

# MAXWOOD TOWNHOMES CC&RS

## DECLARATION OF RESTRICTIONS

This Declaration of Covenants, Conditions and Restrictions made this 11 day of NOVEMBER, 1980, by E. W. ALFORD CONSTRUCTION COMPANY, INC., a California corporation, hereinafter called "DECLARANT", is based upon the following facts:

A. Declarant is the present owner of real property described as Lot 1, Tract 39256, in the City of El Monte, County of Los Angeles, State of California, as per map recorded in Book 950, Pages 18+19, of Official Records, in the office of the County Recorder of Los Angeles County, which said property is hereinafter called "PROJECT".

### B. OBJECTIVES AND PURPOSES:

Declarant will concurrently file a condominium plan in the office of the Recorder of Los Angeles County describing the project and will thereafter sell condominiums. Prior to selling or conveying any such interests, Declarant desires to subject all of the project to the following restrictions for the protection and benefit of Declarant, Declarant's successors in interest and all future owners of condominiums in the property.

There will be a California nonprofit mutual benefit corporation comprising the owners of units for the purpose of enforcing this Declaration as hereinafter set forth, the name of which shall be MAXWOOD TOWNHOMES OWNERS ASSOCIATION, a California nonprofit mutual benefit corporation.

### C. DEFINITIONS

1. "Project" means the entire parcel of real property divided, or to be divided, into condominiums, including all structures thereon.

2. "Declaration" means this Declaration of Covenants, Conditions and Restrictions executed by the Declarant.

3. "Declarant" means E. W. ALFORD CONSTRUCTION COMPANY, INC., a California corporation.

4. "Condominium Plan" means a plan prepared and executed pursuant to Civil Code Section 783 and Section 1350-1359, inclusive, by Declarant in respect to the project.

5. "Association" means the nonprofit corporation organized in the State of California having as members the respective owners of condominium units, the name of which is set forth above.

6. "Condominium" means an estate in real property consisting of an undivided interest in common in the common area, as that term is hereinafter defined, together with a separate interest in space in the residential building or buildings erected (or to be erected) on the aforementioned real property.

7. "Unit" means the elements of a condominium which are not owned in common with the owners of other condominiums in the project.

8. "Common area" means the entire project excepting all units therein granted or reserved.

9. "Owner" means that person or persons, who own a condominium in the project.

D. NONSEVERABILITY OF INTERESTS CONVEYED  
AND ACQUIRED.

The undivided 1/17th interest in the common area established and conveyed to a unit owner cannot be changed, and said Grantor, its successors and assigns, and Grantees, covenant and agree that the undivided interests in the common areas and facilities and the fee titles to the respective units conveyed therewith, shall not be separated or separately conveyed, and each said undivided 1/17th interest shall be deemed to be conveyed or encumbered with its respective unit.

E. TRANSFER TO ASSOCIATION.

The Association shall receive control of the project and assume all other rights and duties granted by its By-Laws and this document without need for any further action by the Declarant or otherwise, at its first meeting which shall be held within forty-five (45) days after closing the sale of a unit which represents the 51st percentile sale of a unit under the first public report for the subdivision, but in no event later than six (6) months after closing the sale of the first such unit as evidenced by the date of recordation of the deed conveying such first unit.

F. HEARINGS.

Wherever in this Declaration provision is made for the imposition of a penalty or assessment against an Owner for delinquency in payment or maintenance or repair, or other breach of the provisions hereof or the By-Laws of the Association or other instruments for management and control of the project, notice of same shall be given to the owner and the owner against whom the assessment or penalty is assessed shall have the right to a hearing before the Board of Directors of the Association upon written demand of such owner, with such hearing to be held within ten (10) days after such demand and at which the owner may present evidence orally and in writing in support of his position. Procedures for notice and hearing satisfying the minimum requirements of Section 7341 of the Corporation Code shall be followed with respect to the accused member before a decision to impose discipline is reached.

