

(from Jim)

RECORDING REQUEST BY:

WHEN RECORDED MAIL TO:

MORGAN S. RALLS, JR.
1020 Manhattan Beach Blvd., S-100
Manhattan Beach, Ca. 90266

I hereby certify this document to be a true and correct copy

of that which recorded on 9-3-1980

Instrument No. 80-849590

By J. Wood
Title Officer

DECLARATION OF RESTRICTIONS

This Declaration is made this 20th day February, 1980,
by SEA VIEW VILLAS, a Joint Venture

WITNESSETH

WHEREAS, Declarant is the owner of certain real property
located in the City of Hermosa Beach, County of Los Angeles,
State of California, (hereinafter referred to as "said property"),
and more particularly described as follows:

Lot 1 of Tract 33744, in the City of Hermosa Beach;
County of Los Angeles, State of California, as per
map recorded in Book 907, Pages 65 and 66 of Maps,
in the office of the County Recorder of said County.

WHEREAS, there has been or will be filed and recorded a plan
pursuant to Section 1351 of the California Civil Code, in the office
of the County Recorder of Los Angeles County, signed and acknowledged
by the recorded owner of such property and all record holders of
security interest therein; and

WHEREAS, Declarant desires and intends to sell and convey
said property or portions thereof (including certain circumscribed
airspace thereof) to various individuals, and to impose upon all
portions of said property mutual and beneficial restrictions in
accordance with a general plan of improvement made for the benefit
of all portions of said property and for the benefit of all future
owners of any portions of said property.

NOW THEREFORE, the Declarant hereby declares that all of the
property described above is and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved
subject to the Protective Restrictions, Limitations, Conditions,
Covenants, Reservations, Liens and Charges herein contained, all of
which are declared and agreed to be in furtherance of a general plan
and scheme for the subdivision, improvement and sale of Condominiums,
as defined in Section 783 of the California Civil Code, in a condominium project, and defined in Section 1350 of the California Civil
Code; protecting the value, desirability, and attractiveness of the
Project and every part thereof. Each and all of the Restrictions,
Limitations, Conditions, Covenants, Reservations, Liens and Charges
herein contained shall run with the land and shall be binding on all
parties having or acquiring any right, title or interest in the
described property or any part thereof and their respective successors and assigns.

INDEX THIS DOCUMENT AS "DECLARATION OF RESTRICTIONS" AND AS "SUBORDINATION AGREEMENT".
CONDITIONS AND RESTRICTIONS

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1. DEFINITIONS.

Each of the following terms shall have the meaning hereinafter set forth unless the context otherwise requires:

1.1 "Declarant" shall mean Sea View Villas, a Joint Venture.

1.2 "Declaration" shall mean this Declaration of Restrictions as the same may be amended, changed or modified from time to time.

1.3 "Project" shall mean and include the entire parcel of said property, including all structures thereon, divided among or to be divided into Condominiums.

1.4 "Condominium" shall mean and include the entire estate in the Project owned by any Owner, consisting of an undivided equal interest in the Common Area and ownership of a separate interest in a Unit.

1.5 "Unit" shall mean and include that portion of a Condominium which is not owned in common with Owners of other Condominiums in the Project.

1.6 "Common Area" shall mean and include the entire Project excepting all Units therein.

1.7 "Owner" shall mean and include any person with an ownership interest in a Condominium, and includes Declarant for his unsold Units after the sale of the first Unit.

1.8 "Board of Governors" or "Board" shall mean and include the governing body of the Project, elected pursuant to Paragraph 4 hereof.

1.9 "Member" of "Board Member" shall mean and include any Member of the Board of Governors.

1.10 "Residence Building" shall mean and include any structure located on said property in which a Unit is located.

1.11 "Deed of Trust" shall mean and include a mortgage as well as a deed of trust.

1.12 "Holder of a Deed of Trust" shall mean and include a mortgagee as well as a beneficiary under or holder of a deed of trust.

1.13 "Association" shall mean and include the unincorporated association consisting of all Owners of Condominiums in the Project known as Sea View Villas.

1.14 "Organization Meeting" shall mean the first meeting of the Owners.

1.15 "By-Laws" shall mean and include the duly adopted By-Laws of the Association, as the same may be amended from time to time.

1.16 "Institutional Holder" shall mean and refer to any holder (beneficiary) of a first deed of trust or first mortgage which encumbers a Condominium and 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.

1.17 "Condominium Plan" shall mean that certain Condominium Plan and any amendments thereto recorded by Declarant in the Office of the County Recorder of Los Angeles County for the Project.

2. CREATION OF CONDOMINIUMS.

2.1 Designation of Condominiums.

Declarant, in order to establish a plan of Condominium ownership for the Project, hereby covenants and agrees that it hereby divides the Project into the following:

(a) Thirty-three (33) designated and legally described Units which are shown, defined and described on the recorded Condominium Plan for the Project; and

(b) The Common Area consisting of the remainder of the Project, excepting the Units as shown on the Condominium Plan.

2.2 Interest in Common Areas.

The ownership of each Unit shall include an equal undivided interest as a tenant in common in the Common Area of the Project. Declarant, its successors, assigns, and grantees, covenant and agree that the undivided interests in the Common Area and the fee titles in and to the respective Units conveyed therewith shall not be separated or separately conveyed, and each such undivided interest shall be deemed to be conveyed or encumbered with its respective Units even though the description in the instrument of conveyance or encumbrance may refer only to the fee title and to the Unit. Each Owner's undivided interest in the Common Area may not be diminished or changed.

2.3 Condominium.

Each Unit, together with the respective undivided interest in the Common Area specified and established in Section 2.2 herein, together with any exclusive easements in the Common Areas appurtenant thereto, is defined and hereinafter referred to as a "Condominium", and the ownership of each Condominium shall include a Unit and such undivided interests in the Common Area.

3. OWNERS ASSOCIATION.

3.1 Association.

Said property and improvements, shall be organized and operated as a Condominium project. The grant deed conveying residential condominiums therein to individual purchasers thereof shall expressly refer to and incorporate by reference this Declaration. The Owners of Condominiums shall constitute an unincorporated association, and an organization meeting of such Owners shall be held within forty-five (45) days after the closing of the sale of the subdivision interest which represents the fifty-first percentile (51%) interest authorized for sale under the first public report for the subdivision, but in no case shall the meeting be held later than six (6) months after the closing of the sale of the first subdivision interest. At this meeting the control of the Common Area shall be transferred to the newly established Association.

Every Owner of a Condominium shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Condominium. Each Owner is obligated promptly, fully and faithfully to comply with and conform to the By-Laws and the rules and regulations adopted thereunder from time to time by the Board and officers of the Association. Membership in the Association shall not be transferred, pledged or

or alienated in any way, except upon the sale or encumbrance of the Condominium to which it is appurtenant, and then only to the purchaser, in the case of a sale, or Mortgagee, in the case of an encumbrance of such Condominium. Any attempt to make a prohibited transfer is void. In the event the Owner of any Condominium should fail or refuse to transfer the membership registered in his name to the purchaser of his Unit, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

3.2 Places of Meetings.

All meetings of the Owners shall be held at said property or such other place within the County of Los Angeles, State of California as close thereto as possible. Unless unusual conditions exist, meetings shall not be held outside Los Angeles County.

3.3 Annual Meetings.

The Owners shall meet annually on the second Tuesday of January at the hour of 7:00 P.M. or at such other time, and at such place, as shall be designated in writing to the Owners by the Secretary of the Board; provided, however, that such other time may not be more than thirty (30) days before or after the date herein established as the date for the annual meeting. At the annual meeting, the Owners shall elect Members of the Board of Governors as provided in Paragraph 4 hereof; consider reports of the Board, including a report of the common expenses for the past year, an allocation of such expenses to the Owners, and an estimate of common expenses for the coming year; suspend voting privileges of Members of the Owners Association, not to exceed thirty (30) days, for reason of breach of the Declaration, Amendments and By-Laws; provided, however, the Board must determine and set a time for a special Owners meeting at which any disciplined Member may then have a hearing, said hearing being noticed and conducted in compliance with Section 7341 of the California Corporations Code; and transact such other business that may come before the meeting.

