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RESTATED DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

GUILFORD COURT

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

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This Restated Declaration of Covenants, Conditions and Restrictions for Guilford Court (the "Declaration") is made by HHP-PENN, LLC, a California limited liability company (the "Declarant").

RECITALS

A. Declarant is the owner of certain real property located in the City of Whittier, Los Angles County, California, which is more particularly described in attached Exhibit "A" (the "Development").

B. Declarant hereby declares that all of the Development shall be held, sold and conveyed subject to the following easements, restrictions, associations, reservations, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Development. These covenants, easements, restrictions, conditions, associations and reservations: (i) create a general plan and scheme for the subdivision development, sale and use of the Development as a "condominium project" as that term is defined in California Civil Code Section 4125; (ii) are for the benefit and protection of the Development and for the protection and enhancement of the desirability, value and attractiveness of all Units and Common Area located therein; (iii) run with the land and Development and bind all parties having or acquiring any right, title or interest in the Development or any part thereof; and (iv) inure to the benefit of the successors and assigns of each Owner of any property within the Development.

C. It is the further intention of the Declarant to sell and convey residential Units to Owners, subject to the protective covenants, conditions, restrictions, limitations, reservations, liens, grants of easements, rights, rights of way, charges and equitable servitudes between Declarant and such Owners as set forth in this Declaration.

D. All of the real property comprising the Development is held and owned and shall be held, owned, operated, managed, conveyed, hypothecated, encumbered, leased, used, occupied, and improved subject to the following covenants, conditions, and restrictions, all of which are declared and agreed to be in furtherance of a plan and purpose of protecting, preserving, and enhancing the value, desirability, and attractiveness of the Development and every part thereof, and of fostering the development, management, improvement, enjoyment, and sale of the real property comprising the Development and any part thereof.

E. All of the covenants, conditions, and restrictions set forth in this Declaration shall constitute enforceable equitable servitudes as provided in California Civil Code Section 5975, shall constitute covenants that shall run with the land and real property comprising the Development, and shall be binding upon and inure to the benefit of each Owner of any portion of such real property or of any interest therein and their heirs, successors, and assigns.

F. The Development consists of eleven (11) residential Condominium Units and Common Area. The building structure containing Units 1 and 2 is designated as a Historic Property. Included within each Unit is an individual residence. A Unit may also have a balcony and/or patio located within the Common Area that are Exclusive Use Common Areas appurtenant to the Unit. In addition, Owners will be assigned two (2) parking spaces in the parking garage. The Common Area includes, but is not limited to, building structures containing the Units, a gated subterranean parking garage with storage closets and bike parking area, elevators, stairwells, lighting, refuse area, guest parking spaces, and landscaping.

G. The Development was previously encumbered with that certain Declaration of Covenants, Conditions and Restrictions for Guilford Court, which Recorded on April 4, 2017, as Document No. 20170367775, in the Official Records of Los Angeles County (the "Prior Declaration"). Pursuant to Section 15.1, of the Prior Declaration, Declarant, by having not conveyed a Lot to a purchaser, may rescind the Prior Declaration. Upon the Recording of this Declaration, the Prior Declaration is hereby rescinded and superseded by this Declaration and have no force or effect on any portion of the Development.

ARTICLE 1 DEFINITIONS

1.1 Definitions, Generally. When the words and phrases described in this Article are used in the Declaration, they will have the meanings set forth in this Article. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine, and neuter shall each include the masculine, feminine, or neuter, as the context requires. The use of the term "may" in this Declaration indicates discretion or choice, and the use of the term "shall" in this Declaration shall mean imperative, mandatory or imposing an absolute duty. Except as otherwise provided herein, all capitalized terms used in this Declaration shall have the same meanings as set forth in this Article 1.

1.2 Absolute Majority. "Absolute Majority" shall mean a majority of the Total Voting Power of the Association.

1.3 Additional Charges. "Additional Charges" shall mean all costs, fees, charges, and expenditures, including without limitation, interest, late charges, attorneys' fees, Recording and filing fees, and all other costs actually incurred by the Association in collecting and/or enforcing payment of Assessments, fines, and/or penalties.

1.4 Assessment. "Assessment" shall mean a charge levied by the Association against an Owner and his or her Condominium as provided in Article 6 of this Declaration. "Assessment" shall include any or all of the following:

(a) Regular Assessments. Regular Assessments, which shall have the meaning set forth in Section 6.5 of this Declaration.

(b) Enforcement Assessments. Enforcement Assessments, which shall have the meaning set forth in Section 6.8 of this Declaration.

(c) Reimbursement Assessments. Reimbursement Assessments, which shall have the meaning set forth in Section 6.7 of this Declaration.

(d) Special Assessments. Special Assessments, which shall have the meaning set forth in Section 6.6 of this Declaration.

1.5 Association. "Association" shall mean the Guilford Court Homeowners Association, a California nonprofit mutual benefit corporation, its successors and assigns.

1.6 Board. "Board" shall mean the governing body of the Association.

1.7 Bylaws. "Bylaws" shall mean the Bylaws of the Association as they shall be adopted by the Members and any duly-adopted amendments thereof.

1.8 City. "City" shall mean the City of Whittier, located in Los Angeles County, California, and its various departments, divisions, employees and representatives.

1.9 Common Area. "Common Area" shall mean all of the property comprising the Development, excluding the Units. Within the Development there are three (3) types of Common Area:

(a) Association Common Area. "Association Common Area" shall mean the real property more particularly shown on the Condominium Plan, excluding the Condominium Common Area, that includes the gated subterranean parking garage with storage closets and bike parking stalls, private drive, visitor parking spaces, elevators, stairwells, hallways, garden areas, refuse area, and landscaping within the Development. The Association Common Area shall be owned in fee by the Association. As more particularly shown on the Condominium Plan, certain portions of the Association Common Area are Exclusive Use Common Area, as more particularly described in subsection 1.9(c), below.

(b) Condominium Common Area. "Condominium Common Area" shall mean the real property to be held in undivided ownership interest within the Condominium project. Each Owner shall have, as appurtenant to the Owner's Unit, an equal undivided 1/11th interest in the Condominium Common Area located above the Owner's Unit.

(c) Exclusive Use Common Area. "Exclusive Use Common Area" shall mean any portion of the Association Common Area the use of which is set aside, allocated, assigned, and restricted to the exclusive use or possession of the Residents of a particular Unit. Any portion of the Association Common Area assigned to a specific Unit pursuant to California Civil Code Section 4600 shall be deemed Exclusive Use Common Area. Locations of internal wiring designed to serve a Unit are Exclusive Use Common Areas allocated to such Unit. Exclusive Use Common Area appurtenant to a Unit also includes, without limitation, those areas shown on the Condominium Plan as "B", which areas may be used as a patio or balcony, which ever the case may be. While such Exclusive Use Common Area may be specifically referred to in the individual grant deed conveying a Condominium, the failure of any such deed to make such reference shall not invalidate the exclusive rights set forth in this Declaration.

1.10 Condominium. "Condominium" shall mean an estate in real property as defined in California Civil Code Sections 783 and 4125, consisting of a fee interest in a Unit, an undivided interest in common in the Condominium Common Area, together with any easements or other interests in the Development or any portion thereof as are described in the Declaration, in the Condominium Plan, or in the deed conveying a Condominium.

1.11 Condominium Plan. "Condominium Plan" or "Plan" shall mean a condominium plan, as defined by California Civil Code Section 4285, prepared and Recorded for the Development that sets forth and describes the three-dimensional plan of the Condominium buildings and Units built or to be built within the Development. The Condominium Plan for the Development is more particularly described in attached Exhibit "A".

1.12 Cost Center. "Cost Center" shall mean the designation assigned to a portion of the Development for the purpose of expense accounting and Assessment, all as more particularly provided in Section 6.5(b)(ii), below. Multiple Cost Centers, if any, may be included when the Association is maintaining property or Common Area for the benefit of the Owners of Units within a defined area.

1.13 County. "County" shall mean Los Angeles County, California, and its various departments, divisions, employees and representatives.

1.14 Declarant. "Declarant" shall mean HHP-PENN, LLC, a California limited liability company. The term "Declarant" shall also mean any successor or assign of Declarant, provided a certificate, signed by Declarant and Declarant's successor or assign, is Recorded against the portion of the Development which the successor or assign assumes the rights and duties of Declarant.

1.15 Declaration. "Declaration" shall mean this instrument, as it may be amended from time to time. If any Supplemental Declarations or Declarations of Annexation are approved and Recorded in accordance with Article 13, below, then following such Recordation any reference to this Declaration shall mean this Declaration as amended and supplemented by the Supplemental Declaration(s) and any Declarations of Annexation.

1.16 Declaration of Annexation. "Declaration of Annexation" shall mean a declaration annexing real property to the Development and subjecting the real property described therein to this Declaration, all as more particularly described in Article 13, below.

1.17 Development. "Development" shall mean all of the real property described in (a) Exhibit "A", and (b) any Declaration of Annexation, together with all Improvements now located or hereafter constructed or installed thereon, and all appurtenances thereto.

1.18 Director. "Director" shall mean a member of the Board.

1.19 Exclusive Use Common Area. See subsection 1.9(c), above.

1.20 Governing Documents. "Governing Documents" shall mean the articles of incorporation, Bylaws, Declaration, Rules, and the policies and resolutions duly adopted by the Board.

1.21 Historic Property. "Historic Property" shall mean the two (2) Units designated on the Condominium Plan as Units 1 and 2, and the Common Area building structure containing said Units. Said Units are listed on the National Register of Historic Places under the resource name of "Guilford Hall."

1.22 Improvement. "Improvement" shall mean all structures and improvements including without limitation buildings, landscaping, paving, fences, and signs.

1.23 Member. "Member" shall mean an Owner, and refers to membership in the Association.

1.24 Member in Good Standing. "Member in Good Standing" shall mean a Member who is current in the payment of all dues, Assessments, fines, penalties, and other charges imposed in accordance with the Governing Documents, and who is in compliance with all of the provisions of the Governing Documents, as may be more particularly set forth in the Bylaws.

1.25 Mortgage. "Mortgage" shall mean a deed of trust as well as a mortgage in the conventional sense. "Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense. "First Mortgage" shall mean any Recorded Mortgage on a Unit with first priority over other Mortgages on such Unit. A "First Mortgagee" shall include any holder (including FREDDIE MAC and FANNIE MAE), insurer (including FHA), or guarantor (including VA) of a First Mortgage on a Unit or other portion of the Development. "FHA" shall mean the United States Department of Housing and Urban Development, Federal Housing Administration. "VA" shall mean the United States Department of Veterans Affairs. "FREDDIE MAC" shall mean the Federal Home Loan Mortgage Corporation. "FANNIE MAE" shall mean the Federal National Mortgage Association. Where any provision of the Governing Documents requires the approval of a First Mortgagee, the approval of the holder, insurer or guarantor of that First Mortgage shall be deemed to be the required approval.

1.26 Owner. "Owner" shall mean any person, firm, corporation or other entity in which fee title to a Unit is vested as shown by the Official Records of the office of the County Recorder, including the purchaser under an installment land contract, but excluding those having such interest merely as security for the performance of an obligation. If a Unit is transferred or conveyed to a trust, the Owner is the trustee or the co-trustees of such trust. A person or entity is not an Owner due to (a) community property or other equitable rights not shown of Record; or (b) rights of adverse possession not shown of Record. Where the context requires, the term "Owner" shall include the members of the Owner's household and the Owner's guests, tenants/lessees and invitees; provided, however, that such persons are not "Owners" for purposes of exercising voting rights in the Association.

1.27 Record; Recordation; Filed. "Record," "Recordation", and "Filed" shall mean, with respect to any document, the recordation or filing of such document in the Official Records of the County Recorder's office.

1.28 Resident. "Resident" shall mean any person who resides in a Unit within the Development whether or not such person is an Owner.

1.29 Rules. "Rules" shall mean the rules and regulations governing the use, occupancy, management, administration, and operation of the Development or any part thereof as adopted and published by the Board from time to time.

1.30 Simple Majority. "Simple Majority" shall mean a majority of the votes of the Members (i) represented and voting at a meeting at which a quorum is present, or (ii) cast by written ballot (in conformity with California Corporations Code Section 7513) in which the number of ballots received equals or exceeds the number required to establish a quorum.

1.31 Subdivision Map. "Subdivision Map" shall mean the final subdivision map Filed with the County Recorder for any portion of the Development.

1.32 Supplemental Declaration. "Supplemental Declaration" shall mean any declaration (as defined in California Civil Code Section 4135), Recorded pursuant to Section 13.3, below, which supplements this Declaration and which may affect only a portion of the Development. A Supplemental Declaration may be entitled as an amendment to the Declaration in order to satisfy County Recording requirements.

1.33 Total Voting Power. "Total Voting Power" shall mean the total number of votes of all Members entitled to vote at a particular time, excluding any Condominiums as to which an Owner is not then a Member in Good Standing.

1.34 Unit. "Unit" shall mean the elements of a Condominium that are not owned in common with the other Owners of Condominiums within the Development. Each Unit is an individual residence, which is shown, defined and delineated on the Condominium Plan as a separate interest in real property located within the Development. The boundaries of each Unit shall be the approximate dimensions set forth on the Condominium Plan and as follows: The interior unfinished surfaces (exclusive of paint, paper, wax, tile, enamel or other finishes) of its perimeter walls, bearing walls, floors, ceilings, windows, and window frames, doors and door frames, and trim, and includes both the portions of the building so-described and the air space so-encompassed. Each Unit specifically includes the oven, garbage disposal, dishwasher, heating conduits, range and fans, interior partitions and plumbing fixtures installed therein. In interpreting this Declaration and the Condominium Plan, the existing physical boundaries of the Unit shall be conclusively presumed to be its boundaries rather than the boundaries or other description expressed in the Condominium Plan or this Declaration, regardless of settling or lateral movement of the buildings and regardless of variations between the boundaries shown on the Condominium Plan or the deed and the Declaration and those of the buildings.

ARTICLE 2 HOMEOWNERS ASSOCIATION

2.1 Management and Operation. The Association, through the Board, shall manage and operate the Development in accordance with the applicable provisions of the Governing Documents and the applicable provisions of California law. The Association shall have all of the powers set forth in the Governing Documents together with general power to do any and all things that a nonprofit mutual benefit corporation may lawfully do under the laws of the State of California, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Governing Documents.

2.2 Membership. Every Owner of a Condominium shall be a Member and shall remain a Member thereof until such time as his or her Condominium ownership ceases for any reason. Membership shall be appurtenant to and may not be separated from ownership of a Condominium and shall not be transferred, encumbered, pledged, alienated, or otherwise hypothecated in any way, except in connection with the sale or encumbrance of the Condominium to which it is appurtenant.

2.3 Voting.

(a) Commencement of Voting Rights. Voting rights attributable to the ownership of Condominiums shall vest upon the commencement by the Association of Regular Assessments against those Condominiums.

(b) Classes of Membership. The Association shall have the following two (2) classes of voting membership:

(i) Class A Members. Class A Members shall initially be all Owners except Declarant.

(ii) Class B Members. Declarant shall be the only Class B Member.

(c) Membership Voting Rights. Only Members in Good Standing shall be entitled to vote. The voting rights and other privileges of each class of membership and the conversion of Declarant's Class B membership into Class A memberships shall be as set forth in Article 3 of the Bylaws.

(d) Suspension of Voting Rights. A Member's voting rights may be temporarily suspended under those circumstances described in subsection 10.5(c), below.

(e) Limitations on Declarant Voting Rights. With the exception of any membership vote pursuant to Section 3.7, below (relating to the enforcement of bonded obligations), no provision of any Governing Document requiring approval of a prescribed majority of the voting power of the Association other than Declarant is intended to preclude Declarant from casting votes attributable to any Condominiums owned by Declarant. Instead, approval by the Members requires the approval of a bare majority of the Class B voting power as well as the approval of the prescribed majority of the Class A voting power. Once the Class B membership has been converted to Class A membership, the intent is to require the approval of a bare majority of the Total Voting Power of the Association as well as the approval of the prescribed majority of the Total Voting Power of the Association other than Declarant.

2.4 Board. The affairs of the Association shall be managed by or under the direction of the Board. The number and qualifications of Directors shall be as established in the Bylaws, and the Directors shall be elected as provided in the Bylaws. The Board shall have all of the powers and duties set forth in any provision of the Governing Documents, including without limitation such powers and duties as may be expressly set forth in this Declaration.

2.5 Association Rules. The Board shall have the power and the authority to establish, promulgate, amend, repeal, and enforce such rules and regulations, which shall be known as "Rules", as the Board deems necessary for the management and operation of the Development and the conduct of business and affairs of the Association. The Rules may concern, but need not be limited to, matters pertaining to use of the Common Area, signs, collection and disposal of refuse, minimum standards for maintenance of property, parking and traffic regulations, rental or leasing of Units, the keeping of pets within Units, and any other subject matter within the jurisdiction of the Association as provided in the Governing Documents or by law.

2.6 Manager and Other Personnel. The Board shall have the power and authority to employ a manager and such other persons or entities as the Board shall deem appropriate to assist it in managing the Development and conducting the business and affairs of the Association, as more particularly set forth in the Bylaws.

2.7 Capital Improvements. The Board shall have the power and authority to provide for the construction, reconstruction, installation, or acquisition of capital improvements upon the Common Area, provided that in any fiscal year expenditures for capital improvements shall not exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year except upon the approval of at least a majority of each class of Members. This limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for capital improvements so long as the expenditure is for the purpose for which the fund was established nor shall it apply to any reconstruction governed by Article 11 of this Declaration. For purposes of this Section "capital improvements" is defined as any (i) substantial discretionary addition to the Common Area, (ii) voluntary significant upgrade to Common Area materials, or (iii) discretionary material alterations to the appearance of the Development.

2.8 Sale or Transfer of Association Property. The Board shall have the power to sell the Association's property provided that the Board shall not, in any fiscal year, sell property owned by the Association having a value in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without approval of at least a majority of each class of Members.

2.9 Transfer or Dedication of Common Area to Public Agency or Utility. The Board shall have the power to dedicate or transfer all or any part of the Common Area to a public agency, authority or utility or other person or entity for such purposes and subject to such conditions as may be agreed to by the Board, and upon the approval of at least a majority of each class of Members.

2.10 Borrow Money. The Board shall have the power to borrow money in the name of the Association.

2.11 Mortgage of Association Property. The Board shall have the power and authority to mortgage, pledge, encumber, or otherwise hypothecate the real and personal property of the Association for money borrowed or debts incurred by the Association.

2.12 Mergers and Consolidations. The Association may (i) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes as the Association, or (ii) annex additional property to the Development, in accordance with Section 13.1, below.

2.13 Dissolution. So long as there is any lot, parcel or area for which the Association is obligated to provide management, maintenance, preservation or control, the prior written consent of the City, and the consent of all Members must be obtained for the Association to (i) transfer all or substantially all of its assets, or (ii) file a certificate of dissolution.

