

RECORDED MAIL TO
CALIFORNIA LAND TITLE COMPANY
90 THE CIBOLA CITY PLAZA
UNIVERSAL CITY, CALIFORNIA 91408
MAY 31 1979

79- 586582

RECORDED IN OFFICIAL RECORDS
OF LOS ANGELES COUNTY, CA
MAY 31 1979 AT 8 A.M.
Recorder's Office

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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
THE FAIRWAY

This document is an exact copy (or, prepared by the County Recorder) of a Declaration of Restrictions which was recorded in the County Recorder's Office of Los Angeles County on June 20, 1979 as Document No. 79-664948 in Book Page of Official Records of Los Angeles County.

CALIFORNIA LAND TITLE COMPANY
a California Corporation

By J. Balona
Senior Vice President

THIS DECLARATION OF RESTRICTIONS IS
BEING RECORDED TO REFLECT THE RECORDING
CORRECTION OF THE COMPANY PLAN ON
PAGES ONE AND TWO.

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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
THE FAIRWAY

WHEREAS, THE FAIRWAY, a California General Partnership, (hereinafter called "Declarant") is the owner of all that certain real property located in the County of Los Angeles, State of California, described in Exhibit "A" attached hereto and by this reference made a part hereof; and

WHEREAS, said real property is to be divided into thirty two (32) condominiums which are depicted on the Condominium Plan recorded on May 31, 1979, as Instrument No. 79-586581 Official Records of the County of Los Angeles, State of California; and

WHEREAS, it is the desire and intention of Declarant to subdivide and sell the property described above and to impose on it mutual beneficial restrictions under a general plan or scheme of improvement for the benefit of all the units in the project and common area and the owners thereof and to create a certain type or method of co-operative ownership commonly known as a "condominium", and to subject the said property to the provisions of the applicable laws of the State of California pertaining to condominiums and other applicable conditions and statutes of the State of California,

NOW, THEREFORE, Declarant hereby declares that all of the real property described above is and shall be held, transferred, sold, conveyed, hypothecated, encumbered, leased, rented, used, occupied, maintained, altered and improved subject to the following protective limitations, restrictions,

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covenants, conditions, reservations, liens and charges and equitable servitudes, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement and sale of said real property, and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of said real property, and every part thereof. All of said limitations, covenants, conditions, restrictions, reservations, liens and charges and equitable servitudes shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described real property, or any part thereof, whether as sole owners, joint owners, lessees, tenants, occupants, or otherwise, and they shall inure to the benefit of every portion of said property and shall be for the benefit of each owner of any portion of said real property, or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest of Declarant and each owner, and may be enforced by Declarant, by any successor in interest to Declarant, or any owner, or by the Board of Directors hereinafter described.

1. Description of Land and Improvements.

The real property subject to the covenants, conditions and restrictions herein contained is located in the County of Los Angeles, State of California, and is more particularly designated as Units 1 through 32, inclusive, and the common area in the County of Los Angeles, State of California, according to the Condominium Plan filed in the Office of the County Recorder of Los Angeles County as Instrument No. 79-586581 on the 31st day of May, 1979, Official Records of said County (and is hereinafter referred to as said Condominium Plan). Any grant deeds conveying any interest in the project to individual purchasers of units shall expressly refer to and incorporate

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this Declaration therein by reference. Whether or not a reference to this Declaration is made in any individual deed, each purchaser of a unit, part or portion thereof shall by acceptance of a deed or other conveyance for such unit, part or portion thereof thereby be conclusively deemed to have consented to and agreed to all of the covenants, conditions and restrictions contained herein for himself and his heirs, executors, administrators and assigns and does by said acceptance covenant for himself and his heirs, executors, administrators and assigns to observe, perform and be bound by the same.

2. Definitions.

Certain terms as used in this Declaration shall be defined as follows, unless the context clearly indicates a different meaning therefor:

A. Association: The Fairway Homeowners Association, a California Non-Profit Corporation, the members of which shall be all of the several unit owners. Each unit owner shall automatically become and shall be required to be a member of the Association, whose membership shall include and be limited to each of the unit owners of the project. All memberships in the Association are hereby specifically made appurtenant to the units, and memberships shall be effective immediately upon the recording of the grant deed transferring the unit ownership. Membership may not be separated from the ownership of any unit. Until such time as Declarant sells all of said units owned by it, Declarant shall remain a unit owner as to the units owned by it, and shall be a member of said Association.

B. Board of Directors: Shall mean and refer to the Board of Directors of the Association.

C. Common Area: The entire project, excepting

those portions thereof which lie within the boundaries of any unit as hereinafter defined. The individual unit owners shall have an undivided interest in and to the common area and the Association shall be responsible for the management and maintenance of the common area.

The undivided interest in the common area hereby established and which shall be conveyed with each respective unit in Tract 34268 and which cannot be changed is an undivided 1/32nd interest.

D. Condominium: A condominium as defined in Section 783 of the California Civil Code and shall be an estate in real property consisting of (a) a separate fee interest in the space within a Unit and (b) an undivided interest as tenant-in-common in the common area.

E. Declarant: Shall mean and refer to The Fairway, a California General Partnership, and its successors and assigns.

F. Declaration: This Declaration, as the same may be amended from time to time, and recorded within the office of the County Recorder, Los Angeles County, California.

G. Project: The entire Parcel of real property hereinabove described, including all structures thereon, to be divided into condominiums, said project being known as The Fairway.

H. Unit: The elements of a condominium which are not owned in common with the owners of other condominium units in the project.

I. Unit Owner: Each person and entity or persons and entities, if more than one, holding record ownership interest in a condominium, including contract sellers and including

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Declarant so long as any condominium remains unsold. The term "owner" shall not include persons or entities who hold an interest in a condominium merely as security for the performance of an obligation.

J. Voting Owners: Each unit owner shall designate one voting owner. There shall be only one voting owner for each unit ownership. The voting owner shall be designated by the record owner or owners of each unit ownership, by written notice to the Association, or the manager, and need not himself be an owner. Said designation of a voting owner of a unit ownership shall be revocable at any time by actual notice to the Association or the manager, of the death or judicially declared incompetence of any record unit owner, or by written instrument delivered to the manager by any record owner. Where no designation is made or where a designation has been made but is revoked and no new designation made, the voting owner of each unit ownership shall be the group composed of its record owners, who must act unanimously either in person or by proxy. Declarant shall be the voting owner with respect to any unit ownerships owned by it from time to time.

3. Board of Directors.

The management of the project and the said Association shall be governed by a Board of Directors consisting of three (3) persons, who need not be owners of units in the Project until conversion of Class B membership to Class A, after which time all Directors must be owners of units in the Project, or the nominee of any corporate unit owner. Until the Board comes into existence, the management shall be carried on by Declarant. At the organization meeting, three (3) unit owners shall be elected to the Board, to serve until the first annual meeting. Thereafter, each Director is to be elected for a term of one (1) year, said term to run from the date of election until the respective successors are elected.

The Board may call, hold and conduct meetings in accordance with such reasonable rules and regulations as the Board may adopt. Two (2) members of the Board shall constitute a quorum. Until the election of the Board, its rights, duties and functions shall be exercised by Declarant.

