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DECLARATION ESTABLISHING
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CONDOMINIUM OWNERSHIP OF
THE OCEAN TERRACE CONDOMINIUMS

WHEREAS, GREAT LAKES PROPERTIES, INC., a Delaware corporation (hereinafter referred to as "Declarant") owns certain real property (hereinafter referred to as the "Property") described as Lot 1, of Tract 31530 in the City of Rancho Palos Verdes, County of Los Angeles, State of California, as per map recorded MARCH 25, 1975 in Book 852, pages 73 to 74 inclusive of Maps in the Office of the County Recorder of Los Angeles County.

WHEREAS, Declarant owns certain real property presently subject to a dedication as a public street to the City of Rancho Palos Verdes, which property is described as: That portion of Paseo Del Mar as shown on Tract 30583 as per map recorded in Book 813 Page 34 of Maps, in the Office of the County Recorder of Los Angeles County, California, more particularly described in Exhibit A attached hereto and made a part hereof. In the event said dedication is vacated, Declarant will annex said property to this Declaration in accordance with Article XIV hereof.

WHEREAS, Declarant intends to improve the Property by constructing thereon two three (3) story structures each over a garage and containing a total in both buildings of one-hundred (100) units and common areas, the Project to be known as The Ocean Terrace Condominiums;

WHEREAS, Declarant intends to and does hereby establish for its own benefit and for the mutual benefit of all future owners or occupants of the Property certain easements and rights in, over and upon the Property and certain mutually beneficial covenants, conditions, restrictions and obligations with respect to the proper use, conduct and maintenance thereof, and

WHEREAS, Declarant desires and intends that the owners, mortgagees, occupants and all other persons hereafter acquiring any interest in the Property or any part thereof shall at all times enjoy the benefits of, and shall hold, sell and convey their interests subject to the rights, easements, covenants, conditions, restrictions and obligations hereafter set forth, all of which are hereby declared to be in furtherance of a general plan established for the purpose of enhancing, perfecting and maintaining the value, desirability and attractiveness of the Property.

NOW, THEREFORE, Declarant, as the owner of the Property and for the purposes above set forth, declares that all of the Property and each part thereof shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the Property and be binding on and inure to the benefit of all parties having any right, title or interest therein, or in any part thereof, their heirs, executors, administrators, successors and assigns.

ARTICLE I

DEFINITIONS

As used herein, unless otherwise specified or unless the context otherwise requires:

"Additional Maintenance Areas" means such property outside the Common Areas as the Members of the Association, by a vote of seventy-five percent (75%) of the voting power allocated to the Members, elect to maintain.

"Articles" means the Articles of Incorporation of The Ocean Terrace Condominium Association which are, or shall be, filed in the Office of the County Clerk of Los Angeles County, as said Articles are amended from time to time.

"Association" means The Ocean Terrace Condominium Association, a California nonprofit corporation whose members consist of the Owners of Condominiums on the Property.

"Association Rules" means the regulations adopted from time to time by the Board of Directors of the Association, for the conduct of all persons on or with respect to the Common Areas.

"Board" means the Board of Directors of the Association.

"By-Laws" means the By-Laws of the Association as such By-Laws may be amended from time to time.

"Common Areas" means all of the Project, excepting those portions thereof which lie within the boundaries of any Unit.

"Condominium" means an estate in real property as defined in California Civil Code Section 783, consisting of an undivided interest as a tenant in common in the Common Areas in accordance with Exhibit B attached hereto and by this reference made a part hereof, together with a separate interest in one Unit.

"Condominium Plan" means that certain Condominium Plan recorded MARCH 26, 1975, as document No. 1001

in Official Records in the Office of the County Recorder of Los Angeles County.

"County" means the County of Los Angeles, California.

"Declaration" means this instrument as it may from time to time be amended.

"Declarant" means Great Lakes Properties, Inc., a Delaware corporation and its successors and assigns, if such successors and assigns should acquire any portion of the Property from the Declarant for the purpose of development and are designated by Great Lakes Properties, Inc. as the Declarant for the purpose hereof by a duly recorded written instrument.

"Environmental Control Committee" means that certain committee more particularly described in Article IX hereof.

"FNMA" means the Federal National Mortgage Association.

"Lien" includes both voluntary and involuntary liens.

"Member" means every person or entity who holds Membership in the Association.

"Mortgagee" means the beneficiary of a recorded deed of trust or the holder of a recorded mortgage.

"Occupied" includes, but is not limited to, arranged, designed, built, altered, converted, rented or leased, or intended to be occupied.

"Owner" means the person or persons whose estates or interests, individually or collectively, aggregate fee simple ownership of record of a Condominium but excluding those having such interest merely as security for the performance of an obligation.

"Project" or "the Project" means the Property including all structures and other improvements constructed or to be constructed thereon.

"Property" or "the Property" means all of the land described as Lot 1 of Tract 31530, Los Angeles County, and such other property, as may, at any time, have been annexed as provided in Article XIV hereof, exclusive of structures or improvements thereon.

"Shall" is mandatory and not merely directory.

"State" means the State of California.

"Subdivision Map" means that certain Subdivision Map of Tract: 31530 in the City of Rancho Palos Verdes, County of Los Angeles, State of California, recorded MARCH 25 1975, in Book 852 at pages 73+74, inclusive of Maps in the Office of the County Recorder of said County.

"Unit means the physical elements of a condominium which are not owned in common with the owners of other condominiums, being more particularly described in Article II hereof and on the Condominium Plan.

ARTICLE II

ESTABLISHMENT OF CONDOMINIUMS

Declarant, in order to establish a plan of condominium ownership for the Project, hereby covenants to divide the Project into the following separate elements:

1. The one-hundred (100) Units, which shall be individually conveyed to Owners other than Declarant, each of which Units are shown, numbered and designated on the Condominium Plan, and each of which shall consist of the space bounded by and contained within the interior surfaces of the perimeter walls, floors, ceilings, windows and doors of each of said Units as shown on the Condominium Plan. In interpreting deeds, declarations and plans, the existing physical boundaries of a Unit, or of a Unit constructed in substantial accordance with the original plans.

thereof, shall be conclusively presumed to be its boundaries rather than the metes and bounds (or other description) expressed in the deed, plan or declaration regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the plan or in the deed and declaration and those of the building; and

2. The Common Areas, to be owned by the Owners of the Units as tenants in common, in fractional shares in accordance with Exhibit C attached hereto, reserving therefrom the decks, balconies, storage rooms and parking spaces designated on the Condominium Plan.

3. An exclusive easement for ingress to, egress from and use and enjoyment of decks, balconies, a storage room and two parking spaces within the Common Areas, as designated in the Condominium Plan.

ARTICLE III

NONSEVERABILITY OF CONDOMINIUMS

The undivided interests in the Common Areas which are to be conveyed with the respective units cannot be changed except pursuant to the terms of this Declaration and amendments thereto, provided that, in any case, no Owner shall be entitled to sever his Unit, or any portion thereof, from his undivided interest in the Common Areas. Neither of such components may be severally sold, conveyed, leased, encumbered, hypothecated or otherwise dealt with, and any such attempt so to do in violation of this provision shall be void and of no effect. It is intended hereby to restrict severability in the manner provided in subparagraph G of Section 1355 of the California Civil Code. Declarant and its successors, assigns and grantees, each covenant and agree that the undivided interests in the Common Areas and the titles to the prospective Units conveyed therewith

shall not be separated or separately conveyed, and each said undivided interest in the Common Areas shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the title to the Unit, and each of said Units shall be deemed to be conveyed or encumbered with its respective undivided interest in the Common Areas even though the description in the instrument of conveyance or encumbrance may refer only to the title to the respective undivided interest.

ARTICLE IV

INTERESTS IN COMMON AREAS

The proportionate share of each Owner of the respective Condominiums in the Common Areas and in any personal property owned by the Association and any funds of the Association available for distribution in the event of dissolution of the Association shall be that set forth in Exhibit B attached hereto.

ARTICLE V

THE OCEAN TERRACE CONDOMINIUM ASSOCIATION

SECTION 1. ORGANIZATION. The Association is a nonprofit California corporation which corporation shall be the governing body of all of the Owners for the maintenance, repair, replacement, administration and operation of the Common Areas, and all other portions of the Property or Project it is required or permitted to maintain pursuant to this Declaration and shall have the duties and powers prescribed by law and set forth in the Articles, By-Laws and this Declaration. Neither the Articles nor By-Laws shall, for any reason, be amended or otherwise changed

or interpreted so as to be inconsistent with this Declaration. In the event of any such inconsistency, the provisions of this Declaration shall prevail. Neither the officers nor the Directors of the Association, or any of them, shall be required to be Members of the Association. The Board of Directors of the Association, and such officers as the Board may elect or appoint, shall conduct the affairs of the Association in accordance with the Articles, By-Laws and this Declaration, as the same may be amended from time to time.

SECTION 2. MEMBERSHIP.

(a) Qualifications. Each Owner of a Condominium, including Declarant, shall automatically, upon becoming an Owner, be a Member of the Association and shall be entitled to one membership for each Condominium owned until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease.

(b) Member's Rights and Duties. Each Member shall have the rights, duties and obligations set forth in this Declaration, the Articles, the By-Laws and the Association Rules, as the same may from time to time be amended.

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

SECTION 3. VOTING.

(a) Number of Votes. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all Owners except Declarant and shall be entitled to one (1) vote for each Condominium owned. When more than one (1) person is the Owner of a Condominium, all such persons shall be members. The vote for such Condominium shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Condominium. Notwithstanding the foregoing provisions, no Class A member shall be entitled to vote, directly or indirectly, more votes than those allowed to 10 Condominiums, irrespective of the number of Condominiums owned by such member.

Class B. The Class B member shall be the Declarant who shall be entitled to three (3) votes for each Condominium owned. Class B membership shall cease and be converted to Class A membership on the happening of the earlier of the following events:

(1) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or

(2) Three years after the date of issuance of the most recent Final Subdivision Public Report with respect to any part of the Project; or

(3) On July 1, 1979.

(b) Joint Owner Disputes. The vote for each Condominium must be cast as a unit, and fractional votes shall not be allowed. In the event that several Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote purporting to be the

vote of the Condominium in which he has an interest, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Condominium. In the event more than one (1) vote is cast for a particular Condominium, none of said votes shall be counted and said votes shall be deemed void.

(c) Cumulative Voting. In any election to the Board of Directors, every Owner entitled to vote at such an election shall have the right to cumulate his votes and give one (1) candidate, or divide among any number of the candidates, a number of votes equal to the number of Condominiums owned by the Owner multiplied by the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be deemed elected.

