

2

TABLE OF CONTENTS

ARTICLE I
Definition of Terms 2

ARTICLE II
Description of Project 5

ARTICLE III
Owners' Property Rights 7

ARTICLE IV
Owners' Association 9

ARTICLE V
Powers of the Association 12

ARTICLE VI
Management of the Project 16

ARTICLE VII
Assessments 17

ARTICLE VIII
Non-payment of Assessments 20

ARTICLE IX
Party Walls 23

ARTICLE X
Architectural Control Committee 24

ARTICLE XI
Responsibilities of the Association 25

ARTICLE XII
Use Restrictions 26

ARTICLE XIII
Scope of Enforcement 29

ARTICLE XIV
Insurance 31

ARTICLE XV
Destruction of Improvements 34

ARTICLE XVI
Condemnation 37

.83- 872545

3

ARTICLE XVII
Accountings 37

ARTICLE XVIII
Mortgage Protection 39

ARTICLE XIX
Amendment 44

ARTICLE XX
General Provisions 44

SUBORDINATION AGREEMENT

83-872545

(b) No court shall enter an order declaring the Association duly wound up and dissolved.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of PARK VISTA TOWNHOMES OWNERS' ASSOCIATION; and

2. That the foregoing Bylaws, comprising _____ pages constitute the Bylaws of said Association as duly adopted by action of the Board of Directors of the Association duly taken on _____, 198__.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 198__.

DECLARATION OF ESTABLISHMENT OF
CONDITIONS, COVENANTS AND RESTRICTIONS

THIS DECLARATION, made by SUN RAY ENTERPRISES, INC., a California corporation (hereinafter referred to as "Declarant"), being the Owner of that certain real property subject to this Declaration, and hereinafter more particularly described.

WITNESSETH:

WHEREAS, Declarant is the Owner of the following real property located in the City of Baldwin Park, County of Los Angeles, State of California, more particularly described as:

Lot 1 of Tract No. 41596 in the City of Baldwin Park, County of Los Angeles, State of California, as per Map recorded in Book 1016, Pages 71-72 of Maps, in the Office of the County Recorder of Said County.

WHEREAS, it is the desire and intention of Declarant to sell and convey interests in said real property to various individuals subject to certain basic protective restrictions, limitations, easements, covenants, reservations, liens and charges between it and the acquirers or users of said property, as hereinafter set forth.

NOW, THEREFORE, Declarant hereby declares that all of the property described above, is held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved, subject to the following protective restrictions, limitations, conditions, covenants, reservations, liens and charges, all of which are declared and

063083

agreed to be in furtherance of a plan for the subdivision, improvement and sale of condominiums as defined in Section 783 of the California Civil Code, in a condominium project, as that term is defined in Section 1350 of the Civil Code, and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Project and every part thereof. Each and all of the restrictions herein contained shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in the described property, or any part thereof. The condominium project comprising the real property above described, is intended to be made subject to each and all of the provisions of Sections 1358 and 1359 inclusive of the California Civil Code. There has been or will be recorded, a plan as required by Section 1351 of the Civil Code and this Declaration is intended to satisfy the provisions of Section 1355 of the Civil Code. The provisions of this Declaration shall be enforceable by any of the Owners of an interest in the real property above described, against any other Owner or Owners thereof, and shall also be enforceable by the Board of Directors, which shall be created for the purpose of governing this project.

ARTICLE I

DEFINITION OF TERMS

1.1. Whenever used in this Declaration, the following terms shall have the following meanings:

1.1.1. Declaration: This Declaration of Establishment of Conditions, Covenants and Restrictions (hereinafter referred to as the "Declaration"), as the same may be amended, changed or modified, from time to time.

063083

1.1.2. Condominium: Shall mean a Condominium as defined in Section 783 of the California Civil Code, and shall be an estate in real property consisting of (a) a separate fee interest in the space within a Unit as further shown and described in the aforesaid Condominium Plan, and all appurtenances thereto, and (b) an undivided interest as a tenant in common in the Common Area. Additionally, each Owner of a Condominium shall receive a Membership in the Association.

1.1.3. Unit: The elements of a Condominium which are not owned in common with Owners of other Condominiums in the project. The boundaries of Units 1-39, inclusive, as are shown and defined on the Condominium Plan, recorded concurrently herewith.

1.1.4. Common Area: The entire project, excepting those portions thereof which lie within the boundaries of any Unit as described in the Condominium Plan.

1.1.5. Project: The entire parcel of real property, including all improvements thereon.

1.1.6. Owner: The record Owner or Owners, if more than one, of a Condominium in the Project, including Declarant, so long as any Condominiums remain unsold.

1.1.7. Mortgage: Shall mean and include a Deed of Trust as well as a Mortgage in the conventional issue.

1.1.8. Mortgagee: Shall mean a person or entity to whom a mortgage is made, and shall include the beneficiary of a Deed of Trust;

063083

1.1.9. Mortgagor: Shall mean a person or entity who mortgages his or its property to another, i.e., the maker of a Mortgage, and shall include the Trustor of a Deed of Trust.

1.1.10. Institutional Lender: A Mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under Federal or State laws, any corporation or insurance company, or any Federal or State agency.

1.1.11. Member: Shall mean an Owner with a Membership in the Association.

1.1.12. Association: An incorporated homeowners' association consisting of all Owners of Condominiums in the Project. Each Owner shall be and become a Member of the Association contemporaneously with his acquisition of a Unit, without further documentation of any kind. Transfer of a Membership shall be only by conveyance of the Unit.

1.1.13. Board of Directors: Shall refer to the governing body of the Association (hereinafter referred to as the "Board").

1.1.14. Bylaws: The duly adopted Bylaws of the Association as the same may be amended, from time to time.

1.1.15. The aforesaid definitions shall be applicable to this Declaration and to any supplements or amendments thereto, (unless the context shall prohibit), filed or recorded pursuant to the provisions of this Declaration.

83- 872545

ARTICLE II
DESCRIPTION OF PROJECT

2.1. The following description is intended for informational purposes only. In the event of any conflict between this description and the Condominium Plan heretofore referred to, said Plan shall be deemed conclusively to control over this description.

2.2. Description of Project: The Project consists of the underlying real property with Condominium Units and all other improvements located thereon. Declarant's Project contains 39 residential dwelling Units, pool, spa, volleyball court, and landscaped areas.

2.3. Declarant, in order to establish a plan of Condominium Ownership for the Project, hereby agrees and declares that they have divided and hereby do divide the Project into the following freehold estates:

2.3.1. Each Condominium shall be a separate freehold estate, as defined in Section 1350 of the California Civil Code, consisting of the dwelling space bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and doors of said spaces, each such space being defined and referred to herein as a "Unit". Each Unit includes both the portion of the building so described and the airspace so encompassed, and all windows and doors in said Unit, but the following are not a part of the Unit: bearing walls, columns, retaining walls, vertical supports, floors, roofs, beams, foundations, balcony railings, pipes, ducts, flues, chutes, conduits, wires, exterior lighting, and other utility installations, wherever located (except all utility installations and/or outlets thereof when located within the Units). Also excepting from each Unit is any portion of any furred or luminous ceilings of said Units.