2.14 Limitation of Liability. Neither the Association or its Directors, officers, employees, agents or committee members (collectively and individually referred to as the "Released Party") shall be personally liable for damages or in equity to any of the Members, or to any other person, for any error or omission in the discharge of their duties and responsibilities or for their failure to provide any service required hereunder or pursuant to the Bylaws, even if such Released Party is negligent, provided that such Released Party has not acted in bad faith. This standard of care and limitation of liability shall extend, without limitation, to matters such as (i) the establishment of the Association's annual financial budget, (ii) the funding of Association reserve accounts, (iii) the discharge of the Association's maintenance, repair and replacement obligations, (iv) the enforcement of the Governing Documents, and (v) to any other fiduciary duties or responsibilities imposed by law or the Governing Documents.

ARTICLE 3 COMMON AREA

3.1 Ownership of Common Area.

(a) Association Common Area. Declarant shall convey fee simple title to the Association Common Area to the Association, free of all encumbrances and liens, with the exception of current real property taxes (which shall be prorated as of the date of such conveyance) and any easements, conditions and reservations then of Record, including those set forth in this Declaration. Such conveyance shall be made prior to, or concurrently with, the first transfer or conveyance by Declarant of a Unit in the Development to a purchaser. The Association shall be deemed to have accepted the Association Common Area conveyed to it when (i) a grant deed conveying title to the Association Common Area has been Recorded in the Official Records of the County Recorder's office and (ii) assessments have commenced.

(b) Condominium Common Area. Upon the conveyance of the first Unit within the Development, each Unit within the Development shall have an equal undivided 1/11th interest in the Condominium Common Area. The undivided ownership interest in the Condominium Common Area appurtenant to the Units shall not be severed or conveyed separately from the respective Units to which they are appurtenant and each such undivided interest shall in all cases be deemed to be conveyed or encumbered along with the respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit. Any purported severance or separate conveyance of an undivided interest in the Condominium Common Area apart from a conveyance of the respective Unit shall, for all purposes, be null, void, and unenforceable.

3.2 Condominium Ownership. Ownership of each Condominium within the Development shall include (i) a designated Unit, (ii) an undivided ownership interest in the Condominium Common Area as tenant in common, (iii) a membership in the Association, (iv) the right to the exclusive use or possession of those portions of the Common Area assigned to such Unit as Exclusive Use Common Area, and (v) all applicable easements, all as described in the Declaration, in the deed to the Unit, or in the Condominium Plan.

3.3 Owners Non-Exclusive Easements of Enjoyment. Every Owner shall have a non-exclusive easement for ingress, egress, and use of and enjoyment in, to, and throughout the Association Common Area. Each such non-exclusive easement shall be appurtenant to and pass with the title to every Condominium, subject to the following rights and restrictions:

(a) Adoption of Common Area Rules. The right of the Board to establish and enforce reasonable Rules governing the use of the Common Area and the facilities thereon including, without limitation, Rules (i) limiting the number of guests of Members permitted to use the Common Area and the facilities thereon at any one time, (ii) limiting the hours of use of the Common Area and the facilities thereon, (iii) regulating the use of the Common Area and the facilities thereon for group activities, and (iv) regulating parking upon the Common Area;

(b) Facility Fees. The right of the Board to charge reasonable admission and other use fees for any facilities situated upon the Common Area;

(c) Exclusive Use. The right of any Owner to utilize any portion of the Common Area which is Exclusive Use Common Area appurtenant to the Owner's Unit in accordance with this Declaration;

(d) Suspension of Use. The right of the Board, as more particularly addressed in the Bylaws, to suspend an Owner's right (and thus the Owner's guests' rights) to use the recreational facilities located on the Common Area for (i) any period during which any Assessment against such Owner's Unit remains unpaid, and/or (ii) for violations of the Governing Documents by an Owner or any person for whom an Owner is responsible, provided that no Owners shall be denied ingress and egress over Common Area roadways to such Owner's Unit;

(e) Granting of Easements. The right of the Board to grant easements and rights of way in, on, over, or under the Common Area;

(f) Transfer to Public Agency. The right of the Board to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility;

(g) Encumber. The right of the Board to mortgage, pledge, encumber, or otherwise hypothecate the Common Area and facilities thereon as security for money borrowed by the Association;

(h) Perform Obligations. The right of the Association or its authorized agents to perform its obligations under this Declaration, including, without limitation, obligations with respect to construction, maintenance, repair, or replacement for the benefit of the Common Area;

(i) Establish Signage. The right of the Association to establish, construct, maintain, repair and replace entrance signs, privacy gates, street signs, lights, maps, directories and other similar improvements upon the Common Area;

(j) Association Use Areas. The right of the Association to establish, construct, maintain, repair and replace facilities upon the Common Area including without limitation storage facilities and workshops, which may be necessary or convenient in the discharge of the Association's duties and the exercise of its rights under the Governing Documents;

(k) Rights of Access. The rights of access as set forth in the Historic Preservation Easement; and

(l) Development and Sales Rights. The right of Declarant and its employees, sales agents, prospective purchasers, customers and representatives, to enter upon and to use the Common Area for development and sales activities in accordance with Article 14, below. Such use shall not unreasonably interfere with the rights of use and enjoyment of the other Owners as provided herein.

3.4 Assignment of Rights of Use. Upon occupancy of a Unit by a tenant, the Owner shall be deemed to have assigned all such Common Area rights exclusively to the tenants of such Unit except that such Owner shall continue to have an easement for ingress and egress to such Owner's Unit to the extent necessary to discharge the Owner's obligations and rights as a landlord. Any Common Area rights of enjoyment assigned pursuant to this Section are subject to suspension to the same extent that rights of Owners are subject to suspension as provided in the Governing Documents. It is the express purpose and intent of the provisions of this Section to limit the right of use and enjoyment of the Common Area to Residents and their guests.

3.5 Common Area Construction. Following the conveyance of the Association Common Area to the Association, no person or entity other than the Association or its duly-authorized agents (i) shall construct, reconstruct, refinish, alter, or maintain any Improvement upon the Common Area, (ii) shall make or create any excavation or fill upon the Common Area, (iii) shall change the natural or existing drainage of the Common Area, or (iv) shall plant, remove, or destroy any seed, plant material, tree, shrub, or other vegetation upon the Common Area.

3.6 Mechanic's Liens. In the event there shall be Recorded against the Common Area a notice of mechanic's lien for, or purporting to be for, labor or materials alleged to have been furnished or delivered for any Owner or his or her Unit, such Owner shall immediately cause such lien to be discharged by payment, bond, or otherwise. If the Owner fails to cause the lien to be discharged, the Board may send written notice to the Owner specifying that unless the Owner causes the lien to be discharged within five (5) days from the date of such notice, the Board may cause the lien to be discharged. Within such five (5) day period, the Owner shall be granted a hearing before the Board regarding the validity of such lien and any offsets or defenses thereto. At that time, the Board shall determine whether the lien adversely and improperly affects and encumbers the rights and interests of the Association or the other Owners. If the Board determines that the lien does adversely and improperly affect and encumber such rights and interests and that adequate protection of such rights and interests has not been provided, the Board may cause the lien to be discharged by payment, bond, or otherwise. The Board shall have the right to levy a Reimbursement Assessment against the Owner responsible for causing the lien to be discharged in an amount equal to all amounts paid by the Association together with interest thereon at the legal rate and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees.

3.7 Enforcement of Bonded Obligations.

(a) Board Consideration of Enforcement. If any of the Common Area Improvements within the Development have not been completed when the California Real Estate Commissioner issues a final subdivision public report for the Development, and if the Association is the obligee under a bond or other arrangement ("bond") to secure performance of a commitment of Declarant to complete such Common Area Improvements, then the Board shall consider and vote on the question of action by the Association to enforce the obligations under the bond with respect to any Improvements for which a notice of completion has not been Filed within sixty (60) days after the completion date specified for that Improvement in the "planned construction statement" appended to the bond. However, if the Association has given an extension in writing for the completion of any Common Area Improvement, the Board shall consider and vote on the action to enforce the obligations under the bond only if a notice of completion has not been Filed within thirty (30) days after the expiration of the extension.

(b) Member's Rights to Call Meeting Regarding Enforcement of Bonds. If the Board fails to consider and vote on the action to enforce the obligations under the bond or decides not to initiate action to enforce the obligations under the bond, then on the petition in writing to the Board signed by Members representing not less than five percent (5%) of the Total Voting Power of the Association other than Declarant, the Board shall call a special membership meeting for the purpose of voting to override the decision of the Board not to initiate action or to compel the Board to take action to enforce the obligations under the bond. The meeting shall be called by the Board by fixing a date not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of said petition. Notice of the meeting shall be given to all Owners entitled to vote in the manner provided in the Bylaws for notices of special membership meetings. At the meeting, the vote in person or by proxy of a majority of the Owners entitled to vote (other than Declarant) in favor of taking action to enforce the obligations under the bond shall be deemed to be the decision of the Association and the Board shall then implement the Owners' decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE 4 USE RESTRICTIONS

4.1 Residential Use. Except as specifically provided in Sections 4.2, 4.23 and 4.24, below, no Unit, or any portion thereof, shall be occupied or used for other than residential purposes. The maximum household size shall be as follows: Studio - 2; One Bedroom - 3; Two Bedroom - 5; Three Bedroom - 7; and Four Bedroom - 9.

4.2 Restriction on Businesses. No business of any kind shall be established, maintained, operated, permitted, or conducted within the Development except:

(a) Professional and Administrative. Those professional and administrative occupations as may be permitted by, and which are conducted in conformance with, all applicable governmental ordinances provided that there is no external evidence thereof, and further provided that the Board may, in its complete discretion, prohibit the conduct of any such activities which the Board determines to be incompatible with the nature and character of the Development or which, in the Board's opinion, may or does otherwise negatively impact the quality of life and property values within the Development.

(b) Development and Sales of Units. As more particularly provided in Article 14, below, Declarant shall be entitled to use Units as models, sales or rental offices or construction headquarters for the purpose of constructing Units and marketing of Units within the Development or for development projects located outside of the Development.

(c) Rental Office. A rental or management office for the Development, provided that Units within the Development shall not be used for motel or other short-term occupancy.

(d) Permitted by Law. Those other businesses which by law must be permitted to be conducted within the Development, including the businesses described in Sections 4.23 and 4.24.

4.3 Offensive Conduct, Nuisances, Noise. No noxious, harmful or offensive activities shall be conducted upon or within any part of the Development, nor shall anything be done thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to any Residents of the Development, or which shall in any way interfere with their use of the Common Area and facilities thereon or the use and enjoyment of their Units. Without limiting any of the foregoing, no Resident shall permit noise, including without limitation the barking of dogs or excessively loud music, to emanate from the Resident's Unit or the Unit's Exclusive Use Common Area, vehicles or the vehicles of guests and invitees, which would unreasonably disturb another Resident's enjoyment of his or her Unit or of the Common Area. Nothing in this Section shall be construed to limit the Association's ability to discharge its duties in accordance with the Governing Documents or otherwise manage the Development.

4.4 Use of the Common Area. All use of the Common Area is subject to the Governing Documents. No alterations or additions to the Common Area shall be made except as authorized by the Board pursuant to Section 2.7. Nothing shall be placed, kept, stored, or parked on the Common Area without the prior written consent of the Board, except by the Association. Without limiting the foregoing, no Owner shall place rubbish, debris, or other unsightly or unsanitary materials on the Common Area. Each Owner shall avoid causing damage to the Common Area.

4.5 Sports Apparatus. Except for sports apparatus installed and maintained by the Association, no sports apparatus, whether portable or fixed, including without limitation basketball standards shall be permitted within the Development. As used in this Section, the term "sports apparatus" does not include bicycles, roller skates, roller blades or any other similar unpowered wheeled equipment, provided that the Board shall have the discretion to adopt Rules governing the use of such unpowered wheeled equipment.

4.6 Window Coverings. Drapes, window shades, or shutters shall be installed in the windows of all Units and shall comply with any Rules adopted by the Board. In no event shall windows be painted, nor shall aluminum foil, newspaper, bed sheets, cardboard or similar materials be placed in windows. All window coverings shall be maintained in good repair and condition at all times.

4.7 Signs. To the extent permitted by law, the Board may adopt Rules limiting the placement of signs within the Development, including, without limitation, restrictions on the size of the signs, the duration of their posting, and their location.

4.8 Antennas. No outside television antenna, aerial, satellite dish or similar device for the transmission or reception of television, radio, satellite, or other signals of any kind, are permitted within the Development, except as provided in this Section. If a central antenna system is installed by the Declarant or the Association which provides electronic signal reception to individual Units in a manner which complies with Code of Federal Regulations requirements (47 C.F.R. Section 1.4000), individual Owners and Residents shall be prohibited from installing or maintaining an antenna, aerial, satellite or similar device within the Development. If no central antenna system is installed, antennas or satellite dishes with a diameter or diagonal measurement not greater than one (1) meter which are designed to receive direct broadcast satellite services, video programming services via multi-point distribution services, or television broadcast signals (collectively "Permitted Dishes") may be erected, placed or installed within a Unit or the Unit's Exclusive Use Common Area, subject to the following restrictions, provided that the application of these restrictions do not unreasonably delay installation or expense, or preclude reception of an acceptable quality signal:

(a) Preferred Placement List. All Permitted Dishes shall be installed at locations in accordance with a prioritized list of placement preferences, if such a list is adopted by the Board.

(b) Reasonable Restrictions. All Permitted Dishes shall be installed in accordance with such reasonable restrictions which may be imposed as part of the Rules.

4.9 Trash Disposal. Trash, garbage, accumulated waste plant material and all other waste and refuse shall be deposited only in covered sanitary containers or recycling containers in accordance with the following provisions:

(a) Storage. All trash shall be stored within the Unit and shall be screened or otherwise concealed from view from the Common Area, the streets or any other Units.

(b) Use of Containers. No Owner or Resident shall permit or cause any garbage, trash or other waste or refuse to be kept upon any portion of any Common Area outside of the Unit or elsewhere in the Development, except in Common Area trash dumpsters.

4.10 Vehicles and Parking.

(a) Limitations on Types of Vehicles.

(i) Recreational Vehicles. No trailers, motor homes, recreational vehicles campers, or trailer-hauled boats shall be parked, kept or permitted to remain within the Development.

(ii) Commercial Vehicles. No commercial truck, van or commercial vehicle shall be permitted within the Development except for such limited times as are necessary for deliveries, the performance of maintenance, repair and replacement of Improvements within the Development and other similar situations, and then subject to any Rules adopted by the Board which may include, without limitation, a limit on the time of day or days of the week when such vehicles may be present within the Development. The term "truck, van or commercial vehicles" shall not include sedans or standard size pickup trucks and vans which are used for both business and personal uses, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board.

(b) Condition of Vehicles. No unreasonably noisy vehicles and no vehicles (including, without limitation, scooters, motorcycles or other motorized devices) emitting foul smelling or offensive exhaust fumes shall be operated within the Development. No dilapidated, unsightly, inoperable, or abandoned vehicle shall be parked, kept or permitted to remain upon any area within the Development unless completely enclosed within a garage. Each vehicle operated or located within the Development shall maintain, and the Board shall have the authority to require written evidence of, current registration which permits the vehicle to be legally operated on public streets.

(c) No Vehicle Repairs. No vehicle washing, maintenance, or repairs of any kind may be made to vehicles within the Development except such emergency repairs as are necessary to remove the vehicle from the Development.

(d) Parking of Vehicles by Residents. The interior of the garage must be free and clear, accessible for parking of vehicles and shall not be used for storage. Vehicles of Residents may be parked within the Development only as follows:

(i) A Resident may only park their vehicle(s) within the Common Area parking spaces and only in their assigned parking space(s). Residents of the Development are prohibited from parking in the guest or visitor parking spaces.

(ii) The Declarant shall assign two (2) individual parking spaces to each of the Units and so long as Declarant owns any portion of the property, shall have the sole right to assign to an Owner an exclusive right to use a Common Area parking space. Declarant shall, upon assigning a parking space to an Owner, designate such assignment in the records of the Association. Upon assignment of a parking space to an Owner, such Owner shall have the exclusive right to the use of the parking space so assigned. Upon conveyance of a Condominium by an Owner to another Owner, the parking space rights assigned to such Owner in the records of the Association shall automatically inure to the benefit of the new Owner. At the time the Declarant no longer owns a Unit in the Development and if there are unassigned parking spaces, the Board of Directors may, via revocable licenses, assign individual parking spaces to specific Units for the purpose of permitting the assigned Unit's Owners and their guests to have the exclusive right to park a vehicle within the assigned parking space. The Board may adopt Rules regarding the procedures for assigning licenses for parking, including annual or one-time fees.

(e) Guest Parking Spaces. Common Area parking spaces which are not assigned to individual Units shall be reserved exclusively for non-resident visitor parking. Vehicles of guests and invitees of Residents otherwise permitted by this Section 4.10 may only be parked within a Unit's Common Area assigned parking spaces, designated visitor parking spaces, or outside the Development. With respect to the parking spaces for non-resident visitor parking, no vehicle of a guest shall be parked overnight more than two (2) nights or for more than forty-eight (48) hours during any period of seven (7) consecutive days, provided that the Board may, in its discretion, permit the parking of a vehicle of a guest for such longer period as it deems advisable. The movement of any vehicle for the purposes of preventing the application of this subsection shall be ineffective. In order to ensure the availability of visitor parking, the Board may establish Rules regarding the frequency that a Resident's guests may park within the visitor parking spaces.

(f) Parking Rules and Enforcement. In order to prevent or eliminate parking problems within the Development, or to further define and enforce the restrictions contained in this Section, the Board shall have the authority to adopt further reasonable rules and restrictions regarding vehicles and parking within the Development as the Board may deem prudent and appropriate. The Board shall also have the power to impose sanctions for violations of provisions of the Governing Documents relating to vehicles and parking. Such authority and power shall include, without limitation:

(i) Towing of Vehicles. The power and authority to cause the towing, at the vehicle owner's expense, of vehicles which are parked within the Development in violation of any of the provisions of the Governing Documents, provided that towing of vehicles of guests and other non-Residents of the Development shall be subject to the provisions of applicable law. Costs incurred by the Association relating to the towing and/or storage of any vehicle parked in violation of any provision of the Governing Documents shall be assessed as a Reimbursement Assessment against the Unit Owner responsible or whose household members, tenants, or guests are responsible for the presence of such vehicle.

(ii) Parking Fines. The power and authority to fix and impose fines for violations of this Section in accordance with California Civil Code Section 5850(a).

4.11 Storage Closets. Included within the Common Area parking garage are storage closets to be assigned by Declarant to each of the Units and so long as Declarant owns any portion of the property, shall have the sole right to assign to an Owner an exclusive right to use a Common Area storage closet. Declarant shall, upon assigning a storage closet to an Owner, designate such assignment in the records of the Association. Upon assignment of a storage closet to an Owner, such Owner shall have the exclusive right to the use of the storage closet so assigned. Upon conveyance of a Condominium by an Owner to another Owner, the storage closet rights assigned to such Owner in the records of the Association shall automatically inure to the benefit of the new Owner. At the time the Declarant no longer owns a Unit in the Development and if there are unassigned storage closets, the Board of Directors may, via revocable licenses, assign individual storage closets to specific Units for the purpose of permitting the assigned Unit's Owners to have the exclusive right to store items in the assigned storage closet. The Board may adopt Rules regarding the procedures for assigning licenses for the storage closets, including annual or one-time fees. Upon conveyance of a Condominium by an Owner to another Owner, the storage closet included within the assigned to such Owner in the records of the Association shall automatically inure to the benefit of the new Owner. No flammable material or hazardous substances shall be stored in a storage closet.

