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AMENDED AND RESTATED
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
HOLLOWAY TERRACE HOMEOWNERS ASSOCIATION, INC.

If this document contains any restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, 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.

**AMENDED AND RESTATED
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
HOLLOWAY TERRACE HOMEOWNERS ASSOCIATION, INC.**

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**AMENDED AND RESTATED
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
HOLLOWAY TERRACE HOMEOWNERS ASSOCIATION, INC.**

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HOLLOWAY TERRACE HOMEOWNERS ASSOCIATION, INC. is made on the day and year shown below, by Holloway Terrace Homeowners Association, Inc., a California nonprofit mutual benefit corporation (“Association”), with reference to the following Recitals.

RECITALS

A. The Association is a corporation whose Members are the Owners of all the Condominiums located within the real property in the City of West Hollywood, County of Los Angeles, State of California, as described in Exhibit “A” attached hereto and made a part hereof (hereinafter “Property”).

B. The Property was developed as a condominium project, as defined in Section 1351(f) of the California Civil Code, and consists of eighty-four (84) Units and related Common Areas.

C. Ownership of the Property is currently subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges set forth in the Declaration of Covenants, Conditions and Restrictions recorded on February 21, 1979 as Instrument/Page No. 79-203417, in the Official Records of the County Recorder of Los Angeles County, hereinafter referred to together as “Declaration,” unless the context clearly indicates otherwise.

D. The Association now desires to amend and restate the Declaration and replace it in its entirety with this Restated Declaration. The Association further desires that, upon recordation of this Restated Declaration, the Property shall be subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges contained herein.

E. The Declaration, at Article 18, Section 18.01, provides that it may be amended by the affirmative vote or written consent of seventy-five percent (75%) of the total voting power of the Association. California Civil Code Section 1363.03 requires that such consent be obtained by Secret Ballot vote. The undersigned President and Secretary of the Association certify that, to the best of their knowledge, the approval by Secret Ballot vote of at least the required percentage of Association Members has been obtained.

F. The Declaration, at Article 9, Section 9.02, provides that seventy-five percent (75%) of First Mortgagees must approve of any material amendment to the Declaration. The undersigned President and Secretary of the Association certify that, to the best of their knowledge, the written consent of at least the required percentage of First Mortgagees has been obtained.

G. The Association hereby declares that all of the Property is and shall continue to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the declarations, limitations, covenants, conditions, restrictions, reservations, rights, and easements set forth in this Restated Declaration, and as may be amended from time to time, all of which are declared and agreed to be in furtherance of a plan established for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the Property. All provisions of this Restated Declaration shall constitute covenants running with the land and enforceable equitable servitudes upon the Property, and shall be binding on and for the benefit of all of the Property and all parties having or acquiring any right, title, or interest in all or any part of the Property, including the heirs, executors, administrators, and assigns of these parties and all subsequent Owners and lessees of all or any part of a Condominium.

H. Wherever reference is made herein to a California State Statute or other government statute, including, without limitation, the California Civil Code or California Corporations Code, such reference shall continue to apply to such statute as may be amended or renumbered from time to time and/or any successor statute.

ARTICLE I DEFINITIONS

Section 1.1. Articles

means the Articles of Incorporation of Holloway Terrace Homeowners Association, Inc., f/k/a L'Atalier Homeowners Association, Inc. filed in the Office of the Secretary of State of the State of California on December 5, 1978, as File No. 878996, and any duly adopted and filed amendments.

Section 1.2. Assessments

means charges levied against an Owner for the Owner's share of Association common expenses and/or individual charges levied against an Owner that are reimbursable to the Association. Assessments include the following assessments levied against an Owner:

"Regular Assessments" means Assessments levied against the Owners and their Condominiums representing the Owners' share of: (i) the actual and estimated costs of and reserves for maintaining, managing and operating the Common Area; (ii) the costs and fees attributable to managing and administering the Association; and (iii) all other costs and expenses incurred by the Association for the common benefit of the Owners, as may be required or allowed under the Governing Documents.

"Reimbursement Assessments" means Assessments levied against an individual Owner and the Owner's Condominium representing: (i) a monetary charge imposed against the Owner as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Area components and/or facilities for which the Owner or any of the Owner's family members, cohabitants, tenants, guests and invitees are responsible; (ii) a monetary charge imposed against the Owner as a means of reimbursing the Association for costs incurred by the Association on behalf of and for the benefit of the Owner, whether with the Owner's consent or pursuant to the Association's powers and duties under the Governing Documents, including, without limitation, the performance of necessary maintenance or repairs to the Owner's Unit or Exclusive Use Common Area components for which the Owner is responsible; and/or (iii) any other costs incurred by the Association due to the negligence, willful acts or omissions of the Owner or any of the Owner's family members, cohabitants, tenants, guests and invitees, including, without limitation, an increase in the

insurance premiums for any insurance policy purchased or obtained by the Association for the benefit of the Development and the Owners.

“**Special Assessments**” means Assessments levied against the Owners and their Condominiums to supplement budgeted Regular Assessments in any given year because the amount to be collected from such Regular Assessments for that year will, for any reason, be inadequate to defray the Association’s common expenses. Special Assessments shall be levied against the Owners in the same proportionate share as Regular Assessments.

Section 1.3. Association

means Holloway Terrace Homeowners Association, Inc., a California nonprofit mutual benefit corporation, created for the purposes set forth in the Articles, the Bylaws and this Restated Declaration.

Section 1.4. Board

means the Board of Directors of the Association.

Section 1.5. Bylaws

means the Amended and Restated Bylaws of the Association and any duly adopted amendments.

Section 1.6. City

means the City of West Hollywood in which the Development is located.

Section 1.7. Common Area

means the entire Property and all Improvements thereon except all Units as defined in this Restated Declaration and as shown on the Condominium Plan.

Section 1.8. Condominium

means an estate in real property consisting of a separate interest in a Unit, the boundaries of which are shown and described on the Condominium Plan; a fractional undivided interest as a tenant-in-common in the Common Area; a membership in the Association; and any Exclusive Use Common Area appurtenant to each Unit, as shown on the Condominium Plan or deed of conveyance.

Section 1.9. Condominium Plan

means the Condominium Plan for Lot 1 of 34469, recorded February 21, 1979 as Instrument No. 79-203417 of Official Records of the County Recorder of Los Angeles County, including any amendments to same.

Section 1.10. County

means the county of Los Angeles in the State of California, in which the Development is located.

Section 1.11. Director

means a member of the Association's Board of Directors.

Section 1.12. Development

means the common interest development, which is a condominium project as described herein and on the Condominium Plan, including all Improvements thereon.

Section 1.13. Exclusive Use Common Area

means those portions of the Common Area designated for the exclusive use of one (1) or more, but fewer than all, of the Owners and which is appurtenant to a Unit or Units as shown on the Condominium Plan or deed of conveyance, and pursuant to the provisions herein. Exclusive Use Common Area shall include, without limitation, parking spaces as may be deeded to the Owner of a specific Unit, as shown on the Condominium Plan.

Section 1.14. Governing Documents

means this Restated Declaration and any other documents, such as the Articles, Bylaws, Condominium Plan and Rules and Regulations that govern the operation of the Association.

Section 1.15. Improvements

means structural and non-structural improvements that have an impact, visual or otherwise, on the Common Area elements of the Development.

Section 1.16. Member

means every person or entity entitled to membership in the Association as provided in this Restated Declaration.

Section 1.17. Mortgagee

means a Person to whom a mortgage is made and includes the beneficiary of a deed of trust. "First Mortgagee" means a mortgagee that has priority over all other mortgages or holders of mortgages encumbering the same Condominium or other portions of the Development.

Section 1.18. Owner

means the holder or holders of record title to a Condominium, including the Association, and any contract sellers under recorded contracts of sale. "Owner" shall include the trustee or beneficiary of a trust as designated on a grant deed or designated in a trust document. "Owner" shall not include any persons or entities that hold an interest in a Condominium merely as security for performance of an obligation.

Section 1.19. Person

means a natural individual, a corporation, or any other entity with the legal right to hold title to real property.

Section 1.20. Property

means the real property described in Exhibit "A" attached hereto.

Section 1.21. Restated Declaration

means this Amended and Restated Declaration of Covenants, Conditions and Restrictions and any amendments to same.

Section 1.22. Rules and Regulations

means any Rules and Regulations for the Association regulating the use and operation of the Development adopted by the Board pursuant to Section 3.5(b) herein. The Rules and Regulations may be referred to herein as the "Rules." Some Rules will be considered "operating rules" as defined and more particularly

described in Section 3.8 of this Restated Declaration, which are subject to special procedures for adoption before such operating rules become effective.

Section 1.23. Secret Ballot

means a ballot used in an Association election which is subject to California Civil Code Section 1363.03.

Section 1.24. Unit

means that portion of a Condominium that consists of a separate interest. Each Unit shall be a separate freehold estate, as separately shown, numbered, and designated on the Condominium Plan. Each Unit consists of a living area space or spaces bounded by and contained within the interior surfaces of the perimeter walls, floors, ceilings, windows, and doors (including the wall coverings and floor coverings), the boundaries of which are described on the Condominium Plan. Certain Units also include balconies and/or patios, the boundaries thereof being the exterior surfaces of walls, windows and doors of adjoining buildings where they exist, otherwise the lateral and horizontal boundaries are vertical and horizontal planes as further described on the Condominium Plan (including any wall coverings, floor coverings, and other improvements contained within such boundaries). The following are not part of a Unit: bearing walls, columns, floors (except for any floor coverings and/or surfaces), roofs, slabs, foundations, balcony and patio structures, railings and enclosure, common stairways and hallways, reservoirs, tanks, pumps, air ducts and other central services, equipment, pipes, ducts, flues, chutes, conduits, wire and other utility installations, wherever located, servicing more than one Unit (except the outlets thereof when located within and servicing only a particular Unit).

**ARTICLE II
THE PROPERTY**

Section 2.1. Development Subject to Restated Declaration.

The entire Development shall be subject to this Restated Declaration.

Section 2.2. Description of Land and Improvements; Ownership of Common Area.

The Development consists of the real property described in Exhibit "A" and is divided between the Common Area and the Units. Each Unit is owned by an individual Owner(s) as separate property. The Common Area is owned by the Owners of the Units as tenants-in-common, in equal one-eighty-fourth (1/84th) fractional undivided interests. Each Owner has a non-exclusive easement of ingress, egress, use, enjoyment and general recreational purposes over, on and upon the Common Area other than portions of the Common Area subject to exclusive easements.

Section 2.3. Equitable Servitudes.

The covenants and restrictions set forth in this Restated Declaration shall be enforceable equitable servitudes and shall inure to the benefit of and bind all Owners. These servitudes may be enforced by any Owner or by the Association or by both.

Section 2.4. Prohibition Against Partition.

There shall be no judicial partition of the Development or any part of it, nor shall the Association or any person acquiring an interest in the Development or any part of it seek any judicial partition, except pursuant to Section 1359 of the California Civil Code.

Section 2.5. Presumption Regarding Boundaries of Units.

In interpreting deeds, declarations and plans, the existing physical boundaries of a Unit, including any Unit reconstructed in substantial accordance with the Condominium Plan and the original construction plans for the Development, shall be conclusively presumed to be its boundaries, rather than the description in the deed, Condominium Plan, or this Restated Declaration. This presumption applies regardless of settling or lateral movement of the building and regardless of minor variances between boundaries shown on the Condominium Plan or described in the deed and those of the building as constructed or reconstructed.

Section 2.6. Prohibition Against Severance of Elements.

Any conveyance, judicial sale, or other transfer of a Condominium shall include (1) all interests and appurtenances as shown in the original deed of conveyance and (2) the Owner's membership interest in the Association, as provided in Article III below. Any transfer that attempts to sever those component interests shall be void.

Section 2.7. Utility Rights.

The rights and duties of the Owners with respect to lines for sewer, storm drains, water, electricity, gas, telephone, television cables, and air conditioning, shall be governed by the following:

(a) Whenever sewer house connections and lines, facilities and/or water house connections and lines, or electricity, gas, telephone lines, air conditioning lines, or television cables are installed within the Property, which connections, or any portion of such connections, lie in or upon portions of the Property owned by Persons other than the Owner of a Unit served by said connections (the "Utility Connections"), the Owner of any Unit served by the Utility Connection and the Association shall have the right, and are hereby granted an easement which may be exercised for such Owner by the Association, to enter upon such portions of the Property or to have the utility companies enter thereupon to repair, replace and generally maintain said Utility Connection as and when this may be necessary as set forth below.

(b) The Owner of each Unit served by a Utility Connection shall be entitled to the full use and enjoyment of such portion of the Utility Connection that services such Owner's Unit.

(c) In the event any portion of the Utility Connection is damaged or destroyed through the negligent act or acts, failure to act, or willful misconduct of one Owner or any of the Owner's employees, servants, agents, invitees, tenants, guests or members of the Owner's family, so as to deprive other Owners of the full use and enjoyment of the Utility Connection, then the Utility Connection shall be repaired and restored by the Association, but the expense shall be assessed against the Unit Owner who commits, or whose employees, servants, agents, invitees, tenants, guests, or family members commit, such act or acts, as a Reimbursement Assessment in accordance with Article IV hereof.

(d) In the event any portion of the Utility Connection is damaged or destroyed by some cause other than the negligence or willful misconduct of one of the Owners or an Owner's employees, servants, agents, guests, tenants, invitees or members of an Owner's family (including ordinary wear and tear and deterioration from lapse of time), then the Utility Connection shall be repaired and restored by the Association, with the cost of such repair and restoration to be part of the Association's common expenses.

(e) The exercise of any right or easement provided in this Section shall be subject to the conditions precedent that such exercise shall be reasonable and in good faith, and all damage to a Unit or to the Common Area resulting therefrom shall be repaired at the sole cost and expense of the Person exercising such easement.

Section 2.8. No Right to Combine Units.

No Owner shall have the right to combine one or more adjoining Units.

**ARTICLE III
ASSOCIATION**

Section 3.1. Organization of the Association.

The Association is incorporated as a nonprofit corporation organized under the California Nonprofit Mutual Benefit Corporation Law. The Association is created for the purpose of managing the Development and is charged with the duties and granted the powers prescribed by law and set forth in the Governing Documents.

Section 3.2. Membership.

Every Owner, upon becoming an Owner, shall automatically become a Member of the Association. Ownership of a Condominium is the sole qualification for membership. Each Member shall have the rights, duties, privileges, and obligations set forth in the Governing Documents. Membership shall automatically cease when the Owner no longer holds an ownership interest in a Condominium. All memberships shall be appurtenant to the Condominium conveyed, and cannot be transferred, assigned, conveyed, hypothecated, pledged, or alienated except as part of a transfer of the Owner's entire ownership interest,

and then only to the transferee. Any transfer of the Owner's title to such Owner's Condominium shall automatically transfer the appurtenant membership to the transferee.

Section 3.3. Membership Class; Voting Rights.

The Association shall have one class of membership and the rights, duties, obligations and privileges of the Members shall be as set forth in the Governing Documents. Each Member shall be entitled to cast one (1) vote for each Unit owned, subject to the provisions of the Bylaws and this Restated Declaration.

Section 3.4. Membership Meetings.

Meetings of the Members shall be held according to the provisions of the Bylaws and prevailing state statute.

Section 3.5. General Powers and Authority.

The Association shall have all the powers of a nonprofit mutual benefit corporation organized under the California Nonprofit Mutual Benefit Corporation Law, subject to any limitations set forth in the Governing Documents. It may perform all acts that may be necessary for or incidental to the performance of the obligations and duties imposed upon it. Its powers shall include, but are not limited to, the following:

(a) Assessments.

The power to establish, fix, levy, collect, and enforce the payment of Assessments against the Owners in accordance with the procedures set forth in Article IV, below.

(b) Rules and Regulations.

The power to adopt reasonable Rules and Regulations governing the use of the Units, the Common Area, any common facilities and Association owned property. The Rules and Regulations may include, but are not limited to: reasonable restrictions on use of the Common Area and Units by the Owners and their families, guests, employees, tenants, and invitees; rules of conduct for persons using and traversing the Common Area; the setting of reasonable administrative fees, deposits, and use fees for any recreational facilities; and the setting of reasonable hearing procedures and monetary penalties and fines in the event of a violation of any provisions of the Governing Documents. A copy of the current Rules and Regulations, if any, shall be given to each Owner. If any provision of

the Rules and Regulations conflicts with any provision of this Restated Declaration, the Articles, or the Bylaws, the Restated Declaration, Articles, or Bylaws shall control to the extent of the inconsistency.

(c) Claims.

