Please be advised that by approving this document, in addition to all provisions below, the name of the Corporation would be changed from Third Laguna Hills Mutual to Third Laguna Woods Mutual. The Corporation would file a name change amendment with the California Secretary of State to effectuate this change in name of the Corporation. The below document has been drafted with the new name of the Corporation in place.

SUPERSEDING DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

THIRD LAGUNA WOODS MUTUAL

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, victim of abuse status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

SUPERSEDING DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THIRD LAGUNA WOODS MUTUAL

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SUPERSEDING DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THIRD LAGUNA WOODS MUTUAL

THIS SUPERSEDING DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THIRD LAGUNA WOODS MUTUAL (this "***Declaration***"), effective as of the date of recordation hereof, is made by THIRD LAGUNA WOODS MUTUAL (the "***Corporation***"), with reference to the following:

R E C I T A L S

A. The Corporation is a California nonprofit corporation created for the purpose of managing the common interest development existing on certain real property located in the City of Laguna Woods, County of Orange, State of California, as more fully described on Exhibit "A" attached hereto and incorporated herein by reference (the "***Property***").

B. The Property has been developed as a "condominium project," as defined in the Davis-Stirling Common Interest Development Act (the "***Davis-Stirling Act***"), and consists of common area and six thousand one hundred and two (6,102) condominium units (the "***Development***"), and is a part of the larger Laguna Woods Village community, as further described in this Declaration.

C. The Property is comprised of a housing development for senior citizens in accordance with California Civil Code Section 51.3, as further described in this Declaration.

D. The Property was originally developed as a part of the larger "Leisure World Laguna Hills" community which consisted of individual housing Mutuals (as defined below), each of which operated as a separate common interest development, and all of which comprised the larger Leisure World Laguna Hills senior housing community.

E. The fifty-nine (59) Mutuals that comprise the Development were reorganized and consolidated by merger into the new Third Laguna Hills Mutual entity over a number of years beginning in 1970 when the Corporation was created, through the approval of the members of each individual Mutual that elected to join the Corporation. The Development is part of the larger Laguna Woods Village community which also includes the common interest developments United Laguna Woods Mutual, Laguna Woods Mutual No. Fifty, and the Golden Rain Foundation.

F. The Property and all Mutuals (as defined in this Declaration) therein are currently subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable

servitudes, liens, and charges set forth in the declarations recorded in the official records of Orange County, California for each of the Mutuals, as more particularly set forth in Exhibit "C" attached hereto and incorporated herein by reference (collectively referred to herein as the "***Prior Declaration***").

G. This Declaration is intended to amend, restate, and replace, in its entirety, the Prior Declaration, and to consolidate all of the Mutuals under a single Declaration through the annexation of the portion of the Property comprising each Mutual into the portion of the Property comprising Mutual 70, as further described in Article XVI of this Declaration. This Declaration and the consolidation and annexation described herein have been approved in accordance with the requirements of the Prior Declaration and the Davis-Stirling Act.

NOW THEREFORE, the Corporation hereby declares that every portion of the Property is, and shall be, held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to the following covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens, and charges, all of which are hereby established and declared to be in furtherance of condominium ownership and the improvement, protection, maintenance, care, and management of the Property, and every portion thereof, and all of which are hereby further established, declared, and agreed to be for the purpose of uniformly enhancing, maintaining, and protecting the attractiveness of the Property and every part thereof. All of the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens, and charges set forth herein shall run with the Property and be binding upon, and inure to the benefit of, all persons and entities having or acquiring any right, title, or interest in the Property or any part thereof, and their respective grantees, heirs, executors, administrators, devisees, successors, and assigns.

ARTICLE I
DEFINITIONS

Section 1.1. Terms.

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

"***Annual Budget Report***" shall mean the "annual budget report" prepared by the Corporation pursuant to the Davis-Stirling Act.

"***Annual Policy Statement***" shall mean the "annual policy statement" prepared by the Corporation pursuant to the Davis-Stirling Act.

"***Architectural Control Committee***" shall mean the committee formed pursuant to Article VIII of this Declaration to administer and enforce the architectural and design control guidelines

contained in the Governing Documents. As provided in Section 8.1 of this Declaration, if the Board does not appoint an Architectural Control Committee, the Board shall be deemed to be the body acting as the Architectural Control Committee.

"***Articles***" shall mean the *Articles of Incorporation of Third Laguna Hills Mutual* filed with the Secretary of State of the State of California on November 10, 1970, and any duly adopted and filed amendments thereto; the Corporation is identified as entity number 611315 by the California Secretary of State.

"***Assessments***" shall mean assessment charges levied against an Owner pursuant to this Declaration, and shall include Regular Assessments, Reimbursement Assessments, and Special Assessments.

"***Board***" or "***Board of Directors***" shall mean the board of directors of the Corporation.

"***Bylaws***" shall mean the bylaws of the Corporation, including the *Amended and Restated Bylaws of Third Laguna Woods Mutual* and any duly adopted amendments thereto.

"***City***" shall mean the City of Laguna Woods in the County of Orange in the State of California, in which the Development is located.

"***Cohabitant***" shall mean persons who live together as spouses, or persons who are domestic partners within the meaning of Section 297 of the Family Code.

"***Committee***" shall mean any committee appointed by the Board to serve at the pleasure of the Board, as further described in Article X of the Bylaws; any member of a Committee may be referred to as a Committee member in the Governing Documents.

"***Common Area***" shall mean the entire Development except the Units.

"***Community Facilities***" shall mean the facilities and services owned and/or operated by GRF, which Owners are entitled to use as Members of the Corporation.

"***Condominium***" shall mean an estate in real property consisting of: (1) a separate interest in a Unit, the boundaries of which are described on the Condominium Plan; and (2) an undivided interest as a tenant-in-common in the Common Area, as described in Section 2.2 of this Declaration.

"***Condominium Plan***" shall mean, collectively, the condominium plans applicable to the Development and recorded against the Property, which are more fully described on Exhibit "D" attached hereto and incorporated herein by reference.

"***Corporation***" shall mean Third Laguna Woods Mutual, a California nonprofit corporation.

"***County***" shall mean the County of Orange in the State of California, in which the Development is located.

"***Davis-Stirling Act***" shall mean the Davis-Stirling Common Interest Development Act, codified as Sections 4000 through 6150 of the California Civil Code.

"***Declaration***" shall mean this Superseding Declaration of Covenants, Conditions and Restrictions for Third Laguna Woods Mutual, and any duly adopted and recorded amendments hereto.

"***Development***" shall mean the common interest development managed by the Corporation and located at the Property, including the Common Area and the Units.

"***Director***" shall mean a natural person who serves on the Board.

"***Eligible Mortgage Holder***" shall mean any First Mortgagee who has sent the Corporation a written request for notice, as described in Section 12.7(b) of this Declaration.

"***Exclusive Use Common Area***" shall mean a portion of the Common Area designated for the exclusive use of one or more, but fewer than all, of the Owners and which is appurtenant to a Unit or Units. The Exclusive Use Common Areas at the Development shall include, without limitation: (1) garages, carports, or parking spaces designated for the exclusive use of an Owner, as described on the Condominium Plan, the Governing Documents or a deed of conveyance (such as a grant deed); (2) any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, courtyards, entryways, exterior doors, doorframes, and hardware incident thereto, screens and windows or other fixtures designed to serve a single Unit, but located outside the boundaries of the Unit, to the extent these items exist; and (3) internal and external telephone wiring designed to serve a single Unit, but located outside the boundaries of the Unit. When the term "limited common area" is used in the Condominium Plan or any other Governing Document, that term shall mean and refer to Exclusive Use Common Area, unless the context clearly indicates otherwise. Notwithstanding the foregoing, if a garage, balcony, or patio is designated as an element of a Unit pursuant to any Condominium Plan, such garage, balcony or patio shall be deemed an element of the Unit and not an Exclusive Use Common Area.

"***First Mortgagee***" shall mean a Mortgagee holding a mortgage in a first lien position against a Condominium who has priority over all other mortgages, if any, that encumber the same Condominium.

"***General Delivery***" shall mean the delivery of a document by general delivery to the Members pursuant to the requirements of the Davis-Stirling Act and as described in the Bylaws.

"***General Notice***" shall mean the giving of notice by general notice to the Members pursuant to the requirements of the Davis-Stirling Act and as described in the Bylaws.

"***Golden Rain Foundation***" or "***GRF***" shall mean and refer to the Golden Rain Foundation of Laguna Woods, a California nonprofit mutual benefit corporation, which owns and/or operates the Community Facilities owned by GRF and/or held by GRF as trustee for the GRF Trust, and which may be located within the Development and used by Owners of the Corporation.

"***GRF Trust***" shall mean and refer to the trust created by that certain Trust Agreement recorded as Document No. 6217 in Book 6953, Page 419 in the Official Records of Orange County, and all recorded amendments thereto.

"***Governing Documents***" shall mean this Declaration and any other documents, such as, without limitation, the Articles, Bylaws, or Rules, which govern the operation of the Development or the Corporation.

"***Guarantor***" shall mean a financially qualified Person who enters into an agreement with the Corporation to become financially responsible for the expenses associated with an Owner's membership and who additionally meets the financial requirements established by the Corporation from time to time for such Guarantor.

"***Improvements***" shall mean: (1) all structures, additions, and/or appurtenances within the Development of every kind, including, but not limited to, buildings, mechanical, electrical and other equipment, recreational structures and amenities, walkways, vehicular and pedestrian entry gates, parking areas, driveways, walls, fences, antennae, railings, planters, storage areas, common trash receptacles, private utility lines and connections, poles, the exterior surfaces of any visible structures and the paint on such surfaces, landscaping and irrigation systems, and exterior air conditioning equipment; and (2) all additions and/or modifications to the exterior of any building at the Development, including, but not limited to, painting the exterior of any portion of a building or other structure, building, constructing, installing, or altering shades, awnings, screen doors, exterior doors, skylights, or solar heating panels, and/or altering in any way any portion of Exclusive Use Common Area appurtenant to any Unit.

"***Individual Delivery***" shall mean the delivery of a document by individual delivery to a Member pursuant to the requirements of the Davis-Stirling Act and as described in the Bylaws.

"***Individual Notice***" shall mean the giving of notice by individual notice to a Member pursuant to the requirements of the Davis-Stirling Act and as described in the Bylaws.

"***Invitee***" shall mean a person who is invited to the Development by an Owner or a Resident, including but not limited to family members, social guests, houseguests, caregivers/servants, employees, agents, and/or contractors of such Owner or Resident.

"***Laguna Woods Village***" shall mean and refer to the senior citizen housing community and development comprised of the Corporation, Golden Rain Foundation ("GRF"), United Laguna Woods Mutual, and Laguna Woods Mutual No. Fifty located in Laguna Woods, California.

"***Lease***" shall mean a lease or rental agreement entered into between an Owner and a Tenant for the Tenant's occupancy of the Owner's Unit.

"***Member***" shall mean an Owner of a Unit, each of whom shall be a member of the Corporation.

"***Mutual(s)***" shall individually and collectively mean and refer to one or more of the original fifty-nine (59) individual housing corporations comprising the Development that were merged into the Corporation, as described in Recital D of this Declaration, all of which are subject to this Declaration.

"***Mortgagee***" shall mean a Person, including the beneficiary of a deed of trust, holding a mortgage that encumbers a Condominium.

"***Owner***" shall mean the record owner(s) of fee simple title to a Condominium within the Development, including contract sellers but excluding those Persons having interest in a Condominium merely as security for the performance of an obligation.

"***Permitted Health Care Resident***" shall mean a person hired to provide live-in, long-term, or terminal health care to a Qualifying Resident, or a family member of the Qualifying Resident providing that care; such care must be substantial in nature and must provide either assistance with necessary daily activities or medical treatment, or both. The right of a Permitted Health Care Resident to reside in a Unit shall be subject to the provisions of Section 6.4 of this Declaration and applicable state and federal law.

"***Person***" shall mean a natural person, corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership, limited liability company, association or other entity. When the word "person" is not capitalized in this Declaration, it shall mean and refer only to natural persons.

"***Primary Qualified Permanent Resident***" shall mean a person who meets both of the following requirements: (1) the person was residing in a Unit with a Qualifying Resident prior to the death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the Qualifying Resident; and (2) the person was forty-five (45) years of age or older, or was a spouse,

Cohabitant, or person providing primary physical or economic support to the Qualifying Resident. The right of a Primary Qualified Permanent Resident to reside in a Unit shall be subject to the provisions of Section 6.4 of this Declaration and applicable state and federal law.

"***Prior Declaration***" shall mean, individually and collectively, the covenants, conditions and restrictions previously recorded against the Property, which are described in Recital F at the beginning of this Declaration and which have been amended, restated and replaced in their entirety by this Declaration.

"***Property***" shall mean the real property described in Exhibit "A" against which this Declaration is recorded.

"***Qualified Permanent Resident***" or **"*Co-Occupant*"** shall mean a Primary Qualified Permanent Resident or a Secondary Qualified Permanent Resident who is approved by the Corporation for occupancy of a Unit.

"***Qualifying Resident***" shall mean a person fifty-five (55) years of age or older. The right of a Qualifying Resident to reside in a Unit shall be subject to the provisions of Section 6.4 of this Declaration and applicable state and federal law.

"***Regular Assessments***" shall mean annual Assessments levied by the Corporation against each Owner, representing the Owner's share of: (1) the actual and estimated costs of, and reserves for, maintaining, managing, and operating the Common Area; (2) the costs and fees attributable to managing and administering the Corporation; and (3) all other costs and expenses incurred by the Corporation for the common benefit of the Development and the Owners, as may be required or allowed under the Governing Documents or law.

"***Reimbursement Assessments***" shall mean Assessments levied by the Corporation against an individual Owner as a means of reimbursing the Corporation for costs incurred by the Corporation, as described in Section 4.10 herein. A Reimbursement Assessment shall be deemed a type of Special Assessment for purposes of the Governing Documents to the fullest extent permitted by law.

"***Reserve Accounts***" shall mean both of the following: (a) moneys that the Board has identified for use to defray the future repair or replacement of, or additions to, those major components that the Corporation is obligated to maintain; and (b) the funds received, and not yet expended or disposed of, from either a compensatory damage award or settlement to the Corporation from any person for injuries to property, real or personal, arising from any construction or design defects, which funds shall be separately itemized from the funds described in (a).

"***Reserve Account Requirements***" shall mean the estimated funds that the Board has determined are required to be available at a specified point in time to repair, replace, or restore those major components that the Corporation is obligated to maintain, as determined in accordance with the Board's obligations pursuant to this Declaration, the Governing Documents, and applicable law.

"***Resident***" shall mean any Qualifying Resident, Qualified Permanent Resident/Co-Occupant, Permitted Health Care Resident, or other person who resides in a Unit at the Development and is permitted to do so under this Declaration or at law. The right of a person to reside in a Unit shall be subject to the provisions of Section 6.4 of this Declaration.

"***Rules***" or "***Operating Rules***" shall mean any rules, regulations and policies adopted by the Board from time to time that apply generally to the management and operation of the Development or the conduct of the business and affairs of the Corporation. The adoption, amendment, or repeal of certain Rules is subject to special rule change requirements pursuant to the Davis-Stirling Act and as described in this Declaration.

"***Secondary Qualified Permanent Resident***" shall mean a disabled person or person with a disabling illness or injury who is a child or grandchild of a Primary Qualified Permanent Resident who needs to live with the Primary Qualified Permanent Resident because of the disabling condition, illness, or injury. For purposes of this definition, "disabled" means a person who has a disability as defined in subdivision (b) of Section 54 of the Civil Code, and a "disabling injury or illness" means an illness or injury which results in a condition meeting the definition of disability set forth in subdivision (b) of Section 54 of the Civil Code. The right of a Secondary Qualified Permanent Resident to reside in a Unit shall be subject to the provisions of Section 6.4 of this Declaration and applicable state and federal law.

"***Secret Ballot***" shall mean a ballot used in (1) a Corporation election which is subject to the secret ballot voting requirements of the Davis-Stirling Act or (2) an election on any topic that is expressly identified in the Governing Documents as required to be held by Secret Ballot, if any.

"***Separate Interest***" shall mean a separately owned Unit.

"***Special Assessments***" shall mean Assessments levied by the Corporation against each Owner to supplement budgeted Regular Assessments for any fiscal year because the amount to be collected from Regular Assessments for that fiscal year will, for any reason, be inadequate to defray the Corporation's common expenses. A Special Assessment shall additionally be deemed to include any Reimbursement Assessment levied by the Association to the fullest extent permitted by law.

