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Title Insurance and Trust Company
By [Signature] Title Offi

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DECLARATION OF ESTABLISHMENT OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR

SANDSIDE VILLAS

A CONDOMINIUM APARTMENT HOUSE PROJECT

TRACT 31373

THIS DECLARATION, is made this 12th day of October, 1973,
by WISE AND AUSTIN PROPERTIES, a partnership
hereinafter referred to as "Declarant".

W I T N E S S E T H:

The real property subject to this Declaration is located in
the City of Hermosa Beach, County of Los Angeles, State of California,
commonly known and designated as SANDSIDE VILLAS; more particularly
described as follows:

Lot 1 of Tract 31373, as per Map
recorded in Book 836, Page 11 of Maps,
in the office of the County Recorder of Los Angeles
County.

and,

WHEREAS, it is the desire and intention of Declarant to sell
and convey interests in said real property to various individuals
and 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 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 1350 to 1359 inclusive, of the California Civil Code. There has been or will be recorded, concurrently herewith, 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 pursuant to the provisions hereof.

ARTICLE - 1

DEFINITION OF TERMS

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

1. Declarant. WISE AND AUSTIN PROPERTIES, a partnership,
2. Declaration. This Declaration, as the same may be amended, changed or modified, from time to time.
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 to 13 inclusive, are as shown and defined on said Condominium Plan, for Tract 31373.
4. Common Area. The entire project, excepting all units therein granted or reserved.
5. Condominium. An estate in real property, consisting of an undivided one-thirteenth (1/13th) interest in the Common Area together with a separate interest in a unit, as hereinbefore defined, in said property.
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.
7. Association. An unincorporated association consisting of all owners of condominiums in the project.
8. Organization Meeting. The first meeting of owners referred to in Article III, hereof.

9. By-Laws. The duly adopted By-Laws of the Association, as the same may be amended, from time to time.

10. Board. The Board of Directors of the Association.

11. Manager. The managing agent, if any, whether corporate or individual, retained by Declarant or by the Board, by contract.

12. Project. The entire parcel of real property, divided or to be divided into condominiums, including all structures thereon.

ARTICLE II

DESCRIPTION OF LAND AND IMPROVEMENTS

The real property subject to said covenants, conditions and restrictions is located in the City of Hermosa Beach, County of Los Angeles, State of California, as is more particularly described as follows:

Lot 1 of Tract Number 31373 as per map recorded in Book 836, Page 11 of Maps in the office of the County Recorder of said county.

The hereinabove described Project, consists of Units 1 through 13, both inclusive, and the balance thereof constituting the "Common Area" as hereinafter defined.

Each of the Units granted 1 through 13, both inclusive, shall consist of a fee simple interest bounded by the interior surfaces of the perimeter walls, floors, windows, and doors thereof and the "upper limits" of the parcel as shown on the recorded map of said tract and the airspace so encompassed. All other parts and portions of said Project shall be the "Common Area" of said Project. The "Common Area" of said Project shall be Lot 1 shown on said map hereinbefore referred to and shall be owned by the Owners of the condominiums, to be conveyed, as tenants in common.

ARTICLE III
MANAGEMENT AND OPERATION

A. Said real property and improvements is to be known and designated as SANDSIDE VILLAS and shall be organized and operated as a condominium project. The Grant Deeds conveying interests therein to all original individual purchasers thereto, shall expressly refer to and incorporate by reference, this Declaration. The owners of condominiums shall constitute an unincorporated association and the organization meeting of such owners shall be held no later than six (6) months from the date of the close of escrow of the first condominium to be sold. Thereafter, annual meetings of such owners shall be held at a time to be determined by them at the organization meeting, and the By-Laws to be adopted at said meeting shall also provide for special meetings of the owners. At all meetings of the owners, only one vote shall be cast for each condominium in the project. The right to vote of any owner shall be temporarily suspended if said owner is in arrears more than sixty (60) days in the payment of his maintenance charges.