The right to institute, defend, settle, or intervene in litigation, arbitration, mediation, or administrative proceedings in its own name as the real party in interest and without joining with it the Owners, in matters pertaining to the following:

- (1) Enforcement of the Governing Documents;
- (2) Damage to the Common Area;
- (3) Damage to any Unit components that the Association is obligated to maintain or repair;
- (4) Damage to the Units that arises out of, or is integrally related to, damage to the Common Area or Units that the Association is obligated to maintain or repair;
- (5) Enforcement of payment of Assessments in accordance with the provisions of Section 4.12 below;
- (6) Matters pertaining to the development of real property which, in the reasonable business judgment of the Board, could impair the purposes and intentions of the provisions of the Governing Documents, including interference with the plan established by this Restated Declaration to enhance and preserve the value, desirability, and attractiveness of the Development and the preservation and promotion of the current lifestyle of the community. Notwithstanding the foregoing, however, before fees and expenses exceeding five percent (5%) of the budgeted gross expenses of the Association for the fiscal year in which a claim under this subsection will be pursued are actually incurred, the Board shall obtain the requisite approval of the Members to pursue such claim in the same manner that the approval of the Members is obtained under Section 4.9 herein, regarding "Limitations on Assessments"; and
- (7) Any other matter(s) in which the Association is a party, including, but not limited to, contract disputes.

(d) Owner Discipline.

The right to discipline Owners for violation of any of the provisions of the Governing Documents by (i) suspending the Member's membership rights, including the Member's voting rights and the rights and privileges to use the Common Area and facilities, except that no Member shall be denied access to their Unit, and (ii) imposing monetary fines.

(e) Entry Into Units.

The right for its agents and employees to enter any Unit when necessary in connection with (i) any maintenance, landscaping, or construction work for which the Association is responsible; (ii) abating any nuisance, or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such Unit; (iii) effecting necessary repairs which the Owner has failed to perform; (iv) protecting the property rights and welfare of the other Owners; or (v) for any other purpose reasonably related to the performance by the Association of its responsibilities under the terms of this Restated Declaration as amended from time to time. This entry shall be made only upon at least forty-eight (48) hours advance notice to the Owner (except in the case of an emergency) and with as little inconvenience to the Owner as is practicable. Any damage, which can be verified by the Association, caused by this entry shall be repaired by the Association at its own expense. No person entering a Unit pursuant to this provision shall be guilty of trespass.

(f) Loans.

The power but not the duty to borrow money as may be needed in connection with the discharge by the Association of its powers and duties, and the power but not the duty to cause to be executed and delivered, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities, as applicable, except that any loan in an amount exceeding five percent (5%) of the budgeted gross expenses of the Association in any one fiscal year must be approved beforehand by the vote or written consent of Owners representing a majority of the voting power of the Association unless there is an emergency situation threatening the safety of persons or property; in the event of an emergency, the Association need not obtain such Owner approval.

(g) Parking Enforcement.

The Board shall have the power to remove any vehicle within the Development parked in violation of this Restated Declaration or the Rules and Regulations in accordance with the provisions of California Vehicle Code Section 22658, *et seq.*

Section 3.6. Improvements to the Common Area.

Except as otherwise provided in this Restated Declaration, the Association may construct new Improvements or additions to the Common Area or demolish existing Improvements, provided that: (1) in the case of any Improvement, addition or demolition involving a total expenditure in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, the written consent or vote of a majority of the Owners in the Development as to the maximum total cost for same shall first be obtained, and (2) no Condominium shall be altered or damaged by such demolition or construction without the prior written consent of the Owner of such Condominium and the Owner's respective Mortgagee. The Board shall levy a Special Assessment on all Owners in the Development for the cost of such work.

Section 3.7. Duties of the Association.

In addition to the duties of the Association and its agents and employees, as set forth elsewhere in the Governing Documents, the Association shall be responsible for the following:

(a) Maintenance.

The Association, acting through the Board, shall operate, maintain, repair, and replace those components described in Section 6.4 or contract for the performance of that work, subject to the provisions of the Governing Documents.

(b) Goods and Services.

The Association shall use the operating fund described in Article IV herein to, among other things, acquire and pay for goods and services for the Development, including the following:

(1) Water, sewer, refuse, electrical, telephone, gas, and other necessary utility service for the Common Area and, to the extent not separately metered and charged, for the Units;

(2) The insurance policies described in this Restated Declaration;

(3) Employment of a professional manager and such other employees or independent contractors as it deems necessary, prescribe their duties, and enter into contracts and agreements all for the purpose of providing for the performance of the business powers, duties and/or obligations of the Board or any portion of same. Such manager, if any, and all employees shall have the right of ingress and egress over and across such portions of the Development as may be necessary in order for them to perform their obligations. Under any management contract entered into by the Board, the Association shall endeavor to negotiate the following provisions: (1) the contract shall not exceed a one (1) year term; (2) the Association shall have the right to terminate the contract without cause upon ninety (90) days advance notice, without being required to pay any cancellation penalty; and (3) the Association shall have the right to terminate the contract for cause on thirty (30) days written notice or less, without being required to pay any cancellation penalty; and

(4) Legal and accounting services necessary or proper in the operation of the Common Area and the Association or the enforcement of the Governing Documents.

Section 3.8. Adoption of Operating Rules.

(a) Definitions.

(1) Some Rules and Regulations are considered “operating rules” and are subject to the following procedures for adoption before such operating rules may become effective under law. An “operating rule” means a regulation adopted by the Board of Directors of the Association that applies generally to the management and operation of the Development or the conduct of the business and affairs of the Association.

(2) "Rule change" means the adoption, amendment, or repeal of an operating rule by the Board of Directors.

(b) Validity of Operating Rules.

An operating rule is valid and enforceable only if all of the following requirements are satisfied:

(1) The rule is in writing.

(2) The rule is within the authority of the Association's Board of Directors conferred by law or by the Restated Declaration, Articles, or Bylaws.

(3) The rule is not inconsistent with governing law and the Restated Declaration, Articles, and Bylaws.

(4) The rule is adopted, amended, or repealed in good faith and in substantial compliance with the requirements of this Section.

(5) The rule is reasonable.

(c) Applicability.

Section 3.8(d) and Section 3.8(e) below shall only apply to an operating rule that relates to one or more of the following subjects:

(1) Use of the Common Area or of Exclusive Use Common Area.

(2) Use of a Unit, including any aesthetic or architectural standards that govern alteration of a Unit.

(3) Member discipline, including any schedule of monetary penalties for violation of the Governing Documents and any procedure for the imposition of penalties.

(4) Any standards for delinquent Assessment payment plans.

(5) Any procedures adopted by the Association for resolution of disputes.

(6) Any procedures for reviewing and approving or disapproving a proposed physical change to a Member's separate interest or to the Common Area.

- (7) Procedures for elections.

Section 3.8(d) and Section 3.8(e) below shall not apply to the following actions by the Board:

- (1) A decision regarding maintenance of the Common Area.
- (2) A decision on a specific matter that is not intended to apply generally.
- (3) A decision setting the amount of an Assessment.
- (4) A rule change that is required by law, if the Board has no discretion as to the substantive effect of the rule change.
- (5) Issuance of a document that merely repeats existing law or the Governing Documents.

(d) Procedure for Adoption of Rule; Emergency Rules.

(1) The Board of Directors shall provide written notice of a proposed rule change to the Members at least thirty (30) days before making the rule change. The notice shall include the text of the proposed rule change and a description of the purpose and effect of the proposed rule change. Notice is not required under this subdivision if the Board of Directors determines that an immediate rule change is necessary to address an imminent threat to public health or safety, or imminent risk of substantial economic loss to the Association.

(2) A decision on a proposed rule change shall be made at a meeting of the Board of Directors, after consideration of any comments made by Association Members.

(3) As soon as possible after making a rule change, but not more than fifteen (15) days after making the rule change, the Board of Directors shall deliver notice of the rule change to every Association Member. If the rule change was an emergency rule change made under subdivision (4) below, the notice shall include the text of the rule change, a description of the purpose and effect of the rule change, and the date that the rule change expires.

(4) If the Board determines that an immediate rule change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Association, it may make an emergency rule change; no notice for such rule change is required, as specified in subdivision (1) above. An emergency rule change is effective for one hundred twenty (120) days, unless the rule change provides for a shorter effective period. A rule change made under this subdivision may not be readopted under this subdivision.

(5) Notice required by this subsection is subject to Civil Code Section 1350.7, and as incorporated in Section 14.12 of this Restated Declaration.

(e) Procedure for Reversal of Rule Change.

A rule change may be reversed by the Members in accordance with the procedure set forth in Civil Code Section 1357.140, or any successor statute.

Section 3.9. Board of Directors.

The affairs of the Association shall be managed, and its duties and obligations performed, by an elected Board of Directors, as provided in the Bylaws.

Section 3.10. Inspection of Accounting Books and Records.

The rights of Owners and Directors to obtain and inspect the accounting books and records of the Association shall be in accordance with the Bylaws, Civil Code Section 1365.2 and California Corporations Code Sections 8310 through 8338.

Section 3.11. Limitation of Liability.

The Association, its Board of Directors, any individual Director, any officer of the Association, and any agent of the Association shall not be liable for any failure to provide any service or perform any duty, function or responsibility designated or provided in this Restated Declaration or in any other Governing Document to be performed by the same, or for injury or damage to Persons or property caused by fire, explosion, the elements or by another Owner or Person in the Development, unless caused by the gross negligence or intentional act in bad faith of the Association or its Board, officers or agents, as may be applicable.

Section 3.12. Indemnification.

The Association shall and does hereby indemnify the Board of Directors, each individual Director, the officers of the Association and each of them, and the Association's agents and employees against all expenses and liabilities, including attorney's fees, reasonably incurred by such person or persons in connection with any proceeding to which that person may be a party, by reason of that person being or having been a Director, officer or agent or employee of the Association, except in such cases where such person is determined under Corporations Code Section 7237 to have acted in bad faith in the performance of such person's duties and, in the case of a criminal proceeding, to have had reasonable cause to believe such person's conduct was unlawful.

**ARTICLE IV
ASSESSMENTS AND COLLECTION PROCEDURES**

Section 4.1. Covenant to Pay.

Each Owner, by acceptance of the deed to the Owner's Condominium, covenants and agrees to pay to the Association Regular Assessments, Special Assessments and Reimbursement Assessments, and all other charges levied by the Association pursuant to this Restated Declaration. An Assessment and any late charges, reasonable costs of collection, and interest assessed in accordance with the provisions of this Article shall also be a personal debt of the Owner of the Condominium at the time the Assessment or other sums are levied. The Owner may not waive or otherwise escape liability for these Assessments by nonuse of the Common Area or abandonment of the Owner's Condominium. 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.

Section 4.2. Purpose of Assessments.

Except as provided herein, the Association shall levy Assessments sufficient to perform its obligations. The Assessments levied by the Association shall be used exclusively to promote the recreation and welfare of the Owners; for the operation, replacement, improvement, and maintenance of the Development; to

preserve and protect the integrity and current lifestyle of the Association; and to discharge any other obligation of the Association under this Restated Declaration. All Assessments collected from the Owners shall be put into general operating and reserve funds to be used for the foregoing purposes.

Section 4.3. Maintenance Funds of Association.

The Board of Directors shall establish no fewer than two (2) separate accounts (the "Maintenance Funds"), into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under the Governing Documents. The Maintenance Funds may be established as trust accounts at a banking or savings institution. The Maintenance Funds shall include: (1) an operating fund for current common expenses of the Association; (2) an adequate reserve fund for capital improvements, replacements, painting and repairs of the Common Area (which cannot normally be expected to occur on an annual or more frequent basis), and for payment of deductible amounts for policies of insurance which the Association obtains, as provided in Article VIII hereof; and (3) any other funds which the Board of Directors may establish to the extent necessary under the provisions of this Restated Declaration. Nothing contained herein shall limit, preclude or impair the establishment of additional Maintenance Funds by the Association, so long as the amounts assessed to, deposited into, and disbursed from any such fund are earmarked for specified purposes authorized by this Restated Declaration or the other Governing Documents of the Association.

Section 4.4. Regular Assessments.

When preparing its financial documents and annual budget, the Board shall estimate the net charges to be paid during that next fiscal year, including a reasonable provision for contingencies, replacements and reserves, with adjustments made for any expected income and surplus from the prior year's fund. The resulting amount shall constitute the annual Regular Assessment for the budgeted year. If an annual Regular Assessment is not made as required for a new fiscal year, the annual Regular Assessment for the prior fiscal year shall apply and govern each Owner's payments until changed by a new Regular Assessment. Each Unit shall bear an equal and uniform share of the total annual Regular Assessment. To the extent permitted by law, failure of the Board to estimate the net charges within the time period stated herein shall not void any annual Regular Assessment imposed by the Board. Each Owner is obligated to pay the annual Regular Assessment for their Unit(s) to the Association in equal monthly installments on or

before the first day of each month, regardless of whether any monthly invoice, statement or notice thereof is provided to the Owner, unless the Board adopts an alternative method for payment. Annual Regular Assessments for fractions of any month shall be prorated on the basis of a thirty (30) day month.

Section 4.5. Special Assessments.

If the Board determines that the amount to be collected from Regular Assessments will be inadequate to defray the common expenses for the year for any reason, the Board shall levy a Special Assessment for the additional amount needed, subject to any limitations imposed by Civil Code Section 1366(b) or the Governing Documents. Each Unit shall bear an equal and uniform share of the total Special Assessment.

Section 4.6. Reimbursement Assessment.

Whenever the Association (i) performs any service or completes any item of repair or maintenance which is the duty of any Owner to complete, but which has not been completed by such Owner, (ii) preempts the performance of a specific Owner of a given act of maintenance or repair for which that Owner is responsible, or (iii) incurs any costs which by law or as required by the Governing Documents must be reimbursed by an Owner (including, without limitation, repair of damage to the Common Area caused by an Owner, or an increase in the insurance premiums for any insurance policy purchased or obtained by the Association for the benefit of the Development and the Owners caused by an act of an Owner), the Association shall specifically charge such cost, together with any financing, accounting, legal, administrative and other costs incurred by the Association, to the Owner for whom such work was done, and such additional cost shall be levied against the Owner(s) as a Reimbursement Assessment. Such Reimbursement Assessments are due and payable thirty (30) days from the date written notice of the Reimbursement Assessment is given by the Board.

Section 4.7. Monetary Penalties.

In the event the Board of Directors imposes a monetary penalty (fine) against an Owner, that monetary penalty shall be subject to costs of collection, including without limitation attorneys' fees, late charges and interest as described in Section 4.11 for delinquent payment, to the extent allowed by law. Prior to imposing a penalty on an Owner, the Board shall invite the Owner to a hearing before the Board consistent with procedures set forth in the Bylaws and the Civil Code.

Section 4.8. Units Not Subject to Assessment.

Assessments which would normally become due on Units, but which Units are owned by the Association, shall be deemed to be common expenses collectible from all of the remaining Units in the same proportion that each Unit bears to the others less the number of Units owned by the Association.

Section 4.9. Limitations on Assessments.

(a) Annual increases in Regular Assessments for any fiscal year shall not be imposed unless the Board has distributed a copy of the Association's operating budget for that fiscal year in compliance with California Civil Code Section 1365(a), or has obtained the approval of Owners, constituting a quorum, casting a majority of the votes at a lawfully conducted meeting or election of the Association. For the purposes of this Section, "quorum" means more than fifty percent (50%) of the Owners of the Association.

(b) Except in emergency situations, and unless otherwise superseded by applicable law, the Board may not, without the approval of Owners constituting a quorum of the Owners and casting a majority of the votes at a lawfully conducted meeting or election of the Association, impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the preceding fiscal year, or levy Special Assessments that in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. For purposes of this Section, a "quorum" means more than fifty percent (50%) of the Owners of the Association. These limitations shall not apply to Assessment increases that are necessary for emergency situations. An emergency situation is an extraordinary expense that is:

- (1) Required by a court order;
- (2) Necessary to repair or maintain the Development or any part of it for which the Association is responsible where a threat to personal safety in the Development is discovered; or
- (3) Necessary to repair or maintain the Development or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget.

Before the Board may impose or collect an Assessment in this emergency situation, it shall pass a resolution containing written findings as to the necessity of the extraordinary expense and why the expense was not or could not have been reasonably foreseen in the budgeting process, and shall distribute the resolution to the Owners with the notice of Assessment.

Section 4.10. Notice of Assessments.

The Association shall provide notice by first-class mail, or by electronic transmission if allowed by statute, to the Owners of any increase in the Regular Assessments or the imposition of a Special Assessment or Reimbursement Assessment at least thirty (30) but not more than sixty (60) days prior to the Assessment becoming due.

Section 4.11. Costs, Late Charges and Interest.

An Assessment, including any installment payment, is delinquent fifteen (15) days after its due date. Late charges may be levied by the Association against an Owner for the delinquent payment of Assessments, and monetary penalties. If any of these charges is delinquent, the Association may recover all of the following from the Owner:

(a) Reasonable costs incurred in collecting the delinquent charge, including actual attorneys' fees.

(b) A late charge not exceeding ten percent (10%) of the delinquent Assessment or ten dollars (\$10.00), whichever is greater, or the maximum amount allowed by applicable law. Late charges may be imposed on each delinquent payment, but no late charge may be imposed more than once for the delinquency of the same payment.