4.12 Compliance with Laws. Nothing shall be done or kept anywhere within the Development which violates any local, state or Federal law, ordinance, statute, rule or regulation.

4.13 Exterior Fires. There shall be no exterior fires whatsoever, including, the use of fire pits and barbeques in Exclusive Use Common Area patios and balconies, except for appliances that meet building code and Association insurance policy requirements and approval.

4.14 Animals.

(a) Household Pets. Within each Unit a Resident shall be permitted to have aquatic animals and caged birds, and a total of one (1) dog not to exceed ninety (90) pounds or two (2) dogs not to exceed forty-five (45) pounds each and/or two (2) cats, provided that they are not kept, bred, or maintained for any commercial purposes and they are maintained under reasonable control at all times, all in conformance with any City ordinances. No Pit Bulls, Chow Chows, German Shepards, Siberian Huskies, Perro de Presa Canarios, Alaskan Malamutes, Akitas, American Staffordshire Terriers, Boxers, Great Danes, Rottweiler, Doberman Pinchers, or any mixed breed containing one of the above-referenced breeds are permitted within the Development at any time. Each dog must be restrained on a leash held by a responsible person capable of controlling it whenever it is outside of a Unit or Exclusive Use Common Area. No other animals, including, but not limited to, reptiles, rodents, livestock, or poultry, shall be raised, bred or kept in any Unit or other portion of the Development.

(b) Owner's Responsibility for Pets. The owner of each permitted pet shall be responsible for immediately removing and disposing of any waste introduced to any portion of the Development by such pet. The Board shall have the power to impose fines and other sanctions for violations of provisions of the Governing Documents relating to pets, including without limitation fines for failure to remove and dispose of pet waste as required by this subsection. Each Owner, Resident, and any person bringing or keeping an animal within the Development shall be absolutely liable to the Association and all other persons for any injury or damage to persons or property caused by the animal brought upon or kept upon the Development by such person or by members of his or her household, tenants, guests, or invitees. Each Owner and Resident shall indemnify the Association and its officers, Directors, and agents against any and all claims, damages, losses, demands, liabilities, and expenses, including but not limited to attorneys' fees, arising out of or resulting from the presence or conduct of any animal brought upon or kept within the Development by the Owner or Resident, members of his or her household, guests, tenants, or invitees. A dog barking for more than ten minutes (10) within an hour shall constitute a nuisance pursuant to this Declaration.

(c) Pet Rules. The Board may adopt and enforce pet Rules in addition to the provisions of this Section. Such Rules may include, without limitation, regulations regarding the presence of pets on the Common Area and requirements that pets be registered with the Association. The Association shall have the right to prohibit the keeping of any animal which constitutes, in the sole and exclusive opinion of the Board, a nuisance or danger to any other person.

4.15 Rental of Condominiums. An Owner shall have the right to rent his or her Condominium subject to the provisions of the Governing Documents, including without limitation the following specific requirements:

(a) Notification of the Board. The Owner shall notify the Association of the duration of the lease, a term of which shall not be less than twelve (12) months, and shall provide the Association with (i) the names of the tenants, (ii) the names of the members of the tenants' household, (iii) the tenants' telephone numbers, and (iv) such other information as the Board deems appropriate. The Association may, in its discretion, adopt a form for the provision of the information required by this subsection, together with an acknowledgment by the tenants that they have read, understand and agree to abide by the Governing Documents, which form shall be submitted to the Association for each rental of a Condominium.

(b) Owner Responsibility. Each Owner renting a Condominium shall be strictly responsible and liable to the Association for the actions of such Owner's tenant in or about all Units and Common Area and for each tenant's compliance with the provisions of all Governing Documents. An Owner renting a Condominium shall provide the tenant with copies of the Governing Documents and all subsequent amendments. Owners renting a Unit shall provide the Board with a forwarding address so that the Owner may be contacted.

(c) Indemnification of Association. Every Owner of a Unit that is occupied by persons other than the Owner pursuant to a rental agreement or otherwise, agrees to and shall indemnify and defend the Association, its officers, Directors, managers, and agents and shall hold them harmless from any cost, loss, claim, or damages of any kind, including but not limited to attorneys' fees arising out of the conduct or presence of the occupants of the Unit upon the Development, including any such cost, loss, claim or damages arising or alleged to have arisen out of the enforcement or nonenforcement by the Association of the Governing Documents against such occupants. Without limiting the generality of the foregoing, all costs, including attorneys' fees incurred by the Association to enforce the Governing Documents against such occupants, shall be reimbursed to the Association by the Owner and may be assessed by the Association as a Reimbursement Assessment.

(d) Requirements of Written Rental Agreement. Any rental of any Condominium shall be only by written rental agreement, with a term for not less than twelve (12) months, which shall expressly provide (i) that it is subject to all of the provisions of the Governing Documents, (ii) that the tenants of such Condominium shall comply with all provisions of the Governing Documents, and (iii) that any violation of any provisions of the Governing Documents shall constitute a breach and default of the terms of such rental agreement. The rental agreement shall not attempt to, nor shall any such agreement be effective to, transfer membership in the Association to the lessee.

(e) Requirement of Inclusive Rental Agreement. No Owner may rent or hire any garage, accessory building, or similar improvement to anyone who does not have the right of possession of the entirety of the Unit.

(f) Time Sharing Prohibited. No Unit shall be leased, subleased, occupied, rented, let, sublet or used for or in connection with any time sharing agreement, plan, program or arrangement, including without limitation any so called "vacation license," "travel club," "extended vacation," or other membership or time interval ownership agreement. This subsection shall not be construed to limit the personal use of any Unit or any portion thereof, by any Owner or its, his, her or their social or familial guests.

4.16 Outside Drying and Laundering. Except as allowed by California Civil Code Section 4750.10, no clotheslines may be hung within the Development, nor shall any installation be hung, painted or displayed on the exterior of any window (or interior, if visible from the outside) or placed on the exterior walls or exterior surfaces of doors of any Units. No awnings, canopies or shutters (except those installed by Declarant) shall be affixed or placed upon the exterior walls or roofs of Units, or any part thereof, nor relocated or extended, without the prior written consent of the Board. In addition, window air conditioners are prohibited.

4.17 Storage and Other Restrictions for Balcony. No Owner shall use any Exclusive Use Common Area balcony area for storage purposes, including, without limitation, the storage of bicycles. Patio furniture and gas grills may be kept on Exclusive Use Common Area balcony areas, subject to any local codes or ordinances, provided that coasters must be placed on all grill, table and chair legs. Unless installed by Declarant, all plants kept in the Exclusive Use Common Area balcony areas shall be kept in pots or planters which do not allow water to drain outside of such pot or planter, and no vegetation shall be permitted to extend beyond the railings, walls and/or other boundaries of the Exclusive Use Common Area balcony areas, except as approved by the Board. The Board may require approval of any potted plants. No Owner shall change or alter the surface of any Exclusive Use Common Area balcony areas without the consent of the Board. Owners shall not place items such as welcome mats, tile, indoor/outdoor carpet or charcoal grills on Exclusive Use Common Area balcony areas.

4.18 Smoking. Smoking shall be prohibited throughout the Development, including within the Units, the Common Area, and Exclusive Use Common Area patios or balconies.

4.19 Exterior Lighting. Any exterior electrical, gas or other artificial lighting installed or placed within the Common Area shall be positioned, screened, or otherwise directed or situated and of such controlled focus and intensity so as not to unreasonably disturb the residents of any other Condominiums. Additional Rules regarding exterior lighting may be promulgated by the Board. The Board may establish Architectural Guidelines regarding the placement of holiday lighting and decorations, including, but not limited to, the duration of display prior to and following the celebrated holiday.

4.20 Mailboxes and Exterior Newspaper Tubes. Except for the cluster-style, grouped mailboxes which are the mail receptacles for the Units, no newspaper tubes or mailboxes shall be erected or maintained within the Development.

4.21 Activities Affecting Insurance. Nothing shall be done or kept within the Development which will increase the rate of insurance maintained by the Association without the prior written consent of the Association. No Owner shall permit anything to be done or kept within the Development which would result in cancellation of any insurance policy maintained by the Association or any other Owner.

4.22 No Partition. Except as permitted by Civil Code Section 4610, there shall be no judicial partition of the Development or any part thereof, nor shall any Owner or any person acquiring any interest in the Development or any part thereof seek any judicial partition thereof. Notwithstanding the preceding, if any Condominium is owned by two or more co-tenants as tenants in common or as joint tenants, this Section shall not be deemed to prevent a judicial partition by sale as between such co-tenants.

4.23 Family Day Care Centers. No family day care center shall be permitted within the Development except as specifically mandated by California Health and Safety Code Section 1597.40 and other applicable statutes. The owner/operator of any permitted day care facility shall provide the Association with prior written notice as to the facility's operation, and shall comply with all local and state laws regarding the licensing and operation of a day care center and, in addition, shall:

(a) Association Additional Insured. Name the Association as an additional insured on the liability insurance policy or bond carried by the owner/operator of the day care center, in accordance with California Health and Safety Code Section 1597.531. This subsection 4.23(a) is intended to be and shall be conclusively deemed to be the written notice to the operator and owner from the Association as specified in California Health and Safety Code Section 1597.231;

(b) Indemnify. Defend, indemnify and hold the Association harmless from any claim, demand, loss, liability action or cause of action arising out of the existence and operation of the day care center;

(c) Association Rules. Abide by and comply with the Association's Rules;

(d) Responsibility. Supervise and be completely responsible at all times all persons for whom day care services are provided while such persons are within the Development; and

(e) Proof of Insurance. 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 provisions, or other reasonable requests.

4.24 Community Care Facilities. Except for residential facilities defined as community care facilities under California Health and Safety Code Section 1502, no health care facilities operating as a business or charity shall be permitted in the Development. The owner/operator of any permitted community care facility shall provide the Association with prior written notice as to the facility's operation, and shall comply with all local and state laws regarding the licensing and operation of a community care facility and, in addition, shall:

(a) Association Additional Insured. Name the Association as an additional insured on the liability insurance policy or bond carried by the owner/operator of the community care facility;

(b) Indemnify. Defend, indemnify and hold the Association harmless from any claim, demand, loss, liability action or cause of action arising out of the existence and operation of the community care facility;

(c) Association Rules. Abide by and comply with the Association's Rules;

(d) Responsibility. Supervise and be completely responsible at all times all persons for whom community care services are provided while such persons are within the Development; and

(e) Proof of Insurance. 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 community care facility to these provisions, or other reasonable requests.

4.25 Variances. The Board shall be authorized to grant reasonable variances from the provisions of Article 4 of this Declaration upon written application from any Owner provided that the Board determines, in its sole discretion, that the specific application of the restriction to such Owner will (i) cause substantial undue hardship to the Owner, or (ii) fail to further or accomplish the common plan for the Development as contemplated by this Declaration. The Board shall have the power to limit any variance granted in scope or duration or otherwise impose such specific requirements as the Board may, in its complete discretion, see fit to require. The Board shall follow the following procedures in acting on any request for a variance:

(a) Initial Board Determination. The Board, in its sole discretion, shall make an initial determination whether or not the variance on its face meets the requirements set forth in this Section. If the Board determines that it does not meet the requirements, the variance request shall be denied and the Board shall so notify the applicant within thirty (30) days of the Board's decision. If the Board determines that the variance does meet the requirements, the procedures set forth in the remainder of this Section shall be followed.

(b) Board Hearing. The Board shall conduct a hearing on the variance within forty-five (45) days of the receipt of the written request for a variance. Notice shall be given to all Members not less than fifteen (15) days prior to the date of the hearing. Members may submit comments in writing prior to the hearing and/or appear at the hearing. The Board shall establish a reasonable time limit for Member comments during the hearing. No decision regarding the request for variance shall be made until the conclusion of the hearing.

(c) Board Decision. After the conclusion of the hearing, the Board shall, in its sole discretion, either grant or deny the request for variance in accordance with the standards set forth in this Section. As more fully discussed above, if the Board grants the variance request, the Board may impose such conditions as the Board deems appropriate and shall so notify the applicant within thirty (30) days of the Board's decision.

ARTICLE 5 ALTERATIONS TO UNITS AND DISCLOSURES

5.1 Approval by Board. Prior to undertaking any proposed modifications to a Unit which are visible from the exterior of the Unit or which could structurally impact the Common Area or another Unit, the Owner must submit to the Board in writing such proposed modifications to the Board, which may, in its sole discretion, approve or disapprove such proposed modifications. No Owner shall make any exterior modifications to any building or any part of the Common Area. The Board shall have the ability to form an architectural review committee to review proposed modifications.

5.2 Sound Attenuation. In any multi-family dwelling, sound may be audible between Units, particularly where the sound level of the source is sufficiently high and the background sound in an adjacent Unit is very low. These sounds may include, without limitation, foot falls, music, voices, animal noises, furniture movement, appliance usage, water usage and other sounds. Each Owner shall endeavor to minimize any sound transmission from his or her Unit, and shall comply with the Association Rules which are designed to minimize sound transmission. To minimize the sound transmission from a Unit, each Owner (other than Declarant) shall adhere to the following:

(a) Demising Walls. On demising walls (party walls), acoustical sealant shall be packed around the point of penetration of all pictures and other decorative items hung from the wall that require nailing or screwing. No holes or other penetrations shall be made in demising walls except for decorative items without the permission of the Board. No penetrations of any sort shall be made in the ceilings of any Unit.

(b) Insulation. No modifications shall be made to any Unit which would result in a reduction in the minimum impact insulation class of the Unit.

(c) Attachment. No Owner shall attach to the walls or ceilings or place on the floor of any Unit anything which will cause unreasonable sound levels, vibrations, noise or annoyance to the Owners of the other Units. No audio, television, stereo, speakers, or other audio visual or media equipment shall be installed in or on any demising wall without the permission of the Board. Speakers for audio, television, stereo, or other audio visual or media equipment shall not be supported from or contact demising walls and shall be elevated from the floor by an adequate acoustic platform. Sound from such speakers must be kept at a reasonable level so as not to interfere with other Owners' enjoyment of their Units.

(d) Pianos. Pianos shall have adequate acoustic pads under the supports to minimize vibration transmission into the structure.

(e) Furniture. All furniture shall have rolled castors or adequate acoustic pads.

(f) Modifications. No Owner shall install any hard surface or other flooring or make any other modification to any part of their Condominium which may increase sound transmission between their Condominium and other parts of the Development, including without limitation, tile or hardwood floors and wall or ceiling coverings, unless the prior written approval of the Board has been obtained. As a condition to approving the installation of such modifications, the Owner shall submit to the Board construction specifications clearly describing the proposed modifications in sufficient detail necessary, including acoustical test results, to determine whether sound transmission will be sufficiently mitigated.

5.3 Adjacent Land Uses. The Development is located adjacent to property zoned for and subject to on-going commercial uses, including, but not limited to, restaurants and other commercial establishments. The Association, its Board, and all Owners and Residents are advised that commercial operations related to the adjacent property may take place at any time of the day or night, including, for example and without limitation, night-time security lighting, automotive repair shop noise, day and night commercial truck deliveries and repair vehicle dispatching, delivery truck engine and hydraulic lift operations, telephone ringing and paging through loudspeakers, and increased noise, music, light, dust, exhaust, and odor due to pedestrian and vehicle traffic due to retail and commercial activities. The Association, its Board, and each Owner, acknowledge and agree that the commercial use of property adjacent to the Development, shall not constitute a public or private nuisance or otherwise create a legal or equitable claim against Declarant, the City, or the adjacent property owners, operators, tenants, or invitees.

5.4 Historic Property Contract. Declarant is applying for a Historic Property Contract, which will be Recorded against the property. If approved, said Historic Property Contract will be entered into by Declarant and City for the purpose of protecting and preserving the historically significant characteristics of the Guilford Hall ("Historic Property") and to qualify the Historic Property for an assessment valuation pursuant to the provisions of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

5.5 Provisions Required by Conditions of Approval. The following provisions are requirements of the conditions of approval for the tentative map:

(a) Tree Maintenance. All trees specified on the approved landscape plan must be allowed to reach their mature size and trimmed per ISA standards. Topping of trees shall be prohibited.

(b) Common Area Maintenance. The Common Area portion of the Development shall be maintained, kept in good condition, and be clean and free of litter at all times to the satisfaction of the Director of Community Development.

(c) Roof Mounted Equipment. No mechanical equipment, tank, duct, elevator enclosure, cooling tower, mechanical ventilator or air conditioner shall be erected, constructed, converted, established, altered or enlarged on the roof of any building, unless such equipment has been approved by the Board. As required by the City, any roof-mounted equipment shall be completely screened from public view behind the building parapet walls to the satisfaction of the Director of Community Development prior to the issuance of any building permits for roof-mounted mechanical equipment.

5.6 Presbyterian Inter-Community Hospital Heliport.

NOTICE OF HELIPORT IN VICINITY

This property is presently located in the vicinity of a heliport. For that reason, the property may be subject to some of the annoyances or inconveniences associated with proximity to heliport operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. You may wish to consider what heliport annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you.

ARTICLE 6 ASSESSMENTS AND LIENS

6.1 Covenant of Owner.

(a) Owner's Assessment Obligation. Each Owner of a Condominium within the Development, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, shall be deemed to have covenanted and agreed to pay to the Association: (i) Regular Assessments, (ii) Special Assessments, (iii) Reimbursement Assessments, and (iv) Enforcement Assessments levied by the Association as hereinafter provided, together with all Additional Charges. Such deed or conveyance shall be deemed to vest in the Association the right and power to initiate all actions and procedures as the Board shall deem necessary or appropriate for the collection of such Assessments and Additional Charges and for the enforcement of the liens as hereinafter provided.

(b) Owner's Personal Obligation. Each Assessment levied by the Association under this Article, together with all Additional Charges, shall be a separate, distinct, and personal debt and obligation of the Owner against whom it is assessed, and shall bind his or her heirs, devisees, personal representatives, successors, and assigns. Such obligation to pay Assessments and Additional Charges and the right and power of the Association to initiate all actions and procedures for collection shall run with the land, so that each successive Owner or Owners of Record of any Condominium shall, in turn, become liable to pay all such Assessments and Additional Charges assessed during the time he or she is Record Owner of such Condominium. After an Owner transfers of Record any Condominium he or she owns, he or she shall not be liable for any Assessments levied thereafter with respect to such Condominium. Such Owner shall remain personally liable, however, for all unpaid amounts due and owing at the time of transfer, together with Additional Charges accruing until time of collection. The seller of any Condominium under an installment land contract shall continue to be liable for all Assessments and Additional Charges until a conveyance by deed of such Condominium is Recorded.