DECLARATION

In consideration of the above, Declarant hereby establishes the following general plan for the protection and benefit of all of the project and has fixed and does hereby fix the following protective restrictions upon each and every ownership interest in the project, under which restrictions each ownership interest in the project shall be hereafter held, used, occupied, leased, sold and conveyed. Each and all

said restrictions shall inure to the benefit of, be binding upon and pass with the project, and each and every ownership interest therein, and shall inure to the benefit of, apply to and bind the respective successors in title or interest of Declarant.

SAID RESTRICTIONS ARE AS FOLLOWS:

1. GENERAL.

The covenants, conditions and restrictions herein set forth shall be supervised by Declarant or its successor in interest until control is passed to and administered by the Association.

2. USE OF UNITS AND COMMON AREA.

(a) Each unit shall be improved with a structure and double garage to be used and occupied for private single-family dwelling purposes only. These garage spaces shall not be separated from the residential unit by later sale. Wherever a deck or patio is attached to a unit, the owner of such unit shall have the exclusive right to use same but he shall not have the right to paint, remodel or alter same without the written consent of the Board of Directors of the Association. The right of use shall include the right to furnish same with outdoor furniture in keeping with the architecture of the property and improvements thereon and reasonably related to normal family use.

(b) There shall be no storage of any item in or upon a unit except in an enclosed area not visible from adjoining streets, the common area or other units. As used herein "storage" includes the parking of any kind of vehicle, boat or trailer, except for a reasonable period of time required to load or unload same. The Board of Directors of the Association may extend this time in cases of emergency. There shall be no parking by any unit owner in any area designated by the Board solely for guest parking. Each garage shall be used only for the storage of craft and vehicles for passenger and recreational use and for enclosed storage of family effects, and for no other purpose. Garage doors shall not be opened

except for the movement of vehicles and goods. No item of any kind may be stored by any of the owners in the common area. There shall be no installation of wiring for electrical or telephone installation, television antennae, machines or air conditioning units, etc., on the exterior of the buildings or that protrude through the walls or the roof of the buildings. No posters shall be placed in windows or upon exterior walls of any unit except such "For Sale" signs as are permitted by Municipal ordinance then in effect.

(c) No unit shall be occupied or used for any purpose or in any manner which shall cause such improvements to be uninsurable against loss by fire or the perils of the extended coverage endorsement to the California Standard Fire Policy form, or cause any policy or policies representing such insurance to be cancelled or suspended or the company issuing the same to refuse renewal thereof.

(d) Pets are permitted within a unit subject to reasonable rules hereafter made by the Board of Directors of the Association. No animals, livestock, birds or poultry shall be brought within the project or kept in or on any unit thereof.

(e) No unit shall be used in such manner as to obstruct or interfere with the enjoyment of occupants of other units or annoy them by unreasonable noises or otherwise, nor shall any nuisance, or immoral or illegal activity be committed or permitted to occur in any unit.

(f) No noxious or offensive activity shall be carried on in any unit or in the common area, nor shall anything be done therein which may be or become an annoyance or nuisance to the owners. Nothing shall be done in any unit or in, on, or to the common area which will impair the structural integrity of any building or which would structurally change any building within the project. Nothing shall be altered or constructed in or removed from the common area, except upon the written

consent of the Board of Directors of the Association. All equipment, trash cans, wood piles, or storage piles shall be kept screened and concealed from view of neighboring units, streets and common area. All rubbish, trash, or garbage shall be regularly removed from each unit and shall not be allowed to accumulate thereon or on the adjacent common area. Except within enclosed patios, no fences, hedges, or walls shall be erected or maintained upon said units, except such as are installed in accordance with Declarants landscaping plans, or as provided by the Board of Directors of the Association. No exterior clothesline shall be erected or maintained and there shall be no outside drying or laundering of clothes, rugs, drapes or any other things.