SECTION 4. DUTIES OF THE ASSOCIATION. In addition to the power delegated to it by its Articles and By-Laws, and without limiting the generality thereof, the Association shall have the obligation to perform each of the following duties:

(a) Maintenance and Management of Common Areas, Driveways and Additional Maintenance Areas. To maintain in good condition, manage, repair and preserve and control all of the Common Areas and all improvements located thereon and thereunder (including plumbing, utilities and sewer facilities to the interior wall of each Unit, lobby area, elevators, garages); all easements for operation and maintenance purposes over the Common Areas; all easements for the benefit of the Association Members within the Common Areas and any Additional Maintenance Areas.

The Association shall provide exterior maintenance and repair of the buildings containing the Units only as follows: paint, maintain, and repair and replace (if required because of normal wear, tear or deterioration) roofs, gutters, downspouts, awnings, bridges between buildings, fences or rails around balconies and patios, and exterior building surfaces, and maintain the landscaping (including the trees, shrubs, grass and walks) within the Common Areas.

Such exterior maintenance shall not include: glass surfaces or the frameworks therefor except in the lobby and recreational areas; landscaping installed or located on or within the private patio or balcony of any Condominium by the Owner hereof; sweeping and washing floor surfaces within the private patio and balcony areas of any Condominium; patio covers or other additions built or maintained within said private patio or balcony areas by an Owner. Such excluded items shall be the responsibility of each Owner; provided, however, that if an Owner shall fail to maintain or make the repairs or replacements which are the responsibility of such Owner, as provided above, then upon vote of a majority of the Board of Directors, and after not less than fifteen (15) days written notice to the Owner, the Association shall have the right (but not the obligation) to enter the Condominium and provide such maintenance or make such repairs or replacements, and the cost thereof shall be added to the assessments chargeable to such Condominium and shall be payable to the Association by the Owner of such Condominium and shall be a lien on said Condominium enforceable as provided in Article VI, Section 9 hereof.

The Association shall maintain all driveways designated on the Condominium Plan free and clear of obstructions and in a safe condition for vehicular use.

(b) Rubbish Collection. To provide refuse pickup and garbage disposal for the Condominiums, if not provided by a governmental agency.

(c) Water and Other Utilities. To acquire, provide and pay for water, sewer, garbage disposal, electrical, telephone and gas and other necessary utility services for the Common Areas, and water and gas for the Units.

(d) Closed Circuit Security Television. To contract for the acquisition, installation and maintenance of any payment for the security television monitoring system within each Unit and the Common Areas.

(e) Insurance. To obtain and maintain in force the following policies of insurance:

(1) A blanket policy or policies of fire and casualty insurance with all risk coverage endorsement for the full insurable replacement value of the Project (excluding land, foundation, excavation and other items normally excluded from coverage, but including all building service equipment and the like and any fixtures or equipment within the Condominium which are financed under the Owner's mortgage) with an "Agreed Amount Endorsement" or its equivalent and if required by FNMA, a "Demolition Endorsement" or its equivalent, an "Increased Cost of Construction Endorsement" or "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent, satisfactory to beneficiaries and mortgagees holding first deeds of trust and mortgagees covering Condominiums, but without prejudice to the right of the Owner of a Condominium to obtain individual insurance. Such insurance shall afford protection at least against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief,

windstorm, and water damage; and such other risks as customarily covered with respect to projects similar in construction, location and use.

(2) General comprehensive public liability insurance covering all of the Common Areas in the Project, with a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or another Owner, in such amount as FNMA requires (as of the date hereof not less than \$1,000,000 covering all claims for personal injury and/or property damage arising out of a single occurrence) such coverage to include protection against water damage liability, liability for non-owned and hired automobile, liability for property of others, elevator collision, garage-keeper's liability, and such other risks as shall customarily be covered with respect to activities of the Association or with respect to property under its jurisdiction.

(3) Any insurance obtained pursuant to this subsection (1) and (2) shall be subject to the following provisions and limitations so long as such provisions are required by FNMA in connection with the Project:

(i) The named insured under any such policies shall be the Association, as a trustee for the Owners of the Condominiums, or its authorized representative, including any trustee with which such Association may enter into any Insurance Trust Agreement, or such successor trustee, each of which shall be herein referred to as the "Insurance Trustee" who shall have exclusive authority to negotiate losses under said policies; and

(ii) In no event shall the insurance coverage obtained and maintained pursuant to the requirement of subsections (e) (1) and (e) (2) be brought into contribution with insurance purchased by the individual Owners or their Mortgagees; and

(iii) Such policies shall provide that coverage shall not be prejudiced by (a) any act or neglect of any Owner when such act or neglect is not within the control of the Association or (b) by failure of the Association to comply with any warranty or

condition with regard to any portion of the premises over which the Association has no control; and

(iv) All policies shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' prior written notice to any and all insureds named thereon, including all Mortgagees; and

(v) All such policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Owners and their respective agents, employees or tenants, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured; and

(vi) All policies of property insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Association (or any Insurance Trustee) or when in conflict with the provisions of any Insurance Trust Agreement to which the Association may be a party, or any requirement of law.

(4) Such faithful performance and fidelity bonds as are required to insure the Association against any loss from malfeasance or dishonesty of any officer, director, trustee, employee or other person charged with the management or possession of any of any Association funds or other property. Any person with access to funds of the Association, or with the power to draw checks upon any of the Association's accounts, shall be bonded with a good and sufficient bond indemnifying the Association against loss of money or property by act of such person. Such bonds shall have at least the coverage provided in standard forms of fidelity, commercial blanket or blanket position bonds (but may have additional coverage), and shall have minimum fidelity coverage of the greater of \$25,000 or 1 1/2 times the maximum amount of money the Association will have on deposit in checking or savings accounts during the annual period

in which the bond (issued or such greater amount as MA may require). Any such bonds may be for a definite or indefinite term, provided an effective bond as required herein shall be in effect covering each such person at all times during which such person is engaged in his duties. Any such bond may be subject to modification or cancellation by the surety or the insured only thirty (30) days after written notice to each member of the Board and all Mortgagees whose mortgages are subject to the requirements of FNMA. Any such bond shall contain a waiver of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression. The surety on any such bond shall be an admitted insurer in the State of California.

(5) Such other insurance including director's liability insurance and Workmen's Compensation insurance to the extent necessary to comply with any applicable law and such indemnity and other bonds as the Board shall deem necessary or expedient to carry out the Association Functions.

Every policy of insurance obtained by the Association shall expressly waive any and all rights of subrogation against Declarant, its representatives and employees, and all Association members.

(f) (e) Rule Making. To make, establish, promulgate, amend and repeal the Association Rules.

(g) (f) Enforcement of Restrictions and Rules. To perform such other acts, whether or not expressly authorized by this Declaration as may be reasonably necessary to enforce any of the provisions of this Declaration and the Association Rules.

SECTION 5. POWERS AND AUTHORITY OF THE ASSOCIATION.

The Association shall have all of the powers of a nonprofit corporation organized under the General Nonprofit Corporation Law of the State of California, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the By-Laws or this Declaration. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association

under the Declaration, the Articles and the By-Laws, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association including without limitation:

(a) Assessments. To levy assessments and to enforce payment of such assessments, all in accordance with the provisions of Article VI hereof.

(b) Right of Entry and Enforcement. To enter into any Unit for the purpose of enforcing by peaceful means any of the provisions of this Declaration or for the purpose of maintaining or repairing any such Unit if for any reason whatsoever the Owner thereof fails to maintain or repair the same as required by this Declaration. Such entrance shall be after twenty-four (24) hours prior written notice to the Owner, or such greater notice as may be required by any provision hereof; provided, however, that such entrance shall be permitted without any prior notice whatsoever in the event of an emergency. The Association shall also have the power and authority from time to time in its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration and the Rules of the Association and to enforce, by mandatory injunction or otherwise, all of the provisions hereof. In addition, or as an alternative method of enforcing the Declaration and the aforesaid rules, the Board may, after a hearing on ten (10) days' written notice to the defaulting, delinquent or transgressing Owner, suspend said Owner's voting.

rights and/or right to use the recreational facilities and Common Areas until such default, delinquency or transgression is cured, except that no such suspension shall exceed thirty (30) days.

(c) Employment of Agents. To employ the services of any person or corporation as Managers or other employees, to, as may be directed by the Board, manage, conduct and perform the business, obligations and duties of the Association, and enter into contracts for such purpose; provided that any management agreement for the Project must be terminable by the Association for cause upon 30 days written notice thereof. Such agents shall have the right to ingress and egress over such portions of the Project as is necessary for the performance of such business, duties and obligations.

(d) Employment of Professional Advisors. Employ professional counsel and obtain advice from such persons or firms or corporations such as, but not limited to, landscape architects, recreation experts, architects, planners, lawyers and accountants.

(e) Borrowing of Money. Borrow and repay monies for the purpose of maintaining and improving the Common Areas, provided, however, that any borrowing in excess of \$2,000.00 shall be subject to the prior consent of a majority of the votes cast by the Members of the Association voting at a duly held special or annual meeting, excluding the vote of the Declarant, except that Declarant may veto any such borrowing until such time as Declarant has sold seventy-five percent (75%) of the Condominiums.

(f) Reserve Fund. As a part of the common expenses, to be assessed with each monthly installment of the Annual Assessment, the Association may, in addition to any other assessments

hereunder, require monthly advance installments in amounts not to exceed, on an annual basis, ten percent (10%) of the total Annual Assessment last duly fixed by the Board, as a contribution to Members' equities in the Association and for the purpose of building up a reserve fund to insure payment when due of the costs of capital expenditures relating to repairs and replacements of the Common Areas. All such monies collected by the Association, pursuant to this paragraph, shall be held by the Association in trust to pay such future capital expenditures, and shall be applied toward such future capital expenditures, and/or toward any other costs or expenses which are the obligation of the Owners paying such Annual Assessments, in such manner, at such times and in such order as the Board may determine. All such trust funds shall be applied for the purposes and only for the purposes heretofore described. All such funds shall be deposited within ten (10) days after receipt by the Board in an interest-bearing account or accounts, denominated "Trustee Capital Account" in any bank or trust company under the supervision of the California Superintendent of Banks, the California Commissioner of Savings and Loans or the United States Controller of the Currency as may be determined by the Board by resolution.

(g) Easements. Grant easements where necessary for utilities and sewer facilities over the Common Areas to serve the Common Areas and the Units.

