicable state statutes. The owner/operator of the day care center shall comply with all local and state laws regarding the licensing and operating of a day care center and, in addition, shall: (i) name the Association as an additional insured on the liability insurance policy or bond carried by the

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owner/operator of the day care center; (ii) abide by and comply with all of the Association's governing documents; (iii) supervise and be completely responsible for children at all times while they are within the Complex; and (iv) cooperate with the Association if the Association's insurance agent or carrier requires proof of insurance, proof of the agreement of the owner or operator of the center to these conditions, or other reasonable requests.

Section 5.2 - Signs; Decorations; Flags.

(a) Common Area. Except as otherwise required by law, no sign, poster, banner, flag, notice, nameplate, card or advertisement of any kind shall be installed, posted or displayed to the public view in or on any Common Area, without the approval of the Board, provided that a sign of customary and reasonable dimensions advertising the sale of a Condominium, which sign is of a professional type and dignified appearance, may be placed in such location in the Common Area as designated by the Board, and open to public view. The Board shall have the sole authority to determine whether said sign is of a professional type and dignified appearance.

(b) Unit. Non-commercial signs, posters, flags or banners made of paper, cardboard, cloth, plastic or fabric may be posted or displayed from the window, door, patio, balcony, or outside wall of a Unit, provided that such signs and posters do not exceed nine (9) square feet in size and such flags or banners do not exceed fifteen (15) square feet in size. Such non-commercial signs, posters, flags or banners may not be made of lights, paint, roofing, siding, paving materials, flora or balloons or any other similar building, landscaping or decorative component, or include the painting of architectural surfaces. Any non-commercial sign, poster, flag or banner not conforming to these requirements is prohibited. No commercial signs, posters, flags or banners may be posted or displayed from a Unit (other than a for sale or for lease sign in accordance with sub-section (a), above).

Section 5.3 - Owner Structural Changes; Improvements. No Alteration (as defined in Article XII, Section 12.2(a) below) which involves a structural alteration or modification to the interior of a Unit or installations located therein, or which will impair the structural integrity of a Unit, the Exclusive Use Common Area, the Common Area or the Buildings, and no Alteration affecting the Common Area, and no Improvement visible from the Common Area, Exclusive Use Common Area or another Unit shall be commenced or maintained except upon the prior written consent of the Board in accordance with Article XII of this Declaration.

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Section 5.4 - Storage; Use of Decks. There shall be no storage of any kind in or upon a Unit (including the deck) or Exclusive Use Common Area, which is visible from adjoining streets, the Common Area, or other Units. No item of any kind may be stored by Owners in the Common Area except in areas, if any, specifically designated for such purposes by the Board. Decks shall be kept in a neat and orderly fashion with only those articles pertinent to outdoor living be placed thereon; provided, however, no patio furniture or barbecues may be placed thereon. The Board may adopt Rules and Regulations regarding personal property on decks including, without limitation, a limit on the number, types and weights of pots permitted.

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

(a) Definition. For purposes of this Section, "pet" means any domesticated bird, cat, dog, aquatic animal kept within an aquarium or other animal as agreed to in writing in advance between an Owner and the Association.

(b) Number. Up to two (2) pets may be kept in a Unit or brought onto the Complex, provided the same are not kept, bred, or maintained for any commercial purposes and are kept under control at all times. No other animals, livestock, or poultry of any kind shall be kept, bred or raised within any Unit.

(c) Additional Rules. The Board of Directors shall have the right to establish and enforce additional Rules and Regulations imposing standards for the reasonable control and keeping of household pets in, upon and around the Complex to ensure that the same do not interfere with the quiet and peaceful enjoyment of the Complex by the other Owners and residents.

(d) Pets in the Common Area. Subject to the Rules and Regulations adopted by the Board, pets shall be allowed on the Common Area only when they are leashed and are otherwise under the supervision and restraint of someone capable of restraining such pet. No pet shall be left chained or otherwise tethered in front of a Unit or in the Common Area. A pet on the Common Area unaccompanied by its owner may be subject to immediate pick up by the Humane Society or similar organization without liability to the Association if the pet's owner cannot be readily ascertained or if in the Board's reasonable determination the pet poses a threat to the other

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residents or is found unsupervised in the Common Area an unreasonable number of times within any year.

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

(f) Nuisance/Danger. Any pet causing or creating a nuisance, obnoxious odors or unreasonable disturbance or exhibiting dangerous behavior shall be permanently removed from the Complex, after notice and hearing is afforded to the Owner, upon twenty (20) days' written notice from the Association after the hearing is held.

(g) Clean-Up. All pets must be taken off of the Common Area when walked and not allowed to defecate/urinate on the Common Area. Owners must immediately remove all excrement left by their pet.

Section 5.6 - Offensive Activities.

(a) Acts Increasing Insurance Rate or Causing Cancellation. No Owner shall permit or suffer anything to be done or kept upon or in such Owner's Unit or the Common Area which will increase the rate of insurance thereon or result in the cancellation of any such insurance or cause the Complex or any part thereof to be uninsurable against loss by fire or the perils of the extended coverage endorsement to the California Standard Fire Policy Form or loss on account of bodily injury or property damage. If an Owner's acts causes an increase in the Association's insurance rates, then such Owner will be liable for such increase and after notice and a hearing is afforded to the Owner shall be assessed the cost thereof as a Special Assessment.

(b) General Provisions. No Owner shall permit or suffer anything to be done or kept upon or in such Owner's Unit or the Common Area which will obstruct or interfere with the rights of other Owners, their families,

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guests, tenants, servants and invitees, nor annoy them by unreasonable noises or otherwise, nor which shall in any way interfere with the quiet enjoyment by each Owner of such Owner's respective Condominium, nor shall any Owner commit or permit any nuisance, noxious or offensive activity, or any illegal act to be committed thereon or therein. Each Owner shall comply with all of the requirements of the local and State Board of Health and with all other governmental authorities and any and all applicable zoning laws, rules, ordinances, statutes, regulations and requirements of any governmental agency or authority with respect to the occupancy and use of such Owner's Condominium.

Section 5.7 - Exploration for Minerals. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in the Complex or any portion thereof, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any portion of the Complex or within five hundred (500) feet below the surface of the Property, and no derrick or other structure designed for use in boring for water, oil, natural gas or other minerals shall be erected, maintained or permitted upon any portion of the Complex.

Section 5.8 - Rubbish. No Owner shall sweep or throw, or permit to be swept or thrown from such Owner's Unit, any dirt or other substance onto the Common Area or another Owner's Unit. All rubbish, trash and garbage shall be properly packaged and regularly removed from the Units by the Owners thereof and placed in proper receptacles at the collection site for the refuse pick-up service arranged by the Association pursuant to this Declaration, and shall not be allowed to be stored or to accumulate thereon or on the Common Area. Trash, garbage, and other waste shall not be kept except in sanitary containers. No toxic or hazardous materials shall be disposed of within the Complex by dumping in the garbage containers, down the drains or otherwise. In addition, no construction rubbish may be dumped in the Association's trash bins.

Section 5.9 - Parking and Vehicle Restrictions.

(a) Open Parking Spaces. The Board shall have the right to regulate and determine the use of any open parking spaces (i.e., parking spaces that were not deeded to a particular Unit by the Complex developer). In connection therewith, the Board, in its sole discretion, can designate such open parking spaces for permit-only parking or guest parking or a combination thereof. The Board may charge a fee in connection with any permit-only parking.

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(b) Garage Doors. Garage doors shall not be left open when not in use for the movement of Owner's vehicles and belongings; trash collection or for reasons of safety.

(c) Use of Garages. Garages shall not be converted to living quarters or commercial workshops or used for the storage of boats, trailers, campers, or recreational vehicles. Furthermore, garages shall not be converted into any use (such as a recreational room or storage room) that would prevent its use as a parking space for the number of vehicles the space was designed to contain. Owners are to use garages for parking of their vehicles so that unassigned Common Area parking will be available for guest parking.

(d) Condition of Vehicle; Repairs. No motor vehicle shall be constructed, reconstructed or repaired with the Complex and no dilapidated, unregistered or inoperable vehicle, including vehicles without wheel(s) or an engine, shall be stored on the Complex; provided, however, that the provisions of this Section shall not apply to emergency vehicle repairs to the extent necessary for the movement thereof to a proper repair facility.

(e) Towing. The Board shall have the authority to tow, at the Owner's expense, any vehicle parked or stored in violation of this Section, including, without limitation, any vehicle parked in another Owner's parking space without permission, in a "no parking" area or blocking ingress or egress from the Complex. The Board shall post such notices or signs within the Common Area as may be required by law to effectuate this towing provision.

(f) Registration. The Board may require that all resident motor vehicles be registered with the Association and have Association parking decals or permits assigned and affixed in a visible area and that guest vehicles display permits.

(g) Additional Rules. The Board shall have the authority to promulgate further reasonable Rules and Regulations of uniform application regarding parking and vehicles within the Complex as may be deemed prudent and appropriate, including, without limitation, the right to establish permit-only and/or guest parking areas and temporary parking areas for loading and unloading, parking of delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of goods and services to the Association and/or to the Owners and residents, the right to regulate parking in driveways, streets and/or alleyways within the Complex, and the right to impose monetary penalties against Owners for parking violations.

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Section 5.10 - Antenna and Other Exterior Items.

(a) General Provisions. Except as installed at the time of the construction of the Complex and except as provided below in subsection (b), no television, radio, or other signal device antenna or antennae, and no rotors, banners, buntings, poles, wires, machines, equipment or similar objects or unsightly objects of any kind shall be allowed on the exterior or roof of any Building within the Complex, or any part thereof, nor shall any such objects be allowed to protrude through the roof or the walls of any Building in the Complex. No Owner shall install, attach, hang or maintain or cause to be installed, attached, hung or maintained any electrical equipment or wiring for exterior lighting, television or radio transmitting or receiving antenna (other than satellite dishes pursuant to subsection (b) below), air-conditioning units or other like equipment or wiring in, on, over, across or through any portion of the Common Area or Exclusive Use Common Area or that protrude from deck, or through any Common Area or Exclusive Use Common Area wall, floor, ceiling, window or door, except as approved in accordance with Article XII below. All radio, television or other electrical equipment and/or appliances of any kind or nature or wiring therefor installed in or used by any Owner in such Owner's Unit shall comply fully with all rules, regulations and requirements of all state and any local public authority having jurisdiction over same and such Owner shall be liable for any damage or injury caused by any such electrical equipment, or wiring installed or used in such Owner's Unit.

(b) Satellite Dishes. Satellite dishes in excess of one (1) meter in diameter are prohibited in the Complex. With respect to satellite dishes one (1) meter or less in diameter, the Board shall have the right to regulate the installation of satellite dishes in the Complex in accordance with local, state and federal law in order to preserve the uniformity, attractiveness and value of the Complex as a whole, including, without limitation, establishing policies with regard to the installation thereof. Owners are prohibited from installing satellite dishes in the Association's Common Area without first obtaining the written approval of the Association's Board in accordance with Article XII below.