063083

In interpreting this Declaration, the Condominium Plan and conveyances, the existing physical boundaries of the Unit, or of a Unit reconstructed in substantial accordance with the original Condominium Plan thereof, shall be conclusively presumed to be its boundaries rather than the metes and bounds (or other description) expressed in the Declaration, Condominium Plan or conveyance, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the Condominium Plan or in the deed and Declaration and those of the building.

2.3.2. A freehold estate consisting of an undivided interest in the remaining portion of the Project described and referred to herein as the "Common Area." The Common Area shall include, without limitation, the Land within the Project as defined hereinabove, each multi-family structure (excepting therefrom the Units), together with all bearing walls, columns, retaining walls, vertical supports, floors, roofs, slabs, foundations, beams, balcony railing, and related facilities, stairways, landings, storage areas, pumps, irrigation equipment, and other central services, pipes, ducts, flues, chutes, conduits, wires, exterior lighting and other utility installations, wherever located (except all utility installations and/or outlets thereof when located within the Units), lawns, pavements, the pool, spa, volleyball court, trees, and all other landscaping. Control of the Common Area shall be turned over to the Association upon the closing of the sale of the first Condominium in the Project.

2.3.3. Each Owner shall have two (2) enclosed parking spaces per Unit. The Project shall also have ten (10) open parking spaces located within the Common Area for guest parking purposes only.

2.3.4. The undivided interest in the Common Area hereby established and which shall be conveyed with each respective Condominium shall be a 1/39th

063083

undivided fractional fee interest. The above referenced undivided interests established and to be conveyed with the respective Condominiums, cannot be changed, and Declarant, its successors, assigns, and grantees, covenant and agree that the undivided interest in the Common Area and the fee title to the respective Condominium conveyed therewith, shall not be separated from or separately conveyed or encumbered without its respective Unit, even though the description in the instrument of conveyance may refer only to the fee title to the Unit.

ARTICLE III
OWNERS' PROPERTY RIGHTS

3.1. Each Owner shall have a non-exclusive easement appurtenant to his Condominium for ingress, egress, use and enjoyment on and over the Common Area and the Association Property. Said easement shall be appurtenant to and shall pass with the title to every Condominium.

3.2. In addition to the general right to use and enjoy said easements for ingress and egress granted herein, there shall be and Declarant hereby covenants for itself and its successors and assigns that each and every Owner shall have a non-exclusive easement appurtenant to his Condominium for vehicular traffic over all private streets, if any, within the Project.

3.3. Any Owner may delegate, in accordance with the Bylaws, his right to the use and enjoyment of the Common Area to the Members of his family, his guest and invitees, his tenants, or contract purchasers who reside within the Project.

063083

3.4. No Member may exempt himself from personal liability for assessments duly levied by the Association, nor release the Condominium owned by him from the liens and charges thereof, by waiver of the use and enjoyment of the Common Area and the facilities thereon or by abandonment of his Condominium.

3.5. Any Owner may lease his Unit subject to the following:

3.5.1. No Owner shall be permitted to lease his Unit for transient or hotel purposes.

3.5.2. No Owner may lease less than the entire Unit.

3.5.3. Any lease agreement is required to provide that the terms of said lease shall be subject in all respects to the provisions of the Declaration and the Bylaws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease.

3.5.4. All leases are required to be in writing.

3.6. The Declarant, its successors and assigns, and all future Owners of the Condominiums, by their acceptance of their respective deeds, covenant and agree as follows:

3.6.1. No Owner shall have the right to or seek partition of his interest in the Condominium and there shall be no judicial partition of the Project, or any part thereof. The Common Areas shall remain undivided as set forth hereinabove, except as provided by California Code of Civil Procedure Section 752(b) and California Civil Code

063083

Section 1354. Nothing herein shall be deemed to prevent partition of the co-tenancy in any Condominium.

3.6.2. In the event a Unit or any part thereof is partially or totally destroyed, and then rebuilt, all Owners agree that minor encroachments of parts of the Common Area due to construction shall be permitted and that valid easements for said encroachment and the maintenance thereof shall exist.

3.6.3. A non-exclusive easement for ingress, egress and support through the unrestricted Common Area shall be appurtenant to each Unit.

ARTICLE IV

OWNERS ASSOCIATION

A CALIFORNIA NONPROFIT CORPORATION

4.1. Declarant has, at its cost and expense, formed an incorporated association known as "Park Vista Townhomes Owners' Association", a California nonprofit mutual benefit corporation (hereinafter referred to as the "Association"), which has the powers, rights and duties hereinafter set forth:

4.1.1. There shall be one Membership in the Association for each Unit owned in the Project, which Membership shall be appurtenant to the land.

4.1.2. All of such Memberships shall initially be the property of Declarant or its successors in interest, and shall pass automatically to the respective purchasers of Units in the Project.

063083

4.1.3. Each Member shall be obligated promptly, fully and faithfully to comply with the provisions of this Declaration, and the Bylaws of the Association, and any Rules and Regulations from time to time which may be prescribed by its officers or directors.

4.1.4. The Association shall have two (2) classes of voting Membership, as follows:

Class A. Class A Members shall be all Owners with the exception of the Declarant, and shall be entitled to one (1) vote for each Condominium owned. When more than one person holds an interest in any 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.

Class B. The Class B Members shall be the Declarant, and shall be entitled to three (3) votes for each Condominium owned in the Project upon which Declarant is then paying the appropriate monthly assessments provided for hereinbelow. The Class B Membership shall cease and be converted to Class A Membership upon the happening of any of the following events, whichever occurs earliest:

- a. When the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership; or
- b. Not later than the second anniversary of the original issuance of the Final Subdivision Public Report for the Project.

4.1.5. Any provision in the governing instruments calling for Membership approval of action to be taken by the Association, except provisions with respect to the action to enforce the obligations of the Declarant under any completion bond, shall expressly require the vote or written assent of the prescribed percentage of each class of Membership during the time that there are two outstanding classes of Membership. Any requirement elsewhere in the Articles of Incorporation, Bylaws, and Declaration, except with respect to the action to enforce the obligations of the subdivider under any completion bond, that the vote of the subdivider shall be excluded in any such determination, shall be applicable only if there has been a conversion of Class B Members to Class A Members, and the same shall be read as requiring the vote of the prescribed percentage of the Class A members and the vote of the prescribed percentage of the Class A Members other than the subdivider.

4.1.6. The voting rights attributed to any given Condominium in the Project as provided for herein, shall not vest until the assessments provided for hereinbelow have been levied by the Association as against said Condominium.

4.1.7. The Association Membership held by any Owner of a Condominium shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of such Condominium. In the event of such sale or encumbrance, the Association Membership may only be transferred, pledged or alienated to a bona fide purchaser of the Condominium, or to the mortgagee (or third-party purchaser) of such Condominium upon a foreclosure sale. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association.



063083

4.1.8. Membership is not intended to apply to those persons or entities who hold an encumbrance on an interest as security for the performance of an obligation to pay money.

4.1.9. The purpose of the Association is to further and promote the common interests and welfare of its Members, and to operate, preserve and maintain the Project.