(h) Additional Maintenance Areas. Undertake and perform the obligation to maintain, repair and replace Additional Maintenance Areas upon the affirmative vote of seventy-five percent (75%) of the voting power allocated to the Members, and by said vote establish the fee, if any, to be charged for such maintenance, repair and replacement.

(i) Miscellaneous. Sue and be sued; pay taxes; make and enter into contracts; insure; make and execute any and all proper affidavits for various purposes; compromise any action without leave of court; insure its own liability for claims against it and against its officers, directors, employees and contractors.

(j) One Year Limitation. Notwithstanding anything to the contrary herein, Declarant and its agents and the Board are precluded from entering into any contract for materials or services for the Common Areas or the Association, for a period in excess of one year, except upon the vote or written approval of a majority of Members of the Association.

(k) Professional Management. Pursuant to the requirements of the Federal National Mortgage Association ("FNMA"), the Association is required to maintain professional management of the Project. The Association may not terminate professional management and assume management of the Project nor may it enter into a management agreement for a term in excess of one year unless (a) the holders of all first deeds of trust on any portion of the Project give their prior written consent thereto; or (2) FNMA no longer is the holder of any such first deeds of trust; or (3) the rules of FNMA no longer require such consent be obtained.

SECTION 6. THE ASSOCIATION RULES. By a majority vote of the Board, the Association may, from time to time, adopt, amend and repeal such rules and regulations as it deems reasonable (the "Association Rules"). The Association Rules shall govern the use of the Common Areas by any Owner, by the family of such Owner, or by any invitee, licensee or lessee of such Owner; provided, however, that the Association Rules may not discriminate among Owners and shall not be inconsistent with the Declaration, the Articles or the By-Laws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, said Association

Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration. In the event of any conflict between any such Association Rules and any of the other provisions of this Declaration, or the Articles or By-Laws, the provisions of such Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the By-Laws to the extent of such inconsistency. In the event of any conflict between the provisions of this Declaration and the provisions of the By-Laws or Articles, the provisions of this Declaration shall prevail.

SECTION 7. PERSONAL LIABILITY. No member of the Board or any officer of the Association, or the Declarant, or the Manager, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the Manager or any other representative or employee of the Association, the Declarant, or any officer of the Association, or the Declarant provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without wilful or intentional misconduct.

ARTICLE VI

MAINTENANCE ASSESSMENTS, PROPERTY TAX ASSESSMENTS AND LIENS.

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Condominium owned or to be constructed, hereby covenants, and each Owner of any Condominium by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree, for each Condominium owned, to pay to the Association Property Tax Assessments, Annual Assessments, Special Assessments, and Emergency Assessments as provided in this Article VI. Such assessments shall be established, made and collected as hereinafter set forth and shall be based on the percentage of the Common Areas owned by each Owner as set forth in Exhibit B

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hereto. The Property Tax Assessments, Annual Assessments, Special Assessments and Emergency Assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Condominium against which each assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be a personal obligation of the person who is the Owner of such Condominium at the time when the assessment becomes due and payable. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. No Owner may waive or otherwise escape liability for the assessments provided for in this Declaration by nonuse of the Common Areas, or any part thereof, or abandonment of his Condominium.

SECTION 2. PURPOSE OF ASSESSMENTS. Assessments levied shall be used exclusively for the improvement, operation, repair, maintenance and replacement of the Common Areas and the Additional Maintenance Areas, the performance of the duties of the Association as set forth in this Declaration, and payment of all real and personal property taxes, if any, assessed against the Association or against the entire Project.

SECTION 3. ANNUAL ASSESSMENTS. Annual Assessments shall be made, and enforced by the Board in the manner provided by this Declaration against the Owners of all Condominiums, including the Declarant. The operation, management and maintenance of the Common Areas, and the Additional Maintenance Areas, together with the exercise of the rights and performance of the duties and obligations of the Association as

set forth in this Declaration, shall be the sole and exclusive obligation of the Association. On a calendar-year basis the Annual Assessments for each Condominium shall be that percentage of the total dollar expense of the Association, incurred or reasonably expected to be incurred during the twelve (12) month period for which the assessment is levied for owning, operating, maintaining, reconstructing and repairing the Common Areas and the Additional Maintenance Areas, including reserves required by good business practice, after deduction of reasonably anticipated income during the same period from sources other than assessments, set forth beside the number of such Condominium in Exhibit B attached hereto and incorporated herein. The Board may, at its option round the assessments to the nearest dollar to make a more uniform assessment amount.

The Annual Assessment may be increased by the Board for the next year without a vote of the Members of the Association in an amount which is the greater of ten percent (10%) of the Annual Assessment for the current year or the amount of increase from the previous year to the current year in the cost of living as determined by the Consumer Price Index number published by the United States Department of Labor in the monthly labor review covering the cost of "all-items" of goods and services purchased by urban wage and clerical worker families in Los Angeles County (1967 = 100).

The City of Rancho Palos Verdes at its option has the right and authority to veto any action of the Association which would tend to decrease the amount of the Annual Assessment upon a finding by the Planning Commission or City Council of Rancho

Palos Verdes that such a decrease could or would adversely affect the long-run maintenance of the buildings in which the Units are located or the Common Areas. A vote by members of the Association to decrease the Annual Assessment shall not become effective until sixty (60) days after written notice of such action is given to the City of Rancho Palos Verdes and if within said sixty (60) days, the City has failed to veto such action in writing.

SECTION 4. SPECIAL ASSESSMENTS FOR CAPITAL

IMPROVEMENTS. In addition to the Annual Assessments authorized above, the Board may levy, during any calendar-year, a special assessment ("Special Assessment") for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction or unexpected repair or replacement of a capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereto; provided that any such assessment shall be approved by a vote of Members of the Association as set forth in Section 6 hereof. Each Owner's share of a Special Assessment shall be the same percentage thereof as the percentage of Common Areas owned by such Owner as set forth in Exhibit B attached hereto and incorporated herein. Special Assessments shall be levied in the same manner as Annual Assessments and shall be paid as determined by the Board and the aforesaid vote.

SECTION 5. SPECIAL ASSESSMENTS FOR EMERGENCY NEEDS.

If the portion of the Annual Assessment levied in any month is, or will become inadequate to meet all expenses hereunder for any reason, including nonpayment of any Owner's assessments on a current basis, the Board shall immediately determine the approximate amount of such inadequacy for such month and issue a

supplemental budget, noted as to the reason therefor, and levy an emergency assessment for the amount requested to meet all such expenses on a current basis ("Emergency Assessment") against the Owners of each of the Condominiums. Said Emergency Assessment shall be made only upon vote of the Members as provided in Section 6 hereof and shall be levied and paid in the same manner as Annual Assessments.

SECTION 6. NOTICE AND QUORUM FROM ANY ACTION

AUTHORIZED UNDER SECTIONS 3, 4 AND 5. Any action authorized under Sections 3, 4 or 5 of this Article VI which requires a vote of the Members shall require the approval of a majority of the vote of the Members of each class of membership. Such approval of the Members of the Association shall be taken at a meeting called for that purpose, at which a quorum need not be present, written notice of which shall be sent to all Members not less than ten (10) days or more than twenty (20) days in advance of the meeting. If the proposed action is favored by a majority of the votes cast at such a meeting, but such vote is less than a majority of the votes of the Members, Members who were not present in person or by proxy may give their consent in writing within ten (10) days after the aforesaid meeting, so that the percentage of membership votes required for action under Sections 3, 4 and 5 of this Article VI may be obtained.

SECTION 7. DUE DATES OF ANNUAL ASSESSMENTS: CERTIFICATE REGARDING ASSESSMENTS. The Annual Assessments shall

commence on the date of recording a deed for the sale of the first (1st) Unit. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the Annual Assessment against each Unit at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to each Owner subject thereto. The Annual Assessments shall be collected on a monthly basis and shall be due the first (1st) day of each month. The Association, shall, upon demand and for a reasonable charge not to exceed Ten Dollars (\$10), furnish a certificate to persons requesting same signed by an officer of the Association, setting forth whether all assessments on a specified Condominium, whether Annual, Special, Emergency or Property Tax Assessments, have been paid.

SECTION 8. PROPERTY TAX ASSESSMENTS. Until such time as the Los Angeles County Tax Collector segregates the property taxes on the Property into separate assessments for each Condominium, the Association shall, upon written request of Declarant, make and enforce a property tax assessment ("Property Tax Assessment") against each Owner whose Condominium is taxed to Declarant pursuant to an unsegregated property tax bill on the Project or any portion thereof. The Property Tax Assessment shall constitute a lien on such Owner's Condominium and shall be enforceable as herein provided. The amount of the Property Tax Assessment against each Owner shall be that portion of the unsegregated property tax which bears the same relationship to the total tax as the Owner's fractional undivided interest in the Common Areas, as

set forth in Exhibit B, bears to the total of all Owners' interest in the Common Areas. The Property Tax Assessment shall be due and payable no later than December 1 as to the first installment of property taxes and April 1 as to the second installment. No later than the aforesaid dates, the Association shall deliver to Declarant a check payable to the Los Angeles County Tax Collector in the total amount of the tax due from the Members of the Association. Declarant shall cause the tax bill to be paid.

SECTION 9. EFFECT ON NONPAYMENT OF ASSESSMENTS:

REMEDIES OF THE ASSOCIATION. Each Owner of any Condominium on becoming an Owner of any Condominium is and shall be deemed to covenant and agree to pay to the Association the assessments provided for in this Article VI and agrees to the enforcement of all such assessments in the manner herein specified. Each Owner vests in the Association or its assigns, the right and power to bring all actions at law, liens, foreclosures or other remedies provided herein against Owners for the collection of delinquent assessments. In the event an attorney or attorneys are employed for collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner. In the event of a default in payment of any such assessment when due, such assessment shall be deemed to be delinquent. In addition to any other remedies herein provided, the Association may enforce the obligations of the Owners to pay the

assessments provided for herein, and each of them, in any manner provided by law or in equity, and without any limitation of the foregoing, by any or all of the following procedures:

(a) Suspension of Rights. After a hearing by the Board, upon ten (10) days' written notice to the delinquent Owner, the Board may suspend the voting rights or right to use recreational facilities or both, of any Owner, his family, guests, invitees, tenants and contract vendees, for any period during which any assessment against such Owner's Condominium remains unpaid.

(b) Enforcement by Suit. By commencement and maintenance of a suit at law against an Owner or prior Owner to enforce each such assessment obligation. Any judgment rendered in any such action shall include the amount of the delinquency, interest thereon at the maximum legal rate per annum from the date of delinquency, court costs and reasonable attorneys' fees in such amount as the Court may adjudge against the delinquent Owner.