"***Tenant***" shall mean any person (other than an Owner, an Owner's designated representative if the Owner is not a natural person, a Qualifying Resident, a Qualified Permanent

Resident/Co-Occupant, or a Permitted Health Care Resident) who occupies any portion of a Unit at the Development whether pursuant to a Lease or not and irrespective of any rent paid or compensation given to the Owner of the Unit for such occupancy. A Tenant shall be subject to the Leasing Cap, as further described in Section

"***Unit***" means that portion of a Condominium that consists of a separate interest. Each Unit shall be a separate freehold estate, as separately shown, numbered, and designated on the Condominium Plan. The element(s) and boundaries of the Units are summarized in Section 2.4 of this Declaration. There are multiple types of Units styles within the Development, including free-standing Units; Duplex, Triplex and Fourplex Units; and Units within a multi-story building; any reference to a Unit in this Declaration shall apply to all Unit styles, unless the context clearly indicates otherwise. Any reference to a "Manor" in any other Governing Document of the Corporation shall refer to a Unit, as defined in this Declaration.

Section 1.2. Reference to Statute.

Wherever reference is made in this Declaration to a statute or law, such reference shall mean and refer to a State of California statute or law, unless the context clearly indicates otherwise, and such reference shall continue to apply any amendment or renumbering of, and any successor statute or law to, such statute or law.

ARTICLE II
PROPERTY OWNERSHIP AND EASEMENTS

Section 2.1. Development Subject to Declaration.

The entire Development and the Property shall be subject to this Declaration.

Section 2.2. Description of Land and Improvements; Ownership of Common Area.

(a) The Development consists of the real property described in Exhibit "A" and is divided between the Common Area and the Units.

(b) The Common Area of each Mutual is owned by some or all of the Owners of Units in each Mutual as tenants-in-common in undivided interest, as more fully described on Exhibit "B":

(c) The Owners of Units in each Mutual have a nonexclusive right of ingress, egress, use, enjoyment, and general recreational purposes over, on, and upon the Common Area of the other Mutuals; provided, however, that nonexclusive easement is subordinate to any exclusive easements held by any Owner.

(d) Each Unit is owned by an individual Owner(s) as separate property.

Section 2.3. Condominium Ownership.

Ownership of each Condominium within the Development shall include: (1) a separate interest in a Unit, the boundaries of which are described on the Condominium Plan; (2) an undivided interest as a tenant-in-common in a portion of the Common Area, as described in Section 2.2 of this Declaration; (3) all easements appurtenant to such Unit (nonexclusive and exclusive) over, upon, under, and/or through the Common Area and/or other Units within the Development (whether reserved in this Declaration and/or otherwise described on the Condominium Plan and/or in the grant deed transferring title to said Unit to the Owner thereof), including the Exclusive Use Common Areas appurtenant to the Unit; and (4) a membership in the Corporation.

Section 2.4. Unit Description.

Each Unit consists of the space bounded by and contained within the interior surfaces of the perimeter walls, floors, ceilings, windows and doors of the Unit, and includes both the portions of the building so described and the airspace so encompassed. The lower vertical boundary is the surface of the finished floor thereof, and the upper vertical boundary is a horizontal plan, the elevation of which coincides with the elevation of the surface of the highest finished ceiling thereof. Unless the Condominium Plan otherwise provides, to the extent walls, floors, or ceilings are designated as boundaries of a Unit, the interior surfaces of the perimeter walls, floors, ceilings, windows, doors, and outlets located within the Unit are part of the Unit and any other portions of the walls, floors, or ceilings are part of the Common Area. The Unit includes the improvements located within the Unit boundaries, including without limitation, hot water heaters, heating and air-conditioning units, ranges/ovens, dishwashers, garbage disposal units and other household appliances. Notwithstanding the foregoing, as described in the Condominium Plan, the following are not a part of a Unit: exterior soffits and furred down ceilings, bearing walls, columns, vertical supports, floors, roofs, foundations, balconies, patios, patio walls and fences, garages, pipes, ducts, flues, conduits, wires and other utility installations wherever located, except the outlets thereof when located within the Unit; provided, however, that if a garage, balcony, or patio is designated as an element of a Unit pursuant to any Condominium Plan, such garage, balcony, or patio shall be deemed an element of the Unit.

Section 2.5. Presumption Regarding Boundaries of Units.

In interpreting deeds and the Condominium Plan, the existing physical boundaries of a Unit, when the boundaries of the Unit are contained within a building, or of a Unit reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in the deed or Condominium Plan, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the Condominium Plan or in the deed and those of the building.

Section 2.6. Combination of Units.

Subject to prior written approval of the Board, which approval shall not be unreasonably withheld, the Owner of two (2) or more adjoining Units may combine the Units by creating internal access from one (1) Unit to another through the walls or other portions of the Common Area which separate and divide the individual Units, or which separate and divide two (2) or more Units previously combined, so long as such work does not impair the structural integrity of the building in which the Units are located. All plans and specifications for the Unit combination must be approved by the Board prior to the commencement of the work to combine the Units. All such work shall be done at the sole expense of the Owner and shall be performed in accordance with all permits which may be required by any governmental subdivision or agency.

Any Owner combining Units in accordance with this Section 2.6 shall indemnify all other Owners and the Corporation against and hold them harmless from any cost, expense, loss, liability, damage, or injury to property or persons arising from or caused by such work. As a condition to granting its approval of the combination of the Units, the Board may impose reasonable terms and conditions, including, without limitation, a requirement that the Owner obtain lien and completion bonds to assure lien-free completion of the work. Assessments shall continue to be levied by the Corporation individually to each Unit irrespective of the Unit combination, in accordance with the provisions of this Declaration, and the Owner shall hold one (1) vote for each Unit irrespective of the Unit combination, in accordance with this Declaration and the Bylaws.

Section 2.7. No Separate Conveyance.

No Unit shall be conveyed by any Owner separately from that Owner's interest in the Common Area. Furthermore, no Unit shall be conveyed separately from the Exclusive Use Common Areas appurtenant thereto, and *vice versa.* The conveyance of a Unit shall automatically transfer the appurtenant interest in the Common Area and in the applicable Exclusive Use Common Areas without the necessity of express reference in the instrument of conveyance. Any conveyance of a Unit shall also automatically include the Owner's membership interest in the Corporation. Any conveyance in violation of the foregoing provisions shall be void.

Section 2.8. No Restriction of Access to Units.

Except as otherwise provided in law, an order of the court, or an order pursuant to a final and binding arbitration decision, the Corporation may not deny a Member or Resident physical access to the Member's or Resident's Unit, either by restricting access through the Common Area to the Unit, or by restricting access solely to the Unit.

Section 2.9. Utility Rights, Easements and Duties.

(a) For purposes of this Section 2.9, the term "***Utility Facilities***" shall mean and include all utility facilities, including, without limitation, intake and exhaust systems, storm and sanitary sewer systems, drainage systems, ducting systems for ventilation and utility services, domestic water systems, natural gas systems, heating and air conditioning systems, electrical systems,

telephone systems, cable television systems, telecommunications systems, water systems, sump pumps, central utility services and all other utility systems and facilities reasonably necessary to service any Improvement situated in, on, over and under the Development.

(b) The rights and duties of the Owners of Units within the Development with respect to Utility Facilities shall be as follows:

(1) Whenever a Utility Facility, or any portion thereof, installed within the Property lies in or upon a Unit owned other than by the Owner of a Unit served by said Utility Facility, the Owner of any Unit served by said Utility Facility shall have the right, and is hereby granted an easement to the full extent necessary to enter upon the Unit, or to have a utility company enter upon the Unit, in or upon which said Utility Facility, or any portion thereof, lies, to repair, replace and generally maintain said Utility Facility as and when necessary.

(2) Whenever a Utility Facility, or any portion thereof, installed within the Property serves more than one Unit, the Owner of each Unit served by said Utility Facility shall be entitled to the full use and enjoyment of such portions of said Utility Facility that services the Owner's Unit.

(3) In the event of a dispute between Owners with respect to the repair or rebuilding of any Utility Facility, or with respect to the sharing of the cost thereof, then, upon receipt of a written request from one of such Owners addressed to the Corporation, the matter shall be submitted to the Board, which shall decide the dispute, and the decision of the Board shall be final and conclusive on such Owners.

(c) An easement over and under the Property for the installation, repair, and maintenance of Utility Facilities as may be required or needed to service the Common Area, or items for which the Corporation is responsible under this Declaration, is hereby reserved for the Corporation.

(d) Notwithstanding the foregoing, the Corporation shall maintain all Utility Facilities located in the Common Area, except for those Utility Facilities maintained by utility companies (public, private, or municipal) and those Utility Facilities which may be identified as the responsibility of an Owner under this Declaration. The Corporation shall pay, as a common expense, all charges for utilities supplied to the Development, except those metered or charged separately to the Units, and the Corporation and its Board shall have the authority to install, and bill appropriately, submeters for Utility Facilities subject to any limitations as may be set forth in the Governing Documents.

(e) The exercise of any right or easement provided for in this Section 2.9 shall be subject to the conditions precedent that such exercise shall be reasonable and in good faith, and

that all damage to a Unit or to the Common Area resulting therefrom shall be repaired at the sole cost and expense of the Person exercising such easement.

Section 2.10. Easements for Support, Maintenance, Repair and Other Purposes.

The Corporation shall have a nonexclusive right and easement appurtenant to the Common Area and to all Units for the support, maintenance, and repair of the Common Area. Each Owner shall have a nonexclusive right and easement appurtenant to the Common Area and to all Units for the support, maintenance, and repair of the Owner's Unit and any Exclusive Use Common Area designated for the use of the Owner. All governmental subdivisions, agencies, and utilities and their agents shall have a nonexclusive easement over the Common Area (including, but not limited to, Exclusive Use Common Areas) for the purposes of performing their duties within the Development or with respect to the Property, as may be applicable. The Property may be burdened in some cases, and benefitted in other cases, by other easements granted under this Declaration, the Condominium Plan or other documents to the Corporation, one or more Owners and/or a third party or parties.

Section 2.11. Encroachment Easements.

Each Unit and the Common Area shall have an easement over all adjoining Units and Common Area for the purpose of accommodating any minor encroachment due to engineering errors, errors in original construction, settlement, or shifting. There shall be valid easements for maintenance of said encroachments so long as they shall exist, and the rights and obligations of Unit Owners and the Corporation shall not be altered in any way by said encroachment, settlement, or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner if said encroachment occurred due to the negligence, willful acts, or omissions of such Owner (or someone for whose acts the Owner is responsible). In the event a structure within the Development is partially or totally destroyed and then rebuilt or repaired, minor encroachments over adjoining Units and Common Area shall be permitted, and there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Section 2.12. Prohibition Against Partition.

Except as provided by the Davis-Stirling Act, the Common Area shall remain undivided, and there shall be no judicial partition thereof.

Section 2.13. Reciprocal Easements.

The owners/members of other condominium or stock cooperative projects with Laguna Woods Village shall have an easement for pedestrian ingress and egress purposes over the Common Areas of the Development; provided, however, the foregoing shall only be applicable/granted if the Corporation has been expressly granted a reciprocal easement for the pedestrian ingress and egress over the common areas of the applicable condominium/stock cooperative project(s) within Laguna Woods Village. Notwithstanding the foregoing, not all

Common Areas of the Development are designated for pedestrian ingress, egress, or recreational use, nor may all Common Areas of the Development be designated as accessible to Residents.

Section 2.14 Equitable Servitudes.

The covenants and restrictions in this Declaration shall be enforceable equitable servitudes and shall inure to the benefit of and bind all Owners of Units. These servitudes may be enforced by any Owner of a Unit or by the Corporation, or by both.

Section 2.15. Notification of Sale of Condominium.

Within five (5) business days after a Person assumes title to a Unit and becomes the Owner of such Unit, whether by sale, foreclosure, or other transfer, such Person shall be required to notify the Board in writing of his or her assumption of title to the Unit. Such notification shall include, at a minimum: (1) the full name of such Person; (2) the street address and number of the Unit transferred to such Person; (3) the mailing address of such Person; and (4) the date of transfer of the Unit. Prior to the receipt of such notification, any notice or communication given by the Corporation, Board, Architectural Control Committee, or a representative of same, shall be deemed to be duly made and given to such Person if and when given to the transferor/prior Owner of the Unit.

ARTICLE III
THE CORPORATION – ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

Section 3.1. Duties and Powers of the Corporation.

The Corporation shall be charged with the duties and vested with the powers set forth in the Articles, the Bylaws, and this Declaration. The Corporation shall have the authority to do all lawful things which are necessary or proper in operating the Development for the peace, health, comfort, safety, and general welfare of the Owners, subject to the limitations on the powers of the Corporation set forth in the Governing Documents.

Section 3.2. Membership in the Corporation.

(a) Membership Requirements.

Any person or persons regardless of age, who meets the financial requirements established by the Corporation as established by the Corporation may be a Member of the Corporation; provided, however, that not all Members may be eligible to reside in a Unit, pursuant to the restrictions in Article VI, Section 6.4 of this Declaration. Membership in the Corporation shall only be permitted as appurtenant to a concurrent ownership interest in a Condominium in the Development. Every Person, upon becoming a Member, shall remain a Member of the Corporation until such time as such Person's ownership of a Condominium ceases for any reason, at which time such Person's membership in the Corporation shall automatically cease. Membership in the

Corporation shall be held in accordance with the provisions of the Articles, the Bylaws, and this Declaration.

(b) Financial Qualification Assistance.

In the event a Person seeking to become a Member of the Corporation is unable to satisfy the Corporation's financial requirements for membership, the Corporation may approve the Person for membership if a Guarantor (another financially qualified Person) enters into an agreement with the Corporation to become financially responsible for the expenses associated with such membership and the other Person meets the financial requirements established by the Corporation from time to time.

(c) Membership Applications.

Application for membership in the Corporation shall be presented on a form as prescribed by the Corporation. All such applications shall be considered promptly by the Board of Directors.

(d) Transfer of Membership.

Membership in the Corporation shall not be transferred, pledged, or alienated in any way, except upon the sale or transfer of the Condominium to which it is appurtenant, and then only to the purchaser/transferee of such Condominium. No such transfer shall be made unless and until a majority of the Board have approved the proposed transferee in accordance with the standards in this Declaration, the Restated Bylaws, and/or the Operating Rules. A Mortgagee shall not have membership rights in the Corporation unless and until the Mortgagee becomes an Owner by foreclosure or deed in lieu of foreclosure. Any attempt to make a prohibited transfer of membership in the Corporation shall be null and void.

Section 3.3. Classes of Membership; Voting Rights.

The Corporation shall have one (1) class of membership. Each Member shall be entitled to cast one (1) vote for each Unit owned. The voting rights of the Members shall be subject to the provisions of the Bylaws and this Declaration.

Section 3.4. Appurtenant Membership in GRF.

(a) Membership in GRF.

By virtue of membership in the Corporation, each Member shall, in addition to membership in the Corporation, also be a member of GRF and shall be subject to all governance, assessments, policies, rules, and regulations as may be set forth or required by GRF in its governing documents or otherwise, including, without limitation, any policies or disciplinary procedures established by GRF relating to the use or suspension of use privileges of the Community Facilities.

(b) Transfer of GRF Membership

GRF membership shall be transferred concurrent with the transfer of the membership in the Corporation to which it is appurtenant, and only to the same transferee. Any transfer other than as permitted herein shall be void and shall not be recorded in the records of the Corporation. If the Corporation or a lender forecloses or exercises a power of sale pursuant to a lien, mortgage, or deed of trust, the appurtenant GRF membership shall be transferred to the transferee of said membership in the Corporation.

Section 3.5. Board of Directors.

The rights, powers, duties, and obligations of the Corporation shall be exercised by the Board, subject to any limitations contained in the Articles, the Bylaws, or this Declaration. Such rights, powers, duties, and obligations shall be discharged when and in such manner as the Board determines in its judgment to be appropriate.

Section 3.6. Specific Powers and Duties.

In addition to its general powers and duties, the Corporation has the specific powers and duties set forth in this Section 3.6.

(a) Common Area.

The Corporation shall have the sole and exclusive right, power and duty to manage, operate, control, insure, repair, maintain, rebuild, replace, and/or restore all of the Common Area (and all Improvements forming a part thereof) in good condition and repair, except to the extent such right and duty is otherwise provided to any Owner in this Declaration.