(c) Interest on the foregoing sums, at an annual percentage rate of twelve percent (12%) or the maximum amount allowed by applicable law, commencing thirty (30) days after the charge becomes due.

Section 4.12. Enforcement of Assessments and Late Charges.

A delinquent Assessment (to the extent permitted by law), monetary penalty (to the extent permitted by law), and any related late charges, reasonable costs of collection (including actual attorneys' fees), and interest shall become a lien upon the Condominium to which such delinquent Assessment(s) and other charges are

attributable when a Notice of Delinquent Assessment (“Notice” or “Assessment Lien”) along with an itemized statement of charges is recorded with the County Recorder. The Notice shall describe the amount of the delinquent Assessment(s), the related charges authorized by this Restated Declaration, a description of the Condominium, the name of the purported Owner, and the name and address of the trustee authorized by the Association to enforce the Assessment Lien by sale. The Notice shall be signed by any officer of the Association, or any employee or agent of the Association authorized to do so by the Board. The Notice may be enforced in any manner permitted by law, including, without limitation, judicial foreclosure or nonjudicial foreclosure.

Unless prevailing law or state statute requires less stringent action, the Notice may not be recorded until (i) the Board has made the decision to record the Notice by a majority vote of the Board in an open meeting and the Board records such vote in the Minutes of that meeting, and (ii) the Association has first complied with Civil Code Section 1367.1(a) concerning delivery of a written demand for payment to the delinquent Owner. If the delinquent Assessment or installment and related charges are paid or otherwise satisfied in accordance with the demand for payment, the Association shall not record the Notice.

The Notice is not required to be amended to reflect any partial payments after its recordation, and any such partial payments shall not be construed to invalidate the Notice. If all sums specified in the Notice and/or accrued thereafter by the terms of the Notice or state statute are paid before the completion of any judicial or nonjudicial foreclosure or lawsuit, the Association shall, within twenty-one (21) days of payment of all sums, (i) record a notice of satisfaction and release of lien and provide the Owner with a copy of the lien release or notice that the delinquent Assessment has been satisfied, and (ii) also record a notice of rescission of any recorded notice of default and demand for sale, or otherwise comply with superseding, applicable law in effect.

Prior to foreclosure of an Assessment Lien, the Association shall comply with all requirements under the law, including, but not limited to, the following, unless prevailing law or state statute requires less stringent action: (1) the decision to initiate foreclosure of an Assessment 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; (2) the Board shall approve the decision by a majority vote of the Directors in an executive session; (3) the Board shall record the vote in the minutes of the next meeting of the Board open to all Members; (4)

the Board shall maintain the confidentiality of the Owner or Owners of the separate interest by identifying the matter in the minutes by the parcel number of the Unit, or other means of identification as allowed by statute, rather than the name of the Owner or Owners; and (5) a Board vote to approve foreclosure of an Assessment Lien shall take place at least thirty (30) days prior to any public sale.

Section 4.13. Priority of Assessment Lien.

Unless applicable law otherwise provides, the Association's Assessment Lien shall be superior or prior to all other liens recorded subsequent to the Notice of Delinquent Assessment, except all taxes, bonds and governmental assessments that, by law, would be superior to such Assessment Lien.

Neither the transfer of a Condominium pursuant to a foreclosure of any mortgage, nor an election by the Association to proceed against any new Owner for payment, shall serve to cancel the personal obligation of the prior Owner for payment of the delinquent Assessments and charges which accrued during such Owner's period of ownership. The personal obligation of any prior Owner for payment of delinquent Assessments and charges may only be satisfied and therefore discharged, by payment of the entire amount of the delinquent Assessments and charges, whether or not such Owner remains in possession of that Condominium.

Section 4.14. No Offsets.

All Assessments shall be payable in the amount specified and no offset against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in this Restated Declaration or a claim that the Association owes money, for any reason, to the Owner.

Section 4.15. Statement of Delinquent Assessment.

Upon receipt of a written request from an Owner, the Association shall provide that Owner with the amounts of any delinquent Assessments and related late charges, interest, and collection costs, which, as of the date of the statement, are or may be made a lien against the Owner's Condominium.

Section 4.16. Waiver of Homestead.

Each Owner waives to the fullest extent permitted by law, with respect only to liens created pursuant to this Article, the benefit of any homestead or exemption of redemption laws of the State of California in effect at the time any payment of any Assessment becomes delinquent, and such Owner shall be deemed to be estopped to raise homestead or other exemptions or redemptions in any action or proceeding to enforce or foreclose such liens.

Section 4.17. Acceleration of Assessments.

In the event of a delinquency by an Owner in the payment of any installment of the annual Regular Assessment or Special Assessment equivalent to two (2) months of Regular Assessments, the Board, at its option, may declare the entire remaining balance of such Owner's annual Regular Assessment or Special Assessment, including any outstanding interest, late fees and penalties (collectively, the "Accelerated Assessments") for the current fiscal year immediately due and payable by delivering written notice at least thirty (30) days prior to the due date to the Owner. Such Accelerated Assessments may be collected in any manner provided for by this Restated Declaration or by law. The Board may, in its sole discretion, unilaterally reverse its prior action to accelerate Assessments as to an Owner under this Section and return to the original installment payment schedule, upon which the Owner's annual Regular Assessment or Special Assessment shall no longer be accelerated, but must be paid in accordance with the terms of a payment plan approved by the Board.

Section 4.18. Assignment of Rents When Assessments Become Delinquent.

(a) Assignment.

Subject to the requirements of Civil Code Section 2938, including without limitation requirements for notice in the form set forth therein, upon an Owner's failure to pay any Assessment within thirty (30) days after the due date, and under no other circumstances, each Owner who is renting a Unit to a tenant or tenants hereby assigns to the Association, if the Association accepts such assignment, the following:

(1) all the right, title and interest of such Owner in and to any lease(s) or rental agreement(s) (the "Lease"); and

(2) all of the rents and any other income now due or which may become due from the lease or rental of the Unit, including monies for supplying services, materials or installations (the "Rents"), together with any and all rights and remedies which the Owner may have against any tenant under the Lease or others in possession of the Unit for the collection or recovery of monies so assigned.

(b) Process to Effectuate Assignment.

All of the steps required to record a Notice of Delinquent Assessment against the Owner, as described in Section 4.12 above and as otherwise required under the Civil Code, shall be met by the Association. Then, the Demand to Pay Rent to Party Other than Landlord, in the form attached hereto and incorporated herein as Exhibit "B", signed under penalty of perjury by a Director or the Board's designee, shall be sent by first class mail to both the Owner and the tenant in the Owner's Unit.

(c) Association Not a Landlord.

The enforcement and/or exercise of the Association's rights under this Section shall in no way constitute the Association as a "landlord" under any lease or sublease with a tenant in an Owner's Unit. Each Owner hereby acknowledges that the Association shall have no such responsibility and each Owner hereby agrees to indemnify, defend and hold the Association, its officers, Directors, agents, representatives, employees and attorneys harmless from any and all claims by an Owner's tenant or any third party that the Association acted as the landlord and that tenant or any third party has a claim against the Association for failing to fulfill such duties in any manner.

(d) Payment of Rents to Association.

Each Owner irrevocably consents that the tenant under the Lease, upon receiving from the Association notice of the Owner's default and demand for payment, shall pay the Rents to the Association without incurring any liability for the failure to determine the actual existence of any default claimed by the Association. Each Owner further agrees that the tenant under the Lease shall not be liable to the Owner for nonpayment of Rents to the Owner for Rents paid to the Association by such tenant pursuant to this Section. The full amount of the Rents received by the Association shall be applied to the Owner's account. Application of the Rents to particular charges within the Owner's account shall be at the Association's discretion to the extent not dictated by California law.

(e) Termination of Payment of Rents to Association.

The Association may continue receiving the Rents directly from the tenant until any foreclosure action against the subject Unit is completed or until the amount of money owed to the Association by the Owner, including Assessments, late charges, interest, and collection costs, including reasonable attorney's fees, is paid in full, whichever occurs first.

(f) Management of Unit.

Until the foreclosure action is completed or an Owner's debt to the Association is paid in full, the Association is assigned the right to (i) evict the tenants and to re-lease the Unit to qualified tenants; (ii) cancel or modify the Lease; (iii) make repairs as the Association deems appropriate; and (iv) perform such other acts in connection with the management and operation of the Unit, at the delinquent Owner's sole cost and expense, as the Association, in its sole discretion, may deem proper.

(g) Association Powers.

The Association may, at any time, upon ten (10) days' written notice to the Owner, either in person, by agent or by a receiver appointed by a court of competent jurisdiction, and regardless of the adequacy of any security for the Owner's indebtedness, enter upon and take possession of all or any part of such Owner's Unit, and/or in its own name sue for or otherwise collect the Rents, including those past due and unpaid. The Association shall apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, in payment of any indebtedness to the Association or in performance of any agreement hereunder.

(h) Mortgage Holder Rights.

The assignment of rents and powers described in this Section shall not affect, and shall in all respects be subordinate to, the execution of the rights and powers of the holder of any first or senior mortgage on any Unit to do the same or similar acts.

**ARTICLE V
USE RESTRICTIONS AND COVENANTS**

Section 5.1. General.

The use and enjoyment of the Development by Owners and their cohabitants, tenants, guests, and invitees shall be subject to the Governing Documents. Each such person shall comply with the provisions of the Governing Documents and be subject to any enforcement action in the event of a violation. Unless otherwise stated in the Governing Documents, the Association, through the Board of Directors, and each Owner shall have the right to enforce the provisions of this Restated Declaration.

Section 5.2. Common Area.

(a) Association Easement.

The Association shall have a non-exclusive easement in, to, and throughout the Common Area and its Improvements to perform its duties and exercise its powers.

(b) No Judicial Partition.

Except as provided in this Restated Declaration, there shall be no judicial partition of the Common Area. Neither the Association nor any Person with an interest in all or any part of the Development shall seek any judicial partition.

(c) Owners' Rights of Access.

Subject to this Restated Declaration, each Owner has non-exclusive rights of access and support through the Common Area. These rights shall be appurtenant to any deed of conveyance. However, these rights shall not interfere with, and shall be subordinate to, any exclusive right to use any portion of the Common Area.

(d) Limitations on Owners' Use of Common Area.

The Owners' rights of use and enjoyment in, to, and of the Common Area shall be subject to the Governing Documents and the right of the Association (subject to the limitations of any laws or the Governing Documents) to:

(1) Adopt and enforce reasonable Rules and Regulations governing the use of the Common Area and the Development, the installation and use of satellite dish antennae and other telecommunications equipment, and the effect of any noise or odors emanating from any Unit onto the Common Area;

(2) Assign or otherwise control the use of any unassigned parking spaces within the Common Area;

(3) Remove any vehicle within the Development parked in violation of this Restated Declaration or the Rules and Regulations in accordance with the provisions of California Vehicle Code Sections 22658 and 22658.2;

(4) Cause the construction of additional Improvements in the Common Area or the alteration or removal of existing Improvements on the Common Area, subject to Section 3.6 herein;

(5) Grant, dedicate, consent to, or join in the grant or conveyance of easements, licenses, or rights-of-way in, on, or over the Common Area, including but not limited to the distribution easement granted to Southern California Edison Co. as provided in the deed recorded July 26, 1973, as Instrument No. 2203, in Book D5960, Page 604, Official Records of Orange County.

(6) Reasonably restrict access to roofs, maintenance facilities, landscaped areas, and similar portions of the Development; and

(7) Approve any proposed alteration of or modification to the Common Area.

(e) Third Party Easements.

The Association may grant to third parties easements in, on, and over the Common Area for the purpose of constructing, installing, or maintaining necessary utilities and services, or other purposes reasonably related to the operation of the Development. Each Owner, in accepting a deed to a Unit, expressly consents to these easements. However, no such easement may be granted if it would unreasonably interfere with any exclusive easement, or with any Owner's use, occupancy, or enjoyment of any Unit or the Common Area.

(f) Delegation of Owners' Rights.

Notwithstanding the easement rights or other rights contained herein, an Owner not living in such Owner's Condominium shall be deemed to have delegated that Owner's rights to use and enjoy the Common Area to the Condominium's occupant(s), subject to reasonable regulation by the Board. The Owner and the Owner's family members and guests shall not be entitled to use and enjoy the Common Area for so long as the Owner's delegation of rights remains effective.

(g) Telephone Wiring.

All telephone wiring designed to serve a single Unit, but located outside the boundaries of the Unit, is allocated exclusively to that Unit. The Owner of the Unit shall be entitled to reasonable access to the Common Area for the purpose of maintaining and repairing this wiring, subject to the conditions reasonably imposed by the Association. The Association's consent to access telephone wiring shall not be unreasonably withheld.

Section 5.3. General Restrictions on Use.

In exercising the right to occupy or use a Unit or the Common Area and its Improvements, the Owner and the Owner's family members, guests, employees, tenants, invitees, and licensees shall comply with the following:

(a) Subdivision of Units.

No Owner shall attempt to further subdivide a Unit without obtaining the prior written approval of the Association.

(b) Residential Purposes.

No Owner shall occupy or use a Unit, or permit all or any part of a Unit to be occupied or used, for any purpose other than as a private residence for a single household. Notwithstanding the foregoing, the use of any portion of any Unit as a "home office" shall not be considered to be a violation of the restrictions set forth in this Section, provided that:

(1) no products, goods or services are produced, manufactured, stored, marketed or sold from or in the Unit in any manner which is visible from any point not located in the Unit;

(2) all applicable federal, state and local laws, ordinances and rules are complied with by the Owner and the Owner's tenants, invitees and licensees;

(3) no employees work in the Unit;

(4) no clients, customers, patrons, employees, messengers, delivery personnel, or other individuals regularly visit the Unit or any portion of the Development in relation to any business conducted from the Unit in a way which causes a nuisance, unreasonable disturbance, or additional traffic throughout the Property; and

(5) the Owner obtains and maintains appropriate and adequate insurance coverage, naming the Association as an additional insured, including, but not limited to, comprehensive general liability insurance in order to insure against any type of injury, such as property damage or personal injury occurring within the Owner's Unit or Common Area, and against any cause of action whatsoever arising or relating to the use of the Unit as a "home office."

(c) Common Area Obstructions.

No Owner shall permit anything to obstruct the Common Area or store anything on the Common Area without the prior written consent of the Board, except as otherwise provided in the Governing Documents.

(d) Rate of Insurance.

No Owner shall perform any act or keep anything on or in any Unit or in the Common Area that will increase the rate of insurance on the Common Area without the Board's prior written consent. No Owner shall permit anything to be done or kept in the Owner's Unit or in the Common Area that would result in the cancellation of insurance on any Unit or on any part of the Common Area or that would violate any law. Each Owner shall reimburse the Association, upon demand, for any damages, losses, costs, judgments, liabilities, claims, or assertions (including, but not limited to, reasonable attorneys' fees, costs and expenses, and experts' fees and costs), and all increased insurance costs to the Association resulting from Owner's failure to comply with this provision.

(e) Storage.

No Owner shall store gasoline, kerosene, cleaning solvents, or other flammable liquids or substances, or any toxic or hazardous materials on the Common Area or in any Unit; provided, however, that reasonable amounts of these

liquids, substances or materials placed in appropriate containers and packaged for normal household use, such as for cleaning purposes, may be properly stored.

(f) Real Estate Signs; Noncommercial Signs, Posters, Flags, or Banners.

No Owner shall erect, post or display any sign on the Common Area, except those signs allowed by this provision or with the prior written approval of the Board. Signs advertising the sale, exchange or lease of a Unit shall conform with Sections 712 and 713 of the California Civil Code.

No Owner shall post or display noncommercial signs and posters that are more than nine square feet (9 sq. ft.) in size and noncommercial flags or banners that are more than fifteen square feet (15 sq. ft.) in size on or in the Owner's Unit. A noncommercial sign, poster, flag, or banner may be made of paper, cardboard, cloth, plastic, or fabric, and may be posted or displayed from the window, door, patio, balcony, or outside wall of the Unit, but may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component, or include the painting of architectural surfaces. The Association's Board of Directors may adopt reasonable Rules prohibiting the posting or display of certain noncommercial signs, posters, flags, or banners that are required to protect public health or safety, or which would violate a local, state, or federal law.

(g) Antennas.

No Owner shall install or maintain any mast, antenna or satellite dish of any size on the Common Area without prior written approval of the Board. Further, antennas used for amateur ("Ham") radio, CB radio, FM or AM radio service, satellite radio or used as part of a hub to relay signals among antennas shall be prohibited, unless otherwise permitted under superseding, applicable law. An Owner desiring to install on the Owner's Condominium: (1) an antenna or satellite dish of thirty-six inches (36") or less in diameter or diagonal measurement, which is designed to receive direct broadcast satellite service or to receive and transmit fixed wireless signals via satellite; (2) an antenna thirty-six inches (36") or less in diameter or diagonal measurement designed to receive wireless cable or to receive or transmit fixed wireless signals other than by satellite; or (3) a mast that is not higher than twelve feet (12') above the roofline of the Owner's residence may do so without obtaining the prior written approval of the Board; provided, however, that the installation and maintenance of these antennas and satellite

dishes shall be subject to any reasonable Rules and Regulations adopted by the Board.