4. Voting Rights.

The Association shall have two classes of voting membership:

Class A. Class A members shall be all unit owners with the exception of Declarant. Class A members shall be entitled to one vote for each condominium owned by them. When more than one such person holds such interest in any condominium, all such persons shall be members. The vote for such unit shall be exercised as they, among themselves determine, but in no event shall more than one vote be cast with respect to any such condominium.

Class B. The Class B member shall be Declarant. The Class B member shall be entitled to three (3) votes for each condominium owned by it, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following event, whichever occurs earlier:

A. When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

B. On December 31, 1980.

5. Management and Administration.

The management and administration of the project shall be in accordance with this Declaration, the Articles

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of Incorporation, the By-Laws of the Association and any rules and regulations governing the project.

6. Annual and Special Meetings.

The first organization meeting of the voting owners shall be held within forty-five (45) days after the consummation of the sale of the condominium in the project which represents the 51st percentile of all condominiums in the project, and in no event later than six (6) months from the transfer and conveyance of the first condominium in the project. At such meeting control of the common areas and facilities shall be transferred by Declarant to the Association. Thereafter, annual meetings of such owners shall be held in accordance with the By-Laws of the Association. A special meeting of the voting owners may be called by written notice by a majority of the Board, or by owners holding twenty-five percent (25%) of the voting power, or by owners (excluding Declarant) holding fifteen percent (15%) of the voting power. The Board shall give written notice of the annual meeting or any special meeting to each voting owner not less than ten (10) days nor more than sixty (60) days prior to the date fixed for said meeting. The notice of any such meeting shall specify the place, date and hour of the meeting and the general nature of the business to be transacted in the case of a special meeting.

The presence at any meeting, in person or by proxy, of the voting owners holding at least fifty percent (50%) of the voting power shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the voting owners present, either in person or by proxy, may unless otherwise provided by law, adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting

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the quorum requirement shall be owners holding at least fifty percent (50%) of the voting power, present in person or by proxy. Unless otherwise expressly provided herein, any action may be taken at any regular or special meeting of the voting owners upon the affirmative vote of owners holding at least fifty-one percent (51%) of the voting power present at such meeting.

7. Election and Removal of Directors.

The voting owners shall vote for the election of the Board. Each voting owner entitled to vote in any election for a Director may cumulate his votes and give one candidate a number of votes equal to the number of Directors to be elected, or distribute his votes on the same principle among as many candidates as he sees fit. The candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be deemed elected. All voting at elections shall be by secret ballot.

The entire Board of Directors or any individual Director may be removed by a vote of the voting owners holding a majority of the voting power entitled to vote at any election of Directors. For the purpose of this proceeding, however, cumulative vote procedure must be followed, and thus, no Director may be removed unless the affirmative votes for his removal exceed or are at least equal to the minimum number of votes required to elect a Director under cumulative voting procedures. If any Director is removed in the manner authorized above, a new Director may be elected at the same meeting.

Notwithstanding anything to the contrary contained herein or in the By-Laws or in the Articles of Incorporation, if: (a) at any meeting of the owners, there is to be an election

of Directors and if at such meeting owners, other than Declarant, do not have a sufficient percentage of the voting power of the Association to elect at least one Director even though they cumulate all their votes, then and in that event, Declarant shall only be allowed to vote for a number of Directors equal to one less than the total number of Directors to be elected at such meeting; and (b) a Director who has been elected to office solely by the votes of owners other than Declarant may be removed from office prior to the expiration of his term by the vote of a majority of the voting power residing in owners other than Declarant.

8. Duties and Authority of Board of Directors.

In general, the Board shall have authority to conduct all business affairs of common interest to all owners and to enforce all provisions of this Declaration, the By-Laws and Articles of Incorporation of the Association and any other document governing the project. The powers and duties of the Board shall be as set forth herein and in the Articles of Incorporation and the By-Laws.

In addition to other duties and authority granted to the Board hereunder, or by the Articles of Incorporation, or By-Laws, or by law the Board shall have the authority to and may, for the benefit of all unit owners:

A. Employ the services of a manager and others to operate the said project, fix and pay their compensation, and oversee and control such management and otherwise delegate its powers to committees, officers and/or employees.

B. Contract and pay for such labor and materials as may be reasonably required to maintain the common area and the buildings, to provide lateral support therefor and prevent and correct erosion thereof.

C. Acquire and maintain and pay for any required services such as: water, sewer, refuse collection, electrical, telephone and gas, and other necessary utility services for the common area and (if not separately metered or charged) for the units, as well as maintenance and gardening service for the common areas and units.

D. Enforce the applicable provisions of the Declaration, By-Laws and other instruments for the management and control of the project. The Board shall have the right to adopt reasonable rules and to amend the same from time to time, relating to the use of the common area and any recreational and other facilities situated thereon, by owners and their tenants or guests, and conduct of such persons with respect to automobile parking, storage of boats, trailers, bicycles, and other objects, disposal of waste materials, drying of laundry, control of pets, exterior dealings with buildings and other activities, which if not so regulated, might detract from the appearance of the community or which otherwise would detract from the overall esthetics of the project or offend or cause inconvenience or danger to persons residing or visiting therein. Such rules may provide that the owner whose occupants leave property on the common area in violation of the rules, or who otherwise violate the rules in any manner, may be assessed to cover the expense incurred by the Board, in removing such property and storing or disposing thereof or may be fined for violation of the rules after a hearing upon notice. The Board may provide in such rules, for reasonable rental charges to be made with respect to the use of any storage areas or facilities which may exist upon the common area, provided that such charge

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shall in no way, impose liability upon the Board or any of its members for damages or loss to property so stored, it being intended that the use of any such storage area or facility be solely at the risk of the person using the same. A copy of such rules and all amendments thereto, shall be mailed to each owner and a copy shall be posted in one or more places on the common area where the same may be conveniently inspected.

E. Pay all taxes, charges and assessments levied or which could become a lien against the common area (except for charges levied solely against the unit owner and/or the undivided interest of a unit owner, which charges shall be paid by such owner).

F. Use, in the discretion of the Board, the funds paid by unit owners as maintenance charges, as hereinafter more fully provided.

G. Provide financial statements of the Association to unit owners as provided in the By-Laws of the Association.

H. Enter any living area, patio, balcony, parking, or any portion of the common area, when necessary, in connection with any maintenance or construction for which the Board is responsible. Such entry shall be made with as little inconvenience to the unit owner as practicable and any damage caused thereby shall be repaired by the party responsible for said damage.

I. Contract and pay for fire, casualty, liability and other insurance on behalf of the Association. The Board shall carry fire insurance with extended coverage endorsement or other form of coverage providing protection equal to or greater than the amount of the full insurable replacement value (as determined by appraisal or such other method as shall be

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deemed appropriate by the Board and be acceptable to the insurance carrier and reviewed at least annually), of all buildings, structures and other improvements (including furnishings and equipment related thereto), situated upon the common area. Such insurance shall be payable to the Board. In the event of damage to or destruction of any building, structure, or other improvement, situated upon the common area, the Board shall cause the same to be repaired, rebuilt or replaced as provided in Paragraph 14 hereof.