6.2 Creation of Lien. Each Assessment levied by the Association pursuant to this Declaration, together with all Additional Charges, shall be a charge upon the land and upon Recordation of a Notice of Delinquent Assessment shall be secured by a lien upon the property against which such Assessment is levied. The lien provided herein shall continue to secure all Assessments and Additional Charges levied upon any Unit notwithstanding the transfer of Record title to such Unit, and any such transfer shall be subject to the Association's lien, provided that, prior to such transfer, a Notice of Delinquent Assessment has been Recorded as provided in this Declaration and by law. The priority of all such liens on each Unit shall be in inverse order so that upon the foreclosure of the lien for any particular charge on any Unit, any sale of such Unit pursuant to foreclosure of the lien will be made subject to all liens securing the respective monthly Assessments and Additional Charges on such Unit for succeeding months.

6.3 Purpose of Assessments. The Assessments levied by the Board shall be used exclusively for (i) managing and operating the Development, (ii) conducting the business and affairs of the Association, (iii) maintaining and enhancing the property values of the Owners and Residents of the Development, (iv) improving and maintaining the Common Area and, to the extent provided for in the Governing Documents or by law, the Condominiums situated within the Development, (v) enforcing the Governing Documents, and/or (vi) otherwise benefitting the Owners.

6.4 Authority of the Board. The Board shall have the power and the duty to levy Regular Assessments and Special Assessments sufficient to meet the Association's obligations under the Governing Documents and applicable law.

6.5 Regular Assessment.

(a) Calculation of Estimated Requirement. Not less than thirty (30) days nor more than ninety (90) days prior to the beginning of each fiscal year, or as otherwise provided by law, the Board shall complete and distribute to all Owners an estimate of the net funds required by the Association for such fiscal year (including a reasonable amount allocated to contingencies and to a reserve fund for restoration, repair, and/or replacement of those components for which the Association is responsible and which must be repaired or replaced on a periodic basis) to manage, administer, operate, and maintain the Development; to conduct the affairs of the Association; and to perform all of the Association's duties in accordance with this Declaration. The funds required by the Association pursuant to this subsection shall be assessed among the Owners of Condominiums and within the Development as "Regular Assessments" as further provided in this Section 6.5.

(b) Regular Assessment Components. Regular Assessments shall consist of the following components:

(i) General Budgeted Expenses. The "General Assessment Component" of the Regular Assessments shall consist of the budgeted expenses of the Association, as described in Section 6.5(a), excluding any Cost Center and expenses as such expenses are more particularly described in subsection 6.5(b)(ii), below.

(ii) Special Benefit Expense Component. The "Special Benefit Expense Component" of the Regular Assessments shall consist of the expenses described in this subsection 6.5(b)(ii). Declarant and the Association shall have the power and authority to establish additional Special Benefit Expense Components by designating Units and Common Area within the Development as "Cost Centers" for purposes of expense accounting and the equitable allocation of Regular Assessments. A Cost Center is likely to be designated when one of the following occurs: (A) the maintenance or use of a particular Improvement or maintenance area within the designated Cost Center is fully or partially restricted to Owners of Units located within the area designated as a "Cost Center", or (B) when certain Owners of Units within a designated Cost Center are receiving services from the Association that are in addition to, or significantly greater than, the services provided to other Owners. Ordinarily, a Cost Center shall be established whenever it is reasonable to anticipate that any Owner or group of Owners will derive as much as ten percent (10%) more than Owners in general in the value of a common service(s) supplied by the Association. In addition to the Cost Centers established in this Declaration, additional Cost Centers may be designated in a Declaration of Annexation or Supplemental Declaration which shall (i) identify the Units comprising the Cost Center; (ii) identify the Common Area, association maintenance areas or other services that will exclusively or disproportionately benefit the Owners of said Units; and (iii) provide for the allocation of common expenses attributable to the identified Common Area, association maintenance areas or services to Owners within the Cost Center as a Special Benefit Expense Component of their Regular Assessment. In addition, the initial Special Benefit Expense Components for the Development shall be the following categories:

(A) Historic Property Cost Center. The "Historic Property Cost Center of Special Benefit" of the Regular Assessments shall consist of all expenses incurred by the Association attributable to the maintenance, repair, replacement (including reserves), of the building containing the following two (2) Units: Units 1A and 2A.

(B) New Construction Condo Cost Center. The "New Construction Condo Cost Center of Special Benefit" of the Regular Assessments shall consist of all expenses incurred by the Association attributable to the maintenance, repair, replacement (including reserves), of the buildings containing the following nine (9) Units: Units 3A through 11A, inclusive.

(c) Allocation of Regular Assessment.

(i) General Assessment Component. The General Assessment Component of the Regular Assessments shall be allocated and assessed equally among the Condominiums within the Development.

(ii) Historic Property Cost Center of Special Benefit. The Historic Property Cost Center of Special Benefit of Regular Assessments shall be allocated and assessed equally among the Condominiums within the Historic Property Cost Center of Special Benefit.

(iii) New Construction Condo Cost Center of Special Benefit. The New Construction Condo Cost Center of Special Benefit of Regular Assessments shall be allocated and assessed equally among the Condominiums within the New Construction Condo Cost Center of Special Benefit.

(iv) Additional Cost Center Components. In the event one (1) or more Cost Centers are established, the Special Benefit Assessment Component of Regular Assessments shall be allocated and assessed equally among the Units within a Cost Center by dividing the Special Benefit Assessment Component amount by the number of Units within the Cost Center, so that each Unit within the Cost Center bears an equal share of the Special Benefit Assessment Component as part of their Regular Assessment, or allocated and assessed to each Condominium in the same proportion that the square footage of the Unit bears to the total square footage of all the Units within the Special Benefit Assessment Component as part of their Regular Assessment.

(d) Payment of Regular Assessments. Unless the Board shall designate otherwise, Regular Assessments shall be levied on an annual basis and shall be paid in twelve (12) equal monthly installments during the fiscal year, and each installment shall be due and payable on the first day of each month.

(e) Increases in Regular Assessment.

(i) General Assessment Component. Pursuant to California Civil Code Section 5605(b), except as otherwise provided by law, the Board shall not increase the General Assessment Component of Regular Assessment for any fiscal year above the amount of the General Assessment Component of Regular Assessment for the preceding fiscal year by more than the maximum amount permitted by law, except upon the affirmative vote or written consent of a majority of Members voting on any such increase in the Regular Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members, notwithstanding any lower quorum requirement which may be set forth in the Bylaws.

(ii) Cost Center Assessment Components. Pursuant to California Civil Code Section 5605(b), except as otherwise provided by law, the Board shall not increase a Cost Center Assessment Component of Regular Assessments for any fiscal year above the amount of the Cost Center's Assessment Component of Regular Assessments for the preceding fiscal year by more than the maximum amount permitted by law, except upon the affirmative vote or written consent of a majority of Members subject to the Cost Center voting on any such increase in the Cost Center Assessment Component, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members subject to the Cost Center, notwithstanding any lower quorum requirement which may be set forth in the Bylaws.

(f) Commencement of Regular Assessment. Regular Assessments shall commence as to each Condominium within the Development on the first day of the first month following the month in which the first conveyance occurs for the sale of a Condominium to a person other than Declarant. Each Condominium within the Development shall thereafter be subject to its share of the then established annual Regular Assessment. The first annual Regular Assessment shall be pro rated, if necessary, according to the number of months remaining in the fiscal year established in the Association's Bylaws.

(g) Partial Assessment Exemption for Uncompleted Common Area. All Owners, including Declarant, shall be exempt from the payment of that portion of any Regular Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of any Common Area that is not completed at the time Assessments commence. The Assessment exemption provided by this subparagraph shall be in effect only until the earliest of the following events: (A) a notice of completion of the Common Area has been Recorded; or (B) the Common Area has been placed in use.

(h) Partial Assessment Exemption for Uncompleted Units. Any Unit within the Development having no structural Improvements for human occupancy shall be exempt from the payment of that portion of any Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of the structural Improvements. Any such exemption from the payment of Assessments attributed to uncompleted Units shall be in effect only until the earliest of the following events: a notice of completion of the construction of the Unit has been Recorded; occupation or use of the Unit; or completion of all Association Common Area building structure containing the Unit which the Association is obligated to maintain. The Assessment exemption provided by this subsection shall include:

(i) Roof replacement;

(ii) Exterior maintenance;

(iii) Any commonly metered domestic water, gas or electricity; and

(iv) Insurance for the Association Common Area building structure containing the Unit.

(i) Working Capital Fund. As part of any FHA, Fannie Mae, Freddie Mac, or VA project approval requirement, a working capital fund may be established for the Development by the contribution to such fund, by the Owners and Declarant, of a sum not to exceed the amount of three (3) months Regular Assessments for each Unit owned. Any amounts paid into this fund should not be considered as advance payments of Regular Assessments. Except as provided in this subsection, if the working capital fund is established, the Association shall collect each Unit's share of the working capital fund at the time of the conveyance of the Unit by Declarant to an Owner, and such share shall be deposited into a segregated fund. Within sixty (60) days after the conveyance of the first Unit by Declarant, Declarant shall pay each unsold Unit's share of the working capital fund to the Association. Declarant shall then reimburse itself for this payment from the funds collected at closing when the unsold Units are sold.

6.6 Special Assessments.

(a) Purpose of Special Assessments. If at any time during any fiscal year the Regular Assessment proves inadequate for any reason, including nonpayment of any Owner's share thereof or the unexpected repair, replacement, or reconstruction of Improvements located in the Development, or if funds are otherwise required for any authorized activity of the Association, the Board may levy a Special Assessment in the amount of such actual or estimated inadequacy or cost.

(b) Allocation of Special Assessments. Special Assessments shall be allocated and assessed among the Condominiums within the Development in the same manner as Regular Assessments.

(c) Approval of Special Assessments.

(i) General Assessment Component. Except in the case of an emergency situation as defined in California Civil Code Section 5610, in any fiscal year the Board may not levy Special Assessments for the General Assessment Component expenses which, in the aggregate, exceed five percent (5%) of the budgeted gross expenses of the General Assessment Component of the Association for that fiscal year, except upon the affirmative vote or written consent of a majority of the Members voting on any such Special Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members, notwithstanding any lower quorum requirement which may be set forth in the Bylaws.

(ii) Cost Center Assessment Components. Except in the case of an emergency situation as defined in California Civil Code Section 5610, in any fiscal year the Board may not levy Special Assessments for a Cost Center Assessment Component expense which, in the aggregate, exceed five percent (5%) of the budgeted gross expenses of the Cost Center Assessment Component of the Association for that fiscal year, except upon the affirmative vote or written consent of a majority of the Members subject to such Cost Center, voting on any such Special Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members subject to the Cost Center, notwithstanding any lower quorum requirement which may be set forth in the Bylaws.

6.7 Reimbursement Assessments. The Association shall levy a Reimbursement Assessment against any Owner and his or her Condominium (i) if a failure by such Owner, or any person or pet for whom the Owner is responsible, to comply with any provision of the Governing Documents has necessitated or resulted in an expenditure of funds by the Association to deal with such lack of compliance or to bring such Owner or his Condominium into compliance, or (ii) in the event that the Association has expended funds performing repairs as authorized by Section 7.6 of this Declaration or for any other reasons specifically authorized by the provisions of this Declaration. A Reimbursement Assessment shall include any costs, including attorneys' fees, incurred by the Association, including costs of collecting from an Owner any amount which the Owner is obligated to pay to the Association. A Reimbursement Assessment shall be due and payable to the Association when levied.

6.8 Enforcement Assessments. The Board may levy an Enforcement Assessment (and any fine imposed by the Board in accordance with the provisions of the Governing Documents shall be deemed to be such an Enforcement Assessment), for violation of any of the provisions of the Governing Documents. Any Enforcement Assessment shall be due and payable to the Association when levied.

6.9 Failure to Fix Assessments. The failure or omission by the Board to fix or levy any Regular Assessment provided for by the terms of this Declaration before the expiration of any fiscal year, for that fiscal year or the next fiscal year, shall not be deemed either a waiver or a modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay Assessments or any installment thereof for that or any subsequent year, but the amount of the Regular Assessment fixed for the preceding fiscal year shall be the amount of the Regular Assessment for the ensuing fiscal year until a new Regular Assessment is levied.

6.10 Offsets. Except as permitted by subsections 6.5(g) and (h), all Assessments levied by the Board shall be payable in the full amount specified, including any Additional Charges imposed as provided by the terms of this Declaration, and no offsets against any such amounts shall be permitted for any reason whatsoever, including without limitation a claim that the Association has failed to properly exercise its duties of maintenance or enforcement.

6.11 Delinquent Assessments. Any installment or other portion of an Assessment not paid within fifteen (15) days after its due date shall be delinquent and shall be subject to interest and late charges not to exceed the maximum rate permitted by law. In addition, interest on all sums imposed in accordance with this Article, including the delinquent Assessments, reasonable fees and costs of collection, and reasonable attorneys' fees, at an annual interest rate not to exceed twelve percent (12%), shall commence thirty (30) days after the Assessment becomes due. The Association may Record a lien against an Owner's Unit for delinquent Assessments and all Additional Charges as provided in Section 6.12, below, and in accordance with the Davis-Stirling Common Interest Development Act, California Civil Code Section 4000 et seq.

6.12 Assessment Liens.

(a) Notice of Collection and Lien Enforcement Procedure. At least thirty (30) days prior to Recording a lien upon an Owner's Unit to collect an Assessment debt that is past due under this Article 6, the Association shall notify the Owner in writing by certified mail of the following:

(i) A general description of the Association's collection and lien enforcement procedures and the method of calculation of the amount, a statement that the Owner has the right to inspect the Association records, pursuant to California Civil Code Section 5205, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed:

"IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."

(ii) An itemized statement of the Assessments and Additional Charges owed by the Owner, including items on the statement which indicate the amount of any delinquent Assessments, the fees and reasonable costs of collection, reasonable attorneys' fees, any late charges, and interest, if any.

(iii) A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the Assessment was paid on time to the Association.

(iv) The right to request a meeting with the Board by submitting a written request to meet with the Board to discuss a payment plan for the Assessment and Additional Charges debt noticed pursuant to subsection 6.12(a)(ii).

(v) The right of the Owner to dispute the Assessment and Additional Charges debt by submitting a written request for dispute resolution to the Association pursuant to the Association's "meet and confer" program.

(vi) The right of the Owner to request alternative dispute resolution with a neutral third party before the Association may initiate foreclosure against the Owner's Unit, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

(vii) A statement that an Owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the Association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

(b) Payments Made by Owner. Any payments made by the Owner toward the debt set forth shall first be applied to the Assessments owed, and, only after the Assessments owed are paid in full shall the payments be applied to the Additional Charges. When an Owner makes a payment, the Owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the person who received it. The Association shall provide a mailing address for overnight payment of Assessments.

(c) Owner's Authority to Bring Small Claims Action. If a dispute exists between the Owner of a Unit and the Association regarding any disputed charge or sum levied by the Association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and the amount in dispute does not exceed the jurisdictional limits stated in California Code of Civil Procedure Sections 116.220 and 116.221, the Owner of the Unit may, in addition to pursuing dispute resolution pursuant to California Civil Code Section 5900 et seq., pay under protest the disputed amount and all other amounts levied, including any fees and reasonable costs of collection, reasonable attorneys' fees, late charges, and interest, if any, pursuant to California Civil Code Section 5650(b), and commence an action in small claims court pursuant to California Code of Civil Procedure Section 116.110 et seq. Nothing in this subsection shall impede the Association's ability to collect delinquent assessments as provided in California Civil Code Section 5700 et seq.

(d) Meet and Confer Program. Prior to Recording a lien for delinquent Assessments, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to the Association's "meet and confer" program or alternative dispute resolution with a neutral third party. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

(e) Decision to Record a Lien. The decision to Record a lien for delinquent Assessments, which is otherwise permitted by this Section 6.12, shall be made only by the Board and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Directors in an open meeting. The Board shall record the vote in the minutes of that meeting.

(f) Payment Plan. An Owner may submit a written request to meet with the Board to discuss a payment plan for the debt noticed. The Association shall provide the Owners the standards for payment plans, if any exist. The Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request, if the request is mailed within fifteen (15) days of the date of the postmark of the notice, unless there is no regularly scheduled Board Meeting within that period, in which case the Board may designate a committee of one (1) or more Directors to meet with the Owner. Payment plans may incorporate any Assessments that accrue during the payment plan period. Payment plans shall not impede an Association's ability to Record a lien on the Owner's Unit to secure payment of delinquent Assessments. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Association may resume its efforts to collect the delinquent Assessments from the time prior to entering into the payment plan.

(g) Recordation of the Notice of Delinquent Assessment. The amount of the Assessment, plus any Additional Charges shall be a lien on the Owner's Unit from and after the time the Association causes to be Recorded, a Notice of Delinquent Assessment, which shall state the amount of the Assessment and Additional Charges imposed, a legal description of the Unit against which the Assessment and Additional Charges are levied, and the name of the Record Owner of the Unit against which the lien is imposed. The itemized statement of the charges owed by the Owner shall be Recorded together with the Notice of Delinquent Assessment.

(i) The Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale.

(ii) The Notice of Delinquent Assessment shall be signed by the President of the Association.

(iii) A copy of the Recorded Notice of Delinquent Assessment shall be mailed by certified mail to every person whose name is shown as an Owner of the Unit in the Association's records, and the notice shall be mailed no later than ten (10) calendar days after Recordation.

(iv) Within twenty-one (21) days of the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall Record or cause to be Recorded a lien release or notice of rescission and provide the Owner of the Unit a copy of the lien release or notice that the delinquent Assessment has been satisfied.

(h) Assessment Liens for Repair of Common Areas. Unless otherwise permitted by law, a Reimbursement 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 not be characterized nor treated as an Assessment that may become a lien against the Member's Unit enforceable by the sale of the interest pursuant to Section 6.13, below.

(i) Enforcement Assessments and Penalties. An Enforcement Assessment or monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Documents, except for late payments of Assessments, may not be characterized nor treated as an Assessment that may become a lien against the Member's Unit enforceable by the sale of the interest pursuant to Section 6.13, below.

(j) Assignment of the Association's Lien Right. The Association may not voluntarily assign or pledge the Association's right to collect payments or Assessments, or to enforce or foreclose a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under Federal or State law, when acting within the scope of that charter or license, as security for a loan obtained by the Association; however, the foregoing provision may not restrict the right or ability of the Association to assign any unpaid obligations of a former Member to a third party for purposes of collection. After the expiration of thirty (30) days following the Recording of a lien, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted pursuant to California Civil Code Section 2934a. Any sale by the trustee shall be conducted in accordance with California Civil Code Sections 2924, 2924b, and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trust. The fees of a trustee may not exceed the amounts prescribed in California Civil Code Sections 2924c and 2924d, plus the cost of service for either of the following:

(i) The notice of default pursuant to California Civil Code Section 5710(b).

(ii) The decision of the Board to foreclose upon an Owner's Unit as described in California Civil Code Section 5705(d).