(h) Electrical Equipment.

No Owner shall install, attach or hang, or cause to be installed, attached or hung, any equipment or wiring for electrical installation, machines or air-conditioning units or other like equipment or wiring in or on any portion of the Common Area, or that protrudes from any Unit, patio or balcony or through any Common Area wall, floor, ceiling, window or door, except as approved by the Association in advance and in writing. The Board's approval may include its approval of telephone wiring upon the exterior of the Common Area and other conditions as the Board of Directors determines.

All radio, television, air-conditioning units, or other electrical equipment or appliances of any kind or nature or wiring for same installed or used in a Unit shall fully comply with all rules, regulations and requirements of all state and local public authorities having jurisdiction over same, and the Owner alone shall be liable for any damage or injury caused by any such equipment or appliance installed or used in the Owner's Unit.

(i) Pets.

No Owner shall keep livestock, reptiles, rodents, poultry or undomesticated animals ("Prohibited Pets") in any Unit or the Common Area. An Owner may keep a domesticated bird, cat, dog, aquatic animal kept within an aquarium, or other animal which is not a Prohibited Pet and as agreed to between the Association and the Owner ("Permitted Pets"), subject to the limitations set forth herein. The maximum number of Permitted Pets, other than fish, in any Unit shall be three (3). Notwithstanding the foregoing, an Owner may keep more than the maximum number of Permitted Pets, as described above, in a Unit if each of those animals is trained for specific handicapped use and is required to assist persons who are entitled to such trained animals under Federal and/or State laws. All cats kept in a Unit must be kept indoors at all times. All dogs must be kept on a leash no more than six (6) feet in length while being transported through the Common Area. The ownership of all Permitted Pets must comply with local governmental agency guidelines, including but not limited to pet registration and sanitation laws.

No Owner or other occupant of a Unit may raise or keep pets that interfere with, or have a reasonable likelihood of interfering with, the rights of any

Owner or other occupant of a Unit to the peaceful and quiet enjoyment of the Unit. Such pet must be removed from the Development within a reasonable time after the Board determines, after a hearing duly noticed to the Owner, that the pet creates an unreasonable annoyance or nuisance to any Owner or other occupant of a Unit. No Owner may raise or keep animals anywhere within the Development for commercial purposes. No pet or other animal shall be left outside of a Unit on a patio/balcony or otherwise when the resident(s) of the Unit are not present in the Unit. The Association, its Board, officers, employees and agents shall have no liability to any Owner, their family members, guests, invitees, tenants and contract purchasers, or any other Person in the Development, for any damage or injury to persons or property caused by any pet or other animal, absent any willful or wanton negligence on the part of the Association, or its Board, officers, employees and agents. Every Owner shall be liable to each and all remaining Owners, their family members, guests and invitees, for any unreasonable noise, injury to person or damage to property caused by any pet brought or kept within the Development, by any Owner, member of such Owner's family, or guests.

Any animal that is permanently residing in a Unit at the Association on the date that this Restated Declaration is recorded with the County Recorder that would render the Owner in violation of this provision may continue to reside in the Unit until the Unit's occupants move away from the Development or the animal(s) die. However, the Unit's occupants may not acquire or keep any other animal(s) in their Unit subsequent to the recordation of this Restated Declaration if acquiring or keeping such animal(s) would render the Owner to be in further violation of this provision. The Board of Directors may adopt such Rules and Regulations as may be necessary concerning the registration of pets and to enforce the provisions of this Section.

No pets or other animals shall be permitted in the Common Area, except as specifically permitted by regulations adopted by the Board. No Owner and/or Resident who possesses a dog or other animal shall permit, allow or cause the dog or other animal to run, stray, be uncontrolled or in any manner be in, upon or at large upon the Common Area. Notwithstanding anything to the contrary herein, no domestic dog shall be brought into or onto the Common Area by any Owner and/or resident or their invitees within the Common Area that has been listed as "potentially dangerous" (or any approximately equivalent designation) with any state or local government agency, except for the purposes of immediately transporting such dog between the Unit and a vehicle, provided that such dog is restrained by a substantial leash and wears a muzzle at all times during such

transportation. A potentially dangerous dog must be kept indoors or in a securely fenced area within the Owner's Unit from which it cannot escape onto the Common Area and into which other third parties cannot trespass.

(j) Nuisance.

No Owner shall engage in any nuisance or any illegal, noxious, or offensive activity in any part of the Development, or do any act which unreasonably threatens the health, safety and welfare of other residents of the Development, or which is or may become a nuisance or cause unreasonable embarrassment, disturbance or annoyance to other Owners in the use and enjoyment of their Units or of the Common Area, including disturbing or annoying actions and behaviors of pets. Each Owner shall comply with all applicable ordinances and statutes and with all requirements of local and/or state boards of health with respect to the occupancy and use of such Owner's Unit. Notwithstanding the foregoing, the Association shall not use any Association funds or resources to abate any annoyance or nuisance emanating from outside the physical boundaries of the Development.

(k) Common Area Alterations.

No Owner shall alter, attach, construct, or remove anything on or from the Common Area, except upon the prior written consent of the Board.

(l) Parking.

No Owner shall park any automobile or other motor vehicle in the Common Area or in any parking space, except in a parking space designated for the Owner by the Board, the Governing Documents, Condominium Plan, or a deed of conveyance, such as a grant deed. Only one automobile is permitted to be parked in a parking space at any given time. Owners are specifically prohibited from parking, or allowing their tenants, guests, or invitees to park in the circular driveway located in the Common Area. All parking spaces shall be used for the parking of operable motor vehicles designed as passenger vehicles only, provided that such vehicles do not exceed the dimensions of the Owner's parking space. No trailer, camper, mobile home, commercial vehicle, truck (other than a standard size pickup truck or sport utility vehicle), boat or similar equipment, recreational vehicle, or inoperative automobile shall be permitted to park or be stored anywhere within the Development, other than temporarily, unless placed or maintained in an area specifically designated for such purposes by the Board. Commercial vehicles shall not include sedans or standard size pickup trucks that are used both for business and personal use, provided that any signs or markings of a commercial

nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No noisy or smoky vehicles shall be operated on the Development. No off-road, unlicensed motor vehicles shall be maintained or operated upon the Development, except as reasonably necessary to the execution of the rights or duties of the Association under this Restated Declaration.

An Owner shall keep their parking space in a neat and clean condition, free of oil, grease and other debris. No Owner shall construct, repair, service or maintain any motor vehicle within any portion of the Development, except for emergency repairs, to the extent necessary to remove the vehicle to a proper repair facility or minor repairs requiring less than one (1) day's work. No Owner, nor any of the Owner's guests or tenants shall park, cause to be parked, left or abandoned any vehicle in such a manner as to impede or prevent ready ingress, egress or passage to, from, over, across or through any parking space or garage within the Development. The temporary parking of delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of goods and services to the Association or to the Owners and occupants, and the parking of vehicles belonging to and being used by Owners, occupants and invitees for such loading and unloading purposes shall be permitted.

The Board, in its discretion, may adopt reasonable Rules and Regulations consistent with this provision, and any vehicles violating the Rules may be removed, as provided in Section 3.5(g).

(m) Storage on Patio or Balcony.

No Owner shall keep or maintain any fixture, personal property or other object upon a patio or balcony which interferes with the enjoyment by other Owners of their Unit, their patios or balconies, or which may violate any Rule adopted by the Board. The storage of parcels, boxes, crates, trash, bicycles, motorcycles, machinery, exercising and weightlifting equipment, or other equipment, laundry, clotheslines, rugs, or mops on a patio, balcony or deck shall be deemed to unreasonably interfere with the peaceful and quiet enjoyment by other Owners of their Unit. The foregoing shall not restrict an Owner from keeping a reasonable amount of outdoor furniture on such Owner's patio or balcony that is designed for patio or balcony use and harmonious with the architecture and aesthetics within the Development.

(n) Occupancy Limits.

The number of Persons residing in a Unit shall not exceed two (2) Persons per bedroom, plus one additional Person.

(o) Power Tools.

No Owner shall use or maintain power tools other than ordinary household tools. Welding, carpentry or other power tools and equipment that can be heard from the Common Area or another Unit shall not be allowed within the Development without the prior written consent of the Board.

(p) Fires; Barbecues.

No fires are permitted, except in barbecue grills, fireplaces and fire pits designed and used in such a manner that they do not create a fire hazard. Outdoor barbecue grills and fire pits must be approved in advance by the Board in accordance with any applicable Rules and Regulations, and must be used in accordance with all applicable state and local fire codes.

(q) Trash.

No Owner shall keep or maintain unconcealed trash or rubbish containers or similar items visible from public or private streets, other Units, patios and/or balconies, or recreational areas within the Development. No trash or refuse cans or other articles shall be placed in the Common Area halls, lobbies or staircases, nor shall any cloth, curtains, rugs or mops, dust, dirt or other articles or substances be hung, shaken, swept or thrown from, on or into any Common Area hallway, staircase, door, window, patio and/or balcony. However, nothing contained in this Section shall prohibit the placing of normal deliveries for an Owner of articles such as packages or newspapers in the Common Area, provided, however, that an Owner shall not permit such items to accumulate in the Common Areas in unreasonable numbers or for an unreasonable time, as determined by the Board pursuant to the Association's Rules and Regulations.

(r) Roof.

No Owners, the members of their families and their tenants, guests, employees, servants, agents and invitees shall at any time or for any reason whatsoever enter upon or attempt to enter upon the roof of any building at the Property without the prior written approval of the Board, except for the Common Area roof deck.

(s) Restriction on Number of Units Leased.

No more than thirty-five percent (35%) of the Units shall be rented or leased at any time. Each Owner desiring to lease the Owner's Unit must submit to the Board a written request for prior written approval to lease. No Owner shall lease the Owner's Unit at the Association prior to receiving said written approval. The Board of Directors shall respond to any Owner's written request for approval within ten (10) days. If such response is not provided to the Owner at the Owner's last known address of record within this time period, permission shall be deemed to have been granted.

The Board shall deny an Owner's request for approval to lease if the number of leased or rented Units, plus the number of Units for which other Owners have received Board approval to lease but which are not yet leased, plus the Owner's Unit exceeds thirty-five percent (35%) of the Units at the Association. Otherwise, the Board shall grant an Owner's request for approval. If an Owner's request is denied, the Owner shall be placed on a waiting list, which shall be maintained by the Board. The first Owner placed on the waiting list shall be given an opportunity to lease their Unit if: (1) the foregoing calculation no longer exceeds thirty-five percent (35%) of the Units at the Association; (2) a second Owner who has received written approval from the Board to lease their Unit does not lease their Unit within ninety (90) days of the date of such written approval; or (3) a second Owner does not lease their Unit within ninety (90) days of the expiration of a prior lease of the second Owner's Unit. At the expiration of either such ninety (90) day period, the second Owner's written approval to lease from the Board shall expire.

If an Owner rents or leases the Owner's Unit without advance written approval from the Board, the Owner shall be subject to a Reimbursement Assessment in the amount of any costs incurred by the Association in responding to such violation and/or a monetary penalty pursuant to Section 4.7 herein, after a properly noticed hearing before the Board with an opportunity to be heard.

(t) Lease Restrictions.

Subject to Section 5.3(n) and Section 5.3(s) above, an Owner may rent or lease the Owner's Unit, provided that no less than the entire Unit is rented pursuant to a lease or rental agreement that is:

- (1) In writing.

(2) For an initial term of at least one (1) year, with any and all renewal terms being a minimum period of one (1) year in length.

(3) Subject in all respects to the Governing Documents and includes a statement that any failure by the lessee to comply with the Governing Documents shall constitute a default under the lease. Following is a sample paragraph that may be used for this purpose:

“In accepting this lease, Lessee acknowledges that Lessee has received, read, understood and agrees to be bound by the Association’s Amended and Restated Declaration of Covenants, Conditions and Restrictions, together with the Articles of Incorporation, Amended and Restated Bylaws and Rules and Regulations of the Association (collectively, the “Governing Documents”). Lessee agrees to comply with and be bound by the terms of the Governing Documents. Lessee also agrees and understands that any failure by Lessee to comply with the terms of the Governing Documents, subject to notice to the Lessor and an opportunity for the Lessor to be heard before the Association’s Board of Directors, shall constitute a default under this Lease.”

A copy of the written lease must be provided to the Association prior to the lessee’s move-in date.

The Owner shall be deemed to have agreed to save, hold harmless, indemnify and defend the Association from and against any and all claims, demands, actions, causes of action, liabilities, damages and expenses arising out of, or incurred as a result of, the leasing or renting by such Owner of the Owner’s Unit, together with all costs, expenses and attorneys’ fees resulting therefrom.

Owners shall be responsible for assuring compliance by their lessees with the Governing Documents, and the Association shall hold the Owners, and not the lessees, responsible if there is a violation.

If any lessee violates the Governing Documents, subject to notice to the Owner of lessee’s Unit and an opportunity for the Owner to be heard before the Association’s Board of Directors, the Association may bring an action in its own name and/or in the name of the Owner to have the lessee evicted and/or to recover damages. If the court finds that the lessee is violating, or has violated the

Governing Documents, the court may find the lessee guilty of unlawful detainer notwithstanding the fact that the Owner may not be the plaintiff in the action and/or the lessee is not otherwise in violation of the lease. For purposes of granting an unlawful detainer against the lessee, the court may assume that the Owner, or Person in whose name the lease was made on behalf of the Owner, was acting for the benefit of the Association. The remedy provided by this Section is not exclusive and is in addition to any other remedy or remedies that the Association has at law, in equity or pursuant to the Governing Documents. If permitted by present or future law, the Association may recover all of its costs, including court costs and actual attorneys' fees, incurred in prosecuting an unlawful detainer action against a lessee.

Notwithstanding the foregoing, upon application by an Owner, the Board shall be authorized and empowered to grant a variance from the requirement that the minimum term of a lease be for one (1) year, if, in the reasonable discretion of the Board, application of such provision would cause an undue hardship or burden to the affected Owner.

(u) Fences.

No fences, awnings, ornamental screens, screen doors, sunshades or walls of any nature shall be erected or maintained anywhere in the Development, except that which is installed in accordance with the original construction of the Development, and replacements of same, or as are authorized and approved in advance and in writing by the Board.

(v) Sound Systems.

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

(w) Impact Noise Rating.

It is mandatory, for the mutual interest and protection of all Owners, lessees and other occupants within the Development, to recognize that acoustical privacy is achieved only through understanding and compliance with certain limitations and restrictions. The design and construction of this Development attempts to meet the standards and criteria imposed by the City related to sound insulation as much as permitted by the state-of-the-arts in construction practice when the Development was constructed. It is recognized that total isolation from

an adjacent occupancy in a manner comparable to a single-family residence is difficult to attain. There will usually be some residential awareness of one's neighbors, depending upon the situation. Modification of design of the structures or related components by any Unit Owner could alter the resultant expected isolation. Owners shall comply with Los Angeles Municipal Code Sections 41.57 and 116.01, which establish requirements related to noise.

No Owner shall cause, allow or permit the emission or transmission of any loud or raucous noise from any sound making or sound amplifying device in his possession or under his control. The words "loud and raucous noise" as used herein shall mean any sound or recording thereof when amplified or increased by any electrical, mechanical, or other device to such volume, intensity or carrying power as to unreasonably interfere with the peace and quiet of other Persons within or upon the Development, or as to unreasonably annoy, disturb, impair or endanger the comfort, repose, health or safety of other Persons within the Development. Notwithstanding the foregoing and in addition thereto, no Owner shall make or continue, or cause to be made or continued, any loud, unnecessary or unusual noise which disturbs the peace or quiet of the Development or which causes discomfort or annoyance to any reasonable person of normal sensitivity residing in the Development.

Should the City or County implement restrictions that are different than the foregoing restrictions, such City or County restrictions can be adopted by the Association's Board in addition to or instead of the foregoing restrictions. In the event a complaint is made for non-compliance with the impact noise ratings, the parties involved shall endeavor to resolve the dispute without involvement of the Association. However, upon request, the Board of Directors will evaluate the complaint and determine the level of Association participation in the dispute resolution process, but in no event shall the Association be obligated to enforce the restrictions set forth in this Section of the Restated Declaration.

(x) Oil and Mineral Rights.

No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon the surface of the Development, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be installed upon the surface of the Development within five hundred (500) feet below the surface of the Development. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the Development.

Section 5.4. Unit Modification.

Subject to other applicable restrictions contained in the Governing Documents, Owners may modify their Units subject to the following:

(a) Modifications or alterations of the exterior of any Unit must have the prior written consent of the Board or duly appointed Architectural Committee, including any modifications to facilitate handicapped access as provided by Section 1360 of the California Civil Code. Any approval of such handicapped access modification may be conditioned on satisfaction of applicable provisions of the Association's Governing Documents pertaining to safety and/or aesthetics. The Board shall not deny approval of the proposed modifications or alterations under this provision without good cause.