Further, the Board shall carry a blanket policy or policies of casualty insurance with a special form all-risk coverage endorsement, for the full insurable replacement cost, from time to time, of the common area and the units (or such other blanket fire and casualty insurance which give substantially equal or greater protection) insuring the Board, the Association, the owner or owners of each unit hereunder, and their mortgagee or mortgagees, as their respective interests may appear, against loss due to fire and/or other casualty customarily insured against by homeowners, which policy or policies may provide for separate protection for each unit to the full insurable replacement cost thereof, and a separate loss payable endorsement in favor of the mortgagee or mortgagees of each unit, if any, and shall contain provisions to the extent possible, protecting against any reduction in the amount of the proceeds payable, as a result of any fire or similar insurance independently carried by any owner of or in respect of any unit.

The Board shall carry a policy or policies insuring the Association, the Board and each and all of the owners and management agent, if any, against any liability to the public or to the owners or to their invitees, guests,

or tenants, or any other person, resulting from or incident to, the ownership, management and use of the project by the Association, the Board, the owners, their invitees and tenants, and members of the public, the liability limits under which insurance shall not be less than \$500,000 for the total personal injury from any one accident; \$300,000 personal injury to one person; and \$50,000 for property damage (such limits to be reviewed annually by the Board and increased in its discretion). Such policy or policies shall, if possible, contain waivers of subrogation and non-diminution clauses by reason of other insurance carried by any unit owner or owners.

The Board shall have authority to obtain such errors and omissions insurance or other insurance as it deems advisable, insuring the Board and each member thereof, and all officers of the Association, against any liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board, or any committee thereof or from their position as an officer of the Association. The premiums for insurance purchased pursuant to the foregoing, shall be payable out of the maintenance fund.

If any additional insurance is required due to extra hazardous use made of any unit or because of improvements to any unit installed by its owner, which increases the premiums for the required amount of coverage, the costs thereof shall be assessed to the owner of such unit. In order to facilitate the provision and maintenance of adequate and proper insurance, it is contemplated that Declarant may contract for blanket insurance coverage, covering the entire project prior to or concurrently with the financing of such sales and any obligations or commitments for the payment of premiums or expenses otherwise incurred by Declarant, under any such blanket policy or coverage.

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whether or not the same is also a personal obligation of the purchaser or purchasers of any units, shall become an obligation of the Board and shall be paid out of the maintenance fund as provided herein. The owner of any unit may purchase such fire and casualty insurance as he may deem advisable for his own account and at his own expense, except that the carrying of any insurance individually by any owner, shall not relieve him of the obligation to pay such portion of assessments as may be made, from time to time, for the purpose of paying premiums or other charges on fire and casualty insurance carried or contracted for by the Board, for the benefit of the entire project, and provided that, any such insurance shall contain a loss payable clause in favor of such owner's mortgagee or mortgagees and the Board, as their respective interests may appear. No such insurance coverage or the terms of any insurance policy, shall defeat or contravene the purposes and intent of Paragraph 14. hereof.

Additionally, the Board shall purchase and carry flood hazard insurance in the maximum amount available, in the event that the area in which the project is located is designated by the Office of Housing and Urban Development as an area having special flood hazards. The Board shall also acquire, maintain and pay for workmen's compensation insurance to the extent necessary to comply with any applicable laws and, further, shall purchase and maintain a fidelity bond naming such of the members of the Board, the officers of the Association, and manager, and the respective agents, servants and employees hired by the Board who handle or are responsible for Association funds (and such other persons as may be designated by the Board) as principals, and the Association as obligee.

All insurance policies purchased by the Board for the mutual benefit of all owners shall contain a provision that each owner will receive a notice from the insurance company that said policy is in effect and that each owner will receive thirty (30) days notice prior to cancellation or termination of said policy, for any reason whatsoever.

J. Hire and pay for legal and accounting services necessary or proper in the operation of the project or enforcement of these restrictions, the By-Laws, Articles of Incorporation and any rules and regulations governing the project.

K. Paint, maintain and repair the common area and all facilities, improvements and landscaping thereon (and the interior of any unit, patio, or balcony, if the unit owner fails to do so after notice as hereinafter provided) and acquire and maintain such furnishings and equipment for the common area as the Board shall determine are necessary and proper. It is further understood that each unit owner shall have the primary obligation to paint, maintain and repair the interior of his unit and his patio area, and balcony area, subject to the restrictions and provisions provided for herein, but if he fails to do so, the Association may, but shall not be required to, effect the repair or maintenance thereof and charge the costs thereof to the defaulting unit owner.

L. Provide, acquire and pay for any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments which the Board may be required to secure or pay for pursuant to the terms of these restrictions, or By-Laws, or which the Board in its opinion shall deem necessary, proper, or convenient for the operation of the project, provided that if any such

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materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments are provided for a single unit or only several but not all units, the cost thereof shall be specifically assessed to the owner or owners of such units.

M. Pay any amount necessary to discharge any lien or encumbrance levied against the project, or any part thereof, which may, in the opinion of the Board, constitute a lien against the property or against the common area, rather than merely against the interests therein of particular owners. Where one or more owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it.

N. Until such time as property taxes are separately assessed to each individual unit owner, the Board may pay such property taxes singly assessed against the project as a whole and collect the same from each unit owner prorata based on the undivided interest owned by each unit owner in the common area.

O. Comply with all applicable laws and orders and directives of any lawful authority.

P. The Board and Declarant are hereby precluded from entering into any agreements which might or could obligate or bind the Association, or the Board for a period in excess of one (1) year, without first obtaining the prior approval of owners, other than Declarant, holding fifty-one percent (51%) of the voting power, unless the execution of such contracts are otherwise permitted by the Regulations of the Real Estate Commissioner of the State of California.

Q. The Board shall have the right to and shall receive complaints and hold hearings concerning violations

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of this Declaration, the By-Laws and/or other rules and regulations governing the management and control of the Association and the project. The Board shall have the right to suspend the voting rights and right to use of the recreational facilities of a unit owner for any period during which any assessment against his interest in the project remains unpaid and delinquent and may also impose monetary penalties and/or suspend the voting rights and right to use of the recreational facilities for any other infraction of this Declaration or the By-Laws or the rules and regulations of the Association, provided that any suspension of such voting rights or right to use the recreational facilities shall be made only by the Board, or a duly appointed committee of the Board, after notice and hearing.

R. Sell any property of the Association; provided, however, that the Board may not, during any fiscal year, sell property of the Association having an aggregate fair market value greater than 5% of the budgeted gross expenses of the Association for that fiscal year without first obtaining the vote or written consent of a majority of the voting power of each class of membership.

9. Non-Liability of Board of Directors and Officer.

No member of the Board of Directors or officer of the Association shall be liable for acts or defaults of any other officer or member, or for any loss sustained by the Association or any member thereof, unless the same has resulted from his own willful misconduct or gross negligence.

10. Indemnification for Performance of Duties.

Every member of the Board of Directors, officer and member of the Association shall be indemnified by the Association against all reasonable costs, expenses and liabilities

(including attorneys fees) actually or necessarily incurred by, or imposed upon him, in connection with any claim, action, suit, proceedings, investigation or inquiry, of whatever nature, in which he may be involved as a party, or otherwise, by reason of his having been an officer or member of the Association, or the Board of Directors whether or not he continues to be such Director, officer, or member of the Association at the time of the incurring or imposition of such costs, expenses or liabilities, except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct or gross negligence toward the Association in the performance of his duties, or in the absence of such final adjudication, any determination of such liability by the opinion of legal counsel selected by the Association. The foregoing right of indemnification shall be in addition to and not in limitation of, all rights to which such persons may be entitled as a matter of law and shall inure to the benefit of the legal representatives of such persons.