(c) Enforcement by Lien. There is hereby created a lien, with power of sale, on each and every Condominium to secure payment to the Association of any and all assessments levied against any and all Owners of such Condominium under this Declaration, together with interest thereon at the maximum legal rate per annum from the date of delinquency, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees. At any time within ninety (90) days after the occurrence of any default in the payment of any such assessment,

the Association or any authorized representative may, but shall not be required to, make a written demand for payment to the defaulting Owner. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or notice of assessment, which shall constitute a lien, but any number of defaults may be included within a single notice of assessment. If such delinquency is not paid within ten (10) days after delivery of such demand, or, even without such a written demand being made, within one hundred (100) days after the date of delinquency, the Association may elect to file and record such a notice of assessment on behalf of the Association against the Condominium of the defaulting Owner in the Office of the Los Angeles County Recorder. Such a notice of assessment shall be executed and acknowledged by any officer of the Association, and shall contain substantially the following information:

- (1) The name of the delinquent Owner;
- (2) The legal description and street address of the Condominium against which claim of lien is made;
- (3) The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, collection costs and reasonable attorneys's fees (with any proper offset allowed);
- (4) That the notice of assessment is made by the Association pursuant to this Declaration; and
- (5) That a lien is claimed against said Condominium in an amount equal to the amount stated.

Upon such recordation of a duly executed original or copy of such a notice of assessment, the lien claimed therein shall immediately attach and become effective. Any

such lien may be foreclosed by appropriate action in court or in the manner provided by law for the foreclosure of a deed of trust with power of sale as set forth by the laws of the State of California as the same may be changed or amended or enforced in the manner provided by the laws of the State of California for the enforcement of judgments. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any Condominium. In the event such foreclosure or enforcement is by action in court, reasonable attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law.

The proceeds of any foreclosure or judgment sale provided for in this Declaration shall first be paid to discharge court costs, court reporter charges, reasonable attorneys' fees, title costs and costs of the sale, and all other expenses of the proceedings and sale, and the balance of proceeds, after satisfaction of such charges and unpaid assessments hereunder or any liens, may be paid to the defaulting Owner. Any purchaser upon such sale shall thereupon be entitled to a deed to the Condominium and to immediate possession of the Condominium and shall have the right to apply in court for such orders as may be necessary for the purpose of acquiring such possession. It shall be a condition of such sale, and the deed made shall so provide, that the purchaser shall take the interest in the Property sold subject to this Declaration.

Upon the timely curing of any default for which a notice of assessment was filed by the Association, the officers of the Association are hereby authorized to record an appropriate notice

of satisfaction and release of lien in the Office of the Los Angeles County Recorder.

SECTION 10. ASSIGNMENT OF RENTS. As security

for the payment of all such liens, each Owner hereby gives to and confers upon the Association the right, power and authority, during the continuance of such ownership, to collect the rents, issues and profits of said Owner's Condominium, reserving unto the Owner the right, prior to any default by such Owner in performance of that Owner's obligations under this Declaration, or the Articles or By-Laws or in payment of any indebtedness to such Association or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default the Association may, at any time, upon ten (10) days' written notice to such Owner, then either in person, by agent or by a receiver to be appointed by a court of competent jurisdiction, and without regard to the adequacy of any security for such indebtedness enter upon and take possession of such Owner's Condominium or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any such indebtedness, and in such order as the Association may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default hereunder or invalidate any act done pursuant to this Declaration.

The assignment of rents and powers described in the foregoing paragraph shall not affect, but shall in all respects be subordinate to, the rights and power of the holder of any first mortgage on any Condominium or the Declarant with regard to any second mortgage it may hold on any Condominium, or any part thereof, to do the same or similar acts.

SECTION 11. SUBORDINATION TO CERTAIN TRUST DEEDS.

The lien of any assessment made under this Declaration shall be prior to all encumbrances made by the Owner or imposed by legal process upon any Condominium, whether the lien of such assessment is recorded prior or subsequent to any such encumbrances, except that the lien of such assessment shall be subordinate to the lien of any first mortgage or first deed of trust in favor of any lender or any second mortgage or second deed of trust in favor of Declarant made in good faith and for value and recorded in the Office of the Los Angeles County Recorder prior to the recordation of a claim of lien for said assessments. Sale or transfer of any Condominium shall not defeat or affect the assessment lien. However, the sale or transfer of any Condominium, which is subject to any first mortgage or deed of trust or second mortgage or deed of trust in favor of Declarant, pursuant to a foreclosure under such first or second mortgage or deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessment as to payments thereof which become due prior to such sale or transfer. No such sale or transfer shall relieve such Condominium or purchaser thereof from liability for any assessments thereafter becoming due or from the lien thereof, or relieve the prior Owner from personal liability for any assessments which were previously due.

ARTICLE VII

EASEMENTS

SECTION 1. ROAD AND UTILITIES. Declarant hereby expressly reserves for itself and each Owner of a Condominium at any time subject to this Declaration, their family, guests, tenants and invitees, the Association and its Members, and for the benefit of all property which may from time to time be subject to this Declaration, a nonexclusive easement both appurtenant and in gross, for sidewalks, walkways, bridges, roadways, ingress, egress, access, and for all utility purposes, and for purposes incidental thereto, under, along, over, above, across and upon all of the driveways, walkways and bridges within the Project. Such easements shall terminate as to each Owner other than Declarant upon sale or transfer of such Owner's Condominium.

SECTION 2. ENCROACHMENTS. If any portion of the Common Areas encroaches upon any Unit, an easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist in favor of said Common Areas. In the event the building is partially or totally destroyed, and then rebuilt, the Owners of Units agree that minor encroachments of parts of the Common Areas due to reconstruction shall be permitted and that valid easements for said encroachments and the maintenance thereof shall exist. The Common Areas are and shall always be subject to easements for minor encroachments thereof of the Units.

SECTION 3. USE OF THE COMMON AREAS, DRIVEWAYS.

Each Condominium within the Project subject to this Declaration is hereby declared to have a nonexclusive easement

for enjoyment over all the Common Areas except those portions thereof subject to an exclusive easement in favor of a Condominium, as more fully referred to in Article II, hereof, a non-exclusive easement for ingress and egress over and through the Common Areas and a nonexclusive easement for ingress and egress over and through the driveways in the Project. Said easements are appurtenant to and shall pass with the title to every Condominium. Said easements are for the benefit of the Condominiums, the Owners of the Condominiums, and each of them, their respective families, guests, invitees, tenants, contract vendees, and such other classes of persons to whom the Board may, from time to time and subject to published rules and regulations, extend the privilege of use and enjoyment of the Common Areas and ingress and egress for all of the purposes and uses hereinabove set forth. In furtherance of the establishment of these easements, the individual grant deeds to the Condominiums may, but shall not be required to, set forth the foregoing easements. The right of Declarant and each person set forth above to use and possess the Common Areas as set forth herein, shall be subject to and governed by the provisions of this Declaration, the Articles and the By-Laws, and such other rules and regulations as may hereafter be adopted by the Board from time to time. The Association shall have the authority to lease or to grant licenses or concessions with respect to all or any part of the Common Areas, subject only to the provisions of this Declaration, the Articles and By-Laws; provided, however, that any charges levied against the general public for any particular facilities shall not be less than charges levied against Condominium Owners for the same use of the same facilities.

SECTION 4. USE BY DECLARANT. Declarant and any persons or entities related thereto or affiliated therewith and their respective agents and representatives shall have a non-exclusive easement for use of the Common Areas and the facilities thereof for display and exhibit purposes and conduct of a sales program in connection with the sale of Condominiums within the Project which easement Declarant expressly reserves for such period of time as Declarant is an Owner or until July 1, 1980, whichever is sooner. No such use by Declarant shall restrict the Members in their use and enjoyment of the Common Areas or facilities thereon.

SECTION 5. UTILITY EASEMENTS TO OWNERS. The rights and duties of the Owners within the Property with respect to sanitary sewer and water, electricity, gas and telephone lines and facilities shall be governed by the following:

(a) Wherever sanitary sewer connections, water connections or electricity, gas, or telephone lines or air conditioning and heating ducts are installed within the Project, which connections or any portion thereof lie in or upon Condominiums owned by other than the Owner of a Condominium served by said connections shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon the Condominiums or to have the utility companies enter upon the Condominiums within the properties in or upon which said connections, or any portion thereof, lay, and to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below, such entry to be during normal business hours, except for emergencies.

(b) Wherever sanitary sewer house connections or water house connections or electricity, gas or telephone lines or air conditioning and heating ducts are installed within the Project, which connections serve more than one Condominium, the Owner of each Condominium served by said connections shall be entitled to the full use and enjoyment of such portions of said connections as service his Condominium subject to reasonable temporary suspensions of service required for repairs and maintenance.

(c) In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, lines or ducts or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

SECTION 6. EASEMENTS RESERVED BY DECLARANT. Easements over, along, upon and under the Project for the installation and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities, for air conditioning and heating ducts and for drainage facilities as shown on the Subdivision Map, or on the Condominium Plan, and as may be hereafter required or convenient to service the Property, are hereby reserved by Declarant, together with the right to grant and transfer the same.

SECTION 7. RIGHT OF PUBLIC ENTRY TO COMMON AREA.
The City of Rancho Palos Verdes, the County of Los Angeles, the State of California, and the Government of the United States, and

any department, bureau or agency thereof, shall have the right of immediate access to all portions of the Common Areas of the Project not assigned for the exclusive use of the Owner of a particular Unit at all times for the purpose of preserving the public health, safety and welfare except in those instances where a portion of the Common Areas is accessible only through a private Unit. Notice of such right of governmental agency access shall be prominently displayed in the Common Areas of the Project, so long as such notice is required by ordinance of the City of Rancho Palos Verdes.

ARTICLE VIII

COVENANTS AND USE RESTRICTIONS

Declarant and its successors and assigns, by this Declaration, and all Owners of a Unit or Units, by their acceptance of their respective instruments of conveyance, covenant and agree, in addition to all other covenants contained herein, as follows:

SECTION 1. PARTITION OF COMMON AREAS. That the Common Areas shall remain undivided and no Owner shall bring any action for partition, except as otherwise hereinafter provided, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project.

SECTION 2. RESIDENTIAL USE. That the Units shall be occupied and used by the respective Owners only as a private dwelling for the Owner, his family, tenants, lessees for any term, and social guests and for no other purpose, except that Declarant may use any Units owned by Declarant as a sales

office and as a model home or homes in connection with its sales programs as provided in Article VII, Section 4; and in furtherance thereof, shall have an easement over, under, above and across all of the Common Areas for ingress, egress and parking for Declarant, his agents, employees and invitees so long as Declarant shall own at least one Condominium, or until July 1, 1980, whichever is sooner.