(b) In order to minimize noise disturbance within the condominium building, any flooring installed in a Unit must include a proper underlayment of sound attenuating materials. All carpeting in a Unit must be underlain with padding. Any flooring materials other than carpeting (referred to in this Section 5.4 as "alternative materials") must be underlain with a sound attenuating material that, if installed pursuant to manufacturer's recommendations, will minimize impact noise to a reasonable level that does not cause a noise disturbance to other Owners.

(1) An Owner desiring to install alternative materials anywhere in the Unit shall obtain the prior written approval of the Board of Directors, both as to the type of the proposed flooring surface to be installed and the proposed underlayment of such flooring surface. Replacement or installation of any alternative materials (including the surface of the floor and/or the underlayment) must have the prior written approval of the Board. The Board's review shall be limited to a review of the potential sound transfer between Units. In making its decision on granting such approval, the Board may consider, without limitation and in its sole discretion, sound attenuation standards of applicable local government agencies/bodies, building code standards and any potentially adverse noise and structural effects the proposed installation and/or maintenance of such alternative flooring materials may have on other Owners and/or the condominium building. Plans that do not adequately mitigate sound transfer, in the sole discretion of the Board, shall be denied.

(2) In deciding upon floor coverings, Owners shall take all reasonable measures to choose floor coverings that mitigate sound transfer between Units. The Board shall have the power to require an Owner who has not complied with this Section to remove any floor covering which does not adequately mitigate sound transfer and replace such floor coverings with compliant materials.

(3) The Board may attempt to help settle neighbor-to-neighbor disputes regarding sound nuisance created by floor coverings or materials; provided, however, that the Board will be under no legal obligation to settle such matters to the satisfaction of the Owners or residents involved in such dispute.

(c) No Owner may install any shutter, screen, blind, curtain, drape or other appurtenance in or on any window or door except those items that are in conformance with standards established by the Board. No Owner may install newspaper, cardboard, or any other materials not designed as a window or door accessory on any window or door of the Owner's Unit. Notwithstanding the foregoing, an Owner shall not be prohibited from displaying signs, banners, posters or flags in accordance with any applicable federal, state or local law or regulation.

(d) No Owner may enclose their Unit's patio or balcony.

(e) If any alteration, modification, addition, construction, or repair of an Owner's Unit shall affect the Common Area or have an impact on the structural integrity of the condominium building containing the Owner's Unit, such Owner shall not commence such alteration, modification, addition, construction, or repair without first complying with the architectural control provisions contained in Article VII hereof.

(f) Except as provided by the Governing Documents, Owners shall not have the right to paint, decorate, remodel or alter any Exclusive Use Common Area or the Common Area without the prior written consent of the Board and, if applicable, the required percentage of Owners.

Section 5.5. Grandfathering Preexisting Conditions.

All conditions within any Unit which existed prior to the recording of this Restated Declaration, which would violate the provisions of this Restated Declaration, are grandfathered and excepted from compliance herewith for so long

as such conditions continue to exist. In any dispute over whether a condition which violates this Restated Declaration predated the recording of this Restated Declaration and is considered a preexisting condition that is grandfathered, as described above, the burden of proof will be on the Owner who is violating this Restated Declaration. Notwithstanding the foregoing, no grandfathered condition in any Unit is exempted from compliance with the nuisance provisions contained in this Restated Declaration, including, without limitation, the nuisance provisions contained in Section 5.3(j) above, and Owners are required to comply with same.

Section 5.6. Security Deposit on Change of Occupancy.

Before any occupant of a Unit moves into or out of a Unit, the current Owner at the time of the move-in or move-out shall pay to the Association a non-refundable administrative fee to fund the Association's cost of readying the Common Area for the move-in or move out (e.g., protecting elevator doors, carpeting, etc.), plus a security deposit in an amount to be determined by the Board, as security against any damage to the Common Areas which may take place as a result of the move. The Owner shall notify the Association once the move has been completed. Within fifteen (15) business days after the Association has received notice that the move has been completed, the Association shall determine whether any portion of the Common Area has been damaged during the course of the move, and if there has been no resulting damage, it shall return the full amount of the security deposit to the Owner within that same fifteen (15) business day period.

If the Association finds that the Common Areas have suffered damage during the course of the move, the Association shall immediately notify the Owner of the damage. The Association shall, as soon as is practicable, effect the necessary repairs to said Common Area damage, pay for those repairs out of the responsible Owner's security deposit, and return the remaining funds to the Owner. The Association may, in its own discretion, before the repairs have been completed, return to the Owner any portion of the security deposit that the Association knows is in excess of the cost of repairs. In the event the cost of repairs exceeds the amount of the security deposit, the Association shall charge the account of the Owner of the Unit at the time of the move for the cost of repairs in excess of the funds deposited by said Owner or occupant of the Unit, in accordance with Article IV of this Restated Declaration.

Whether the moving occupant of a Unit is the Owner of the Unit or not, it is the Owner of the Unit who is responsible for compliance with this Section, and any

and all remedies available to the Association for noncompliance with this Section are available against said Owner. If an occupant moves into or out of any Unit without the Unit Owner first arranging for the required funds to be deposited with the Association in accordance with this Section, the Owner of that Unit may be levied a fine pursuant to the Rules and/or levied a Reimbursement Assessment as described above, in addition to other discipline imposed by the Board.

Section 5.7. Damage Liability.

Each Owner shall be liable to the Association for any damage to the Common Area or to Association-owned property regardless of how the damage is sustained, including without limitation any damage caused by the negligence, willful misconduct, or unauthorized or improper installment or maintenance of any Improvement by the Owner or the Owner's family, guests, lessees, contract purchasers, or invitees. In the case of joint ownership of a Condominium, the liability of the co-Owners shall be joint and several.

**ARTICLE VI
REPAIR AND MAINTENANCE**

Section 6.1. General.

For purposes of this Article, "maintenance" shall include, without limitation, cleaning, in a manner that keeps a clean, safe and sanitary condition necessary to preserve the attractive appearance of each Condominium and the Development and to protect their fair market values. The Board shall have the power to establish maintenance standards for Units and Exclusive Use Common Area.

Section 6.2. Failure to Maintain.

If an Owner fails to maintain the areas described in this Article according to the standards set by the Board, the Board may notify the Owner of the specific work required and request that it be done within a reasonable time, based on the exigency of the circumstances. If the Owner fails to carry out such maintenance within that time period, the Board may, after notice and a hearing, cause such work to be done and shall levy the charge to the Owner as a Reimbursement Assessment, subject to the rights provided pursuant to state statute, with the full authority to lien on such amount in the event of non-payment.

Section 6.3. Maintenance by Owners.

(a) Maintenance of Units.

Each Owner shall be responsible, at Owner's sole cost and expense, for the maintenance, repair and replacement of items within the Unit in a clean manner, consistent with the surrounding properties, and to ensure that such area does not pose a threat to the health, safety or welfare of other Owners. Such areas include, but are not limited to, the following items, provided they are used or operated exclusively by such Owner and not in common:

(1) The interior areas and surfaces of such Owner's Unit, including interior doors, and interior unfinished surfaces of the walls, floors and ceilings;

(2) All floor, ceiling and wall coverings and decorations, including paint, wallpaper, carpets, linoleum, tile, hardwood, hard surface flooring and insulation, whether installed by such Owner or otherwise;

(3) All doors (glass and otherwise) and windows bounding a Unit;

(4) All appliances, whether "built-in" or "free-standing" within the Unit, and any fireplaces, cabinets, drawers, shelves and closets, and their respective tracks, stays, stops, doors and fixtures;

(5) Subject to Section 2.7 of this Restated Declaration, the fixtures, connections and outlets of all utility service facilities, including any water, sewer, gas, plumbing, and electrical facilities located within the Unit (including without limitation pipes, wires and cables), provided that an Owner's responsibility shall end if the foregoing cannot be maintained, repaired or replaced from within the Unit;

(6) Any heating and air-conditioning systems (including without limitation equipment, wires, components and controls) exclusively serving such Owner's Unit, wherever located, provided that an Owner's responsibility shall end if the foregoing cannot be maintained, repaired or replaced from within the Unit;

(7) The television, telephone, audio, video and/or internet cable equipment, wires and connections, and all related appliances, equipment and fixtures exclusively serving such Owner's Unit, wherever located;

(8) The lighting fixtures, including light bulbs, located within such Unit, and replacement of the light bulbs in any Exclusive Use Common Areas, and any other areas in which the light switch is controlled by the Owner, provided such fixtures are not used in common with other Owners, in which case the Association shall be responsible for replacement of the light bulbs;

(9) The components of the patio and balcony that comprise a part of the Unit, including the waterproofing of the flooring surface of the patio or balcony, and the maintenance repair and replacement of any floor covering or improvements located within the boundaries of the patio or balcony; and

(10) Any patio or balcony enclosure and/or other Improvement, such as skylights, installed by the Owner, whether or not previously approved by the Board or Architectural Committee;

(b) Maintenance of Exclusive Use Common Areas.

Each Owner shall be responsible, at Owner's sole cost and expense, for the maintenance, repair and replacement of the following items in a clean manner, consistent with the surrounding properties, and to ensure that such area does not pose a threat to the health, safety or welfare of other Owners. Such areas include, but are not limited to, the following Exclusive Use Common Areas, provided they are used or operated exclusively by such Owner and not in common:

(1) Parking spaces; and

(2) Decoration and hardware such as screens, sashes, frames, tracks, fittings, glazes, stops, gaskets, knobs and other fixtures appurtenant to exterior doors and windows.

Section 6.4. Maintenance by Association.

The Association shall be responsible for the maintenance, repair and replacement of those items for which the maintenance, repair and replacement are not allocated to the Owners, including the following components:

(a) All Improvements in the Common Area, including any entry gate, pool, Jacuzzi and recreation room(s), gym facilities, staircases, saunas, all building roofs, gutters, downspouts, and exterior building surfaces, walls, elevators and

foundations, laundry rooms, roof decks, lobbies and lounges, to the extent same exist;

(b) All Common Area utility fixtures, including lighting fixtures, water heaters, hose bibs and other utility fixtures not used exclusively by one Owner;

(c) All Common Area landscaping, both "soft-scape" and "hard-scape", including trees, shrubs, lawns, sprinkler systems, drainage facilities, ditches, fountains and other items, if any, not located within an Exclusive Use Common Area patio or balcony;

(d) All Common Area furnishings, equipment and property that are owned by, or may be acquired by, the Association;

(e) All Common Area walls, railings and fences;

(f) Subject to Section 2.7 herein, all Common Area utility service facilities, including Common Area electrical wiring, Common Area water, sewer and gas pipes and plumbing, Common Area television and telephone lines and cables which do not exclusively serve a single Owner's Unit, if any;

(g) All Common Area pavement and walkways, whether concrete, asphalt or otherwise, the circular driveway and the subterranean garage. The foregoing shall not limit Owners' responsibility to maintain parking spaces in a clean condition, free of oil spots and debris, subject to Association Rules and Regulations; and

(h) All other areas, facilities, equipment, services or aesthetic components of any nature, as may, from time to time, be requested by the vote or written consent of sixty-seven percent (67%) of the voting power of the Members.

Section 6.5. Termite Control.

The responsibility for control of wood destroying pests or organisms shall be as follows:

(a) The Association shall be responsible for the maintenance and repair of the Development, including without limitation all Units, as required to control the

presence of or damage caused by wood destroying pests or organisms in accordance with applicable provisions of the California Civil Code.

(b) The Association shall have the power to temporarily remove any resident of a Unit, as needed for prompt, effective treatment of such pests or organisms. The costs of any temporary relocation during such maintenance or repair shall be paid by the Unit Owner affected. The Association shall give notice of the need to temporarily vacate a Unit to the record Owners and occupants not less than fifteen (15) days nor more than thirty (30) days prior to the date of the temporary relocation. The notice shall state the reason for the 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 all necessary accommodations during the relocation.

(c) Neither the Association, the Board, officers, agents or employees shall have any liability, absent willful or wanton negligence, to any Owner, family member, guest, invitee or lessee for any damage caused by the treatment.

(d) Notwithstanding anything else herein, in the event that an Owner wishes to obtain a termite clearance certificate for any purpose, the Owner shall be solely responsible for any and all costs associated with obtaining the certificate, including, without limitation, the costs of maintenance and repair of the Unit, Exclusive Use Common Area, or Common Area which may be necessary to obtain the termite clearance certificate.

Section 6.6. Damage Caused by Owner or Item Under Control of Owner.

Should any damage to the Common Area or any Unit result from the willful or negligent act or neglect of any Owner, or such Owner's family, tenants, guests, invitees, pets or other person or entity deriving any interest through such Owner, or from any item, the maintenance, repair or replacement of which, an Owner is responsible, the cost of all repairs shall be borne solely by the responsible Owner.

The Association shall be responsible for performing the repair of any damage to the Common Area or items over which the Association has control at the responsible Owner's expense. The Association may charge the cost of such repair to the responsible Owner as a Reimbursement Assessment, with the full authority to lien, subject to state statute, on such amount in the event of non-

payment. If the damage is such as may be covered by insurance carried by the Association, the Board may, in its sole discretion, elect to submit the claim for the cost of repairs to its insurance carrier. Provided the submitted claim is covered by the Association's insurance, the responsible Owner shall bear the cost of any deductible applicable to the covered claim. If the submitted claim is not covered by the Association's insurance, the Owner shall be responsible for the total cost of repair.

The responsible Owner shall be obligated to repair any damage to such Owner's Unit for which such Owner is responsible pursuant to Section 6.3. The Owner of any other Unit that sustains damage attributable to another Owner shall be responsible for performing the repair of any such damage, and may seek reimbursement for the cost of repair from the responsible Owner. In any event, the responsible Owner shall indemnify, hold harmless, and defend the Association, its Board of Directors and each individual Director, the officers of the Association and each of them, and the Association's agents and employees against all expenses and liabilities, including, but not limited to, reasonable attorneys' fees and costs incurred by such person or persons in connection with any claim, loss, or expense of any other Owner arising from or relating to personal injury or property damage for which the responsible Owner is liable.

All repairs performed to correct any damage shall be sufficient to return the damaged property only to its condition prior to the damage, with upgrades to conform with any applicable building codes in effect at the time the damage is repaired as may be required.

Section 6.7. Water Intrusion and Other Damage.

(a) Owner Responsibility.

Notwithstanding any other provision in the Governing Documents, each Owner shall be solely responsible for repairing or replacing, and paying for the cost of, any damage caused by water intrusion, including the abatement of mold, from whatever source to any and all interior items of such Owner's Unit, including, but not limited to, any personal property, decorations, interior surfaces, floor and wall coverings, appliances, fixtures or other items.

(b) Association Liability.

The Association shall not be liable for damage, including mold, to Units resulting from water which may leak or flow from outside of any Unit, including water from any pipes, drains, conduits, appliances or equipment located within the Common Area or other Units, or from any other place or cause, or for any damage resulting from electrical sources or from other commonly provided utilities, in excess of the amount of insurance proceeds recovered from the Association's insurance policy, if any, unless caused by the gross negligence of the Association, its Board, officers, agents or employees.

(c) Owner Insurance.

An Owner may obtain and maintain insurance, at such Owner's sole expense, to protect against any damage or loss of property due to water intrusion (including mold), or the cost of repair or replacement of damaged items for which such Owner is responsible.

(d) Owner-to-Owner Disputes.

Nothing contained in this Section shall be construed to limit an Owner's ability to recover from a second Owner or Owners any and all damages resulting from water which may leak or flow from a source inside such second Owner's or Owners' Unit or Units, or for which such second Owner or Owners are otherwise responsible, into the first and/or damaged Owner's Unit.

Section 6.8. Mechanic's Liens.

No labor performed or materials furnished for use in connection with any Unit shall create any right to file a statement of mechanic's lien against the Unit or any other Unit not expressly consenting to or requesting such labor or materials or against any interest in the Common Area except the undivided percentage interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed and such materials shall have been furnished. Each Owner shall indemnify and hold harmless each of the other Owners from and against liability or loss arising from the claim of any lien against the Unit of the Owner, or any part of same, for labor performed or for materials furnished in work on such Owner's Unit.

ARTICLE VII ARCHITECTURAL AND DESIGN CONTROL

Section 7.1. Improvements in General.

No Improvement of any kind shall be commenced, erected or maintained within the Common Area, including without limitation Exclusive Use Common Area and any Common Area plumbing and/or electrical facilities, nor shall any exterior or structural addition, change or alteration be made to any Unit, until the plans and specifications showing its nature, color, kind, shape, height (including front, side and rear elevations), materials, and location shall have been submitted to and approved in writing by the Association's Board or, if applicable, the Architectural Committee, as to quality of workmanship and materials, harmony of external design and location in relation to surrounding structures, setback lines, topography and finish grade elevation.

Section 7.2. Appointment of Architectural Committee.