11. Certificate of Board of Directors.

Any certificate executed by any two (2) members of the Board shall be conclusive proof of all matters contained in the certificate as to any act or non-act of the Association and/or the Board, or any of their respective committees or agents, or as to the performance or non-performance of any act of any unit owner or non-payment of any dues, fees, charges, assessments interest, costs, or penalties, or as to any matters contained in the records of the Association or said Board.

12. Maintenance Assessments.

Declarant, for each unit owned by it within the project, hereby covenants, and each owner of any unit within the project, by acceptance of a deed therefor, is deemed to covenant and agree to pay to the Association: (1) Regular monthly assessments or charges; and (2) special assessments for capital improvements and emergencies; such assessments to be fixed, established and collected from time to time, as hereinafter provided. The regular monthly and special assessments together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge and a continuing lien upon the condominium against which each such assessment is made, which lien shall be created and enforced in accordance with the provisions of Paragraph 13 hereof. Each such assessment (and all other assessments levied in accordance with this Declaration), together with late charges, interest, costs, penalties and reasonable attorney's fees, as provided for by this Declaration, shall also be the joint and several personal obligation of each person who was an owner of such unit at the time the assessment fell due.

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 and, in particular, for the improvement, maintenance and repair of the project in a first class condition related to the use and enjoyment of the common area including any recreational facilities located thereon, and to the extent provided for herein, of the condominiums situated in the project.

Within sixty (60) days prior to the beginning of each calendar year, the Board shall estimate the regular

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assessments required to be paid by the Association in performing its functions for the project during such calendar year. Said estimated cash requirement shall be assessed to all unit owners in equal amounts. Notwithstanding anything contained herein to the contrary, the Board may not increase the annual assessment by more than 20% over the prior year's assessment, nor may the Board incur aggregate expenditures for capital improvements to the common area in any fiscal year in excess of 5% of the budgeted gross expense of the Association for that fiscal year without first obtaining the vote or written consent of a majority of the owners, exclusive of Declarant.

In the event that the regular monthly assessments are inadequate for any reason, including non-payment by any unit owner of his required share, the Board may at any time levy a special assessment to make up the deficiency in the maintenance fund, which shall be assessed to unit owners on the same basis as the regular assessment; provided, however, that in any fiscal year the Board may not, without the vote or written assent of a majority of the owners (exclusive of Declarant) levy special assessments to defray the costs of any action or undertaking which, in the aggregate, exceeds 5% of the budgeted gross expenses of the Association for that fiscal year.

Upon the close of escrow of the first condominium in the project, Declarant shall be obligated to pay the monthly maintenance charges and assessments, hereinbefore provided, for each unsold condominium. Regular assessments shall be paid by each owner in equal monthly installments, in advance, on the first day of each month, commencing upon the close of the sales escrow for each particular unit, and prorated through

escrow to the date of close of escrow for the month in which escrow closes. Special and emergency assessments shall be paid within thirty (30) days of receipt of a request to pay the same.

Assessment charges so collected shall be promptly deposited in a bank or savings account, in a bank or savings and loan association to be selected by the Board or by the manager, if any, which account shall be under the name of the Association. The Board or the manager, as the case may be, shall have exclusive control of said account and shall be responsible to the owners for the maintenance of accurate records thereof at all times. No withdrawal shall be made from said account except to pay for the charges and expenses or otherwise provide for the common benefit of all owners.

In addition to the other rights and powers granted to the Board herein, the Board shall have the right to establish a special assessment on any single unit owner or group of unit owners, if the same be required to secure or satisfy any breach of this Declaration by said unit owner or owners, which breach shall require or has required an expenditure by the Board for repair or remedy, including but not limited to the violation of or failure of such unit owner to comply with any applicable laws or orders or directives of any lawful authority.

13. Liens.

There is hereby created a lien against and on each unit owner's interest herein to secure payment of the amount of the maintenance fund, or of any assessment, regular or special, assessed to the unit owners as provided herein; provided, however, the lien shall not be deemed effective for any purpose unless and until a notice of claim of lien is

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recorded, as hereinafter provided. If the unit owner fails to pay said sums required as and when due, the Board or any unit owner shall mail a notice of claim of lien to the unit owner and record a copy thereof in the Office of the County Recorder of Los Angeles County. If after thirty (30) days after such recording, the said sums remain unpaid, such lien may be enforced by sale by the Board, its attorney, or by any owner, as trustee, in either case, for all owners, such sale to be conducted in accordance with the provisions of Section 2924 et seq of the California Civil Code applicable to the exercise of powers of sale in mortgages or deeds of trust or in any other manner permitted by law. The Board shall have the power to bid in at the foreclosure sale and to hold, lease, mortgage and convey the same. Reasonable attorney's fees, title fees and expenses in connection with such foreclosure and/or the collection of the debt secured by such lien shall be paid by the unit owner against whom such foreclosure or other action is taken in connection with such lien. Unless sooner satisfied and released or the enforcement thereof initiated, as herein provided, such lien shall expire and be of no further force and effect one (1) year from the date of recordation of said notice, provided said one (1) year period may be extended by the Board for not to exceed one (1) additional year, by recording a written extension thereof. Such lien and right to foreclosure shall be in addition to and not in substitution for all other rights and remedies which the unit owners and the Board may have hereunder, including appropriate legal or equitable action. Notwithstanding the foregoing, it is understood and agreed that such lien shall at all times be subject and subordinate to and shall not affect nor defeat

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or render invalid the lien of any mortgage or deed of trust or any prior recorded encumbrance on the interest conveyed to said unit owner made in good faith and for value. Upon payment of the assessment or the share of maintenance fund charges (together with interest thereon from the due date at the rate of ten percent (10%) per annum) and all additional charges incurred by the Association in connection with which said notice of claim of lien has been recorded, or other satisfaction thereof, the Board shall cause to be recorded a further notice stating the satisfaction and the release of the lien thereof. Any unit owner may free his own unit from the lien of any joint assessment on more than one unit by payment of his share thereof, whereupon a similar further notice of satisfaction and release shall be recorded by the Board as to said unit. Such lien and the right to foreclose the same shall be in addition to and not in substitution for all other rights and remedies which the unit owners and the Board may have to enforce the provisions hereof. In the event any lien imposed under the provisions of this Paragraph is destroyed by reason of the foreclosure of any mortgage or deed of trust on the unit ownership subject to such lien, there shall be a lien on the interest of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, charged to such unit after the date of such foreclosure sale, which lien shall have the same effect and be enforced in the same manner as provided herein.

Upon written request of any unit owner and payment of a reasonable fee, the Board or the manager will furnish, for the benefit of any prospective purchaser or present or prospective encumbrancer of such unit ownership, a statement showing all amounts then due which are secured by any lien hereunder.

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Each unit owner does hereby waive, to the extent of any liens created pursuant hereto, the benefit of any homestead or exemption laws of the State of California in effect at the time the claim of lien is recorded.