3.4 Special Meetings.

A special meeting of the Members of the Association shall be promptly called by the governing body upon either:

by unanimous vote of the Board
(a) The vote for such a meeting by a majority of a quorum of the governing body; or

(b) Receipt of a written request for a special meeting signed by Members representing at least five percent (5%) of the total voting power of the Association.

3.5 Notice of Meetings.

Any notice of meetings required or permitted to be given hereby may be delivered either personally or by United States mail, addressed to the Owner to whom it is directed, at the address of the Condominium owned by such Owner, or to such other address as may be supplied to the Board by said Owner, not less than ten (10) days nor more than ninety (90) days prior to the date of the meeting. Any notice so given by United States mail shall be deemed to have been delivered twenty-four (24) hours after said notice has been deposited in the United States mail, postage prepaid, addressed to the person to whom notice is directed. Such notice shall specify the place, day and hour of the meeting and the general nature of the business to be conducted thereat.

3.6 Waiver of Notice, Consent.

All requirements of notice provided herein shall be deemed to have been met with regard to any Owner who is present in person at any meeting of the Owners. In addition, any owner, may, at any time, waive, in writing, the requirements of notice as herein provided. All such waivers shall be filed with the Board and made a part of the minutes of any meeting of the Owners for which such waiver is made.

Any action which may be taken by the vote of Members at a regular or special meeting except the election of governing body Members where cumulative voting is a requirement may be taken without a meeting if done in compliance with the provisions of Section 7513 of the California Corporations Code.

3.7 Quorum.

The persence of the Owners representing fifty per-cent (50%) of the Condominiums, whether in person or represented by proxy, shall constitute a quorum at any meeting of the Owners required or permitted to be held thereby. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Owners upon the affirmative vote of a majority of Owners representing Condominiums voting thereat.

In the absence of a quorum at a Members' meeting a majority of those present in person or by proxy may adjourn the meeting to another time but may not transact any other business. Any adjournment for lack of a quorum by those in attendance shall be to a date not less than five (5) days nor more than thirty (30) days from the original meeting date. If a time and place for the adjourned meeting is not fixed by those in attendnace at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

3.8 Voting Rights.

Those Owners, appearing of record in the Office of the Los Angeles County Recorder at 8:00 A.M. on the date of any meeting of the Association required or permitted to be held hereby, shall be entitled to select the Member to represent them at said meeting. There shall be one (1) vote for each Member, provided that any one (1) Member that represents more than one (1) Condominium shall be entitled to case one (1) vote for each Condominium which he may represent. The Declarant shall be entitled to one (1) vote with respect to each Condominium owned by Declarant.

3.9 Proxies.

Every Owner entitled to vote or to exercise consents may do so either in person, or by one or more representatives authorized by an instrument in writing, filed with the Board of Governors. Any designation of a representative to act for an Owner may be revoked at any time by written notice to the Board of Governors or by attendance in person by said Owner at the meeting for which such designation was given.

3.10 Cumulative Voting.

Every Owner entitled to vote at any election of Members of the Board of Governors where more than two (2) positions on the Board are to be filled shall be allowed to cast his votes cumulatively and give one candidate the number of votes equal to the number of members to be elected multiplied by the number of votes to which the Owner is entitled, or distribute his vote on the same principle among as many candidates as he thinks fit. The candidates receiving the highest number of votes up to the number of Members to be elected shall be deemed elected. However, at the first election of the governing body, and for so long as a majority of the voting power of the association resides in the Declarant, the owners other than the Declarant shall have the right to elect a minimum 20% of the members of the Board of Governors. Any such Board of Governors member elected solely by the votes of Owners other than Declarant, may be removed from office prior to the expiration of his term of office only by the vote of a simple majority of the voting power residing in members other than Declarant.

3.11 Secret Written Ballot.

All voting for the election of members of the Board of Governors shall be by secret written ballot.

4. BOARD OF GOVERNORS.

4.1 Number, Qualifications, Term of Office.

The affairs of the Association shall be managed by a Board of five (5) Governors who need not be Members of the Association. At the organization meeting and at each annual meeting of the Members thereafter, the Members shall elect, by secret written ballot, five (5) Governors, each of which shall hold office for a term of one (1) year. Prior to the organization meeting and thereafter until their successors are elected, the first incorporators of the Association or their duly appointed successors shall serve as Governors of the Association. The number of Governors may be increased or decreased from time to time, but in no event shall be less than three (3), by an amendment to the By-Laws by the Members as hereinafter provided in the By-Laws.

4.2. The Board shall meet, exercise powers, and carry out duties as are set forth in the By-Laws.

4.3 Organizational Meeting.

An organizational meeting of the Board shall be held immediately following adjournment of the initial meeting of the Owners and thereafter following adjournment of the annual meeting of the Owners at which time the Board shall elect officers of the Board.

5. EXPENDITURES, MAINTENANCE FUND.

The Board shall collect the maintenance fund hereinafter provided for and shall contract, make expenditures, acquisitions and payments therefrom for the following:

5.1 To enforce the provisions of said covenants and to employ attorneys, accountants and other persons in connection therewith or in connection with the operation of the Common Area, whenever it deems it necessary or proper to do so.

5.2 To maintain such policy or policies of insurance on the Project as the Board shall, in its discretion, deem proper. Such policy or policies shall include, but are not limited to, the following:

(a) Fire insurance with extended coverage endorsement for the full insurable replacement value of the Units and the Common Area in a form acceptable to the holders of all first trust deeds on the Condominiums, payable as provided in Paragraph 11 herein, or such other fire and casualty insurance as the Board shall determine gives substantially equal or greater protection to the Owners and their trust deed holders, as their respective interests may appear, and which is acceptable to the holders of all first trust deeds on the Condominiums, which said policy or policies shall contain a separate lenders' loss payable endorsement in favor of the holders of the trust deed or deeds on each Condominium, if any.

(b) Liability insurance insuring the Board of Governors, the Owners and the Manager, if any, against any liability to the public or to the Owners incident to the ownership, occupancy or use of the Project or any part thereof and including personal liability exposure of the Owners. Such insurance, which shall be in the amounts as the Committee shall select but shall be for not less than Five Hundred Thousand Dollars (\$500,000.00) for bodily injury for any one person in any one accident, and Three Hundred Thousand Dollars (\$300,000.00) for each occurrence of property damage, shall be issued on a comprehensive coverage basis, and shall provide cross-liability endorsements wherein the rights of the named insureds under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

(c) Workmen's Compensation insurance to the extent reasonably deemed necessary to comply with any applicable laws.

The Board shall annually review all insurance maintained by it pursuant to the foregoing and shall make such adjustments thereto as may be required.

5.3 To obtain the services of a Manager to the extent deemed advisable by the Board as well as such other personnel as the Board shall determine are necessary or proper for the operation and maintenance of the Common Area, whether such personnel are employed directly by the Board or are furnished by or through the Manager.

5.4 To obtain a fidelity bond naming the Manager, if any, and such person, persons, firms or corporations as the Board may designate as principals and the Owners as obligees in such form and amount as the Board shall from time to time determine.

5.5 To obtain any other items including, but not limited to, materials, supplies, furniture, labor, services, maintenance, repairs, renovations, gardening, utilities, landscaping and structural alterations which the Board deems necessary or proper for the operation, maintenance, continuation or benefit of the Project, to comply with any law or to implement or enforce said covenants.

5.6 To provide for the painting, maintenance, repair and all landscaping of the Common Areas, and such furnishings and equipment for the Common Area as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same for the Common Area; provided, however, that the interior surfaces of each Unit shall be painted, maintained and repaired by the Owners thereof, and all such maintenance shall be at the sole expense of said Owners.