The Board of Directors has the discretion to appoint an Architectural Committee ("Committee") composed of neither less than three (3) nor more than five (5) members (each a "Committee Member"). In the event the Board creates an Architectural Committee, the Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Restated Declaration and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Committee. The vote of a majority of the members of the Committee or the written consent of a majority of the Committee taken without a meeting, shall constitute the act of the Committee. In the event no Architectural Committee is appointed, the Board shall perform the functions set forth herein. Committee Members shall be Members of the Association in good standing. Committee Members shall serve for a term of one (1) year.

In the event of a Committee Member's death, resignation, removal or other event causing an inability to serve, the Board shall appoint a successor. Committee Members shall not receive any salary or compensation for their services as Committee Members; provided, however, that any Committee Member may (1) serve the Association in some other capacity and receive compensation for same, and (2) be reimbursed for actual expenses incurred in the performance of the Committee Member's duties.

Section 7.3. Submission of Plans; Action by Board or Committee.

Plans and specifications for a proposed Improvement which require Board approval pursuant to Section 7.1 herein shall be submitted to the Board by personal delivery or certified mail to the Secretary of the Association or the chairperson of the Architectural Committee, if any. If the Board fails to approve or disapprove the Improvement in writing within sixty (60) days after said plans and specifications have been submitted to it, the request shall be deemed denied, subject to the requirements set forth in Section 7.4 herein. Under such circumstances, the written request may be resubmitted. Notwithstanding the foregoing, if the Owner submits plans in an application for approval of the installation or use of a solar energy system, and the application is not denied in writing within sixty (60) days from the date of the Association's receipt of the application, the application shall be deemed approved, unless that delay is the result of a reasonable request by the Association for additional information. Approval of the Board may contain conditions or requests for modification of particular aspects of the Owner's plans and specifications. In reviewing plans and specifications, the Board or Architectural Committee, as the case may be, shall be entitled to retain outside consultants, including, but not limited to, architects, engineers, soils experts, and/or contractors to review architectural or landscaping applications, drawings, plans, and specifications in cases where the Board or Architectural Committee determines that such expert consultation is necessary. In such event, the Owner seeking the Association's approval under this provision shall reimburse the Association for any consulting fees incurred. The Applicant shall meet any review or permit requirements of the City and/or the County prior to making any alterations or Improvements permitted hereunder.

The Owner submitting the plans and specifications ("Applicant") shall obtain a written, dated receipt for the plans and specifications from the Board or an authorized agent of the Architectural Committee. Until changed by the Board, the address for the submission of such plans and specifications shall be the principal office of the Association. The Board or Architectural Committee, as the case may be, shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the construction of same will not detract from the beauty, wholesomeness and

attractiveness of the Common Area or the enjoyment of same by the Members, and that the upkeep and maintenance of same will not become a burden on the Association.

The Board or Architectural Committee, if applicable, may condition its approval of proposals or plans and specifications for any Improvement (1) upon the Applicant's furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be recorded against the Property as a result of such work, (2) on such changes therein as it deems appropriate, (3) upon the Applicant's agreement to grant appropriate easements to the Association for the maintenance of the Improvements, (4) upon the Applicant's agreement to install (at its sole cost) water, gas, electrical or other utility meters to measure any increased consumption, (5) upon the Applicant's agreement to reimburse the Association for the cost of maintenance, or (6) upon the Applicant's agreement to complete the proposed work within a stated period of time, or some or all of the above, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted.

The Board or Architectural Committee, if applicable, may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Until receipt by the Board or Architectural Committee of any required plans and specifications, the Board or Architectural Committee may postpone review of any plans and specifications submitted for approval.

Section 7.4. Architectural Rules.

The Board or the Architectural Committee (subject to review by the Board of Directors) may, from time to time, adopt, amend and repeal architectural Rules and Regulations. Those Rules shall set forth the standards and procedures for the review and approval, completion, and inspection of proposed Improvements and guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended for use within the Property, or additional factors which the Board or Architectural Committee will take into consideration in reviewing submissions, provided that said Rules shall meet the minimum standards required by this Restated Declaration. The Rules and Regulations may also require a fee to

accompany each application for approval. The architectural Rules and Regulations may provide that the amount of the fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. In the event of any conflict between the Architectural Rules and this Restated Declaration, the Restated Declaration shall prevail. The Association shall provide to the Members no less frequently than annually the Rules, standards and procedures required to obtain architectural approval of an application. Such disclosure shall contain a description of the types of changes that require Architectural Committee approval and shall contain a copy of the procedures used by the Association to review and approve or disapprove an application.

Section 7.5. Standards of Decisions.

Any decision made by the Architectural Committee or the Board of Directors shall be made in a fair and reasonable manner and may not be arbitrary or capricious and shall be:

(a) Consistent with any governing provision of law, including, but not limited to Civil Code Section 1353.8 regarding the use of low-water using plants, and the Fair Employment and Housing Act, commencing with Section 12900, of Division 3 of Title 2 of the California Government Code.

(b) In writing, and if such decision is a denial, the written decision must include both an explanation of why the proposed change is disapproved and description of the procedure for reconsideration of the decision by the Board.

(c) At the election of the applicant, and if denial was rendered by the Architectural Committee, the decision is subject to appeal to the Board of Directors at an open Board Meeting pursuant to the requirements of Section 7.8 below. Such appeal however, is not subject to the alternative dispute resolution procedures contained in Article XII below. Board decisions are final and not subject to appeal.

Section 7.6. Compliance with Legal Requirements.

No approval by the Board or Committee, if applicable, shall be deemed to excuse an Owner from compliance with any and all applicable laws, ordinances, rules, codes, or regulations of all governmental agencies having jurisdiction. Approval by the Board or Committee, if applicable, shall not constitute a representation by the Board or Committee that the proposed Improvements comply

with any laws, ordinances, rules, codes or regulations, and it shall be the responsibility of each Owner to determine such compliance and take all steps and acquire all permits at the Owner's sole expense as may be required to properly and legally complete such Improvements.

Section 7.7. Compliance with Restated Declaration.

In addition to the rights of the Association under this Restated Declaration, the Board and/or Committee, if applicable, may, in its own name or on behalf of the Association, exercise all available legal and equitable remedies to prevent or remove any unauthorized or unapproved construction or alteration of Improvements within the Development.

Section 7.8. Appeal.

In the event plans and specifications submitted to the Architectural Committee, if applicable, are disapproved, the party or parties making such submission may appeal in writing to the Board. The written request must be received by the Board not more than thirty (30) days following the final decision of the Architectural Committee. Within thirty (30) days following receipt of the request for appeal, the Board shall render its written decision. The failure of the Board to render a decision within said thirty (30) day period shall be deemed a decision in favor of the appellant.

Section 7.9. Commencement of Construction.

Upon approval by the Architectural Committee, the Owner shall commence construction of the approved Improvements within ninety (90) days from the date of such approval and shall thereafter diligently pursue the same to completion. If an Owner fails to commence construction within such ninety (90) day period, the Architectural Committee's approval shall be null and void, and the Owner can resubmit an application with the Architectural Committee for consideration of the Owner's proposed work.

Section 7.10. Liability.

Neither the Association, the Board, the Committee, if applicable, nor the members or designated representatives of same shall be liable for any damages to anyone submitting plans or specifications to them for approval, or to any Owner, by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval, or failure to approve or disapprove,

any such plans or specifications, or for any defect in any structure constructed from such plans and specifications. Neither the Association, the Board, the Committee, if applicable, nor the members or designated representatives of same shall have any responsibility for approval or disapproval of plans or specifications with respect to engineering or structural design, integrity or accuracy. All members of the Committee shall be deemed non-voting officers of the Association and shall be covered by appropriate errors and omissions insurance.

Section 7.11. Variances.

Only the Board of Directors shall be entitled to allow reasonable variances with respect to this Article or any restrictions specified in this Restated Declaration in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardship, provided that the Board makes a good faith determination that:

(a) the requested variance does not constitute a material deviation from the overall plan and scheme of development within the Development or from any restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or

(b) the variance relates to a requirement under this Restated Declaration that is unnecessary or burdensome under the circumstances; or

(c) the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance, with respect to the Common Area or any other Owner within the Development.

Section 7.12. Correction of Defects.

The Board or the Architectural Committee or its duly authorized representative may at any time inspect any work for which approval of plans and specifications is required under this Article VII ("Work"), which right to inspect shall include the right to require any Owner to take such action as may be necessary to remedy any noncompliance with the Board or Architectural Committee's approved plans and specifications for the Work, as applicable, or with the requirements of this Restated Declaration ("Noncompliance").

(a) Time Limits.

The Board or the Architectural Committee's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate sixty (60) days after the latest to occur of the following events: (i) submittal of the plans and specifications for the Work to the Board or Architectural Committee, as applicable, for its approval as provided in this Article VII; (ii) completion of the Work as provided in the Board or Architectural Committee's approved plans and specifications, as applicable; and (iii) written notice from the Owner to the Board or Architectural Committee that the Work has been completed, as applicable. This time limit for inspection and notification by the Board or Architectural Committee, as applicable, shall be extended indefinitely if any of these conditions has not occurred. If the Board or Architectural Committee, as applicable, fails to send a notice of Noncompliance to an Owner before this time limit expires, the Work shall be deemed to comply with the approved plans and specifications.

(b) Remedy.

If an Owner fails to remedy any Noncompliance within thirty (30) days from the date of notification from the Architectural Committee or Board of same, and if notification is from the Architectural Committee, the Architectural Committee shall notify the Board in writing of such failure. If the Board receives such written notification from the Architectural Committee, or if no Architectural Committee exists, the Board is made aware of any Noncompliance by any source, the Board shall, upon notice and hearing, as provided in the Bylaws, determine whether there is a Noncompliance and, if so, the nature of same and the estimated cost of correcting or removing same. If a Noncompliance exists, the Owner shall remedy or remove the same within a period of not more than thirty (30) days from the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Board, at its option, may commence a lawsuit for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

Section 7.13. Estoppel Certificate.

Within thirty (30) days after written demand is delivered to the Board by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Board), the Board shall execute an estoppel certificate, signed by any two of its members, certifying (with respect to any Unit owned by the applicant Owner) that as of the date of such certificate, either (i) all Improvements

made and other work completed by said Owner with respect to the Unit comply with this Restated Declaration; or (ii) that such Improvements or work do not so comply, in which event the certificate shall also identify the non-complying Improvements or work and set forth with particularity the basis of such noncompliance. Any purchaser of the Unit, or anyone deriving any interest in said Unit through the Owner, shall be entitled to rely on said certificate with respect to the matters stated in it, such matters being conclusive as between the Association, all Owners and any persons deriving any interest through them.

Section 7.14. Encroachment Easement.

Each Condominium is hereby declared to have an easement not exceeding one foot (1') in width over all adjoining Condominiums for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Condominium agree that minor encroachments over adjoining Condominiums shall be permitted and there shall be valid easements for the maintenance of said encroachments as long as they shall exist.

ARTICLE VIII INSURANCE

Section 8.1. Fire and Casualty Insurance.

The Association shall obtain and maintain a direct physical loss policy or policies for the full insurable replacement value of the Improvements in the Common Area. The amount of any deductible shall be determined by the Board. This insurance shall be maintained for the benefit of the Association, the Owners, and their Mortgagees, as their interests may appear as named insured, subject, however, to any loss payment requirements set forth in this Restated Declaration.

Section 8.2. General Liability Insurance.

The Association shall obtain and maintain a policy or policies insuring the Association, its officers, Directors, agents and employees, the Owners, and the Owner's relatives, invitees, guests, employees, and their agents against any liability for bodily injury, death, and property damage arising from the activities of the Association and its Members, with respect to the Common Area and any Units owned by the Association. Limits of liability under such insurance shall not be less than Two Million Dollars (\$2,000,000.00), or as otherwise mandated by current statute, covering all claims for death, personal injury, and property damage arising out of a single occurrence.

The limits of coverage shall be reviewed at least annually by the Board and increased in its discretion.

Section 8.3. Errors and Omissions Insurance.

Subject to Section 8.5 below, the Association shall also obtain and maintain a policy of insurance covering the individual liability of officers and Directors of the Association for negligent acts or omissions in that capacity in the minimum amount of Five Hundred Thousand Dollars (\$500,000.00), or as mandated by current statute.

The limits and coverage shall be reviewed at least annually by the Board and increased or decreased in its discretion.

Section 8.4. Other Association Insurance.

The Association shall purchase and maintain workers' compensation insurance to the extent necessary to comply with any applicable laws. The Association may also purchase and maintain fidelity bond coverage which names the Association as an obligee, for any person or entity handling funds of the Association, whether or not such persons or entities are compensated for their services. This coverage may be in an amount that is at least equal to the estimated maximum of funds, including reserve funds, in the custody of the Association or its managing agent at any given time during the term of each bond. The aggregate amount of these bonds must be in an amount the Board determines in its best business judgment is adequate. The Association also may purchase and maintain a blanket policy of flood insurance, earthquake insurance and demolition insurance in an amount that is sufficient to cover any demolition that occurs following the

total or partial destruction of the Development and a decision not to rebuild. The Association may purchase such other insurance as the Board in its discretion considers necessary or advisable.

Section 8.5. Failure to Acquire Insurance.

Subject to Civil Code Section 1365.7, the Association, and its Directors and officers, shall have no liability to any Owner or Mortgagee if, after a good faith effort, it is unable to obtain any insurance required hereunder, because the insurance is no longer available or, if available, can be obtained only at a cost that the Board in its sole discretion determines is unreasonable under the circumstances, or the Members fail to approve any Regular Assessment increase or Special Assessment needed to fund the insurance premiums. In such event, the Board immediately shall notify each Member and any Mortgagee entitled to notice that the specific insurance will not be obtained or renewed.

Section 8.6. Trustee for Policies.

The Association, acting through its Board, is appointed and shall be deemed trustee of the interests of all named insureds under all insurance policies purchased and maintained by the Association. All insurance proceeds under any of those policies shall be paid to the Board as trustee. The Board shall use the proceeds for the repair or replacement of the property for which the insurance was carried or for the purposes described in Article IX, below. The Board also is authorized to negotiate loss settlements with the appropriate insurance carriers, to compromise and settle any claim or enforce any claim by any lawful action, and to execute loss claim forms and release forms in connection with such settlements.

Section 8.7. Individual Insurance.

An Owner shall separately insure such Owner's real and personal property, including, without limitation, Unit betterments and improvements, and shall obtain and maintain personal liability and property damage liability insurance for the Owner's Unit. Each Owner is responsible for integrating the Owner's personal insurance with the Association's insurance to confirm that such Owner's property will be protected in the event of a loss. Such Owner's policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign

the proceeds of such insurance carried by Owner to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

Notwithstanding anything to the contrary contained herein, although the Owner is obligated to purchase insurance as required herein, the Association shall not have the obligation to confirm that the Owners purchase the required insurance and/or to confirm the terms of any insurance purchased. The Association shall not be responsible to an Owner if the Owner sustains damage to the Owner's Unit and/or collateral damage to other Units and/or the Common Area for which the Owner could be responsible for the cost to remediate or repair same and the Owner does not have or does not maintain the insurances required herein.

Section 8.8. Insurance Premiums.

Insurance premiums for any insurance coverage obtained by the Association shall be included in the Regular or Special Assessments. That portion of the Assessments necessary for the required insurance premiums shall be used solely for the payment of the premiums when due.

Section 8.9. Insurance Policy Deductibles.

Subject to statutory insurance requirements, the Board of Directors shall have the power, in its sole discretion, to determine the amount of any deductible applicable to any insurance policy carried by the Association. In the event of a loss for which Association insurance coverage is used, the responsibility for payment of any deductible shall be as follows:

(a) Owners shall be responsible for the cost of any deductible if the damage or loss occurs to any item owned by the Owner, or for which the Owner is responsible, including, but not limited to, the Owner's Unit components.

(b) The Association shall be responsible for the cost of any deductible if the damage or loss occurs to any item owned or controlled by the Association, or for which the Association is responsible, including, but not limited to Common Area Improvements.

(c) The foregoing notwithstanding, if the damage or loss is caused by the negligence, willful acts, omissions or other misconduct of any Owner or resident,

guest, tenant or invitee of an Owner, the responsible Owner shall be liable for the cost of the deductible.

ARTICLE IX DAMAGE OR DESTRUCTION

Section 9.1. Duty to Repair or Reconstruct.

Common Area Improvements damaged or destroyed by fire or other casualty shall be repaired or reconstructed substantially in accordance with the original as-built plans and specifications, modified as may be required by applicable building codes and regulations in force at the time of such repair or reconstruction unless any of the following occurs:

(a) The cost of repair or reconstruction is more than fifty percent (50%) of the current replacement costs of all Development Improvements, available insurance proceeds are not sufficient to pay for at least eighty-five percent (85%) of the cost of such repairs or reconstruction, and seventy-five percent (75%) of the total voting power of the Association residing in Members vote against such repair and reconstruction;

(b) Repair or replacement would be illegal under a state statute or municipal ordinance; or

(c) Available insurance proceeds are not sufficient to substantially repair or reconstruct the Improvements within a reasonable time as determined by the Board, a Special Assessment levied to supplement the insurance fails to receive the requisite approval (if such approval is required) as provided in Section 4.9, and the Board, without the Owners' approval, is unable to supplement the insurance by borrowing on behalf of the Association sufficient monies to enable the Improvements to be substantially repaired or reconstructed within a reasonable time. Notwithstanding any other provision in this Restated Declaration, any Special Assessment levied on the Members to fund the cost of reconstruction that is in excess of the insurance proceeds received by the Association shall be levied against each Owner based upon the ratio of the square footage of the Owner's Unit to the total square footage of all Units to be assessed.