(g) No power equipment, hobby shops, or carpenter shops shall be maintained in the project, in the common area, or in any unit, except with the prior approval of the Board of Directors of the Association. No automobile overhaul or maintenance work, other than emergency work, shall be permitted on the project.

(h) The common area, except the buildings and those areas in which there exists an exclusive right to use in one of the owners, shall be improved and used only for the following purposes:

(i) Affording vehicular, and pedestrian movement within the project, including access to the units by private driveways.

(ii) Beautification of the common area and providing privacy to the residents thereof through landscaping and such other means as the Board of Directors of the Association shall deem appropriate.

(iii) No part of the common area shall be obstructed so as to interfere with its use for the purposes hereinabove permitted, nor shall any part of the common area be used for storage purposes (except as incidental to one of such permitted uses, or for storage of maintenance equipment used exclusively to maintain the common area), or in any manner which shall increase the rate at which insurance against loss by fire or bodily injury or property damage liability insurance, covering the common area and improvements situated thereon, may be obtained, or cause such premises to be uninsurable against such risks, or any policy or policies representing such insurance to be cancelled or suspended or the company issuing the same to refuse renewal thereof.

(i) No owner of any unit shall make any alteration or improvement to the common area, or remove any planting, structure, furnishing or other object therefrom, except with the written consent of the Board of Directors of the Association.

(j) The owner or owners of a unit shall be legally liable to said Association for all damages to the common area or to any improvements and landscaping thereon, including but not limited to the buildings and landscaping, caused by such owner or any occupancy of such owner's unit.

### 3. MANAGEMENT OF PROJECT.

The Board of Directors of the Association shall have the right to adopt reasonable rules, not inconsistent with the covenants contained in this Declaration, and to amend the same from time to time, relating to the use of the common area and the facilities situated thereon by the owner or owners of a unit and by their tenants or guests, and the conduct of such persons with respect to automobile parking, bicycle and motorcycle use, control of pets, and other activities, which, if not so regulated, might detract from the appearance of the project or offend or be offensive to or cause inconvenience, noise or danger to persons residing or visiting therein.

### 4. RIGHT OF ENTRY.

The Board of Directors of the Association shall have the right to enter upon any unit to the extent such entry is necessary to carry out the repainting or repair of the exterior surfaces of the building, or to perform any work required in the maintenance and upkeep of the common area, or for any other purpose reasonably related to the performance by the Board of its responsibilities under the terms of this Declaration. Such right of entry shall be exercised in such manner as to interfere with the possession and the enjoyment of the occupant of such unit as little as is reasonably possible, and shall be preceded by reasonable notice wherever the circumstances permit.

## 5. RIGHTS AND RESPONSIBILITIES OF OWNERS.

The sole right to alter, paint or remodel the exterior of any unit is reserved exclusively to the Association but each owner of a unit shall be responsible for the maintenance and repair of glass doors and windows contained in his unit and the interior of his unit and shall also be responsible for the maintenance, replacement and repair of the plumbing, electrical, air conditioning and heating systems servicing his unit and located within, or underneath or above the outside perimeter of the exterior bearing walls of said unit, and all appliances and equipment located in said unit. Each owner shall maintain, replace and repair all kitchen and bathroom equipment, fixtures and appliances whether free-standing or affixed to walls, floors or decks. Each owner shall have the right, at his sole cost and expense, to maintain, repair, paint, paper, panel, plaster, tile and finish the interior surfaces of the ceiling, floors, window frames, door frames, trim, and perimeter walls of the unit and the surfaces of the bearing walls and partitions located within said unit. Said owners shall have the right to substitute new finished surfaces in place of those existing on said ceiling, floors and walls. In the event an owner fails to maintain the interior of his unit, and the plumbing, electrical, air conditioning, and heating systems thereof, or make repairs thereto in such manner as shall be deemed necessary in the judgment of the Board of Directors of the Association to preserve the attractive appearance thereof and protect the value thereof, the Board shall give written notice to such owner, stating with particularity the work of maintenance or repair which the Board finds to be required, and requesting that the same be carried out within a period of sixty (60) days from the giving of such notice. In the event such owner fails to carry out such maintenance or repair within the period specified by the notice, the Board shall cause such work to be done and shall assess the cost thereof to such owner. Prior to the commencement of any work described above for which a building or special permit is required by the County of Los Angeles, or any municipality having jurisdiction, the owner of the respective unit shall apply for and obtain such permit.