Section 5.11 - Occupancy. No Unit may be occupied by more persons than allowed by applicable city or county ordinance or law. Each Owner shall disclose in writing to the Association, the identity of each person who is permanently residing in such Owner's Unit (to the extent not already provided pursuant to the terms of Article V, Section 5.13 below). All changes in occupancy shall be disclosed in writing to the Association at least within forty-eight (48) hours prior to the change. For purposes of this Section,

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"permanently reside" shall mean the use, residency, or occupancy of any Unit, by any Owner, member of an Owner's family, lessee, tenant, occupant, or other resident thereof for more than thirty (30) consecutive days or more than sixty (60) aggregate days, whether or not consecutive, in any one (1) calendar year. This Section shall not prohibit an Owner or a resident from having temporary guests occupy or visit the Unit; provided, however, no Unit shall be used on an ongoing basis as a temporary lodging for guests, clients, or customers.

Section 5.12 - No Hanging Laundry. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Area or any deck appurtenant to any Unit which is visible to any Owner of an adjacent Unit from such Owner's Unit or from the Common Area.

Section 5.13 - Leasing Restrictions.

(a) General Provisions. Units may be leased for residential purposes only, as such purposes are more fully described in Article V, Section 5.1 above. For purposes of this Section, a Unit shall be considered to be "leased" if the Unit is no longer occupied by the Owner(s) of such Unit, whether or not the person occupying or intending to occupy such Unit is paying the Owner any form of consideration in exchange for the right to occupy such Unit. Any Owner who leases such Owner's Unit shall be subject to the restrictions set forth in this Section 5.13.

(b) Lease Term. No lease is permitted for a term of less than one (1) year. If a particular Unit is leased in compliance with this Section 5.13 when title to such Unit transfers to (i) the Association, or (ii) a commercial lender following a default on a Mortgage or other lien, then the new Owner is exempt from this restriction with respect to the existing lessee only.

(c) Lease Provisions. Any agreement for the leasing of a Unit (hereinafter in this Section referred to as a "Lease") shall be in writing and shall contain at a minimum, the following terms: (i) any lessee thereof shall abide by and be subject to the terms and provisions of this Declaration, the Articles, the Bylaws and any other governing documents and that failure to comply with the terms of the foregoing documents shall be a default under the Lease, and (ii) there shall be no right of assignment or sublease.

(d) Notice to Association. Within fifteen (15) days after leasing a Unit, an Owner shall furnish the Board (i) with a copy of such Lease, (ii) with the telephone number of the lessee and any change in the address or

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telephone number of the Unit Owner, (iii) with written advice as to the make, color and license number of all motor vehicles owned by such lessee, and (iv) with a check in an amount determined by the Board in order to reimburse it for duplicating and distributing to such lessee copies of this Declaration, the Articles, the Bylaws and any other governing documents; and as soon as practicable after receiving such notification that an Owner has leased such Owner's Unit, the Board shall cause copies of the foregoing documents to be delivered to such lessee. Such Owner shall also notify the Board, in writing, whenever any lease terminates and there is a change of possession of the Unit.

(e) Responsibility for Actions of Lessee. Any Owner who shall lease such Owner's Unit shall be responsible for assuring compliance by such Owner's lessee with this Declaration, the Articles, the Bylaws and the Rules and Regulations. Such Owner shall be absolutely liable to the Association and other Owners and their families, servants, guests, tenants, and invitees for any liability arising from the acts and/or omissions of such Owner's lessee. Each Owner who chooses to lease such Owner's Unit agrees to be held liable for all acts, whether negligent or non-negligent of such Owner's lessee.

Section 5.14 - Diseases and Pests. No Owner shall permit any thing or condition to exist in such Owner's Unit which shall induce, breed or harbor infectious diseases, rodents or noxious insects.

Section 5.15 - Exterior Fires; Barbecues. There shall be no fires within the Complex whatsoever except fires confined to fireplaces within the Units and barbecue fires in receptacles adequately designed for such purposes on decks. The location and any installation and/or replacement of any fixed electrical or gas-fueled barbecue equipment shall be subject to the approval of the Board.

Section 5.16 - Flammable, Corrosive or Explosive Materials. No Owner nor any member of such Owner's family, tenant, agent, employee, licensee or guests shall at any time bring into, keep, store or maintain in or on any portion of the Complex any inflammable or highly corrosive or explosive solid, liquid, gas, chemical substance or other material (except for cleaning or similar materials or supplies in quantities consistent with normal household use) without in each case obtaining the consent of the Board of Directors.

Section 5.17 - Water; Unreasonable Use. No Owner shall cause or permit hot and/or cold water to be left running any unreasonable or unnecessary length of time. Normal household use of water is excepted.

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Section 5.18 - Roofs. Owners, members of their families, guests, tenants, agents, licensees and employees, shall not at any time enter upon or attempt to enter upon the roof of any Building within the Complex without the prior written approval of the Board.

Section 5.19 - Move-In/Move-Out Cleaning Deposit. An Owner shall be liable to the Association for any damage caused to the Common Area by the Owner and/or the Owner's lessees moving in and out of the Complex or otherwise. The Association may require Owners to provide the Association with a cleaning fee deposit prior to any move in or move to help cover the cost of repairing any damage to the Common Area.

Section 5.20 - Yard Sales, etc. No rummage sales, garage sales, estate sales, or flea markets of any kind are permitted in a Unit or on the Common Area.

Section 5.21 - Decorating Authority. Subject to the restrictions set forth in this Article V (Use Restrictions) and Article XII (Architectural Review) below, each Owner shall have the following rights and obligations:

(a) General Provisions. Each Owner shall have the exclusive right, at such Owner's sole cost and expense, to paint, repaint, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors and doors bounding such Owner's Unit, and at such Owner's sole cost and expense, to substitute new finished interior surfaces in place of those existing on said walls, ceilings, floors, and doors; provided, however, that no Owner may alter such Owner's deck surface without the prior approval of the Board pursuant to Article XII, and provided, however, that an Owner shall not do anything with respect to such Owner's Unit that might have the effect of increasing the level of noise or sounds that can be heard outside of such Owner's Unit during normal use and occupancy of such Unit.

(b) Hard Floor Covering. In connection with the replacement of carpeting with any "hard floor covering" on any floor of the dwelling portion of any Unit, the Owner shall be required to take, at such Owner's own expense, all reasonable measures to deaden, insulate and otherwise decrease the level of such noise or sounds to the minimum level reasonably possible in the foregoing areas and that such "hard floor covering" in the foregoing areas is installed in compliance with any soundproofing requirements and procedures which may be set forth in the Rules and Regulations. For purposes hereof, "hard floor covering" includes all forms of floor covering excepting padding and carpeting which provides sound-proofing

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characteristics equal to or greater than that provided by the padding and carpeting initially installed by the developer of the Complex in connection with initial Unit sales.

(c) Window Coverings. The use and the covering of the interior surfaces of the glass doors and windows appurtenant to any Unit in the Complex whether by draperies, shades, tinting or other items visible from the exterior of the Building shall be subject to the Rules and Regulations of the Association; provided, however, that the color of window coverings shall be in harmony with the exterior of the structure and no window shall be covered by paint, foil, sheets or similar items. Furthermore, no window guards or bars shall be installed on any of the windows or deck doors of a Unit. The Board may adopt Rules and Regulations regarding the type, color and design of window covers.

(d) Doors. The replacement of any exterior front, garage or deck doors, including all knobs, hardware and handles thereto shall be subject to the approval of the Board with regard to type, color and design. Owners shall seek the approval of the Board pursuant to the provisions of Article XII below.

ARTICLE VI OBLIGATIONS OF OWNERS

Section 6.1 - Maintenance and Repair. Subject to the architectural restrictions in Article XII, each Owner shall have the following rights and obligations:

(a) General Provisions. Each Owner shall maintain and repair such Owner's Unit and keep such Owner's Unit in a clean, sanitary, safe and attractive condition and except as otherwise expressly set forth herein, shall also be responsible for the maintenance of all Exclusive Use Common Area property allocated to such Owner's Unit (as provided in Article I, Section 1.14 above) and for the maintenance, repair and replacement of any additions or alterations made to the Unit structure or to the Exclusive Use Common Area property allocated to this Unit. In addition, each Owner shall maintain in an open and unobstructed condition all parts of the Exclusive Use Common Area (e.g., drain pipes) serving an Owner's Unit that connect to a portion of the Common Area serving more than one (1) Unit.

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(b) Specific Items. By way of example and not limitation, each Owner shall be responsible for the maintenance, servicing, repair and replacement of the following:

(i) Windows and Window Bars. Windows, including glass and frames, as well as weatherstripping, recaulking and glazing of the windows, and any window bars installed on the windows of the Owner's Unit;

(ii) Doors and Related Apparatus. Exterior and interior doors (including, but not limited to front, deck and garage doors), surfaces and thresholds, all knobs, hardware and handles inside and outside the Unit, garage door opening mechanisms (including, but not limited to, remote controls, and springs) and weatherstripping, recaulking and (if applicable) glazing of front, deck and/or garage doors;

(iii) Cabinets. Cabinets, counter tops and shelves;

(iv) Plumbing. All plumbing equipment, including fixtures, toilets, faucets, bathtubs, tub and shower valves, shower pans, drain lines, and angle stops which exclusively service a Unit, wherever located;

(v) Electrical and Phones. All telephones, telephone lines, electrical wiring, light fixtures, electrical outlets, circuit breakers and switches which exclusively service a Unit, wherever located;

(vi) Appliances. All appliances, including, but not limited to, refrigerators, dishwashers, ranges, ovens, washers and dryers, and garbage disposals;

(vii) Heating and Air Conditioning; Water Heaters. All heating and air conditioning equipment, heat exchangers, individual water heaters, drip pans, valves, thermostats, compressors, control equipment and other mechanical equipment, which exclusively service a Unit, wherever located;

(viii) Security Equipment. All locks, intercom equipment and security systems installed by an Owner in a Unit;

(ix) Interior Walls and Partitions. The walls and partitions which are contained inside a Unit, excluding perimeter walls and any internal loadbearing walls;

(x) Walls, Ceilings, and Floor Coverings. The interior surfaces of the perimeter walls, floors, and ceilings of the Unit (including the deck) including without limitation plaster, drywall, paint, wall paper, fabrics, mirrors, carpets, rugs, hardfloor coverings (to the extent permitted), window coverings, marble, granite, tile, or any other materials used to decorate the interior surfaces of the Unit;

(xi) Cable/Satellite Dishes. Cable and/or satellite dishes exclusively servicing a single Unit;

(xii) Miscellaneous. All lines, vents, wiring and motors, whether or not physically attached to or located within a Unit which exclusively service a Unit, together with such parts and equipment as are reasonably necessary to comply with the provisions of this Section.

(c) Wood Destroying Pests. Each Owner must notify the Association as soon as possible if such Owner is aware that there is an infestation of insects and/or wood-destroying pests or organisms inside such Owner's Unit. Each Owner shall be responsible to treat any infestation of insects and/or wood-destroying pests or organisms in, and to repair any damage resulting from infestation to, any area, property or improvement located inside the boundaries of the Owner's Unit including, but not limited to, any cabinetry inside the Unit, regardless of the cause or source. The Association shall have no responsibility whatsoever to treat any infestation of insects and/or wood-destroying pests or organisms in, or to repair any damage resulting from such infestation to, any area, property or improvement located inside the boundaries of the Owner's Unit, regardless of the cause or source.