SECTION 3. CHILDREN. No persons under the age of fourteen (14) years shall be permitted to be permanent residents in the Units. Children under the age of fourteen (14) years shall be permitted as guests and as temporary residents only as provided in the Association Rules enacted by the Association, or in circumstances not covered by the Association Rules, on such terms and conditions as are approved by the Board of Directors. Parents are responsible for the orderly conduct of their children.

SECTION 4. INTERIOR DECORATION. That each Owner shall have the exclusive right to paint, repaint, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his own Unit, provided, however, that no Owner may refinish or decorate any such surface in any manner which reduces the noise attenuation obtained by the original materials in the Unit as installed by Declarant and further provided that any ~~draperies, curtains, shades or other window coverings which are visible from the outside of the Unit shall have a visible surface only in the color of white or off-white~~ unless the Environmental Control Committee gives its written approval to another color.

SECTION 5. ADMINISTRATION OF PROJECT. That the Owners of all of said Condominiums covenant and agree that the administration of the Project shall be in accordance with the provisions of this Declaration, the Articles of Incorporation and the By-Laws of the Association. That each Owner, tenant or occupant of a Condominium shall comply with the provisions of this Declaration, the Articles, the By-Laws and all decisions and rules of the Association or its duly authorized representative, all as amended from time to time, and failure to comply with the provisions, decisions, rules, regulations or resolutions, shall be grounds for injunctive relief.

SECTION 6. MAINTENANCE BY OWNER. The Owners of the Units shall be responsible for the maintenance of and shall maintain the interiors of their Units and their private patios, including interior walls, windows, glass, ceilings, floors, and permanent fixtures, and appurtenances thereto, in a clean, sanitary and attractive condition, reserving to each Owner however, complete discretion as to choice of furniture, furnishings and interior decorating, subject to Section 4 hereof.

The Owner of each Unit shall: (a) keep the same free from rubbish and litter; (b) maintain, cultivate and keep in good condition and repair shrubs, trees, plants and other landscaping located or from time to time placed upon his patio or balcony; (c) maintain in good condition and repair and adequately painted or otherwise finished all improvements located or from time to time placed in his Unit or on his patio or balcony. In the event an Owner shall fail to comply with the provisions of

this Section, the Board of Directors shall notify such Owner in writing of such lack of compliance, which notice shall specify the nature of such lack of compliance. If such Owner fails to remedy such lack of compliance within fifteen (15) days after receipt of such notice (or within such greater time period as may be specified in such notice), or, in the alternative, fails to deliver written notice to the Board within fifteen (15) days from receipt of such notice requesting a hearing before the Board with regard to the matters of non-compliance set forth in such notice, the Association or its authorized agents shall have the right to enter into such Owner's Unit, patio and balcony for the purpose of remedying the matters set forth in such notice, and shall not be liable for trespass in connection with such entry. If the Owner timely requests a hearing before the Board, the Board shall schedule a hearing and shall provide the Owner with at least seven (7) days' written notice as to the date, time and place thereof. At the hearing the Owner will have an opportunity to discuss with the Board the merits of the claims set forth in the Association's original notice of noncompliance and the Board will determine what action, if any, need be taken by the Owner. The decision of a majority of the members of the Board present at the hearing will be binding on the Association and the Owner. In the event it is determined that the Owner has not complied with the provisions of this Section, the Board shall establish a reasonable time within which the Owner shall so comply. If the Owner fails to so comply within such time period, the Association or its authorized agents shall then have the right to enter into the Owner's Unit, patio and balcony for the

purpose of remedying such matters and shall not be liable for trespass in connection therewith. The cost to the Association for remedying an Owner's failure to comply with the provisions of this Section shall be assessed to the Owner and such assessment shall constitute an Emergency Assessment as provided in Article VI hereof but shall not require the consent of the Members, or any percentage thereof, and shall be enforceable by suit against the Owner, or as a lien against such Owner's Condominium in the event of nonpayment, in the manner provided for by Article VI of this Declaration.

SECTION 7. COMMON AREAS. No Owner shall remove, alter, or injure in any way any portion of the Common Areas, including, but not limited to, the residential building, the awnings attached to the exterior of the buildings, the recreational facilities and all improvements thereto and personal property located thereon or any shrubs, trees, grass, plants or other landscaping placed upon the Common Areas by Declarant or the Association. The Owner of any Condominium who violates this Section shall reimburse the Association for all expenses incurred by it in remedying the damage caused by said Owner's violation of this Section.

SECTION 8. SIGNS. No sign or billboard of any kind (including but without limitation commercial or political signs) shall be displayed to the public view on any Condominium, except for (a) directional signs established by the Declarant or the Association, (b) such signs as may be required by legal proceedings, (c) residential identification signs showing the Unit number as installed by Declarant or approved by the Board of Directors or

the Environmental Control Committee pursuant to Article IX hereof, (d) during the time of construction of any Unit or other improvement, one job identification sign not larger than eighteen by twenty-four inches in height and width and having a face area not larger than three square feet, and (e) not more than one "for sale" or "for rent" sign having a maximum size that is customary for real estate sales and rentals in the Community, (f) sales, promotional and model identification signs used by Declarant in connection with its sales of the Condominiums. The use of flags, pennants, or any similar device designed to attract or direct attention to a particular Unit or Units, or to a sign, are expressly prohibited; provided, however, that Declarant may use said flags, pennants and similar devices in connection with its sales of the Condominiums.

SECTION 9. OBNOXIOUS AND OFFENSIVE ACTIVITIES. No obnoxious or offensive activity shall be carried on, in, or upon any Condominium or any part of the Project, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners of his respective Unit, or which shall in any way increase the rate of insurance.

SECTION 10. ANIMALS. No animals of any kind shall be raised, bred or kept in or upon any Condominium, except that dogs, cats, birds and fish and other household pets approved by the Association may be kept in the Units, balconies and patios, provided they are not kept, bred, or maintained for any commercial purpose, or in unreasonable numbers. Notwithstanding the foregoing, no animal or fowl may be kept which result in an annoyance

or is obnoxious to residents in the vicinity, and in any event, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests and invitees, and to the Association, for any and all damage to person or damage to or litter on property caused by any pets brought upon or kept upon the Units, balconies, patios or the Common Areas by any Owner or by members of his family, guests or invitees. Upon the written request of any Owner, and upon notice to the Owner of any specific animal to be affected by its decision, and after a hearing at which such persons and any other interested persons may appear and be heard, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this paragraph, a particular animal or bird is a generally recognized house or yard pet, or a nuisance, or whether the number of animals or birds on any such property is reasonable.

Any decision rendered by the Board shall be enforceable as other restrictions contained herein.

SECTION 11. DEBRIS AND OUTSIDE STORAGE. No rubbish, trash or garbage or containers therefor shall be allowed to accumulate on the Project outside the Units except in locations specifically designated by the Board for such use, or except during the days on which rubbish is collected, without the written permission of the Board.

SECTION 12. TAXES AND UTILITY CHARGES. Each Owner of a Condominium shall pay any real and personal property taxes or charges assessed against his respective Condominium, and the utility charges for said Condominium.

SECTION 13. ALTERATION AND IMPROVEMENTS. No building, fence or other structure of any type or any structural alteration to any Unit, or to the Common Areas shall be made, constructed or maintained upon the Project except by Declarant until the plans and specifications therefor showing the appearance, height, materials and color therefor have been approved by the Board of Directors or the Environmental Control Committee, acting pursuant to Article IX hereof; no change in the exterior appearance, type, color, grade, height or locations of any structure located upon the Project shall be made except by Declarant without the written approval of the Board of Directors or the Environmental Control Committee acting pursuant to Article IX hereof, and the appropriate governmental agencies.

SECTION 14. PROHIBITION AGAINST TOWERS, ANTENNAE, AERIALS, ETC. No towers, antennae, aerials or other facilities for the reception or transmission of radio or television broadcasts or other means of communication shall be erected and maintained or permitted to be erected and maintained on the Project except by installations inside of structures or by underground conduits. Each unit shall be served by a cable antenna service provided by a company licensed to provide such service within the City.

SECTION 15. RESTRICTIVE AGREEMENTS. No Owner shall execute or file for record any instrument which imposes a restriction upon the sale, leasing or occupancy of his Condominium on the basis of race, color or creed. The provisions of this Declaration shall be liberally construed. Failure to enforce any provision herein shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

SECTION 16. PESTS. No Owner shall permit any thing or condition to exist upon any portion of the Project which shall induce, breed or harbor infectious plant diseases or noxious insects or vermin.

SECTION 17. RIGHT OF ENTRY. During reasonable hours, any member of the Environmental Control Committee, any member of the Board, or any authorized representative of any of them, shall have the right to enter upon and inspect any portion of the Project and the improvements thereon for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry.

SECTION 18. PARKING AND STREET OBSTRUCTIONS. Parking of vehicles of any type whatsoever or motorcycles on any portion of the driveways shall be permitted only as set forth in the Rules promulgated by the Board. Each Owner covenants and agrees to do nothing which will in any manner prevent the driveways from all times being free and clear of obstructions and in a safe condition for vehicular use.

SECTION 19. PARKING REQUIREMENTS OF CITY OF RANCHO PALOS VERDES. A portion of the Common Areas has been reserved for parking spaces. Each Unit Owner shall be entitled to the exclusive use of two assigned parking spaces. The deed from Declarant to each initial Unit Owner shall convey an easement for said parking spaces. Said easement may not be sold or assigned except upon a Sale of the Condominium to which it is appurtenant and said easement must be conveyed, upon conveyance of the Condominium, to the purchaser thereof. All parking spaces shall be used solely by Unit Owners, members of their families; their guests or lessees of Owner's Unit. All parking spaces shall be

used solely for the purpose of parking motor vehicles as defined by the Vehicle Code of the State of California. No parking space or spaces shall be used by, rented or leased to any person except in conjunction with the occupancy of a Unit within the area housing such parking spaces. Campers, trailers, boats and vehicles other than passenger cars may be parked only in enclosed garage areas and only if permitted by, and pursuant to, rules and regulations of the Association. The provisions of this paragraph pertaining to use, assignment, letting or occupancy of the parking spaces may not be amended, modified or changed in any manner without first obtaining the written consent of the City of Rancho Palos Verdes.