(b) Assessments.

The Corporation shall have the right and power to establish, fix, levy, collect, and enforce the payment of Assessments in accordance with the provisions of Article IV of this Declaration and the Davis-Stirling Act.

(c) Operating Rules.

The Corporation, through the Board, shall have the right and power to promulgate, adopt, and enforce Operating Rules for the Development and the Corporation, consistent with Section 3.8 of this Declaration and the Davis-Stirling Act. The Corporation, through the Board, shall have the power and authority to amend the Operating Rules from time to time, in the Board's sole discretion. The Operating Rules may, among other things, establish reasonable fees for the use of any recreational facility or amenity in the Common Area and/or limit the number of persons that may utilize any recreational facility or amenity in the Common Area at any one time. The Corporation's rulemaking authority shall include, without limitation, the power and authority to promulgate and enforce Rules relating to the use of the Community Facilities by Members of the Corporation to the extent such Rules do not conflict with any rules or policies of GRF relating to such areas, and Rules relating to the conduct of Owner, Residents, and their Invitees within the entirety of Laguna Woods Village.

(d) Enforcement of Governing Documents.

The Corporation shall have the right and power to enforce the provisions of the Governing Documents; provided, however, nothing contained in this Declaration shall be construed to prohibit enforcement of the Governing Documents by any Owner.

(e) Member Discipline.

The Corporation shall have the right and power to impose disciplinary measures against a Member for a violation of the Governing Documents by the Member, a Resident of the Member's Unit, or an Invitee of either, through the imposition of monetary penalties and/or the suspension of membership privileges (such as the suspension of, Common Area recreational facility or amenity use privileges). The Corporation shall also have the power to suspend use of the Community Facilities as a disciplinary measure, to the extent such authority is not reserved to GRF. In addition to the foregoing, the Corporation may recommend to GRF that disciplinary action be taken by GRF against a Member, such as the imposition of additional fines or suspension of the right to use the Community Facilities, to the extent permissible under GRF's governing documents, including without limitation, GRF's bylaws, rules, and regulations. The Corporation, through the Board, also has the power to impose a Reimbursement Assessment against a Member as a means of reimbursing the Corporation for costs incurred by the Corporation in the repair of damage to the Common Area caused by the Member, a Resident of the Member's Unit, or an Invitee of either. When imposing disciplinary measures against a Member, the Corporation shall adhere to the procedures prescribed in the Bylaws and the law. A monetary penalty for a violation of the Governing Documents shall not exceed the monetary penalty stated in the schedule of monetary penalties or supplement that is in effect at the time of the violation.

(f) Entry Into Units.

The Corporation shall have the right and power, but not the duty, to enter each Unit and Exclusive Use Common Area to: (1) inspect the Property; (2) perform any maintenance, repairs, landscaping, or construction work for which the Corporation is responsible; (3) abate any nuisance, or any dangerous, unauthorized, prohibited or unlawful activity, being conducted or maintained in such Unit or Exclusive Use Common Area; (4) effect necessary maintenance or repairs which the Owner has failed to perform; (5) protect the property rights and welfare of the other Owners; or (6) for any other purpose reasonably related to the performance by the Corporation of its responsibilities under this Declaration. Such entry shall be made after three (3) or more calendar days' advance written notice to the Owner by Individual Delivery, except for emergency situations, for which advance notice is not required, and with as little inconvenience to the Owner as is practical. Any verifiable damage to the Unit or Exclusive Use Common Area caused by entry under this subsection shall be repaired by the Corporation at its sole expense. No person entering a Unit or Exclusive Use Common Area on behalf of or at the direction of the Corporation pursuant to this subsection shall be guilty of trespass.

(g) Borrow Money.

The Corporation shall have the right and power, but not the duty, to borrow money as may be needed in connection with the discharge by the Corporation of its powers and duties, and the right and power, but not the duty, to cause to be executed and delivered, in the Corporation's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities for same, subject to any restrictions set forth in the Articles or this Declaration.

(h) Goods and Services.

The Corporation shall have the right and power to contract and pay for: (1) maintenance, repair, and replacement of Improvements in the Common Area in accordance with the Corporation's responsibility for same as set forth in this Declaration, including, but not limited to, Common Area building components, landscaping, and utility facilities; (2) materials, supplies, and services relating to the Common Area, including, but not limited to, utility services and laundry machines for Common Area facilities; (3) materials, supplies, and services relating to the Units, as may be applicable and subject to any limitations set forth in the Governing Documents, such as, without limitation, bulk satellite or cable television services for the Development; (4) employment of personnel as necessary to provide for proper operation of the Property; (5) professional management services for the Development and the Corporation, subject to the provisions of the Bylaws; and (6) legal, accounting, and consulting services necessary or proper in the operation of the Development and the Corporation or the enforcement of the Governing Documents.

(i) Grant of Exclusive Use Common Area.

The Corporation shall not grant Exclusive Use Common Area, except as allowed under the requirements of the Davis-Stirling Act and as may be set forth in the Rules of the Corporation which Rules shall not be inconsistent with the Davis-Stirling Act.

(j) Vehicle and Parking Enforcement.

The Corporation shall have the right and power to remove any vehicle within the Development parked in violation of this Declaration or the Rules, in accordance with the provisions of Section 22658 of the Vehicle Code.

(k) Legal Actions.

The Corporation shall have standing to institute, defend, settle, or intervene in litigation, alternative dispute resolution, or administrative proceedings in its own name as the real party in interest and without joining the Owners, in matters pertaining to: (1) enforcement of the Governing Documents, including, but not limited to, the collection of delinquent Assessments in accordance with this Declaration; (2) damage to the Common Area; (3) damage to portions of the Units which the Corporation is obligated to maintain or repair; (4) damage to portions of the Units which arises out of, or is integrally related to, damage to the Common Area or portions of the Units which the Corporation is obligated to maintain or repair; or (5) any other matters in which the Corporation is a party, including, but not limited to, contract disputes.

Section 3.7. Prohibited Acts.

In addition to the other limitations set forth in the Governing Documents and unless otherwise allowed by law, the Corporation shall not conduct, sponsor, participate in, or expend funds or resources on any activity, campaign, or event, including, but not limited to, any social or political campaign, event, or activity, which does not directly and exclusively pertain to the authorized activities of the Corporation.

Section 3.8. Adoption of Operating Rules.

The Board may adopt Operating Rules in accordance with the provisions of this Section 3.8. For purposes of this Section 3.8, a Rule change is commenced when the Board takes its first official action leading to adoption of the Rule change.

(a) Validity of Rules.

A Rule is valid and enforceable only if all of the following requirements are satisfied:

(1) The Rule is in writing.

(2) The Rule is within the authority of the Board conferred by law or by this Declaration, the Articles, or the Bylaws.

(3) The Rule is not in conflict with governing law and this Declaration, the Articles, or the Bylaws.

(4) The Rule is adopted, amended, or repealed in good faith and in substantial compliance with the requirements of this Section 3.8 and the Davis-Stirling Act.

(5) The Rule is reasonable.

(b) Application of Rule Change Requirements.

(1) The Rule change requirements set forth in subsection (c) of this Section 3.8 apply to Rules that relate to one or more of the following subjects:

(A) Use of the Common Area or of an Exclusive Use Common Area.

(B) Use of a Unit, including any aesthetic or architectural standards that govern alteration of a Unit.

(C) Member discipline, including any schedule of monetary penalties for violation of the Governing Documents and any procedure for the imposition of penalties.

(D) Any standards for delinquent Assessment payment plans.

(E) Any procedures adopted by the Corporation for resolution of disputes.

(F) Any procedures for reviewing and approving or disapproving a proposed physical change to a Member's Unit or to the Common Area.

(G) Procedures for elections.

(2) The Rule change requirements set forth in subsection (c) of this Section 3.8 do not apply to the following actions of the Board:

(A) A decision regarding maintenance of the Common Area.

(B) A decision on a specific matter that is not intended to apply generally.

(C) A decision setting the amount of an Assessment.

(D) A Rule change that is required by law, if the Board has no discretion as to the substantive effect of the Rule change.

(E) Issuance of a document that merely repeats existing law or the Governing Documents.

(c) Rule Change Requirements.

The Board shall provide General Notice of a proposed Rule change at least twenty-eight (28) days before making the Rule change. The notice shall include the text of the proposed Rule change and a description of the purpose and effect of the proposed Rule change. Notwithstanding the foregoing, notice is not required if the Board determines that an immediate Rule change on an emergency basis is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Corporation.

A decision on a proposed Rule change, except for a Rule change on an emergency basis, shall be made at a Board meeting, after consideration of any comments made by Corporation Members. As soon as possible after making a Rule change, but not more than fifteen (15) days after making the Rule change, the Board shall deliver General Notice of the Rule change. If the Rule change was an emergency Rule change, the notice shall include the text of the Rule change, a description of the purpose and effect of the Rule change, and the date that the Rule change expires. An emergency Rule change is effective for one hundred twenty (120) days, unless the

Rule change provides for a shorter effective period; an emergency Rule change may not be readopted as an emergency Rule change.

(d) Reversal of a Rule Change.

Members of the Corporation owning five percent (5%) or more of the Units may call a special vote of the Members to reverse a Rule change. A Rule change may be reversed by the affirmative vote of a majority of all Members, in accordance with the provisions of the Davis-Stirling Act.

Section 3.9. Indemnification.

To the fullest extent authorized by law, the Corporation shall indemnify all Board members, Corporation officers, Architectural Control Committee members, and all other Corporation committee members for all damages, pay all expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action brought because of performance of an act or omission which such person reasonably believed to be within the scope of his/her/their duties (each, an "***Official Act***"). Board members, Corporation officers, Architectural Control Committee members, and all other Corporation committee members are deemed to be agents of the Corporation when they are performing Official Acts for purposes of obtaining indemnification from the Corporation pursuant to this Section 3.9. The entitlement to indemnification under this Section 3.9 shall inure to the benefit of the estate, executor, administrator, and heirs of any person entitled to such indemnification. Notwithstanding the foregoing, the Corporation shall not be required to provide the foregoing indemnification to any Board member, Corporation officer, Architectural Control Committee member, or any other Corporation committee member who is determined: (1) not to have acted in accordance with the requirements of Section 7231 of the Corporations Code (the provisions of which are commonly referred to as the "business judgment rule"); (2) under Section 7237 of the Corporations Code to have acted in bad faith in the performance of such person's duties and, in the case of a criminal proceeding, to have had reasonable cause to believe such person's conduct was unlawful; or (3) to have acted with willful or malicious misconduct.

The Corporation has the power, but not the duty, to the fullest extent authorized by law, to indemnify any other Person acting as an agent of the Corporation for damages incurred, pay expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action because of an Official Act.

Section 3.10. Limitation of Liability.

(a) Limited Obligation to Act.

The rights and powers conferred upon the Board, the Architectural Control Committee or other committees of the Corporation, or the members thereof, or any other representatives of the Corporation by the Governing Documents are not duties, obligations, or liabilities charged upon those Persons unless such rights and powers are explicitly identified as

including duties or obligations in the Governing Documents or law. Unless a duty to act is imposed upon the Board, the Architectural Control Committee or other committees of the Corporation, or the members thereof, and/or any other representatives of the Corporation by the Governing Documents or law, such Persons shall have the right to decide to act or not act. Any decision not to act by such Persons shall not be a waiver of the right to act in the future.

(b) Liability for Injuries and Damage.

No Person shall be liable to any other Person (other than the Corporation or a party claiming in the name of the Corporation) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries result from the Person's willful or malicious misconduct. No Person is liable to the Corporation (or any party claiming in the name of the Corporation) for injuries or damage resulting from such Person's Official Acts, except to the extent such injuries or damage result from such Person's negligence or willful or malicious misconduct. The Corporation shall not be liable for damage to a Unit, unless such damage was caused by the willful misconduct or negligence of the Corporation or any of its Directors, officers, agents, representatives, or employees, as further described in Article VII, Section 7.6(b) of this Declaration.

(c) Personal Liability of Directors and Officers.

A volunteer Director or volunteer officer of the Corporation shall not be personally liable to any Person who suffers injury, including, but not limited to, bodily injury, emotional distress, wrongful death, or property damage or loss, as a result of the tortious act or omission of the volunteer Director or volunteer officer of the Corporation if all of the following criteria are met: (1) the act or omission was performed within the scope of the Director's or officer's Corporation duties; (2) the act or omission was performed in good faith; (3) the act or omission was not willful, wanton, or grossly negligent; and (4) the Corporation maintained and had in effect at the time the act or omission occurred and at the time a claim is made one or more policies of insurance including coverage for (A) general liability of the Corporation and (B) individual liability of Directors and officers of the Corporation for negligent acts or omissions in that capacity, in the types of coverage and in the minimum amounts prescribed under the Davis-Stirling Act. The payment of actual expenses incurred by a Director or officer of the Corporation in the execution of the duties of that position does not affect the Director's or officer's status as a volunteer within the meaning of this subsection. Notwithstanding the foregoing, the limitation of liability set forth in this subsection shall only apply to a volunteer Director or officer of the Corporation who is an Owner of no more than two (2) Units in the Development.

ARTICLE IV
ASSESSMENTS

Section 4.1. Establishment and Imposition of Assessments.

The Corporation shall levy Regular Assessments and Special Assessments sufficient to perform its obligations under the Governing Documents and the Davis-Stirling Act. The

Corporation shall not impose or collect an Assessment or fee that exceeds the amount necessary to defray the costs for which it is levied.

Section 4.2. Covenant to Pay.

Each Owner shall pay to the Corporation all Assessments and other charges established and levied by the Corporation pursuant to this Declaration. Assessments and any late charges, reasonable fees and costs of collection, if any, and interest, if any, assessed in accordance with the provisions of this Declaration shall be a debt of the Owner of the Unit at the time the Assessment or other sums are levied. No Owner may waive or otherwise escape liability for Assessments by nonuse of the Common Area and/or abandonment of the Owner's Unit.

Section 4.3. Payment of Assessments.

(a) Assessments shall be paid by such method or methods as may be established by the Board.

(b) Any Assessment payments made by an Owner shall first be applied to the Assessments owed, and, only after the Assessments owed are paid in full shall the payments be applied to the fees and costs of collection, attorney's fees, late charges, and/or interest. Notwithstanding the foregoing, unless otherwise limited by law, the terms of a payment plan entered into between an Owner and the Corporation may provide for a different application of payments.

(c) When an Owner makes an Assessment payment, the Owner may request a receipt and the Corporation shall provide it. The receipt shall indicate the date of payment and the person who received it.

(d) The Corporation shall provide a mailing address for overnight payment of Assessments. The address shall be provided in the Annual Policy Statement.

(e) If a dispute exists between an Owner and the Corporation regarding any disputed charge or sum levied by the Corporation, including, but not limited to, an Assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, the Owner may, in addition to pursuing dispute resolution pursuant to applicable provisions of the Davis-Stirling Act, pay under protest the disputed amount and all other amounts levied, including any fees and reasonable costs of collection, reasonable attorney's fees, late charges, and interest, if any. The foregoing right of an Owner shall not impede the Corporation's ability to collect delinquent Assessments as provided in this Declaration.

(f) All Assessments shall be payable in the amount specified and no offset against such amount shall be permitted for any reason, including, without limitation, a claim that the

Corporation is not properly exercising its duties and powers as provided in the Governing Documents or a claim that the Corporation owes money, for any reason, to the Owner.

Section 4.4. Maintenance Funds of Corporation.

The Corporation shall establish no fewer than two (2) separate cash deposit accounts (the "***Maintenance Fund Accounts***"), into which shall be deposited all monies paid to the Corporation and from which disbursements shall be made, as provided in this Declaration. The Maintenance Fund Accounts may be established as trust accounts at one (1) or more banking and/or savings institutions whose accounts are insured by the Federal Deposit Insurance Corporation, and shall include both of the following:

(a) One (1) or more "operating accounts," into which shall be deposited the operating portion of all Assessments, as fixed and determined for all Members in accordance with this Declaration. Disbursements from the operating account shall be for the general need of the operation of the Corporation and the Development, including, but not limited to, wages, repairs, payment of vendors, betterments, maintenance, utilities, and other operating expenses of the Development, as may be applicable.