14. Destruction of Improvements.

A. In the event any improvements or any fixtures or personal property in the project owned in common are partially destroyed by fire or other casualty, it shall be the duty of the Board to restore and repair the same to its former condition, as promptly as practicable and in a lawful and workmanlike manner. The proceeds of any insurance shall be made available for such purpose, subject to the prior rights of beneficiaries of deeds of trust whose interest may be protected by said policies. In the event that the amount available from the proceeds of such insurance policies for such partial reconstruction shall be less than 85% of the cost of the repair or construction and/or in the event such destruction is in an amount equal to 50% or more of the total value of the entire improvements on the project, the owners of individual units, by vote of the owners holding 75% of the voting power of each class of membership, in person or by proxy, at a duly constituted meeting, shall determine whether the Board shall be authorized to proceed with such partial reconstruction or not, and in the event of an affirmative vote, a special assessment of the owners may be levied to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purposes. In the event of a determination by the owners that the cost of such reconstruction would be so substantial that it would not be in their best interest to proceed with the same, the owners may, in their discretion, proceed as provided hereafter.



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B. In the event of the total destruction of the improvements on said real property, the owners, by the requisite vote as set forth in subparagraph A. above, shall likewise have the authority to determine whether said improvements shall be rebuilt, or whether said real property shall be sold. In the event of the determination to rebuild and if the insurance proceeds shall be insufficient for the same, the necessary funds shall be raised by special assessment of the owners as provided in subparagraph A. above.

C. In the event of a destruction, whether partial or total, and in the further event of a reconstruction, the Board shall be authorized to have prepared the necessary plans, specifications and maps, and to execute the necessary documents to effect such reconstruction as promptly as practicable, and in a lawful and workmanlike manner. Such reconstruction shall be in conformity with all applicable governmental regulations. A certificate of the resolution authorizing such reconstruction shall be filed by the Board with the county recorder within six (6) months from the date of such destruction, or if they do not, by any owner and in the event of the failure to record such certificate within said period, it shall be conclusively presumed that the owners have determined not to rebuild said improvements. In the event of a determination not to rebuild the Board shall be authorized to have prepared and to have filed, as promptly as practicable, a corrected subdivision map, (approved by the appropriate governmental authorities), converting said real property into an unimproved parcel of land, which shall be offered for sale, at the highest and best price obtainable, either in its damaged condition, or after damaged structures have been razed. The net proceeds of such

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sale, and the proceeds, if any, of insurance carried by the owners as a whole on said premises shall be distributed to the unit owners in the proportions in which they own the common area provided that if at the time of distribution there is due and owing any encumbrance on any individual unit, executed in good faith and for value, the balance of such encumbrance shall first be paid before the distribution of any proceeds to the owner whose unit is so encumbered. The Board, or any member thereof as shall be designated by the Board, is hereby irrevocably appointed as the attorney in fact for each unit owner, to make, execute and deliver on his behalf any and all documents necessary or convenient to effect and complete said sale including, but not limited to deeds, escrow instructions and the like.

D. Restoration and repair of the damage to the interior of any individual unit shall be made by and at the individual expense of the owner of said unit and in the event of the determination to rebuild such partial or total destruction, the same shall be completed as promptly as practicable and in a lawful and workmanlike manner.

E. Six (6) months from the date of any partial or total destruction, if a certificate of a resolution to rebuild is not filed or recorded as hereinbefore provided, or if reconstruction is not actually commenced within said period, the covenant against partition provided herein shall terminate and be of no further force or effect.

F. In the event of a destruction of said improvements and in the event of a determination not to rebuild the same, the Board, or if they do not, any unit owner, shall record a sworn declaration with the Los Angeles County Recorder

setting forth such decision. The recordation of such declaration shall determine and terminate the title of each owner of his unit and such title shall forthwith merge in the interest of each unit owner in the common area, and forthwith upon such recordation, all owners shall be and become tenants in common of the entire project.

15. Maintenance and Decoration of Buildings and Units.

A. Each unit owner shall have the exclusive right and duty, at his sole cost and expense, to maintain, repair, paint, repaint, paper, panel, plaster, tile, wax and finish, refinish, or decorate the interior surfaces of the ceilings, floors, doors and perimeter walls, as well as all glass and window breakage, screens and screen doors, and all permanent fixtures, appliances and equipment, of his dwelling unit and his patio and balcony areas; provided, however, nothing in this Paragraph shall be construed as permitting any interference with or damage to the structural integrity of any building. In the event an owner shall do anything with respect to his unit that might have the effect of increasing the level of noise or sounds that can be heard outside of his unit during normal use and occupancy of his unit, including but not limited to the replacement of carpeting with tile, parquet, or other hard floor covering, he shall be required to take at his own expense all reasonable measures to deaden, insulate and otherwise decrease the level of such noise or sounds to the minimum level reasonably possible.

B. Carpets, air conditioners, dishwashers, garbage disposals, ranges and ovens, plumbing and electrical facilities, which may be included within any unit shall be deemed to be fixtures and attached to the realty, but the upkeep, maintenance,

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repairs and replacement shall be the responsibility of the unit owner and not of the Board. All other furnishings, furniture, drapes and appliances are personal property and shall not, during the term of these restrictions, become a part of the real property.

C. No unit owner shall, at his expense or otherwise, make any structural changes, repairs or alterations to his unit or the common area or any facilities or structures thereon, nor shall he make any alterations, additions, improvements, repairs, or modifications or changes in paint or finish or color of the common area or any facilities or structures thereon or install awnings or sunshades, or build or construct any fence, obstruction, or improvement of any kind or character in or on his unit or any of the common area, or make any change, alteration, improvement or repair visible from the exterior of the units, without the prior written approval of the Board. Such approval may be withheld if in the view of the Board, the installation or improvement would affect the uniformity and the attractiveness or the value of the project as a whole.

D. No labor performed or services or materials furnished with consent of or at the request of a unit owner or his agent or his contractor or subcontractor shall be the basis for the filing of a lien against the project or against any other unit or unit owner, or against the common area, unless such other unit owner or the Board, as the case may be, has expressly consented to or requested the performance of such labor or furnishing of such materials or services. Such express consent shall be deemed to have been given by a unit owner in the case of emergency repairs thereto, or in the case of a unit owner failing to maintain those areas of the project

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which he has the primary obligation to maintain hereunder. Labor performed or services or materials furnished for the common area, if duly authorized by the Board, shall be deemed to be performed or furnished with the express consent of each unit owner. The unit owner may remove his unit from a lien against two or more units, or any part thereof, by payment to the holder of the lien of the fraction of the total sum secured by such lien which is attributable to his unit.

16. Use and Occupancy of Units and Common Area.

A. There shall be no use or occupancy of any part of the common area, except by the Owner of a unit, his family, tenants, and guests.

B. Each unit owner is hereby granted a non-exclusive reciprocal easement for purposes of ingress, egress, use and enjoyment over and across all common areas and all improvements thereon which may from time to time be covered by this Declaration and which come under the jurisdiction of the Association subject to: the right of the Association to limit the number of guests, the right of the Association to establish uniform rules and regulations pertaining to the use of the common areas and all improvements thereon and the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the common area.