B. At the organization meeting, and at each annual meeting the owners shall elect a Board of Directors, consisting of three (3) members, all of whom shall be owners and which may include Declarant or its representative. Every owner entitled to vote at any election of the Board, may cumulate his vote and give one candidate a number of votes equal to the number of Directors to be elected, multiplied by the number of votes to which his condominium or condominiums are entitled, or may distribute his vote on the same principle among as many candidates as he desires. The general powers and duties of

the Board shall be as hereinafter set forth, but may be more particularly defined by such By-Laws as shall be adopted by the owners at the organization meeting or at any subsequent meeting of the owners; provided, however, that this Declaration may not be amended directly or indirectly, in any manner, by the enactment of any By-Laws, but only in the manner hereinafter provided. Certificate of identity of the owners elected to membership on the Board, shall be prepared following each election, and after any change in the membership of the Board.

C. In general, the Board shall have authority to conduct all business affairs of common interest to all owners. The powers of the Board shall include, but shall not be limited to, authority to: collect the monthly installments of maintenance charges and make or authorize expenditures therefrom; contract and pay for utilities; repairs, janitor, gardening, trash and garbage removal, legal and accounting services, and such other services and expenses as shall be reasonably required for the maintenance of the Common Area; purchase and pay for such insurance as may be referred to hereinafter; purchase and pay for necessary supplies and personal property for the Common Area, and pay any taxes assessed against any commonly or personally owned property, and levy liens, interest charges and collection cost charges against owners who default in the payment of their assessments.

D. The Board shall have authority to contract with a qualified person(s) of corporation(s) for the professional handling of all or any part of the services required for the maintenance of said project and/or handling of the financial affairs thereof; any professional

management body selected by Declarant prior to the organization meeting, shall be employed to manage only until the first annual owner's meeting, at which time the continuance of the same or the selection of another professional management body, shall be determined by a majority vote of the Board. Said manager may further be authorized to file any notice and to take any legal action on behalf of the owners, which is within the power and authority of the Board. The term of any service contract entered into by the Board shall not exceed one (1) year, except by approval of a majority of members of the Owner's Association.

E. The Board shall not have authority to act in the following matters, but only the owners shall have such authority:

1. Amend or repeal this Declaration in accordance with the provisions of Article XIV, infra;
2. Remove a member of the Board of Directors;
3. Determine not to rebuild if insurance proceeds are not less than eighty-five (85%) percent of the cost of reconstruction after partial or total destruction;
4. Any other matters set forth herein as expressly requiring action by the owners.

F. At all meetings of the owners, seven (7) owners, present in person or by proxy, shall constitute a quorum and a majority of owners present and entitled to vote, either in person or by proxy, shall be sufficient for the passage of any motion or the adoption of any resolution, except in connection with the matters set forth in paragraph E. above. Such actions as are set forth in paragraph shall require the minimum vote of unit owners holding seventy-five

percent of the voting power (ten (10) units). If any meeting cannot be held because a quorum is not present, the owners present, in person or by proxy, may, as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called, at which meeting, the quorum requirement shall be four (4) owners, present in person or by proxy.

G. At the close of each fiscal year, the Board shall cause to be prepared by an independent certified public accountant, an operating statement showing income and disbursement from the maintenance fund account, and the Board shall have the responsibility to deliver a copy thereof to each owner not later than ninety (90) days after the close of the fiscal year, or thirty (30) days after the statement is prepared, whichever event first occurs.

H. The Board shall conduct its first organization meeting within seven (7) days after the organization meeting of the owners, and shall, at such time, elect from among its members, such officers as shall be designated in the By-Laws. The annual meeting of the Board shall be held within seven (7) days of adjournment of the annual meeting of owners.

I. The Board shall give written notice of the annual meeting, or of any special meeting to each owner not less than ten (10) days prior to the date of such meeting, by mailing a notice to the last known address of each owner. Any notice for a special meeting shall set forth the time and place of said meeting, and the nature of the business to be conducted thereat.

J. Prior to the organization meeting, hereinabove described.

in this Article III, the management and operation of the condominium project shall be undertaken by Declarant or its agent; provided, however, that the authority and power of Declarant or its agent, to so act, shall be limited to those powers, duties and responsibilities given to the Board, as provided in this Article III. Further, any management body or agent selected by Declarant, prior to the first annual election after initial organization, shall be so employed to manage only until the first annual election; at which time the continuance of the same or another body or agent shall be determined by majority vote of the owners, and further, that neither Declarant nor its agent shall enter into any contract which binds the Board for a period in excess of one (1) year, unless reasonable cancellation provisions are included in such contract.

K. No Director or officer of the Association shall be liable for acts or defaults of any other officer or member or for any loss sustained by the Association or any member thereof, unless the same has resulted from his own willful misconduct or negligence.