## 6. BREACH.

(a) It is hereby declared and agreed that the remedy at law to recover damages for the breach of any of the covenants contained in this Declaration is inadequate. The remedies for such breach shall be as hereinafter set forth.

(b) Breach of any of the covenants contained in this Declaration and the continuation of any

such breach may be enjoined, abated or remedied by appropriate legal proceedings by any owner, or by the Board of Directors of the Association.

(c) The result of every act or omission whereby any of the covenants contained in this Declaration are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any owner, or by the Board of Directors of the Association.

(d) The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

(e) The failure of Declarant, the Board of Directors of the Association, or any owner to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability on Declarant.

#### 7. RIGHTS OF LENDERS.

(a) Any unit owner may encumber his unit by Deed of Trust or mortgage. The beneficiary of the Deed of Trust or the mortgagee of a mortgage is referred to in this paragraph as "lender".

(b) A breach of any of the provisions of this Declaration of Restrictions shall not affect or impair the lien or charge of any bona fide First Deed of Trust or First Mortgage made in good faith and for value encumbering any of the units.

(c) A lender who acquires title by foreclosure shall not be obligated to cure any breach of this Declaration of Restrictions which is noncurable or of a type which is not practical or feasible to cure.

(d) It is intended that any loan to facilitate the resale of any unit after foreclosure is a loan made in good faith and for value entitled to all of the rights and protections afforded to other lenders.

(e) All liens created by this Declaration of Restrictions which pertain in any manner or way what-

soever to any regular or special assessments for the payment of money shall be subordinate to the lien created by any bona fide first deed of trust or mortgage given to any lender. It is specifically understood, however, that any such lender shall be liable for all such assessments during the actual period of time that such lender holds title to a unit and that the transfer of a subdivision interest as the result of the exercise of a power of sale or a judicial foreclosure involving a default under said first mortgage or trust deed shall extinguish the lien of assessments which were due and payable prior to the transfer of the subdivision interest. No transfer of the subdivision interest as the result of a foreclosure or exercise of a power of sale shall relieve the new owner, whether it be the former beneficiary of the first encumbrance or another person, from liability for any assessments thereafter becoming due or from the lien thereof.

(f) No amendment to this paragraph shall affect the rights of the holder of any such mortgage or trust deed recorded prior to recordation of such amendment who does not join in the execution thereof.

(g) Because of its financial interest in the project, a lender may appear (but may not vote) at meetings of the voting owners and the Board of Directors to draw attention to violations of this Declaration of Restrictions which have not been corrected or made the subject of remedial proceedings or assessments.

(h) A lender is authorized to furnish information to the Board of Directors concerning the status of any loan encumbering a unit.

(i) All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses naming the lenders who encumber units by deed of trust or mortgage, as their interest may appear.

(j) The Association shall give lender written notification of any default by the mortgagor of a unit in the performance of such mortgagor's obligations under the Restrictions or other management documents which is not cured within thirty (30) days.

(k) The Association shall give lender written notification thirty (30) days prior to the effective date of:

(i) Any change in the Restrictions or other management documents, and

(ii) Any change of manager (not including change in employees of corporate manager) of the project.

(l) Any lender which comes into possession of a unit pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, shall be exempt from any "right of first refusal" or other restriction (if any) on the sale or rental of the mortgage unit, including but not limited to restrictions on the posting of signs pertaining to the sale or rental of the unit.