ARTICLE V
POWERS OF THE ASSOCIATION

5.1. The Association, in its sole and absolute discretion, and as more fully set forth in its Bylaws, shall have the power to perform the following acts:

5.1.1. The Association shall have the sole and exclusive right and duty to manage, operate, control, repair, replace, or restore, all the improvements, trees, shrubbery, plants and grass of the Project.

5.1.2. The Association shall have the right and power to levy and collect assessments.

5.1.3. The Association shall pay the taxes and assessments, if any, which may be levied by any governmental authority on the Project or any part thereof.

5.1.4. The Association shall maintain a bank account(s) for funds coming under the control of the Association.

063083

5.1.5. The Association shall adopt Rules and Regulations not inconsistent with the provisions of this Declaration, including, but not limited to, Rules and Regulations relating to the use of the Common Area of the Project.

5.1.6. The Association shall have the right and power to enforce the provisions of this Declaration; nothing, however, contained in this paragraph shall be construed to prohibit enforcement of this Declaration by any Owner.

5.1.7. The Association has the right and power to contract for and maintain fire, casualty, liability, worker's compensation, medical, hospital, and other insurance insuring Owners, Members of the Board, and other persons.

5.1.8. The Association has the right and power to contract, provide and pay for (i) maintenance, utility, gardening and other services benefitting the Project; (ii) payment of persons necessary to accomplish the obligations of the Association; and (iii) legal and accounting services.

5.1.9. Notwithstanding any of the foregoing, the Association, acting through its Board, may not enter into any contract binding for a term longer than one (1) year from the effective date thereof without the vote or written consent of a majority of the voting power of the Members of the Association other than the Declarant, except as specifically authorized herein.

5.1.10. The Association has the right and power to contract for the purchase of tools, equipment, materials, supplies and other personal property and services for the maintenance and repair of the facilities and improvements of the Project.

063083

5.1.11. The Association has the right and power to contract for and pay for reconstruction of any portion or portions of the Project damaged or destroyed.

5.1.12. The Association has the right and power to delegate its powers to others where such delegation is proper.

5.1.13. The Association has the right and power to prosecute or defend, under the name of the Association, any action affecting or relating to the Project or the personal property thereon, or any action in which all of the Owners have an interest in the subject of the action.

5.1.14. Subject to the vote or written consent therefor from a majority of the voting power of the Membership, excluding the vote of the Declarant, the Association may borrow money, may mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

5.1.15. The Association may do any and all things that a corporation organized under the laws of the State of California may lawfully do, and generally may do and perform any and all other acts which may be either necessary for, or incidental to, the exercise of any of the foregoing powers, and any other such powers as are granted by the provisions of the laws of the State of California to a corporation.

5.1.16. The Association may acquire by gift, purchase or otherwise, own, hold, enjoy, lease, operate, maintain, convey, sell, transfer, mortgage, or otherwise encumber, dedicate for public use, or otherwise dispose of real and/or personal property in connection with the business of the Association; provided, however, that the Association shall not acquire or sell any real property by purchase or lease without first obtaining the

063083

vote or written consent therefor from a majority of the voting power of the Membership, excluding the vote of the Declarant.

5.1.17. The Association shall have the right and power to suspend a Member's voting rights and the right to use the recreational facilities, if any, for any period during which any assessment against his Condominium remains unpaid and delinquent; and for a period not to exceed thirty (30) days for any single infraction of the rules and regulations of the Association, provided that any suspension of such voting rights or right to use the recreational facilities, except for failure to pay assessments, shall be made only by the Association or a duly appointed committee thereof, after notice and hearing given and held in accordance with the Bylaws of the Association.

5.1.17.1. The Association may not cause a forfeiture of an Owner's right to use and enjoy his Condominium for failure of a Member to comply with the provisions of this Declaration, or the Bylaws of the Association or the rules and regulations of the Association, except (1) by judgment of a court or decision arising out of arbitration, or (2) on account of a foreclosure or sale under a power of sale for failure of the Owner to pay assessments duly levied by the Association, as set forth in Article VIII hereof.

5.1.18. The Association may take any and all lawful action which may be advisable, proper, authorized or permitted by the Association under and by virtue of any condition, covenant, restriction, reservation, charge or assessment affecting the Project, or any portion thereof, and to do and perform any and all acts which may be either necessary for or incidental to the exercise of any of the foregoing powers, or for the peace, health, comfort, safety or general welfare of its Members.

063083

5.1.19. The Association, through its duly authorized agents or employees, shall have the right after reasonable notice to the Owner to enter into any Unit in the Project for the purpose of maintaining and repairing the Common Area, as authorized herein.

5.1.20. The Association, through its duly authorized agents or employees, shall also have the right to enter into any Unit to effect emergency or other necessary repairs which the Unit Owner has failed to perform.

5.1.21. The Association may impose monetary penalties upon Owners as a disciplinary measure (1) for failure of an Owner to comply with the Bylaws and the Declaration, or (2) as a means of reimbursing the Association for costs incurred by the Association in the repair of damages to Common Areas and facilities for which the Owner is allegedly responsible, or (3) to bring an Owner or its Condominium into compliance with the Declaration or Bylaws.

ARTICLE VI

MANAGEMENT OF THE PROJECT

6.1. The management and complete control of the Association's affairs and the Project itself will be the direct responsibility of the Board of Directors (hereinafter referred to as the "Board"), which is to consist of Members of the Association who will be elected by the total membership of Park Vista Townhomes Owners' Association.

6.2. The Board shall have all the rights and powers of the Association as they are delineated in Article V of this Declaration and as are further provided in the Bylaws of the Association.

063083

6.3. The Board may delegate its responsibility for the everyday management of the Project to a manager or management company, if it so chooses.

6.4. Notwithstanding any of the foregoing, if a manager or management company is chosen to manage the Project, it will be responsive to the dictates of the Board.

6.5. Declarant will manage and control the Project until such time that the Board has its first meeting.

ARTICLE VII

ASSESSMENTS

7.1. The Declarant, for each Condominium owned within the Project, 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 to pay to the Association: (i) annual assessments or charges, and (ii) special assessments for capital improvements, such assessments to be established and collected as so directed by the Board of Directors. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Condominium at the time when the assessment fell due. (The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.)

7.2. The annual assessments levied by the Association through the Board shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Project and for the maintenance of the Common Area and the facilities therein.

063083

The Association shall maintain an adequate reserve fund for maintenance, repairs and replacement of those common elements that must be replaced on a periodic basis, and such reserve shall be funded by monthly assessments.

7.3. Both regular and special assessments, except as may otherwise be provided in paragraph 15.3 of this Declaration, shall be fixed at a uniform rate for all Condominiums and shall be collected on a monthly basis.

7.4. The Board of Directors shall abide by the hereinafter provisions for establishing the maximum annual assessments.

7.4.1. Until January 1 of the year immediately following the conveyance of the first Condominium to an Owner, the maximum monthly assessment shall be as provided for in the budget approved by the California Department of Real Estate.

7.4.2. From and after January 1 of the year immediately following the conveyance of the first Condominium to an Owner, the maximum monthly assessment may be increased effective January 1 of each year by the Board of the Association without a vote of the Membership, provided that any such increase shall not be more than twenty percent (20%) of the previous year's assessment. Such monthly assessment shall continue in effect for the following twelve (12) calendar months, which period shall be deemed to be the assessment period.