(b) One (1) or more Reserve Accounts. The Board shall not expend funds from the Reserve Accounts for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the Corporation is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. Notwithstanding the foregoing, the Board may authorize the temporary transfer of moneys from a Reserve Account to the Corporation's operating accounts to meet short-term cash flow requirements or other expenses, pursuant to the provisions of the Davis-Stirling Act. The signatures of at least two (2) Directors shall be required for the withdrawal of moneys from the Corporation's Reserve Accounts. Moneys received by the Corporation, whether from Assessments or otherwise, shall not be deemed reserve funds until deposited into a Reserve Account.

Section 4.5. Regular Assessments.

(a) Regular Assessments are to be levied and collected for: (1) the actual and estimated costs of, and reserves for, maintaining, managing, and operating the Common Area; (2) the costs and fees attributable to managing and administering the Corporation; and (3) all other costs and expenses incurred by the Corporation for the common benefit of the Development and the Owners, as may be required or allowed under the Governing Documents or law. Without limiting the foregoing, Regular Assessments may also be levied and collected against some, but not all, Units to defray certain charges and/or costs applicable to some, but not all, Units; such Units which derive a particular benefit may be subject to a supplemental Assessment that comprises a portion of the Regular Assessments for such Units.

(b) Regular Assessments shall be estimated on an annual basis by the Board and documented in the Annual Budget Report for each fiscal year of the Corporation. Each Owner shall pay Regular Assessments for the Owner's Unit to the Corporation in equal monthly installments on or before the first (1st) day of each calendar month, unless the Board adopts an alternative method for payment, regardless of whether any monthly invoice, statement, or notice of the Regular Assessment is provided to the Owner. Annual Regular Assessments for fractions of any month shall be prorated on the basis of a thirty (30) day month.

(c) Annual increases in Regular Assessments for any fiscal year shall not be imposed unless the Board has complied with the requirements of the Davis-Stirling Act regarding the distribution of the Annual Budget Report with respect to that fiscal year, or has obtained the approval of a majority of a quorum of the Members at a Member meeting or election to increase Regular Assessments. For the purposes of this subsection (c), and notwithstanding any contrary provision in the Governing Documents, "quorum" shall be more than fifty percent (50%) of the Members.

(d) The failure of the Board to fix Regular Assessments prior to the commencement of any fiscal year shall not be deemed a waiver or modification of any provision of this Declaration or a release of any Owner from the obligation to pay Regular Assessments, and the Regular Assessments for such fiscal year shall continue in the same amount and at the same rate as in the immediately previous fiscal year.

Section 4.6. Special Assessments.

If the Board determines that the amount to be collected from Regular Assessments for a fiscal year will, for any reason, be inadequate to defray the Corporation's common expenses for such fiscal year, the Board shall levy a Special Assessment for the additional amount needed to supplement the Regular Assessments, subject to any limitations imposed by this Declaration or the Davis-Stirling Act.

Section 4.7. Limitation on Assessment Increases.

(a) The Board may not impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the Corporation's preceding fiscal year, or impose Special Assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Corporation for the then current fiscal year, without the approval of a majority of a quorum of the Members at a Member meeting or election. For the purposes of this subsection (a), and notwithstanding any contrary provision in the Governing Documents, "quorum" shall be more than fifty percent (50%) of the Members.

(b) Subsection (a) of this Section 4.7 does not limit Assessment increases necessary for emergency situations, or as may otherwise be expressly required or permitted by law. For purposes of this subsection (b), an emergency situation is any one of the following:

(1) An extraordinary expense required by an order of a court.

(2) An extraordinary expense necessary to repair or maintain the Development or any part of it for which the Corporation is responsible where a threat to personal safety on the property is discovered.

(3) An extraordinary expense necessary to repair or maintain the Development or any part of it for which the Corporation is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the Annual Budget Report. However, prior to the imposition or collection of an Assessment under this provision, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Members with the notice of Assessment.

Section 4.8. Notice of Assessment Increases.

The Corporation shall provide Individual Notice to the Members of any increase in the Regular Assessments or Special Assessments of the Corporation, not less than thirty (30) nor more than sixty (60) days prior to the increased Assessment becoming due.

Section 4.9. Rate of Assessments.

Each Unit shall bear an equal and uniform share of the total annual Regular Assessments and an equal and uniform share of all Special Assessments; provided, however, (i) an Assessment levied to fund the repair or reconstruction of damage or destruction to the Development pursuant to Article X of this Declaration shall be levied on the basis described in Section 10.4 of this Declaration, and (ii) a supplemental Assessment may be levied on some but not all Units, as further described in Section 4.5(a) of this Declaration.

Section 4.10. Reimbursement Assessments.

(a) The Corporation may levy a Reimbursement Assessment against an individual Owner as a means of reimbursing the Corporation for costs incurred by the Corporation: (1) in the repair of damage to Common Area caused by the Owner, a Resident of the Owner's Unit, or an Invitee of either; (2) on behalf of and for the benefit of the Owner, whether with the Owner's consent or pursuant to the Corporation's powers under the Governing Documents or law, including, without limitation, the performance of maintenance or repairs to the Owner's Unit or Exclusive Use Common Area components for which the Owner is responsible; (3) due to the negligence, willful acts, or omissions of the Owner, a Resident of the Owner's Unit, or an Invitee of either, including, without limitation, an increase in the insurance premiums for any insurance policy purchased or obtained by the Corporation for the benefit of the Development and the

Owners; and/or (4) to address a violation of the Governing Documents by the Owner (or a Resident of or Invitee to the Owner's Unit), including, without limitation, attorneys' fees and costs.

(b) Prior to levying a Reimbursement Assessment against an Owner, the Board shall notify the Owner in writing of the Board's intent to meet to consider or impose the Reimbursement Assessment, by either personal delivery or Individual Delivery at least ten (10) days prior to the meeting. The notification shall contain, at a minimum, the date, time and place of the meeting, the nature of the costs incurred by the Corporation for which the Reimbursement Assessment may be imposed against the Owner, and a statement that the Owner has a right to attend and may address the Board at the meeting. The Board shall meet in executive session to consider or impose the Reimbursement Assessment, unless the Owner requests that the Board meet in open session. The decision of the Board to impose a Reimbursement Assessment shall be final and binding on the Owner.

(c) If the Board determines to impose a Reimbursement Assessment against an Owner, the Board shall provide the Owner a written notification of the decision, by either personal delivery or Individual Delivery, within fifteen (15) days following the action. Reimbursement Assessments shall be due and payable thirty (30) days from the date Individual Notice of the Reimbursement Assessment is given by the Board to the Owner.

(d) Notwithstanding the foregoing paragraphs (b) and (c) and to the fullest extent permitted by law, no notice or hearing shall be required before the levy of a Reimbursement Assessment relating to maintenance or repairs to an Owner's Unit or Exclusive Use Common Area components for which the Owner is responsible, performed by the Association with the prior written consent of the Owner or Tenant (but only if such Tenant is duly authorized in writing by the Owner to incur such charges).

Section 4.11. Units Owned by Corporation.

The portion of any Assessments or other costs, charges, expenses (including, but not limited to, maintenance, repairs, leasing, sales and all other expenses) attributable to any Unit owned by the Corporation, if any, shall be deemed to be a common expense payable by all of the remaining Unit Owners through Regular Assessments and/or Special Assessments. Such Assessments shall be allocated among each of the remaining Unit Owners based on the rate of Assessments described in Section 4.9 of this Declaration.

Section 4.12. Taxes and Utilities.

Each Owner shall be obligated to pay the taxes and assessments assessed by the City, County, and/or other municipal authority against the Owner's Unit, Improvements made to the Unit (as applicable), interest in the Common Area, and/or personal property. Each Owner shall also be obligated to pay any and all assessments and charges for water, sewage, gas, electricity, and other utilities assessed or charged individually against such Owner's Unit.

ARTICLE V
ASSESSMENT DELINQUENCIES AND COLLECTION

Section 5.1. Assessment Delinquency.

(a) Assessments levied pursuant to the Governing Documents shall be delinquent fifteen (15) days after they become due.

(b) If an Assessment is delinquent, the Corporation may recover all of the following:

(1) Reasonable costs incurred in collecting the delinquent Assessment, including reasonable attorneys' fees.

(2) A late charge not exceeding ten percent (10%) of the delinquent Assessment or ten dollars ($10), whichever is greater.

(3) Interest on all sums imposed in accordance with this Section 5.1, including the delinquent Assessments, reasonable fees and costs of collection, and reasonable attorney's fees, at an annual interest rate not to exceed twelve percent (12%), commencing thirty (30) days after the Assessment becomes due.

(c) Prior to recording a lien upon the Unit of an Owner of record to collect a debt to the Corporation that is past due, the Corporation shall comply with the requirements of the Davis-Stirling Act and the Governing Documents. Unless the Davis-Stirling Act provides otherwise, the decision to record a lien for delinquent Assessments shall be made only by the Board and may not be delegated to an agent of the Corporation; the Board shall approve the decision to record a lien by a majority vote of the directors in an open meeting, and the Board shall record the vote in the minutes of that meeting.

(d) The amount of any Assessment, plus any costs of collection, late charges, and interest assessed in accordance with this Declaration, shall be a lien on the Owner's Unit from and after the time the Corporation causes to be recorded with the county recorder of the County a notice of delinquent assessment (a "***Notice of Delinquent Assessment***").

(1) The Notice of Delinquent Assessment shall state the amount of the Assessment and other sums imposed in accordance with this Declaration, a legal description of the Owner's Unit in the Development against which the Assessment and other sums are levied, and the name of the record Owner of the Unit in the Development against which the lien is imposed.

(2) The itemized statement of the charges owed by the Owner shall be recorded together with the Notice of Delinquent Assessment.

(3) In order for the lien to be enforced by nonjudicial foreclosure as provided in the Davis-Stirling Act, the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Corporation to enforce the lien by sale.

(4) The Notice of Delinquent Assessment shall be signed by the person designated by the Corporation for that purpose, which may include an agent of the Corporation, or if no one is designated, by the President of the Corporation.

(5) A copy of the recorded Notice of Delinquent Assessment shall be mailed by certified mail to every Person whose name is shown as an Owner of the Unit in the Corporation's records, and the notice shall be mailed no later than ten (10) calendar days after recordation.

(e) A lien created pursuant to subsection (d) of this Section 5.1 shall be prior to all other liens recorded subsequent to the Notice of Delinquent Assessment, except as may otherwise be provided under this Declaration with respect to the subordination thereof to any other liens and encumbrances.

(f) Within twenty-one (21) days of the payment of the sums specified in the Notice of Delinquent Assessment, the Corporation shall record or cause to be recorded in the office of the county recorder in which the Notice of Delinquent Assessment is recorded a lien release or notice of rescission and provide the Owner of the Unit a copy of the lien release or notice that the delinquent Assessment has been satisfied.

(g) If it is determined that a lien previously recorded against a Unit by the Corporation was recorded in error, the Corporation shall: (1) within twenty-one (21) calendar days, record or cause to be recorded in the office of the county recorder in which the Notice of Delinquent Assessment is recorded a lien release or notice of rescission and provide the Owner of the Unit with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission; and (2) promptly reverse all late charges, fees, interest, attorney's fees, costs of collection, costs imposed in relation to the lien, and costs of recordation and release of the lien, and pay all costs related to any related dispute resolution or alternative dispute resolution.

Section 5.2. Payment Plans for Delinquent Assessments.

(a) An Owner may submit a written request to meet with the Board to discuss a payment plan for the debt noticed pursuant to the Davis-Stirling Act. The Corporation shall provide the Owner the standards for payment plans, if any exist.

(b) The Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request, if the request is mailed within fifteen (15) days of the date of the postmark of the notice, unless there is no regularly scheduled Board meeting within that period,

in which case the Board may designate a committee of one (1) or more Directors to meet with the Owner.

(c) Payment plans may incorporate any Assessments that accrue during the payment plan period. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan.

(d) Payment plans shall not impede the Corporation's ability to record a lien on the Owner's Unit to secure payment of delinquent Assessments.

(e) In the event of a default on any payment plan, the Corporation may resume its efforts to collect the delinquent Assessments from the time prior to entering into the payment plan.

Section 5.3. Assessment Collection.

(a) Except as otherwise provided in this Section 5.3, after the expiration of thirty (30) days following the recording of a lien created pursuant to this Declaration, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted pursuant to Section 2934a of the Civil Code. Nothing in this Declaration shall prohibit actions against the Owner of a Unit to recover sums for which a lien is created pursuant to this Declaration or prohibit the Corporation from taking a deed in lieu of foreclosure.

(b) Prior to initiating a foreclosure on an Owner's Unit, the Corporation shall comply with the requirements of the Davis-Stirling Act.

(c) Any foreclosure sale by the trustee shall be conducted in accordance with Sections 2924, 2924b, and 2924c of the Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust. In addition to the requirements of Section 2924 of the Civil Code, the Corporation shall serve a notice of default on the Person named as the Owner of the Unit in the Corporation's records or, if that Person has designated a legal representative, on that legal representative, in accordance with the requirements of the Davis-Stirling Act.

(d) A nonjudicial foreclosure by the Corporation to collect upon a debt for delinquent Assessments shall be subject to a right of redemption. The redemption period within which the Unit may be redeemed from a foreclosure sale ends ninety (90) days after the sale. In addition to the requirements of Section 2924f of the Civil Code, a notice of sale in connection with the Corporation's foreclosure of a Unit in the Development shall include a statement that the property is being sold subject to this right of redemption.

(e) If the Corporation seeks to collect delinquent Assessments of an amount less than one thousand eight hundred dollars ($1,800), not including any accelerated Assessments, late

charges, fees and costs of collection, attorneys' fees, or interest, the Corporation may not collect that debt through judicial or nonjudicial foreclosure, but may attempt to collect or secure that debt in any of the manners prescribed in the Davis-Stirling Act; provided, however, the foregoing limitation on the foreclosure of Assessment liens shall not apply to Assessments secured by a lien that are more than twelve (12) months delinquent. The foregoing limitation does not preclude the Corporation from commencing the judicial or nonjudicial foreclosure process prior to such time as judicial or nonjudicial foreclosure may lawfully occur.

(f) A monetary penalty imposed by the Corporation as a disciplinary measure for failure of a Member to comply with the Governing Documents, except for late payments, may not be characterized or treated as an Assessment that may become a lien against the Member's Unit enforceable by the sale of the Unit under Sections 2924, 2924b, and 2924c of the Civil Code.

(g) The Annual Policy Statement shall include the notice regarding Assessments and foreclosure, payments, and meetings and payment plans required by the Davis-Stirling Act.

(h) The Corporation may not voluntarily assign or pledge the Corporation's right to collect payments or Assessments, or to enforce or foreclose a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Corporation. Notwithstanding the foregoing, the Corporation shall have the right and ability to assign any unpaid obligations of a former Member to a third party for purposes of collection.

(i) Except as otherwise provided under the Davis-Stirling Act, this Section 5.3 applies to a lien created on or after January 1, 2003. A lien created before January 1, 2003, is governed by the law in existence at the time the lien was created.

Section 5.4. Priority of Assessment Liens.

(a) The Corporation's lien for Assessments provided by this Declaration shall be prior and superior to: (1) any declaration of homestead recorded after the recordation of this Declaration; (2) any other liens, except (A) taxes, bonds, assessments, and other levies which, by law, would be superior thereto, and (B) the lien or charge of any Mortgagee for a mortgage made in good faith and value that encumbers a Condominium and which was recorded before the date on which a Notice of Delinquent Assessment was recorded against the same Condominium by the Corporation.

(b) Neither the sale nor transfer of a Condominium shall affect an Assessment lien, except that the sale or transfer of a Condominium pursuant to judicial or nonjudicial foreclosure by a First Mortgagee extinguishes the lien of such Assessments as to payments which became due before such sale or transfer. No sale or transfer relieves such Condominium from liens for any Assessments thereafter becoming due. No Person who obtains title to a Condominium pursuant to

judicial or nonjudicial foreclosure by a First Mortgagee shall be liable for the share of Assessments chargeable to such Condominium which became due before the acquisition of title to the Condominium by such Person; such unpaid Assessments shall be a common expense collectible from all Owners, including, but not limited to, such Person.

(c) No sale or transfer of a Condominium pursuant to judicial or nonjudicial foreclosure by a First Mortgagee, or otherwise, shall serve to cancel the personal obligation of the prior Owner for payment of the delinquent Assessments and charges which accrued during such Owner's period of ownership. The personal obligation of any prior Owner for payment of delinquent Assessments and charges may only be satisfied and therefore discharged by payment of said amounts, whether or not such Owner remains in possession of that Condominium.