L. Every Director, officer and member of the Association shall be indemnified by the Association against all reasonable costs, expenses and liabilities (including counsel fees), actually or necessarily incurred by or imposed upon him, in connection with any claim, action, suit, proceeding, investigation or inquiry of whatever nature, in which he may be involved as a part, or otherwise by reason of his having been an officer or member of the Association, whether or not he continues to be such Director, officer or member of the Association, at the time of the incurring or imposition of such costs, expenses or liabilities, except in relation to matters as to

which he shall be finally adjudged in such action, suit, proceeding, investigation, or inquiry to be liable for willful misconduct or negligence toward the Association in the performance of his duties, or in the absence of such final adjudication, any determination of such liability by the opinion of legal counsel, selected by the Association. The foregoing right of indemnification shall be in addition to and not in limitation of all rights to which such persons may be entitled as a matter of law and shall inure to the benefit of the legal representatives of such person.

ARTICLE IV

MAINTENANCE FUND - LIEN

A. Each owner shall be obligated to pay to the Board or a designated member thereof, or to the manager, if any, an initial monthly maintenance charge in accordance with the formula set forth in Exhibit "A", attached hereto and incorporated herein by reference. Any increase or decrease in said monthly maintenance charge for the entire project as may be made from time to time, shall be fixed by affirmative vote of a majority of the Board; such increase or decrease shall be made to each owner, in accordance with the formula set forth in Exhibit "A". Said maintenance charge shall be paid in equal monthly installments, in advance, on the first day of each month, commencing upon the close of the sales escrow for each particular unit, and prorated through escrow to the date of the close of escrow for the month in which escrow closes. Maintenance charges so collected shall be promptly deposited in a commercial bank account, in a bank to be selected by the Board, or by the manager, if any, which account shall be clearly designated, THE SANDSIDE VILLAS. The Board or the

manager, as the case may be, shall have exclusive control of said account and shall be responsible to the owners for the maintenance of accurate records thereof, at all times. No withdrawal shall be made from said account, except to pay for the charges and expenses for the common benefit of all owners set forth in Article III, of this Declaration.

The maintenance charge which each owner is obligated to pay, shall be a debt of each owner at the time that each monthly installment becomes due. In the event of default by any owner in the payment of any such installment, such amounts as may be in default, together with interest thereon at the rate of seven (7%) percent per annum, and all costs which may be incurred by the Board or manager, in the collection of such charges, including reasonable attorney's fees, shall be and become a lien upon the condominium of the defaulting owner, upon the recording in the Los Angeles County Recorder's Office of a Notice of Assessment, as provided in Section 1356 of the Civil Code of California. The Notice of Assessment shall not be filed for record unless and until the Board, or a person designated by it, shall have delivered to said defaulting owner, not less than fifteen (15) days prior to the recordation of such Notice of Assessment, a written Notice of Default and a demand upon the defaulting owner to cure the same, within said fifteen (15) day period, and failure of the defaulting owner to comply. Said lien shall expire and be null and void, unless within thirty (30) days after recordation of said Notice of Assessment, the Board records a Notice of Default, as hereinabove provided.

C. Not less than ten (10) days nor more than thirty (30) days from the filing of said Notice of Assessment, the Board shall file

for record, a Notice of Default, and thereafter, may cause the condominium of said defaulting owner to be sold in the same manner as a sale as provided in Sections 2924 et,seq. of the California Civil Code, or through judicial foreclosure. The sale of said condominium must be held or legal action to enforce the lien must be instituted within 150 days of the recording of the notice of default, or said lien shall be deemed void and of no effect. If any action is filed by the Board to enforce the provisions of this Article, any judgment rendered against the defaulting owner, shall include all costs and expenses and reasonable attorney's fees, necessarily incurred in prosecuting such action. If any such default is cured prior to sale or prior to filing a judicial foreclosure, the Board shall cause to be recorded, a certificate setting forth the satisfaction of such claim and release of such lien, upon payment of actual expenses incurred, including a reasonable attorney's fee not to exceed \$50.00, by such defaulting owner.