SECTION 20. COMPLIANCE WITH LAWS. Each Owner

shall promptly comply with all laws, statutes, ordinances, rules and regulations of federal, state or municipal governments or authorities applicable to use and occupancy of and construction and maintenance of any improvements upon the Condominium.

SECTION 21. EXTRACTION OF MINERALS. No oil drill-

ing, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted on the Project, nor shall oil wells, tanks, tunnels or mineral excavations be permitted upon the surface of any portion of the Property or within five hundred feet below the surface of the Property and no derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any portion of the Project or the Property.

SECTION 22. WASHER AND DRYER INSTALLATION. All

washers, dryers and other nonpermanent appliances shall be permitted provided they are installed with permanent rubber mounting bases and surface plates for noise attenuation, as approved by the Environmental Control Committee pursuant to Article IX hereof.

SECTION 2 LEASES. With the exception of lender in possession of a condominium unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Unit Owner shall be permitted to lease his Unit for transient or hotel purposes. No Unit Owner may lease less than the entire Unit. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and the By-Laws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be required to be in writing. Other than the foregoing, there is no restriction on the right of any Unit Owner to lease his Unit.

SECTION 24. EXCEPTIONS. The restrictions set forth in this Article VIII do not apply to any of the following:

(a) Any part of the Project which is owned by any public body.

(b) Any act done or proposed to be done upon the Project, or any condition created thereon, by any governmental entity or agency, or the agents or employees of any governmental entity acting in the scope of their authority as such agents or employees.

(c) Any act done or proposed to be done upon the Project, or any condition created thereon, by any utility company (including, but not limited to, companies furnishing electric, gas, water, telephone, cable television or sewer service to all or part of the Property), or the agents or employees of any such company, which act could be done by such company were this Declaration not made.

(d) Any act done or proposed to be done upon the Project, or any condition created thereon, by Declarant, or its successors, assigns, agents, employees or contractors, in the course of planning for, preparing the Property or the

Project for and/or constructing upon the Property of the Project streets, utilities, buildings and all other original improvements.

(e) Any act done or proposed to be done upon the Project, or any condition created thereon, which act or condition has been approved in advance by the Board of Directors or the Environmental Control Committee acting within its authority as set forth in Article IX of this Declaration.

(f) Any act done or proposed to be done upon the Project, or any condition created thereon, by any person pursuant to court order, or the order of any public officer or public agency; provided, however, that the orders contemplated in this subparagraph are only those which are the result of action initiated by public officers or agencies and which embody mandatory requirements with penalties for nonperformance, and are not those orders which result from the application of private parties or are merely permissive.

ARTICLE IX

ENVIRONMENTAL CONTROL COMMITTEE

SECTION 1. ESTABLISHMENT OF COMMITTEE MEMBERSHIP.

(a) Establishment of Committee. The rights, powers and duties of the Board of Directors under Sections 4, 8, 13, 17, 22 and 23(e) of Article VIII hereof may be delegated by the Board of Directors, by resolution duly adopted according to the By-Laws, to a committee consisting of three (3) individuals appointed by the Board of Directors, none of whom shall be required to be an architect, or a member, officer or director of the Association or to meet any other particular qualifications. The terms "Environmental Control Committee" and "Committee", as used herein, shall refer to the Board of Directors, if no such separate committee has been appointed, or to such committee if the same is in existence.

(b) Initial Members. The following persons are hereby designated as the initial members of the Environmental Control

Committee:

Office No. 1 - D.L. MARLETT

Office No. 2 - M.J. STEPONOVICH

Office No. 3 - M.A. KOCHAN

All of the rights, powers and duties of the Environmental Control Committee as set forth in Section 2 of this Article IX are hereby delegated to the Environmental Control Committee granted hereby. Such delegation may not be revoked for a period of three (3) years after sale of the first Condominium in the Project or until Declarant has sold ninety percent (90%) of the Condominiums in the Project, whichever occurs first.

(c) Term of Office. Unless the initial members of the Environmental Control Committee have resigned or been removed, their terms of office shall continue for a period of three (3) years after sale of the first Condominium in the Project or until Declarant has sold ninety percent (90%) of the Condominiums in the Project, whichever occurs first, or until the appointment of their respective successors. Thereafter the term of each Environmental Control Committee member appointed shall be for a period of three (3) years or until the appointment of his successor. Any new member appointed to replace a member who has died, resigned or been removed shall serve such member's unexpired term. Members who have resigned, been removed or whose terms have expired, may be reappointed.

(d) Appointment, Removal and Resignation. The right to appoint and remove all members of the Environmental Control Committee at any time, shall be and is hereby vested solely in the Board; provided however, that no initial member of the Environmental Control Committee may be removed, nor any successor

appointed for an initial member who dies or resigns, except by Declarant prior to expiration of such member's term of office or the sale by Declarant of ninety percent (90%) of the Condominiums in the Project, whichever occurs first, and provided further that after expiration of the terms of the initial members, no member of the Environmental Control Committee may be removed prior to the expiration of his term of office except by the vote or written consent of four-fifths (4/5) of the members of the Board. Any member of the Environmental Control Committee may at any time resign from the Committee by giving written notice thereof to the Declarant, if pursuant to this subparagraph (d) Declarant has the right to appoint a successor to such member, or if Declarant does not have such right, to the Board.

(e) Vacancies. Except as otherwise provided in subsections (c) and (d) of this Section 1, vacancies on the Environmental Control Committee, however caused, shall be filled by the Board. A vacancy shall be deemed to exist in case of the death, resignation or removal of any member and shall be filled by the vote of a majority of the members of the Board. Failure of the Board of Directors to fill any vacancy in the Committee shall not prevent (i) the running of the ninety (90)-day automatic approval period specified in Section 2(e) of this Article IX or (ii) action by the Committee on any matter to the extent that a majority thereof each join in and consent thereto.

(f) Notice of Membership on Committee. The Declarant and the Board of Directors shall, upon appointing successors to the initial members of the Committee, record written notice of such appointment in the Office of the County Recorder of Los Angeles

County. All parties, including any title insurance company, shall be entitled to rely conclusively upon the membership of the Committee as established and as changed by any such recorded notice.

SECTION 2. OPERATION OF COMMITTEE. The Environmental Control Committee shall function as follows:

(a) The Committee may require the submission to it of any or all of the following documents which it determines to be reasonably appropriate to be the activity for which consent is requested: (1) a written description, (2) plans and specifications, (3) schematics, (4) elevations, (5) a plot plan showing the location of the proposed structure or improvements.

(b) All submissions to the Environmental Control Committee shall (1) be in duplicate, (2) show the address of the party submitting the same, (3) be deemed made when actually received by the Committee at its address in the City of Torrance, California, or such other place as may be designated in writing by the Committee from time to time, and (4) state in writing the specific matters of which approval is sought.

(c) Any approval, disapproval or other action by the Committee pursuant to this Declaration shall be effective only if made by certificate in writing, stating the Committee's action as having been joined in by at least a majority of its members at the time such action is taken, signed by such joining members. Upon request of the affected Owner, the Committee members shall have their signatures on such certificate acknowledged for recording. Any action so certified shall constitute the action of the Committee and the certificate thereof shall promptly be mailed, postage prepaid, to the address specified by the submitting party.

Any such certificate when so made, signed and mailed shall be irrevocable, shall constitute conclusive evidence of the action of the Committee and may be relied upon by any person, including but not limited to, any Owner and any title insurance company.

(d) One of the two sets of submissions to the Committee may be retained by it. The other set shall have the approval or disapproval of the Committee endorsed thereon and shall be mailed, postage prepaid, to the address specified by the submitting party unless such party shall elect to accept delivery thereof in person or by agent so authorized in writing.

(e) If the Committee fails to mail its certificate with regard to any material submitted to it hereunder, within thirty (30) calendar days after submission, it shall be conclusively presumed that the Committee has approved the specific matters as to which approval was sought in the submission. It shall thereupon be the duty of the members of the Committee, forthwith upon the request of the submitting party, to sign and acknowledge a certificate evidencing such approval.

(f) As a condition precedent to its consideration of or action upon any material or matter submitted to it hereunder, the Committee shall be entitled to receive a sum fixed by it which shall not exceed \$10.00 for each set of plans, specifications, drawings or other material so submitted. Notwithstanding the provisions of subparagraph (a) (3), until the requisite sum shall have been paid to it as provided herein, any material delivered to the Committee shall not be considered to have been submitted to it for the purpose of this Declaration.

(g) No certificate of the Committee shall be recorded

by the Committee or any member thereof, but the same may be recorded by the party submitting the material concerning which the certificate was made.

All action by the Committee authorized in this Declaration shall be within its sole discretion.

SECTION 3. ACCESS TO PROJECT. Each member of the Committee, or any other agent or employee of the Board of Directors shall at all reasonable hours have the right of access to any part of the Project, and to any structures built or being built thereon, for the purpose of inspection relative to compliance with this Declaration.

SECTION 4. WAIVER. The approval or disapproval by the Committee of any plans, specifications, drawings, grading plans, heights, or any other matters submitted for approval or consent shall not be deemed to be a waiver by the Committee of its rights to approve, disapprove, object or consent to any of the features or elements embodied therein when the same features or elements are embodied in any other plans, specifications, drawings, heights or other matters submitted to the Committee.

SECTION 5. LIABILITY. The Committee shall not be responsible for any defects in any building or other structure erected, constructed, installed, placed, altered or maintained in accordance with or pursuant to any plans and specifications, color scheme, or other material approved by the Committee or any conditions or requirements that said Committee may have imposed with respect thereto. Approval of the Committee shall not affect or be considered compliance with any requirement of the City of Rancho Palos Verdes or any other governmental agency that a building permit or other entitlement or approval be obtained before commencement of any work.

ARTICLE X

PARTITION AND SALE OF THE PROJECT

An action may be brought by one or more Owners of Units within the Project for partition thereof by sale of the entire Project as if the Owners of all of the Condominiums in the Project were tenants in common in the entire Project in the same proportion as their interests in the Common Areas, provided, however, that a partition shall be made only upon a showing of the existence of one or more of the conditions set forth in Section 752b of the California Code of Civil Procedure, or that:

(a) Two (2) years after damage or destruction to the Project which renders a material part thereof unfit for its use, the Project has not been rebuilt or repaired substantially to its state prior to its damage or destruction; or

(b) One-half (1/2) or more of the Project has been destroyed or substantially damaged and Condominium Owners holding in aggregate more than fifty percent (50%) interest in the Common Areas are opposed to repair or restoration of the Project; or

(c) The structure has been in existence in excess of the number of years shown on the following table, is obsolete and uneconomic, and the percentage of Condominium Owners holding in aggregate a percentage interest in the Common Areas as set forth in the following table are opposed to repair or restoration of the Project; provided, however, that in such event, and in the absence of substantial destruction of the Project by fire or other casualty or the taking by condemnation or eminent domain, the written consent of all holders of first Mortgages on the Property or any part thereof has been obtained.