(k) Actions Against Owners. Nothing in this Section or in California Code of Civil Procedure Section 726(a) prohibits actions against the Owner of a Unit to recover sums for which a lien is created pursuant to this Section or prohibits the Association from taking a deed in lieu of foreclosure.

(l) Lien Recorded in Error. If it is determined that a lien previously Recorded against a Unit was Recorded in error, the Association shall, within twenty-one (21) calendar days, Record or cause to be Recorded a lien release or notice of rescission and provide the Owner of the Unit with a declaration that the lien filing or Recording was in error and a copy of the lien release or notice of rescission.

(m) Notice of Default. A notice of default shall be served by the Association on the Owner's legal representative, in accordance with the manner of service of summons pursuant to California Code of Civil Procedure Section 415.10 et seq. The Owner's legal representative shall be the person whose name is shown as the Owner of a Unit in the Association's records, unless the Owner in writing, delivered to the Association in a manner that indicates that the Association receives it, designates another person as his or her legal representative.

(n) Secondary Address. Upon receipt of a written request by an Owner identifying a secondary address for purposes of collection notices, the Association shall send additional copies of any notices required by this Section to the secondary address provided. The Association shall notify Owners of their right to submit secondary addresses to the Association, at the time the Association issues the pro forma operating budget pursuant to California Civil Code Section 5300(a). The Owner's request shall be in writing and shall be mailed to the Association in a manner that shall indicate the Association has received it. The Owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request.

(o) Failure to Comply with Procedures. If the Association fails to comply with the procedures set forth in this Section, the Association shall, prior to Recording a lien, recommence the required notice process. Any costs associated with recommencing the notice process shall be borne by the Association and not by the Owner of the Unit.

(p) Collection of Delinquent Assessments. If the Association seeks to collect delinquent Regular Assessments or Special Assessments of an amount less than One Thousand Eight Hundred Dollars ($1,800), not including any accelerated assessments, and Additional Charges, the Association shall not collect that debt through judicial or nonjudicial foreclosure, but may attempt to collect or secure that debt in any of the following ways:

(i) By a civil action in small claims court.

(ii) By Recording a lien on the Owner's Unit which the Association may not foreclose until the amount of the delinquent assessments secured by the lien, exclusive of any accelerated assessments, and Additional Charges, equals or exceeds One Thousand Eight Hundred Dollars ($1,800) or the Assessments secured by the lien are more than twelve (12) months delinquent. If the Board elects to Record a lien under these provisions, prior to Recording the lien, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution as set forth in California Civil Code Section 5900.

(iii) Any other manner provided by law, except for judicial or nonjudicial foreclosure.

6.13 Foreclosure of Association Assessment Liens.

(a) Lien Foreclosure Conditions. Except for Assessments owed to the Association by Declarant, if the Association seeks to collect delinquent Regular Assessments or Special Assessments of an amount of One Thousand Eight Hundred Dollars ($1,800) or more, not including any accelerated assessments, or Additional Charges, or any Assessments secured by the lien that are more than twelve (12) months delinquent, the Association may use judicial or non-judicial foreclosure subject to the following conditions:

(i) Meet and Confer Program. Prior to initiating a foreclosure on an Owner's Unit, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to the Association's "meet and confer" program. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

(ii) Decision to Foreclose. The decision to initiate foreclosure of a lien for delinquent Assessments that has been validly Recorded shall be made only by the Board and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Directors in an executive session. The Board shall record the vote in the minutes of the next meeting of the Board open to all Members. The Board shall maintain the confidentiality of the Owner or Owners of the Unit by identifying the matter in the minutes by the Owner's Unit number as shown on the Condominium Plan, rather than the name of the Owner or Owners. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale.

(iii) Notice. The Board shall provide notice by personal service in accordance with the manner of service of summons pursuant to California Code of Civil Procedure Section 415.10 et seq., to an Owner of a Unit who is a Resident of the Unit or to the Owner's legal representative, if the Board votes to foreclose upon the Unit. The Board shall provide written notice to an Owner of a Unit who is not a Resident of the Unit by first-class mail, postage prepaid, at the most current address shown on the books of the Association. In the absence of written notification by the Owner to the Association, the address of the Unit may be treated as the Owner's mailing address.

(iv) Right of Redemption. A nonjudicial foreclosure by the Association to collect upon a debt for delinquent Assessments shall be subject to a right of redemption. The redemption period within which the Unit may be redeemed from a foreclosure sale under this subsection ends ninety (90) days after the sale. In addition to the requirements of California Civil Code Section 2924f, a notice of sale in connection with the Association's foreclosure of a Unit shall include a statement that the Unit is being sold subject to the right of redemption created by California Civil Code Section 5715(b).

(b) Declarant Exception. The limitation on foreclosure of Assessment liens for amounts under the stated minimum in this Section does not apply to Assessments owed by Declarant.

(c) Recordation of Lien in Error. If it is determined through dispute resolution pursuant to the Association's "meet and confer" program or alternative dispute resolution with a neutral third party that the Association has Recorded a lien for a delinquent Assessment in error, the Association shall promptly reverse all Additional Charges, costs imposed for the notice, and costs of Recordation and release of the lien and pay all costs related to the dispute resolution or alternative dispute resolution.

(d) Small Claims Court. The Association may appear and participate in a small claims action through an agent, a management company representative, or bookkeeper who appears on behalf of the Association.

6.14 Priority. The lien of the Assessments provided for under this Article, including interest and costs (including attorneys' fees), shall be prior and superior to (a) any declaration of homestead Recorded after the Recordation of this Declaration, and (b) all other liens, except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any First Mortgage of Record made in good faith and for value and Recorded prior to the date on which a lien against the respective Unit was Recorded. Sale or transfer of any Unit shall not affect the Assessment lien. However, the sale or transfer of any Unit pursuant to judicial or nonjudicial foreclosure of a First Mortgage shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. Such foreclosure sale shall not relieve such property from liability for any Assessments and Additional Charges thereafter becoming due, nor from the lien of any subsequent Assessment.

6.15 Association Funds. All Association accounts shall be maintained in one (1) or more banks or other depositories selected by the Board, which accounts shall be clearly designated as belonging to the Association. The Assessments collected by the Association shall be properly deposited into such accounts, with separate accounts established for each Cost Center Assessment Component. Cost Center Assessment Component funds shall only be expended for the Cost Center purpose established by the Governing Documents. Funds from Cost Center Assessments deposited within separate Cost Center accounts shall not be commingled. The Assessments collected by the Association shall be used for the purposes set forth in Section 6.3, above.

6.16 Waiver of Exemptions. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption laws of the State of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed pursuant to the terms of this Article.

6.17 Trustee's Deed Upon Sale. The Association may Record a request that a Mortgagee, trustee, or other person authorized to Record a notice of default regarding any Unit mail to the Association a copy of any trustee's deed upon sale concerning the Unit. The request shall include the legal descriptions or the assessor's parcel numbers of the Units, the name and address of the Association, and a statement that it is an association as defined in California Civil Code Section 4080. Subsequent requests of the Association shall supersede prior requests. The request shall be Recorded before the filing of a notice of default. The Mortgagee, trustee, or other authorized person shall mail the requested information to the Association within fifteen (15) business days following the date the trustee's deed is Recorded.

ARTICLE 7 MAINTENANCE OF PROPERTY

7.1 Association Maintenance Responsibility.

(a) Common Area, Generally. Except as specified in Section 7.4, the Association shall maintain, repair and replace the Common Area and all facilities, Improvements, and landscaping thereon, including without limitation (i) all perimeter walls, (ii) landscaping, (iii) signage, (iv) paved surfaces, (v) exterior building wall and roof surfaces, (vi) on-site amenities, (vii) garage area, (viii) the walks and paths, (ix) the sanitary sewer, water, electrical and other utility lines located within the Common Area up until the point that they serve a single Unit, (x) the cluster mailboxes, and (xi) all other real and personal property that may be acquired or controlled by the Association, keeping such property in good condition and repair, and shall be kept clean and free of litter at all times to the satisfaction of the Director of Community Development. The Association shall be responsible for providing and maintaining exterior lighting, landscaping, gardening, and janitorial services for the Common Area and shall cause any and all other acts to be done which may be necessary to assure the maintenance of the Common Area in good condition and repair, including painting of the exterior surfaces of the buildings and such other portions of the Common Area as the Board, in its discretion, determines to be necessary. The Board shall have the discretion to determine the nature, extent and level of care to be performed by the Association in discharging its obligations under this Article.

(b) Non-Exclusive List of Association Maintenance Components. The Association's responsibility pursuant to this Section shall include, without limitation, the maintenance, repair and replacement of the following elements within the Development:

(i) The exterior surfaces (excluding windows and doors), framing and structural components of the buildings containing the Units.

(ii) The roof coverings, roof structures, gutters, and downspouts within the Common Areas.

(iii) The structure components of the perimeter walls and floor of any Exclusive Use Common Area balconies and patios.

(iv) The walls and fences facing the Common Area.

(v) The landscaping. All trees specified on the landscape plan approved by the City must be allowed to reach their mature size and trimmed per ISA standards. Topping of trees shall be prohibited.

(vi) The sanitary sewer, water, storm drain, electrical and other utility lines located within the Common Area up until the point that they serve a single Unit.

(vii) The cluster mailboxes.

(viii) The fire sprinkler system, fire sprinkler monitoring system, fire extinguishers in Common Areas, and all associated fire protection equipment, including all sprinkler heads in the system.

(ix) Any/all on-site building graffiti shall be removed as soon as possible but no later than within seventy-two (72) hours to the satisfaction of the Director of Community Development.

(x) The Association shall monitor the compliance with the Mills Act if the Mills Act is approved for the Development.

(xi) The Association shall adopt an inspection and maintenance manual for the periodic inspection and maintenance of the Common Area. Such maintenance inspection may be undertaken by a qualified reserve study analyst as part of the Association statutory reserve study requirement. The Board may, from time to time, make appropriate revisions to any maintenance manual based on the Board's review thereof, to update such manual to provide for maintenance according to current industry practices so long as such changes do not reduce the useful life or functionality of the items being maintained.

7.2 Authority for Entry of Unit or Exclusive Use Common Area. The Association or its agents may enter any Unit or any portion of Exclusive Use Common Area whenever such entry is necessary, in the

Board's sole discretion, in connection with the performance of any maintenance, repair, construction, or replacement for which the Board is responsible or which it is authorized to perform, including without limitation the authorization provided in Section 7.6. Although under no obligation to do so, the Board, in its complete and sole discretion, may enter or may authorize the Association's agents to enter any Unit or any portion of Exclusive Use Common Area to effect emergency repairs where such repairs are necessary for safety reasons or to prevent or discontinue damage to the entered Unit or Exclusive Use Common Area, any other Unit or the Common Area. The cost of performing any such emergency repairs shall be charged to the Owner as a Reimbursement Assessment. Such entry shall be made with as little inconvenience to the Residents as practicable and, with respect to entry into a Unit, only upon reasonable advance written notice of not less than twenty-four (24) hours, except in emergency situations.

7.3 Association Liability. Except as specifically provided in this Article, the Association shall not be responsible or liable for any maintenance, repair, or replacement of a Unit or Exclusive Use Common Area or any Improvement thereon, except to the extent that the need for such maintenance, repair, or replacement results from the negligence or fault of the Association, its employees, contractors, or agents.

7.4 Owner Maintenance Responsibility.

(a) Unit Interior. Each Owner shall maintain, repair, and replace his or her Unit, including without limitation the finished surfaces of the interior walls, ceilings, and floors of the Unit, keeping the same in a clean, sanitary, workable and attractive condition.

(b) Unit Doors and Windows. Each Owner shall clean, maintain, repair and replace all doors, windows, window panes and all screens, serving his or her Unit, including door and window frames.

(c) Fixtures and Appliances. Each Owner shall maintain, repair and replace the internal installations, appliances, equipment, and other features servicing his or her Unit, even though located wholly or partly outside of such Unit, including without limitation (i) garbage disposals, (ii) hot water heaters, (iii) ranges, refrigerators, freezers, dishwashers and other kitchen appliances, (iv) clothes washing machines and dryers, (v) light fixtures and light bulbs, (vi) heating, ventilation and air conditioning units, condensers and equipment, (vii) showers, bathtubs, sinks and toilets, (viii) sewer, water, electrical and other utility lines from the point that they serve only such unit, (ix) solar devices, and (x) telephone facilities. If an Owner removes or permits the removal of any stair railings serving any Unit, the Owner shall be solely responsible for the replacement or reinstallation of such railings.

(d) Balcony. Each Owner shall keep the balcony area contained within his or her Unit in a clean, swept condition. Each Owner shall maintain, repair and replace all fences or railings abutting the Owner's Exclusive Use Common Area balcony. Except with the prior written consent of the Board, no Owner shall modify or alter the material or appearance of the exterior side of a balcony fence or railing which faces the Common Area, and any replacement of a fence or railing shall utilize the same materials as originally installed by Declarant. Storage of boxes, bikes, chairs, couches and other material that detract from the building and the area are prohibited. General storage on balconies is prohibited, except for the use of appropriate outdoor furniture.

(e) Patio. Each Owner shall be responsible for the maintenance, repair and replacement of the Exclusive Use Common Area patio serving his or her Unit, and shall keep the patio in a clean, swept condition. Except with the prior written consent of the Board, no Owner shall modify or alter the material or appearance of the patio, and any replacement of any patio component shall utilize the same materials as originally installed by Declarant. General storage on patios is prohibited, except for the use of appropriate outdoor furniture.

(f) Interior Fencing Between Two Residential Units. For any fencing or walls which separates the patio areas between two (2) Residential Units, each Owner shall maintain the interior of the fence or wall and the Owners shall share, on an equitable basis, the cost of replacing such fencing or wall. The Owner of each affected portion of the property upon which a party wall or fence is located shall have a reciprocal non-exclusive easement to the property immediately adjacent to the interior fence for the limited purpose of maintaining the party wall or fence.

(g) Owner's Maintenance Obligation. By accepting a deed to a Condominium, each Owner acknowledges and agrees that, in addition to the obligations set forth in this Declaration, each Owner is required to comply with all of the maintenance obligations and schedules set forth in any maintenance manual provided to the Owner by Declarant.

7.5 Interior Decorations. Except as limited by Section 5.2, above, each Owner shall have complete discretion as to furniture, furnishings, and interior decorating of the interior of his or her Unit and shall have the exclusive right to paint, plaster, panel, tile, wax, paper, or otherwise refinish and decorate the interior surfaces of the walls, ceilings, floors, and doors bounding his or her Unit, and to substitute new finished surfaces for the finished surfaces existing on the walls, ceilings, floors, and doors, including, without limitation, substitution of paint for paper or paper for paint, substitution of any type of panel for plaster or plaster for paneling, substitution of tile for paneling or paneling for tile, or substitution of wood for linoleum or tile or of linoleum or tile for wood. Notwithstanding the preceding, no Owner shall do anything in or about his or her Unit that will affect the structural integrity of the building in which it is located.

7.6 Board Discretion. The Board shall have the absolute discretion to determine whether any maintenance, repair, or replacement, which is the responsibility of an Owner, is necessary to preserve the appearance and value of the property within the Development or any portion thereof and may notify an Owner of the work the Board deems necessary. In the event an Owner fails to perform such work within sixty (60) days after notification by the Board to the Owner, the Board may, after written notice to the Owner, and the right of a hearing before the Board, cause such work to be done and charge the cost thereof to the Owner as a Reimbursement Assessment.

7.7 Wood Destroying Pests and Organisms. The Association shall be responsible for all costs involved in operating the inspection and preventive program as well as repairing and replacing the Common Area and Improvements thereon when the need for such maintenance, repair or replacement is the result of wood destroying pests or organisms. Each Owner shall be responsible for all costs involved in repairing and replacing the Improvements, fixtures, appliances, and personal property within a Unit when the need for such maintenance, repair or replacement is the result of wood destroying pests or organisms. If the Association adopts an inspection and preventive program for the prevention and eradication of infestation by wood destroying pests and organisms, the Association, on no less than fifteen (15) nor more than thirty (30) days notice, may require each Owner and any occupants of the Owner's Unit to vacate such Unit to accommodate Association efforts to eradicate such infestation. The notice must state the reason for the temporary relocation, the date and time of the beginning of treatment, the anticipated date and time of termination of treatment, and that the Occupants will be responsible for their own accommodations during the temporary relocation. Any damage caused to a Unit by such entry by the Association or by any person authorized by the Association shall be repaired by the Association at its expense.

7.8 Mold Contamination.

(a) Association Maintenance Obligations. In order to reduce the presence of molds, fungi, spores, pollens, other botanical substances, or other allergens (collectively, "mold") within the Development, the Association shall adopt and implement a mold inspection and prevention program which shall include the following steps:

(i) Inspect the Common Area not less frequently than annually to check for water leaks, moisture collection, or other breaches of the watertight integrity of the Common Area and for the presence of mold;

(ii) If any water leaks, moisture collection, or mold is detected, immediately take appropriate corrective action to repair the Common Area and remove the mold;

(iii) Maintain proper ventilation and humidity levels within enclosed Common Areas to reduce the risk of mold;

(iv) Periodically inspect the irrigation system to ensure proper water use and to correct any leaks, misdirected, or excessive watering;

(v) Periodically inspect the ground surface around the foundations of Condominium buildings to ensure that no water is pooling near the foundations; maintain rain gutters and roof drainage systems in a clean and proper operating condition at all times; and

(vi) Take such other prudent steps as may be appropriate to prevent mold and eliminate any existing mold in the Common Areas.

(b) Owner Maintenance Obligations. In order to reduce the presence of molds, fungi, spores, pollens, other botanical substances, or other allergens (collectively, "mold") within the Development, each Owner shall adopt and implement a mold inspection and prevention program which shall include the following steps:

(i) Inspect the Unit not less frequently than quarterly to check for water leaks, moisture collection, or other breaches of the watertight integrity of the Unit and for the presence of mold;

(ii) If any water leaks, moisture collection, or mold is detected, immediately take appropriate corrective action to repair and remove the mold;

(iii) Maintain proper ventilation and humidity levels (particularly in bathrooms and kitchens) within the Unit to reduce the risk of mold;

(iv) Periodically inspect the water fixtures and refrigerator condensation pans for the presence of mold;

(v) Replace HVAC filters semiannually or as recommended by the manufacturer; and

(vi) Take such other prudent steps as may be appropriate to prevent mold and eliminate any existing mold in the Unit.

(c) Owner's Cooperative Maintenance Obligations. In the event of any water leak or overflow within a Unit or its Exclusive Use Common Area, the Owner of such Unit shall cooperate with the Association and the other Unit Owners in the inspection and correction of the problem. Cooperation shall include access to the Unit and Exclusive Use Common Area to inspect and repair the problem.

7.9 Owner Liability. In the event the need for any maintenance, repair, or replacement by the Association is caused by the willful or negligent act or omission of an Owner, members of any Owner's household, or an Owner's tenants, guests, invitees, or household pets, the cost of such maintenance, repair, or replacement, including the cost of materials, labor, supplies, and services shall be charged to, and paid by, such Owner in the form of a Reimbursement Assessment.