5.7 To pay any taxes or special assessments which in the opinion of the Board has become or may become a lien upon the Common Area and to discharge any lien or encumbrance levied thereon.

5.8 To obtain water, sewer, garbage collection, electric telephone, gas and other necessary utility service for the Common Area, to the extent that the same is not separately metered or charged to the Units.

5.9 The Board of Governors shall have the exclusive right to contract for items or to incur costs and expenses, payments which are to be made from the maintenance fund.

In the event that any of the foregoing costs of expense are incurred for the benefit of a particular Unit or Units, then the cost thereof shall be specially assessed to the Owners of such Unit or Units.

6. ENTRY FOR REPAIRS.

For the purpose of performing the maintenance of the Common Area or for any other purpose reasonably related to the performance by the Board of its responsibilities under this Declaration, the Association's agents or employees shall have the right, after reasonable notice to the Owner, to enter any Unit, Garage or upon any portion of the Common Area at reasonable hours; provided, however, there shall be no entry into a Unit without the Owner's written consent, which consent shall not unreasonably be withheld. When there is an entrance into any Unit or Garage, such entrance shall be made with as little inconvenience to the Owner as possible and any damage caused shall be repaired by the Association.

7. MAINTENANCE FUND AND ASSESSMENTS.

7.1 Annual Report and Budget.

Financial statements for the Association shall be regularly prepared and distributed to all Members as follows:

(a) 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.

(b) A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of 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 the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the subdivision interest and the name of the entity assessed.

(c) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

- (1) A balance sheet as of the end of the fiscal year.
- (2) An operating (income) statement for the fiscal year.
- (3) A statement of changes in financial position for the fiscal year.
- (4) Any information required to be reported under Section 8322 of the California Corporations Code.

The annual report referred to above shall be prepared by an independent accountant for any fiscal year in which the gross income of the Association exceeds Seventy-five Thousand Dollars (\$75,000.00). If it 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.

7.2 General, Regular Assessments.

Upon the adoption of the budget contained in said report by the Owners, the Board of Governors shall forthwith assess the Owners of each Condominium according to the ratio of the number of Units owned by the Owner assessed to the total number of Units subject to assessment for the estimated amount required by said budget, plus such other charges as may be authorized herein, and shall send a statement of such amount to the Owners in the manner hereinabove provided for the giving of notice of meetings of Owners. Each Owner shall pay to the Association one-twelfth (1/12th) (or more at the election of the Owner paying said assessment) or such sums so assessed against said Owner on the first day of each month thereafter until such assessment has been paid in full. Such budget may be revised by a resolution of a majority of the Owners at any special meeting of the Owners in which case the Board shall thereafter reassess the Owners by sending them appropriately amended statements, in the manner hereinabove provided, which notice shall provide for the amounts to be paid by such Owners as a result of such revision. Upon receipt of such notice, the Owners shall pay said revised assessment in the manner provided in such notice. The Board of Governors may not, without the vote, or written assent, of a majority of the voting power of the Association residing in Members other than the Declarant, impose a regular annual assessment per Unit which is more than twenty percent (20%) greater than the regular assessment for the immediately preceding fiscal year. The monthly assessments against all Units shall commence

on the first day of the month following the closing of the first sale. Except in the case of an approved subsidization plan which provides otherwise, voting rights attributable to Units shall not be vested until assessments against those Units have been levied by the Association.

7.3 Special Assessments.

One or more special assessments may be levied by the Board of Governors upon all the Owners, after approval of a majority of the Owners at a special meeting thereof is obtained, upon the occurrence of any of the following:

- (a) The general assessment is insufficient to enable the Board to operate the Project.
- (b) The Board determines that it is necessary to make an unusual expenditure, the necessity for which was not contemplated at the time the budget was adopted and for which there are

not sufficient funds available in the maintenance fund. Unless otherwise determined by the Board, the Owners will pay such special assessment or assessments in the same manner in which general assessments are paid and within thirty (30) days after notice of the levy thereof is given to each Owner.

(c) In any fiscal year, the Board may not, without the vote or written assent of a majority of the voting power of the Association residing in Members other than the Declarant, levy special assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(d) Except as hereinafter provided in (1) and (2), every special assessment shall be levied upon the same basis as that prescribed for the levying of regular assessments.

(1) A special assessment to raise funds for the rebuilding or major repair of the structural Common Area housing Units of the Project shall be levied upon the basis of the ratio of the square footage of floor area of all Units to be assessed.

(2) The provisions hereof with respect to special assessments do not apply in the case where the special assessment against a Member is a remedy utilized by the Board to reimburse the Association for costs incurred in bringing the Member and his Unit into compliance with provisions of this Declaration.

7.4 Assessment, Debt of Owner.

A reasonable assessment upon any Condominium made in accordance with these covenants shall be a debt of the Owner thereof at the time the assessment is made. The Declarant and his successor in interest, if any, is an Owner subject to the payment of regular and special assessments against Units which he owns.

7.5 Lien, Notice, Enforcement of Lien.

The amount of any such assessment which is due and payable, plus any other charges thereon, such as interest at the legal rate from date of delinquency, and costs and reasonable attorney's fees for the collection of any such assessments shall be and become a lien upon the Condominium assessed at the time that the Board causes a Notice of Assessment to be recorded with the County Recorder of Los Angeles County, State of California, which notice shall state the amount of such assessment and such other charges thereon as may

be authorized by said covenants, a description of the Condominium against which the same has been assessed and the name of the record Owner(s) thereof. Such notice shall be signed by any person so authorized by the Board. Upon payment of such assessment and all charges and costs incurred in connection with the collection thereof, a further notice stating the satisfaction and release of the lien thereof shall be recorded. Such lien may be subordinated, extended and enforced by the Board in the manner provided by law.

Any such lien for regular or special assessments against an Owner shall be subordinate to the lien of any first mortgage or first deed of trust against the Condominium of such Owner. The transfer of a Condominium as a result of the exercise of a power of sale or a judicial foreclosure involving a default of a first mortgage or first deed of trust shall extinguish the lien of assessments which were due and payable prior to the transfer of the Condominium. No transfer of the Condominium as a 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 mortgage or first deed of trust, or another person, from liability for any assessments thereafter becoming due or from the lien thereof.

7.6 Failure to Fix Assessments.

The omission by the Board, before the expiration of any year, to fix the assessments provided for herein for that or the next year, shall not be deemed a waiver or modification with respect to any of the provisions of this Declaration, or a release of the liability of any Owner to pay said assessments, or any installment thereof, for that or any subsequent year, and in such event the assessment fixed for the preceding year shall continue until a new assessment is fixed. No Owner may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the Common Area or by abandonment of his Unit. No diminution or abatement of common expenses or assessments shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to the Common Area, or any determination of the Board.

7.7 Purpose of Assessments.

The assessments levied by the Board of Governors hereunder shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and for the improvement, operation and maintenance of the Common Area and the Project and the performance of the duties of the Association as set forth in this Declaration and in the Association's By-Laws.

8. LIMITATIONS OF LIABILITY OF THE BOARD.

The Board shall not be liable for any failure of any service to be obtained and paid for by the Board, or for injury or damage to any person or property caused by the elements or by another Owner or person in the Project or resulting from electricity, water, rain, dust or sand which may leak or flow from outside or from any part of the buildings or from any of the pipes, conduits, drains, appliances or equipment or from any other place unless caused by gross negligence of the Board. Each Member of the Board shall be indemnified by the Owners against all expenses and liabilities including attorney's fees, reasonably incurred by or imposed on him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Member of the Board, or any settlement thereof, whether or not he is a Member of the Board at the time such expenses are incurred, except in such cases where such Member is adjudged guilty of willful malfeasance or misfeasance in the performance of his duties,

provided that in the event of settlement, the indemnification shall apply only when the Board approves such settlement as being for the best interest of the Project and the Board.