(d) Mold. In order to reduce the presence of mold, fungi, spores, pollens and other botanical substances, or other allergens (collectively "Mold") within the Unit, the Owners shall inspect the interior of their dwellings not less frequently than once each quarter to check for water leaks or other breaches of the watertight integrity of the Improvements, and for the presence of Mold. If any water leaks and/or Mold are detected within the Unit, the Owner shall immediately take appropriate corrective steps to repair the leak, and/or remove the Mold and to maintain proper ventilation within enclosed areas, and to maintain humidity levels to reduce the risk of Mold growth, and take such other prudent steps as may be appropriate to prevent Mold growth, or eliminate any existing Mold.

(e) Failure to Maintain - Non Emergency. If an Owner fails to maintain such Owner's Unit, Exclusive Use Common Area or any other

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components which are the Owner's responsibility in accordance with this Section, or make repairs thereto in such manner as may be deemed necessary in the judgment of the Board to preserve and protect the attractive appearance and value of the Complex, the Board shall give written notice to such Owner, stating with particularity the work of maintenance or repair which the Board finds to be required, and requesting that the same be carried out within a period of thirty (30) days from the giving of such notice, or sooner if the circumstances, require. If such Owner fails to carry out such maintenance or repair within the period specified by the notice, the Board shall have the right to enter the Unit (as provided in Article VI, Section 6.2(c) below) and cause such work to be done after notice and a hearing and shall assess the cost thereof to such Owner, such Assessment to be due and payable within thirty (30) days after the Board gives written notice thereof and shall be deemed to be a Special Assessment.

(f) Failure to Maintain - Emergency. If an Owner fails to effect emergency repairs to such Owner's Unit, Exclusive Use Common Area or any other components which are the Owner's responsibility in accordance with this Section, the Association shall have the right to enter the Unit (as provided in Article VI, Section 6.2(c) below) and effect the repairs at the expense of the Owner, without the requirement of notice and a hearing. An emergency repair is one which, if not made, could potentially effect the safety of occupants; integrity of the structure; or damage to Common Area property or adjacent Units. The cost of such emergency repairs shall be assessed to such Owner, such Assessment to be due and payable within thirty (30) days after the Board gives written notice thereof and shall be deemed to be a Special Assessment.

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

Section 6.2 - Right of Entry. The Board, or its authorized agents may enter any Unit when necessary, as follows:

(a) To Make Common Area Repairs. In connection with any maintenance or repair for which the Association is responsible to perform, whether such access is needed to inspect the Common Area or to perform the maintenance and repair. Such entry shall be made with as little inconvenience to the Owners as practicable and shall be preceded by reasonable notice wherever the circumstances permit (unless there is an emergency originating in or threatening the Unit, in which case entry can be immediate, without notice

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and without the presence of the Owner), and any damage caused thereby shall be repaired by the Board out of the common Assessments. If necessary, upon receipt of reasonable notice from the Association (which shall in no event be less than fifteen (15) days nor more than thirty (30) days), each Owner shall vacate such Owner's Unit in order to accommodate efforts by the Association to perform the Association's maintenance or repair obligations pursuant to the Declaration. The cost of performing any such maintenance or repairs shall be a common expense of the Association; however, each Owner shall bear such Owner's own costs of temporary relocation. In addition, an Owner shall be responsible to ensure that the occupants of the Owner's Unit will in fact vacate as prescribed in the aforementioned notice. In the event that any Owner shall fail to cause such vacation by the occupants of such Owner's Unit, the Association shall have the right to assess the cost or expense to the Association and to other Owners (including but not limited to construction costs and attorneys' fees) incurred as a result of such failure to vacate against the Owner and such Owner's Unit as a Special Assessment.

(b) Performance of Other Board Duties; To Ascertain Compliance. For any purpose reasonably related to the performance by the Board of its powers or responsibilities, including for the purpose of ascertaining whether the condition of a Unit is in compliance with the governing documents. Such entry shall be made with as little inconvenience to the Owners as practicable and shall be preceded by reasonable notice wherever the circumstances permit, (unless there is an emergency originating in or threatening the Unit, in which case entry can be immediate, without notice and without the presence of the Owner), and any damage caused thereby shall be repaired by the Board out of the common Assessments.

(c) To Cure Upon Owner's Failure to Maintain. To effect repairs, if an Owner fails to maintain such Owner's Unit, Exclusive Use Common Area or any other components which are the Owner's responsibility in accordance with Section 6.1 of this Article VI, or if an Owner fails to make repairs thereto in such manner as may be deemed necessary in the judgment of the Board to preserve and protect the attractive appearance and value of the Complex. Entry shall take place as provided in Article VI, Sections 6.1(e) and (f) above, as applicable, and any damage caused thereby shall be assessed to the Owner as provided therein.

Section 6.3 - Owner's Compliance. Each Owner, tenant or occupant of a Condominium shall comply with the provisions of this Declaration, the Rules and Regulations, the Articles, and Bylaws, and the decisions and resolutions of the Association or the Board, as lawfully amended

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from time to time. Furthermore, each Owner, tenant or other occupant of a Condominium shall ensure that such person's family members and such person's guests, employees, servants, licensees, representatives, agents, and invitees shall abide by the Association's governing documents, which include this Declaration, the Rules and Regulations, the Articles, and Bylaws, and the decisions and resolutions of the Association or the Board. Failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action: (i) to recover sums due, (ii) for damages, (iii) for injunctive relief, (iv) for costs and attorneys' fees, or (iv) any combination of the foregoing.

Section 6.4 - Mechanic's Liens. Owners shall ensure that no lien is placed against any other Unit or against the Common Areas for labor or materials furnished to their Units except the undivided percentage interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed and such materials shall have been furnished. If a lien is placed against the Common Areas or other Owners' Units and the responsible Owner does not immediately cause the removal of the lien, the Association may, after written notice to the responsible Owner, pay the amounts necessary to have the lien removed and levy a Special Assessment against the responsible Owner for the costs thereof.

Section 6.5 - Taxes and Utilities. Each Owner shall pay any real and personal property taxes separately assessed against such Owner's respective Unit and all utility charges separately metered or charged against such Owner's Unit. Such payments shall be made by each such Owner in addition to, and separately from, Assessments otherwise payable by each such Owner to the Association. All such taxes, charges and assessments and liens arising therefrom shall relate only to the Units to which they pertain and not to the Complex as a whole.

Section 6.6 - Owner Liability For Damage.

(a) Damage to Common Area. Each Owner shall be liable to the Association for any damage to the Common Area or any Improvements thereon and Exclusive Use Common Area, which may be sustained by reason of the negligence or willful misconduct of said Owner, such Owner's family, guests, tenants, servants, licensees, agents, representatives or invitees, and after notice and a hearing is afforded to the Owner, shall be assessed by the Board for the cost of repair or replacement thereof as a Special Assessment, together with costs and attorneys' fees.

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(b) Damage Within a Unit. In the event that the Board determines that the walls, ceilings, floors, doors, windows, or any other portion of the Common Area forming the boundaries of a Unit have been damaged by an act or omission committed inside the Unit, notwithstanding that such damage affects the Common Area, the Owner of the Unit shall pay for the cost of repairing such damage in a timely fashion.

(c) Damage to Other Owners. Each Owner shall be liable for any loss or damage to the Improvements and personal property of another Unit caused by the acts, omissions or willful misconduct of that Owner or by the members of such Owner's family, or the Owner's tenants, social guests, employees, servants, agents or invitees.

Section 6.7 - Obligation to Carry Insurance. It is recommended that each Owner purchase insurance at such Owner's sole cost and expense to insure such Owner's separate interests as more fully described in Article IX, Section 9.5 of this Declaration.

Section 6.8 - Notice of Danger; Security. In the event any Owner observes any equipment, furniture, structure, vehicle, conduct or activity within any portion of the Complex which said Owner deems likely to cause or result in serious injury to the health or safety of any resident or occupant within the Complex unless immediate corrective action is taken, said Owner shall immediately notify the Manager, a member of the Manager's staff, a security guard, an officer of the Association or a member of the Board so that the appropriate action can be taken. The Association may provide a measure of security to the residents of the Building but does not guaranty the safety and security of any resident or Owner. Each Owner and each resident shall take all reasonable measures to ensure such person's safety and not jeopardize the safety and security of others. In the event any Owner observes any situation or activity which will likely result in a breach of security within the Complex, said Owner shall immediately notify the Manager, a member of the Manager's staff, a security guard, an officer of the Association or a member of the Board so that the appropriate action can be taken.

Section 6.9 - Notification of Sale of Condominium. Concurrently with consummation of the sale of any Condominium under circumstances whereby the transferee becomes an Owner thereof or within five (5) business days thereafter, the transferee shall notify the Board in writing of such sale. Such notification shall set forth: (i) the name of the transferee and the transferor; (ii) the unit number of the Condominium purchased by the transferee; (iii) the transferee's mailing address; and (iv) the date of sale. Prior

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

Section 6.10 - Notification of Mortgagees. Upon request, each Owner whose Condominium is encumbered by a Mortgage shall notify the Association through its secretary of the name and address of such Mortgagee or beneficiary, and the Association shall maintain a record of such encumbrancers. The Owner shall likewise notify the Association as to the release or discharge of any such Mortgage.

Section 6.11 - Indemnification by Owner. Each Owner shall indemnify, defend and hold harmless the Association and its Board, officers, employees and agents and other Owners, and their families, servants, tenants and invitees: (i) from the acts and/or omissions of (A) such Owner, and/or (B) such Owner's lessees and other persons residing in an Owner's Unit, guests, invitees, employees, agents, and independent contractors which occur within the Complex, which acts and/or omissions cause damage to property or injury to persons, (ii) from any liability arising out of the existence and operation of a day care center (as provided in Article V, Section 5.1(d) above) by the Owner, (iii) from any damage to person or property caused by any pets or animals brought up or on, kept upon or in the Complex by an Owner or by members of such Owner's family, guests, tenants or invitees, (iv) from and against liability of loss arising from the claim of any lien against the Unit of the Owner or the Common Area, or any part hereof, for labor performed or for materials furnished in work on such Owner's Unit, (v) from any liability arising out of the approval by the Board of an Application (as defined in Article XII below), and (vi) from a claim or suit in the event any personal injury or property damage is sustained by any person while physically within or on such Owner's Unit or any deck attached thereto or any other Exclusive Use Common Area serving such Owner's Unit and shall result in a claim or suit against any other Owner or the Association, any of its officers, members of its Board of Directors, the Manager or the Manager's staff; provided that no such obligation shall exist with respect to such other Owner or other person whose negligence or willful misconduct caused or contributed to the cause of any such injury or damage. In the event of joint ownership of any Condominium within the Complex, the liability of such Owners shall be joint and several.

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ARTICLE VII
DUTIES AND POWERS OF ASSOCIATION

Section 7.1 - Administration of Complex. The Owners and each of them, together with all parties bound by this Declaration covenant and agree that the administration of the Complex should be in accordance with the provisions of this Declaration, the Articles, the Bylaws and such Rules and Regulations as may be adopted by the Board and amendments, changes and modifications thereto as come into effect from time to time.