7.10 Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the Owners and the Association's maintenance and repair obligations hereunder, individual Owners shall cooperate with each other and the Association and its agents and maintenance personnel in the prosecution of all work performed pursuant to this Article 7.

7.11 Owner Responsibility for Consequential Damage. Except as provided by Article 11 of this Declaration, an Owner is responsible for the cost of repair of those portions of the Owner's Unit which are required to be maintained by the Owner pursuant to Section 7.4, above, those portions of Common Area which are to be maintained by the Owners, and the fixtures and personal property located on the Owner's Unit and within any Exclusive Use Common Area, even if the cause of the damage originates from a source maintained by the Association, unless the cause is the gross negligence of the Association or its agents. As an example, water damage to the interior of a Unit that is caused by a leak in the roof is the responsibility of the Owner even though the repair of the roof is the responsibility of the Association.

7.12 Inspections.

(a) Common Area Inspections. The Association shall regularly inspect, maintain and repair the landscaping, irrigation, drainage systems serving or within and any Improvements constructed upon the Common Area in accordance with any Association's maintenance manual. The Association shall employ the services of a professional landscape architect, maintenance contractor or other such professional person to assist the Association in performing such inspections. The inspector shall provide written reports of their inspections to the Association and, if requested by the Declarant, to the Declarant promptly following completion thereof. If requested by Declarant, Declarant shall be invited to attend any such inspections. The written reports shall identify any items of maintenance or repair which either require current action by the Association or will need further review and analysis. Such written reports shall specifically include a review of all irrigation and drainage systems within the Common Area. The Board shall report the contents of such written reports to Declarant (if not already provided by the inspector directly) if so requested by Declarant and to the Members at the next meeting of the Members following receipt of such written reports or as soon thereafter as reasonably practicable and shall include such written reports in the minutes of the next regularly scheduled Board meeting. The Board shall promptly cause all matters identified as requiring attention to be maintained, repaired, or otherwise pursued in accordance with prudent business practices and the recommendations of the inspectors and shall keep a record of all such matters in the Board's minutes.

(b) Unit Inspections. Should such inspector require the inspection of any Unit, there is hereby created a nonexclusive easement in favor of the Association, and its officers, agents, employees and independent contractors, in accordance with Section 7.6, above, and Section 9.4, below, to conduct such inspections and to provide such maintenance, repair and replacement. Any damage to any structure, landscaping or other improvements caused by the Association, or any of its officers, agents, employees or independent contractors, while performing such maintenance, repair or replacement work shall be repaired by the Association at its sole cost and expense.

7.13 Historic Property Maintenance. In addition to the maintenance requirements as set forth in this Article 7, the Association and the Owners of a Unit within the Historic Property shall preserve and maintain the Historic Property in accordance with any Historic Property Contract, Recorded in the Official Records of Los Angeles County, California.

ARTICLE 8 INSURANCE

8.1 Types of Insurance Coverage. The Association shall, at the discretion of the Board, purchase, obtain and maintain the following types of insurance, if and to the extent they are available at a reasonable premium cost:

(a) Property Insurance. The Association shall obtain and maintain a master or blanket policy of property insurance, written on all risk, replacement cost basis, that satisfies all of the following conditions:

(i) Property Covered. The policy shall cover the following real and personal property:

(A) Common Area. All Common Area Improvements, including the building and any additions or extensions thereto; all fixtures, machinery and equipment permanently affixed to the building and not located within a Unit; fences; monuments; lighting fixtures; exterior signs; and personal property owned or maintained by the Association; but excluding land; foundations; excavations; and other items typically excluded from property insurance coverage; and

(B) Units. To the extent the Board is required to comply with the Governmental Lender Requirements described in Section 8.7, below and Article 12, below, the policy shall cover the standard fixtures originally installed within a Unit by the Declarant and any equivalent replacements thereto, including, but not limited to, interior walls and doors; ceiling, floor and wall surface materials (e.g., paint, wallpaper, mirrors, carpets, and hardwood floors); utility fixtures (including gas, electrical and plumbing); cabinets; built-in appliances; heating and air-conditioning systems; water heaters installed as a part of the original construction of the Unit and any equivalent replacements thereto; but excluding any personal property located in the Unit; and excluding any Improvements or upgrades to any of the foregoing to the extent the replacement cost of any such Improvement or upgrade made after completion of the original construction of the Unit exceeds the replacement cost immediately before the installation of the Improvement or upgrade.

(ii) Covered Cause of Loss. The policy shall provide coverage against losses caused by fire and all other hazards normally covered by a "special form" policy or its equivalent.

(iii) Dollar Limit. The dollar limit of the policy shall not be less than the full replacement value of the covered property described in subsection 8.1(a)(i), above, provided that there may be lower dollar limits for specified items as is customarily provided in property insurance policies.

(iv) Primary. The policy shall be primary and non-contributing with any other insurance policy covering the same loss.

(v) Endorsements. The policy shall contain the following endorsements or their equivalents: agreed amount, boiler and machinery (to the extent applicable), inflation guard, plate glass, ordinance or law, and replacement cost, and such other endorsements as the Board in its discretion shall elect.

(vi) Waiver of Subrogation. The policy shall waive all subrogation rights against Declarant, any other Owner or occupant and their family members, guests and invitees.

(vii) Deductible. The amount of any deductible shall be paid by the Association and/or Owner pursuant to guidelines adopted by the Board.

(b) General Liability Insurance. To the extent such insurance is reasonably obtainable, a policy of comprehensive general liability insurance naming as parties insured the Association, each Director, any manager, the Owners and occupants of Units, Mortgagees and such other persons as the Board may determine. The policy will insure each named party against any liability incident to the ownership and use of the Common Area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than Two Million Dollars ($2,000,000.00) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for nonowned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to common interest development projects similar in construction, location, facilities, and use.

(c) Director's and Officer's Liability Insurance. To the extent such insurance is reasonably obtainable the Association shall maintain individual liability insurance for its Directors and officers providing coverage for negligent acts or omissions in their official capacities. The minimum coverage of such insurance shall be at least One Million Dollars ($1,000,000.00).

(d) Additional Insurance and Bonds. To the extent such insurance is reasonably obtainable, the Association may also purchase such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this subsection, demolition insurance, flood insurance, earthquake insurance, and workers' compensation insurance. The Board shall also purchase and maintain fidelity bonds or insurance in an amount not less than three months of operating expenses and one hundred percent (100%) of the Association's reserves and shall contain an endorsement of any person who may serve without compensation. The Board shall purchase and maintain such insurance on personal property owned by the Association and any other insurance, including Directors and officers liability insurance, that it deems necessary or desirable.

8.2 Board Authority to Alter Coverage. Subject to the provisions of Section 8.7, below, and provided the Board maintains at least the minimum types and amounts of insurance coverage required by California Civil Code Section 5800 et seq., the Board shall have the power and right to deviate from the insurance requirements contained in this Article in any manner that the Board, in its discretion, considers to be in the best interests of the Association. If the Board elects to materially reduce the coverage from the coverage required in this Article, the Board shall make all reasonable efforts to notify the Members of the reduction in coverage and the reasons therefor at least thirty (30) days prior to the effective date of the reduction.

8.3 Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Association and shall be available for inspection and copy by Owners and their Mortgagees at any reasonable time.

8.4 Individual Owner's Property Insurance. Each Owner shall purchase and at all times maintain a policy of personal liability and property insurance insuring the Owner's Unit, any upgrades or additions to any fixtures or Improvements to the Owner's Unit, and personal property. The Association's insurance policies will not provide coverage against any of the foregoing. Any insurance maintained by an Owner must contain a waiver of subrogation rights by the insurer as to the Declarant, other Owners, the Association, and any Mortgagee of the Owner's Unit.

8.5 Trustee. All insurance proceeds payable under Section 8.1, above, may, in the discretion of the Board, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees and others, as their respective interests shall appear. Said trustee shall be a commercial bank in the County that agrees in writing to accept such trust.

8.6 Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to Section 8.1, above. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

8.7 Governmental Lender Requirements. Notwithstanding anything herein to the contrary, the Association shall maintain such policies, containing such terms, amount of coverage, endorsements, deductible amounts, named insureds, loss payees, standard mortgage clauses, notice of changes or cancellation, and an appropriate insurance company rating that shall satisfy the minimum requirements imposed by the FANNIE MAE, FREDDIE MAC, FHA, or VA or any successor thereto. If such requirements conflict, the more stringent requirements shall be met. In the event the Board is provided notice that any required insurance policy does not satisfy the minimum requirements imposed by FANNIE MAE, FREDDIE MAC, FHA, or VA or any successor thereto, the Board shall make all reasonable efforts to satisfy such minimum requirements within thirty (30) days of receiving such notice.

ARTICLE 9 EASEMENTS

9.1 Easements in General. In addition to all easements reserved and granted on the Subdivision Map, Condominium Plan, and the easements specified in Articles 3 and 14, there are hereby specifically acknowledged, reserved and granted for the benefit of the Condominiums and the Owners in common and for each Condominium and Owner severally, and for the Association, as their respective interests shall exist, the easements and rights of way as particularly identified in this Article.

9.2 Utility Easements. Easements over and under the Development or any portion thereof for the installation, repair, maintenance, and replacement of (i) electric, telephone, telecommunications, water, gas, and sanitary sewer lines, meters, and facilities, (ii) cable lines and facilities, (iii) drainage facilities, (iv) walkways, and (v) landscaping, as shown on the Subdivision Map, and as may be hereafter required or convenient to service the Development, are reserved by and shall exist in favor of the Association, together with the right to grant and transfer the same. The Association shall maintain all utility installations located in the Common Area except for those installations maintained by utility companies, public, private, or municipal.

9.3 Easements Granted by Board.

(a) Non-Exclusive Easements. The Board shall have the power to grant and convey to any person or entity non-exclusive easements and rights of way, in, on, over, or under the Common Area for the purpose of (i) constructing, erecting, operating, or maintaining thereon, therein, or thereunder overhead or underground lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone, telecommunications, public sewers, storm drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities, and (ii) for any other purposes deemed by the Board to be appropriate and not inconsistent with the purposes and interests of the Association. Each Owner, in accepting a deed to a Unit, expressly consents to such easements and rights of way. No such easements may be granted if they would materially interfere with the use, occupancy, or enjoyment by an Owner of his or her Unit without the consent of the affected Owner of the Unit.

(b) Exclusive Use Common Area Easements. Subject to the restrictions imposed by California Civil Code Section 4600, the Board shall have the authority to execute and Record a maintenance agreement designating portions of the Common Area as Exclusive Use Common Area, for the benefit of an appurtenant Unit, for the purpose of promoting an efficient division of the use and maintenance responsibilities between the Owners and the Association. A maintenance agreement may be made with any Owner of adjacent property, including Declarant.

9.4 General Association Easements for Maintenance, Repair and Replacement. The Association shall have an easement in, on, over or under every Condominium as reasonably necessary to (i) maintain and repair the Common Area, (ii) perform the Association's maintenance responsibilities as required by Section 7.1, (iii) perform maintenance upon a Condominium which is not performed by its Owner as provided by Section 7.2 and Section 7.6, and (iv) otherwise perform its obligations under this Declaration.

9.5 Utility Maintenance and Repair Easements. Wherever sanitary sewer connections or water connections or electricity, gas or telephone, telecommunications, television lines or drainage facilities are installed within the Development, which connections, lines or facilities, or any portion thereof, lie in or upon Condominiums owned by other than the Owner of the Condominium served by said connections, the Owners of any Condominiums served by said connections, lines or facilities shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter such Condominiums or to have utility companies enter therein, or any portion thereof, to repair, replace and generally maintain said connections as and when the same may be necessary. All utility companies having easements on the property covered by this Declaration shall have easements for cleaning, repairing, replacing, and otherwise maintaining or causing to be maintained service in all underground utility lines, including, when reasonably necessary, the entry into an improvement constructed upon a Condominium for uncovering any such lines. Any Owner or utility company exercising the rights granted in this Section shall be obligated to restore the Unit entered to substantially its former condition.

9.6 Encroachment Easements. The Common Area and each Unit within the Development is hereby declared to have an easement over all adjoining Units and the Common Area for the purpose of accommodating any minor encroachment due to engineering errors, errors in original construction, settlement or shifting of structures, or any other similar cause. There shall be valid easements for the maintenance of such encroachments as long as they shall exist. Notwithstanding the preceding, in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if such encroachment occurred due to the wilful misconduct of such Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Unit agree that minor encroachments over adjoining Units or Common Area shall be permitted and that there shall be valid easements for the maintenance of such encroachments so long as they shall exist.

9.7 Easement for Access Through Residential Unit and Over Exclusive Use Balcony Area for Access to Mechanical Equipment. Declarant hereby reserves and grants to the Association a non-exclusive easement through Residential Unit 11 including the Exclusive Use Common Area balcony appurtenant thereto for access to mechanical equipment located in an exterior closet adjacent to the balcony area as necessary to perform the Association's maintenance obligations under this Declaration. The Association shall provide the Owner of Unit 11 no less than forty-eight (48) hours prior written notice regarding the Association's need to enter the Residential Unit (including the Exclusive Use Common Area balcony) to access the mechanical equipment in the closet located adjacent to the balcony. The Association shall give such notice to the Owner at the address of the Owner on file with the Association. If the Owner has rented the Unit, the Association shall also provide a copy of such notice to the lessee, if the Owner has provided the lessee's contact information to the Association, as required by the Declaration and the Association Rules. The Association and its permittees shall not use any portion of the Residential Unit (including the Exclusive Use Common Area balcony), except the direct path from the front door of the Residential Unit to the door leading to the balcony and a direct path over the balcony to the area requiring inspection, maintenance and/or repair. The right to enter the Unit for purposes of performing inspection, maintenance and repair shall be limited to Monday through Friday from 9 AM through 6 PM. There shall be no entry on Saturdays or Sundays or before 9 AM or after 6 PM, unless consented to in writing by the Owner of the Unit. The Association shall be responsible for any damage or loss to any Unit or the personal property located therein, which damage or losses sustained because of the negligence of the Association or its permittees in performing the inspection, maintenance or repair of the mechanical equipment in the closet located adjacent to the balcony.

9.8 Easement for the Benefit of Unit 11. Declarant hereby reserves and grants to the Owner of Unit 11A a non-exclusive easement through Residential Unit 10 including the Exclusive Use Common Area balcony appurtenant thereto for access to Unit 10's HVAC equipment. The Owner of Unit 11 shall provide the Owner of Unit 10 no less than forty-eight (48) hours prior written notice regarding the Owner's need to enter the Residential Unit (including the Exclusive Use Common Area balcony) to access the Owner's HVAC equipment. The Owner of Unit 11 shall give such notice to the Owner of Unit 10 at the address of the Owner on file with the Association. If the Owner has rented the Unit, the Owner of Unit 11 shall also provide a copy of such notice to the lessee, if the Owner of Unit 10 has provided the lessee's contact information to the Association, as required by the Declaration and the Association Rules. The Owner of Unit 11 and its permittees shall not use any portion of the Residential Unit (including the Exclusive Use Common Area balcony), except the direct path from the front door of the Residential Unit to the door leading to the balcony and a direct path over the balcony to the area requiring inspection, maintenance and/or repair. The right to enter the Unit for purposes of performing inspection, maintenance and repair shall be limited to Monday through Friday from 9 AM through 6 PM. There shall be no entry on Saturdays or Sundays or before 9 AM or after 6 PM, unless consented to in writing by the Owner of Unit 10. The Owner of Unit 11 shall be responsible for any damage or loss to any Unit or the personal property located therein, which damage or losses sustained because of the negligence of the Owner of Unit 11 or its permittees in performing the inspection, maintenance or repair of the HVAC equipment.

9.9 Easements Reserved and Granted. Any and all easements referred to herein shall be deemed reserved or granted, or both reserved and granted, as appropriate, by reference to this Declaration in a deed to any Condominium.

ARTICLE 10 ENFORCEMENT

10.1 Violations as Nuisance. Every act or omission constituting or resulting in a violation of any of the provisions of the Governing Documents shall be deemed to constitute a nuisance. In addition to any other remedies which may be available, such nuisance may be abated or enjoined by the Association, its officers, the Board or by any Owner. The Board shall not be obligated to take action to abate or enjoin a particular violation if, in the exercise of its discretion, the Board determines that acting to abate or enjoin such violation is not likely to foster or protect the interests of the Association and its Members as a whole.

10.2 Violation of Law. Any violation of a state, municipal or local law, ordinance or regulation pertaining to the ownership, occupancy, or use of any property within the Development is hereby declared to be a violation of this Declaration and subject to any and all of the enforcement procedures set forth herein.

10.3 Owners' Responsibility for Conduct and Damages. Each Owner shall be fully responsible for informing members of his or her household and his or her tenants, contractors and guests of the provisions of the Governing Documents, and shall be fully responsible for the conduct, activities, any Governing Document violation of any of them, and for any damage to the Development or the Association resulting from the negligent or intentional conduct of any of them or any household pets. If a Condominium is owned jointly by two (2) or more persons, the liability of each Owner in connection with the obligations imposed by the Governing Documents shall be joint and several.

10.4 No Avoidance. No Owner may avoid the burdens or obligations imposed by the Governing Documents through non-use of any Common Area facilities or by abandonment of his or her Condominium.

10.5 Rights and Remedies of the Association.

(a) Enforcement Rights. The Association, its Directors, officers, or agents, and any Owner shall have the right to enforce any and all provisions of the Governing Documents by any proceeding at law or in equity, or through the use of such other remedies as are available and deemed appropriate by the Board. Each remedy provided is cumulative and not exclusive. The Board shall not be obligated to take action to enforce a provision of the Governing Documents if, in the exercise of its discretion, the Board determines that acting to enforce the provision is not likely to foster or protect the interests of the Association and its Members as a whole

(b) Member Not In Good Standing. Upon a determination by the Board, after prior notice to the affected Member and an opportunity for a hearing, that such Member has violated any provision of the Governing Documents including a failure to pay any Assessment when due, the Board shall give notice in writing to such Member that he or she is deemed not to be a Member in Good Standing. Such Member shall be deemed to remain in that status until such time as the Board shall determine in writing that the violation which resulted in the Board's determination has been cured or remedied or, on some other basis as in the judgment of the Board is just and proper, that such Member shall again be deemed to be a Member in Good Standing of the Association. Such Member shall be so notified in writing with a copy given to the Secretary.

(c) Imposition of Sanctions. In the event of a breach or infraction of any provision of the Governing Documents by an Owner, members of an Owner's household, or his or her tenants, contractors, guests, pets or invitees, the Board shall have the power to impose sanctions against the Owner. Such sanctions may include, without limitation, the imposition of fines and/or the suspension of an Owner's rights as a Member, including an Owner's voting rights or an Owner's right to use the recreational or community facilities on the Common Area. Except as provided in Section 10.7, below, imposition of sanctions shall be effective only after the Board has held a hearing as provided in California Civil Code Section 5855(c). The payment of any such fine may be enforced as an Enforcement Assessment as provided in Section 6.8 of this Declaration as well as in any manner permitted by law. Further, each Owner shall be obligated to pay Reimbursement Assessments levied by the Board for reimbursement of any costs incurred by the Association relating to violation of any provisions of the Governing Documents by such Owner, members of such Owner's household, or his or her tenants, contractors, guests, pets or invitees.