D. In addition to the right to such lien, the remaining owners or any one of them, or any member of the Board acting on behalf of the owners, or the City of Hermosa Beach, shall be entitled to bring legal action for damages against any owner who shall violate or who shall default in the performance of any of the provisions contained herein, including, but not limited to, the covenant to pay said maintenance charges; to enjoin any violation of this Declaration or the By-Laws or to prosecute any other appropriate legal action or equitable action, that may be necessary or expedient in the premises. Any judgment rendered against any such owner shall include reasonable attorney's fees, in an amount to be fixed by the Court.

E. Each owner does hereby waive to the extent of any liens

created pursuant to the Article, the benefit of any homestead or exemption law of the State of California, in effect at the time any installment of maintenance charges become delinquent or any lien is imposed, pursuant to the terms hereof.

F. Upon the close of escrow of the first condominium in the project, Declarant shall be obligated to pay the monthly maintenance charge, hereinbefore provided, for each unsold unit.

G. In case the regular monthly maintenance charge described in paragraph A. hereof, is insufficient for any reason, the Board shall have the authority to levy a special assessment to make up the deficiency in the Maintenance fund on the same basis as a regular assessment. However, on any proposed special assessment, in excess of \$500.00, the Board shall not be authorized to either levy or spend such special assessment, unless and until the prior approval of a majority of the owners affected (exclusive of Declarant) authorizing both the collection of the special assessments and the spending thereof.

ARTICLE V

INSURANCE

A. Public liability and property damage insurance covering all Common Areas shall be purchased by the Board 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 maintenance fund. The insurance shall be carried in reputable companies, authorized to do business in California. The minimum amounts of coverage shall be \$100,000.00 for personal injury to any one person, \$300,000.00 for any one occurrence and \$50,000.00 property damage. The policy shall name all owners as insureds, including Declarant, during such

time as it 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 an individual unit. The policy shall include contractual liability coverage to cover the liability of any owner hereunder, to indemnify any other owner, or other person for injury or damage arising out of negligence. The insurance shall also contain a cross-liability endorsement to cover negligent injury by one owner to another.

B. The 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 maintenance fund. Said insurance shall be carried in reputable companies authorized to do business in California, and shall insure against loss from fire and 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. It 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. 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.

C. 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 replacement cash 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.

D. All insurance proceeds payable under paragraphs B. and C. of this Article, and subject to the rights of mortgagees under paragraph G. 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 VI. In the event repair or reconstruction is authorized, the Board shall have the duty to contract for such work, as provided in Article VI, hereof.

E. 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 decision not to rebuild. The premium therefor shall be paid out of the maintenance fund. 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 decision not to rebuild. The Board shall also purchase and maintain, workmen's compensation insurance to the extent that the same shall be required by law for employees of owners. The Board may also purchase and maintain fidelity bonds, insurance on commonly owned personal property and such other insurance as it deems necessary, the premiums thereon to be paid out of the maintenance fund.

F. An owner may carry such personal liability and property damage insurance respecting his individual unit as he may desire.

G. With respect to insurance coverage under paragraphs B. and C. hereof, any mortgagee of record shall have the option to apply insurance proceeds payable to him in reduction of the obligation secured by his mortgage.

ARTICLE VI

DESTRUCTION OF IMPROVEMENTS

A. In the event of total or partial destruction of the improvement in the condominium project if the available proceeds of the insurance carried pursuant to Article V are sufficient to cover not less than eighty-five (85%) percent of the cost of repair or reconstruction thereof and if a majority of the owners, present and entitled to vote in person or by proxy at a duly constituted meeting to be held within ninety (90) days from the date of destruction, so determine then the same shall be promptly repaired and rebuilt. Provided however, that within said period of ninety (90) days from the date of destruction, seventy-five (75%) percent or more of the owners, present and entitled to vote in person or by proxy, at a duly constituted meeting, may determine that such reconstruction shall not take place. If reconstruction is to take place, the board shall be required to execute, acknowledge, file and record, not later than 120 days from the date of said destruction, a certificate declaring the intention of the owners to rebuild.

B. If the proceeds of such insurance are less than eighty-five (85%) percent of the cost of reconstruction, such reconstruction may, nevertheless, take place, if within ninety (90) days from the date of said destruction, a majority of owners elect to rebuild.

C. If the owners determine to rebuild, either pursuant to A. or B., 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 the same as his proportionate share of the monthly maintenance fee as set forth in Exhibit "A" attached hereto. 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 may levy a special amount assessment against such owner, may be enforced under the lien provisions, contained in Article IV.