Section 5.5. Waiver of Homestead.

Each Owner hereby waives, to the extent of any liens created pursuant to this Article V, the benefit of any homestead or exemption law in effect at the time any Assessment or installment thereof becomes delinquent or any lien for delinquent Assessments is imposed pursuant to the provisions of this Declaration.

Section 5.6. Assignment of Rents When Assessments Become Delinquent.

(a) Assignment of Rents.

Each Owner who is leasing or renting his/her/their Unit to a Tenant or Tenants hereby assigns to the Corporation all of the rents and any other income now due or which may become due to Owner pursuant to the Lease for the Owner's Unit (the "***Rents***"), together with any and all rights and remedies which the Owner may have against the Tenant or Tenants, or others in possession of the Unit, for the collection or recovery of the Rents so assigned. Such assignment shall be effective only upon the Owner's failure to pay any Assessment within thirty (30) days after the due date, and under no other circumstances, if the Corporation accepts such assignment.

(b) Process to Effectuate Assignment of Rents.

An assignment of rents pursuant to this Section 5.6 shall only be effective if it complies with the requirements of Section 2938 of the Civil Code and any other applicable law. Any costs incurred by the Corporation in effectuating an assignment of rents pursuant to this Section 5.6 shall be considered a reasonable cost of collection of delinquent Assessments, for which the applicable Owner shall be responsible.

(c) Corporation Not a Landlord.

Except in connection with the lease of a Unit owned by the Corporation, the exercise and enforcement of the Corporation's rights under this Section 5.6 shall in no way constitute the Corporation as a landlord or lessor under any Lease, and the Corporation shall have no such responsibility. Each Owner hereby agrees to indemnify, defend, and hold harmless the Corporation and its Directors, officers, agents, representatives, employees, and attorneys, as may

be applicable, from and against any and all claims by a Tenant or any third party that the Corporation failed to fulfill the duties of landlord or lessor under any Lease for the Owner's Unit.

(d) Payment of Rents to Corporation.

Each Owner irrevocably consents that the Tenant or Tenants under a Lease for the Owner's Unit, upon receiving from the Corporation notice of an assignment of rents pursuant to this Section 5.6, shall pay the Rents to the Corporation without incurring any liability for the failure to determine the actual existence of any Assessment delinquency claimed by the Corporation. Each Owner further agrees that such Tenant or Tenants shall not be liable to the Owner for nonpayment of the Rents to the Owner for Rents paid to the Corporation pursuant to this Section 5.6. The full amount of the Rents received by the Corporation shall be applied to the Owner's account; however, application of the Rents to particular Assessments and charges owed by the Owner to the Corporation shall be at the Corporation's discretion to the extent not dictated by law.

(e) Corporation Powers Upon Default.

The Corporation may at any time pursue legal action against an Owner and/or the Owner's Tenant or Tenants and/or the Owner's Guarantor for, or otherwise seek collection of, any Rents not paid to the Corporation pursuant to this Section 5.6. The Corporation shall deduct from the Rents received in any such action the costs and expenses of collection, including, but not limited to, reasonable attorney's fees.

(f) Termination of Payment of Rents to Corporation.

The Corporation may continue receiving Rents assigned directly from the Tenant or Tenants of an Owner's Unit until any foreclosure action against the subject Unit is completed by the Corporation or a First Mortgagee or until the amount of money owed to the Corporation by the Owner and/or the Owner's Guarantor, including Assessments, late charges, interest, and collection costs, including reasonable attorney's fees, is paid in full, whichever occurs first.

(g) Mortgage Holder Rights.

The assignment of rents and powers described in this Section 5.6 shall not affect, and shall in all respects be subordinate to, the execution of the rights and powers of any First Mortgagee to do the same or similar acts.

ARTICLE VI
USE RESTRICTIONS AND COVENANTS

Section 6.1. Compliance and Enforcement.

The occupancy, use, and enjoyment of the Development by Owners, Residents, and their Invitees shall be subject to, and shall at all times comply with, the provisions of this Declaration and the other Governing Documents. Unless otherwise provided in this Declaration, the Corporation, through the Board, and each Owner shall have the right to enforce the provisions of this Declaration and the other Governing Documents.

Section 6.2. Common Area.

(a) Corporation Easement.

The Corporation shall have a non-exclusive easement in, on, over, and throughout the Common Area, including any Improvements thereon or therein, to perform its duties and exercise its powers provided under the Governing Documents or by law.

(b) Third Party Easements.

The Corporation may grant to a third party or parties easements in, on, over, and throughout the Common Area for the purpose of constructing, installing, or maintaining utilities and/or services for the benefit of the Development, or for other purposes reasonably related to the operation of the Development. Each Owner, in obtaining an ownership interest in a Unit, expressly consents to any such easements. Notwithstanding the foregoing, no such easement may be granted if it would unreasonably interfere with the occupancy, use, or enjoyment of any Unit, Exclusive Use Common Area or portions of the Common Area not subject to exclusive easements.

(c) Delegation of Owners' Rights.

Notwithstanding the easement and other rights of Owners provided in this Declaration, an Owner whose Unit is subject to a Lease shall be deemed to have delegated that Owner's right to use and enjoy the Common Area to the Tenants of the Owner's Unit. In such case, neither the Owner nor any Invitee of the Owner (including, but not limited to, any family members of the Owner) shall be entitled to use and enjoy the Common Area for so long as a Lease for the Owner's Unit is in effect. Notwithstanding the foregoing, such Owner may take ingress, egress, and access to and through the Common Area for the purpose of visiting the Unit or attending Member and Board meetings.

(d) Maintenance and Repairs.

Labor performed or services or materials furnished for the Common Area, if duly authorized by the Corporation, shall be deemed to be performed or furnished with the express consent of each Owner.

(e) Common Area Obstructions and Storage.

No Owner or Resident shall permit anything to obstruct the Common Area. No item of any kind may be stored, placed or located by an Owner, Resident or Invitee of either in the Common Area, except as permitted under this Declaration and/or the Rules with respect to Exclusive Use Common Areas, or in portions of the Common Area specifically designated for

such purpose by the Board, if any; provided, however, the Corporation may store supplies, equipment and other items in the Common Area for the Corporation's use in connection with the management, maintenance, and operation of the Common Area. Any items stored, placed, or located in the Common Area in violation of the foregoing provision may be removed, discarded, or donated by the Corporation, in the Board's sole discretion, and the costs related to same that are incurred by the Corporation may be levied against the applicable Owner as a Reimbursement Assessment.

(f) Change in Occupancy of a Unit.

The Board has the power to adopt Rules requiring an Owner to pay to the Corporation: (1) a non-refundable administrative fee to fund the Corporation's cost of readying the Common Area for the move-in or move-out of a Resident from the Owner's Unit prior to such move-in or move-out, if such preparation is deemed reasonably necessary by the Corporation; (2) a non-refundable administrative fee to defray costs incurred by the Corporation as a result of the move-in or move-out of a Resident from the Owner's Unit; and/or (3) a refundable damage deposit as security against any damage to the Common Area or Exclusive Use Common Area which may occur as a result of a Resident moving into or out of the Owner's Unit prior to such move-in or move-out.

(g) Damage Liability.

Each Owner shall be liable to the Corporation for any damage to the Common Area or Exclusive Use Common Area or to any property owned by the Corporation which is caused by the Owner, a Resident of the Owner's Unit, or an Invitee of either, regardless of how the damage is sustained, whether due to the negligence, acts, omissions, or willful misconduct of such Person; in the case of joint ownership of a Unit, the liability of the co-Owners shall be joint and several. The costs and expenses incurred by the Corporation to correct or repair such damage shall be levied against the Owner(s) as a Reimbursement Assessment.

(h) Corporation Not Responsible for Loss.

Neither the Corporation nor any of its Directors, officers, agents, representatives, employees, or attorneys shall be responsible to any Owner, Resident, or Invitee for any theft of, or loss, damage, or vandalism to, any personal property of such Person, including, without limitation, automobiles, bicycles, plants, decorations, clothing, or sports equipment, which may be stored, placed, or located in the Common Area, whether or not such storage, placement, or location of personal property is in compliance with the provisions of this Declaration and the other Governing Documents.

(i) Security and Privacy Disclaimer.

The Corporation does not undertake to provide security or privacy for the Property, the Owners, the Residents, any Invitees, or any persons or property located within the Development, nor does the Corporation make any representations or warranties concerning the security, privacy and/or safety of the Property, the Owners, the Residents, any Invitees, or any

persons or property located within the Development, irrespective of whether there are any access control devices installed and operated in the Common Area of the Development or access control personnel employed or engaged by the Corporation.

(j) Access to Common Area Facilities.

The Board may restrict access to portions of the Common Area to the Board, certain Directors and other personnel engaged by the Corporation, such as storage facilities, workrooms and offices located in the Common Area.

Section 6.3. Mechanic's Liens.

(a) No labor performed or services or materials furnished with the consent of, or at the request of, an Owner or the Owners' agent or contractor within the Development shall be the basis for the filing of a mechanic's lien against the Condominium of another Owner unless that other Owner has expressly consented to or requested the performance of the labor or furnishing of the materials or services; provided, however, express consent shall be deemed to have been given by the Owner of any Condominium in the case of emergency repairs thereto.

(b) The Owner of any Condominium may remove that Owner's Condominium from a mechanic's lien against two (2) or more Condominiums or any part thereof by payment to the holder of the mechanic's lien of the fraction of the total sum secured by the mechanic's lien that is attributable to the Owner's Condominium.

Section 6.4. Senior Citizen Housing Development.

(a) Single Family Residential Use.

All Units in the Development shall, to the fullest extent permitted by law, be used solely as a single-family residence for senior citizens as defined in California Civil Code Section 51.3, and for no other purposes whatsoever.

(b) Home Office Use.

In addition to the residential use described in subsection (a) of this Section 6.4 and Section 6.5 below, a Unit may be used for home office/occupancy use, as further described in Section 6.5 of this Declaration.

(c) Eligibility to Reside in a Unit.

(1) Each person permanently residing in a Unit must be a Qualifying Resident, Qualified Permanent Resident/Co-Occupant, Permitted Health Care Resident, or person under fifty-five (55) years of age whose occupancy is permitted under subdivision (h) of Section 51.3 of the Civil Code or under subdivision (b) of Section 51.4 of the Civil Code, and must be approved

for occupancy by the Corporation. The Corporation may adopt Rules and procedures regarding occupancy of Units and the application process consistent with this Section 6.4 and applicable law.

(2) At least one (1) Resident of each Unit must be a Qualifying Resident who intends to reside in the Unit as his/her/their primary residence on a permanent basis.

(3) No more than the maximum number of persons described in Section 6.5(a)(1) of this Declaration may permanently reside in any Unit at any one time, provided that such persons meet the age and occupancy requirements under this Declaration.

(4) For purposes of this subsection (d), "permanently reside" shall be defined as a period of time exceeding sixty (60) days within any twelve (12) month period.

(d) Guests.

Guests of a Qualifying Resident or Qualified Permanent Resident/Co-Occupant who are less than fifty-five (55) years of age shall be permitted to temporarily reside in such Resident's Unit for a maximum duration of sixty (60) days in and/or throughout any twelve (12) month continuous period.

(e) Primary Qualified Permanent Residents.

Upon the death or dissolution of marriage, or upon hospitalization, or other prolonged absence of the Qualifying Resident of a Unit, a Primary Qualified Permanent Resident shall be entitled to continue his/her/their occupancy, residency, or use of the Unit as a permitted Resident; provided, however, this provision shall not apply to a Permitted Health Care Resident.

(f) Secondary Qualified Permanent Residents.

(1) For any person who is a Secondary Qualified Permanent Resident whose disabling condition ends, the Board may require the formerly disabled Resident to cease residing in the Development upon receipt of six (6) months' written notice; provided, however, the Board may allow the person to remain a Resident for up to one (1) year after the disabling condition ends.

(2) The Board may take action to prohibit or terminate occupancy by a person who is a Secondary Qualified Permanent Resident if the Board finds, based on credible and objective evidence, that the person is likely to pose a significant threat to the health or safety of others that cannot be ameliorated by means of a reasonable accommodation. The action to prohibit or terminate the occupancy of the Secondary Qualified Permanent Resident may be taken only after the Board does both of the following: (A) provides reasonable notice to and an opportunity to be heard for the disabled person whose occupancy is being challenged, and reasonable notice to the co-resident Primary Qualified Permanent Resident parent or grandparent of that person; and (B) gives due consideration to the relevant, credible, and objective information provided in the hearing. The evidence shall be taken and held in a confidential manner, in executive session, by

the Board in order to preserve the privacy of the affected persons. The affected persons shall be entitled to have present at the hearing an attorney or any other person authorized by them to speak on their behalf or to assist them in the matter.

(g) Permitted Health Care Residents.

A Permitted Health Care Resident shall be entitled to continue his/her/their occupancy, residency, or use of a Unit as a permitted Resident in the absence of the Qualifying Resident from the Unit only if both of the following are applicable: (1) the Qualifying Resident became absent from the Unit due to hospitalization or other necessary medical treatment and expects to return to the Unit within ninety (90) days from the date the absence began; and (2) the absent Qualifying Resident or an authorized person acting for the Qualifying Resident submits a written request to the Board stating that the Qualifying Resident desires that the Permitted Health Care Resident be allowed to remain in order to be present when the Qualifying Resident returns to reside in the Development. Upon written request by the Qualifying Resident or an authorized person acting for the Qualifying Resident, the Board shall have the discretion to allow a Permitted Health Care Resident to remain for a time period longer than ninety (90) days from the date that the Qualifying Resident 's absence began, if it appears that the Qualifying Resident will return within a period of time not to exceed an additional ninety (90) days.

Section 6.5. General Use Restrictions.

In exercising the right to occupy, use and/or enjoy a Unit or the Common Area, Owners, Residents, and their Invitees shall comply with the following restrictions.

(a) Residential Purpose.

(1) Each Unit shall be used only as a residential dwelling unit for a single household. An Owner may rent/lease his/her/their Unit for such residential purpose under a Lease, pursuant to Section 6.5 of this Declaration. The number of persons residing in a Unit at any time shall not exceed the number of approved bedrooms in the Unit, plus one (1), unless a more restrictive limit is imposed by any state, City or County code, regulation, or ordinance, in which case such more restrictive limit shall apply. Occupancy of a Unit must comply with all state, City and County codes, regulations, and ordinances regarding the occupancy of residential dwellings, and may not exceed any occupancy limits established under such codes, regulations, or ordinances.

(2) In addition to the foregoing residential use, a Unit may be used for home office/occupancy use, so long as such home office/occupancy use is incidental to the residential use of the Unit. The use of any portion of a Unit as a home office or for home occupancy shall comply with the following provisions:

(A) The home office/occupancy use is not apparent or detectable by sight, sound, or smell from outside of the Unit.

(B) The home office/occupancy use complies with applicable laws and zoning ordinances.

(C) No employees, clients, customers, patrons, messengers, or delivery personnel regularly visit the Unit or any portion of the Development in relation to the home office/occupancy use.

(D) The home office/occupancy use does not increase the liability or casualty insurance obligations or premiums of the Corporation.

(E) The home office/occupancy use is consistent with the residential character of the Development and conforms with the provisions of the Governing Documents.

(3) No Unit or Exclusive Use Common Area shall be used or allowed to be used for any business, commercial, manufacturing, mercantile, storing, vending, or other non-residential purposes, except for home office/occupancy use as permitted under this Declaration.

(4) The Common Area shall not be used for residential purposes by any Owner, Resident, Tenant, or Invitee to the fullest extent permitted by law.

(b) Nuisance.

Noxious and offensive activities are prohibited in the Development. The Board is entitled to determine, in its sole and reasonable discretion, if any device, noise, odor, or activity constitutes a nuisance.

(1) Devices that create or constitute a nuisance may not be kept or operated within the Development. Such devices include, without limitation, the following:

(A) Horns, whistles, bells and other sound devices that create or emit loud noises; provided, however, security devices/systems may be installed and used within a Unit or a vehicle to protect the security of such Unit or vehicle and its contents, so long as reasonable care is taken to prevent consistently false alarms of, and annoying and disturbing noise from such devices/systems.

(B) Devices that create or emit loud noises or noxious odors (except equipment reasonably used by the Corporation in connection with its maintenance and repair responsibilities pursuant to this Declaration).

(C) Devices that unreasonably interfere with television or radio, cellular and/or wireless internet reception, and the reception of similar electronic transmissions, to another Unit.