C. No children under sixteen (16) years of age may permanently reside in any unit. For the purpose of this paragraph, residence for any thirty (30) days in any 365 day period shall be considered as permanent residence. However, the Board, by a majority vote, may extend this period for up to an additional thirty (30) days. Each owner shall be accountable to the remaining owners for the conduct and behavior of visiting children temporarily residing in or visiting his unit. The foregoing age restrictions shall be enforceable

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only to the extent permitted by law, and Declarant shall have no liability, if, and to the extent, such age restrictions are held to be unenforceable in whole or in part; and each owner, by acceptance of delivery of the deed to his respective condominium, expressly consents hereto. Each unit shall be used as a residence for a single family and for no other purposes whatsoever. Individual units may not be subdivided nor may parts of individual units be sold. No part thereof shall ever be used or allowed to be used directly or indirectly for any business, commercial, manufacturing, or mercantile or other non-residential use. However, for a period of three (3) years from and after the date of recordation of this Declaration, units owned by Declarant may be used by Declarant or its designees as models, sales offices, construction offices and general offices for the purposes of developing, improving and selling units in the Project.

D. Unit owners may lease or rent their unit upon appropriate written notice to the Board of such intent; provided, however, no such lease or rental shall be for a period of less than thirty (30) days. Any such lease or rental shall require the tenant thereof to comply with these restrictions during his occupancy.

E. Except as otherwise permitted herein, there shall be no obstruction of any portion of the common area nor shall anything be stored in the common area, even on a temporary basis, without the prior written consent of the Board.

F. Nothing shall be done or kept in or upon any unit or in the common area, which will increase the rate of insurance, without the prior written consent of the Board. No unit owner shall permit anything to be done or kept on or within his unit or in the common area, which will result in the cancellation of insurance on the building or which would be in violation of any governmental statute, ordinance, rule, or regulation. No waste shall be committed in the common area.

G. No sign of any kind shall be displayed to the public view on or from any unit or the common area, without

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the prior written consent of the Board, except one professional sign of dignified appearance advertising said unit for sale or lease, may be placed on the common area in such size, location and manner as shall be designated by the Board, and except for signs or other displays used by Declarant, or its agents, in connection with the original sale or resale of said units.

H. No antennae (television, radio or of any sort) shall be located on or outside of any unit, except with the express written consent of the Board.

I. No animals, livestock, or poultry of any kind shall be raised, bred, or kept in or upon any unit or in the common area except upon specific approval of the Board, except that a unit owner shall be allowed to maintain a reasonable number of household family pets, so long as a pet does not annoy, molest or inconvenience any other unit owner, and provided that such pet or pets shall, if and when declared to be a nuisance by the Board, forthwith be removed from the project. Any inconvenience, damage or injury caused by such household pet or pets shall be the sole responsibility of the respective owner thereof and said owner does hereby indemnify the Association, its Board of Directors, officers and the manager and its staff and agrees to hold each of them harmless from and against any and all loss, cost, liability, and expense of any kind and nature arising out of having pets within the project.

J. No noxious or offensive activity shall be carried on in any unit or in the common area, nor shall anything be done therein which may be or become an annoyance or nuisance. All rubbish, trash and garbage shall be regularly removed from the unit and shall not be allowed to accumulate therein.

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K. Nothing shall be done in any unit or in or on, or to the common area which will impair the structural or esthetic integrity of the buildings or which would structurally alter the buildings, except as is otherwise provided herein.

L. No drilling oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any unit or the common area or within 500 feet below the surface of the property.

M. No development shall be made of the air space above the exterior of any structure or any unit or in the common area.

N. Nothing, other than a unit owner's own personal property, shall be removed from any unit, or the common area, and nothing shall be altered, installed, or constructed in the common area except upon the written consent of the Board.

O. There shall be no violation of the rules or regulations for the use of units or the common area as set forth herein or as may be adopted by the Board.

P. There shall be no violation or failure to comply with applicable laws, orders, or directives of any lawful authority.

Q. Each owner shall be liable to the Board for any damage to any portion of the common area or the equipment, facilities or structures thereon which may be sustained by reason of the negligence or willful misconduct of said owner or of his family, relatives, guests, invitees, or tenants, both minor and adult. In the case of joint ownership of a unit, the liability of such owners shall be joint and several. In the event of personal injury or property damage sustained by any person while physically within the unit of any owner,

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and in the further event that any other owner shall be sued, or a claim made against him or her for said injury or damage, the owner or owners of the unit in which said injury or damage occurs, shall fully indemnify and hold harmless any such other owners against whom such claim shall be made, and shall further defend any such other owners at his or her own expense in the event of litigation of such claim; provided, however, that such protection shall not extend to any other owner whose own negligence may have caused or contributed to the cause of any such injury or damage.

R. No unit owner may exempt himself from liability for his contribution of the maintenance fund by any waiver of the use or enjoyment of the common area, or by the abandonment of his condominium.

S. Nothing herein contained shall prohibit or restrict in any way the right of Declarant to the non-exclusive use of the common areas and the facilities thereof for display and exhibit purposes in connection with the sale of condominiums within the project including but not limited to the furnishing of unrestricted rights of ingress, egress and parking to prospective purchasers and Declarant's agents, servants and employees; provided, however, that such use shall not be for a period of more than three (3) years after the conveyance of the first condominium.

T. A portion of the common area consists of driveways. No parking of motor vehicles, trailers, boats, campers or the like shall be permitted in any driveway at any time.

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17. Repair of Common Facilities by Individual Owner and Right of Entry.

If any common facility or any portion of the common area falls into disrepair or is damaged and the Board fails to take action to repair or restore the same within sixty (60) days after written notice so to do from any unit owner, then such unit owner may make such repairs as are necessary to insure his enjoyment of his own unit; provided that such owner first obtains the approval of owners holding fifty-one percent (51%) of the voting power. Such unit owner shall receive at least two (2) bids before employing any person, firm, or corporation to perform such work. Such unit owner may to the extent necessary, enter on any unit or any portion of the common area to effect such repairs. Any such entry shall be made with as little inconvenience as practicable to the unit owners affected, and to the other unit owners in their use of the common area. Any damage caused thereby shall be forthwith repaired. The Board shall reimburse such owner undertaking to make such repairs out of the maintenance fund for all reasonable expenses incurred by him in making such repairs, and if such fund be insufficient, shall cause the levy of a special assessment.

18. Utilities.

A. The rights and duties of the unit owners with respect to lines for sanitary sewer, water, gas, electricity, telephone cables and air conditioning, shall be governed by the following:

(1) Wherever sanitary sewer connections and lines or electricity, gas, telephone lines, air conditioning lines or television cables are installed within the project, which connections or any portion thereof, lie in or upon portions

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of the project owned by others than the unit owner of a unit served by said connections, the unit owners of any units served by said connection, shall have the right and are hereby granted an easement, to the full extent necessary therefor, to enter upon such portion of the project or to have the utility companies enter thereupon to repair, replace and generally maintain said connection as and when the same may be necessary as set forth below.

(2) Wherever sanitary sewer connections and lines, facilities, and/or water connections and lines or electricity, gas, telephone lines, air conditioning lines, or television cables are installed within the project, which connections serve more than one unit, the owners of each unit served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as services their unit.

(3) In the event any portion of said connection or line is damaged or destroyed through the negligent act or acts or failure to act, or willful misconduct of one unit owner or any of his employees, agent, invitees, tenants or guests, so as to deprive other unit owners of the full use and enjoyment of said connection or line, then such connection or line shall be repaired or restored by the Association, but at the expense of the unit owner who commits or whose guests, agents, or employees commit, such act or acts.