D. If the owners determine to rebuild, the Board shall obtain bids from at least two reputable contractors and shall award construction work to the lowest bidder. The Board shall have 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.

E. If the vote of the owners shall be insufficient to authorize rebuilding, either pursuant to A. or B. above:

1. Subject to the rights of mortgagees, set forth in Article V. G., any insurance proceeds available for such rebuilding shall be distributed among the owners and their individual lenders 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 the same as the proportionate share of the monthly maintenance fee as set forth in Exhibit "A" attached hereto. If the owners elect to rebuild, the Board shall file of record a certificate as provided in Article VI A.

2. The Board shall have the duty, within 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.

F. Upon recordation of such certificate, the right of any owner to partition his condominium through legal action, shall forthwith revive.

G. In the event of a dispute among the owners, respective of 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 reference 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 VII,

CONDEMNATION

A. 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:

1. If such action or proposed action is for the condemnation of the entire project, upon the unanimous consent of all owners, the project may be sold to such government body prior to judgment and the proceeds of such sale shall be distributed to each owner and their lenders, as their respective interests may appear, in relation to the other owners in the same proportion as the share of each in the monthly maintenance fees as set forth in Exhibit "A" attached hereto.

Lacking such unanimous 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.

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, in relation to their proportionate share of the monthly maintenance fee as set forth in Exhibit "A" attached hereto.

ARTICLE VIII

FURTHER CONDITIONS OF OWNERSHIP

A. All units in the project above described, shall be used solely for single family residences.

B. The owners shall maintain in good repair, the interiors of their units, and 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 their respective units.

C. No owner shall, at his own expense or otherwise, make any alteration, addition or modification to the building in which his unit is located or to any part or portion of the Common Area, without the prior written approval of the Board. With respect to the installations, to any individual unit, the prior written consent of the Board shall be exercised with a view toward promoting uniformity and thereby enhancing the attractiveness of the property as a whole.

D. No radio or television receiving, or transmitting antennae or external apparatus shall be installed on or upon any unit, or in,

on or upon any part of the Common Area, without prior written approval of the Board. Normal radio and television installations within an individual unit are excepted.

E. Any sign, other than a sign indicating the name of the project, the professional management agent managing the project, if any, shall be prohibited. Should an owner desire to sell or lease his unit, he shall be allowed to display a sign of customary and reasonable dimension, advertising his unit for sale or lease and which sign shall be of a professional type and of dignified appearance and shall be placed in some appropriate location on the Common Area open to public view. Such sign may be the sign of a licensed real estate broker engaged by an owner for the purpose of selling or leasing his unit. Nothing herein contained shall prohibit or restrict in any way, Declarant's right to construct such promotional signs or other sales aids on or about any portion of the premises which it shall deem reasonably necessary in conjunction with its original sales program.

F. No owner shall permit or suffer anything to be done or kept upon the project which shall increase the rate of insurance thereon, or which shall obstruct or interfere with the rights of other owners or annoy them by unreasonable noises or otherwise; nor shall he commit or permit any nuisance on the project, or commit or suffer any immoral or illegal act to be committed thereon. Each owner shall comply with all of the applicable ordinances and statutes and with the requirements of the local and/or state Board of Health with respect to the occupancy and use of his unit.

G. No children under the age of 12 years may reside in any condominium unit as a permanent resident. Provided however, that this section shall not preclude or prohibit owners from having guests or relatives under the age of 12 years as casual visitors from time to time. A permanent resident is defined as any person

who occupies a condominium unit in excess of a total of 60 days in any calendar year.

H. Each owner shall be liable to the Board for any damage to the Common Area or to any of the equipment or improvements thereon, which may be sustained by reason of the negligence or willful misconduct of said owner or of his family members, relatives, guests or invitees, both minor and adult, to the extent that any such damage shall not be covered by insurance. In the case of joint ownership, of a condominium, the liability of such owners shall be joint and several. In the event of personal injury or property damage sustained by any one person while physically within the unit or private balcony or patio of any owner, and in the further event that any other owner shall be sued, or a claim made against him or her for said injury or damage, the owner or owners of the units in which said injury or damage occurs shall fully indemnify and hold harmless any such other owners against whom such claim shall be made and shall further defend any such other owners at their own expense, in the event of litigation of such claim; provided, however, that such protection shall not extend to any other owner whose own negligence may have caused or contributed to the cause of any such injury or damage.