Section 7.2 - Meetings. Annual and Special Meetings of the Members of the Association shall be held as provided for by the Bylaws.

Section 7.3 - Board Authority. The Board of Directors as constituted from time to time, shall at all times be responsible for the day-to-day operation and management of the affairs of the Association and shall have the sole power and duty to perform and carry out the powers and duties of the Association as set forth in this Declaration and the Bylaws, together with the powers and duties otherwise expressly delegated to the Board by this Declaration or the Bylaws, except for action or activity expressly set forth herein, in the Bylaws, or the California Corporations Code as requiring the vote or assent of the Members of the Association or a given percentage thereof. Without limiting the generality of the foregoing, the Board shall have the duties and powers set forth in Article VII, Section 7.4 and 7.5, respectively, of this Declaration.

Section 7.4 - Board Duties. In addition to the duties enumerated in the Bylaws (if any), or elsewhere provided for in this Declaration, and without limiting the generality of those duties, the Association shall have the following duties:

(a) Payment of Expenses. The Association shall pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association. In addition, the Board shall acquire and pay for out of the Assessments levied and collected in accordance herewith, water, telephone, gas, electric powers, gardening service, refuse collection, cable television and/or satellite service and other necessary utility services for the Common Area (and to the extent not separately metered or charged, for the Units).

(b) Perform Maintenance and Repair.

(i) General Provisions. The Board shall maintain, or cause the Common Area, other than certain Exclusive Use Common Areas appurtenant to a Unit (as provided in Article VI, Section 6.1 above), and the Improvements thereon to be maintained in accordance with the provisions of this Article VII, Section 7.4(b), and pay for out of Assessments such services, furnishings, equipment, maintenance and repair it may determine are necessary in order to keep and at all times maintain the Common Area and the facilities, landscaping, improvements and structures thereon in an attractive condition and in a good state of repair.

(ii) Areas Covered. Except as provided in Section 6.1 of Article VI above, the Association shall maintain, repair, replace (when necessary), restore, remove, operate, and manage all of the Common Area and all facilities, improvements, furnishings, equipment, and landscaping on the Common Area including, but not limited to, the deck structures, railings and fences, and all property that may be acquired by the Association, provided that each Owner shall maintain the Exclusive Use Common Area appurtenant to that Owner's Condominium as provided in Article VI, Section 6.1 above. The Association's responsibility to treat any infestation of insects and/or wood-destroying pests or organisms, and to repair any damage resulting therefrom at the Project, shall extend only to the exterior walls and frames surrounding the Units and other structures outside the boundaries of the Units.

(iii) Owner Cooperation. No Owner shall interfere with the Association's maintenance and repair obligations. Each Owner shall cooperate with the Association's maintenance and repair activities, including, without limitation, providing the Association timely access to their Units to accommodate such maintenance and repair. If an Owner fails to so cooperate, the Association may assess the cost or expense to the Association of obtaining the Owner's cooperation to such Owner as a Special Assessment.

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

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(c) Discharge of Liens. The Association shall discharge by payment, if necessary, any lien against the Common Area and, if such lien was caused by the actions of a Member or Members, the Association shall charge the cost to the Member or Members responsible for the existence of the lien (after notice and a hearing, as provided in Article XIII below).

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

(e) Maintain Insurance. The Association shall maintain the policy or policies of insurance required by Article IX of this Declaration.

(f) Reporting of Financial Matters. The Board shall cause financial statements and other disclosures for the Association required pursuant to Civil Code Sections 1365, 1365.1 and 1365.5, as the same may be amended from time to time, to be annually prepared and copies thereof to be distributed to each Owner, and to each Mortgagee who makes a written request for same as provided in Article VI of the Bylaws.

(g) Corporate Records. The Board shall cause to be kept a complete record of all of its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of the Members or at any duly called special meeting of the Members; keep adequate and correct books and records of account, minutes of proceedings of its Members, Board, and committees, and a record of its Members giving their names and addresses.

(h) Enforce Governing Documents. The Board shall enforce the provisions of the Association's governing documents in accordance with the terms thereof.

Section 7.5 - Board Powers. In addition to the powers enumerated in the Articles and Bylaws or elsewhere provided for in this Declaration, and without limiting their generality, the Association shall have the following powers:

(a) Employ Manager and Others. The Board may employ a professional Manager, and may employ such other agents and employees as it deems necessary and prescribe their duties and supervise the performance of such duties, fix their compensation and obtain such fidelity bonds as it may deem necessary or appropriate all for the purpose of providing for the performance of the business powers, duties and/or obligations of the Board or any portion thereof. The premium on any fidelity bonds shall be paid for by the

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Association. Such Manager, if any, and all employees shall have the right of ingress and egress over and across to such portions of the Complex as may be necessary in order for them to perform their obligations. Under any management agreement entered into by the Board, the Association shall have the right to terminate such agreement without the payment of a termination fee (i) with cause on thirty (30) days' written notice or (ii) without cause on sixty (60) days' written notice. In addition, the Board shall have the power to appoint and remove at its discretion, all officers of the Association, prescribe their duties and supervise the performance of such duties, fix their compensation, subject to the limitations on compensation to directors, and obtain such fidelity bonds as it may deem necessary or appropriate. The premium on such bonds shall be paid for by the Association. The Board may further delegate any of its powers to such persons or entities as the Board may determine, provided that such persons act at the direction and under the supervision of the Board.

(b) Retain Services of Other Professionals. The Board may retain legal and accounting services for the Association, the Board, officers and the Manager and the Manager's staff provided that such services are engaged solely in connection with the (i) management, operation and maintenance of the Complex, (ii) the performance or enforcement (including the collection of Assessments) of the provisions of this Declaration, the Articles, the Bylaws, and/or the Rules and Regulations, or (iii) litigation in which the Association is a party.

(c) Adopt Rules and Regulations. The Board, at any time, and from time to time, may establish and amend such uniform Rules and Regulations as the Board may deem reasonable in connection with the use, occupancy and maintenance of the Units, Exclusive Use Common Area and the Common Area by Owners and their family members, servants, licensees, agents, representatives, tenants, guests and invitees, and the conduct of such persons with respect to vehicles, parking, bicycle use, use of recreational facilities, control of pets and other activities which if not so regulated might detract from the appearance of the Complex or offend or be offensive to or cause inconvenience, noise or danger to persons residing in or visiting the Complex. Such Rules and Regulations shall be distributed to the Owners upon adoption, and, to the extent the same may be amended, a copy of such amendment shall be distributed to the Owners. Upon compliance with such notice requirements, the Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding upon the Owners and their successors in interest whether or not actually received thereby. In addition, the Board shall have the power to adopt

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rules regarding elections, and voting by secret ballot in accordance with Civil Code Section 1363.03 as the same may be amended from time to time.

(d) Discipline for Breach. The Board has the right to impose any or all of the sanctions for a breach of the Association's governing documents as set forth in Article XIII below.

(e) Licenses, Permits and Easements. The Board may grant permits, licenses, and easements over the Common Area for utilities, roads and other purposes necessary for the proper operation of the Complex.

(f) Acquisitions and Transfers. Subject to Article VII, Section 7.6 below, the Board shall have the power to acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, or otherwise dispose of real or personal property in connection with the affairs of the Association.

(g) Contracts. The Board shall have the power to contract for goods and services, subject to the provisions of Article VII, Section 7.6 below, to fulfill the Association's obligations pursuant to this Declaration; provided, however, that the Association shall not enter into a contract with a third party in which a Board member, the Manager or any other employee, has a direct or indirect economic interest without full disclosure to the Board and approval by the Board and abstention from voting by any Board member receiving benefit therefrom.

(h) Borrow Money. The Board shall have the power to borrow money and pledge Assessments as may be needed in connection with the discharge of the Association's duties, including, but not limited to, for the purpose of improving, repairing and rebuilding the Common Area and the facilities thereon.

(i) Litigation. The Association shall have the authority to institute, defend, settle, intervene on behalf of the Association in litigation, arbitration, mediation or administrative proceedings in any capacity necessary to represent the interests of the Association.

(j) Charge Fees. The Association shall have the authority to charge reasonable security deposits and fees, to the extent permitted by the Civil Code, for (i) reservation and use of any recreational facility situated on the Common Areas; (ii) move-in and move out by an Owner, tenant or other occupant of a Unit; (iii) Unit remodeling; (iv) building water shut-downs; and (v)

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a transfer fee to cover the Association's actual costs to change its records. For purposes herein, "transfer" shall be defined to include the following: a sale of a Unit, the lease of a Unit to a new lessee, or the sublease of a Unit by an existing lessee to a sublessee; and (vi) such other matters related to the use of the Common Area.

(k) Other Powers. The Board shall have the power to perform such other acts, whether expressly authorized by this Declaration or the Bylaws, as may be reasonably necessary (including the imposition of monetary penalties) to: (i) enforce any of the provisions of this Declaration, the Bylaws, or the Rules and Regulations duly adopted by the Board; or (ii) carry out and perform its powers and responsibilities.

Section 7.6 - Limitation on Board Powers. Notwithstanding anything contained in this Declaration or the Bylaws to the contrary, the Board and the Association are prohibited from taking any of the following actions, except with the vote or written assent of a majority of the Voting Power of the Association:

(a) Contracts. Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year. Any such contract shall provide that it is terminable immediately for cause or on thirty (30) days written notice without cause. Notwithstanding the foregoing, the Association may enter into the following contracts for a period longer than one (1) year, as follows:

(i) FHA/VA Approval. A management agreement, the terms of which have been approved by the Federal Housing Administration or Veterans Administration; or

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

(iii) Prepaid Insurance. Prepaid casualty and/or liability insurance policies of not to exceed three (3) years' duration provided that the policy permits for short rate cancellation by the insured; or

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(iv) Cable/Satellite TV. Agreements for cable or satellite television services and equipment not exceeding five (5) years in duration to provide cable or satellite television service to the Complex for the benefit of the Owners.

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

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

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

Section 7.7 - Limitation of Liability.

(a) Acts or Omissions. Neither the Board (nor any member thereof), nor any committee appointed by the Board (or any member of any such committee), nor any officer, employee or agent of the Association, nor any Manager or the Manager's staff (collectively, an "Official Person"), shall be liable to any person (including the Association or a person claiming in the name of the Association) for injuries or damage resulting from such Official Person's acts or omissions within what such Official Person reasonably believed to be the scope of his or her Association duties, except to the extent that such injuries or damage result from such Official Person's gross negligence or willful misconduct. The Association shall not be liable for injuries or damage resulting from any failure to provide any service or perform any duty, function or responsibility designated herein to be performed by the Association, except to the extent that such injuries or damage result from the gross negligence or willful misconduct of the Association.

(b) Events. Neither the Association nor any Official Person shall be liable for injury and/or damage to persons or property in the Complex caused by fire, explosion, the elements or by an Owner or any other

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person or resulting from electricity, water, mold, rain, dust, sand, insect or rodent infestation which may leak, flow or intrude from outside of any Unit or from any pipes, drains, conduits, appliances or equipment, or from any other source or cause, unless caused by the gross negligence or willful misconduct of the Association or any such Official Person.