(4) In the event any portion of such connection or line is damaged or destroyed by some other cause than the negligence or willful misconduct of one of the unit owners, his employees, agents, guests, tenants or invitees (including ordinary wear and tear and deterioration from lapse of time),

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then in such event, such connection or line shall be repaired and restored by the Board, such repair and restoration to be paid out of the assessments levied in accordance with this Declaration equally, against all owners.

(5) In the event of a dispute between owners with respect to the repair or rebuilding of said connection or line, or with respect to the sharing of the cost thereof, then upon written request of one of such owners addressed to the Association, the matter shall be submitted to the Board for a final and binding determination.

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

19. Entry for Repairs.

The Board or its designated agents may enter upon any unit when necessary in connection with any maintenance or construction for which the Board is responsible, or for any maintenance required by reason of the failure of the unit owner to maintain as provided herein. Such entry shall be made with as little inconvenience to the unit owners as practicable, and any damage caused thereby shall be repaired by the Board at the expense of the maintenance fund. There is hereby reserved to Declarant and the Board, for the benefit

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of each unit owner, easements over each unit and the common area, for the purpose of maintenance and repairs and such further purposes as are necessary to perform the duties and obligations of the Board and the Association.

20. No Partition or Sale of Fractional Interest.

By acceptance of his deed, each unit owner shall be deemed to covenant and agree for himself and his heirs, personal representatives, successors and assigns, that there shall be no judicial partition of the common area and the same shall remain undivided, nor shall Declarant or any person acquiring any interest in the project or any part thereof, seek any such judicial partition until the structures on the property are totally or partially destroyed and the owners shall elect not to rebuild, as hereinabove provided. Each person acquiring any interest in the project shall by such acquisition be deemed to have waived any right to partition of the subdivided property, except only as herein provided. Notwithstanding the foregoing, if any unit shall be owned by two or more co-tenants in common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition of such unit as between such co-tenants.

No unit owner may sell or convey all or part of his undivided interest in any of the common area, except in conjunction with the sale of his individual unit, nor may he encumber any part or all of his undivided interest in the common area except in conjunction with an encumbrance of his individual unit.

21. Structural Alterations.

A proposal for any structural alteration or addition to structures in the project may be made at any regular or

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special meeting of the voting owners, provided that said proposal shall be accepted only upon the affirmative vote of owners holding at least seventy-five percent (75%) of the voting power of each class of membership. Unless otherwise agreed at the meeting of the voting owners approving said proposal, the cost of the alteration or addition so approved shall be paid from the maintenance fund and the Board shall levy a special assessment to cover said cost.

22. Audit.

All of the books of account, records and minutes of any proceedings of the Board and membership shall be open to inspection upon the written demand of any owner at any reasonable time. Any demand of inspection other than at a membership meeting shall be made in writing upon the chairman or secretary of the Board. Any of the above named books or records shall be exhibited at any time when required by the demand at any membership meeting of owners holding twenty-five percent (25%) of the voting power represented at said meeting. Any unit owner may at any time at his own expense cause an audit to be made of any of the books or records of the manager or the Board.

23. Protection of Lenders.

A. The Board shall notify, in writing, the holders of first mortgages of the unit of any default by the mortgagor of such unit, in the performance of such mortgagor's obligations under the condominium management documents (Declaration of Covenants, Conditions and Restrictions and By-Laws), which is not cured within thirty (30) days. It shall be the responsibility of each owner of a unit to notify the Association within thirty (30) days of the close of his escrow to purchase

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such unit of the name and address of the holder of the first mortgage on his particular condominium.

B. Any holder of a first mortgage which comes into possession of the condominium pursuant to the remedies provided in the mortgage, foreclosure of the mortgage or deed or assignment in lieu of foreclosure, shall be exempt from any "right of first refusal".

C. Any first mortgagee who obtains title to a unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage shall not be liable for such unit's unpaid dues or charges which accrue prior to acquisition of title to such unit by the mortgagee.

D. Unless at least seventy-five percent (75%) of the first mortgagees (based upon one vote for each first mortgage owned) of condominium units have given their prior written approval, and all applicable governmental regulations have been complied with, The Association shall not be entitled to:

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

(2) Change the prorata interest or obligations of any condominium unit for: (i) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (ii) determining the prorata share of ownership of each unit in the common area;

(3) Partition or subdivide any condominium unit;

(4) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common area. The granting of easements for public utilities or for

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other public purposes consistent with the intended use of the common area by the condominium project, shall not be deemed a transfer within the meaning of this clause;

(5) Use hazard insurance proceeds for losses to any condominium property (whether to units or to the common area) for other than the repair, replacement or reconstruction of such improvements, except as provided by statute in case of substantial loss to the units and/or the common area of the project.

E. The holders of first mortgages shall have the right to examine the books and records of the Association.

F. Assessments on condominium units shall include an adequate reserve for maintenance, repairs and replacement of the common area facilities that must be replaced on a periodic basis, and shall be payable in regular installments rather than by special assessment.

G. All taxes, assessments and charges which may become liens prior to the first mortgage under the local law, shall relate only to the individual condominiums and not to the project as a whole.

H. No provision herein shall give a unit owner or any other party, priority over any rights of first mortgagees of units, pursuant to their mortgages, in the case of a distribution to unit owners of insurance proceeds or condemnation awards for losses to or a taking of units and/or the common area.

I. Any agreement for professional management of the project shall provide that the management contract may be terminated on ninety (90) days written notice and the term of any such contract shall not exceed one (1) year.

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J. The Association shall give notice, in writing, to all first mortgagees of any loss to or the taking of the Common Area, if such loss or taking exceeds \$10,000, or if damage to an individual unit exceeds \$1,000.

K. If there is any conflict between any provision of this Paragraph 23 and any other provision of this Declaration, or the By-Laws of the Association, the language contained in this Paragraph 23 shall control.

24. Amendments.

The provisions hereof may be amended by an instrument in writing signed and acknowledged by the record owners holding at least seventy-five percent (75%) of the voting power of each class of membership, which amendment shall be effective upon recordation of the same in the Office of the County Recorder of Los Angeles County, and which shall be binding upon every unit owner, whether the burdens on such unit owner are increased or decreased and whether such unit owner consented thereto or not, but no such amendment shall affect the rights of the holder of any deed of trust or mortgage recorded prior to the recordation of such amendment.

25. Condemnation.

A. In the event that an action for condemnation of all or a portion of the project is proposed or threatened by any governmental agency having the right of eminent domain, then, upon unanimous written consent of all of the owners, and the lenders and mortgagees affected, as their interests may appear, the project, or such portion thereof may be sold.

B. Upon a sale occurring as described in Paragraph A hereof, the proceeds resulting therefrom shall be distributed

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to the owner or owners and their mortgagees, as their respective interests may appear, in the proportion of each owner's undivided interest in the common area. In the event of the occurrence of a disagreement within ninety (90) days after the proceeds of sale become available for distribution, the matter shall be referred to arbitration in accordance with the then rules of the American Arbitration Association.

C. In the event the project, or such portion thereof, is not sold but is instead taken, the judgment of condemnation shall by its terms apportion the award among the owners and their respective lenders and mortgagees, as their interests may appear.

D. Upon a sale or taking pursuant hereto which renders more than fifty percent (50%) of the units in the project uninhabitable, the right of any owner to partition through legal action shall forthwith revive.

26. Interpretation and Severability.

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the project. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

27. Notices.

Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, the same shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each such person at the address given

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by such person to the Board for the purpose of service, or to such person's unit, if no address has been given to the Board. An address may for any reason be changed from time to time by notice in writing to the Board.