(D) Mechanical equipment installed in any Unit or Exclusive Use Common Area, including, but not limited to, HVAC equipment, that is not insulated and installed so as to prevent unreasonable noise or vibration.

(2) Activities that create or constitute a nuisance may not be undertaken or conducted within the Development. Such activities include, without limitation, the following:

(A) Hanging, drying, or airing clothing, fabrics, or unsightly articles in any place visible from another Unit, the Common Area, or public streets abutting the Development.

(B) The creation of unreasonable levels of noise from parties, recorded music, radios, television, or related devices.

(C) Any activity which is a serious annoyance or nuisance to any Owner or Resident, or which may in any way interfere with any Owner's or Resident's quiet enjoyment and peaceful possession of such Owner's or Resident's Unit or Exclusive Use Common Area.

(D) Any harassment of Corporation Directors, officers, agents, managers, representatives, employees, contractors and vendors, or any employees of such contractors or vendors, or interference with the business or services conducted by any such persons for the Corporation or other Owners or Residents.

(E) Any activity which may (i) increase the rate of insurance for the Corporation, the Common Area, or any Unit, (ii) result in cancellation of the insurance for the Corporation, the Common Area, or any Unit, (iii) obstruct or interfere with the rights of any Owners or Residents, (iv) violate any law or provision of this Declaration or the other Governing Documents, or (v) constitute a nuisance or other threat to the health, safety, or welfare or any Owners or Residents of the Development.

(c) Pets.

(1) Pets may be kept within the Development, subject to the provisions of this subsection (c) and any reasonable Rules of the Corporation. This subsection (c) shall not be construed to affect any other rights provided by law to an Owner or Resident of a Unit to keep a pet within the Development. For purposes of this subsection (c), "***pet***" means any domesticated bird, cat, dog, aquatic animal kept within an aquarium, or other animal as agreed to between the Corporation and an Owner; no Owner or Resident shall keep any other animal within the Development except as provided in paragraph (2) below.

(2) The maximum number of pets that may be kept in, or brought into, a Unit at any one time is two (2); provided, however, a reasonable number of fish may be kept in an aquarium in a Unit provided such aquarium has a maximum capacity of thirty (30) gallons or less.

Notwithstanding the foregoing, an Owner or Resident may keep assistance animals, which are not deemed as pets, in excess of the maximum number of permitted pets within the Owner's or Resident's Unit if each such animal is an assistance animal (including but not limited to an animal which is licensed, trained, or serves as a service, companion or therapy) animal that the Corporation is required to allow under state or federal fair housing laws. Any Owner claiming a need for a service, assistance, companion, or therapy animal, whether for the Owner or any Resident of the Owner's Unit, shall be required to provide verification to the Corporation of the need for a reasonable accommodation for such animal based on disability if the disability is not apparent, and such verification may be required to be provided by a reliable third party or such other person permissible under applicable law.

(3) Except as may be required pursuant to applicable law for assistance animals, no owner of a pet shall permit, allow, or cause the pet to run, stray, or be uncontrolled in or upon the Common Area. Owners, Residents and their Invitees shall be required to properly handle and control any pet being transported through the Common Area between a Unit and outside of the Development (and vice versa), via the use of a leash or carrier, to comply with the foregoing provision. No pets shall be permitted in the Common Area, except as specifically permitted by Rules of the Corporation or by law. Any waste left in the Common Area by a pet shall be immediately removed and cleaned by the owner of such pet.

(4) No Owner or Resident may raise or keep animals anywhere within the Development for commercial purposes. The ownership of all pets must comply with local governmental agency guidelines, including, but not limited to, pet registration and sanitation laws. No Owner or Resident may keep a pet within his/her/their Unit that interferes with, or has a reasonable likelihood of interfering with, the rights of any Owner or Resident to the peaceful and quiet enjoyment of his/her/their Unit; any pet in violation of this provision shall be deemed a nuisance, and such pet must be removed from the Development within a reasonable time after the Board determines, after a hearing duly noticed by Individual Delivery to the Owner of the Unit, that the pet creates an unreasonable annoyance or nuisance within the Development.

(5) Neither the Corporation nor its Directors, officers, agents, representatives, or employees shall have any liability to any Owner, Resident, Invitee, or other person for any injury to persons or damage to property caused by any pet or other animal kept in, or brought into, the Development by any Owner, Resident, or Invitee. Each Owner shall be liable to all other Owners, all Residents, their Invitees, and other persons for any unreasonable noise, injury to person, or damage to property caused by any pet kept in, or brought into, the Development by the Owner or a Resident of or Invitee to the Owner's Unit.

(6) Notwithstanding the foregoing limitations on pets, an Owner shall be permitted to keep in his/her/their Unit any pet that is currently kept in the Owner's Unit as of the recordation date of this Declaration if the pet otherwise conforms with the provisions of the Prior Declaration relating to pets. If required by the Corporation and/or in accordance with applicable

requirements of the City, the Owner shall register such pet(s) with the Corporation, on such forms and with such information as the Corporation may require.

(7) The Board shall have the power to adopt Rules regulating pets and animals within the Development, to the extent such Rules are not inconsistent with the provisions of this subsection (c) or applicable law.

(8) Assistance animals, as further described in the foregoing subsection (c) and which are permitted under applicable state or federal law, are not pets for purposes of this Declaration, and the Corporation will work with Residents on a case by case basis regarding requests for assistance animals and/or accommodations relating to same.

(d) Vehicles and Parking.

(1) No Owner or Resident shall park any automobile or other motor vehicle in the Development, except in a parking space, carport or garage designated for the exclusive use of the Owner or Resident by the Condominium Plan, Governing Documents or a deed of conveyance (such as a grant deed). The use of any unassigned or guest parking spaces in the Common Area shall be subject to Rules relating to same, and such Rules may prohibit or restrict Owners and Residents from parking in such spaces. If permitted by the Corporation pursuant to Rules adopted by the Board, the rental or leasing of an Owner's parking space to another Owner may be permitted subject to the Corporation's requirements for same. All parking spaces, carports, and garages in the Development shall be used for the parking of operable motor vehicles designed as passenger vehicles only, provided that such vehicles do not exceed the dimensions of the Owner's or Resident's parking space, carport, or garage. Without limiting the foregoing, parking on streets within the Development shall be governed by the Corporation, and the Board may adopt Operating Rules governing the parking and use of vehicles on streets in the Development.

(2) Each Owner and Resident shall keep his/her/their parking space, carport, or garage in a neat and clean condition, free of oil, grease, and other debris. Storing of personal property in a garage shall be permitted, provided that the garage first accommodates the maximum number of passenger vehicles that it is designed to accommodate. Garages shall not be converted for living or recreational purposes. Garage doors shall remain closed at all times, except when a vehicle is entering or exiting the garage.

(3) No trailer, camper, mobile home, commercial vehicle, truck (other than a standard size pickup truck or sport utility vehicle), boat, or similar equipment, or recreational vehicle, shall be permitted to park or be stored anywhere within the Development, other than temporarily, unless placed or maintained in an area specifically designated for such purposes by the Board. Notwithstanding the foregoing, sedans or standard size pickup trucks that are used both for business and personal use may be parked within the Development, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive, as

determined by the Board, and such vehicles do not contain any trade equipment or tools that are visible from the Common Area.

(4) No motor vehicles that are inoperable, unlicensed, noisy or smoky shall be maintained or operated within the Development. Further, no off-road vehicles shall be maintained or operated in the Development.

(5) No person shall construct, repair, service or maintain any motor vehicle within any portion of the Development, except for emergency repairs, to the extent necessary to remove the vehicle to a proper repair facility, or minor repairs requiring less than one (1) day's work. The washing of vehicles is prohibited within the Development.

(6) No person shall park, leave, or abandon any vehicle in a manner that impedes or prevents ready ingress, egress, or passage through the Development, or in a manner that impedes or prevents access to or from any parking space, carport, or garage within the Development. Notwithstanding the foregoing, the temporary parking of delivery trucks, service vehicles, and other commercial vehicles being used in the furnishing of goods or services to the Corporation, Owners or Residents, and the parking of vehicles belonging to and being used by Owners, Residents, and their Invitees for such loading and unloading purposes, shall be permitted.

(7) The Board, in its discretion, may adopt reasonable Rules consistent with the provisions of this subsection (d). The Corporation shall have the right and power to remove any vehicle within the Development parked in violation of this Declaration or the Rules, in accordance with the provisions of Section 22658 of the Vehicle Code, as may be amended, or any successor statute thereto.

(8) Parking within the Development shall be subject to any parking and related policies adopted by Laguna Woods Village, GRF, or any other community within Laguna Woods Village.

(e) Noise and Sound Reduction.

(1) Noise transmission between adjacent Units is to be expected. Such noise transmission may include, but is not limited to, sounds generated by: footfall; moving of furniture; plumbing and other utility systems; opening and closing of cabinets and drawers; the impact of closing doors; the use of appliances, stereos, radios, televisions, and other electronics; permitted musical instruments; and voices and conversations within a Unit.

(2) No loudspeakers shall be affixed to any wall, ceiling, shelving, or cabinets in a Unit in a manner that causes vibrations discernable in another Unit. Flat screen televisions and similar type devices affixed to walls shall be acoustically isolated to minimize sound transmission to any adjacent Unit. The use of stereo equipment, televisions, radios, musical instruments, and

other sound producing or amplifying devices shall not unreasonably disturb the peace and quiet within the Development for persons of ordinary sensitivities.

(3) All Owners and Residents shall take all reasonable precautions to lower noise transference between Units and abide by any noise reduction ordinance or regulation of the City and/or County. Each Owner shall also abide by the flooring and floor covering restrictions set forth in subsection (c) of Section 6.7 of this Declaration, as may be applicable. No modification or alteration of a Unit shall be permitted that may increase noise transference.

(4) In the event a complaint is made regarding non-compliance with the foregoing noise and sound reduction provisions, the Owners involved shall endeavor to resolve the dispute without involvement of the Corporation. If the Owners are unable to resolve the dispute between themselves, upon request, the Board will evaluate the complaint and determine the appropriate level of Corporation participation in the dispute resolution process, if any; it shall be incumbent upon the complaining Owner to provide substantial evidence of the alleged noise violation to the Board. In no event shall the Corporation be obligated to resolve a noise complaint to the satisfaction of a complaining Owner or other person, if the Board determines the noise complaint is a neighbor-to-neighbor dispute and/or involves a hyper-sensitivity to noise. Any mitigation of noise transference which is required of an Owner by the Corporation shall be the sole responsibility and at the sole cost of such Owner.

(f) Smoking.

No smoking or vaping of tobacco or any other substances shall be permitted in any portion of the Common Area (including, but not limited to, any Exclusive Use Common Area balconies, patios, courtyards, entryways, garages, carports, and parking spaces). The Corporation shall also have the express written authority, pursuant to this subsection (f), to adopt procedures in its Operating Rules to allow the Owners of Units in individual buildings to designate their building as a non-smoking building in which no smoking shall be permitted, including the individually owned Units. This subsection (f) shall be construed to allow non-smoking buildings pursuant to its Operating Rules notwithstanding the fact that the Operating Rules are not recorded in the County, and such Operating Rules shall have the same force and effect as this Declaration.

If the City, County, or State of California adopts an ordinance or law allowing the Corporation to prohibit smoking in Units throughout the Development, the Board may, in its sole discretion, adopt and enforce a Rule prohibiting smoking in all Units. If the City, County, or State of California adopts an ordinance or law that would prohibit or ban smoking in Units, all Owners, Residents, and their Invitees shall be required to comply with such ordinance or law, and the failure to do so shall be deemed a violation of this Declaration.

In the event a complaint is made regarding smoking of tobacco or any other substance within a Unit, the parties involved shall endeavor to resolve the dispute without involvement of

the Corporation. However, upon request, the Board will evaluate the complaint and determine the appropriate level of Corporation participation in the dispute resolution process, if any. Notwithstanding the foregoing, in no event shall the Corporation be obligated to resolve a complaint regarding smoking within a Unit to the satisfaction of a complaining party if the Board determines such complaint is a neighbor-to-neighbor dispute and/or involves a hyper-sensitivity to smoke.

(g) Flammable, Toxic and Hazardous Substances.

No Owner shall store gasoline, kerosene, cleaning solvents, or other flammable liquids or substances, or any toxic or hazardous materials, in any Unit or in the Common Area, including any Exclusive Use Common Area balconies, patios, courtyards, or carports/parking spaces; provided, however, that reasonable amounts of these liquids, substances, or materials placed in appropriate containers and packaged for normal household use, such as for cleaning purposes, may be stored by an Owner within his/her/their Unit, garage or storage area.

(h) Garbage and Recycling Disposal.

All rubbish, trash, garbage, and recycling materials shall be regularly removed from a Unit and shall not be allowed to accumulate on the Property. Trash, garbage, recycling materials, and other waste shall be kept only in containers designed for such items, and such containers shall be kept in a clean and sanitary condition at all times; the Board may adopt Rules regulating the placement of such containers within the Common Area. No toxic or hazardous materials may be disposed of within the Property by dumping in garbage containers or down drains, or otherwise, other than those required, in limited quantities, for the normal cleaning of a Unit or Exclusive Use Common Area.

(i) Machinery, Equipment and Tools.

No machinery or equipment of any kind shall be maintained or operated within the Development, except as is customary and necessary in connection with the residential use of the Units. Exercise equipment may only be operated in a Unit if such equipment operates at a reasonable noise level, is standard in size, and there is no impact to the structural integrity of the Unit as further described in subjection (j) of this Section 6.5; the Board may adopt Operating Rules regulating the use of exercise equipment in the Units. No Owner shall use power tools in the Development, other than ordinary household tools; welding, carpentry, and other power tools and equipment that can be heard from the Common Area or another Unit may not be used within the Development.

(j) Structural Integrity.

No Owner may install, place, or store items within his/her/their Unit that exceed, individually or collectively, the maximum load that the Unit floor is designed to carry. Nothing may be done in any Unit or the Common Area that will impair the structural (including, but not limited to, the water seal or water tight condition) or acoustical integrity of any structure in the

Development, or that may alter the plumbing, electricity, natural gas (if applicable), or other facilities serving any other Unit or the Common Area (or any Exclusive Use Common Areas). This subsection (j) shall be applicable to the use or placement of exercise equipment in the Unit.

(k) Roof.

No Owners, Residents, or their Invitees shall at any time for any reason whatsoever enter upon or attempt to enter upon the roof of any building at the Property without the prior written approval of the Corporation. The Corporation may condition any Improvements on the roof (including but not limited to skylight, solar tube, and solar energy system installations) upon the use of a contractor or roofer approved by the Corporation.

(*l*) Fires.

No open flames of any kind are permitted within any Unit, other than (i) candles and other open-flame decorative lighting that are well secured to prevent overturning, placed on noncombustible bases, and kept away from drapes, curtains and other combustible items and materials and (ii) within fireplaces. Outdoor fires are prohibited, except those contained in propane or gas barbecues on Exclusive Use Common Area balconies, patios, and courtyards which are operated in accordance with manufacturer's recommendations and in a manner that does not create a fire hazard, subject to any Rules regarding the use, permitted location, or types of barbecues within the Development; provided, however, if any City and/or County ordinance or regulation prohibits the transport or use of propane or gas barbecues within any portion of the Development, all Owners, Residents and their Invitees shall be required to comply with such ordinance or regulation.

(m) Washers or Dryers in Units.

No washers, dryers, or other laundry machines in a Unit or Unit garage where there is not an existing washer, dryer or laundry machine may be installed or used in any Unit/Unit garage at any time unless such installation is approved in writing by the Corporation pursuant to Article VIII of this Declaration.

(n) Balconies, Patios, Driveways, and Courtyards.

(1) Each Owner of a Unit which has a balcony, patio, courtyard, entryway, or similar Exclusive Use Common Area appurtenant to the Unit shall have the right to furnish such area with outdoor furniture, decorations, and plants consistent with the architecture of the Development and reasonable residential use. In no event shall unsightly objects be placed or stored in such area where they may be seen from other Units, the Common Area, or by the public in general, nor may objects be placed in such a manner so as to impede ingress or egress to the Common Area or the Unit. No clothing, towels, or other items may be left or hung on the rails or walls of a balcony, patio, or courtyard, and no rugs or other items may be shaken or dusted from a balcony, patio, courtyard, or similar area where it may create a nuisance to neighboring Units. No balcony, patio, or courtyard may be used to store an owner's personal items. Notwithstanding

the foregoing, the Board may adopt Operating Rules regulating items on balconies, patios, driveways and courtyard areas.