(m) Unless 75 percent (75%) of all holders of first mortgage liens on individual units have given their prior written approval, the Association shall not:

(i) Change the pro rata interest or obligations of any unit for purposes of levying assessments and charges and determining shares of the common elements and proceeds of the project.

(ii) Partition or subdivide any unit or the common elements of the project or annex additional lands.

(n) If there is any conflict between any provision of the "RIGHTS OF LENDERS" Article and any other provision in this Declaration of Restrictions, the language contained under "RIGHTS OF LENDERS" shall control.

#### 8. EXTENSION OF RESTRICTIONS.

Each and all of the foregoing Restrictions shall terminate on July 1, 2026 unless the owners of the majority of said units have executed and recorded at any time within six (6) months prior to July 1, 2026, in the manner required for a conveyance of real property, a writing in which they agree that said Restrictions shall continue for a further specified period and providing therein a similar provision for the further extension of said Restrictions, or some of them; provided, also, that the above and foregoing Restrictions, may be modified, after said termination date at the time and in the manner hereinabove provided for the extensions of said Restrictions in force at the time of such extension and modifications.

#### 9. MEMBERSHIP IN THE ASSOCIATION.

Each owner of a unit in the property described in this Declaration shall also be a member of

Association; which said membership shall be appurtenant to such unit to the transferee. Each such member is bound to perform and conform to the By-Laws of Association and the rules and regulations from time to time prescribed thereby, to pay monthly in full all dues, fees or assessments levied by Association whether such dues, fees or assessments were levied prior or subsequent to the date of acquisition of title. Association shall have the assessment and lien rights and shall utilize the procedures in the enforcement thereof described in Paragraph 10 below.

#### 10. LIENS.

(a) The Board of Directors of Association shall have the right from time to time to make reasonable assessments upon the units (1) to meet the necessary maintenance, operation and administrative expenditures of the corporation and (2) to provide adequate reserves for such expenditures. In the event any such assessment shall be unpaid and not otherwise satisfied ten (10) days after the same becomes due and payable, the same shall be and become delinquent, and shall remain delinquent until the amount of such assessment together with all costs, including attorneys' fees in the amount of 25% of such delinquency, penalties and interest as herein provided, shall be fully paid or otherwise satisfied.

(b) At any time after any assessment affecting any unit has become delinquent, Association may file for record in the office of the Los Angeles County Recorder a notice of delinquency as to such unit which notice shall state all amounts which have become delinquent with respect to such unit and the costs (including reasonable attorneys' fees), and interest which have accrued thereon, the amount of any assessments relating to such unit which are due and payable, although not delinquent, a description of the unit in respect to which the delinquent assessment is owed, and the name of the record or reputed record owner of such. Such notice shall be signed by a duly authorized representative of Association. In the event the delinquent assessment and all other assessments which have become due and payable with respect to the same unit, together with all costs (including attorneys' fees),

penalties and interest which have accrued on such amounts, are fully paid or otherwise satisfied prior to the completion of any sale held to foreclose the lien provided for in Subparagraph (c) of this paragraph, Association shall record a further notice, similarly signed, stating the satisfaction and releasing such lien.

(c) Immediately upon recording of any notice of delinquency pursuant to the foregoing provisions of this Article, the amounts delinquent, as well as any further assessments then due and payable, although not delinquent, as set forth in such notice, together with the costs (including attorneys' fees), penalties and interest accruing thereon, shall be and become a lien upon the unit described therein, which lien shall also secure all other assessments which shall become due and payable with respect to said unit following such recording, and all costs (including attorneys' fees), penalties and interest accruing thereon. Said lien shall continue until all amounts secured thereby are fully paid or otherwise satisfied. Said lien shall be subordinate to the lien or charge of any bona fide First Mortgage or First Deed of Trust made in good faith and for value on said unit.