<u>Age of Structure</u>	<u>Percentage of Interest in Common Areas Held by Condominium Owners</u>
30 years	70 percent
40 years	60 percent
50 years	50 percent
60 years	40 percent
70 years	30 percent

For purposes of this section, multiple Owners of a single Unit shall not be deemed possessed, in the aggregate, of any greater interest in the Common Areas than that possessed by a single Owner of a Unit.

ARTICLE XI

DESTRUCTION

(a) Notice to Mortgagees.

In the event of substantial damage to or destruction of any Unit or any part of the Common Areas, written notice thereof shall be given to each institutional holder of a first Mortgage on any affected Condominium.

(b) Repair & Restoration.

Subject to the provisions of Article X hereof relating to partition and sale of the Project, if all of the Common Areas, or any part of the Common Areas (including but not limited to the buildings) are damaged or destroyed by fire or other casualty, then the insurance proceeds available to the Association shall be paid to the Board of Directors which shall thereupon contract to repair, reconstruct or restore the damaged or destroyed portions of the Common Areas as nearly as may be possible to their condition immediately prior to such damage or destruction. If the insurance proceeds are insufficient to pay all of the costs of repairing or rebuilding, the Board of Directors shall cause all insurance proceeds available to the Association to be paid to a bank or trust company to be held for the benefit of the Owners and their respective Mortgagees of their individual Condominiums, as their interest shall appear. The Board of Directors shall thereafter obtain firm bids from two or more responsible contractors to rebuild the Common Areas as

nearly as may be possible to their condition immediately prior to such damage or destruction and shall, as soon as possible thereafter, call a special meeting of the Members to consider such bids. At such meeting, the Members may, by vote of not less than sixty-six and two-thirds percent (66-2/3%) elect to reject all such bids, or by vote of more than fifty percent (50%) elect to reject all such bids involving a total cost exceeding the amount of available insurance proceeds by more than One Hundred Thousand Dollars (\$100,000.00). Failure to thus reject all of such bids shall authorize the Board of Directors to accept the bid it considers most favorable. If a bid is accepted, the Board of Directors shall levy a Special Assessment on all the Owners, in accordance with the provisions of Article VI, Section 4, hereof, to make up any deficiency between the total insurance proceeds and the contract price for such repair and rebuilding. If no such bid is accepted within six (6) months after the date on which such damage or destruction occurs, then the Board of Directors shall cause a special meeting of the Members to be held at which time the Owners may, by seventy-five percent (75%) vote, elect not to repair, reconstruct or restore the damaged Common Areas but to distribute the insurance proceeds available for such reconstruction, together with any other sums otherwise available to the Association for such purpose to the Owners (including Declarant with respect to any retained or unsold Condominium), each in proportion to his proportionate ownership of the Common Areas as set forth in Exhibit C attached hereto, but subject to (i) the rights of Mortgagees holding Mortgages encumbering Condominiums within the Project and (ii) all unpaid Assessments, together with any interest charges attributable thereto. In the event it is not the determination and vote of the Members not to repair, reconstruct or restore the damaged Common Areas at the special

meeting held for this purpose, the Board of Directors shall accept the lowest available bid theretofore submitted and cause such work to be completed and specially assess all Condominium Owners in accordance with Article VI, Section 4, for all additional funds needed for such purpose.

ARTICLE XII

CONDEMNATION

In the event that an action in eminent domain or other proceeding is brought to condemn or otherwise acquire all or any portion of the Common Areas within the Project, the Association, upon receiving notice of the pendency of such proceeding or action shall give written notice thereof to each institutional holder of a first mortgage on any Condominium, the award made for such taking shall be payable as follows:

(a) If the award is for the acquisition of the entire Project, the amount payable shall be paid to the Association, as trustee, for distribution to the Owners, each in proportion to his proportionate ownership of the Common Area as set forth in Exhibit C attached hereto, subject to (i) the rights of Mortgagees holding Mortgages covering each such Owner's Condominium and (ii) all unpaid Assessments of such Owner together with any interest charges or fees attributable thereto.

(b) If the award is for the acquisition of only part of the Project and is less than Thirty Thousand (\$30,000.00) Dollars, the entire amount thereof shall be payable to the Association, as trustee, (subject to the rights of Mortgagees holding Mortgages on Condominiums within the Project) and such amount, together with any interest earned thereof, shall be held by the Association either (i) to reduce the Annual Assessment for operation of the Project for the next succeeding fiscal year in accordance with Article VI of this Declaration, or (ii) as a capital contribution to the reserve fund in accordance with Article VI, Section 5(e) hereof, as the Board of Directors may determine.

(c) If the award is for the acquisition of only part of the Project and is in excess of Thirty Thousand (\$30,000.00) Dollars, it shall be distributed to the Owners, each in proportion to his fractional undivided interest in the Common Areas as set forth in Exhibit C attached hereto, subject to (i) the rights of Mortgagees holding Mortgages covering such Owner's Condominium and (ii) unpaid assessments of such Owner together with any interest charges or fees attributable thereto.

ARTICLE XIII

ENFORCEMENT

In the event of any default by any Owner under the provisions of this Declaration, the Articles, the By-Laws, or the Rules and Regulations of the Association, and upon any failure of Owner to comply with any requirement or restriction set forth in this Declaration, the Association and its successors and assigns, and the Board and its agents, or any of them, shall have all the rights and remedies which may be provided for in this Declaration, the Articles, the By-Laws, said Rules and Regulations, or which may be available at law or in equity, and may prosecute any action or other proceeding against such defaulting Owner and/or other persons for enforcement of any lien and the appointment of a receiver for the Condominium and ownership interest of such Owner, or for damages or injunction or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of the Condominium and to sell the same as hereinabove provided, or for any combination or remedies, or for any other relief. All expenses of the Association in connection with such actions or proceedings, including court costs and attorneys' fees, and all damages, liquidated or otherwise, together with interest thereon at the maximum legal rate until paid, shall

be charged to and assessed against such defaulting or non-complying Owner, and shall be added to and deemed part of his or its respective share of the common expenses, for which the Association shall have a lien as provided in Article VI hereof. Said lien shall be upon the Condominium, the interest of the Condominium Owner in the Association and upon all of such Owner's additions and improvements to the Condominium. In the event of any such default by any Owner, the Association and the Board, and the agents of each, shall have the authority to correct such default and to do whatever may be necessary for such purpose, and all expenses in connection therewith shall be charged to and assessed against such defaulting Owner. Any and all such remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or by the Board.

Should any Member institute suit against the Association, and should the Association be successful or sustained in its position in such suit, then such Member shall be required to reimburse the Association for its legal expenses incurred, including, but not limited to, attorneys' fees, fees of experts, court costs and other expenses reasonably incurred by the Association, and the amount to which the Association is entitled to be so reimbursed shall be an obligation of the Owner and lien against his Condominium as provided in and enforced by the provisions of Article VI hereof.

In the event of any default by any Owner under any of the provisions of this Declaration (except the provisions relating to payment of assessments) or any provisions of the Articles, the By-laws or the Rules and Regulations of the Association, and upon failure of the Association or the Board to exercise the rights and remedies provided herein after written notice from any aggrieved Owner, such aggrieved Owner shall have the right to exercise all of the rights and remedies hereinabove provided for enforcement of this Declaration,

the Articles, the By-laws and the Rules and Regulations of the Association.

ARTICLE XIV

ANNEXATION

SECTION 1. ANNEXATION BY THE ASSOCIATION. Upon approval in writing of the Association, pursuant to the affirmative vote or written consent of at least seventy-five percent (75%) of the voting power of its members, the owner of any property who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may cause the same to be done as hereafter provided in this Article XIV, or in any other manner permitted by law.

SECTION 2. ANNEXATION BY DECLARANT. All or any part of that certain property described in Exhibit A hereof as the Buffer Strip may be annexed by Declarant without the consent of the Association or Members within three (3) years after the date of issuance by the California Department of Real Estate of the most recent Public Report for the Project.

SECTION 3. PROCEDURE. Any annexation authorized hereunder shall be made by the owner of the property to be annexed by recording a Declaration of Annexation with respect to the property to be annexed, which shall extend the scheme of this Declaration to the property to be annexed. Such Declaration of Annexation may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the annexed property and as are not inconsistent with the scheme of this Declaration. In no event, however, shall any such supplementary Declaration revoke, modify or add to the covenants and restrictions established by this Declaration for the Property. Such Declaration of Annexation must contain a statement submitting the annexed Property to the control of the Environmental Control Committee established in Article IX hereof.

ARTICLE XV

GENERAL PROVISIONS

SECTION 1. AMENDMENTS. This Declaration may be amended at any time by an instrument signed by seventy-five percent (75%) of the Owners of the Project, then subject to this Declaration; provided, however, that so long as two classes of membership exist, any amendment which materially changes the rights, preferences or privileges of any person or restrictions on any Condominium and which requires the consent of the Real Estate Commissioner under California Business and Professions Code §11018.7, shall be made by an instrument signed by 75% of the Owners in each class of membership; and further provided, that (1) the holders of 75% of the first mortgages or first deeds of trust and Declarant as holder of any second deeds of trust of record have given their written consent thereto; and (2) that prior written approval of such amendment is first obtained from the City of Rancho Palos Verdes for any amendment to Article II, Sections 2 and 3; Article III; Article V; Sections 3 and 4; Article VI, Sections 3 and 4; Article VII, Section 7; Article VIII, Sections 4, 14, 19 and 22; Article X; Article XII or this Article XIV, Section 1. To that end, no such amendment of the aforesaid provisions of this Declaration shall be effective unless (1) the text thereof shall have been submitted to the City of Rancho Palos Verdes thirty (30) days prior to its adoption by the Owners; (2) either the City has approved the amendment or failed to disapprove it within said thirty (30) day period; and (3) the recorded instrument effecting such amendment shall recite that it was so submitted and approved or not disapproved. Any amendment must be recorded prior to becoming effective. Notwithstanding the foregoing, Declarant reserves the right, for a period of six (6) months after the recordation of this Declaration, and without the vote or approval of the Members of the Association, to amend this Declaration in any manner required to conform with the requirements of the Rancho Palos Verdes City Attorney,

the California Department of Real Estate, permanent lenders on the Project, or any other governmental body or agency having jurisdiction, so as to meet the requirements of such body or agency for their approval of this Declaration, but in no case without prior approval of the California Department of Real Estate.