9. PROTECTION FOR HOLDERS OF DEEDS OF TRUST.

All liens arising in favor of the Board by reason of the assessments against or obligations of any of the Owners, shall be subject and subordinate to any first deed of trust recorded prior thereto and made in good faith and for value. No breach of said covenants or the enforcement of any lien provisions herein shall defeat, render invalid, impair or affect the lien of any first deed of trust made in good faith and for value, but said covenants shall be binding upon and inure to the benefit of any Owner whose title is derived through foreclosure of any lien or any trustee's sale or any proceeding for the enforcement of any lien or otherwise.

10. AMENDMENT OF COVENANTS.

Any or all of the provisions of said covenants may be modified, amended, added to, or cancelled by a further declaration or agreement in writing properly executed and acknowledged by the Owners of not less than fifty-one percent (51%) of the Condominiums, and at least fifty-one percent (51%) of Owners other than Declarant, which will be effective upon the recordation of any such modification or amendment, in the Office of the County Recorder of Los Angeles County, State of California; provided, however, that in the event the clause or provision to be amended requires the affirmative vote of a percentage of Owners greater than fifty-one percent (51%), such clause or provision may not be amended by a vote of less than such higher percentage.

11. DAMAGE OR DESTRUCTION.

11.1 If any portion of any Unit is damaged or destroyed by fire, or other casualty, the Board shall promptly take appropriate action to restore the same substantially in accordance with the original plans and specifications. The Owner of said Unit shall use all insurance proceeds forthcoming as the result of such damage or destruction held by the insurance trustee in accordance with the provisions of subparagraph 11.4 of this paragraph for such restoration. In the event that more than one Unit is destroyed or damaged, then the insurance proceeds available to the Owner of each Unit shall be that portion of the proceeds available for the repair of Units as the damage to the Unit owned by said Owner bears to the total damage done to all Units. However, notwithstanding the foregoing, if more than fifty percent (50%) of the Units are substantially damaged or destroyed at any time or in the aggregate within any three (3) holder consecutive months, then this subparagraph 11.1 shall be inapplicable and the procedures described in subparagraph 11.3 of this paragraph shall apply.

11.2 If any portion of the Common Area is damaged or destroyed by fire or other casualty, the Board shall promptly take appropriate action to restore the same to a condition that is substantially the same as its condition prior to such damage or destruction. However, in the event the cost of restoration exceeds the available insurance proceeds, the following rules shall apply:

(a) In cases where the cost of restoration exceeds the insurance proceeds by more than Five Thousand Dollars (\$5,000.00), the provision of subparagraph 11.3 of this paragraph shall apply.

(b) In cases where the cost of restoration exceeds the insurance proceeds by Five Thousand Dollars (\$5,000.00) or less, the Board shall levy a special assessment on all Condominiums based upon the ratio of the square footage of floor area of each unit to the square footage of floor area of all units to be assessed.

Wesley

11.3 In the event of damage or destruction to which the provision of subparagraphs 11.1 and 11.2 of this paragraph are inapplicable the Board shall promptly call a special meeting of the Owners for the purpose of considering restoration of the Common Area and such individual Units as may have been damaged or destroyed, sale of the entire Project as a single parcel or other appropriate alternatives.

If at any time after the occurrence of such damage or destruction to which the provisions of this subparagraph 11.3 is inapplicable, the Owners of a majority of the Condominiums, by their affirmative vote or written consent, agree to the restoration of the Common Area or the sale of the entire Project as a single parcel or some other appropriate alternative, then the same shall be binding upon, and if need be, may be enforced against, any or all of the remaining Owners. In the event of such agreement by and amongst the Owners, the Board shall forthwith cause a memorandum thereof to be recorded in the Office of the County Recorder of Los Angeles County, State of California. The Board shall promptly execute any such agreement and shall be empowered to do any and all things and acts reasonably required to be done in furtherance thereof, including, but not limited to, the levying of special assessments which shall be based on the square footage of each unit to the square footage of all units to be assessed and made payable in such manner as shall receive the affirmative vote or written consent of a majority of the Owners of the Condominiums. If the Board does not cause a memorandum of agreement amongst the Owners to be recorded within eighteen (18) months after such damage or destruction, then from and after commencement of the first day of the nineteenth (19th) month thereafter, the covenant against partition hereinafter set forth in paragraph 12 shall be of no further force and effect.

11.4 Loss settlements with respect to all policies of fire and casualty insurance coverage shall be exclusively adjusted with the Board, and the proceeds thereof shall be paid to an insurance trustee which shall be a bank or trust company designated by the Board, to be held in trust for the benefit of the Owners and the beneficiaries under the deeds of trust, if any, as their respective interests shall appear at the time of the loss, and which sums may be used by the Board for the restoration of the Project or parts thereof, should the Project be restored, in the manner herein provided. In the event of a sale or partition of the Project, all remaining insurance proceeds shall be distributed among the Owners proportionately according to the fair market values of the Units at the time of the destruction as determined by an independent appraisal conducted in the manner as is set forth in paragraph 25 hereinafter.

11.5 In the event of damages or destruction to which the provisions of subparagraphs 11.1, 11.2 and 11.3 of this paragraph are inapplicable, the following shall apply:

(a) The covenant against partition hereinafter set forth in paragraph 12 shall be of no further force of effect if two (2) years after damage or destruction to the Project which renders a material part hereof unfit for its use prior thereto and the Project has not been rebuilt or repaired substantially to its state prior to its damage or destruction; or

(b) That the structure has been in existence in excess of the number of years shown on the following table, that it is obsolete and uneconomic, and that the percentage of Condominium Owners holding in aggregate a percentage interest in the Common Areas as set forth in the following table are opposed to repair or restoration of the Project:

Age of Residence Building

Percentage of Interest in Common
Areas held by Condominium Owners

30 years	70%
40 years	60%
50 years	50%
60 years	40%
70 years	30%

(c) Loss settlements with respect to all policies of fire and casualty insurance coverage shall be exclusively adjusted with the Board and the proceeds thereof shall be paid to an insurance trustee which shall be a bank or trust company designated by the Board, to be held in trust for the benefit of the Owners and their beneficiaries under deeds of trust, as their respective interests shall appear at the time of the loss, and which sums may be used by the Board for the restoration of the Project or parts thereof in the manner herein provided.

11.5 Any insurance proceeds which remain after the repair of any such damage or destruction may, subject to the approval of the Board, become a part of the maintenance fund.

12. PARTITION.

There shall be no judicial partition of the Project or any part thereof, nor shall Declarant, any Owner, or any person acquiring any interest in the Project, or any part thereof, seek any such judicial partition, except as expressly permitted by paragraphs 11.4 and 12 hereof or as provided in Section 1354 of the California Civil Code; provided, however, that if any Condominium shall be owned by two (2) or more co-tenants nothing herein contained shall be deemed to prevent a judicial partition as between or among such co-tenants.

13. INTEREST IN COMMON AREA NOT SEVERABLE.

No interest in a Unit or the Common Area may be conveyed or encumbered except in conjunction with the conveyance or encumbrance of a Condominium. Any conveyance or encumbrance in violation of this provision shall be presumed to transfer the entire Condominium.

14. TAXES AND ASSESSMENTS.

The Owners shall execute such instruments and take such action, if any, as may be reasonably required or as may be specified by the Board, to obtain separate real property tax assessments of their own Condominiums. If any taxes and/or assessments may, in the opinion of the Board, nevertheless be alien on the entire Project or any part of the Common Area, they may be paid by the Board and assessed by the Board to the appropriate Owners. Each Owner shall pay prior to delinquency the taxes and assessments assessed by the County Assessor, the City or other governmental authority against any of his own Units or personal property, or interest in any Condominium. Each Owner shall be obligated to pay an assessment by the Board for the portion of any taxes or assessments, if any, assessed by the County Assessor, the City or other governmental authority against the entire Project or any part of the Common Area or personal property thereof, in proportion to his interest in the Common Area, as set forth in his grant deed thereto, such payment to be made to the Board at least thirty (30) days prior to delinquency of such tax or assessment.