(c) Association Not Responsible for Loss. Neither the Association nor any Official Person shall be responsible to any Owner nor to any member of such Owner's family, guests, servants, employees or invitees for any loss or damage suffered by reason of theft or otherwise of any article, vehicle or thing which may be stored by such Owner or other person in or on any portion of the Common Area, unless caused by the gross negligence or willful misconduct of the Association or any such Official Person.

ARTICLE VIII UTILITIES

Section 8.1 - Utility Rights. The rights and duties of the Owners with respect to connections, lines, ducts, valves for sanitary sewer, water, electricity, gas, air conditioning, telephone and television cables, shall be governed by the following:

(a) Access for Repair. Whenever sanitary sewer house connections, ducts, valves and lines, facilities and/or water house connections, ducts, valves and lines, or electricity, gas, air conditioning, telephone lines, or television cables are installed within the Property, which connections, ducts, valves, lines or any portion thereof, lie in or upon portions of the Property owned by others, then the Owners of the Units served by said connection, duct, valve, or line shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon such portions of the Property or to have the utility companies enter thereupon to repair, replace and generally maintain said connection, duct, valve or line as and when the same may be necessary as set forth below.

(b) Right to Service. Whenever sanitary sewer house connections, ducts, valves, and lines, facilities and/or water house connections, ducts, valves and lines or electricity, gas, air conditioning, telephone lines, or television cables are installed within the Property, which connections, ducts, valves, or lines serve more than one (1) Unit, the Owners of each Unit served by said connection, duct, valve, or line shall be entitled to the

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full use and enjoyment of such portions of said connections, ducts, valves or lines as service such Owner's Unit.

(c) Owner Liability for Damage. In the event any portion of said connection, duct, valve, or line is damaged or destroyed through the negligent act or acts or failure to act, or willful misconduct of one (1) Owner or any of such Owner's agents, invitees, tenants, servants, guests or members of such Owner's family so as to deprive other Owners of the full use and enjoyment of said connection, duct, valve, or line, then such connection, duct, valve, or line shall be repaired and restored by the Association, but at the expense of the Owner who commits or whose agents, invitees, tenants, servants, guests or family members commit such act or acts.

(d) Association Liability for Repair. Except as otherwise provided in Article VI, Section 6.1 of this Declaration, in the event any portion of such connection, duct, valve, or line is damaged or destroyed by some cause other than the negligence or willful misconduct of one (1) of the Owners, such Owner's agents, guests, servants, tenants, invitees or members of such Owner's family (including ordinary wear and tear and deterioration from lapse of time), then in such event such connection, duct, valve, or line shall be repaired and restored by the Association, such repair and restoration to be paid out of the Assessments levied in accordance with this Declaration equally against all Owners.

(e) Maintenance of Common Area Utilities. The Association shall maintain all utility facilities located in the Common Area except for those facilities maintained by utility companies, public, private, or municipal, and those maintained by the Owners as described in Article VI, Section 6.1 of this Declaration.

(f) Dispute. In the event of a dispute between Owners with respect to the repair or rebuilding of any connection, duct, valve, or line described in this Section 8.1, or with respect to the sharing of the cost thereof, then upon written request of one (1) of such Owners addressed to the Association, the matter shall be submitted to the Board for a final and binding determination.

Section 8.2 - Easements. Easements through the Units and Common Area for all facilities furnishing utility services, television cable service and heating and air conditioning lines, ducts, valves, and/or connections to any Unit, which facilities shall include, but not be limited to, conduits, ducts, plumbing and wiring, shall be appurtenant to each Unit, and all other Units

and the Common Area shall be subject thereto; provided, however, that the easements for such facilities shall at all times be and remain substantially in accordance with the initial construction of the Complex, or the Complex as reconstructed upon damage or destruction pursuant to Article X hereof.

ARTICLE IX INSURANCE

Section 9.1 - Insurance. The Association shall obtain and maintain the following insurance:

(a) Hazard.

(i) General Provisions. A master hazard policy insuring all Improvements in the Complex (including the Units as originally constructed but not including personal property, furniture, furnishings, wall coverings, floor coverings, cabinetry and decorations contained in a Unit nor any Improvements beyond standard building coverage) against loss or damage by fire or other risks covered by the standard "All Risk" endorsement excluding earthquake and flood but including, without limitation, loss or damage as a result of theft, vandalism or malicious mischief and loss or damage to or as a result of boilers, pressure vessels, pressure pipes or sprinkler leakage and such other risks, perils or coverage as the Board in its discretions determines is necessary or advisable.

(ii) Policy Limits. Such hazard insurance shall have policy limits of not less than one hundred percent (100%) of the full insurable replacement cost value thereof (as determined every three (3) years by the Board in conjunction with the insurance company issuing such policy).

(iii) Additional Endorsements. The following endorsements should be included in any such master hazard policy, if commercially reasonable to obtain: (A) changes in building codes ("ordinance or law endorsement"); (B) inflation guard coverage; (C) demolition coverage; (D) "agreed-amount" endorsement (to eliminate a coinsurance problem); (E) replacement cost endorsement; and (F) primary coverage endorsement; and (G) "maintenance fees receivable" endorsement to cover unpaid Assessments which are not collected by the Association as a result of a covered peril.

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(b) General Liability.

(i) General Provisions. A comprehensive general liability policy insuring the Association, the Board, its agents, the Owners, occupants and such other persons as the Board may determine, against liability for bodily injury, death, or property damage arising from the activities of the Association and its Members or from activities of the directors and officers of the Association acting in their capacity as representatives of the Association, incident to the ownership or use of the Common Area or any other Association-owned or maintained real or personal property, and if obtainable, such policy shall be written on an occurrence basis.

(ii) Desired Inclusions. If obtainable, such insurance shall include a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured and insurance against water damage, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location and use.

(iii) Policy Amount. The amount of general liability insurance that the Association shall carry at all times shall be not less than the minimum amounts required by Civil Code Sections 1365.7 and 1365.9, as the same may be amended from time to time;

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

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

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

(f) Other Insurance. Such other insurance as the Board in its discretion considers necessary or advisable, including, without limitation,

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demolition insurance in adequate amounts to cover demolition in the event of destruction and the decision not to rebuild, earthquake insurance, and fidelity bonds or insurance covering officers, directors, and employees that have access to any Association funds.

Section 9.2 - Amount, Term and Coverage; Review of Policies;

Carriers. The amount, term and coverage of any policy required hereunder (including the type of endorsements, the amount of the deductible, the named insureds, the loss payees, standard mortgage clauses, notices of changes or cancellations, and the insurance company rating) shall satisfy the minimum requirements imposed for this type of project by the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC") or any successor to either of those entities (except for earthquake insurance, the purchase of which shall be within the discretion of the Board). If the FNMA or FHLMC requirements conflict, the more stringent requirement shall be met. If FNMA and FHLMC do not impose requirements on any policy required hereunder, the term, amount and coverage of such policy shall be no less than that which is customary for similar policies on similar projects in the area. The Association shall periodically (and not less than once every three (3) years) review all insurance policies maintained by the Association to determine the adequacy of the coverage and to adjust the policies accordingly. Such insurance as required or desired hereunder shall be obtained from reputable insurance companies qualified to do business in the State of California and holding a rating of "A" (or such other comparable rating if Best uses a different standard in rating insurance companies) or better in Best's Insurance Reports and may be obtained from one or more companies.

Section 9.3 - Payment of Deductible; Processing Claims.

(a) Payment of Premiums/Deductible. The premiums for the insurance purchased pursuant to this Article IX shall be paid for out of the common Assessments levied and collected pursuant to this Declaration. Subject to the provisions of Article IX, Section 9.2 above, the Board may select such deductibles, which, in its opinion, are consistent with good practices in connection with the purchase of such insurance policies. The Board may adopt a policy regarding payment of deductibles on any insurance coverage and such policy shall be set forth in the Rules and Regulations. Unless the Board determines otherwise, the Association shall pay deductibles required under any insurance claims from Association funds, except (i) if the damage is the result of the negligence or willful misconduct of an Owner, their families, guests, tenants, servants and invitees, in which case the Owner shall be responsible to pay such deductible and the Association shall levy a Special Assessment

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against the Owner in such amount in accordance with Article IV of this Declaration or (ii) if insufficient funds are available to the Association from the Association's accounts or from funds borrowed by the Association in accordance with this Declaration, in which event, the Association shall levy a Special Assessment against the Owners, in accordance with Article IV of this Declaration, with respect to the amount of any such deductible which exceeds funds available to the Association from Association funds or from borrowing.

(b) Processing of Claims. The Board may adopt such policies and procedures regarding the filing and processing of claims for damage and destruction to the Common Area improvements or any other matters covered by the insurance maintained by the Association, as the Board in its discretion, shall deem advisable.

Section 9.4 - Authority of Board. Each of the Owners, and every other person named or covered as an insured in connection with any of the policies purchased by the Board, hereby irrevocably delegates to the Board any authority which such Owner may otherwise have to negotiate loss settlements with the appropriate insurance carriers. The Board shall have the sole and exclusive authority and right to negotiate any such loss claim form, release form and/or settlement agreement in connection with the settlement of a loss claim, which shall be binding on all of the Owners, and upon any other person named as an insured on any such policy or policies, but only upon the execution thereof by a majority of the members of the Board. The Owners and every other person named or insured hereby appoints the Association, by and through the Board, as its attorney-in-fact for the purpose of executing any necessary claim form, release form or settlement agreements on their behalf.

Section 9.5 - Owner Insurance. The insurance maintained by the Association does not cover the personal property in the residences and does not cover personal liability for damages or injuries occurring in the Units. Each Owner, and not the Association, has the responsibility at such Owner's sole option to insure such Owner's personal property against loss and obtain any personal liability insurance that such Owner desires. In addition, any improvements made by an Owner within his Unit may be separately insured by the Owner, but the insurance is to be limited to the type and nature of coverage commonly known as "improvements insurance."

Section 9.6 - Additional Provisions Regarding Insurance Policies.

(a) Mandatory Provisions. Any insurance maintained by the Association shall contain a "waiver of subrogation" as to the Association

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and its officers, directors and Members, the Owners and occupants of the Condominiums and Mortgagees. All individually owned insurance shall contain a waiver of subrogation as to the Association and its officers, directors and Members, the Owners and occupants of the Condominiums and Mortgagees, and all Members are deemed to have waived subrogation rights as to the Association and/or other Members, whether or not their policies so provide.

(b) Optional Provisions. To the extent economically practical and available at reasonable premiums, any insurance maintained by the Association should:

(i) Cross-Liability. Contain a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured;

(ii) Decision to Repair. Provide that the insurer issuing such insurance policy agrees to abide by the decision of the Association whether or not to repair, reconstruct or restore all or any damaged or destroyed portion of the Common Area.

(iii) No Escape Clause. Contain no "escape" or "other insurance" clause that would cause such policy to become void in whole or in part or cause any proceeds payable thereunder to be reduced, setoff, apportioned, prorated or otherwise brought into contribution with or by reason of separate insurance obtained by any Owner or such Owner's Mortgagee.

(iv) Valuation of Improvements. Provide that only Improvements made or installed by the Association shall affect the valuation of the Buildings or Improvements on the Property for co-insurance purposes.

(v) Power to Adjust Losses. Provide that the Board or its authorized agent or representative shall have the exclusive authority to adjust any and all losses covered by said policy.