Section 9.2. Process For Repair or Reconstruction.

(a) If the Improvements are to be repaired or reconstructed and the cost for repair or reconstruction is in excess of fifty percent (50%) of the current replacement cost of all Common Area Improvements, the Board shall designate a construction consultant, a general contractor, and an architect for the repair or reconstruction. All insurance proceeds, Association monies allocated for the repair or reconstruction, and any borrowings by the Association for the repair or reconstruction shall be deposited with a commercial lending institution experienced in the disbursement of construction loan funds (the "Depository") as selected by the Board. Funds shall be disbursed in accordance with the normal construction loan practices of the Depository that require as a minimum that the construction consultant, general contractor and architect certify within ten (10) days prior to any disbursement substantially all of the following:

(1) That all of the work completed as of the date of such request for disbursement has been done in compliance with the approved plans and specifications.

(2) That such disbursement request represents monies that either have been paid by or on behalf of the construction consultant, the general contractor or the architect and/or are justly due to contractors, subcontractors, materialmen, engineers, or other persons (whose name and address shall be stated) who have rendered or furnished certain services or materials for the work and given a brief description of such services and materials and the principal subdivisions or categories of same and the respective amounts paid or due to each of said persons in respect to same and stating the progress of the work up to the date of said certificate.

(3) That the sum then requested to be disbursed plus all sums previously disbursed does not exceed the cost of the work actually accomplished up to the date of such certificate.

(4) That no part of the cost of the services and materials described in the foregoing Section 9.2(a)(2) has been or is being made the basis for the disbursement of any funds in any previous or then pending application.

(5) That the amount held by the Depository, after payment of the amount requested in the pending disbursement request, will be sufficient to pay in full the costs necessary to complete the repair or reconstruction.

(b) If the cost of repair or reconstruction is less than fifty percent (50%) of the current replacement cost of all the Improvements, the Board shall disburse the available funds for the repair and reconstruction under such procedures as the Board deems appropriate under the circumstances.

(c) The repair or reconstruction shall commence as soon as reasonably practicable after the date of such damage or destruction and shall be completed as quickly as is reasonably practicable after commencement of reconstruction, subject to delays that are beyond the control of the party responsible for making the repairs.

Section 9.3. Process if Repair or Reconstruction Not Undertaken.

If the Common Area Improvements are not required to be repaired or reconstructed in accordance with the foregoing, all available insurance proceeds shall be disbursed among all Owners and their respective Mortgagees in proportion to the respective fair market values of their Condominiums as of the date immediately preceding the date of damage or destruction as determined by a qualified independent appraiser selected by the Board, after first applying the proceeds to the cost of mitigating hazardous conditions on the Development, making provision for the continuance of public liability insurance to protect the interests of the Owners until the Development can be sold, and complying with all other applicable requirements of governmental agencies. In the event of a failure to agree upon an appraiser, the appraiser shall be appointed by the then President of the County Bar Association. In the event that the President of the County Bar Association is unable to appoint an appraiser, the Association shall refer the matter to the arbitration and mediation service, JAMS.

If the failure to repair or reconstruct results in a material alteration of the use of the Development from its use immediately preceding the damage or destruction as determined by the Board (a material alteration shall be conclusively presumed if repair or reconstruction costs exceed twenty-five percent (25%) of the current replacement cost of all Development Improvements), the Development shall be sold in its entirety under such terms and conditions as the Board deems appropriate.

If the Development is sold, the sales proceeds shall be distributed to all Owners and their respective Mortgagees in proportion to the respective fair market values of their Condominiums as of the date immediately preceding the date of damage or destruction as determined by the independent appraisal procedure described above. For the purpose of effecting a sale under this Section, each Owner grants to the Association an irrevocable power of attorney to sell the entire Development for the benefit of the Owners, to terminate the Restated Declaration and to dissolve the Association.

Notwithstanding anything herein to the contrary, any Owner or group of Owners shall have a right of first refusal to match the terms and conditions of any offer made to the Association in the event of a sale of the Development under this Section, provided this right is exercised within ten (10) days of receipt by the Owners of a notice from the Association containing the terms and conditions of any offer it has received. If the Owner or group of Owners subsequently default on their offer to purchase, they shall be liable to the other Owners and their respective Mortgagees for any damages resulting from the default. If more than one (1) Owner or group elects to exercise this right, the Board shall accept the offer that in its determination is the best offer.

Section 9.4. Interior Repairs.

Any repair, rebuilding or reconstruction undertaken pursuant to the foregoing provisions shall cover only the exterior and structural components of the damaged or destroyed Condominiums and such other damage to such Condominiums as may be covered by insurance maintained by the Association. Except to the extent that the Association has obtained earthquake and/or fire and casualty insurance, and to the extent such insurance provides such coverages, if a destroyed Condominium is so repaired, rebuilt, or reconstructed, the Owner of such Condominium shall be obligated to repair and rebuild the damaged portions of the interior of the Owner's Unit in a good and workmanlike manner at the Owner's expense. However, in the event that the Association has obtained and maintained earthquake insurance and/or fire and casualty insurance, and only to the extent that such insurance proceeds are available after all of the Common Area has been repaired or reconstructed, the Association shall be responsible for the betterments and improvements within a Unit, including, but not limited to, the fixtures, improvements and alterations that are a part of the building's structure,

and appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

Section 9.5. Revival of Right to Partition.

Within sixty (60) days following the date of a determination by the Board or arbitrator of a material alteration, or within one hundred twenty (120) days following the date of damage or destruction if the Board has failed to make a determination as to a material alteration, then the Association shall have the duty to execute, acknowledge, and record in the office of the County Recorder, a certificate declaring the Association's intention not to rebuild. Upon recordation of said certificate, the right of any Owner to partition as to the entire Development under California Civil Code Section 1359, shall revive immediately.

**ARTICLE X
EMINENT DOMAIN**

Section 10.1. Representation by Association.

The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of all or part of the Common Area. Each Owner, by acceptance of a deed to a Condominium, irrevocably appoints the Association as their attorney-in-fact to represent the Owners in any such condemnation proceeding(s). In the event of a taking or acquisition of part or all of the Common Area by a condemning authority, the award or proceeds of settlement, less any fees or costs incurred, shall be payable to the Association, or any trustee appointed by the Association, for the use and benefit of the Owners and their Mortgagees as such obligations are stated in the applicable trust documents.

Section 10.2. Common Area Taking.

In the event of a taking by eminent domain of any part of the Common Area, the Association shall participate in the negotiations, and shall propose the method of division of the proceeds of condemnation, where Condominiums are not valued separately by the condemning authority or by the court. Proceeds of condemnation, less any costs and fees incurred, including legal fees, shall be distributed among Owners of Condominiums and their respective Mortgagees according to the fair market values of the Condominiums affected by the condemnation as of the date immediately preceding the date of the taking.

Section 10.3. Condominium Unit Taking.

In the event of an award for the taking of any Condominium in the Development by eminent domain, the Owner of such Condominium shall be entitled to receive the award for such taking, less any fees and costs incurred in collecting such amount and only up to the fair market value of that Owner's Condominium. If the Owner vacates the Owner's Condominium as a result of the taking, after acceptance of the award, such Owner and the Mortgagee shall be divested of all interest in the Development. The remaining Owners shall decide by majority vote whether to rebuild or repair the Development, or take other action. The remaining portion of the Development shall be resurveyed, if necessary, and the Board shall submit to the Members for their approval amendments to the Restated Declaration to reflect the taking and to readjust proportionately the percentages of undivided interest of the remaining Owners in the remaining Common Area.

Section 10.4. Substantial Taking.

If there is a substantial taking of the Development (more than fifty percent (50%)), the Owners may terminate the legal status of the Development and, if necessary, bring a partition action under California Civil Code Section 1359 on the election to terminate by fifty-one percent (51%) of the total voting power of the Association. The proceeds from the partition sale, less any costs or fees incurred in collection of same, shall be distributed to the Owners and their respective Mortgagees in proportion to the fair market values of the Condominiums.

**ARTICLE XI
RIGHTS OF MORTGAGEES**

Section 11.1. Warranty.

The Association warrants that Mortgagees of Units in the Development shall be entitled to the rights and guaranties set forth in this Article. No amendment of this Article shall affect the rights of any First Mortgagee which are set forth in an instrument recorded prior to the recordation of the amendment who does not join in the execution of the amendment.

Section 11.2. Protection of First Mortgagees.

No breach of any of the covenants, conditions and restrictions contained in this Restated Declaration, nor the enforcement of any lien provision herein, shall render invalid the lien of any First Mortgagee on any Unit made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through judicial or non-judicial foreclosure, or otherwise.

Section 11.3. Possession by Foreclosure.

Unless otherwise provided by law, each First Mortgagee that comes into possession of a Unit by virtue of foreclosure of the First Mortgagee's lien on such Unit, or any purchaser at a sale pursuant to such foreclosure, will take the Unit free of any claims against the Unit for unpaid Assessments and fees which accrue before such holder or purchaser takes title to the Unit, except for claims for a pro rata share of such Assessments or charges to all Units including the mortgaged Unit, and except for Assessment Liens recorded prior to the First Mortgagee's lien.

Section 11.4. Right to Furnish Mortgage Information.

Each Owner authorizes a First Mortgagee with a recorded interest in the Owner's Unit to furnish information to the Board concerning the status of the First Mortgagee's lien and the loan that it secures.

Section 11.5. Amendment.

The prior consent of two-thirds (2/3) of the Eligible Mortgage Holders shall be required for any material amendment to this Restated Declaration. The term "Eligible Mortgage Holder" shall mean any First Mortgagee who has requested notice of any material amendment to this Restated Declaration. As used herein, the term "material amendment" is defined to mean amendments to provisions of this Restated Declaration governing the following subjects:

- (a) The purpose for which the Development may be used;
- (b) Voting rights;
- (c) Assessments, collection of Assessments, creation and subordination of Assessment Liens;

- (d) Reserves for repair and replacement of Common Area or Improvements thereon or therein;
- (e) Maintenance of Common Area and Improvements thereon;
- (f) Casualty and liability insurance;
- (g) Rebuilding or reconstruction of Common Area and Improvements thereon, in the event of damage or destruction;
- (h) Rights of use to and in the Common Area; and
- (i) Any provision, which by its terms, is specifically for the benefit of First Mortgagees, or specifically confers rights on First Mortgagees.

An Eligible Mortgage Holder who receives a written request to approve a material amendment to this Restated Declaration who does not deliver or post to the requesting party a negative response within thirty (30) days after the date of notice of the proposed material amendment shall be deemed to have approved the material amendment, provided that notice has been delivered to the Eligible Mortgage Holder by first class, certified or registered mail.

Section 11.6. Notice to Lenders.

(a) Association shall give notice in writing to any First Mortgagee requesting such notice of any default by the Owner of the Unit encumbered by such mortgagee in the performance of such Owner's obligations under the condominium documents which default remains uncured for a period of thirty (30) days.

(b) Association shall give written notice to each First Mortgagee of any loss to, or taking of, the Common Areas of the Development if such loss or taking exceeds \$100,000.00.

Section 11.7. Inspection of Books.

Each First Mortgagee shall have the right to examine the books and records of the Association during reasonable business hours.

Section 11.8. Restriction on Certain Changes

Unless at least two-thirds (2/3) of each of the Eligible Mortgage Holders (as defined above) and the Owners have given their prior approval, neither the Association nor the Owners shall be entitled:

(a) By act or omission, to seek to abandon or terminate the Development as a condominium project, except for abandonment provided by statute in case of substantial loss to the Units and Common Area.

(b) Change the pro-rata interest or obligations of any Unit for (i) purposes of levying Assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (ii) determining the pro-rata share of ownership of each Unit, appurtenant real estate and any Improvements thereon which are owned by the Unit Owners in the Development in undivided pro rata interests.

(c) Partition or subdivide any Condominium.

(d) By act or omission, to seek to abandon, partition, subdivide, encumber, sell, or transfer the common elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the condominium project shall not be deemed to be a transfer within the meaning of this clause.

(e) To use hazard insurance proceeds for losses to the Development (whether to Units or to Common Area) for other than the repair, replacement or reconstruction of such improvements except in the case of a partition, as provided by Civil Code § 752(b) in case of substantial loss to the Units and/or Common Area of the Development.

(f) By act or omission, to change, waive or abandon the provisions of this Restated Declaration, or the enforcement of same, pertaining to architectural design or control of the exterior appearance of structures in the Development, the maintenance of the Common Area and Improvements thereon.

(g) To fail to maintain fire and extended coverage on insurable Improvements within the Common Area on a current replacement cost basis in an

amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost).

An Eligible Mortgage Holder who receives a written request to approve any of the proposed actions under this Section 11.8 who does not deliver or post to the requesting party a negative response within thirty (30) days after the date of notice of the proposed action(s) shall be deemed to have approved such action, provided that notice has been delivered to the Eligible Mortgage Holder by first class, certified or registered mail.

Section 11.9. Reserve for Replacements

The monthly Regular Assessment and capital contributions provided for in Article IV hereof shall include an adequate reserve fund for maintenance, repair and replacement of those portions of the Common Area, and the facilities thereon, which must be replaced on a periodic basis.

**ARTICLE XII
ENFORCEMENT**

Section 12.1. Right to Enforce.

The Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the Governing Documents. Each Owner of a Condominium shall have a right of action against the Association or any Owner for failure to comply with the provisions of the Governing Documents.

Section 12.2. Nuisance.

Every act or omission by which any provision, condition, restriction, covenants, easements, or reservation contained in the Governing Documents is violated in whole or in part, is declared to be and constitute a nuisance. Every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such act or omission and may be exercised by any Owner and the Association. Each remedy provided herein shall be cumulative and not exclusive.

Section 12.3. Failure to Enforce.

Failure by the Association or any Owner to enforce any provisions of the Governing Documents shall in no event be deemed a waiver of the right to do so thereafter.

Section 12.4. Violation of Law.

Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any Condominium within the Development is declared to be a violation of the Governing Documents and subject to any or all of the enforcement procedures herein set forth.

Section 12.5. Dispute Resolution.

(a) Notwithstanding any provision in this Restated Declaration to the contrary, in the event of a tie vote of the Owners, or if the Association or any Member has any claim, grievance, demand, cause of action, or dispute of any kind whatsoever (the "Dispute"), which relates to enforcement of the Governing Documents and which arises between said Member and the Association, any of its officers, Directors, or agents, prior to the initiation of any other Alternative Dispute Resolution ("ADR") as permitted herein or by law, the Dispute shall first be submitted for resolution pursuant to the Internal Dispute Resolution procedure set forth below. In the event the Dispute cannot be resolved or settled within a reasonable time by negotiation, pursuant to Section 12.5(b) below, then the Dispute shall be subject to ADR, such as mediation, conciliation or arbitration. If a Dispute cannot be resolved by these forms of ADR, then it shall be decided by judicial reference, as provided for in Section 12.6 below:

(b) Internal Dispute Resolution:

(i) Either party may request, in writing, that the other party meet and confer in an effort to resolve the Dispute.

(ii) Upon receipt of a written request, the party receiving such request shall respond in writing within thirty (30) days. If the party receiving the request fails to respond within thirty (30) days, the request to meet shall be deemed denied. Only a Member of the Association may refuse a request to meet and

confer. The Association shall not be permitted to refuse such a request and shall meet with the Member requesting such meeting.

(iii) A written request shall be served upon the other party pursuant to the Notice requirements contained in Section 14.12 below.

(iv) A written request shall contain the following:

(A) a brief description of the Dispute between the parties;

(B) a request for Internal Dispute Resolution pursuant to this Section 12.5;

(C) a copy of this Section 12.5; and

(D) a notice that the party receiving the written request is required to respond within thirty (30) days of receipt or the request will be deemed rejected.

(v) Upon receipt of a written request by the Association, the Association's Board of Directors shall designate one member with whom the Member may meet.

(vi) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the Dispute.

(vii) Any resolution of the Dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the Board designee on behalf of the Association.

(viii) Any agreement reached under this Section 12.5 shall be binding upon the Member and the Association and is judicially enforceable if both of the following conditions are satisfied:

(A) The agreement is not in conflict with any applicable law or the Association's Governing Documents; and

(B) The agreement is either consistent with the authority granted by the Board of Directors to its designee or the agreement is ratified by the Board of Directors.

(ix) The Association may not charge a fee to the Member to participate in the above described resolution process.

Section 12.6. Judicial Reference.

(a) Disputes Subject to Judicial Reference.