Notwithstanding the provisions of the foregoing paragraph, if by law, any different consent or agreement is required for any action, then any instrument changing, modifying or rescinding any provision of this Declaration with respect to such action shall be effective only if taken and made as required by law.

No provision in this Declaration may be changed, modified or rescinded so as to conflict with the provisions of any law.

No amendment or termination of this Declaration which does not apply to all of the property then covered by this Declaration shall be made or recorded and to any portion of the Property without the written consent of all of the record Owners of such affected portion.

SECTION 2. NOTICES. Notices provided for in this Declaration shall be in writing and shall be addressed to the person intended to receive the same, at the following address:

THE OCEAN TERRACE CONDOMINIUM ASSOCIATION
3838 Carson Street, Suite 220
Torrance, CA 90503

ENVIRONMENTAL CONTROL COMMITTEE:
3838 Carson Street
Suite 220
Torrance, CA 90503

DECLARANT:
Great Lakes Properties, Inc.
3838 Carson Street
Suite 220
Torrance, CA 90503

OWNERS: At the address of such Owner's Condominium

or such other address as may be designated herein. The Declarant, the Association, and the Environmental Control Committee may designate a different address or addresses for notices to it giving written notice of such change of address to all Members of the Association. Any Owner may designate a different address or addresses for notice to him by giving written notice of his change of address to the Association. Notices addressed as above provided shall be deemed delivered when mailed by United States mail, return receipt requested, or when delivered in person with written acknowledgment of the receipt thereof. Any notice to Members of a meeting of the Association shall be given in accordance with the By-Laws and at least fifteen (15) but not more than sixty (60) days before the meeting.

Upon written request, the holder of any recorded mortgage or deed of trust encumbering any Condominium shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners whose property is subject to such mortgage or deed of trust.

SECTION 3. SEVERABILITY. If any provision of this Declaration, the Articles, or the By-Laws, or any section, sentence, clause, phrase or word, or the application thereof in any circumstance, is held invalid, the validity of the remainder of the Declaration, Articles and By-Laws, and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

SECTION 4. INAPPLICABILITY TO PROPERTY OF PUBLIC ENTITY. The provisions hereof shall be inapplicable to any property now owned or hereafter acquired by the State of California or a political subdivision thereof.

SECTION 5. VIOLATION AND NUISANCE. Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or any Owner or Owners of Condominiums.

SECTION 6. VIOLATION OF LAW. Any violation of any state, municipal or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any of the Project is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

SECTION 7. NOTIFICATION OF SALE OF CONDOMINIUM.

Concurrently with the consummation of the sale of any Condominium or under circumstances whereby a transferee becomes an Owner thereof or within five (5) business days thereafter, the transferee shall notify the Association in writing of such transfer or sale. Such notification shall set forth (i) the name of the transferee and his transferor, (ii) the street address of the Condominium acquired by the transferee, (iii) the transferee's mailing address, and (iv) the date of transfer. Prior to receipt of such notification, any and all communications requested or permitted to be given by the Association, the Board or the Environmental Control Committee shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor. The transferor shall deliver a copy of this Declaration, and all amendments thereto, to the transferee at the time of sale. The failure of the transferor to make such delivery shall not excuse the transferee from compliance with this Declaration and all amendments thereto.

SECTION 8. BREACH. No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provision herein, shall defeat or render invalid the lien of any mortgage or deed of trust 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 foreclosure or trustee's sale or otherwise.

WHEREFORE, this Declaration for a Condominium Development is made by Declarant, GREAT LAKES PROPERTIES, INC., a Delaware Corporation.

EXECUTED THIS 21st day of March, 1975.

GREAT LAKES PROPERTIES, INC.,
a Delaware Corporation

By M. J. Steponovich
Vice President

By W. A. Schneider
Assistant Secretary

YO 449 CA (5-73)
(Corporation)

 TITLE INSURANCE
AND TRUST
A TICOR COMPANY

STATE OF CALIFORNIA }
COUNTY OF Los Angeles } SS.

On March 21, 1975 before me, the undersigned, a Notary Public in and for said State, personally appeared M. J. Steponovich known to me to be the Vice President, and W. A. Schneider known to me to be Assistant Secretary of the corporation that executed the within instrument. known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature Barbara S. Jahn

Name (Typed or Printed)

 OFFICIAL SEAL
BARBARA S. JAHN
NOTARY PUBLIC-CALIFORNIA
LOS ANGELES COUNTY
My Commission Expires Oct. 4, 1977

(This area for official notarial seal)

20' STRIP OF PASEO DEL MAR TO BE VACATED
(BUFFER STRIP)

That portion of Paseo Del Mar as shown on Tract No. 30583 in the County of Los Angeles, State of California, as per map recorded in Book 813 Page 34 of Maps, in the Office of the County Recorder of said County described as follows:

Beginning at the most Southerly corner of Lot 4 of said Tract No. 30583 thence North $18^{\circ} 38' 55''$ West 26.00 feet to the beginning of a tangent curve concave Southwesterly having a radius of 2040.00 feet; thence Northwesterly along said curve an arc distance of 548.53 feet thru central angle of $15^{\circ} 24' 22''$ to the beginning of a tangent curve concave Northeasterly having a radius of 13.00 feet; thence Northerly along said curve an arc distance of 20.14 feet thru a central angle of $88^{\circ} 44' 38''$; thence tangent to said curve South $54^{\circ} 41' 21''$ West 20.01 feet to the beginning of a tangent curve concave Southeasterly having a radius of 13.00 feet thence Southerly along said curve an arc distance of 20.13 feet; thru a central angle of $88^{\circ} 43' 54''$ to the beginning of a tangent curve concave Southwesterly having a radius of 2020.00 feet; thence Southeasterly along said curve an arc distance of 542.72 feet through a central angle of $15^{\circ} 23' 38''$; thence tangent to said curve South $18^{\circ} 38' 55''$ East 46.00 feet; thence North $71^{\circ} 21' 05''$ East 20.00 feet; thence North $18^{\circ} 38' 55''$ West 20.00 to the true point of beginning.

SCHEDULE OF COMMON AREA INTERESTS

<u>Unit Number</u>	<u>Dwelling Number</u>	<u>Building</u>	<u>Floor Area (Sq. Ft.)</u>	<u>% of Common Area & Annual Assessments</u>
1	[401]	East	1,435	1.00
2	[402]	East	1,435	1.00
3	[403]	East	1,608	1.11
4	[404]	East	1,045	0.72
5	[405]	East	1,435	1.00
6	[406]	East	1,435	1.00
7	[407]	East	1,435	0.99
8	[408]	East	1,435	0.99
9	[409]	East	1,435	0.99
10	[410]	East	1,435	0.99
11	[411]	East	1,435	1.00
12	[412]	East	1,435	1.00
13	[413]	East	1,045	0.72
14	[414]	East	1,608	1.11
15	[415]	East	1,045	0.72
16	[416]	East	1,045	0.72
17	[116]	West	1,608	1.11
18	[115]	West	1,435	1.00
19	[114]	West	1,435	1.00
20	[113]	West	1,608	1.11
21	[112]	West	1,045	0.72
22	[111]	West	1,435	1.00
23	[110]	West	1,435	1.00
24	[109]	West	1,435	0.99
25	[108]	West	1,435	0.99
26	[107]	West	1,435	1.00
27	[106]	West	1,435	1.00
28	[105]	West	1,045	0.72
29	[104]	West	1,608	1.11
30	[103]	West	1,435	1.00
31	[102]	West	1,435	1.00
32	[101]	West	1,608	1.11
33	[501]	East	1,435	1.00
34	[502]	East	1,435	1.00
35	[503]	East	1,608	1.11
36	[504]	East	1,608	1.11
37	[505]	East	1,435	1.00
38	[506]	East	1,435	1.00
39	[507]	East	1,435	1.00
40	[508]	East	1,435	1.00
41	[509]	East	1,435	1.00
42	[510]	East	1,435	1.00
43	[511]	East	1,435	1.00
44	[512]	East	1,435	1.00
45	[513]	East	1,608	1.11
46	[514]	East	1,608	1.11
47	[515]	East	1,045	0.72
48	[516]	East	1,045	0.72
49	[218]	West	1,608	1.11
50	[217]	West	1,435	1.00

<u>Unit Number</u>	<u>Dwelling Number</u>	<u>Building</u>	<u>Floor Area (Sq. Ft.)</u>	<u>% of Common Area & Annual Assessments</u>
51	[216]	West	1,435	1.00
52	[215]	West	1,608	1.11
53	[214]	West	1,608	1.11
54	[213]	West	1,435	1.00
55	[212]	West	1,435	1.00
56	[211]	West	1,435	1.00
57	[210]	West	1,435	1.00
58	[209]	West	1,435	1.00
59	[208]	West	1,435	1.00
60	[207]	West	1,435	1.00
61	[206]	West	1,435	1.00
62	[205]	West	1,608	1.11
63	[204]	West	1,608	1.11
64	[203]	West	1,435	1.00
65	[202]	West	1,435	1.00
66	[201]	West	1,608	1.11
67	[601]	East	1,435	1.00
68	[602]	East	1,435	1.00
69	[603]	East	1,608	1.11
70	[604]	East	1,608	1.11
71	[605]	East	1,435	1.00
72	[606]	East	1,435	1.00
73	[607]	East	1,435	1.00
74	[608]	East	1,435	1.00
75	[609]	East	1,435	1.00
76	[610]	East	1,435	1.00
77	[611]	East	1,435	1.00
78	[612]	East	1,435	1.00
79	[613]	East	1,608	1.11
80	[614]	East	1,608	1.11
81	[615]	East	1,045	0.72
82	[616]	East	1,045	0.72
83	[318]	West	1,608	1.11
84	[317]	West	1,435	1.00
85	[316]	West	1,435	1.00
86	[315]	West	1,608	1.11
87	[314]	West	1,608	1.11
88	[313]	West	1,435	1.00
89	[312]	West	1,435	1.00
90	[311]	West	1,435	1.00
91	[310]	West	1,435	1.00
92	[309]	West	1,435	1.00
93	[308]	West	1,435	1.00
94	[307]	West	1,435	1.00
95	[306]	West	1,435	1.00
96	[305]	West	1,608	1.11
97	[304]	West	1,608	1.11
98	[303]	West	1,435	1.00
99	[302]	West	1,435	1.00
100	[301]	West	1,608	1.11
			<u>144,098</u>	<u>100.00%</u>