(vi) Vacancy. Provide that the insurance obtained pursuant to this Article shall not be prejudiced by reason of the vacancy or non-occupancy of any one or more Units within the Complex, provided that this Declaration (as the same may be amended from time to time) is in force and the Complex is operating as a condominium project.

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(vii) Association as Trustee. Provide that all insurance proceeds obtained pursuant to the Association's master insurance policy be payable to the Association as trustee to be held and expended as provided in this Declaration for the benefit of the Owners and their respective Mortgagees as their interests may appear.

Section 9.7 - Limitation of Liability Regarding Insurance. The Association, and its directors and officers, shall have no liability to any Owner or Mortgagee if, after a good faith effort, it is unable to obtain the insurance required hereunder, because the insurance is no longer available or, if available, can be obtained only at a cost that the Board in its sole discretion determines is unreasonable under the circumstances, or the Members fail to approve any Assessment increase needed to fund the insurance premiums. In such event, the Board shall immediately notify each Owner and any Mortgagee entitled to notice that the insurance will not be obtained or renewed. Furthermore, as to any insurance to be maintained/obtained by the Association hereunder, provided that such policies will not be voided or impaired thereby, the Owners hereby waive and release all claims against the Association, the Board, Association employees, and other Owners with respect to any loss covered by such insurance.

ARTICLE X DESTRUCTION OF IMPROVEMENTS

Section 10.1 - Reconstruction Without Election by Owners. In the event of a total or partial destruction of any Improvements in the Complex, if the available proceeds of the insurance carried pursuant to Article IX of this Declaration are sufficient to cover not less than eighty-five percent (85%) of the cost of repair or reconstruction thereof, the same shall be promptly repaired and rebuilt unless such destruction renders the entire Complex or some material portion thereof unfit for habitation and within ninety (90) days from (i) the date of such destruction or (ii) the date of determination of the insurance proceeds available for rebuilding, whichever is greater, not less than seventy-five percent (75%) of the Members entitled to vote, in person or by proxy, at a duly constituted and called annual or special meeting of the Members at which a quorum is present, determine that such reconstruction shall not take place. The Board shall be required to cause to be executed, acknowledged and recorded a certificate declaring the intention of the Owners to rebuild or not to rebuild (a "Certificate of Intention"), such certificate to be executed by any officer of the Association duly authorized to execute the same by the Board.

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Section 10.2 - Repair or Reconstruction by Consent of Owners. If the proceeds of such insurance are less than eighty-five percent (85%) of the costs of repair or reconstruction, such repair or reconstruction may nevertheless take place if fifty-one percent (51%) of the Members entitled to vote elect to rebuild. A Certificate of Intention shall be executed, acknowledged and recorded as provided for in such Article X, Section 10.1 hereof.

Section 10.3 - Assessments. In the event of a determination to rebuild pursuant to either Article X, Sections 10.1 or 10.2 above, the Board, without a vote of the membership, shall have the authority to levy a Special Assessment against the Owners in an amount equal to such funds as shall be necessary to pay for the costs of rebuilding which exceed the insurance proceeds received. Such Special Assessment shall be computed at an equal rate for all Condominiums, and shall be due and payable in full within thirty (30) days after written notice thereof unless otherwise determined by the Board.

Section 10.4 - Obligation of Board When Rebuilding.

(a) Obtaining Bids. The Board shall obtain bids from at least two (2) reputable contractors, and if a determination to rebuild is made in accordance with either Sections 10.1 or 10.2 of this Article X, the Board shall award reconstruction work to the bidder the Board believes is best qualified to perform the work at a reasonable price; provided, however, that the Board shall not be required or authorized to award such contract until it has sufficient monies, whether from insurance or the collection of Special Assessments levied in accordance with this Article with which to pay the cost of reconstruction as reflected by the bid to be accepted by the Board. The Board, upon awarding said contract shall thereafter be authorized to disburse monies to the contractor in accordance with said contract out of the insurance proceeds held by the Board and the Special Assessments levied and collected by the Board in accordance with this Article. First Mortgagees, if any, shall disburse insurance proceeds held by them in accordance with their respective standard practices for repair and reconstruction.

(b) Time Period for Reconstruction. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of such reconstruction at the earliest possible date.

(c) Manner of Reconstruction; Assessment of Damage. All reconstruction shall be in accordance with the Condominium Plan and the

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original plans of construction of the Complex (if available) subject to any increased building standards then in effect, unless an alternative plan is approved by a majority of Members entitled to vote. In addition, in determining whether the plans for a reconstructed Building are in substantial compliance with the Condominium Plan, the Board may take into consideration the availability and expense of labor and materials in the original construction of the Building. If such labor or materials are not available or is prohibitively expensive at the time of reconstruction, the Board may permit the substitution of other labor and materials as it reasonably deems proper. Furthermore, the Association may enter into any Unit to make repairs and/or to assess damage in the manner described in Article VI, Section 6.2 above.

Section 10.5 - Determination Not to Rebuild. If a Certificate of Intention to rebuild has not been executed, acknowledged and recorded in accordance with either Article X, Section 10.1 or Section 10.2 hereof within ninety (90) days from (i) the date of such destruction or (ii) the date of determination of the insurance proceeds available for rebuilding, whichever is greater, or if reconstruction and rebuilding has not actually commenced within nine (9) months thereafter:

(a) Distribution of Proceeds. Any insurance proceeds available for such rebuilding shall be divided proportionately among Owners, such proportions to be determined in accordance with the respective appraised fair market value of the Condominiums as of the date of destruction, expressed as percentages, and computed by dividing such appraised fair market value of each Condominium by the total of such appraised fair market values of all Condominiums in the Complex, subject to (i) the rights of Mortgagees holding Mortgages covering each such Owner's Condominium and (ii) all unpaid Assessments of such Owner together with any interest charges attributable thereto. The Board is hereby authorized to hire one (1) or more appraisers for such purpose and the cost of such appraisals shall be an expense of the Association. Notwithstanding the foregoing, the balance then due on any valid encumbrance of record shall be first paid in order of priority, and thereafter any unpaid Assessments of an Owner together with interest charges attributable thereto shall be paid to the Association, before the distribution of any proceeds to an Owner whose Condominium is so encumbered.

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

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(c) Preparation of Documents. The Board shall, as soon as practicable, cause to be prepared, filed and/or recorded any revised subdivision map, Condominium Plan or other documents, reports, schedules or exhibits necessary to show the changed or altered status of the Complex, including without limitation, the elimination of all or part of one (1) or more Units as a result of such damage.

Section 10.6 - Interior Damage.

(a) General Provisions. Restoration and repair of any damage occurring under the conditions addressed in this Article X to the betterments and improvements of any individual Unit shall be made by and at the individual expense of the Owner of that Unit (unless there is insurance to cover such item pursuant to Article IX above, in which case such insurance proceeds) and, in the event of a determination to rebuild after partial or total destruction, shall be completed as promptly as practical and in a lawful and workmanlike manner, and in accordance with an Application approved by the Board to the extent such approval is required under Article XII below.

(b) Specific Provisions - Earthquake Damage to Drywall. In the event of earthquake damage to the plaster and drywall in a Unit:

(i) Replacement. The Association shall only be liable for the replacement of the drywall on the load-bearing walls of the Unit which, in the estimation of the Board, suffered sufficient damage to require replacement. The Association shall not be liable for repainting the walls or replacing wall coverings of any kind. The restoration and repair of all other interior walls shall be at the sole expense of the Owner.

(ii) Re-Taping. Damage to load-bearing walls which does not require replacement of the drywall (i.e., bucked joint tape, hairline fractures of the drywall, etc.) shall be the responsibility of the individual Owner. The Owner shall be responsible for the restoration and repair of all finished surfaces which includes, but is not limited to, re-taping, painting, plastering, wallpapering, etc.

Section 10.7 - Negotiations with Insurer. The Board shall have full authority to negotiate in good faith with representatives of the insurer of the Buildings or any other portion of the Common Area, and to make a settlement with the insurer for less than full insurance coverage on the damage to the Buildings or any other portion of the Common Area. Any settlement made by the Board in good faith shall be binding upon all Owners.

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Section 10.8 - Elimination of Units. In the event of the elimination of all of a Unit, the Condominium containing that Unit shall cease to be a part of the Complex, the Owner of the Unit shall cease to be a Member of the Association and such Owner shall not be liable for any Assessments under this Declaration which accrue thereafter, and the undivided interest in the Common Area appurtenant to that Unit shall automatically become vested in the Owners of the remaining Condominiums in proportion to their respective undivided interests in the Common Area.

Section 10.9 - Notice to Owners. The Board immediately upon having knowledge of any damage or destruction affecting the Complex, or any portion thereof, or any threat thereof, shall promptly give written notice to all Owners.

ARTICLE XI EMINENT DOMAIN

Section 11.1 - Definition. The term "taking" as used in this Article shall mean condemnation by exercise of power of eminent domain or by sale under threat of the exercise of the power of eminent domain.

Section 11.2 - Common Area Award. In the event of a taking of all or any portion of the Common Area within the Complex, the Association shall represent the Owners in any proceedings, negotiations or settlements and the award made for such taking shall be payable as follows:

(a) Entire Common Area. If the award is for the acquisition of the entire Common Area, the amount payable shall be paid to the Board, as trustee, for distribution to the Owners, to each Owner in proportion to the fair market value of such Owner's Unit as set forth in Article X, Section 10.5(a) of this Declaration, subject to (i) the rights of Mortgagees holding Mortgages covering each such Owner's Condominium and (ii) all unpaid Assessments of such Owner together with any interest charges attributable thereto.

(b) Part of Common Area; Award is less than \$50,000. If the award is for the acquisition of only part of the Common Area and is less than Fifty Thousand Dollars (\$50,000.00) or is otherwise less than the cost to obtain an appraisal required by Article X, Section 10.5(a) above, the entire amount thereof shall be payable to the Board, as trustee, (subject to the rights of Mortgagees holding Mortgages on Condominiums within the Complex) and

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such an amount, together with any interest earned thereon, shall be held by the Board to reduce the common expenses for the next succeeding fiscal year or to fund the Association's reserves, as the Board shall determine.

(c) Part of Common Area; Award is More than \$50,000. If the award is for the acquisition of only part of the Common Area and is in excess of Fifty Thousand Dollars (\$50,000.00) and is in excess of the cost to obtain an appraisal required by Article X, Section 10.5(a) above, it shall be distributed to the Owners, each in proportion to the fair market value of the Owner's Unit as set forth in Article X, Section 10.5(a) of this Declaration, subject to (i) the rights of Mortgagees holding Mortgages covering such Owner's Condominium and (ii) all unpaid Assessments of such Owner together with any interest charges attributable thereto.

Section 11.3 - Unit Awards. In the event of a taking of all or any portion of one (1) or more Units within the Complex, the award made for such taking shall be payable to the respective Owners of the Units so taken each in the proportion as set forth in Article X, Section 10.5(a) of this Declaration, where Condominiums are not valued separately by the condemning authority or by the court, subject to (i) the rights of Mortgagees holding Mortgages covering such Units and (ii) all unpaid Assessments of each Owner taken together with interest charges attributable thereto.