15. USE OF THE UNITS AND COMMON AREA.

The Units and Common Area shall be occupied and used as follows:

15.1 Each Unit shall be used as a residence for a single family and for no other purpose, provided that the Owner of any Condominium may lease said Condominium to a single family on a month-to-month tenancy subject to said covenants and the Rules and Regulations of the Project.

*Common area =
entire proj. except
units therein*
15.2 There shall be no obstruction of the Common Area, nor shall anything be stored in the Common Area, without the prior written consent of the Board. No Owner shall permit anything to be done or kept in his Unit or in the Common Area which will result in the cancellation of insurance on the Project, any Unit or any part of the Common Area or which would be in violation of any law. No waste shall be committed in the Common Area.

15.3 No animals, livestock or poultry of any kind shall be raised, bred, kept in any Units or in the Common Area, provided that dogs, cats or other household pets may be kept in Units if specifically permitted by such Rules and Regulations as may be adopted by the Board and subject to such restrictions as may be contained therewith with respect to such household pets. In the event that such pets are permitted, such pets must be kept restrained under leash or by other means at all time while within the Common Area.

15.4 No noxious or offensive activities 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 other Owners.

15.5 Each Owner shall have the exclusive right to paint, repaint, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his own Unit, except as otherwise provided in said covenants.

15.6 No alterations, additions, improvements or repairs shall be made to the Common Area or to any Unit which will impair the structural integrity or function of any residence building or substantially affect the exterior appearance thereof, without the express written consent of the Board and seventy-five percent (75%) or more of the then holders of the beneficial interest in any first deed of trust having first been obtained therefor. No patio, balcony, fence or wall of the Project may be painted or stained without the express written consent of the Board having first been obtained therefor. No sign of any kind shall be displayed to the public view on or from any Unit or the Common Area, without the prior written consent of the Board. However, nothing contained herein shall be deemed to prohibit or restrict the right of an Owner to display or have displayed on his Unit, or in the Common Area, a sign of customary and reasonable dimensions advertising his Unit for sale.

15.7 Each Owner shall at his sole cost and expense maintain and keep his own Condominium in good, orderly and sanitary condition and in a good state of repair and shall perform promptly all maintenance and repair work within his Unit which, if omitted, would adversely affect the Project in its entirety or any portion thereof, and each Owner shall be expressly responsible for the damages and liabilities that his failure to do so may engender. All repairs of internal and interior installations of the Units, such as water, lights, gas, power, sewage, telephone, sanitary installations, doors, windows, lamps, and all other accessories or parts thereof used exclusively by one Unit Owner shall be at such Unit Owner's expense.

An Owner shall reimburse each other Owner for any expenditure incurred in repairing or replacing any and all Common Area facilities and utilities damaged through his fault, whether by way of commission or omission, by payment to the Board for deposit in the maintenance fund the amount of the expenditure therefor. If the fault for any damages to said areas is in controversy, the Board shall determine the issue after a fair hearing, oral or otherwise, by a disinterested majority thereof or by such committee as may be designated by the Board to determine such matter. The decision of a majority of those deciding the matter shall be final.

15.8 Each Owner may obtain insurance additional to any policy or policies of insurance obtained by the Board, at his own expense; provided, however, that no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Board, on behalf of all of the Owners, may realize under any insurance policy which the Board may have in force on the Project at any particular time. Any Owner who obtains individual insurance policies covering any portion of the Project other than personal property belonging to such Owner shall be required to file a copy of such individual policy or policies with the Board within thirty (30) days after purchasing such insurance. Each Owner shall be required to notify the Board of all improvements made by the Owner to his Unit, the value of which is in excess of One Thousand Dollars (\$1,000.00).

15.9 Each Owner shall fully comply with said covenants, and with such Rules and Regulations governing the reasonable use of the Project as may be adopted by the Board.

16. PARKING.

All parking spaces shall be used solely by Unit Owners, members of their families, their guests or lessees. All parking spaces shall be used solely for the purpose of vehicular parking. No parking space or spaces shall be used by, rented or leased to any person except in conjunction with occupancy of a Unit within the area housing such parking spaces. The right to assign parking spaces remaining unassigned, if any, following the sale of all the Condominium Units in the Project, shall vest solely in the Owners Association.

17. AUDIT.

Any Owner may, at any reasonable time and at his own expense, cause an audit or inspection to be made of the books and records of the Association or any manager relating to the management of the Project. The Board of Governors may, pursuant to the resolutions duly adopted at a Board meeting, require an audit, annual or otherwise, of the account or accounts of the Board or Manager of any management body relating to the management of the Project, in which case a copy of such audit shall be delivered to each Owner within thirty (30) days after completion thereof. The Board shall contract for an external audit by an independent public accountant of fiscal year financial statements (other than budgets) for any fiscal year in which the gross income of the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00).

18. BOARD RECORDS; INSPECTION.

18.1 The Board shall maintain full, complete and correct accounts, books and records of its business. All such books, records and accounts shall be kept at the Project or at such other place in the County of Los Angeles, State of California, as may be fixed by the Board from time to time.

18.2 The membership register, books of account and minutes of meetings of the Members, of the Board of Governors and of committees of the Board shall be made available for inspection and copying to any Member of the Association, or to his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the subdivision as the Board of Governors shall prescribe.

18.3 All inspections shall be governed by the following rules:

(a) At least forty-eight (48) hours notice shall be given to the custodian of the records by the Member desiring to make the inspection.

(b) All inspections shall be made between the hours of 8:00 A.M. and 6:00 P.M., Monday through Saturday, unless otherwise agreed by the Owner desiring the inspection and the custodian.

(c) The Owner requesting the inspection shall be responsible for the cost of reproducing copies of all documents he requests.

18.4 Every Member of the Board shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Member of the Board includes the right to make extracts and copies of documents.

19. ENCROACHMENTS.

None of the rights and obligations of the Owners created herein or by a deed granting an interest in the Project to any Owner shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; 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 conduct of said Owner or Owners.

20. NO PROFIT.

The Project shall not be operated for profit and no profit or assets from the operation of the Project shall be distributed to any Owner directly or indirectly, but in the event of partition or sale of the Project any funds, remaining in the maintenance fund shall be distributed to the Owners in proportion to their contributions thereto.

21. ENFORCEMENT.

The Board, or any Owner (not at such time in default hereunder) in the event that the Board refuses to act, shall be entitled to bring an action for damages against any Owner or Owners defaulting hereunder, and, in addition, may bring an action to enjoin any violation of said covenants, or a rule or regulation duly adopted by the Board hereunder, or to prosecute any other appropriate legal or equitable action, that may be necessary under the then existing circumstances. Any judgment rendered in any such action or proceeding shall include a sum for attorney's fees, in such amount as the Court may adjudge reasonable, in favor of the prevailing party. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof. The receipt by the Board or Manager of any assessment

from an Owner, with knowledge of the breach of any said covenants shall not be deemed as a waiver of such breach, and no waiver by the Board or Manager of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board or Manager.

22. OPERATION OF SALES MODELS AND OFFICES.

Declarant and its agents or designees may, so long as Declarant shall be an Owner of one or more Units within the Project, maintain or operate sales models and offices on the Project, and construct and maintain such promotional signs, and other sales signs and sales aids on or about any part, or portion of the Project which Declarant, in its reasonable judgment, deems necessary or desirable. However, such right shall expire three (3) years after the sale of the first Unit.

23. SEVERABILITY.

The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of the remainder of such provision or any other provision hereof.

24. COVENANTS TO RUN WITH THE LAND - PURCHASER'S CONTRACT.

Each of said covenants shall run to and with said real property and each Condominium and every interest therein or pertaining thereto and shall be binding upon and inure to the benefit of Declarant, its successors, grantees and assigns and all parties claiming by, to or under it. Each purchaser of any Condominium, lot, part or parcel of or in said real property shall by acceptance of a deed or other conveyance for any such lot, part or parcel thereby be conclusively deemed to have consented to and agreed to all of said covenants for himself and his heirs, executors, administrators and assigns and does by said acceptance, covenant for himself and his heirs, executors, administrators, successors, and assigns to observe, perform and be bound by said covenants and incorporates said covenants by reference in any deed or other conveyance of his interest in any of said real property.