I. No fence, hedges or walls, shall be erected and maintained upon the Common Area, except such as are installed in accordance with the initial construction of the building located thereon; or approved in writing, by the Board and, further, no building, structure, fence or wall shall be constructed upon any of the open spaces, Common Area, walkways, driveways or parking spaces, unless approved for such construction has been specifically obtained from the appropriate department of the City of Hermosa Beach.

J. The Board shall cause to be maintained, the landscaping, walkways, and other parts of the Common Area.

K. The Board shall have the authority to designate one or more qualified repairmen or other persons to enter upon and within any individual unit, in the presence of the owner thereof, or otherwise, for the purpose of making emergency repairs therein, or for necessary maintenance or repair to portions of the Common Area, or further, to abate any nuisance being conducted or maintained in said unit, in order to protect the property rights and best interests of the remaining owners. To facilitate this paragraph, all owners shall deposit with the property manager or his nominee, a key to their units.

L. No owner may exempt himself from liability for his specified contribution to said maintenance fund by any waiver of the use or enjoyment of the Common Area or by the abandonment of his condominium.

M. No owner shall execute or file for record any instrument which imposes a restriction upon the sale, leasing or occupancy of his condominium on the basis of race, color or creed.

N. The books and records of the Association and the books and records of any agent thereof, pertaining to the Maintenance Fund, and any other funds, may be inspected or audited by any owner or his duly authorized representative, for such purposes at all reasonable times. Such representative shall be either an attorney or a public accountant. The Board shall also cause to be prepared an annual operating statement of the account or accounts of the Association and shall deliver a copy of such annual operating statement to each unit owner, within thirty (30) days of completion of the same. If additional audit, beyond the annual operating statement is desired by

a majority of owners, it shall be at the expense of such owners, desiring the same.

N. No member of the Board or officer of the Association shall be liable for or on account of any damages resulting from any acts performed while in the furtherances of such duty as a member of the Board or officer, or omission to perform the same, unless such act or omission was unlawful or the result of grossly negligent conduct or misconduct.

P. Each owner shall be accountable to the remaining owners for the conduct and behavior of children residing or visiting the unit.

Q. No automobile, trailer, camper, boat or other similar type vehicle shall be permitted to remain on any portion of the Common Area, except in those areas designated parking places.

R. Trash, rubbish, trash bins and trash receptacles shall not be permitted to remain on any portion of the Common Area, except in the area provided therefor or as designated by the Board.

S. No animal, poultry, bird or reptile may be kept upon any portion of said property, either: (a) for commercial purposes, or (b) for any purpose if there would be involved an odor or noise such as unreasonably disturbs the comfort of any occupant of the property in such vicinity. No nuisance of any nature shall be permitted to exist upon said property. No pigs, goats, or hogs shall be kept upon said property. One dog, cat or other domestic pet may be kept by an owner in his unit, provided same shall not disturb or annoy other owners or tenants thereof. Any inconvenience, damage or unpleasantness caused by said domestic pets shall be the responsibility of the respective owners thereof.

T. The Board shall have the right to suspend the voting rights and right to use of any Common facilities of a member of the Association, for any period during which assessments against his unit 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, however, that any suspension of such voting rights or right to use the Common Area facilities, except for failure to pay assessments, shall be made only by the Board, after written notice and an opportunity to be heard before the Board has been given and held in accordance with the By-Laws of the Association.

ARTICLE IX

SUSPENSION OF THE RIGHT OF PARTITION

The right of partition of the Common Area is hereby suspended pursuant to Section 1354 of the Civil Code of California. The project may be partitioned and sold as a whole, pursuant to the provisions of Section 752(B) of the Code of Civil Procedure of the State of California, upon a showing of the occurrences of any one of the events therein provided. Additionally, partition may be had of the project upon the showing that the conditions for such partition by sale set forth in paragraph F., Article VI, or subparagraph (a)(2) of Article VII have been met. Nothing herein contained shall prevent the partition or division of interest between joint or common owners of one condominium.

ARTICLE X

PROHIBITION AGAINST SEVERABILITY OF COMPONENT INTERESTS IN CONDOMINIUMS

A. No owner shall be entitled to sever his unit in any condominium from his undivided interest in the Common Area for any purpose.