7.4.3. From and after January 1, of the year immediately following the conveyance of the first Condominium to an Owner, the maximum regular assessment may be increased by the Board in an amount greater than that provided for in Paragraph 7.4.2.

hereof for the next succeeding twelve (12) months and at the end of each such period for each succeeding period of twelve (12) months, provided that any such change shall be approved by the vote or written consent of at least two-thirds (2/3) of the voting power of the Members, other than the Declarant. The limitations hereof shall not apply to any change in the maximum and basis of consolidation in which the Association is authorized to participate.

7.4.4. After consideration of current maintenance costs and future needs of the Association, the Board of Directors may fix the regular monthly assessment at a lesser amount than provided for above.

7.5. In any fiscal year, the Board of Directors may not, without the vote or written consent of a majority of the voting power of the Association residing in Members other than the Declarant, levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

7.6. The above provisions with respect to special assessments do not apply in the case where a monetary penalty is imposed against a Member as a disciplinary measure imposed by the Association for the following reasons: (1) for failure of an Owner to comply with the Bylaws or the Declaration, or (2) as a means of reimbursing the Association for costs incurred by the Association in the repair of damages to Common Areas and facilities for which the Owner is allegedly responsible, or (3) to bring an Owner or its Condominium into compliance with provisions of this Declaration and/or the Bylaws.

7.7. Any action authorized under Paragraphs 7.4.3. and 7.5. shall be taken at a meeting duly called for that purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than the requisite percent for passage, Members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the Board of Directors not later than thirty (30) days from the date of such meeting.

7.8. The annual assessments provided for herein shall commence as to all Condominiums covered by this Declaration on the first day of the month following the conveyance of the first Condominium to an individual Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Condominium at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Condominium have been paid.

ARTICLE VIII

EFFECT OF NON-PAYMENT OF ASSESSMENTS -

REMEDIES OF THE ASSOCIATION

8.1. Any assessment provided for in this Declaration, which is not paid when due, shall be delinquent. With respect to each assessment not paid within fifteen (15) days

after its due date, the Association may, at its election, require the Owner to pay a "late charge" in a sum to be determined by the Board, but not to exceed \$5.00 per each delinquent assessment. If any such assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the then legal rate. The amount of any such delinquent assessment, together with said interest, costs and reasonable attorneys' fees in the event enforcement is commenced, shall be and become a lien upon that Owner's Condominium where the Association causes to be recorded with the County Recorder of Los Angeles County, a Notice of Claim of Lien. The Association may, at its option, bring an action at law, against the Owner personally obligated to pay the same, or it may foreclose the lien provided for hereinabove upon compliance with the notice provisions set forth in Paragraph 8.2. hereof. In either event, there shall be added to the amount of such assessment the late charge, the cost of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include said interest and reasonable attorney's fees, together with the costs of the action. Each Owner vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosure proceedings against such Owner or other Owners for the collection of such delinquent assessments.

8.2. No action shall be brought to foreclose said assessment lien or to proceed under the power of sale herein provided until thirty (30) days after the date a Notice of Claim of Lien is deposited in the United States Mail, certified or registered, postage prepaid, to the Owner of the said Condominium, and a copy thereof is recorded by the Association in the office of the County Recorder in which the property is located; said Notice of Claim must recite a good and sufficient legal description of such Condominium, the record Owner or reputed Owner thereof, the amount claimed (which may at the Association's option include interest on the unpaid assessment at the legal rate, plus

reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the claimant.

8.3. Any such sale provided for above is to be conducted in accordance with the provisions of Sections 2924, 2924b and 2924c of the Civil Code of the State of California, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Association after a vote by at least a majority of the voting power, excluding the vote of the Declarant, may, through its duly authorized agents, have the power to bid on the Condominium at foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same.

8.4. Upon the timely curing of any default for which a Notice of Claim of Lien was filed by the Association, the Board of Directors shall file or record, as the case may be, an appropriate release of such Notice, upon payment of the defaulting Owner of a fee, to be determined by the Association, but not to exceed Fifteen (\$15.00) Dollars, to cover the costs of preparing and filing or recording such release.

8.5. The assessment lien and the rights to foreclose and sale shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including but not limited to, a suit to recover a money judgment for unpaid assessments.

8.6. Article VIII shall not apply to monetary penalties imposed by the Association as a disciplinary measure (1) for failure of an Owner to comply with the Bylaws and the Declaration, or (2) as a means of reimbursing the Association for costs incurred by the Association in the repair of damages to Common Areas and facilities for

which the Owner is allegedly responsible, or (3) to bring an Owner or its Condominium into compliance with the Declaration or Bylaws.

ARTICLE IX
PARTY WALLS

9.1. The rights and duties of the Owners of Condominiums with respect to party walls shall be governed by the following:

9.1.1. Each wall which is constructed as a part of the original construction and located between separate Condominiums, shall constitute a party wall, and with respect to such wall, each of the adjoining Owners shall assume the burdens, shall be subject to an easement for that portion of his party wall, and shall be liable for all property damage due to negligence or willful acts or omissions.

9.1.2. If any such party wall is damaged or destroyed through the act of one of the adjoining Owners, any Member of his family, a guest, agent (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining Owner of the full use and enjoyment of such wall, the Owner responsible for the damage or destruction thereon shall be required to make any and all necessary repairs thereto, without cost to the adjoining Owner.

9.1.3. If any such party wall is damaged or destroyed by some cause other than the act of one of the adjoining Owners, his agents, or family (including, but not limited to, earthquake damage), each adjoining Owner shall be required to make any and all necessary repairs thereto at their joint and equal expense.

063083

9.1.4. Any Owner proposing to modify, make additions to, or rebuild his Unit in any manner which requires the extension or alteration of any party wall, shall be required to first obtain the written consent of the adjoining Owner. He must also comply with all dictates of this Declaration which may be relevant.

9.1.5. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

9.1.6. In the event of a dispute between Owners with respect to the repair of a party wall or with respect to the sharing of the cost thereof, the matter shall be submitted to the Board for resolution upon the written request of either Owner. Any decision of the Board of Directors shall be final and conclusive upon the parties.

ARTICLE X

ARCHITECTURAL CONTROL COMMITTEE

10.1. No building, fence, wall, or other structure shall be commenced, erected or maintained upon the Project, nor shall any exterior addition, change or alteration therein, be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing by the Architectural Control Committee provided for in Paragraph 10.2 hereof. In the event said Committee or its designated representatives, fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required, and this Article will be deemed to have been fully complied with.

063083

10.2. The committee for the control of the structural and landscaping architecture and design (Architectural Control Committee) within the Project shall consist of not less than three (3) nor more than five (5) Members. Declarant may appoint all of the original Members of the Architectural Control Committee and all replacements until the first anniversary of the issuance of the original Subdivision Public Report for the Project. Thereafter, Declarant may appoint a majority of the Members of the Committee until ninety percent (90%) of the Units in the Project have been sold or until the fifth anniversary of the original issuance of the Final Subdivision Public Report for the Project, whichever first occurs. After one year from the date of issuance of the original Subdivision Public Report for the Project, the Board of Directors of the Association shall have the power to appoint one Member to the Architectural Control Committee until ninety percent (90%) of the Units in the Project have been sold or until the fifth (5th) anniversary of the original issuance of the Final Subdivision Public Report for the Project, whichever first occurs. Thereafter, the Board of Directors of the Association shall have the power to appoint all of the Members of the Architectural Control Committee. Members appointed to the Architectural Control Committee by the Board of Directors shall be from the Membership of the Association. Members appointed to the Committee by the Declarant need not be Members of the Association.