Notwithstanding any provision in this Restated Declaration to the contrary, in the event of a tie vote of the Owners, or if the Association or any Member has any claim, grievance, demand, cause of action, or dispute of any kind whatsoever, other than those described under Section 12.5 above, and Section 12.6(h), below, which relates to enforcement of the Governing Documents and applicable State statute, and which arises between said Member and the Association or any of its officers, Directors, or agents, which Dispute cannot be resolved or settled within a reasonable time by Internal Dispute Resolution, Alternative Dispute Resolution or negotiation, the Dispute shall be subject to and decided by judicial reference, to try any or all of the issues in the action or proceeding, whether of fact or of law.

(b) Appointment of Referee.

Within ten (10) days after either party demands that the Dispute be determined by judicial reference in the manner specified under Civil Code Sections 1369.510 through 1369.590, and if mediation is attempted and is unsuccessful, the parties shall attempt to agree to the appointment of a retired judge of the local Superior Court as referee. If the parties are unable to agree, either party may, upon ten (10) days' notice, apply to the presiding judge of the local Superior Court to appoint a referee.

(c) Discovery.

Per California Code of Civil Procedure Section 1283.05, discovery shall be permitted in such proceedings, subject to restrictions imposed by the referee if requested by any party. Hearings shall be held in the County, at such time and place and for such periods as the referee shall designate.

(d) Trial.

The trial of the Dispute shall be commenced within ninety (90) days of the appointment of the referee unless the referee declares an extension of such time. Hearings shall be continuously conducted and diligently completed and the parties shall require that the referee's statement of decision be reported to the parties within twenty (20) days of completion of the hearings. Prior to the rendering of the referee's decision, the total cost of said judicial reference, including referee and court reporter's fees and all costs of administration, shall be borne equally by both parties. The prevailing party shall be awarded recovery of reasonable attorney's fees, costs of suit, and all other incurred costs in addition to any other award made by the referee as part of any judgment decision.

(e) Entry of Judgment.

Judgment upon the award of the Referee may be entered, in accordance with applicable law, in any court having jurisdiction over same, and shall be final and binding upon the parties.

(f) Survival of This Section.

The provisions for judicial reference which are contained in this Section shall survive any termination of ownership interest on behalf of a Member of the Association who is a party to a Dispute.

(g) Mediation.

As part of the judicial reference process, and unless otherwise provided by California law, any party to the Dispute may request in writing that the issues in contention first be submitted for mediation to the Referee, who will attempt to mediate and settle the dispute. If the parties are not able to settle their dispute, the Referee will set a trial date for the judicial reference, and will rule on any requests for discovery by any of the parties, which discovery must be completed prior to trial.

(h) Claims and Disputes Exempt from Judicial Reference.

The following types of claims and/or disputes arising under the Governing Documents of the Association shall be exempt from the judicial reference provisions set forth in this Section:

(1) Claims and disputes arising solely between Members of the Association, not involving the Association and for which no claim or relief is sought against the Association, its officers, Directors, or agents;

(2) Any claim or dispute where the applicable time limitation for commencing an action would run within 120 days;

(3) Any claim or dispute solely for damages;

(4) Any claim or dispute involving declaratory or injunctive relief in conjunction with a claim for damages of more than \$5,000;

(5) Any claim or dispute wherein the Association or any Member must obtain preliminary or temporary injunctive relief from a court of competent jurisdiction. By way of illustration, and not by way of limitation, any application to enjoin the construction, alteration or modification of any Improvement within the Development which is deemed to be in violation of this Restated Declaration shall be exempt from the judicial reference provisions of this Section. Subsequent to the court's ruling on any application for such remedies, and upon issuance of a court order compelling arbitration pursuant to California Code of Civil Procedure Section 1281.2, the Dispute shall be submitted for final and binding arbitration in accordance with the judicial reference procedures set forth in Section 12.6(a) above; or

(6) Any action for collection of Assessments arising under Article IV of this Restated Declaration, except that any claim arising over a disputed Assessment for which a request for Alternative Dispute Resolution is properly made under Sections 1365.1, 1367.1 or 1367.4 of the Civil Code shall be subject to this Section 12.6.

Section 12.7. Compliance with Statute.

All activities to enforce the provisions of the Governing Documents shall be conducted in accordance with all applicable laws, statutes and ordinances. This Section shall apply to both the Association and to all Owners.

ARTICLE XIII AMENDMENTS

This Restated Declaration may be amended by the Secret Ballot vote of Owners representing not less than fifty-one percent (51%) of the voting power of the Association.

Notwithstanding any contrary provision in this Article XIII, the percentage of the voting power necessary to amend a specific clause or provision of this Restated Declaration shall not be less than the percentage of affirmative votes required for action to be taken under that clause or provision.

An amendment becomes effective after (a) the approval of the required percentage of Owners has been given, (b) that fact has been certified in the form of a written document executed and acknowledged by an officer designated by the Association for that purpose or, if no such designation is made, by the President of the Association and (c) the document has been recorded in the official records of the County.

ARTICLE XIV GENERAL PROVISIONS

Section 14.1. Term.

The provisions of this Restated Declaration shall continue in effect for a term of fifty (50) years from the date of execution. Thereafter, it shall be automatically extended for successive periods of ten (10) years, until the Members of the Association decide to terminate it by the vote or written consent of Owners representing not less than two thirds (2/3) of the voting power of the Association.

Section 14.2. Nonwaiver of Remedies.

Each remedy provided for in this Restated Declaration is separate, distinct, and nonexclusive. Failure to exercise a particular remedy shall not be construed as a waiver of the remedy.

Section 14.3. Severability.

The provisions of this Restated Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one (1) provision shall not affect the validity or enforceability of any other provision.

Section 14.4. Binding.

This Restated Declaration, as well as any amendment to this Restated Declaration and any valid action or directive made pursuant to it, shall be binding on the Owners and their heirs, grantees, tenants, successors, and assigns.

Section 14.5. Interpretation.

The provisions of this Restated Declaration shall be liberally construed and interpreted to effectuate its purpose of creating a uniform plan for the development and operation of a condominium project. Failure to enforce any provision of this Restated Declaration is not a waiver of the right to enforce that provision or any other provision of this Restated Declaration.

Section 14.6. Limitation of Liability.

No Owner shall be responsible for the performance of any obligation under this Restated Declaration, which arises after the sale, transfer, or other divestment of the Owner's entire interest in the Owner's Unit.

Section 14.7. Fair Housing.

Neither the Association nor any Owner shall, either directly or indirectly, forbid the conveyance, encumbrance, renting, leasing, or occupancy of the Owner's Unit to any person on the basis of race, color, sex, sexual orientation or preference, religion, ancestry, national origin, physical handicap, or marital or familial status.

Section 14.8. Number and Headings.

As used in this Restated Declaration, the singular shall include the plural, and the plural shall include the singular, unless the context requires otherwise. The headings are not a part of this Restated Declaration, and shall not affect the interpretation of any provision.

Section 14.9. Attorneys' Fees.

In the event an attorney is engaged by the Board to enforce the Governing Documents, the Owner covenants and agrees to reimburse the Association any costs or fees incurred, including attorneys' fees, regardless of whether legal proceedings are instituted. In the event litigation is commenced to enforce the Governing Documents, the prevailing party shall be entitled to its attorneys' fees and costs. This Section shall also apply to actual attorneys' fees incurred to collect any post-judgment costs. All such costs and attorneys' fees described in this Section shall constitute a Reimbursement Assessment against the Condominium, which is enforceable pursuant to Article IV herein.

Section 14.10. Personal Injury or Property Damage Sustained Within a Unit.

In the event any personal injury or property damage is sustained by any person while physically within or on a Unit including any patio or balcony that is a part of a Unit, and such injury or damage results in a claim or suit against any other Owner or the Association, or any of the Association's officers, Directors, agents or employees, the Owner of such Unit or patio/balcony within which such injury or damage occurred (i) shall and does hereby agree to fully indemnify and hold harmless such other Owner and the Association and the Association's officers, Directors, agents and employees, against whom such claim or suit is brought and (ii) does hereby agree to defend at the Owner's own cost and expense any litigation resulting therefrom in which such other Owner and/or the Association and its officers, Directors, agents or employees have been made a party; provided that no such obligation shall exist with respect to such other Owner or other Person whose negligence or willful misconduct caused or contributed to such injury or damage. In the event of joint ownership of any Condominium within the Development, the liability of such Owners shall be joint and several.

Section 14.11. Association Not Responsible for Loss.

Neither the Association nor any Director, officer, agent or employee of the Association shall be responsible to any Owner nor to any member of such Owner's family, social guests, servants, employees or invitees for any loss or damage suffered by reason of theft or otherwise of any article, vehicle or thing which may be stored by such Owner or other Person in or on any portion of the Common Area.

Section 14.12. Notices.

Any document, communication or notice of any kind permitted or required by the Governing Documents, or required to be delivered by the Davis-Stirling Common Interest Development Act (Civil Code Sections 1350 *et seq.*), shall be delivered by any one of the following methods:

- (1) Personal delivery.
- (2) First-class mail, postage prepaid, addressed to a Member at the address last shown on the books of the Association or otherwise provided by the Member. Delivery is deemed to be complete on deposit with the United States Postal Service, or any successor mail delivery provider.
- (3) E-mail, facsimile, or other electronic means, if the recipient has agreed to that method of delivery in writing in the form prescribed by Corporations Code Section 20(c), and only if such delivery creates a record that is capable of retention, retrieval and review that may thereafter be rendered into clearly legible form. If a document is delivered by electronic means, delivery is complete at the time of transmission.
- (4) By publication in a periodical that is circulated primarily to Members of the Association.
- (5) If the Association broadcasts television programming for the purpose of distributing information on Association business to its Members, by inclusion in the programming.
- (6) Any other method of delivery, provided that the recipient has agreed to that method of delivery.

A document may be included in or delivered with a billing statement, newsletter, or other document that is delivered by one of the above methods.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Declaration of Covenants, Conditions and Restrictions for Holloway Terrace Homeowners Association, Inc. this 20 day of August, 2011.

Holloway Terrace Homeowners Association, Inc.
a California nonprofit corporation

By: Judy Tanka
Judy Tanka, President

By: Jim Rogers
Jim Rogers, Secretary

EXHIBIT "A"
PROPERTY LEGAL DESCRIPTION

Lot 1 of Tract 34469, in the City of Los Angeles, County of Los Angeles, State of California, as per map filed in Book 910, pages 85 & 86 of Maps in the Office of the County Recorder of said County.

EXHIBIT "B"
DEMAND TO PAY RENT TO PARTY OTHER THAN LANDLORD
(SECTION 2938 OF THE CIVIL CODE)

Tenant: (Name of Tenant)

Property Occupied by Tenant: (Address)

Landlord: (Name of Landlord)

Secured Party: (Association)

Address: (Address for Payment of Rent to Secured Party and for Further Information):

The secured party named above is the assignee of leases, rents, issues, and profits under the Amended and Restated Covenants, Conditions and Restrictions for (Association) dated _____, and recorded as (recording information) in the official records of _____ County, California. You may request a copy of the assignment from the secured party at _____ (address).

THIS NOTICE AFFECTS YOUR LEASE OR RENTAL AGREEMENT RIGHTS AND OBLIGATIONS. YOU ARE THEREFORE ADVISED TO CONSULT AN ATTORNEY CONCERNING THOSE RIGHTS AND OBLIGATIONS IF YOU HAVE ANY QUESTIONS REGARDING YOUR RIGHTS AND OBLIGATIONS UNDER THIS NOTICE. IN ACCORDANCE WITH SUBDIVISION (C) OF SECTION 2938 OF THE CIVIL CODE, YOU ARE HEREBY DIRECTED TO PAY TO THE SECURED PARTY, (ASSOCIATION), AT ____ (ADDRESS), ALL RENTS UNDER YOUR LEASE OR OTHER RENTAL AGREEMENT WITH THE LANDLORD OR PREDECESSOR IN INTEREST OF LANDLORD, FOR THE OCCUPANCY OF THE PROPERTY AT ____ (ADDRESS OF RENTAL PREMISES) WHICH ARE PAST DUE AND PAYABLE ON THE DATE YOU RECEIVE THIS DEMAND, AND ALL RENTS COMING DUE UNDER THE LEASE OR OTHER RENTAL AGREEMENT FOLLOWING THE DATE YOU RECEIVE THIS DEMAND UNLESS YOU HAVE ALREADY PAID THIS RENT TO THE LANDLORD IN GOOD FAITH AND IN A MANNER NOT INCONSISTENT WITH THE AGREEMENT BETWEEN YOU AND THE LANDLORD. IN THIS CASE, THIS DEMAND NOTICE SHALL REQUIRE YOU TO PAY TO THE SECURED PARTY, (ASSOCIATION), ALL RENTS THAT COME DUE FOLLOWING THE DATE OF THE PAYMENT TO THE LANDLORD. IF YOU PAY THE RENT TO THE UNDERSIGNED SECURED PARTY, (ASSOCIATION), IN ACCORDANCE WITH THIS NOTICE, YOU DO NOT

HAVE TO PAY THE RENT TO THE LANDLORD. YOU WILL NOT BE SUBJECT TO DAMAGES OR OBLIGATED TO PAY RENT TO THE SECURED PARTY IF YOU HAVE PREVIOUSLY RECEIVED A DEMAND OF THIS TYPE FROM A DIFFERENT SECURED PARTY. (For other than residential tenants) IF YOU PAY RENT TO THE LANDLORD THAT BY THE TERMS OF THIS DEMAND YOU ARE REQUIRED TO PAY TO THE SECURED PARTY, YOU MAY BE SUBJECT TO DAMAGES INCURRED BY THE SECURED PARTY BY REASON OF YOUR FAILURE TO COMPLY WITH THIS DEMAND, AND YOU MAY NOT BE DISCHARGED FROM YOUR OBLIGATION TO PAY THAT RENT TO THE SECURED PARTY. YOU WILL NOT BE SUBJECT TO THOSE DAMAGES OR OBLIGATED TO PAY THAT RENT TO THE SECURED PARTY IF YOU HAVE PREVIOUSLY RECEIVED A DEMAND OF THIS TYPE FROM A DIFFERENT ASSIGNEE.

Your obligation to pay rent under this demand shall continue until you receive either (1) a written notice from a court directing you to pay the rent in a manner provided therein, or (2) a written notice from the secured party named above canceling this demand. The undersigned hereby certifies, under penalty of perjury, that the undersigned is an authorized officer or agent of the secured party and that the secured party is the assignee, or the current successor to the assignee, under an assignment of leases, rents, issues, or profits executed by the landlord, or a predecessor in interest, that is being enforced pursuant to and in accordance with Section 2938 of the Civil Code.

Executed at _____, California, this ____ day of _____, _____.

(ASSOCIATION)

Name: _____

Title: _____

**CERTIFICATE OF PRESIDENT AND SECRETARY
OF
HOLLOWAY TERRACE HOMEOWNERS ASSOCIATION, INC.**

We, Judy Tanka, President of Holloway Terrace Homeowners Association, Inc. ("Association"), and Jim Rogers, Secretary of the Association, hereby certify that:

The terms and provisions recited in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Holloway Terrace Homeowners Association, Inc. attached hereto, was approved: (i) by Secret Ballot vote of the holders of not less than seventy-five percent (75%) of the voting power of the Association; and (ii) by seventy-five percent (75%) of all First Mortgagees.

IN WITNESS WHEREOF, we, Judy Tanka and Jim Rogers, as President and Secretary, respectively, of the Association, have executed this Certificate and the attached Amended and Restated Declaration of Covenants, Conditions and Restrictions for Holloway Terrace Homeowners Association, Inc. on August 20, 2011.



Judy Tanka, President



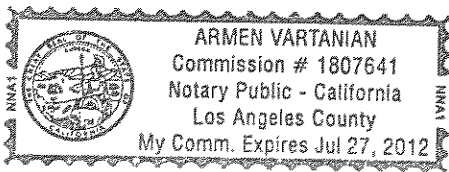
Jim Rogers, Secretary

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On 8/20/11, before me, ARMEN VARTANIAN,
Notary Public, personally appeared SADITH TANKA, who proved to me on the
basis of satisfactory evidence to be the person whose name is subscribed to the within
instrument and acknowledged to me that he/she executed the same in his/her authorized
capacity, and that by his/her signature on the instrument the person, or the entity upon
behalf of which the person 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.



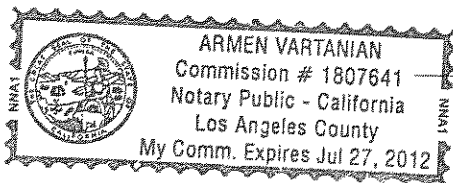
Armen Vartanian
Notary Public

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On 8/20/11, before me, ARMEN VARTANIAN,
Notary Public, personally appeared JAMES ROBERS, who proved to me on the
basis of satisfactory evidence to be the person whose name is subscribed to the within
instrument and acknowledged to me that he/she executed the same in his/her authorized
capacity, and that by his/her signature on the instrument the person, or the entity upon
behalf of which the person 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.



Armen Vartanian
Notary Public