25. CONDEMNATION.

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:

25.1 If such action, or proposed action, is for the condemnation of the entire Project, upon the unanimous consent of all the Owners and all first trust deed holders (which shall not be arbitrarily withheld), the Project may be sold to such government body prior to judgment and the proceeds of such sale shall be distributed to the Owners and their lenders, as their respective interest shall appear, according to the relative values of the Condominium Units as determined by independent appraisal. The Board shall select an appraiser who is a member of the MAI Appraisal Institute to conduct the appraisal. Such appraiser shall determine the fair market value of the Condominiums. In the event an Owner or Owners disagree with the appraisal, such Owner or Owners, may within ten (10) days of the appraiser's report, select another appraiser, who shall also be a member of the MAI Appraisal Institute, at his own expenses. The two (2) appraisers so selected shall select a third appraiser. The Owner, or Owners, appraiser shall, within fifteen (15) days, submit his appraisal to the third appraiser who shall review both appraisals and determine the value of the Condominium Units. The determination of this third appraiser shall be binding on all Owners.

Lacking such unanimous consent, the action shall proceed to judgment and 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.

25.2 If such action, or proposed action, is for the condemnation of only a portion of the Project, part of the compensation for the taking shall be distributed to the Owners and their lenders whose Condominiums are taken, in an equitable manner as to their improved real property within their residential Units, and an equitable share of such total proceeds from said condemnation shall likewise be distributed to all of the Unit Owners representing the loss of Common Area within the Project in the same manner as provided in subparagraph 25.1 above; provided, however, that upon the vote of at least seventy-five percent (75%) of the Owners whose Units are not taken and the vote of a least seventy-five percent (75%) of the first mortgage holders on such Units, the remainder of the Project may be partitioned. Upon any such partial taking, the first mortgage holders shall be entitled to the full amount of the award allocated to each Owner up to the unpaid obligations under each such Owners loan.

25.3 In the event that less than seventy-five percent (75%) of the Owners and seventy-five percent (75%) of first mortgage holders whose Units are not taken vote affirmatively to partition as provided hereinabove, the remainder of the Project shall continue to be operated as a condominium project and a City and/or County approved subdivision tract map shall be prepared and recorded, showing the elimination of the Units and portions of the Project which are taken.

25.4 Nothing herein contained shall prevent the rebuilding of the Units which are taken on other parts of the Common Area, provided all remaining Owners unanimously agree to do so, and to contribute their proportionate shares. In such event, the Board shall cause to be prepared and recorded such previously City and/or County approved subdivision maps and other documents as may be necessary to show the Project as rebuilt.

26. CREATION OF NON-PROFIT OWNER'S ASSOCIATION OR CORPORATION.

At any time after Declarant no longer possesses any Condominiums in the Project, but not prior thereto, the Owners may, by an affirmative vote of seventy-five percent (75%) of all votes entitled to be cast, elect to form a non-profit Owners Association under and pursuant to the provisions of Section 21,000 et seq. of the California Corporations Code or a non-profit corporation under the provisions of Section 9,000 et seq. of the California Corporations Code. Said corporations or associations, as the case may be, shall have as its sole purpose the operation of the Project for the exclusive benefit of each and all of the Owners, and shall at all time be subject to all of the provisions of said covenants. Neither the articles, charter or By-Laws of said association shall in any way derogate, modify, or contravene said covenants, which may be modified, terminated, amended or supplemented only in the manner prescribed in paragraph 10 hereof.

27. ARCHITECTURAL AND DESIGN CONTROL.

The Board shall appoint a committee for the control of structural and landscaping architecture and design (Architectural Control Committee) within the Project which shall consist of not less than three (3) nor more than five (5) members.

The Declarant may appoint all of the original members of the Committee and all replacements until the first anniversary of the issuance of a public report for the Project. The Declarant shall have the power to appoint a majority of the members of the committee until ninety percent (90%)

of all the Units in the overall development have been sold or until the fifth anniversary of the issuance of the final public report for the subdivision, whichever first occurs. After one (1) year from the date of issuance of the original public report, the Board of Governors shall have the right to appoint one (1) member to the Architectural Control Committee until ninety percent (90%) of all of the Units in the overall development have been sold or until the fifth anniversary date of the issuance of the final public report for the subdivision, whichever first occurs. Thereafter, the Board of Governors 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 Governors shall be from the membership of the Association. Members appointed to the committee by the Declarant need not be Members of the Association.

28. RIGHTS OF INSTITUTIONAL HOLDERS OF MORTGAGES.

Notwithstanding any provisions to the contrary as may be provided elsewhere in this Declaration, Institutional Holders of Mortgages shall have the following rights:

28.1 Notice to Institutional Holders of Default.

Any Institutional Holder (beneficiary) of any first mortgage on a Condominium shall be entitled to receive upon written request to the Association written notification from the Association of any default by the Owner (trustor) of such Condominium in the performance of such Owner's obligations under the Declaration or the Association's By-Laws which are not cured within sixty (60) days from the date of such default.

28.2 Assessments on Foreclosure.

Any Institutional Holder (beneficiary) of any first mortgage which comes into possession of any Condominium pursuant to the remedies provided in the mortgage, or through foreclosure of the mortgage, or any purchaser at a foreclosure sale, shall take title to such Condominium free of any claims for unpaid assessments or charges against such Condominium which accrued prior to the time the Institutional Holder of such mortgage acquired title to the Condominium.

28.3 Required Consent of Holders.

Unless at least seventy-five percent (75%) of the Institutional Holders of mortgages on the individual Condominiums, based upon one vote for each mortgage held, have given their prior written approval, the Association shall not be entitled to:

(a) Change the prorated interest or obligations of any Condominium for the purposes of levying assessments and charges or allocating distributions of hazard insurance proceeds or condemnation awards, or determining the prorata share of ownership of each Unit in the Common Area;

(b) Partition or subdivide any Condominium or the Common Areas of the Project;

(c) By act or omission seek to abandon or terminate the Condominium status of the Project;

(d) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas of the Project. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas of the Project shall not be deemed a transfer within the meaning of this Provision.

(e) Use hazard insurance proceeds for losses to any Condominium property (whether to Units or to Common Areas) 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 Areas of the Project.

28.4 Examination of Books and Records.

All holders (beneficiaries) of first mortgages on individual Condominiums shall have the right to examine the books and records of the Association.

28.5 Right of First Refusal.

Any Institutional Holder (beneficiary) of a first mortgage who comes into possession of a Condominium pursuant to the remedies provided in such mortgage, or foreclosure of the mortgage, or deed (assignment) in lieu of foreclosure, shall be exempt from any right of first refusal.

28.6 Priority on Distribution of Proceeds.

No Owner or any other party shall have priority over any rights of Institutional Holders of first mortgages on individual Condominiums pursuant to their mortgages in the case of a distribution to Condominium Owners of insurance proceeds or condemnation awards for losses to or a taking of the Units and/or Common Area.

28.7 Insurance.

The Owners and the Association shall procure and maintain fire and liability insurance and such insurance as may from time to time be required by Institutional Holders of first mortgages on Condominiums within the Project. All such insurance shall contain loss payable clauses naming the Institutional Holders (beneficiaries) which encumber a Condominium by a first mortgage, as their interests may appear.

28.8 Notice of Condemnation.

The Association shall provide written notice to all Institutional Holders of mortgages on individual Condominiums of any condemnation proceedings affecting the Project.

28.9 Notice of Loss or Condemnation to FHLMC.

The Association agrees to give written notice to the Federal Home Loan Mortgage Corporation ("FHLMC") or its designated representative of any loss to, or taking of, the Common Area of the Project if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00), or damage to a Unit covered by a first mortgage purchased in whole or in part by the FHLMC exceeds One Thousand Dollars (\$1,000.00).