(2) Owners shall not construct or install any enclosing structure on a balcony, patio, or courtyard without the prior written approval of the Architectural Control Committee. No deck/floor covering of any kind or nature may be installed on any balcony, patio, or courtyard without the prior written approval of the Architectural Control Committee. No objects may be placed on the handrails or walls of balcony, patio, or courtyard or hung from any part of a balcony, patio, or courtyard, and no penetration (including but not limited to metal objects and decorations) may be made on the exterior walls of a balcony or patio or in the balcony deck or patio flooring or the overhang (ceiling) of a balcony or patio.

(3) Plants may be maintained on a table or other permitted furniture on a balcony, patio, or courtyard or on the floor of any such area, so long as such plants are set on a saucer, drip tray, or other container/item that can easily hold and absorb excess water. The Corporation may adopt Rules regarding plants kept in Exclusive Use Common Areas appurtenant to a Unit and any adjacent Common Areas, which may include, without limitation, limits on the type, size, number, placement, and condition of any such plants maintained by an Owner or Resident. The use of a hose to water plants within any balcony or driveway area is prohibited.

(4) Floor surfaces within a balcony may be damp mopped, provided that the water or other substance used for such damp mopping shall be strictly confined to such balcony area. No person may engage in any activity which results in water or any other substance leaking or dripping onto other portions of the Common Area (including, but not limited to, other balconies or patios) and/or Units within the Development. Each Owner shall keep all drains and overflows located in his/her/their balcony, patio, courtyard, driveway, or similar area, as may be applicable, free and clear of debris.

(o) Marketing of Units.

The Corporation may not arbitrarily or unreasonably restrict an Owner's ability to market the Owner's Unit. The Corporation may not adopt, enforce, or otherwise impose any Rule that does either of the following: (1) imposes an Assessment or fee in connection with the marketing of an Owner's Unit in an amount that exceeds the Corporation's actual or direct costs; or (2) establishes an exclusive relationship with a real estate broker through which the sale or marketing of Units in the Development is required to occur. The limitation set forth in this subsection does not apply to the sale or marketing of Units owned by the Corporation. For purposes of this subsection, "market" and "marketing" mean listing, advertising, or obtaining or providing access to show an Owner's Unit. This subsection does not apply to Rules made in accordance with Sections 712 or 713 of the Civil Code regarding "for sale" signs.

(p) Filming Activities.

The provisions of subsection (a) of this Section 6.4 shall not preclude the use of any Unit for the filming of motion pictures, television programs, and/or commercials, provided that all of the following conditions are fulfilled: (1) all filming activities must be conducted in conformance with all applicable laws and subject to any GRF, Laguna Woods Village, other Laguna Woods Village communities/mutuals, and/or Corporation policies on filming; (2) all filming activities must be restricted to the confines of the Owner's Unit; (3) no filming activities may use the name, image, or likeness of any persons within the Development without such person's consent, or identify the Development; (4) no filming activities may interfere with the traffic flow, parking, or use of the Development, create excessive noise, light, or glare, or unreasonably interfere with the rights of any persons within the Development; (5) no filming activities may increase the liability or casualty insurance obligations or premiums of the Corporation; (6) all filming activities must be consistent with any Rules established by the Board for filming and conform with the provisions of this Declaration; (7) the Owner of the Unit agrees to pay to the Corporation any fees established by the Board from time to time for filming in Units to offset the impact of the filming on the Common Area; (8) the Owner of the Unit completes and executes any forms (including but not limited to film scheduling forms and/or film indemnity agreements) required by the Board prior to the filming occurring; and (9) no portion of the Common Area is used for filming activities, other than to transport cast, crew, and equipment to and from the Unit.

The Corporation may allow the use of the Common Area for the filming of motion pictures, television programs, and/or commercials by third party production companies contracting with the Corporation, pursuant to such terms and conditions as the Board deems reasonable.

Section 6.6. Leasing of Units.

(a) General.

The rental or leasing of any Unit shall be subject to the provisions of this Section 6.6. When the term "***rent***" is used in this Section 6.6, it shall be deemed to mean and include the rental and/or leasing of a Unit.

(b) Lease Waiting Period.

To the fullest extent permitted by law, no Owner may rent his/her/their Unit during the two (2) year period immediately following the Owner's purchase or assumption of title to the Unit (the "***Lease Waiting Period***").

(c) Restriction on Number of Units Leased.

(1) No more than thirty percent (30%) of the Units in the Development shall be rented at any time (the "***Leasing Cap***").

(2) After the expiration of the Lease Waiting Period for an Owner's Unit, an Owner desiring to rent his/her/their Unit may submit to the Board a written request for approval to rent. No Owner shall rent his/her/their Unit prior to receiving written approval from the Board.

(A) Except as otherwise provided in the Governing Documents, including any Rules duly adopted by the Board, (i) the Board shall deny an Owner's request for approval to rent the Owner's Unit if the number of rented Units, plus the number of Units for which other Owners have received Board approval to rent but which are not yet rented, plus the Owner's Unit (the "***Leased Unit Calculation***") exceeds thirty percent (30%) of the Units in the Development; (ii) if the Leased Unit Calculation does not exceed thirty percent (30%) of the Units in the Development, the Board shall grant an Owner's request for rental approval.

(B) In the event an Owner's request for approval to rent is denied due to the Leasing Cap, the Owner shall be placed on a waiting list maintained by the Corporation, and the Owner shall be given an opportunity to rent his/her/their Unit when such Owner's name is first on the waiting list and the Leased Unit Calculation no longer exceeds thirty percent (30%) of the Units in the Development, subject to any policies and procedures adopted by the Board.

(C) The Board shall adopt and maintain written procedures regarding the application process for Owners to request and obtain permission from the Corporation to rent their Units, eligibility for an Owner to lease such Owner's Unit, and the administration of a waiting list once the Leasing Cap has been reached.

(3) Prior to renting his/her/their Unit (after approval for rental has been given by the Corporation), the Owner shall provide the Corporation verification of the date the Owner acquired title to the Unit and the name and contact information of the prospective Tenant or the prospective Tenant's representative.

(d) Lease Requirements.

(1) Subject to the Lease Waiting Period, the Leasing Cap, and the provisions of subsection (c) of this Section 6.6, an Owner may rent his/her/their Unit pursuant to a Lease that is: (A) in writing; (B) for a term of at least thirty (30) days (the "***Minimum Lease Term***"); and (C) subject in all respects to the Governing Documents, including, but not limited to, this Declaration. A copy of any fully executed Lease for a Unit shall be provided to the Corporation by the Owner prior to a Tenant moving into the Owner's Unit, and upon request by the Corporation. Notwithstanding the foregoing, if any law allows the maximum allowable Minimum Lease Term to exceed thirty (30) days, the Minimum Lease Term shall be applicable to the fullest allowable number of days permissible under the law.

(2) The Lease shall include a statement that any failure by the Tenant to comply with the Governing Documents will constitute a default under the Lease. The following paragraph, or a substantially similar paragraph, shall be included in each Lease:

> *In accepting this Lease, Tenant acknowledges that Tenant has received, read, and understands the Superseding Declaration of Covenants, Conditions and Restrictions for Third Laguna Woods Mutual and the rules, regulations, and policies of Third Laguna Woods Mutual (the "Governing Documents"). Tenant agrees to comply with the terms of the Governing Documents, and acknowledges that any failure by Tenant, or Tenant's family members, social guests, houseguests, servants, employees, or agents, to comply with the terms of the Governing Documents shall constitute a default under this Lease and may result in the early termination of this Lease.*

(3) No less than the entirety of a Unit may be rented under a Lease, or otherwise. No room rental arrangements, nor subleases, shall be permitted and no Owner or Tenant may advertise for any room rental or rent sharing agreement (for example only, without limitation, listed on Craigslist, Nextdoor, or any similar website).

(4) No sub-rental of a Unit shall be permitted, and no Unit may be used for hotel or transient, vacation rentals (for example only without limitation, listed on Airbnb, VRBO or a similar website) or rented to a corporate housing company.

(5) Each Owner shall be responsible for any and all violations of the Governing Documents committed by any Tenant of the Owner's Unit. If any Tenant of a Unit violates the Governing Documents, the Corporation may bring an action in its own name and/or in the name of the Unit Owner to have the Tenant evicted and/or to recover damages; a court may find a Tenant guilty of unlawful detainer despite the fact that an Owner may not be the plaintiff in the action and/or the Tenant is not otherwise in violation of the Lease. If permitted by law, the Corporation may recover all costs, including, without limitation, attorneys' fees and costs, in prosecuting any unlawful detainer action against a Tenant of a Unit pursuant to the foregoing provisions. The remedies described in this subsection (d) are not exclusive and are in addition to any other remedies available to the Corporation by law, in equity, and/or by the authority of the Governing Documents, including, but not limited to, this Declaration.

(6) Each Owner shall be deemed to have agreed to save, hold harmless, indemnify, and defend the Corporation and its Directors, officers, agents, representatives, and employees from and against any and all claims, demands, actions, causes of action, liabilities, damages, and expenses arising out of, or incurred as a result of, the rental/leasing of the Owner's Unit, together with all costs, expenses, and attorneys' fees resulting therefrom.

(7) The Corporation may adopt other requirements, policies, and procedures relating to the leasing of any Unit as Operating Rules, which shall apply to all Owners who seek to rent their Units.

(e) Exemptions; Enforcement.

(1) Upon application by an Owner to rent his/her/their Unit, the Board shall be authorized and empowered, in its sole and reasonable discretion, to grant a hardship exemption for the Owner with respect to the Lease Waiting Period, the Leasing Cap and/or the Minimum Lease Term. For purposes of this subsection, a "hardship" shall be defined as the need of an Owner to rent his/her/their Unit as a result of an unforeseeable event and/or because enforcement of the Lease Waiting Period, Leasing Cap, and/or Minimum Lease Term against the Owner could reasonably subject the Owner to suffer a severe financial difficulty.

(2) If an Owner rents his/her/their Unit without approval from the Board, or otherwise in violation of the provisions of this Section 6.6, the Owner shall be subject to disciplinary measures, including, but not limited to: (A) a monetary penalty in an amount to be determined by the Board; (B) other disciplinary measures; and/or (C) a Reimbursement Assessment in an amount equal to the costs incurred by the Corporation related to addressing such violation, including, without limitation, attorneys' fees and costs, irrespective of whether the Corporation is able to obtain a court order to evict the Tenant or otherwise effectuate the legal eviction of the non-compliant Tenant from the Owner's Unit.

(3) Notwithstanding anything to the contrary contained in this Section 6.6, the Lease Waiting Period shall not apply to any Owner of record as of the recordation date of this Declaration; further, the Lease Waiting Period and Leasing Cap shall not apply to any Owner exempted from the Lease Waiting Period and/or the Leasing Cap under the Davis-Stirling Act. Without limiting the foregoing, the Lease Waiting Period, Leasing Cap, and Minimum Lease Term shall not apply to the Corporation, nor shall the Minimum Lease Term apply to any Lease in effect as of the recordation date of this Declaration.

(4) Notwithstanding anything to the contrary contained in this Section 6.6, should any law limit the Association's ability to impose any restrictions with respect to the lease or rental of a Unit, the Board is hereby authorized to adopt Rules implementing such restrictions to the fullest extent not inconsistent with the law.

Section 6.7. Specified Architectural and Design Restrictions.

This Section 6.7 includes provisions relating to certain architectural and design restrictions within the Development. The following provisions shall be subordinate to the architectural and design control provisions of Article VIII of this Declaration, unless otherwise provided in this Section 6.6.

(a) Subdivision of Units.

No Unit may be physically or legally subdivided.

(b) Window Coverings.

Window coverings on windows visible from another Unit, the Common Area, or public streets abutting the Property shall be restricted to drapes, curtains, shutters, or blinds of a white or off-white color, unless the Corporation's Rules provide otherwise. No film, tint, paper, foil, paint, or reflective substances may be applied to the glass portion of any window. Window coverings shall not interfere with any fire sprinklers installed in or adjacent to a Unit, as may be applicable.

(c) Owner-Installed Improvements.

No Owner may install outdoors any awnings, screen doors, sunshades, wiring, air conditioning equipment, heating units, water softeners, other similar Improvements, or other exterior additions, nor may any Owner make alterations to the exterior surfaces of any building or other portion of the Common Area, except pursuant to the provisions of this Declaration and subject to the advance written approval of the Architectural Control Committee (in accordance with the provisions of Article VIII of this Declaration).

(d) Right to Display the American Flag.

Except as required for the protection of the public health or safety, an Owner may display the flag of the United States on or in the Owner's Unit or within the Owner's Exclusive Use Common Area. For purposes of this provision, "display the flag of the United States" means a flag of the United States made of fabric, cloth, or paper displayed from a staff or pole or in a window, and does not mean a depiction or emblem of the flag of the United States made of lights, paint, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component.

(e) Displaying of Signs.

(1) An Owner may post or display noncommercial signs, posters, flags, or banners on or in the Owner's Unit, except as required by the Corporation for the protection of public health or safety or if the posting or display would violate a local, state, or federal law. For purposes of this provision, a noncommercial sign, poster, flag, or banner may be made of paper, cardboard, cloth, plastic, or fabric, and may be posted or displayed from the yard, window, door, balcony, or outside wall of the Unit, as may be applicable, but may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component, or include the painting of architectural surfaces. The Corporation may adopt Rules not inconsistent with the Davis-Stirling Act regulating the posting or display of noncommercial signs, posters, flags, or banners on or in Owners' Units. Noncommercial signs and posters that are more than nine (9) square feet in size and noncommercial flags or banners that are

more than fifteen (15) square feet in size are prohibited within the Development. No Owner shall post noncommercial signs, posters, flags or banners within the Common Area, except as permitted under this subsection (e) or by law.

(2) No commercial signs, posters, flags, or banners may be posted or displayed on or in any Unit or any portion of the Common Area. Notwithstanding the foregoing, an Owner or his or her agent may display or have displayed on or in the Owner's Unit "for sale" signs, so long as such signs are reasonably located, in plain view of the public, of reasonable dimensions and design, and do not adversely affect public safety (including traffic safety), advertising the following: (A) that the Unit is for sale, lease, or exchange by the Owner or his or her agent; (B) directions to the Unit; (C) the Owner's or agent's name; and/or (D) the Owner's or agent's physical address, email address, and telephone number. "For sale" signs may not be posted on or in the Common Area.

(f) Installation of Video and Television Antenna.

(1) The installation and use of a video or television antenna (an "***Antenna***"), including a satellite dish, that has a diameter or diagonal measurement of thirty-six (36) inches or less, and the attachment of that Antenna to a structure within the Development where the Antenna is not visible from any street or Common Area, shall be permitted, subject to the provisions of this subsection (f) and applicable state and federal law. The installation and use of an Antenna that has a diameter or diagonal measurement in excess of thirty-six (36) inches shall be prohibited within the Development. No Owner shall have the right to install an Antenna in the Common Area, except with the prior written approval of the Corporation. If approved, such installation shall be subject to a recorded covenant to run with the land, the cost of which, including the preparation and recordation of same, shall be the responsibility of the requesting Owner.

(2) The installation of a permitted Antenna shall require advance written approval of the Corporation. The application for approval of such installation or use shall be processed by the Corporation in the same manner as an application for approval of an architectural modification to the Property (in accordance with Article VIII of this Declaration), and the issuance of a decision on the application shall not be willfully delayed.

(3) The Corporation may impose reasonable restrictions on the installation or use of an Antenna that has a diameter or diagonal measurement of thirty-six (36) inches or less. For purposes of this provision, "reasonable restrictions" means those restrictions that do not significantly increase the cost of the Antenna system, including all related equipment, or significantly decrease its efficiency or performance, and include, without limitation, the following: (A) a provision for the maintenance, repair, or replacement of roofs or other building components; and (B) requirements for installers of a video or television antenna to indemnify or reimburse the Corporation or its Members for loss or damage caused by the installation, maintenance, or use of the video or television antenna.

(g) Electric Vehicle Charging Stations.