Neither of said component interests may be severally sold, conveyed, encumbered, hypothecated or otherwise dealt with and any violation or attempted violation of this provision shall be void and of no effect, provided however, that no such restrictions shall extend beyond the period as set forth in Article XI. It is intended hereby, to restrict such severability in accordance with the provisions of subparagraph (g) of Section 1355 of the Civil Code.

B. Subsequent to the initial sales of the condominiums, any conveyance of a unit or of the component interests in the Common Area, by the owner of any condominium, shall be presumed to convey the entire condominium, provided, however, that nothing contained herein shall be construed to preclude the owner of any condominium from creating a co-tenancy in the ownership of said condominium with any other person or persons.

ARTICLE XI

TERM OF DECLARATION - COMPLIANCE WITH RULE AGAINST PERPETUITIES AND RESTRAINTS ON ALIENATION

The covenants contained herein shall run with the land and shall be binding upon all parties and all persons, claiming under them until January 1, 2023, after which time the covenants shall be automatically extended for successive periods of twenty-one (21) years, unless an instrument executed by not less than a majority of owners of the condominiums shall be recorded, cancelling and terminating this Declaration.

ARTICLE XII

PROTECTION OF LENDERS

A. Any lien created or claimed under the provisions of this Declaration, is expressly made subject and subordinate to the rights of the beneficiary of any First Deed of Trust upon the entire project,

or upon any condominium therein, made in good faith and for value, and no such lien shall in any way defeat, invalidate or impair the obligation or the priority of such First Deed of Trust, unless the beneficiary thereof, shall expressly subordinate his interest, in writing, to such lien.

B. No amendment to this Declaration shall affect the rights of the beneficiary of any First Deed of Trust, made in good faith and for value, and recorded prior to the recordation of any such amendment, unless said beneficiary shall either join in the execution of such amendment or approve the same, in writing, as part of such amendment.

C. In the event of a default by any owner in the payments due upon a promissory note, secured by First Deed of Trust, to his individual unit, the beneficiary of said First Deed of Trust shall have the right, upon giving written notice to said defaulting owner, and placing of record a Notice of Default, to exercise the vote of such owner at any regular or special meeting of the owners, held during such time as said default may continue.

D. No breach of any provisions of these covenants, conditions and restrictions, shall invalidate 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 any owner whose deed is derived through foreclosure or trustee's sale, or otherwise.

ARTICLE XIII

GENERAL PROVISIONS

A. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the project for the mutual benefit of all owners.

B. The provisions herein shall be deemed independent and severable and the invalidity or partial invalidity or unenforceability of any of the provisions hereof, shall not affect the validity of the remaining provisions.

C. Each and all legal or equitable remedies provided for in this Declaration shall be deemed to be cumulative, whether so expressly provided for or not.

D. This Declaration shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of Declarant, and the heirs, personal representatives, grantees, lessees, sublessees and assignees of the owners.

E. No waiver or any breach of any of the covenants or conditions of this Declaration shall constitute a waiver of any succeeding or preceding breach of the same, or any other covenant or condition contained herein.

F. The Board 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.

ARTICLE XIV

AMENDMENT

A. Subsequent to the organization meeting, each and all of the covenants, conditions and restrictions contained herein, may be modified, amended or augmented or deleted in the following manner and not otherwise: by the execution of either an amended Declaration or an amendment to this Declaration, duly executed and acknowledged by not less than seventy-five (75%) percent of the owners of the units in the project and by not less than seventy-five (75%) percent of the beneficiaries of the first trust deeds, which may then be of record as valid encumbrances against said project, or any part or portion

thereof; and further, only after approval by the State of California Department of Real Estate pursuant to Section 11018.7 of the Business and Professions Code. Said amended Declaration or amendment to Declaration, shall not be effective for any purpose, unless and until recorded in the office of the County Recorder of Los Angeles County, California, but shall thereafter be conclusive and presumed to be valid as to anyone relying thereon in good faith.

B. The written approval endorsed on any such amendment and acknowledged by all beneficiaries shall be a sufficient compliance with the provisions of paragraph A., above.

C. Prior to the organization meeting, Declarant shall have the right to amend this Declaration by executing and recording, along with beneficiaries of all Trust Deeds then of record, the desired amendment thereto, and after prior written approval of the State of California Department of Real Estate and any other state administrative agency then having regulatory jurisdiction over said project, and the recording of said amendment shall be presumed to be valid as to anyone relying thereon in good faith.