28.10 No Obligation to Cure Default.

Any Institutional Holder (beneficiary) of a first mortgage who acquired title by foreclosure or deed in lieu of foreclosure shall not be obligated to cure any breach of this Declaration which is incurable or of a type which is not practical or feasible to cure.

28.11 Amendments.

No amendment of this Article shall affect the rights of any Institutional Holder (beneficiary) of any first

mortgage recorded for to the recordation of such amendment who does not join in the execution thereof.

28.12 Attendance at Meetings.

Because of its financial interest in the Project, an Institutional Holder (beneficiary) of a first mortgage may appear but may not vote, at meetings of the Owners or of the Board of Governors, to draw attention to violations of this Declaration which have not been corrected or made the subject of remedial proceedings or assessments.

28.13 Information.

An Institutional Holder (beneficiary) of a first mortgage is authorized to furnish information to the Board of Governors concerning the status of any loan encumbering a Condominium.

28.14 Priority of Mortgage Lien.

No breach of the covenants, conditions or restrictions contained in this Declaration, nor the enforcement of any lien provisions created herein, shall affect, impair, defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, with respect to a Condominium.

28.15 Insurance - FHLMC.

If any loan secured by a mortgage encumbering a Condominium is owned by the Federal Loan Mortgage Corporation (FHLMC) or its successors or assigns, or is tendered to FHLMC or its successors or assigns for purchase, the Association and the Owners shall obtain and maintain in full force and effect all insurance coverages which may at any time and from time to time be required by FHLMC or its successors or assigns and shall otherwise comply in all respects with all insurance requirements of FHLMC which may be in effect at any time and from time to time.

29. REQUIREMENTS OF THE CITY OF HERMOSA BEACH.

29.1 City of Hermosa Beach as Agent.

The Declarant, its successors, assigns and grantees hereby grant to the City of Hermosa Beach the right to act as agent of the Board, or the Association, as the case may be, and in the name of the Board or Association, to do any of the following in the event of abandonment of individual Units of the Project:

(a) Do or perform any act that the Association may do or perform;

(b) In the event of default by the Association according to its own by laws and declarations, the City may, without otherwise complying with the provisions of the Declaration, fix the annual assessment against each Unit;

(c) If the City, in its discretion determines that the Association is not diligently attempting to collect the amounts owing the Association, the City may, in the name of the Association, take any legal steps to collect such amounts by actions of law as the City may determine to be necessary. In the event the City should exercise any of the above specified remedies, any sums recovered from such suits shall be applied first to cover the City's costs. The balance shall be applied against any amount which is then lawfully owing to other public or private entities. All remaining sums belong to the Association.

SUBORDINATION

AGREEMENT

CALIFORNIA FIRST BANK, a California Corporation,
the holder of the beneficial interest in and under that certain
Deed of Trust recorded December 29, 1978 in the office
of the Los Angeles County Recorder, as Instrument No. 78-1448839,
Official Records, which Deed of Trust is by and between SEA VIEW
VILLAS, Joint Venture, composed of Culver Financial Corporation
and Charles Gotanda
as Trustors, California First Bank, a California Banking
Association, as Trustee and California First
Bank, a California Corporation, as
Beneficiary hereby expressly subordinates said Deed of Trust and
its beneficial interest thereunder to the hereinbefore Declaration
of Covenants, Conditions and Restrictions.

Dated: February 22, 1980

By: [Signature]
1st Vice President

By: [Signature]

TO 1948 CA (8-74)
(Corporation)



STATE OF CALIFORNIA

COUNTY OF Los Angeles } SS.

On March 5, 1980 before me, the undersigned, a Notary Public in and for said

State, personally appeared Y. Kikund

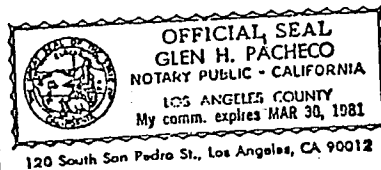
known to me to be the Asst Vice President, and

known to me to be _____ Secretary
of the corporation that executed the within Instrument,
known to me to be the persons who executed the within
Instrument on behalf of the corporation therein named, and
acknowledged to me that such corporation executed the
within instrument pursuant to its by-laws or a resolution of
its board of directors.

WITNESS my hand and official seal.

Signature

Glen H. Pacheco



(This area for official notarial seal)

TO 1948 CA (8-74)
(Corporation)



STATE OF CALIFORNIA

COUNTY OF Los Angeles } SS.

On February 22, 1980 before me, the undersigned, a Notary Public in and for said

State, personally appeared GLEN H. PACHECO

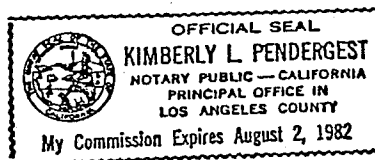
known to me to be the Asst. Vice President, and

known to me to be _____ Secretary
of the corporation that executed the within Instrument,
known to me to be the persons who executed the within
Instrument on behalf of the corporation therein named, and
acknowledged to me that such corporation executed the
within instrument pursuant to its by-laws or a resolution of
its board of directors.

WITNESS my hand and official seal.

Signature

Kimberly L. Pendergast



(This area for official notarial seal)

IN WITNESS WHEREOF, the undersigned, being the Owners of said property, have executed this instrument on the day and year first above written.

SEA VIEW VILLAS, a Joint Venture
composed of

CULVER FINANCIAL CORPORATION

By:

[Signature]
Vice-President

By:

[Signature]
Secretary

and Charles Gotanda

By:

[Signature]
Charles Gotanda

TO 1943 CA (6-74)

(Corporation)

STATE OF CALIFORNIA

COUNTY OF Los Angeles } SS.

On February 21, 1980 before me, the undersigned, a Notary Public in and for said

State, personally appeared R.V. GARCIA

known to me to be the Vice President, and

known to me to be Secretary

of the corporation that executed the within Instrument,
known to me to be the persons who executed the within
Instrument on behalf of the corporation therein named, and
acknowledged to me that such corporation executed the
within instrument pursuant to its by-laws or a resolution of
its board of directors.

WITNESS my hand and official seal.

Signature Kimberly L. Pendergest



TITLE INSURANCE
AND TRUST

ATRCO COMPANY



OFFICIAL SEAL
KIMBERLY L. PENDERGEST
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires August 2, 1982

(This area for official notarial seal)

TO 1944 CA (8-74)

(Individual)

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES } SS.

On FEBRUARY 20, 1980 before me, the undersigned, a Notary Public in and for said

State, personally appeared CHARLES GOTANDA

known to me
to be the person whose name is subscribed
to the within instrument and acknowledged that HE
executed the same.

WITNESS my hand and official seal.

Signature Norma Matsui



TITLE INSURANCE
AND TRUST

ATRCO COMPANY



OFFICIAL SEAL
NORMA MATSUI
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires May 18, 1980

(This area for official notarial seal)

ORDER #213510 - 10

When Recorded Return To:

STEWART WEST COAST TITLE COMPANY

2675 W. Olympic Blvd.

Los Angeles, Ca.

ATTN: GEORGE WOOD

SHEET 1 OF 33 SHEETS.

CONDOMINIUM PLAN

for

LOT NO. 1

TRACT MAP NO. 33744

IN THE CITY OF HERMOSA BEACH

COUNTY OF LOS ANGELES

STATE OF CALIFORNIA

OF THE DESCRIPTION OF THE LAND INCLUDED
WITHIN THIS PROJECT, DIAGRAMMATIC PLANS
OF THE BUILDINGS TO BE BUILT ON SAID LAND
AND CERTIFICATE AS REQUIRED BY CALIFORNIA
CIVIL CODE SECTION 1351.