(d) Each lien established pursuant to the foregoing provisions of this Article may be foreclosed as and in the same manner as the foreclosure of a mortgage on real property under the laws of the State of California, or may be enforced by sale pursuant to Civil Code Section 2932, subject to the limitations contained in Section 2924 of the California Civil Code and to that end a power of sale is hereby conferred upon Title Insurance and Trust Company in trust for Association. At the option of the Association a personal action may be brought directly against the unit owner without enforcement of the security herein provided for.

(e) Interest shall accrue at the rate of ten percent (10%) per annum on all unpaid maintenance fund assessments from the date of delinquency thereof. Penalties for late payment, not

exceeding two percent (2%) of the amount of the delinquent maintenance fund assessment, may be established by action of the Board of Directors of Association of which written notice is given to each owner.

#### 11. MAINTENANCE FUND.

In order to establish a maintenance fund to finance its respective operations, not less than thirty (30) days prior to the beginning of each calendar year, the Board of Directors of Association shall estimate the charges to be paid during such succeeding year (including a reasonable provision for contingencies and replacements and less any expected income). Said charges shall be assessed against the owners so that each unit bears the same fractional share of the total charges. During the first calendar year in which units are sold, the annual assessment shall be prorated on a monthly basis, and the amount assessed to each owner shall be due and payable on the first day of each calendar month during such year. In each succeeding calendar year, one-twelfth (1/12) of the amount assessed to each owner shall be due and payable on the first day of each calendar month during such year. Each such monthly payment shall be a separate debt of the owner against whom it is assessed and such assessments shall be deemed made as each installment becomes due. If said estimated cash requirements prove inadequate, for any reason, including non-payment of any owner's assessment, Association may levy, upon thirty (30) days written notice to all of its members, a further special assessment upon each owner in the same proportion as then applies to annual assessments upon such owners and payable in equal monthly installments upon a twelve (12) month basis. Said notice shall state the date or dates upon which said special assessment shall be due and payable. Each such payment, when due, shall be a separate debt to the owner against whom it is assessed. Assessments commence on all units (including those owned by subdivider) no later than the first of the month following the close of the first sale escrow.

12. COVENANT AGAINST PARTITION.

No action may be brought for judicial partition except as provided in Civil Code Section 1354 as from time to time amended provided, however, that if any unit shall be owned by two or more co-tenants as tenants in common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition by sale of said unit as between co-tenants.

13. SEVERABILITY.

Should any covenants contained in this Declaration be void or be or become unenforceable in law or in equity, the remaining portions of this Declaration shall, nevertheless, be and remain in full force and effect.

14. FAILURE TO COMPLY WITH ORDER OF ASSOCIATION.

In the event of the failure of any of the owners to comply with a valid written directive or order from the Board of Directors of Association, then in such event Association shall have the right and authority to perform the subject matter of such direction or order and the cost of such performance shall be charged to the owner in question and may be recovered by Association in an action at law against the owner.

15. NO WAIVER.

A waiver of a breach of any of the foregoing conditions or restrictions shall not be construed as a waiver of any succeeding breach or violation thereof or of any other condition or restriction.

16. USE BY DECLARANT DURING CONSTRUCTION AND SALE.

Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for Declarant to maintain during the period of construction and sale of improvements upon said project such facilities as, in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the

construction and sale of said improvements, including, but without limitation, a business office, storage areas, construction yards, signs, model units and sales office, provided, however, that such use by the Declarant in exercising his rights under this paragraph shall not unreasonably interfere with the use of the common area by any unit owner and any such use by Declarant shall not exceed a period of two (2) years commencing with the date of issuance of the original final subdivision report by the California Department of Real Estate.