28. General Provisions.

A. Every act or omission in violation of any covenant, condition, or restriction herein set forth shall constitute a nuisance, and in addition to the legal remedies hereinbefore set forth, may be abated or enjoined by any owner or any member of the Board.

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

C. No owner shall execute or file for record any instrument which imposes a restriction upon the sale, leasing, or occupancy of his unit on the basis of race, color, or creed.

D. This Declaration shall run with the land, and shall continue in full force and effect until (i) terminated by a court of competent jurisdiction pursuant to law, or (ii) in the event of the total destruction of the improvements on said real property and a subsequent determination of the owners not to rebuild the same, or a total abandonment of said improvements by the owners, or as hereafter provided. Each purchaser by accepting a deed or valid contract of sale to any individual unit, accepts the same subject to all the covenants, conditions and restrictions herein contained, and agrees to be bound by each and all thereof. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the project. Failure to

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enforce any provision hereof shall not constitute a waiver of the right to enforce said provision thereafter.

E. Each remedy provided for in this Declaration shall be cumulative and not exclusive.

29. Term.

Except in the event of earlier termination as provided above, the covenants, conditions and restrictions of this Declaration shall run with and bind the project, and shall inure to the benefit of and be enforceable by Declarant, the Board, or the owner of any unit subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of forty (40) years from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive period of ten (10) years, unless an instrument signed by unit owners holding a majority of the voting power of the owners has been recorded agreeing to change said covenants, conditions, and restrictions, in whole or in part.

30. Enforcement.

Each and every covenant, condition, restriction and easement herein contained shall be for the benefit of any and all persons who now own or who may hereafter own any portion of the project, and all such persons are specifically given the right to enforce the same at law or in equity, and upon the filing of any action to enforce the same, judgment may be given for attorney's fees against the party found to be in breach in favor of the party seeking enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the

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land to enforce any lien created by these covenants, and failure by the Declarant, the Board, or any unit owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter, nor shall any such failure to enforce the same or any violation of such covenants or restrictions impair or invalidate the lien of any first mortgage or deed of trust.

31. Encroachment.

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

If any portion of the common area encroaches upon the units, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. In the event a multi-family structure is partially or totally destroyed, and then rebuilt, the owners of units agree

that minor encroachments of parts of the common area due to construction shall be permitted and that valid easements for said encroachment and the maintenance thereof shall exist.

The common area is and shall always be subject to easements for minor encroachments thereon of the unit and a nonexclusive easement for ingress, egress and support through the common area is appurtenant to each unit and the common area is subject to such easements.

32. Enforcement of Bonded Obligations.

If Common Area improvements which are included in a subdivision offering covering this project have not been completed prior to the issuance of a Final Subdivision Report and the Association is an obligee under a bond or other arrangement (hereinafter referred to as the "Bond") to secure performance of the commitment of the Declarant pursuant to such subdivision offering to complete the improvements, then the following substantive and procedural provisions relative to the initiation of action to enforce the obligations of such Declarant and the surety under the Bond shall govern:

A. The Board of Directors of the Association shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvement for which a Notice of Completion has not been filed within sixty days after the completion date specified for that improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any improvement to Common Area, the Board shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty days after the expiration of the extension.

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B. A special meeting of members of the Association for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the question may be held. Said special meeting shall be held not less than fifteen days nor more than thirty days after receipt by the Board of a petition for such a meeting signed by members representing 10% of the total voting power of the Association.

C. A vote by members of the Association other than the Declarant at the special meeting called for the purpose set forth in subparagraph B. above.

D. A vote of a majority of the members of the Association who reside at the project, other than the Declarant, to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

IN WITNESS WHEREOF, the Declarant has signed this Declaration this 1st day of Sept, 1978.

THE FAIRWAY, a California General Partnership, By:

NEYLAN INVESTMENTS, INC.

By Patrick J. Neylan 9/13/78
Patrick J. Neylan, President

McCULLOCH - FAIRWAY, LTD., a Limited Partnership, by its General Partner

McCULLOCH REALTY, INC.

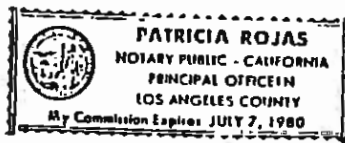
By John J. McCulloch 9/13/78
John J. McCulloch, President



STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss

On June 13, 1979 before me, the undersigned a Notary Public in and for said State, personally appeared PATRICK J. NEYLAN, known to me to be the President of NEYLAN INVESTMENTS, INC. the corporation that executed the within instrument, known to me to be the person who executed the within instrument on behalf of said corporation, said corporation being known to me to be one of the partners of THE FAIRWAY, the partnership that executed the within instrument and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.



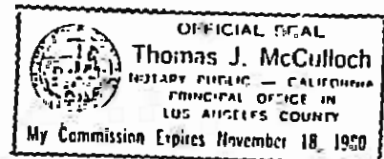
Notary Public in and for said
County and State

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss

On June 13, 1979 before me, the undersigned, a Notary Public in and for said county and state, personally appeared JOHN J. McCULLOCH, known to me to be the President of McCULLOCH REALTY, INC., a California corporation, the corporation that executed the within instrument, known to me to be the person who executed the within instrument on behalf of said corporation, said corporation being known to me to be the General Partner of McCULLOCH - FAIRWAY, LTD., a Limited Partnership, said partnership being known to me to be one of the partners of THE FAIRWAY, the partnership that executed the within instrument and acknowledged to me that he executed the same on behalf of said corporation, that said corporation executed the same as the General Partner of McCULLOCH - FAIRWAY, LTD., that the last named partnership executed the same as a partner of THE FAIRWAY, a general partnership, and that such last named partnership executed the same.

WITNESS my hand and official seal.

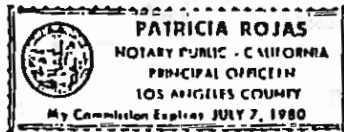
Notary Public in and for said
County and State



STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On 9/1/78 before me, the undersigned a Notary Public in and for said State, personally appeared PATRICK J. NEYLAN, known to me to be the President of NEYLAN INVESTMENTS, INC. the corporation that executed the within instrument, known to me to be the person who executed the within instrument on behalf of said corporation, said corporation being known to me to be one of the partners of THE FAIRWAY, the partnership that executed the within instrument and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.



[Signature]
Notary Public in and for said
County and State

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On 9/1/78 before me, the undersigned, a Notary Public in and for said county and state, personally appeared JOHN J. McCULLOCH, known to me to be the President of McCULLOCH REALTY, INC., a California corporation, the corporation that executed the within instrument, known to me to be the person who executed the within instrument on behalf of said corporation, said corporation being known to me to be the General Partner of McCULLOCH - FAIRWAY, LTD, a Limited Partnership, said partnership being known to me to be one of the partners of THE FAIRWAY, the partnership that executed the within instrument and acknowledged to me that he executed the same on behalf of said corporation, that said corporation executed the same as the General Partner of McCULLOCH - FAIRWAY, LTD., that the last named partnership executed the same as a partner of THE FAIRWAY, a general partnership, and that such last named partnership executed the same.

WITNESS my hand and official seal.

[Signature]
Notary Public in and for said
County and State