WE HEREBY CERTIFY THAT WE ARE THE OWNERS OF, RECORD HOLDERS OF
SECURITY INTERESTS THEREIN, OR ARE INTERESTED IN THE LAND
INCLUDED WITHIN THE PROJECT SHOWN ON THIS MAP AND THAT WE CON-
SENT TO THE RECORDATION OF THIS PLAN PURSUANT TO CHAPTER 1,
TITLE 6, PART 4 DIVISION 2 OF THE CIVIL CODE.

SEA VIEW VILLAS
A JOINT VENTURE
COMPOSED OF .

CULVER FINANCIAL CORPORATION

and

CHARLES GOTANDA

(OWNER)

I hereby certify this document to be a true and correct copy
of that which recorded on 9-3-98
Instrument No. 80-849579
By George Wood
Title Officer

[Signature]
Vice President R.V. GARCIA

[Signature]
C. WILLIAM JACKSON SECRETARY - 76245

[Signature]
CHARLES GOTANDA

CALIFORNIA FIRST BANK
A CALIFORNIA CORPORATION
(BENEFICIARY)

[Signature]
ASST Vice President Y. KIKUNO

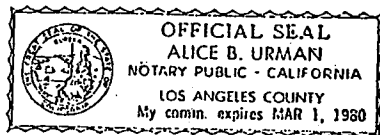
[Signature]
Asst Vice President
GLEN H. PACHECO

CONDOMINIUM PLAN

for
 LOT NO. 1
 TRACT MAP NO. 33744
 IN THE CITY OF HERMOSA BEACH
 COUNTY OF LOS ANGELES
 STATE OF CALIFORNIA

State of California)
 County of Los Angeles) SS

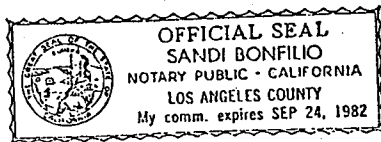
On this 20th day June , 1979 before me
 Alice B. Urman , a Notary Public
 in and for said state, personally appeared
 R.V. Garcia known to me to be the
 Vice-President and
 C. William Jackson known to me to be the
 Secretary of Culver
 Financial Corporation , the corporation that
 executed the within instrument and known to me to be
 the persons who executed the within instrument on behalf
 of the corporation herein named and acknowledged to
 me that such corporation executed the same as mortgagee.



Alice B. Urman
 (SIGNATURE)

State of California)
 County of Los Angeles) SS

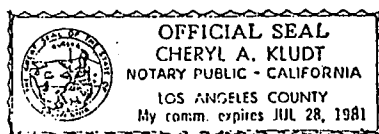
On this 9th day of Nov. , 1979 before me
 Sandi Bonfilio, a Notary Public
 in and for said state, personally appeared
 Y. KIKUNO known to me to be an
 Ass't Vice President and
 Glen H. Pacheco known to me to be an
 Assistant Vice President of California
 First Bank , the corporation that executed
 the within instrument and known to me to be the
 persons who executed the within instrument on behalf
 of the corporation herein named and acknowledged to
 me that such corporation executed the same as beneficiary.



Sandi Bonfilio
 (SIGNATURE)

State of California)
 County of Los Angeles) SS

On this 1st day of June , 1979 before me
 Cheryl A. Kludt , a Notary Public
 in and for said State, personally appeared Charles Gotanda
 known to me to be the person whose name is subscribed to
 the within instrument and acknowledged to me that he executed the same.



Cheryl A. Kludt
 (SIGNATURE)

CONDOMINIUM PLAN

for

LOT NO. 1
TRACT MAP NO. 33744

GENERAL NOTES

and

DEFINITIONS

1. This condominium project is composed of a common area and 33 units.
2. The Common area of this project is the land and real property, including all improvements constructed thereon, within the boundary lines of Lot No. 1 of Tract Map No. 33744 in the City of Hermosa Beach, County of Los Angeles, State of California, as per tract map recorded in Book 907 Pages 65 and 66, inclusive, of Maps, in the office of the County Recorder of said County, except therefrom those portions shown and defined herein as Units 1 to 33, inclusive.
3. The following are not part of a unit: bearing walls, Columns, vertical supports, floors, roofs, foundations, beams, balcony railings, pipes, ducts, flues, chutes, conduits, wires, pumps, central services and other utility installations, wherever located except the outlets thereof when located within the unit.
4. The units of this project are numbered 1 to 33, inclusive. A unit consists of all those elements bearing an identical number designation. The number designation of an element coincides with the number of that unit of which it is a part. Whenever reference is made to any of Units 1 to 33 inclusive, it shall be construed that reference is made to the unit as a whole and to each and all of its component elements, except as shown in note No. 9 hereinafter set forth.
5. This plan and the dimensions shown hereon are intended to conform to Civil Code Section 1351 which requires diagrammatic floor plans of the building built or to be built thereon in sufficient detail to identify each unit, its relative location and approximate dimensions. The dimensions shown hereon are not intended to be sufficiently accurate to use for computation of floor area or airspace volume in any or all of the units.
6. These diagrammatic plans intentionally omit detailed information of internal partitioning within individual units. Likewise, such details as protrusions of vents, beams columns, window casings, and other such features are not intended to be reflected on this plan.
7. Each of those areas shown on this plan bearing the letter designation "A" or "B" is an element of a unit consisting of a dwelling area. The lateral boundaries of each such element are the interior surfaces of the perimeter walls, windows and doors thereof at the limits indicated on the respective portions thereof. The lower vertical boundary of each such element is the interior surface of the floor thereof and the upper vertical boundary of each such element is the interior surface of the ceiling thereof, both at the limits shown hereon. Each such element includes the respective portions of the building and improvements lying within said boundaries (except as stated in Note 3, above) and the airspace so encompassed.

CONDOMINIUM PLAN

for
LOT NO. 1
TRACT MAP NO. 33744

GENERAL NOTES

and

DEFINITIONS

8. Each of those areas shown on this plan bearing the letter designation "C", "D" or "E" is an element of a unit consisting of a balcony or patio area. The lateral and vertical boundaries of each such element are the exterior surfaces of the perimeter walls, windows and doors of the adjacent building structure, where such surfaces adjoin such element and the interior surfaces of the perimeter walls, floors, and ceilings of each such element where such surfaces exist. Otherwise, the lateral and vertical boundaries of each such element are vertical and horizontal planes at the dimensions and elevations shown hereon for each such element. Each such element includes only the airspace encompassed by said boundaries.

9. Each of those areas shown on this map bearing the letter designation "G" depict a parking and storage space and is part of the common area. The boundaries of each such parking and storage space are as follows:

(a) The lower vertical boundary is the surface thereof, coincides with the elevation as shown on the plan herein.

(b) The upper vertical boundary is a horizontal plane parallel to the lower vertical boundary, the elevation of which coincides with the elevation shown on the plan herein.

(c) The lateral boundaries are vertical planes at the limits of the horizontal dimension as shown on the plan herein.

Each such parking and storage space includes only the airspace encompassed by said boundaries.

10. For purposes hereof, "U.E." means upper elevation and "L.E." means lower elevation.

11. All unit lines and dimensional ties intersect at right angles, unless otherwise specified.


12. Common walls between units are 0.8 thick unless otherwise specified. All other walls are 0.4 thick unless otherwise specified.

CONDOMINIUM PLAN

for
LOT NO. 1
TRACT MAP NO. 33744

CERTIFICATIONS

I hereby certify that I am a Registered Civil Engineer of the State of California, that this plan consisting of sheets, correctly represents a true and complete survey of this condominium project made under my supervision in August 1978.


Martin M. Denn, R.C.E. 7081

BENCH MARK:

Bench mark is from City of Hermosa Beach Street Plan HB8046-2 being lead and tack in top of curb, West side of El Oeste, 135'± North of the centerline of Gould Avenue, on northerly property line of 2703 El Oeste, produced. Elevation-136.90.

BASIS OF BEARING:

The bearings shown hereon are based on the bearing of N13°20'55"W of the West property line of lot 1 as shown on Tract No. 33744.