D. Any amendment which would defeat the obligation of the Association to maintain the Common Area in a first class condition and in a good state of repair, or which would defeat the assessment procedure to insure said maintenance, must be approved by the City of Hermosa Beach.

ARTICLE XV

Financing By Federal Home Loan Mortgage Corporation and Cal-Vet Financing

Notwithstanding any and all provisions hereof to the contrary,

there are hereby added to the within instrument the following provisions (and to the extent these added provisions conflict with any other provisions of the within instrument, these added provisions shall control):

A. Each holder of a first mortgage (meaning a mortgage with priority over other mortgages) is entitled to written notification from the Association of any default by the mortgagor of the condominium by such mortgage in the performance of such mortgagor's obligations under and pursuant to the within instrument which is not cured within thirty (30) days.

B. Each holder of a first mortgage which comes into possession of the condominium pursuant to the remedies provided in the mortgage, or by foreclosure of the mortgage, or by deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal".

C. Each holder of a first mortgage which comes into possession of the condominium pursuant to the remedies provided in the mortgage, or by foreclosure of the mortgage, or by deed (or assignment) in lieu of foreclosure, shall take the property free of any claims for unpaid assessments or charges against the mortgaged condominium which accrue prior to the time such holder comes into possession of the condominium (except for claims for a pro rata reallocation of such assessments or charges to all condominiums including the mortgaged condominium).

D. Unless all holders of first mortgages encumbering all condominiums have given their prior written approval, the Association shall not:

- (i) change the obligations of the owner or owners of any condominium in respect to Association assessments;
- (ii) subject to Section 752b of the California Code of Civil Procedure, partition or subdivide any condominium or the development; nor
- (iii) by act or omission seek to abandon the condominium status of the development except as provided by said Section 752b of the California Code of Civil Procedure upon termination of the within instrument.

E. As to Cal-Vet contracts, the board is expressly authorized to adopt such resolutions as may be required in connection with Cal-Vet financing in order to reflect the fact that such Cal-Vet contracts are superior in right to the assessment liens created in the within instrument in the same manner and to the same extent as mortgages and deeds of trust are superior thereto.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first hereinabove written.

WISE AND AUSTIN PROPERTIES, a partnership

by _____
Jack O. Wise

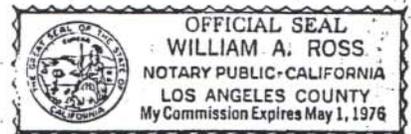
by _____
Robert E. Austin, Jr.

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

On OCTOBER 12, 1973 before me,
the undersigned, a Notary Public in
and for said County and State,
personally appeared Jack O. Wise and
Robert E. Austin, Jr. known to me to
be both of the partners of the Partner-
ship that executed the within instrument
and acknowledged to me that such Partner-
ship executed the same.

WITNESS my hand and official seal.

(Seal) William A. Ross
Notary Public in and for said
County and State.



The owners of Units 1 through 13 shall each pay to the Board a percentage of the total monthly maintenance charge in the manner provided by Article IV of the Declaration and in accordance with the percentage formula for each individual unit as follows:

Unit No. 1	-	.0564%	Unit No. 8	-	.0861%
Unit No. 2	-	.0564%	Unit No. 9	-	.0861%
Unit No. 3	-	.0564%	Unit No. 10	-	.0861%
Unit No. 4	-	.0564%	Unit No. 11	-	.0820%
Unit No. 5	-	.0820%	Unit No. 12	-	.0820%
Unit No. 6	-	.0820%	Unit No. 13	-	.1020%
Unit No. 7	-	.0861%			

The owners of Units 1 through 13 shall each pay to the Board an initial monthly maintenance charge in accordance with the above percentage formula for each individual unit as follows:

Unit No. 1	-	\$18.24	Unit No. 8	-	\$27.84
Unit No. 2	-	18.24	Unit No. 9	-	27.84
Unit No. 3	-	18.24	Unit No. 10	-	27.84
Unit No. 4	-	18.24	Unit No. 11	-	26.51
Unit No. 5	-	26.51	Unit No. 12	-	26.51
Unit No. 6	-	26.51	Unit No. 13	-	32.97
Unit No. 7	-	27.84			