(d) Inadequacy of Legal Remedy. Except for the non-payment of any Assessment levied pursuant to the provisions of Article 6 of this Declaration, it is hereby declared that a remedy at law to recover damages for a default in the performance of any of the terms and provisions of any of the Governing Documents or for the breach or violation of any such provisions is inadequate and that the failure of any Owner or a member of the household of any Owner or an Owner's tenants, guests, or household pets or any other occupant or user of any of the property within the Development to comply with any provision of the Governing Documents may be enjoined in any judicial proceedings initiated by the Association, its officers or Board, or by any Owner or by their respective successors in interest.

(e) Limitation on Disciplinary Rights. The Association shall not have the power and authority to cause a forfeiture or abridgment of a Member's right to the full use and occupancy of his or her Unit as the result of the failure by such Owner, members of such Owner's household, or his or her tenants, guests, invitees or household pets to comply with any provision of the Governing Documents, except where such forfeiture or abridgement is the result of the judgment of a court of competent jurisdiction, a decision arising out of an arbitration proceeding, or a foreclosure or sale under private power of sale for failure of such Owner to pay Assessments levied by the Association pursuant to Article 6 of this Declaration. The provisions of this subsection shall not affect the Association's right to impose fines or monetary penalties or to suspend an Owner's membership rights, as provided in the Governing Documents.

(f) Membership Consent for Certain Action. In the event that any claim or other actions brought by the Association under California Civil Code Section 895 et seq., and any successor statutes or laws or any other applicable laws, involving allegations of construction defects relating to the Common Area is not resolved pursuant to the non-adversarial procedures set forth in California Civil Code Sections 910 through 938 and any successor statutes or laws, the Association shall not initiate a further action or procedure against Declarant without first obtaining the consent of the Owners other than Declarant, constituting a quorum of more than fifty percent (50%) of the Owners of the Association casting a majority of the votes at a meeting or election of the Association conducted in accordance with the provisions of California Corporations Code Sections 7510 et. seq. and 7613 and any successor statutes or laws

10.6 Disciplinary Rules. The Board or a committee appointed by the Board for that purpose may adopt rules and regulations that further elaborate upon and refine procedures for conducting disciplinary proceedings and otherwise imposing sanctions upon Members for violation of provisions of the Governing Documents. Such rules, when approved and adopted by the Board, shall be deemed to be a part of the Association Rules provided for in, and constituting a part of, the Governing Documents.

10.7 Emergency Situations. The following shall constitute emergency situations: (i) an immediate and unreasonable infringement of or threat to the safety or peaceful enjoyment of Residents of the Development, (ii) a traffic or fire hazard, or (iii) a threat of material damage to or destruction of the Development or any portion thereof. Notwithstanding any other provisions of the Governing Documents, under circumstances involving conduct that constitutes an emergency situation, the Association may undertake immediate corrective action. Hearings with respect to such corrective action shall be held following the corrective action in accordance with California Civil Code Section 5855, and no disciplinary action may be taken without compliance with California Civil Code Section 5855(c).

10.8 Alternative Dispute Resolution. California Civil Code Section 5900 et seq. shall be complied with respect to any dispute subject to such Sections.

10.9 Non-Waiver. Failure to enforce any provision of the Governing Documents at any time shall not be deemed a waiver of the right to do so thereafter with respect to the same or any other violation of any provision of the Governing Documents.

10.10 Notices. Any notices required or given under this Article shall, at a minimum, set forth the date, time, and location of any hearing, a brief description of the act or omission constituting the alleged violation of the Governing Documents, a reference to the specific Governing Document provision or provisions alleged to have been violated, and the sanction, disciplinary action, or other enforcement action being contemplated by the Board, if any. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice to the affected Member; provided, however, that if notice is given by mail, it shall be sent by first-class mail, postage prepaid, sent to the most recent address for the affected Member as shown on the records of the Association.

10.11 Costs and Attorneys' Fees. In the event any action is taken to enforce any of the provisions of the Governing Documents, the prevailing party shall be entitled to recover the full amount of all costs incurred, including attorneys' fees, in enforcing any Governing Document provision. The remedies of the Association to recover the amount of such costs and attorneys' fees shall include, without limitation, the imposition of a Reimbursement Assessment as provided in Section 6.7 of this Declaration.

10.12 Indemnification. Each Owner, by acceptance of his or her deed, agrees for himself or herself and for the members of his or her household, his or her tenants, guests or invitees, to (i) indemnify each and every other Owner for, (ii) to hold each and every other Owner harmless from, and (iii) to defend each and every other Owner against, any claim of any person for personal injury or property damage occurring within the Unit of such Owner, except that such Owner's liability may be diminished to the extent that the injury or damage occurred by reason of the negligence of any other Owner or person temporarily visiting in such Unit or is fully covered by insurance.

10.13 Indemnification of City. The Declarant and each successor in interest to any portion of the Development, shall defend, indemnify and hold harmless the City of Whittier, Whittier Housing Authority and its agents, officer and employees from any claim, action or proceeding the City or its agents, officers or employees to attack, set aside, void or annul any approval of the City, city Council or City Planning Commission concerning this use. If the City Attorney is required to enforce any conditions of approval, all costs, including attorney's fees, shall be paid for by the Declarant and/or its successors in interest.

ARTICLE 11 DAMAGE OR DESTRUCTION AND CONDEMNATION

11.1 Damage to the Common Area Buildings and Units. If any portion of the Development is damaged or destroyed by fire or other casualty, all available insurance proceeds shall be paid to or on behalf of the Association, as agreed to by the Board, and the repair and rebuilding of the Development shall be in accordance with the following provisions:

(a) Insurance Proceeds Equal or Exceed 80%. If the amount of available insurance proceeds is at least eighty percent (80%) of the cost of repairing or rebuilding the damaged property to its original design and specifications, or if the deficiency in insurance proceeds does not exceed $20,000, the Board shall contract to repair or rebuild the damaged portions of the Development, including those portions of the damaged Units which are covered by the Associations' insurance. In the event the insurance proceeds are insufficient to pay all of the costs of repairing and rebuilding, the Board shall levy a Reimbursement Assessment against all Owners to make up any deficiency.

(b) Insurance Proceeds Less Than 80%. In the event of any damage or destruction not subject to subsection 11.1(a), the Board shall obtain bids from responsible contractors to restore the Development, including all damaged Units and all damaged portions of the Common Area, to its condition immediately prior to such damage or destruction. Following the receipt of the bids, the Board shall call a special meeting of the Members to consider the bids. At such special meeting, the impacted Members shall accept or reject such bids by a vote of a Simple Majority.

(i) In the event a bid is accepted, the Board shall levy a Special Assessment against all Owners pursuant to Section 6.6 to make up the deficiency between the total insurance proceeds and the contract price for such repair or rebuilding. All insurance proceeds, including any proceeds subject to liens of Mortgagees, shall be used for such rebuilding or repair.

(ii) In the event all bids are rejected, the Board shall recommend such alternative reconstruction of the damaged or destroyed Improvements at a lesser cost as it deems reasonable or adequate, which alternatives shall be placed to bid and voted in the same manner indicated above. In the event that no such alternatives are accepted by the Members, the Board, with the approval of the Mortgagees as provided in Article 12, below, is empowered, as the agent for all Owners, to sell the entire Development, including all Units and the Common Area in its then present condition, on terms satisfactory to the Board. In the event of such sale, the proceeds from the sale and the insurance proceeds received by the Association on account of the destruction of Development shall be distributed by the Association among Owners according to the respective fair market values of the Units at the time of the destruction as determined by an independent appraisal.

11.2 Condemnation of Common Area. If at any time all or any portion of any Common Area, or any interest therein, shall be taken by right of eminent domain or by private purchase in lieu of eminent domain, the entire award in condemnation or proceeds from the private purchase, to the extent such award or proceeds is not apportioned among the Owners by court judgment or by agreement between the condemning authority and each of the affected Owners, shall be paid to the holder or holders of the fee title to such area as their interests may appear according to the respective fair market values of the Units at the time of the taking, as determined by independent appraisal. Any such award to the Association shall be deposited into the operating fund of the Association. The Association shall represent the interests of all Owners in any proceeding relating to such condemnation to the extent such Owners have any interest in the Common Area.

11.3 Appraisals. Where the provisions of this Article require an independent appraisal of property, said appraisal shall be made by a qualified real estate appraiser selected in the discretion of the Board.

ARTICLE 12 PROTECTION OF MORTGAGEES

12.1 Amendments Affecting Mortgages. No amendment of this Declaration shall affect any of the rights of the holder of any Mortgage which is made in good faith and for value, if such Mortgage is Recorded prior to the Recording of such amendment.

12.2 Default by Owner; Mortgagee's Right to Vote. In the event of a default by any Owner under a Mortgage encumbering such Owner's Condominium, the Mortgagee under such Mortgage shall, upon: (a) giving written notice to the defaulting Owner; (b) Recording a Notice of Default in accordance with California Civil Code Section 2924; and (c) delivering a copy of such Recorded Notice of Default to the Association, have the right to exercise the vote of the Owner at any regular or special meeting of the Association held only during such period as such default continues.

12.3 Breach; Obligation After Foreclosure. No breach of any provision of this Declaration by Declarant, the Association or any Owner shall impair or invalidate the lien of any Recorded Mortgage made in good faith and for value and encumbering any Condominium. Declarant, Owners, and the Association and their successors and assigns, shall be obligated to abide by all of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes provided for in this Declaration with respect to any person who acquires title to or any beneficial interest in any Condominium through foreclosure, trustee's sale or otherwise.

12.4 Right to Examine Books and Records of the Association. All Mortgagees, insurers and guarantors of any Mortgages on any Condominium shall have the right, upon written request to the Association, to:

(a) Association Records. Examine current copies of the Governing Documents and the Association's books, records and financial statements, during normal business hours;

(b) Financial Statements. Require the Association to provide an audited statement for the preceding fiscal year at no expense to the requesting entity; and

(c) Notice of Meetings. Receive a written notice of all meetings of the Association and designate a representative to attend all such meetings.

12.5 Declaration to Conform With Mortgage Requirements. It is the intent of this Article that the Governing Documents and the development in general, shall now and in the future meet all requirements of any institutional Mortgagee intending to secure its Mortgage by a Condominium or necessary to purchase, guarantee, insure or subsidize any Mortgage of a Condominium by the secondary lender market, including FANNIE MAE, FREDDIE MAC, FHA or VA. The provisions of this Article may be amended solely by the vote of the Board in order to conform to any requirements of the secondary lender market.

12.6 Notices of Mortgagees. The Association shall provide any Mortgagee with timely written notice of the following:

(a) Any proposed termination of the legal status of the Development as a condominium project.

(b) Any condemnation or casualty loss which affects either a material portion of the Development or any Unit on which there is a Mortgage held, insured or guaranteed by such requesting party.

(c) Any sixty (60) day delinquency in the payment of Assessments or individual charges owed by an Owner subject to a Mortgage held, insured or guaranteed by such requesting party.

(d) Any default in the performance by the affected Owner of any obligation under the Governing Documents which is not cured within sixty (60) days.

(e) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(f) Any proposed action which requires the consent of a specified percentage of Mortgagees as specified in Section 12.7. Approval of a Mortgagee will be implied when such Mortgagee fails to submit a response to any written proposal for an amendment within sixty (60) days after the proposal is submitted, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

12.7 FANNIE MAE, FREDDIE MAC, FHA, VA Mortgages.

(a) Compliance Requirements. Declarant intended that the Development has been created and exists in full compliance with all applicable California legal requirements and all other applicable laws and regulations.

(b) Conditions When This Section is Applicable. The provisions of this Section shall apply if any of the following conditions exist pertaining to First Mortgages on any of the Units:

(i) Any First Mortgage is sold or transferred to FANNIE MAE;

(ii) Any First Mortgage is sold or transferred to FREDDIE MAC; or

(iii) Any First Mortgage is FHA insured or a VA mortgage.

(c) Approval of Material Amendments. The approval of sixty-seven percent (67%) of the Total Voting Power of the Association and fifty-one percent (51%) or more of the First Mortgagees (based upon one (1) vote for each first mortgage owned) must be obtained for amendments of a material nature to the Governing Documents. An addition or amendment to the Governing Documents shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. A change to any of the following would be considered as material:

(i) Voting rights;

(ii) Assessments, assessment liens, or subordination or assessment liens;

(iii) Reserves for maintenance, repair and replacement of Common Areas or any other portions of the Development which the Association has a duty to maintain, repair and replace.

(iv) Responsibility for maintenance and repairs;

(v) Reallocation of interests in the Common Area or Exclusive Use Common Areas or rights to their use;

(vi) Boundaries of any Unit;

(vii) Convertibility of Units into Common Areas or vice-versa;

(viii) Expansion or contraction of the Development or the addition, annexation or withdrawal of property to or from the Development;

(ix) Insurance or fidelity bonds;

(x) Leasing of Unit;

(xi) Imposition of any right of first refusal or similar restrictions on a Unit Owner's right to sell, transfer or convey his or her Unit;

(xii) A decision by the Association to establish self management when professional management has been required previously by a First Mortgagee;

(xiii) Restoration or repair of the Development (after a hazard damage or partial condemnation) in a manner other than that specified in the Governing Documents;

(xiv) Any action to terminate the legal status of the Development after substantial destruction or condemnation occurs; or

(xv) Any provisions that expressly benefit First Mortgagees, insurers or guarantors.

(d) Right of First Refusal. Units with secondary mortgages from the Whittier Housing Authority will be subject to the terms contained in the Whittier Housing Authority mortgage loan documents. Said documents contain Rights of First Refusal for the benefit of the Whittier Housing

Authority. In the event any Owner attempts to utilize any right of first refusal, any right of first refusal in the Governing Documents or otherwise shall not apply nor adversely impact the rights of a Mortgagee to:

(i) Foreclose or take title to a Unit pursuant to the remedies in the First Mortgage;

(ii) Accept a deed or assignment in lieu of foreclosure in the event of a default by a Mortgagor; or

(iii) Sell or lease a unit acquired by the Mortgagee.

(e) Termination of Legal Status. Except as provided above, any election to terminate the legal status of the Development as a condominium project must be approved by at least sixty-seven percent (67%) of the voting power of the Association and sixty-seven percent (67%) of the First Mortgagees based upon one (1) vote for each First Mortgage owned.

(f) Reallocation of Interests in the Common Area. No reallocation of interests in the Common Area resulting from a partial condemnation or partial destruction of the Development shall be effected without the approval of fifty-one percent (51%) of the First Mortgagees based upon one (1) vote for each First Mortgage owned.

(g) Mortgagee Priority. No provision in any Governing Document gives the Unit Owner or any other party priority over any rights of the First Mortgagee of the Unit pursuant to its Mortgage in the case of payment to the Unit Owner of insurance proceeds or condemnation awards for losses or a taking of Units and/or Common Area.

(h) Foreclosure Eliminates Unpaid Assessments. Notwithstanding any other provisions in this Declaration, each holder of a First Mortgage lien who comes into possession of the Unit by virtue of foreclosure will not be liable for the Unit's unpaid Regular Assessments or charges accrued before acquisition of the title to the Unit by the Mortgagee. If the Association's lien priority includes costs of collecting unpaid dues, the Mortgagor shall be liable for any fees or costs related to the collection of the unpaid dues.

(i) Leasing Restrictions. No Owner shall be permitted to lease his Unit for transient or hotel purposes. No Owner may lease less than the entire Unit. Any lease or rental agreement must be in writing and be subject to the provisions of the Governing Documents.

(j) Taxes Relate Only to Individual Unit. All taxes, assessments and charges which may become liens prior to the First Mortgage under local law shall relate only to the individual Units and not to the Development as a whole.

(k) Compliance with FHA/VA, FREDDIE MAC or FANNIE MAE Requirements. Declarant intended that the Development should comply with all of the requirements of the FHA, VA, FREDDIE MAC and FANNIE MAE. All property and liability insurance covering any portion of the Development encumbered by a Mortgage insured by FHA, guaranteed by VA, or held by FREDDIE MAC or FANNIE MAE, shall therefore conform to the applicable FHA/VA, FREDDIE MAC or FANNIE MAE requirements. Declarant and all Unit Owners also agree that in the event the Development or the Governing Documents do not comply with the applicable FHA/VA, FREDDIE MAC or FANNIE MAE requirements, the Board and each Owner shall take any action or adopt any resolutions required by any First Mortgagee to conform such Governing Documents, or the Development, to the FHA/VA, FREDDIE MAC or FANNIE MAE requirements.

(l) Waivers. A Mortgagee may waive any requirement contained in this Declaration as they pertain to such Mortgagee, provided such waiver shall be in writing.

(m) Conflicts. In the event of conflict between any of the provisions of this Article and any other provisions of this Declaration, the provisions of this Article shall control.

ARTICLE 13 ANNEXATIONS AND SUPPLEMENTAL DECLARATIONS

13.1 Annexation of Other Property. Declarant shall have no right to unilaterally annex additional real property to the Development or this Declaration. Real property which is not subject to this Declaration may annex to and become subject to this Declaration with the approval by vote or written consent of (1) the property owner, (2) Members entitled to exercise not less than two-thirds of the voting power of each class of membership of the Association, and (3) the Board. After the Class B membership has ceased, the approval of the Members required by this Section shall require the affirmative vote of at least two-thirds of the voting power of Members other than Declarant. Upon obtaining the requisite approval of the Members pursuant to this Section, the owner of the annexing property shall Record a Declaration of Annexation and, if appropriate, a Supplemental Declaration, as more particularly described in Section 13.3, below.

13.2 Declarations of Annexation. To effectuate an annexation, a Declaration of Annexation shall be Recorded covering the applicable portion of the annexing real property. The Declaration of Annexation shall identify the Units and Common Area, if any, within the annexing property, and shall be signed by the owner of the annexing property and shall include a certificate, signed by any two (2) officers of the Association, attesting to the fact that the required Member and Board approval has been obtained. A Declaration of Annexation may include a Supplemental Declaration which adds or modifies restrictions and rights with respect to the annexing property.

13.3 Supplemental Declarations. A Supplemental Declaration may be Recorded against all or any portion of the annexing property, subject to the same approval requirements for a Declaration of Annexation pursuant to Section 13.1, above. The Supplemental Declaration may include restrictions which are different from the restrictions contained in this Declaration. A Supplemental Declaration may not alter the general common plan or scheme created by this Declaration, revise any restriction imposed by a governmental entity as a condition of Subdivision Map approval (without the written consent of that entity) or revoke the covenants, conditions and restrictions imposed by this Declaration with respect to portions of the Development already subject to this Declaration.