Section 11.4 - Partition. If there is a substantial taking of the Complex (more than fifty percent (50%)), the Owners may terminate the legal status of the Complex and, if necessary, bring a partition action under Civil Code Section 1359 or any successor statute, on the election to terminate by fifty-one percent (51%) of the total Voting Power of the Association and the approval of at least fifty-one percent (51%) of the First Mortgagees. The proceeds from the partition sale shall be distributed to the Owners and their respective Mortgagees in proportion to the fair market values of their Condominiums as determined under the method described in Article X, Section 10.5(a) above, subject to (i) the rights of Mortgagees holding Mortgages covering such Units and (ii) all unpaid Assessments of each Owner taken together with interest charges attributable thereto.

Section 11.5 - Revision of Governing Documents; Reorganization. In the event of any condemnation of a part of the Complex, the Board shall, as soon as practicable, cause to be prepared, filed and/or recorded any revised subdivision map, condominium plan or other documents, reports, schedules or exhibits necessary to show the changed or altered status of the Complex,

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including, without limitation, the elimination of all or part of one (1) or more of the Units as a result of such condemnation.

Section 11.6 - Elimination of Units. In the event all of a Unit is taken in condemnation, the Condominium containing that Unit shall cease to be part of the Complex, the Owner thereof shall cease to be a Member of the Association, and the undivided interest in Common Area appurtenant to that Unit shall automatically become vested in the Owners of the remaining Condominiums in proportion to their respective undivided interests in the Common Area.

Section 11.7 - Notice to Owners. The Board immediately upon having knowledge of any taking by eminent domain of the Complex, or any portion thereof, or any threat thereof, shall promptly give written notice to all Owners.

ARTICLE XII ARCHITECTURAL REVIEW

Section 12.1 - Board Action. The Board shall conduct all architectural reviews required or authorized by this Declaration. The Board may designate and appoint a representative who is a licensed architect to assist the Board in its evaluation of an Owner's application; however, the decision of the Board with respect to the approval or disapproval thereof shall be final.

Section 12.2 - Alterations Requiring Approval.

(a) General Provisions. None of the following additions, alterations, or modifications (collectively, "Alterations") shall be commenced, made, or maintained by an Owner without the prior written approval of the Board following the procedures set forth below in this Article XII, Section 12.3: (i) structural additions, alterations or modifications to the interior of a Unit or installations located therein, including, but not limited to, interior non-load bearing walls; (ii) additions, alterations or modifications in any Unit, Exclusive Use Common Area or in, on or to the Common Area which will impair the structural integrity of any Unit, Exclusive Use Common Area, Common Area or the Building(s) or which would structurally change the Building(s). Without limiting the generality of the foregoing, any modification which affects the floor plan of any Unit, including the creation or removal of windows, doorways or portals or the combination of Units (whether the Units are next door to each

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other or one Unit is located on the floor above another Unit) shall be deemed to be a structural modification for the purposes of this subsection; (iii) other additions, alterations or modifications in or to the Common Area or the Exclusive Use Common Area; (iv) electrical, HVAC, and plumbing work to the interior of a Unit; (v) any addition, alteration or modification which may affect the Building's resistance to water intrusion or noise or which may affect the right to privacy and quiet enjoyment of any other Owner, or (vi) any construction, alteration, removal, relocation, repainting, demolition, addition, modification, decoration, redecoration or reconstruction of any Improvement visible from the Common Area, Exclusive Use Common Area or another Unit.

(b) Exclusions. Notwithstanding the foregoing, without the prior written consent of the Board, an Owner may make an Alteration within the interior boundaries of the Unit, provided the such Alteration does not impair the structural or acoustical integrity of the Common Area, utilities, or other systems servicing the Common Area or other Units, and does not involve altering any Common Area (including bearing walls, electrical wiring and plumbing lines) or Exclusive Use Common Area.

Section 12.3 - Approval Process.

(a) Procedures for Obtaining Approval. Prior to making an Alteration, an Owner must submit to the Manager (or, if none, the Board), for the Board's review and written approval or disapproval, (i) detailed plans (including a plot plan if applicable) and specifications (collectively, the "Application") for the Alteration showing the nature, kind, shape, height, width, color, materials, and location of same, (ii) copies of all building and other governmental permits required for the construction of the Alterations and (iii) if required by the Rules and Regulations, a construction deposit (a "Construction Deposit"), in an amount to be set by the Board to be held by the Association until the work related to the Alteration is completed and inspected by the Board. In addition to the foregoing, if the Alteration will affect the Common Area and/or the Exclusive Use Common Area in any manner, the Owner submitting the Application (the "Applicant") shall provide the Board with a certificate executed by a structural engineer duly licensed in the State of California stating that any portion of the Common Area and/or the Exclusive Use Common Area to be affected by the Alteration is not required for the structural support of the Unit, any other Unit or any other part of the Complex. The Applicant shall obtain a written, dated receipt for the Application from the Manager (or, if none, the Board). If requested by the Board, an Application shall be prepared by an architect, engineer or landscape designer, landscape

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architect or other design or construction professional, said person to be employed by the Applicant at such Applicant's sole expense.

(b) Review Period. Applications and resubmittals thereof shall be approved or disapproved by the Board, as applicable, in writing within sixty (60) days after the date of submission of the Application or the Submission, as applicable (the "Review Period"). No member of the Board may vote on an Application that pertains only to his or her own Unit. If the Application or resubmittals are disapproved, the reasons therefor shall be indicated in such disapproval. In the event the Board fails to approve or disapprove an Application in writing by the end of the Review Period, the Application will be deemed denied.

(c) Conditions for Approval. The Board may condition its written approval of the Application for an Alteration (i) upon the Applicant's furnishing the Association with security acceptable to the Association against a mechanic's lien or other encumbrance which may be recorded against the Property as a result of work related to the Alteration, (ii) on such changes to the Alteration as it deems necessary, (iii) upon the Applicant's agreement to complete the proposed work related to the Alteration within a stated period of time, (iv) upon the Applicant's agreement to install (at the Applicant's sole expense) water, gas, electrical or other utility meters to measure increased consumption, (v) submission of a Construction Deposit to be held by the Association until the work related to the Alteration is completed and inspected by the Board, (vi) execution of a construction agreement, in such form as provided by the Association for this purpose, or (vii) upon the submission of additional professionally prepared Applications addressing any areas of concern to the Board or such other information needed by the Board to make an informed decision.

(d) Standards and Review Fees; Construction Deposit. The Board may from time to time adopt, promulgate, and amend rules and guidelines (to be incorporated into the Rules and Regulations) which, among other matters, may set forth design and architectural standards, procedures for the submission of Applications for approval, requirements for a fee (a "Review Fee") to accompany each Application for approval or for a Construction Deposit and the amount of the Review Fee and/or Construction Deposit, and/or additional factors which it will take into consideration in reviewing Applications. The Board may provide that the amount of the Review Fee and/or the Construction Deposit shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the Alteration contemplated. The restrictions set forth in this Article XII, are not intended to

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empower the Board to act arbitrarily, capriciously, or whimsically in the process of reviewing Applications. Standards should be established which are both reasonable and objective, and which are reasonably ascertainable, and are uniformly and fairly applied to all, and in all cases. The Board shall base their decisions on what is in the best interests of the Complex as a whole, and not upon what will appease a particular Member or group of Members.

(e) Reasons for Disapproval. Approval of an Application may be withheld not only because of non-compliance with any of the specific conditions, covenants and restrictions contained in this Declaration, but also by reason of the reasonable dissatisfaction of the Board, with the location, elevation, color scheme, finish, design, proportions, architecture, shape, height, style and appropriateness of the proposed Alteration, the materials used therein, the kind, pitch or type of roof proposed to be placed thereon, the planting, landscaping, size, height or location of the Alteration, or because of its reasonable dissatisfaction with any or all other matters or things which, in the reasonable judgment of the Board will render the proposed Alteration inharmonious or out of keeping with the general plan of Improvements of the Complex or with the Improvements erected on other Units.

(f) Record Keeping. The Board shall prepare and retain a written record of all Applications made for its approval together with all actions of the Board with respect thereto.

Section 12.4 - Inspection; Compliance.

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

(b) Failure to Comply. If, after an Application has been approved, (i) the Alteration is altered, erected, or maintained otherwise than as approved by the Board, or (ii) if such Alteration is constructed without obtaining approval at all, or (iii) such Alteration is constructed with defects which are observed by the Board during an inspection, such Alteration shall be deemed to have been undertaken without the approval of the Board having been obtained as required by this Declaration. Upon notice of any non-compliance the Board shall take such actions as it deems necessary in accordance with the provisions of this Declaration, including, without limitation, and in its sole discretion, any or all of the following: (A) require that

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the Owner remove and/or remedy the non-complying or defective Alteration, (B) remove and/or remedy the non-compliance itself, after notice and hearing, (C) impose monetary penalties against the Owner, after notice and hearing, until such non-compliance is corrected, and/or (D) institute legal proceedings to enforce compliance or completion.

(c) Deemed Compliance. After the expiration of one (1) year from the date of completion of any Alteration, said Alteration shall, in favor of purchasers and encumbrancers, in good faith and for value, be deemed to comply with all of the provisions hereof unless (i) to the extent permitted by law, a notice of such non-compliance or non-completion, executed by one (1) member of the Board shall appear of record in the Office of the County Recorder of Los Angeles County, California, and/or (ii) enforcement proceedings shall have been instituted to enforce compliance with these provisions.

Section 12.5 - Waiver. The approval of the Board of any Application submitted for approval as herein specified shall not be deemed to be a waiver by the Board of its right to object to any of the same features or elements embodied in subsequent Applications submitted for approval as herein provided for use on the same or other Alterations.

Section 12.6 - No Liability. Applications are not approved for engineering design or for compliance with governmental code specifications and neither the Board shall have liability therefor; each Owner submitting an Application shall be responsible for ensuring compliance with engineering design and building code specifications. Neither the Association, the Board, nor the members or designated representatives thereof shall be liable in damages to anyone submitting an Application to them for approval, or to any Owner by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such Application, or for any defect in any structure constructed from such Application. Every Owner and other person or entity who submits an Application to the Board for approval agrees that such person or entity will not bring any action or suit against the Association, the Board, or the members or designated representatives thereof to recover any such damages.

Section 12.7 - Diligent Prosecution of Work. The approval of any Alteration, shall be deemed conditional upon the commencement of said work within ninety (90) days after the approval of Board for the same shall have been obtained, or within such other period as shall have been specified by the Board at the time of its approval. If the work is not commenced within ninety (90) days after the approval date, or such later time as the Board has granted, then

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the approval shall be deemed canceled, and the Owner must reapply to the Board before undertaking any such work. All work must be prosecuted diligently to completion within a reasonable time and in any event before the expiration of such period as may be specified by the Board. Each Owner shall, upon completion of an approved Alteration, promptly notify the Board that such Alteration has been completed.

ARTICLE XIII ENFORCEMENT

Section 13.1 - Enforcement of Governing Documents. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the Articles, the Bylaws and/or the Rules and Regulations and shall be entitled to recover from any Owner against whom such restrictions, conditions, covenants, rules, reservations, liens and charges are enforced, all costs and reasonable attorneys' fees incurred thereby.