ARTICLE XI

RESPONSIBILITIES OF THE ASSOCIATION

WITH SPECIFIC REFERENCE TO THE COMMON AREAS

11.1. The Association shall be responsible for the maintenance and preservation of the exterior appearance of the Project.

063083

11.2. Notwithstanding anything to the contrary, the Association shall not be responsible for the exterior maintenance or preservation of the following items: glass surfaces, repairs or replacements arising out of or caused by the willful or negligent act of an Owner, his family, guests, or invitees, damage caused by flood, earthquake or other Acts of God. Such excluded items shall be the responsibility of each Condominium Owner. If an Owner should fail to maintain or make the necessary repairs or replacements which are the responsibility of such Owner, the Association shall have the right (but not the obligation) upon a vote of a majority of the Board of Directors, after not less than thirty (30) days' notice to the Owner, to enter the Condominium and provide such maintenance or make such repairs or replacements as are necessary, the cost thereof to be added to the assessments chargeable to that Condominium.

11.3. The agents or employees of the Association shall have the right to enter upon any Unit where necessary in connection with construction, maintenance or repair for the benefit of the Common Area or the Owners in common.

ARTICLE XII
USE RESTRICTIONS

12.1. In addition to all other covenants contained herein, the use and enjoyment of the Project and each Condominium therein shall be subject to the following:

12.1.1. No Condominium shall be occupied and used except for residential purposes by the Owners, their tenants, and social guests, and no trade or business shall be conducted therein, except that Declarant, its successors or assigns, may use any Unit or Units in the Project owned by Declarant for a model home site or sites and display and sales office until the last Unit is sold by Declarant. No tent, shack,

063083

trailer, garage, outbuilding or structure of a temporary character shall be used at any time as a residence, either temporarily or permanently.

12.1.2. No part of the Project shall ever be used or caused to be used directly, or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other such non-residential purposes, except as is so provided in Paragraph 20.2 of Article XX.

12.1.3. No sign or billboard of any kind shall be displayed by any Owner on any portion of the Project or Condominium, except one sign of reasonable size, advertising that the particular Condominium is for sale or rent, or except by Declarant as so provided in Paragraph 20.2 of Article XX.

12.1.4. No noxious or offensive activity shall be carried on in 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 dwelling Unit, or which shall in any way increase the rate of insurance.

12.1.5. No trailer, camper, boat or similar equipment shall be permitted to remain upon the Project unless placed or maintained within an assigned parking space.

12.1.6. An Owner may keep and maintain in his Unit domesticated pets such as dogs, cats or other usual and ordinary household pets, not to exceed two (2) in number and provided that such pets shall not be allowed in the Common Areas except as may be permitted by the rules and regulations which may be promulgated from time to time by the Board. Except as hereinabove provided, no animals, livestock, birds or poultry

shall be brought within the Project or kept in any Unit thereof. Owners keeping pets shall be accountable to the other Owners for the acts of such pets, and should any Owner be unable to control barking or other noise or acts of his pets which disturb his neighbors, he shall be required to remove such pet from the Project. No dog will be allowed on the Common Areas without being supervised.

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

12.1.8. All rubbish, trash and garbage shall be regularly removed from the Project, and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, wood-piles, storage areas, machinery and equipment shall be prohibited unless obscured from view of adjoining Condominiums and streets.

12.1.9. No alteration to or modification of the radio and/or television antenna system, as developed by Declarant, shall be permitted and no Owner may be permitted to construct and/or use and operate his own external radio and/or television antenna.

12.1.10. Conveyance of a substantial number of the Units is essential to the establishment and welfare of said Project as a residential community. In order that all work necessary to complete the Project and to establish a substantially occupied

residential community proceed as rapidly as possible, nothing in this Declaration shall be understood or construed to:

12.1.10.1. Prevent Declarant, its contractor or subcontractors, from doing work on said Project or any part thereof whenever it determines to be reasonably necessary or advisable in connection with the completion of said work; or

12.1.10.2. Prevent Declarant, or its representatives from erecting, constructing and maintaining on any part or parts of said property owned or controlled by Declarant, its contractors, or subcontractors, such structures as may be reasonably necessary for the conduct of its business of completing said work and establishing said property as a residential community and disposing of the same by sale, lease, or otherwise.

12.10.3. Declarant, in exercising his rights hereunder shall not unreasonably interfere with the Members use of the Common Area.

ARTICLE XIII

SCOPE OF ENFORCEMENT

13.1. The limitations, restrictions, conditions and covenants set forth in this Declaration constitute a general scheme for (i) the maintenance, protection and enhancement of the value of the Project; and (ii) the benefit of all Owners. Said limitations, restrictions, conditions and covenants are and shall be covenants running with the land or equitable servitudes, as the case may be.

13.2. Each remedy provided for in this Declaration shall be cumulative and not exclusive. The Association or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration or any amendment thereto; provided, however, that with respect to assessment liens, the Association shall have the exclusive right to the enforcement thereof. Failure by the Association or any Owner, to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

13.3. The result of or condition caused by any violation of any of the provisions of this Declaration is and shall be a nuisance, and every remedy in law or equity now or hereafter available against public or private nuisance may be exercised by any person affected thereby.

13.4. Any of the foregoing to the contrary notwithstanding, no action to enforce this Declaration shall be instituted unless and until a written notice of such breach setting forth the facts of such breach has been delivered by certified mail to the Owner of such interest.

13.5. In the event the Association or any Owner(s), should commence litigation to enforce any of the provisions of this Declaration, that party, if he should prevail, shall be entitled to have judgment against and recover from any defendant in such litigation, such attorneys' fees (other than nominal) as the court may adjudge reasonable and proper.

ARTICLE XIV
INSURANCE

14.1. A Master or blanket public liability and property damage insurance policy covering all Common Areas shall be purchased by the Board of Directors as promptly as possible following its election and shall be maintained in force at all times, the premium thereon to be paid out of the monies collected from the assessments. The minimum amounts of coverage shall be \$1,000,000.00 for personal injury to any one person, \$3,000,000.00 for any one occurrence and \$1,000,000.00 property damage. The policy shall name all Owners as insureds, including Declarant, during such time as Declarant shall remain the Owner of one or more Condominiums. The manager, if any, shall also be a named insured on such policy, during such time as his agency shall continue. The policy shall insure against injury or damage occurring both in the Common Area and within the individual Units. The insurance shall also contain a cross-liability endorsement to cover negligent injury by one Owner to another.