#### 17. INSURANCE.

(a) The Board of Directors of Association shall carry fire insurance with extended coverage endorsement or other form of coverage providing equal or greater protection in the amount of the full insurable replacement value (as determined by appraisal or such other method as shall be deemed appropriate to the Board and be acceptable to the insurance carrier, and reviewed at least annually), of all buildings and dwellings, structures and other improvements situated within the common area. Such insurance shall be payable to the Board of Directors of Association. In the event of damage to or destruction of any building, structure or other improvement situated within or being a part of the common area, or condemnation of the structure thereafter, which loss is covered by said fire insurance, the Board shall cause the same to be repaired and rebuilt or replaced. In the event the cost of such repair, rebuilding or replacement exceeds the insurance proceeds payable by reason of said damage or destruction, the amount of the difference shall be prorated among the owners of units and assessed to such owners, based upon the relationship of the square footage of each unit in relation to the square footage of all the units. In the event the amount of such insurance proceeds exceeds the cost of such repair, rebuilding or replacement, the surplus shall be added to the maintenance fund, and such addition shall be taken into consideration in determining what adjustment shall be made in the amount of the maintenance payments for the next budget period. Provided, however, that if three-fourths (3/4) or more of the common area is destroyed or substantially damaged and the owners holding in the aggregate more than fifty percent

(50%) interest in the common area are opposed to repair or restoration thereof, then the Board of Directors shall, as agent for all owners, sell the entire property, including all units and the common area in its then present condition on terms satisfactory to the Board of Directors. The net profits of the sale, together with the insurance proceeds, shall thereupon be distributed to the owners and to the holders of Deeds of Trust upon the interests of such owners, all as their interests may appear, based upon the relationship of the fair market value of each unit to each other unit as determined by an independent appraisal of the values of each unit immediately prior to destruction, said appraisal to be prepared by an appraiser employed by the Board of Directors.

(b) The Board of Directions of Association shall carry workmen's compensation insurance covering all persons employed by it in performing its responsibilities under this Declaration. The Board shall maintain in force bodily injury liability insurance with limits of not less than \$300,000 per person injured and \$300,000 per accident, and property damage liability insurance with a limit of not less than \$50,000 per occurrence, covering the common area and the use thereof, and insuring the Board of Directors of all owners.

#### 18. SUSPENSION OF VOTING RIGHTS.

In addition to the powers granted to the Board of Directors of the Association elsewhere in this document in Paragraph 6 "BREACH" and Paragraph 14 "FAILURE TO COMPLY WITH ORDER OF ASSOCIATION", the Board of Directors of Association shall have the right, after hearing conducted upon five (5) days written notice to the owner of owners involved, to suspend for not more than thirty (30) days the rights of such owner or owners to vote upon any matter where voting rights are granted in respect of the project and the government of the Association. Such suspension of the right to vote must be based upon a finding at such hearing that such owner or owners have failed wilfully to comply with an order of said Board or have intentionally breached one or more of the covenants, conditions and restrictions contained herein. The vote of the majority of the entire Board shall be required to make such finding and order such suspension. Procedures for notice and hearing satisfying the minimum requirements of Section 7341 of the Corporations Code shall be followed with respect to the owner or owners involved before a decision to suspend is reached.

19. MODIFICATIONS OF DECLARATION OF  
RESTRICTIONS AS REQUIRED BY FEDERAL  
HOME LOAN MORTGAGE CORPORATION.

The following provisions modify all other provisions of this Declaration and the By-Laws and any other governing documents of the Association. As used herein, "FHLMC" means Federal Home Loan Mortgage Corporation and "mortgagee" includes the holder of a Deed of Trust upon real property. "Condominium" includes units of common ownership such as Planned Unit Developments and statutory condominiums.

(a) A first mortgagee at his request is entitled to written notification from the Association of any default by the mortgagor of such unit in the performance of such mortgagor's obligations under the condominium documents which is not cured within thirty (30) days.

(b) Any first mortgagee who comes into possession of the unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage, shall be exempt from any "right of first refusal."

(c) Any first mortgagee who comes into possession of the unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage, shall take the property free of any claims for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such holder comes into possession of the unit (except for claims for a pro rata reallocation of such assessments or charges to all units, including the mortgaged unit).