Section 13.2 - Notice of Violation. Unless prohibited by law, in the event of a violation of the Association's governing documents, the Association may, if permitted by applicable law, record a Notice of Violation against the Condominium of the non-complying Owner and/or the noncomplying lessees, other residents of a Unit, or guests of the occupant of a Unit etc. Upon recording a Notice of Violation, the Association shall have complete discretion in deciding whether, when and how to proceed with enforcement, and any delay after recording a Notice of Violation shall not give rise to a defense of waiver or estoppel in favor of a non-complying Owner. The Association may take action to enforce compliance against a subsequent Owner who acquires a Condominium with a recorded Notice of Violation. The right of the Association to record a Notice of Violation shall be in addition to all other rights and remedies the Association may have at law or under the Association's governing documents.

Section 13.3 - Failure Not a Waiver. The failure of any Owner, the Board, the Association or its officers or agents to enforce any of the Association's governing documents shall not constitute a waiver of the right to enforce the same thereafter, no such failure shall result in or impose any liability upon the Board, or any of its officers or agents. Waiver or attempted waiver of any provision of this Declaration or the Association's other governing documents with respect to any Unit shall not be deemed a waiver thereof as to

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any other Unit, nor shall the violation of any provision hereof or thereof in respect to any Unit or Units affect the applicability or enforceability of any provision of this Declaration in respect of any other Unit. A waiver of any enforcement right shall be only pursuant to an instrument in writing signed by the party to be charged with such waiver and shall be limited to the particular covenant, condition or restriction contained herein which is expressly set forth as being waived in such writing.

Section 13.4 - Nuisance. Without limiting the generality of this Section, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against such act or omission.

Section 13.5 - Discipline for Breach. After notice and a hearing as provided in Section 13.6 below, the Board may do the following:

(a) Suspend Rights. Suspend an Owner's voting rights and/or the right to use the recreational facilities located within the Common Area (other than the right of ingress and egress to the Owner's Unit): (i) for the period during which any Assessment, including any monetary penalty against such Owner's Condominium, remains unpaid and delinquent, and (ii) for a period not to exceed thirty (30) days, or for as long as the violation continues for any other infraction of this Declaration, the Bylaws or the published Rules or Regulations of the Association committed by any Owner, or such Owner's guests, servants, family members, tenants or invitees.

(b) Impose Monetary Penalties. Impose a monetary penalty on any Owner in such amounts as determined by the Board and as more fully described in a schedule of monetary penalties set forth in the Rules and Regulations adopted and amended by the Board from time to time, for the failure to comply with and/or for any violation of the Association's governing documents committed by such Owner, or such Owner's guests, servants, family members, tenants or invitees. The Board shall distribute to the Members, by personal delivery or first class mail, a copy of the schedule of monetary penalties adopted by the Board, and any amendments thereto. Subject to the provisions of Article IV, Section 4.8(a)(ii)(E) above, the Association and the Board shall have the same rights and remedies, including lien, foreclosure, late charge and interest rights, or seeking judicial enforcement for the enforcement and collection of monetary penalties as they have for the enforcement and collection of Assessments and any monetary penalty provided for herein shall be deemed to be a Special Assessment. Any

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infraction or violation of an ongoing nature shall subject the violating Owner to a continuing monetary penalty which may be assessed on a daily basis until the infraction or violation in question has been remedied.

(c) Judicial Relief. Seek judicial relief for the failure to comply with and/or for any violation of the Association's governing documents committed by such Owner, or such Owner's guests, servants, family members, tenants or invitees, provided, however, that in an situation where injury to persons or property is immediately threatened, the Board may seek judicial relief without first complying with the notice and hearing provisions of Section 13.6 below.

Section 13.6 - Notice and Hearing.

(a) General Provisions. The Board shall have the right to establish and from time to time to modify the rules and regulations for allowing an Owner a hearing for an alleged violation of these Bylaws, the Association's Rules and Regulations or the Declaration where such Owner may have such Owner's voting rights or common area privileges suspended and/or have a monetary penalty imposed. Such rules or regulations established and maintained by the Board shall be fair and reasonable, as required pursuant to California Corporations Code Section 7341 or any successor section thereto, and shall comply with Civil Code Section 1363(h) or any successor section thereto. The foregoing rules and regulations may be enforced against any Owner or such Owner's tenants and the Owner's and tenant's privileges may be suspended for any violations as provided herein and/or the Board may impose a reasonable monetary penalty.

(b) Procedures. Notice and a hearing regarding monetary penalties, suspension of privileges, and any other disciplinary measures taken under this Declaration or the Association's other governing documents shall be accomplished as follows:

(i) Right to be Heard. The Owner being penalized shall be given an opportunity to be heard, either orally or in writing, at an executive session Board meeting.

(ii) Notice. Notice of the hearing shall be given either by personal delivery or first-class mail to the most recent address of the Owner as shown on the Association's records at least ten (10) days prior to the hearing. The notice shall contain, at a minimum, the date, time and place of the hearing, the nature of the alleged violation, the proposed monetary penalty

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or sanction, and a statement that the Owner has the right to attend the hearing and to address the Board at the hearing.

(iii) Procedure for Hearing. At the hearing, the Owner so charged shall have the right to be heard by the presentation of oral or written evidence and arguments. If the Owner fails or refuses to attend the hearing, the Board may decide the matter in such Owner's absence.

(iv) Decision of Board. Following the hearing, the Board shall decide whether the Owner shall in fact be penalized or sanctioned or assessed for damages, as applicable.

(v) Notice of Decision. Within fifteen (15) days of the hearing, the Board shall notify the Owner of its decision and the reasons therefor, either by personal delivery or first-class mail to the most recent address of the Owner as shown on the Association's records.

Section 13.7 - Remedies Cumulative. Each remedy provided for by this Declaration for breach of any of the covenants, conditions, restrictions, reservations, liens or charges contained herein shall be in addition to any other available remedy, whether provided for by law or in equity, and all of such remedies whether provided for by this Declaration or otherwise shall be cumulative and not exclusive. In addition, except for the nonpayment of any Assessments provided for herein, it is hereby expressly stipulated that the remedy at law to recover damages for the breach or violation of this Declaration and/or the Association's other governing documents is inadequate and that appropriate relief shall be awarded to enjoin any such breach or violation.

Section 13.8 - Joint and Several Liability. In the case of joint ownership of a Unit, the liability of each of the Owners thereof in connection with the liabilities and obligations of Owners set forth in or imposed by this Declaration shall be joint and several.

Section 13.9 - Attorneys' Fees. In the event that the Association takes action to enforce or interpret the Association's governing documents, to restrain violations or to determine the rights and duties of any person under this Declaration, whether or not such action is in the form of a formal court proceeding or by involvement of the Association's legal counsel, the Association shall be entitled to actual attorneys' fees and costs plus, in the case of a proceeding, any other relief awarded.

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ARTICLE XIV
GENERAL INFORMATION

Section 14.1 - Term. This Declaration and the covenants, provisions and restrictions contained herein shall be and remain in full force and effect for a term of ninety-nine (99) years from the date this Declaration is recorded.

Section 14.2 - Amendments. Each and all of the provisions hereof may be modified, amended, added to or deleted only by the affirmative vote or written consent of at least a majority of the Voting Power of the Association, and if required by this Declaration by the appropriate percentage of Mortgagees as required hereby, and by such other approvals, if any, as may be required by law or any prior agreements of record. Said amendments shall be effective upon recordation in the Office of the Recorder of Los Angeles County.

Section 14.3 - General Mortgage Provisions.

(a) Power to Encumber. Any Owner may encumber such Owner's Condominium by a Mortgage.

(b) No Obligation by Mortgagee to Cure Breach. A Mortgagee who acquires title by foreclosure or deed in lieu of foreclosure shall not be obligated to cure any breach of this Declaration which is non-curable or of a type which is not feasible to cure or which is not practical to cure and does not materially affect the Association or any other Owners.

(c) Loan made in Good Faith. It is intended that any loan to facilitate the resale of any Condominium after foreclosure or deed in lieu of foreclosure is a loan made in good faith and for value and entitled to all of the rights and protections afforded to Mortgagees hereunder.

(d) Amendments. No amendment to this Section shall affect the rights of the Mortgagee under any Mortgage recorded prior to recordation of such amendment who does not join in the execution thereof.

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

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

Section 14.4 - Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a Condominium Complex, and this Declaration shall be construed and governed in accordance with California law.

Section 14.5 - Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any of the provisions hereof shall not affect the validity of the remaining provisions.

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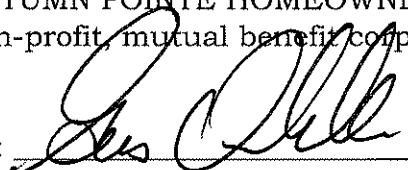
Section 14.6 - Successors and Assigns. This Declaration shall inure to the benefit of and be binding upon the heirs, personal representatives, grantees, lessees, successors and assigns of the Owners.

Section 14.7 - Delivery of Notices and Documents. Any written notice or other documents relating to or required by this Declaration may be delivered personally or by mail. If by mail, such notice, unless expressly provided herein, or in the Bylaws to the contrary with regard to the type of notice being given, shall be deemed to have been delivered and received forty-eight (48) hours after a copy thereof is deposited in the United States mail, postage prepaid, and fees prepaid, addressed to each Owner at the address of any Unit in the Complex owned by such Owner, in whole or in part, or to the address last furnished by such Owner for the purpose of giving notice and delivering documents from the Board. Each Owner shall file in writing with the Board promptly upon becoming an Owner such person's address for the purpose of giving notice and delivering documents, and shall promptly notify the Board in writing of any subsequent change of address.

Section 14.8 - Conflicting Provisions. In the case of any conflict between this Declaration and the Articles, the Articles shall control. In the case of any conflict between this Declaration and the Bylaws and/or the Rules and Regulations, this Declaration shall control.

IN WITNESS WHEREOF, the undersigned have executed this Declaration this 17 day of Nov., ~~2008~~ 2010, at Los Angeles, California.

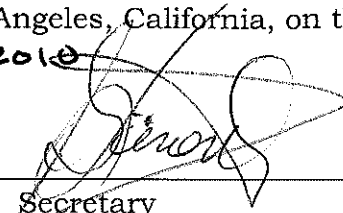
AUTUMN POINTE HOMEOWNERS ASSOCIATION, a non-profit, mutual benefit corporation

By: 
Its: President

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

Executed at Los Angeles, California, on the 17 day of
NOVEMBER, ~~2008~~ 2010

By: 
Its: Secretary

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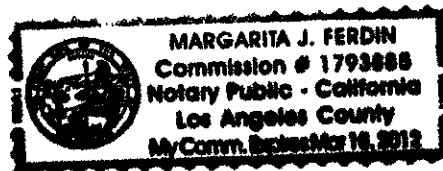
STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On 11/17/2010, before me, MARGARITA FERDIN, Notary Public, personally appeared Gus Adolfo VINDELL, who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Margarita Ferdin (Seal)



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

On 11/17/2010, before me, MARGARITA FERDIN, Notary Public, personally appeared Graciela Marie LOWENBERG who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Margarita Ferdin (Seal)



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EXHIBIT "A"

Amount of Current Regular Assessment

\$209.00 per month per Unit