14.2. A master or blanket fire insurance policy shall also be purchased by the Board as promptly as possible following its election and shall, thereafter, be maintained in force at all times, the premium thereon to be paid out of the monies collected from the assessments. Said insurance shall insure against loss from fire or any other hazard therein covered, for the full insurable value of all improvements within the Project. Such policy shall contain extended coverage and replacement cost endorsements and may also contain vandalism and malicious mischief coverage, special form endorsement, stipulated amount clause and determinable cash adjustment clause or similar clause to permit cash settlement covering full value of the improvements in the event of partial destruction and decision not to rebuild. The policy shall be in such amounts as shall be determined from time to time by the Board of Directors. The policy shall name as insureds, all Owners and

Declarant, so long as Declarant is the Owner of any Condominiums in the Project, and all mortgagees of record, as their respective interests may appear.

14.2.1. Said policy shall cover all Units, including but not limited to, insurance for such property as wall and floor coverings, cupboards, cabinets, fixtures and built-in appliances. Personal property of a Unit Owner and additional fixtures added by a Unit Owner, should be insured separately by the Unit Owner.

14.3. If available, underlying coverage for individual Units shall be written as part of, or in conjunction with, said master policy where necessary to protect individual lenders. If such coverage is not available, each Owner shall purchase, at his own expense, and maintain fire and hazard insurance coverage as may be required by his individual lender. Any such underlying coverage shall contain a replacement cost endorsement, and to the extent available, such other endorsements as may be a part of the master policy. Such insurance shall also contain a loss-payable endorsement to the mortgagees of individual Units, as their interests shall appear.

14.4. All insurance proceeds payable under Paragraphs 14.2. and 14.3. of this Article, and subject to the rights of mortgagees under Paragraph 14.3 hereof, shall be paid to the Board, to be held and expended for the benefit of Owners, mortgagees and others, as their respective interests shall appear, and be paid out in accordance with Article XIV. In the event repair or reconstruction is authorized, the Board shall have the duty to contract for such work, as provided in Article XV, hereof.

14.5. The Board may purchase and maintain in force at all times, demolition insurance in adequate amounts to cover demolition in the event of destruction and a decision not to rebuild. The premium therefor shall be paid out of the monies collected

from the assessments. Such policy, if purchased, shall contain a determinable demolition clause or similar clause, to allow for the coverage of the cost of demolition in the event of destruction and a decision not to rebuild. The Board of Directors shall also purchase and maintain, worker's compensation insurance to the extent that the same shall be required by law for employees or Owners. The Board of Directors may also purchase and maintain insurance on commonly owned personal property and such other insurance as it deems necessary, the premium thereof to be paid out of the monies collected from the assessments.

14.6. The Board of Directors shall require that all directors, officers, and employees of the Association handling or responsible for Association funds shall be covered by a fidelity bond or insurance in an amount not less than one and one-half times the Association's estimated annual budget for the maintenance, operation and accumulation of reserves. The premium on such bond shall be paid by the Association.

14.7. The Board of Directors may require that all directors, officers, and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds in an amount not less than one and one-half times the Association's estimated annual budget for the maintenance, operation and accumulation of reserves. The premiums on such bonds shall be paid by the Association.

14.8. An Owner may carry such additional personal liability and property damage insurance respecting his individual Unit as he may desire.

14.9. With respect to insurance coverage under Paragraphs 14.2. and 14.3 hereof, any mortgagee of record shall have the option to apply insurance proceeds payable to him in reduction of his obligation secured by his mortgage.

14.10. The Board shall review the insurance carried by the Association at least annually, for the purpose of determining the amount of the casualty and fire insurance referred to in Section 14.1 and 14.2 above. The Board shall obtain a current appraisal of the full replacement value of the improvements in the Project except for foundations and footings, without deduction for depreciation, by a qualified independent insurance appraiser, prior to each such annual review.

ARTICLE XV

DESTRUCTION OF IMPROVEMENTS

15.1. In the event of total or partial destruction of the improvements in the Condominium Project, and if the available proceeds of the insurance carried pursuant to Article XIV, are sufficient to cover not less than eighty-five percent (85%) of the cost of repair or reconstruction thereof, the same shall be promptly repaired and rebuilt, unless, within ninety (90) days from the date of such destruction, seventy-five percent (75%) of each class of Membership present and entitled to vote in person or by proxy, at a duly constituted meeting, determine that such reconstruction shall not take place. If reconstruction is to take place, the Board of Directors shall be required to execute, acknowledge, file and record, not later than one hundred twenty (120) days from the date of said destruction, a certificate declaring the intention of the Owners to rebuild.

15.2. If the proceeds of such insurance are less than eighty-five percent (85%) of the cost of reconstruction, such reconstruction may, nevertheless, take place, if within ninety (90) days from the date of said destruction, sixty-six and two-thirds percent (66-2/3%) of each class of Membership elect to rebuild.

15.3. If the Owners determine to rebuild, either pursuant to Paragraphs 15.1 or 15.2, each Owner shall be obligated to contribute such funds as shall be necessary to pay his proportionate share of the cost of reconstruction over and above the insurance proceeds, and the proportionate share of each Owner shall be based upon the ratio of the square footage of the floor area of each Unit to the total square footage of floor area of all Units to be rebuilt. In the event of failure or refusal by any Owner to pay his proportionate share, after notice to him, should failure or refusal continue for a period of sixty (60) days, the Board of Directors may levy a special assessment against such Owner, which may be enforced under the lien provisions contained in Article VIII.

15.4. If the Owners determine to rebuild, the Board of Directors shall obtain bids from at least 2 reputable contractors and shall award construction work to the lowest bidder. The Board of Directors shall have the authority to enter into a written contract with said contractor for such reconstruction and the insurance proceeds held by the Board shall be disbursed to said contractor according to the terms of the agreement. It shall be the obligation of the Board to take all steps necessary to insure the commencement and completion of such reconstruction at the earliest possible date.

15.5. If the vote of the Owners shall be insufficient to authorize rebuilding, either pursuant to Paragraph 15.1. or 15.2. above:

15.5.1. Subject to the rights of mortgagees, set forth in Paragraph 14.9 of Article XIV, any insurance proceeds available for such rebuilding shall be distributed among the Owners and their individual mortgagees by the Board, as their respective interests may appear. The proportionate interests of each Owner in said proceeds in relation to other Owners shall be based upon a ratio of each Unit's "fair

063083

market value," just prior to destruction. "Fair Market Value" is to be determined by an independent appraiser.

15.5.2. The Board shall have the duty, within one hundred twenty (120) days of the date of such loss, to execute, acknowledge and record a certificate setting forth the determination of the Owners not to rebuild, and shall promptly cause to be prepared and filed, such revised maps and other documents as may be necessary to show the conversion of the Project to the status of unimproved land or to show the elimination of one or more of the Units, as a result of such destruction.

15.6. Upon recordation of such certificate, the right of any Owner to partition his Condominium through legal action, shall forthwith revive.

15.7. In the event of a dispute among the Owners, with respect to the provisions of this Article, any Owner may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to the Members of the Board and all Owners as promptly as possible after referral to arbitration is made, giving all Owners an opportunity to appear in such arbitration proceedings. The decision of such arbitrator in this matter shall be final and conclusive upon all Owners. The arbitrator may include in his decision an award for costs and/or attorney's fees against any one or more of the parties to the arbitration.