(d) Unless at least seventy-five percent (75%) of the first mortgagees (based upon one vote for each mortgage owned) of condominium units have given their prior written approval, the condominium owners association shall not be entitled to:

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

(2) Change the pro rata interest or obligations of any condominium unit for (i) purposes

of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (ii) determining the pro rata share of ownership of each unit in appurtenant real estate and any improvements thereon which are owned by the unit owners in the Condominium project in undivided pro rata interests ("common elements").

(3) Partition or subdivide any condominium unit.

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

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

(e) First mortgagees shall have the right to examine the books and records of the Condominium Owners Association or the condominium project and can require the submission of financial data concerning the Association or the condominium project, including annual audit reports and operating statements as furnished to the owners.

(f) An adequate reserve fund for replacement of the common elements shall be established and funded by regular monthly payments rather than by special assessments.

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

(h) No provision of the condominium documents gives a condominium unit owner, or any other party, priority over any rights of first mortgagees of condominium units pursuant to their mortgages in the case of a distribution to condominium unit owners of insurance proceeds or condemnation awards for losses to or a taking of condominium units and/or common elements.

(i) All amenities which are regarded as part of the value of the condominium unit for purposes of the appraisal upon which the mortgage loan is predicated (such as parking, recreation, and service areas) are a part of the condominium regime and are covered by the mortgage at least to the same extent as are general common elements.

(j) Any agreement for professional management of the condominium project shall provide that the management contract may be terminated without cause and without termination payment on ninety (90) days written notice and the terms of any such contract does not exceed three (3) years.

(k) The Association shall give each mortgagee of record notice in writing of any loss to, or taking of the common elements of the condominium project if such loss or taking exceeds \$10,000 and similar such notice of any loss to a unit covered by a mortgage if such loss exceeds \$1,000.00.

(l) If the National Flood Insurance Program is required at any time by the Department of Housing and Urban Development (HUD) for the City or area, the Association will purchase suitable flood insurance conforming to the above-named program.

20. CONDEMNATION.

a) Sale by Unanimous Consent. If an action for condemnation of all or a portion of the development is proposed or threatened by any governmental agency having the right of eminent domain, then, on unanimous written consent of all of the owners and after written notice to all mortgagees, the development, or a portion of it may be sold.

b) Distribution of Condemnation Award. A condemnation award affecting all or a part of the structural common area of a condominium project which is not apportioned among the owners by court judgment or by agreement between the condemning authority and each of the affected owners in the subdivision, shall be distributed among the affected owners and their respective mortgagees, based upon the relationship of the fair market value of each unit to each other unit as determined by an independent appraisal of the values of each unit immediately prior to condemnation, said appraisal to be prepared by an appraiser employed by the Board of Directors.

21. AMENDMENTS.

Subject to the provisions of Section 11018.7 of the California Business and Professions Code, after the closing of the first sale of a unit, these Restrictions may be amended at any time and from time to time by an instrument in writing, signed by the owners of seventy-five percent (75%) of the condominiums of which there shall be at least a bare majority of condominium owners other than the subdivider, which said written instrument shall become effective upon the recording of the same in the Recorder's Office of the County of Los Angeles, California. Prior to the issuance of the Public Report, these Restrictions may be amended by act or vote of the Declarant, subject to the conditions contained in Section 11018.7 of the Business and Professions Code of the State of California.

IN WITNESS WHEREOF, Declarants have executed this instrument the day and year first hereinabove written.

E. W. ALFORD CONSTRUCTION CO., INC.  
A California Corporation

By Earle W. Alford  
President

June D. Alford  
Secretary

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

On November 11, 1980, before me, the under-  
signed, a Notary Public in and for said State, personally  
appeared Earle W. Alford known to me to  
be the \_\_\_\_\_ President, and  
June D. Alford known to me to  
be the \_\_\_\_\_ 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 bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.

William H. Horton  
Notary Public  
William H. Horton