ARTICLE 14 DECLARANT'S DEVELOPMENT RIGHT

14.1 Declarant's Right to Develop the Development. The Association and Owners shall not do anything to interfere with the right of Declarant to subdivide, sell, or rent any portion of the Development, or the right of Declarant to complete excavation, grading, construction of Improvements or other development activities to and on any portion of Development or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements as Declarant deems advisable in the course of development of the Development so long as any Condominium or any portion of the Development is owned by Declarant. Such right shall include, but shall not be limited to, all grading work as may be approved by the City or other agency having jurisdiction, and erecting, constructing and maintaining on or within the Development such structures, signs and displays as may be reasonably necessary for the conduct of its business of completing the work and disposing of the same by sale, lease or otherwise. Each Owner, by accepting a deed to a Condominium, hereby acknowledges that any construction or installation by Declarant may impair the view of such Owner, and hereby consents to such impairment.

14.2 Use of Common Area by Declarant. Declarant may enter upon the Common Area to complete the development, improvement and sale of Condominiums and the construction of any landscaping or other Improvement to be installed on the Common Area. Declarant shall also have the right of nonexclusive use of the Common Area without charge, for sales, display, access, ingress, egress, exhibition and occasional special events for promotional purposes, which right Declarant hereby reserves; provided, however, that such use rights shall terminate on the 360th day following issuance of a certificate of occupancy on the last Condominium within the Development. Such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein and all direct costs and expenses associated with Declarant's sales and promotional activities (including, without limitation, any costs or expenses required to clean or repair any portion of the Common Area that are damaged or cluttered in connection with such activities) shall be borne solely by Declarant and any other sponsor of the activity or event. The rights reserved to Declarant by this Section shall extend to any employee, sales agents, prospective purchasers, customers and/or representatives of Declarant.

14.3 Amendment of Development Plans. Declarant may amend its plans for the Development and apply for changes in zoning, use and use permits, for any property within the Development.

14.4 Disclaimer of Declarant's Representations. Anything to the contrary in this Declaration notwithstanding, and except as otherwise may be expressly set forth in a Recorded instrument with the County Recorder, Declarant makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of the Development may or will be carried out, or that any land now controlled or owned or hereafter controlled or acquired by Declarant is or will be subjected to this Declaration, or that any such land (whether or not it has been subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or that if such land is once used for a particular use, such use will continue in effect.

14.5 No Amendment or Repeal. So long as Declarant owns any portion of the Development, the provisions of this Article may not be amended or repealed without the written consent of Declarant.

ARTICLE 15 AMENDMENT

15.1 Amendment Before First Conveyance. Subject to the provisions of subsection 15.2(c), below, before the conveyance of the first Condominium within the Development to a purchaser other than Declarant, this Declaration and any amendments to it may be amended in any respect or revoked by the execution by Declarant of an instrument amending or revoking this Declaration. The amending or revoking instrument shall make appropriate reference to this Declaration and its amendments and shall be Recorded.

15.2 Amendment After First Conveyance. After the conveyance of the first Condominium within the Development to a purchaser other than Declarant, this Declaration may be amended or revoked in any respect upon compliance with the following provisions:

(a) Member Approval Requirements. Except as provided in this Section, any amendment to this Declaration shall be approved by the vote or assent by written ballot of an Absolute Majority, including the holders of not less than a majority of the Total Voting Power of each class of Members. If a two-class voting structure is no longer in effect in the Association because of the conversion of Class B membership to Class A membership, as provided in the Association's Bylaws, any amendment thereof will require the vote or assent by written ballot of both: (i) an Absolute Majority of the Association; and (ii) the vote of a majority of the Total Voting Power held by Members other than Declarant. Notwithstanding the foregoing, the percentage of the voting power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

(b) Additional Approvals of Declarant for Amendments to Particular Provisions. For so long as Declarant owns a Condominium within the Development, the provisions of Articles 13, 14, 15, and 16 may not be amended without the prior written consent of Declarant.

(c) Additional Approval of City for Amendments to Particular Provisions. The provisions of Sections 2.1, 2.13, 4.1, 4.10, 4.15, 5.5, 7.1, 7.4(d) and (e), 10.13, this subsection 15.2(c) and Section 16.1, shall not be amended without the prior written consent of the City.

(d) Right of Amendment if Requested by Governmental Mortgage Agency or Federally Chartered Lending Institutions. Anything in this Article to the contrary notwithstanding, Declarant and the Association reserve the right to amend all or any part of this Declaration to such an extent and with such language as may be requested by Governmental Mortgage Agencies which require such an amendment as a condition precedent to such agency's approval of this Declaration, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Condominium. Any such amendment shall be effectuated by the Recordation, by Declarant or the Association, of a Certificate of Amendment duly signed by or on behalf of the authorized agents, or authorized officers of Declarant or the Board, as applicable, with their signatures acknowledged, specifying the Governmental Mortgage Agency, or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such a Certificate shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Certificate, when Recorded, shall be binding upon all of the Condominiums and Common Area comprising the Development and all persons having any interest therein.

(e) Right of Amendment if Requested by City. Anything in this Article to the contrary notwithstanding, Declarant reserves for itself and for the Association the right to amend all or any part of this Declaration to such an extent and with such language as may be requested by the City to reflect a modification of the development permits which requires a conforming amendment to this Declaration. The Association shall Record any amendment requested by the City within sixty (60) days of receipt of a request from the City. Any such amendment shall be effectuated by the Recordation, by Declarant, of a Certificate of Amendment duly signed by or on behalf of the authorized agents, or authorized officers of Declarant, or the Association as applicable, with their signatures acknowledged, specifying the City requested the amendment and setting forth the amendatory language requested by the City. Recordation of such a Certificate shall be deemed conclusive proof of the City's request for such an amendment, and such Certificate, when Recorded, shall be binding upon all of the real property comprising the Development and all persons having an interest therein.

(f) Right of Amendment by Board. The Board may, without the approval of the Members, amend any part of this Declaration to the limited extent necessary to comply with a change in applicable federal, state or local legislation, and to correct typographical errors.

15.3 Restatements. This Section describes the methods for restating the Declaration after an amendment.

(a) General. The Board has the right, by resolution without the necessity of consent by the Members, to restate this Declaration when it has been properly amended pursuant to its requirements for amendment. Such restatement shall be effective upon execution of the restatement by any two (2) officers of the Association and its Recordation. Upon Recordation of the restatement, the restatement shall supersede the prior declaration and its amendments in their entirety, without, however, affecting the priority of the Declaration in the chain of title to all real property subject to the Declaration as established by the Declaration's initial date of Recordation.

(b) Form of Restatement. The restatement shall restate the entire text of the original document, with these exceptions: (i) changes incorporating all amendments approved by the Owners; (ii) changes made to rearrange or delete the text for consistency with the approved amendments; (iii) changes made to delete material no longer legally effective or legally required, such as the provisions described in Article 14 once Declarant no longer owns any portion of the Development; (iv) the addition of a statement that the Board has authorized the restatement pursuant to this Section; (v) changes made to delete any provision declared illegal by constitutional or statutory enactment, by regulation, or by controlling judicial opinion; and (vi) changes needed to distinguish the restatement from the original document, such as title, section, or subsection numbering changes.

15.4 Bureau of Real Estate. An amendment to this Declaration, Bylaws, or other governing instruments of the Association shall require immediate notification of the California Bureau of Real Estate in accordance with Section 2800 of the Commissioner's Regulations, or if a successor regulation is adopted this provision shall be automatically amended in the same manner, so long as the Development, or any portion thereof, is subject to an outstanding Final Subdivision Public Report.

15.5 Effective Date of Amendment. The amendment will be effective upon the Recording of a Certificate of Amendment, duly executed and certified by any two (2) officers of the Association setting forth in full the amendment so approved and that the approval requirements of this Article have been duly met. If the consent or approval of any governmental authority, Mortgagee, or other entity is required under this Declaration to amend or revoke any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

15.6 Reliance on Amendment. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

ARTICLE 16 GENERAL PROVISIONS

16.1 Term. This Declaration continues in full force and effect unless an amendment terminating this Declaration is unanimously approved by the Owners, approved in writing by the City and Recorded in accordance with Article 15, above.

16.2 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision hereof shall not invalidate any other provisions hereof.

16.3 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of fostering a plan of community ownership and occupancy and of management of the Development for the benefit of the community.

16.4 Statutory References. Any reference to a California or federal statute, code or regulation shall also incorporate and include any successor statutes or laws.

ARTICLE 17 CONSTRUCTION DEFECT CLAIMS

17.1 Construction Defect Claims.

(a) Association Property. In any construction defect claim related to alleged defects in the original construction of Improvements in the Association Property, alleged defects in the Separate Interests that the Association is obligated to maintain or repair, or alleged defects in the Separate Interests that arise out of, or are integrally related to, defects in the Association Property or Separate Interests that the Association is obligated to maintain or repair, the Association shall comply with the pre-filing dispute resolution requirements set forth in Section 6000 before filing a complaint against Declarant or Declarant Parties for alleged defects in the design or construction of the Project. Civil Code Sections 6000, 6100, and 6150 shall apply to any such dispute or action, as applicable, so long as these Code Sections are in effect. In selecting a "Dispute Resolution Facilitator," as defined in subsection (f)(1) of Section 6000, Declarant will seek to submit the matter to Judicial Arbitration and Mediation Services ("JAMS"), or to any other entity offering dispute resolution services agreed to by the parties.

(b) Dwelling Units. Should the Association or any Owner initiate a construction defect claim related to the original construction of individual dwelling units or the structures within which such units are located, Civil Code Sections 895 through 945.5 ("Builder's Right-to-Repair Law") shall be applicable to such claim.

(c) Pre-Litigation Dispute Resolution. Should the Association or any Owner commence a claim under the Builder's Right-to-Repair Law, the Association and/or any Owner, as applicable, shall comply with the pre-litigation procedures as described in Civil Code Sections 910 through 938 ("Statutory Pre-Litigation Procedures"). In the event a subsequent or simultaneous claim is commenced under Section 6000, then, to the extent that the Statutory Pre-Litigation Procedures have been complied with and are substantially similar to the pre-filing dispute resolution requirements set forth in Section 6000, the parties are excused from performing the substantially similar requirements under Section 6000.

17.2 Notice to Members of Legal Proceedings Against Developer. The Board shall provide the Members with a written notice not later than thirty (30) days prior to the filing of any claim or civil action, including arbitration, by the Association against the Declarant or Declarant Parties for alleged damage to (i) the Association Property; (ii) all or portions of the Units that the Association is obligated to maintain or repair, or (iii) the Units that arises out of, or is integrally related to, damage to the Association Property or all or portions of the Units that the Association is obligated to maintain or repair. This notice shall specify all of the following: (a) that a meeting will take place to discuss problems that may lead to the filing of a civil action, (b) the options, including civil actions, that are available to address the problems, and (c) the time and place of the meeting. Notwithstanding the foregoing, if the Association has reason to believe that the applicable statute of limitations will expire before the Association is able to give the notice, hold the meeting and file the civil action, the Association may file the civil action first and then give the notice within thirty (30) days after the filing of the action. The only Members entitled to vote at such meeting shall be the Owners other than Declarant. A vote at such meeting of a majority of the entire voting power of all Members, other than Declarant, to take action to initiate a claim or civil action shall be deemed to be the decision of the Association, and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Association. Declarant, as well as any Owner, shall have standing to challenge any failure to comply with this section. Notwithstanding the foregoing, any Association claim for construction defects shall be subject to Section 17.1 above.

17.3 Declarant Right to Repair. Declarant hereby adopts the Statutory Pre-Litigation Procedures (as defined in Section 17.1.(c), above) with respect to the claim by an Owner or the Association of construction defects. It is Declarant's intention to adopt all of the construction defect resolution procedures described in the Right to Repair Law. Any mediation procedures allowed pursuant to the Statutory Pre-Litigation Procedures shall be conducted by a panelist from and under the auspices of JAMS in the County.

17.4 Designation of Agent for Notice. The construction defect resolution provisions referred to in Section 17.3 above require that Declarant as the "builder" designate an agent to whom claims and requests for information regarding construction defect claims may be mailed. The name and address for such agent is or will be on file with the Secretary of State and will be provided to the Owners. Declarant may change the name and address of its agent by giving written notice to the Association and filing a notice of such change with the Secretary of State.

17.5 Claims Not Resolved by Pre-Litigation Procedures. In the event the pre-filing dispute resolution requirements set forth in Section 6000 or the Statutory Pre-Litigation Procedures in the Builder's Right-to-Repair Law, as applicable, do not fully resolve any construction defect claims, the following procedures will be applicable to claims by Owners and/or the Association:

(a) Binding Arbitration. Any controversy or claim between or among Declarant, as the builder of the Project, and any Owner or the Association, relating to the design or construction of the Project ("Dispute") shall be submitted to binding arbitration before JAMS, in accordance with Title 9 of the U.S. Code (Federal Arbitration Act). The arbitration will be conducted in the County, and the arbitrator shall apply California substantive law in rendering a final decision. The arbitrator shall apply the California Rules of Evidence. The arbitrator shall have the power to grant all legal and equitable remedies and award compensatory damages, but shall not have the power to award punitive damages. The parties agree to be bound by the decision of the arbitrator, which shall be final and non-appealable. Judgment upon the decision rendered by the arbitrator may be entered in any court having proper jurisdiction or applications may be made to such court for judicial acceptance of the award and an order of enforcement. If a party refuses to arbitrate, the other party may seek a court order compelling the arbitration pursuant to the Federal Arbitration Act. Alternatively, an Owner or the Association or Declarant, as applicable, may elect to resolve such Disputes through a small claims court proceeding, in which case the party filing the small claims action will have waived the right to any relief in excess of the jurisdiction of the small claims court.

(b) Rules Applicable to All Cases. The arbitration will be conducted by JAMS in accordance with the JAMS Comprehensive Arbitration Rules & Procedures ("JAMS Rules") then applicable to the claims presented, as supplemented by this Declaration. The following supplemental rules shall apply to all arbitration proceedings and shall govern in the event of a conflict between the rules set forth below and the JAMS Rules.

(c) Arbitration Expenses. All fees charged by JAMS and the arbitrator shall be shared equally by claimant and Declarant. Attorneys' Fees and Costs. Each party shall bear its own attorneys' fees and costs (including expert witness costs) in the arbitration. The parties agree and understand that this provision overrules any potential claim for investigative costs under the finding of Stearman v. Centex Homes (2000) 78 Cal.App.4th 611, or any other case law.

(d) Appointment of Arbitrator. The arbitrator to preside over the Dispute shall be selected in accordance with the JAMS Rules, but no later than sixty (60) days from initiation of the claim or dispute resolution process or hearing unless otherwise agreed to by the parties. The person(s) appointed, selected, designated or assigned to preside may be challenged for bias. The parties may agree to appoint an arbitration who is not listed on the JAMS panel.

(e) Venue. The venue of the arbitration proceedings shall be in the County where the Project is located unless the parties agree to some other location.

(f) Prompt Commencement. The arbitration proceedings shall be commenced in a prompt and timely manner. The proceedings shall be deemed promptly and timely commenced if commenced in accordance with the JAMS Rules, or if the JAMS Rules do not specify a date by which the proceeding or hearing must commence, then to a date agreed upon by the parties, and if they cannot agree, to a date determined by the arbitrator appointed to preside over the Dispute.

(g) Fair and Reasonable Procedures. The arbitration proceedings shall be conducted in accordance with rules and procedures that are reasonable and fair to the parties.

(h) Prompt Conclusion and Ruling. The arbitration proceedings shall be concluded in a prompt and timely manner, including the issuance of any decision or ruling following the proceeding or hearing.

(i) Available Remedies. The arbitrator presiding in the arbitration proceedings is authorized to provide all recognized remedies available in law or equity for any cause of action that is the basis of the proceeding or hearing and award compensatory damages, but shall not have the power to award punitive damages.

17.6 ARBITRATION OF DISPUTES. DECLARANT, BY EXECUTING THIS DECLARATION, AND EACH OWNER AND THE ASSOCIATION, BY ACCEPTING A DEED TO ANY PORTION OF THE COVERED PROPERTY, SHALL BE DEEMED TO HAVE AGREED TO HAVE ANY DISPUTE DECIDED BY NEUTRAL BINDING ARBITRATION IN ACCORDANCE WITH THIS ARTICLE, AND DECLARANT, THE ASSOCIATION AND EACH OWNER ARE GIVING UP ANY RIGHTS DECLARANT, THE ASSOCIATION AND EACH OWNER MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. DECLARANT, THE ASSOCIATION AND EACH OWNER ARE GIVING UP JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS ARTICLE. IF DECLARANT, THE ASSOCIATION OR ANY OWNER REFUSES TO SUBMIT TO ARBITRATION AFTER AGREEMENT TO THIS PROVISION, DECLARANT, THE ASSOCIATION OR SUCH OWNER MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE AND/OR THE FEDERAL ARBITRATION ACT.

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DATED:________________, 201_.   **DECLARANT:**

HHP-PENN, LLC,
a California limited liability company

By: Heritage Housing Partners,
a California non-profit public benefit corporation
Its: Managing Member

By: ____________________________
Charles E. Loveman, Jr.
Its: Executive Director

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF ______________)

On ________________, 201_, before me, ___________________________, a Notary Public, personally appeared____, 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.

____
Notary Public

CONSENT AND SUBORDINATION TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR GUILFORD COURT

The undersigned, beneficiary under that certain deed of trust Recorded October 21, 2015, as Document No. 20151290641, of the Official Records of Los Angeles County, hereby consents to this Declaration of Covenants, Conditions and Restrictions for Guilford Court ("Declaration") and hereby agrees that said deed of trust shall be subordinate and subject to said Declaration as though said Declaration had been Recorded prior to said deed of trust.

DATED:________________, 201_.

BENEFICIARY:

MUTUAL OF OMAHA BANK,
a federal savings bank

By: ________________________________

Name: ______________________________

Title: _______________________________

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF ______________)

On ________________, 201_, before me, ___________________________, a Notary Public, personally appeared____, 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.

____
Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION OF THE DEVELOPMENT

All of the real property located in the City of Whittier, Los Angeles County, California, more particularly described as follows:

Units 1 through 11, inclusive, Association Common Area, and Condominium Common Area, all as shown on the condominium plan entitled "Condominium Plan for Guilford Court", Recorded March 31, 2017, as Document No. 20170357381, Official Records of Los Angeles County, being a division of Lot 1, as shown on that certain map entitled "Tract No. 72994", filed in the office of the County Recorder, County of Los Angeles. State of California, in Book 1387 of Maps, Pages 68 through 70, inclusive.

EXCEPTING THEREFROM OVER LOT 22 ALL OIL, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID LAND LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSE INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL, GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID LANDS BUT WITHOUT, HOWEVER, THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER, AS RESERVED BY DEED RECORDED AUGUST 3, 1987 AS INSTRUMENT NO. 87- 1233340 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM OVER LOT 24 ALL OIL, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID LAND LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL, GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID LANDS BUT WITHOUT HOWEVER, THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER, AS RESERVED BY DEED RECORDED OCTOBER 31, 1986 AS INSTRUMENT NO. 86- 1477497 OF OFFICIAL RECORDS.