ARTICLE XVI
CONDEMNATION

16.1. In the event that an action for condemnation is proposed or commenced by any governmental body having the right of eminent domain, the following provisions shall apply:

16.1.1. If such action or proposed action is for the condemnation of the entire Project, upon the consent of 75% of the Owners, the Project may be sold to such governmental body prior to judgment and the proceeds of such sale shall be distributed to the Owners and their mortgagees as their respective interests may appear, based upon a ratio of each Unit's "fair market value" to the fair market value of the Project as a whole. ("Fair market value," to be determined by an independent appraiser.) Lacking such consent, the compensation for the taking shall be distributed in like manner, unless said judgment shall, by its terms, apportion such compensation among the individual Condominium Owners.

16.1.2. If such action or proposed action is for the condemnation of only a portion of the Common Area, the compensation for the taking shall be distributed to the Owners, as provided in subparagraph 16.1.1. above.

ARTICLE XVII
ACCOUNTINGS

17.1. The Association shall maintain books of account of all its receipts and expenditures. Each Owner shall be entitled at reasonable time(s) to inspect the books of the Association, and to have such books examined at said Owner's expense by an attorney

or an accountant representing such Owner, and may make excerpts or copies of such books or portions thereof, and each such Owner, at his own expense, shall have the right to have such books independently audited by an accountant.

17.2. A pro forma operating statement (budget) for each fiscal year shall be distributed to each Owner not less than sixty (60) days before the beginning of the fiscal year.

17.3. A balance sheet, as of the accounting date, which is the last day of the month closest in time to six (6) months from the date of the closing of the first sale of an interest in the subdivision, and an operating statement for the period from the date of the first closing to said accounting date, shall be distributed to each Owner within sixty (60) days after the accounting date. The operating statement shall include a schedule of assessments received and receivable, identified by the number of the subdivision interest and the name of the record Owner assessed.

17.4. An annual report consisting of the following shall be distributed to each Owner within one hundred twenty (120) days after the close of the fiscal year.

17.4.1. A balance sheet as of the end of the fiscal year.

17.4.2. An operating (income) statement for the fiscal year.

17.4.3. A statement of changes in financial position for the fiscal year.

17.4.4. Any information required to be reported under Section 8322 of the Corporations Code.

17.5. Ordinarily the annual report referred to in Section 17.4 above shall be prepared by an independent accountant for any fiscal year in which the gross income to the Association exceeds \$75,000.

17.6. If the report referred to in Section 17.5 above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

ARTICLE XVIII
MORTGAGE PROTECTION

18.1. Notwithstanding any other provisions in this Declaration to the contrary, in order to induce FHLMC and FNMA/GNMA (and other lenders and investors) to participate in the financing of the sale of Condominiums in the Project, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions in this Declaration, these added provisions shall control):

18.1.1. No breach of any of the covenants, conditions and restrictions herein contained, nor the enforcement of any lien provisions herein, shall default or render invalid the lien of any first mortgage (meaning a mortgage with first priority over any other mortgage) on any Unit made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

18.1.2. Each holder of a first mortgage encumbering any Condominium is entitled upon request to timely written notification from the Association of any default by the mortgagor of such Condominium in the performance of such mortgagor's obligations under this Declaration, or the Bylaws of the Association which is not cured within sixty (60) days.

18.1.3. Each holder of a first mortgage encumbering any Condominium which obtains title to such Condominium pursuant to: (a) remedies provided in such mortgage, or (b) by accepting a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor, shall be exempt from any "right of first refusal," if any, contained in the Declaration, or the Bylaws of the Association. Further, any such "right of first refusal" shall not impair the rights of a first mortgagee or interfere with a subsequent sale or lease of a Unit so acquired by the mortgagee.

18.1.4. Each holder of a first mortgage or third party foreclosure purchaser which obtains title to a Condominium pursuant to foreclosure of the first mortgage, shall take the Property free of any claim for unpaid dues, assessments or charges against the mortgaged Condominium which accrue prior to the time such holder obtains title to such Condominium (except for claims for a share of such assessments or charges resulting from a reallocation of such dues, assessments or charges to all Condominiums, including the mortgaged Condominium). The assessment lien provided for herein shall be subordinate to the lien of any first mortgage now or hereafter placed upon the Property subject to assessment; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Property pursuant to a decree of foreclosure or trustee sale. Such sale or transfer shall not release such Property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

18.1.5. Unless seventy-five percent (75%) of the institutional lenders holding a first mortgage on a Unit within this project (based upon one vote for each first mortgage owned) and two-thirds (2/3) of the Owners (other than the Declarant) of Condominiums have given their prior written approval, the Association and its Members shall not be entitled to:

18.1.5.1. By act or omission, seek to abandon or terminate the Condominium Project, except as otherwise provided herein in the event of substantial destruction by fire or other casualty or in the event of a taking by condemnation or eminent domain;

18.1.5.2. Change the pro rata interest or obligations of any Condominium for purposes of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share in Ownership of each Condominium in the Common Area;

18.1.5.3. Partition or subdivide any Condominium, except as provided in Paragraph 3.6.1, Article III herein;

18.1.5.4. By act or omission, seek to abandon, subdivide, encumber, sell or transfer the Common Area or partition the Common Area except as provided for herein. The granting of easements for public utilities or for other public purposes consistent with the intended uses of the Common Area and the Project shall not be deemed a transfer within the meaning of this clause;

18.1.5.5. Use hazard insurance proceeds from losses to any Condominium Property (whether to Condominium Units or to Common Area) for other

than repair, replacement or reconstruction of such Condominium Property, except as provided by statute in case of substantial damage to the Units and/or Common Area of the Project; and

18.1.5.6. Effectuate any decision of the Association to terminate professional management, if any, and assume self management of the Project

18.1.6. First mortgagees shall have the right to examine the books and records of the Association during normal business hours.

18.1.7. The Condominium assessments shall include an adequate reserve fund for maintenance, repairs and replacement of the Common Area and those portions thereof that must be replaced on a periodic basis, and shall be payable through regular assessments rather than by special assessments.

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

18.1.9. In the event of substantial damage to or destruction of any Unit or any element of the Common Area or possible condemnation or eminent domain procedure, the institutional holder of any first mortgage on a Condominium is entitled to timely written notice of any such damage, destruction or proposed acquisition and no provision in the Bylaws, or in this Declaration shall be interpreted to entitle the Owner of the Condominium or any other party to priority over any first mortgagee with respect to the distribution to such Owner of any insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Areas.

18.1.10. Any agreement for professional management of the Project, or any other contract providing for services of the Declarant shall provide for termination by either party without cause or payment of a termination fee upon thirty (30) days' written notice, and that the term of any such contract shall not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods. However, lease agreements for laundry room fixtures and equipment may have terms of up to five (5) years, provided the Declarant is not the lessor thereunder.

18.1.11. The Association shall, upon the request of any institutional holder of a first mortgage on a Condominium: (i) give written notice of all meetings of the Association and permit the lender to designate a representative to attend all such meetings, and (ii) transmit to such lender an annual audited financial statement of the Project within ninety (90) days following the end of any fiscal year of the Project.

18.1.12. No breach of any of the foregoing covenants shall cause any forfeiture of title or reversion or bestow any right of re-entry whatsoever, but in the event that any one or more of these covenants shall be violated, the Declarant, its successors and assigns, the Association, or any Owner of a Condominium in the Project, may commence a legal action in any court of competent jurisdiction to enjoin or abate said violation, and/or to recover damages; provided, that any such violation shall not defeat or render invalid the lien of any mortgage made in good faith and for value as to said Property or any part thereof. Said covenants shall be binding upon and effective against any Owner of said Property, or a portion thereof, whose title thereto is acquired by foreclosure, trustee sale or otherwise.

ARTICLE XIXAMENDMENT

19.1. This Declaration may be amended only by an affirmative vote of not less than seventy-five percent (75%) of each class of Members, and further; this amendment provision shall not be amended to allow amendments by vote of less than seventy-five percent (75%) of each class of Members. At such time when the Class B Membership shall cease and be converted to Class A Membership, any and all amendments to this Declaration shall be enacted by requiring the vote or written assent of Members representing both: (i) Seventy-five percent (75%) of the total voting power of the Association; and (ii) Seventy-five percent (75%) of the votes of Members other than the Declarant, provided, however, that the percentage of the voting power necessary to amend a specific provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under said provision.

19.2. Each amendment made pursuant to the preceding paragraph shall, from and after its effective date, be as effective as this instrument as to all of the Project and the Owners/Members and their successors in interest.

ARTICLE XXGENERAL PROVISIONS

20.1. The provisions of this Declaration shall run with the land and bind the Project, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any interest subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of forty (40) years from the date this Declaration is recorded, after which time the provisions of this Declaration shall be

automatically extended for successive periods of ten (10) years, unless an instrument, signed by sixty-six and two-thirds percent (66-2/3%) of the then Owners of the Condominiums, has been recorded within six (6) months of the anticipated termination date. The contents of such instrument shall contain the agreement to terminate this Declaration as it may be supplemented in whole or in part.

20.2. The right of Declarant (and its sales agents and representatives) to the non-exclusive use of the Common Area and the recreational facilities, if any, owned by the Association for display and exhibit purposes in connection with the sale of Condominiums, which right Declarant hereby reserves; provided, however, that such use shall not be for a period of more than three (3) years after the conveyance of the first Condominium; and, provided, further, that no such use by Declarant or its sales agents or representatives shall otherwise restrict the Members in their use and enjoyment of the Common Area or facilities thereon.

20.3. An ownership interest in a Condominium may pass under the estate of a deceased person to more than one person; provided, however, that only one individual living shall be entitled to have Membership privileges in the Association derived from such ownership.

20.4. In the event any limitation, restriction, condition, covenant or provision contained in this Declaration is to be held invalid, void or unenforceable by any court of competent jurisdiction, the remaining portions of this Declaration shall, nevertheless, be and remain in full force and effect.

20.5. Invalidation of any one of these covenants, conditions or restrictions, by judgment or court order, shall in no way affect other provisions hereof which shall remain in full force and effect.

20.6. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a Condominium residential community and for the maintenance of community recreational facilities.

20.7. In the event any portion of the Common Area encroaches upon any Condominium or any Condominium encroaches upon the Common Area, each Condominium within the Project is hereby declared to have an easement for the purpose of accommodating any such encroachment due to engineering errors, errors in original construction, repair, reconstruction, settlement or shifting of the building, or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners.

20.8. In the event Declarant shall convey all of its right, title and interest in and to the Project to any partnership, individual or individuals, corporation or corporations, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant.

20.9. The singular shall include the plural and the plural the singular unless the context requires to the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter, as the context requires.

20.10. Each Owner, by acceptance of a deed shall be deemed to have agreed that Declarant shall have no liability whatsoever resulting from any term or provision thereof having been held to be unenforceable in whole or in part.

20.11. Each grantee of a conveyance or purchaser under a contract or agreement of sale, by accepting the deed or contract of sale or agreement of purchase, accepts the same subject to all of the limitations, restrictions, conditions and covenants, and agreements set forth in this Declaration, and agrees to be bound by the same.

IN WITNESS WHEREOF, the undersigned, deemed the Declarant herein, have hereunto set their hand and seal this 26 day of July, 1983.

"DECLARANT"

SUN RAY ENTERPRISES, INC.
a California corporation

By: Jerry N. Cochran
JERRY N. COCHRAN, President

NR

(Corporation)

STATE OF CALIFORNIA }
COUNTY OF San Diego } SS.

On Nov. 26, 1983

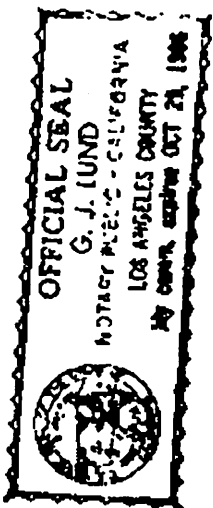
belonging to me, the undersigned, a Notary Public in and for said State, personally appeared Jerry M. [unclear], personally known to me (or proved to me) as the lawful attorney-in-fact of the _____ President, and _____

Secretary of the corporation that executed the within instrument, to wit: to be the persons who executed the within instrument on behalf of the corporation therein named, and who 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

[Handwritten signature]

Date (Typed or Printed)



83-872545

OFC - 2038

This form (furnished by Lincoln Title Company) is to be used for recording purposes only. It is not to be used for recording of instruments which are not subject to recording under the provisions of the California Civil Code, Section 11410.

SUBORDINATION AGREEMENT

The undersigned, CAMINO REAL SAVINGS & LOAN ASSOCIATION, a California corporation, Beneficiary under that certain Deed of Trust recorded on May 9, 1983, as Instrument No. 83-514202 of the Official Records of Los Angeles County, State of California, does hereby consent to each and all of the provisions contained in the within instrument, the Declaration of Establishment of Conditions, Covenants and Restrictions, for PARK VISTA TOWNHOMES, Tract No. 41596, and does hereby agree that the lien and charge of said Deed of Trust shall be, and is hereby made, subordinate to, junior to and subject to said within instrument and the entire effect thereof.

Date: July 27, 1983

BENEFICIARY:

CAMINO REAL SAVINGS & LOAN ASSOCIATION
a California corporation

By *Edward J. Trujillo*
Edward J. Trujillo, President

By *Shirley A. Ambrose*
Shirley A. Ambrose, Vice President

(Notary Acknowledgment Attached)

ETC

83- 872545

(corporation)

STATE OF CALIFORNIA

COUNTY OF Los Angeles } ss.

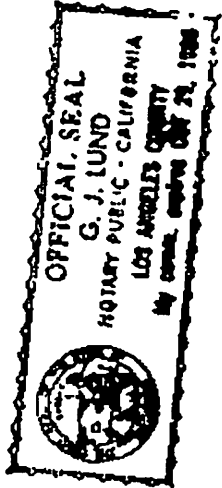
On July 27 1963

I, Notary Public in and for said State, personally appeared Edward J. Terzello, President, and Shirley Ann Secretary of the corporation that executed the within instrument, known to me to be Edna of the persons who executed the within instrument, on behalf of the corporation therein named, and who 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.

[Handwritten signature]

Name (Typed or Printed)



OFC - 2936

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