(1) An Owner may install and use an electric vehicle charging station (a "***Charging Station***") in the Owner's designated parking space, including, but not limited to, a deeded parking space, a parking space in an Owner's Exclusive Use Common Area, or a parking space that is specifically designated for use by a particular Owner, as may be applicable, subject to applicable provisions of the Davis-Stirling Act and any reasonable restrictions imposed by the Corporation. The installation or use of any Charging Station that would alter or modify the Common Area must first be approved by the Architectural Control Committee, in accordance with the provisions of Article VIII of this Declaration. If approved, such installation shall be subject to a recorded covenant to run with the land, the cost of which, including the preparation and recordation of same, shall be the responsibility of the requesting Owner.

An Owner using a Charging Station shall be responsible for the electricity used by the Charging Station, and shall reimburse the Corporation for same if the Charging Station is not separately metered to the Owner's Unit.

(2) The Corporation shall have no obligation to resolve any disputes related to allegations or claims that any Owner or other person has used another Owner's Charging Station without permission, or that any Owner or other person has damaged another Owner's Charging Station. A Charging Station installed and/or used by an Owner at the Development, as permitted under this subsection (g), shall be considered an Owner's personal property for which the Owner is solely responsible.

(h) Solar Energy Systems.

The installation and use of solar energy systems within the Development shall be subject to the provisions of Sections 714 and 714.1, and other applicable provisions, of the Civil Code. No Owner shall have the right to install a solar energy system in the Common Area, except with the prior written approval of the Corporation. If approved, such installation shall be subject to a recorded covenant to run with the land, the cost of which, including the preparation and recordation of same, shall be the responsibility of the requesting Owner.

The Corporation may impose reasonable restrictions on the installation and use of solar energy systems on or in Units; for purposes of this provision, reasonable restrictions are those restrictions that do not significantly increase the cost of the solar energy system or significantly decrease its efficiency or specified performance, or that allow for an alternative system of comparable cost, efficiency, and energy conservation benefits.

(i) No Right to Light, View or Air.

There is no protected light, view or air in the Development, and no Unit is assured the existence or unobstructed continuation of any particular light, view, or air. Any construction,

the growth of landscaping, or other installation of Improvements by the Corporation, an Owner or the owners of other property in the vicinity of the Development may impair the light, view or air from any Unit, and each Owner shall be deemed to have consented to any such view impairment.

Section 6.8. Restrictions on Unit Modification.

This Section 6.8 includes provisions relating to certain restrictions related to the modification of Units. The following provisions shall be subordinate to the architectural and design control provisions of Article VIII of this Declaration, unless otherwise provided in this Section 6.8.

(a) Modifications in General.

Subject to the Governing Documents, applicable law, and applicable architectural requirements and/or Design Guidelines, an Owner may make any Improvement or alteration within the boundaries of the Owner's Unit that does not impair the structural integrity or mechanical systems, or lessen the support, of any portions of the Development. Any change in the exterior appearance of a Unit shall be subject to the prior written approval of the Corporation in accordance with the Governing Documents and applicable provisions of law.

(b) Access for Disabled Persons.

(1) Subject to the Governing Documents and applicable law, an Owner may modify the Owner's Unit, at the Owner's expense, to facilitate access for persons who are blind, visually handicapped, deaf, or physically disabled, or to alter conditions which could be hazardous to these persons. These modifications may also include, without limitation, modifications of the route from the public way to the door of the Unit if the Unit is on the ground floor or already accessible by an existing ramp or elevator.

(2) The modification rights granted in this subsection (b) are subject to the following conditions:

(A) The modifications shall be consistent with applicable building code requirements.

(B) The modifications shall be consistent with the intent of otherwise applicable provisions of the Governing Documents pertaining to safety or aesthetics.

(C) Modifications external to the Unit shall: (i) not prevent reasonable passage by other Owners, Residents, or their Invitees; and (ii) shall be removed by the Owner when his or her Unit is no longer occupied by persons requiring those modifications who are blind, visually handicapped, deaf, or physically disabled, and in no event later than the date when title to the Unit is no longer held in the name of such Owner.

(D) Any Owner who intends to modify his or her Unit to facilitate such access shall submit plans and specifications to the Corporation for review to determine whether the modifications will comply with the foregoing provisions. The Corporation shall not deny approval of the proposed modifications without good cause.

(c) Flooring in Units.

The following provisions apply to the installation and maintenance of flooring in Units. Flooring materials other than carpeting and padding shall be referred to collectively in this subsection (c) as "***Hard Surface Flooring***."

(1) In deciding upon floor coverings, whether Hard Surface Flooring or otherwise, Owners shall take all reasonable measures to choose floor coverings that mitigate sound transfer between Units.

(2) All floor coverings within a Unit, whether Hard Surface Flooring or otherwise, must be underlain with a sound attenuating material that, if installed pursuant to manufacturer's recommendations, will minimize impact noise to a reasonable level that does not cause a noise disturbance to the Residents of any other Units, and in all events meet noise level standards established by the City and/or County.

(3) Owners with Hard Surface Flooring in their Units shall take steps to help minimize noise transfer to other Units. Such steps may include, without limitation and as appropriate, (A) placing area rugs with padding underneath in the foot traffic areas of such floors and (B) placing felt or rubber pads (or similar items) underneath the legs of furniture on such floors.

(4) It is recognized that even with compliance with the requirements of this subsection (c), some noise from footfall, moving of furniture, and other activities within a Unit may be noticeable in other Units to a certain degree.

(A) In the event an issue arises between two or more Owners regarding floor noise or sound allegedly emanating from one of the Owner's Units, the Owners involved shall initially endeavor to resolve the dispute without involvement of the Corporation.

(B) If the Owners involved in such dispute are unable to resolve the alleged floor noise/sound issues, the complaining Owner may advise the Board of the complaint and shall be required to provide evidence and information as requested by the Board or as required by any Operating Rules adopted regarding flooring complaints, so that the Board may conduct an investigation. The Board shall evaluate the complaint and the evidence submitted, and, if the Board determines, in its reasonable discretion, that an Owner may have installed flooring in his/her/their Unit in violation of this subsection (c), the Board may further investigate such allegation. If the Board determines that an inspection of a Unit is required as a part of the investigation of such

allegation, each Owner party to the dispute shall grant access to his/her/their Unit for such inspection. Should the Board determine that an Owner has installed flooring in his/her/their Unit that is not in compliance with this subsection (c), any expenses and costs incurred by the Corporation as a part of the inspection of such flooring shall be levied against the non-compliant Owner as a Reimbursement Assessment.

(C) The Board shall have the power to require an Owner to remove floor covering from his/her/their Unit which does not adequately mitigate sound transfer and reduce noise in compliance with this subsection (c) and/or any Rules promulgated by the Board relating to flooring, and replace such floor covering with compliant materials at the Owner's sole cost. The expenses and costs incurred by the Corporation to enforce such compliance by an Owner may be levied against the Owner as a Reimbursement Assessment.

(5) Notwithstanding the foregoing, in no event shall the Corporation be obligated to enforce the restrictions set forth in this subsection (c), or resolve a floor noise or sound complaint to the satisfaction of a complaining Owner, if the Board determines the noise or sound complaint is a neighbor-to-neighbor dispute and/or involves a hyper-sensitivity to noise.

(6) The Board, in its discretion, may adopt reasonable Operating Rules regarding the installation and maintenance of Hard Surface Flooring and other floor coverings within Units, consistent with this subsection (c); such Operating Rules may include, without limitation, the requirement that an Owner obtain advance written approval of the Architectural Review. before installing Hard Surface Flooring in his/her/their Unit, minimum sound rating requirements, and specific padding or underlayment requirements for flooring materials installed in Units.

(d) Exclusive Use Common Area.

Except as provided by the Governing Documents, no Owner shall have the right to paint, decorate, remodel, alter, or otherwise modify any portion of any Exclusive Use Common Area.

Section 6.9. Grandfathering of Pre-Existing Conditions.

The following conditions within any Unit or other portion of the Development are grandfathered and excepted from compliance with this Declaration if such conditions were in compliance with both the Prior Declaration as of the date of recordation of this Declaration and the then current Rules of the Corporation: (1) the number and type of pets; and (2) existing architectural and design modifications. Such grandfathered conditions must otherwise comply with the requirements of this Declaration. There shall be no grandfathering of any other conditions occurring or arising, after the date of recordation of this Declaration.

Nothing contained in this Section 6.9 shall be deemed or construed to be approval or acceptance by the Corporation of any condition (pre-existing or otherwise) which constitutes a

violation of the Prior Declaration, the Governing Documents, or any law. In any dispute over whether a condition which violates this Declaration was pre-existing and/or is grandfathered under this Section 6.9, the burden of proof will be on the Owner who is in violation of this Declaration. Conditions which violate this Declaration and are not grandfathered under this Section 6.9 shall be required to be corrected by the Owner in violation.

ARTICLE VII
MAINTENANCE AND REPAIR

Section 7.1. Maintenance Standards.

The Corporation shall maintain everything it is obligated to maintain in a clean, sanitary, and attractive condition. The Board shall determine, in its sole discretion, the level and frequency of maintenance of those portions of the Common Area and Improvements thereon for which the Corporation is responsible. Each Owner shall maintain everything the Owner is obligated to maintain in a clean, sanitary, and attractive condition. For purposes of this Article VII, "***maintain***" shall mean maintain, repair, and replace, unless the context clearly indicates otherwise.

Section 7.2. General Maintenance Obligations.

Except to the extent provided otherwise in this Declaration, the Corporation shall maintain the Common Area and the Owners shall maintain their respective Units. Each Owner shall immediately notify the Corporation of any dangerous, defective, or other condition in the Owner's Unit which could cause injury to persons or property within the Development. Unless other arrangements are entered into with the Corporation, all Owner-installed Improvements in the Common Area must be approved in writing by the Corporation in accordance with architectural approval requirements and maintained by the Owner who installed the Improvements; if the Owner fails to maintain those Improvements, or those Improvements were not installed in compliance with the requirements of this Declaration, the Corporation may, in the Board's discretion, remove part or all of the Improvements, and levy the cost of such removal as a Reimbursement Assessment against the Owner.

Section 7.3. Owner Maintenance Obligations.

(a) Maintenance of Units.

Each Owner shall be responsible, at the Owner's sole cost and expense, for the maintenance of items within the Owner's Unit, as described on Exhibit "E" attached hereto and incorporated herein by reference, in accordance with the requirements of this Declaration. To the extent any item within and a part of an Owner's Unit is not described on Exhibit "E," the Owner shall be responsible for the maintenance of such item, unless otherwise expressly provided in this Declaration.

(b) Maintenance of Exclusive Use Common Areas.

Each Owner shall be responsible, at the Owner's sole cost and expense, for the maintenance of items within the Owner's Exclusive Use Common Areas as described on Exhibit "E," in accordance with the requirements of this Declaration. To the extent an item within an Owner's Exclusive Use Common Area is not described on Exhibit "E," the Owner shall be responsible for the maintenance only (and not the repair or replacement) of such item, unless otherwise expressly provided in this Declaration.

(c) Failure to Maintain.

If an Owner fails to maintain any Improvement or other item the Owner is obligated to maintain, the Corporation has the power, but not the duty, to perform the maintenance, including corrective janitorial and repair work. In a situation that the Corporation determines to be an emergency, the Corporation may perform the maintenance immediately; in all other cases, the Corporation may perform the maintenance after notice and a disciplinary hearing in accordance with the provisions of the Bylaws. For purposes of the foregoing sentence, an "emergency" is any situation where there is an imminent risk of injury to Persons or damage to property within the Development. The cost of any such corrective work shall be levied against the Owner as a Reimbursement Assessment.

(d) Notification of Defective Conditions to Corporation.

Owners are obligated to promptly notify the Corporation of any defective condition that is the responsibility of the Corporation to maintain or repair which is evident from within the Owner's Unit or any Exclusive Use Common Area serving the Owner's Unit. The Corporation may, in the Board's sole discretion, hold an Owner responsible for any costs incurred by the Corporation, or for any damage to the Owner's Unit, other Units or the Common Area, resulting from the Owner's delay in reporting evidence of such defective condition to the Corporation.

(e) Adoption of Specific Maintenance Requirements.

The Board shall have the power to adopt, as Operating Rules, specific guidelines and requirements for the maintenance of items within and a part of the elements of the Units in order to help ensure for the proper preservation and protection of the Common Area and/or the Development as a whole.

Section 7.4. Corporation Maintenance Obligations.

The Corporation shall be responsible for the maintenance of those items for which the maintenance is not allocated to the Owners in this Declaration, subject to an Owner's obligation to reimburse the Corporation for costs incurred by the Corporation for such maintenance due to damage caused by or resulting from the negligence, acts, omissions, or willful misconduct of the Owner, a Resident of the Owner's Unit, or an Invitee of either. A summary of certain maintenance responsibilities of the Corporation is described on Exhibit "E."

Section 7.5. Eradication of Wood-Destroying Pests.

The Corporation shall be responsible for the prevention and eradication of infestation by wood-destroying pests and organisms (collectively, "***Pests***") in the Common Area. The Corporation may, if determined by the Board to be economically feasible, adopt an inspection and prevention program for the prevention and eradication of infestation by Pests within the entire Development, including both the Common Area and the Units. If the Corporation does not adopt such program, each Owner shall be responsible for the prevention and eradication of infestation by Pests within his/her/their Unit.

The Corporation may cause the temporary, summary removal of any Owner, Resident, or Invitee from a Unit for such periods and at such times as may be necessary for prompt, effective treatment of Pests. The Corporation shall give notice of the need to temporarily vacate a Unit to the Residents and Owners of such Unit not less than fifteen (15) days nor more than thirty (30) days prior to the date of the temporary relocation. The notice shall state the reason for the temporary relocation, the date and time of the beginning of treatment, and the anticipated date and time of termination of treatment. Notice by the Corporation shall be deemed complete upon either: (1) personal delivery of a copy of the notice to the Residents of the Unit, and if the Owner of the Unit is not one of the Residents, Individual Delivery of a copy of the notice to the Owner; or (2) Individual Delivery to the Residents of the Unit at the address of the Unit, and if the Owner is not one of the Residents of the Unit, Individual Delivery of a copy of the notice to the Owner.

Section 7.6. Damage to Units.

(a) Owner Responsibility.

Each Owner shall be responsible for repairing and restoring any damage to the Owner's Unit, whether such damage is caused by fire, water intrusion, or other casualty, including, but not limited to, the abatement of mold. This obligation shall apply no matter the cause or source of the damage, including, but not limited to, an Improvement or item located within the Common Area or another Unit, and whether or not an insurance policy carried by the Corporation may cover any portion of the cost to repair or restore such damage.

(b) Corporation Liability.

The Corporation shall not be financially liable for any costs incurred by an Owner to repair or restore any damage to the Owner's Unit (including but not limited to any costs incurred by an Owner to perform the remediation of mold within the Owner's Unit), caused by or resulting from pipes, drains, conduits, appliances, equipment, electrical sources, roofs, or any other Improvement or item located within and a part of the Common Area, unless such damage was caused by the willful misconduct or negligence of the Corporation or any of its Directors, officers, agents, representatives, or employees. In no event shall the Corporation be liable for damage to a Unit caused by an Owner, Resident, or Invitee, or resulting from an Improvement or item which is located within another Unit and/or the responsibility of an Owner. Notwithstanding the foregoing, if the Corporation performs any maintenance, repair, or remediation work within a Unit to abate water or other substances, or damage, within the Unit in order to protect and preserve the

Common Area or other items for which the Corporation is responsible, such action by the Corporation shall not be deemed to be an admission or acceptance of liability for any damage to an Owner's Unit.

(c) Insurance.

Each Owner shall maintain the insurance coverage and policies required of Owners under Section 9.3 of this Declaration. An Owner shall be required to submit a claim against his/her/their personal insurance policy for any damage to his/her/their Unit, to the extent such damage is not covered by an insurance policy maintained by the Corporation pursuant to Section 9.1 of this Declaration and/or the cost to repair or restore such damage is less than the deductible amount under the insurance policy or policies maintained by the Corporation pursuant to Section 9.1 of this Declaration. There is no guarantee that any insurance policy maintained by the Corporation pursuant to this Declaration will cover any damage to a Unit, and each Owner should presume that there will be no such coverage. If a claim is made against an insurance policy maintained by the Corporation, one or more Owners may be held responsible for the amount of the deductible under such policy, as further described in Article IX, Section 9.2(f) of this Declaration.

(d) Owner-to-Owner Disputes.

Nothing contained in this Section 7.6 shall be construed to limit the ability of an Owner to recover from any other Person (Owner, Resident, Invitee, or otherwise) costs incurred by such Owner in the repair and restoration of damage to the Owner's Unit caused by and/or the responsibility of such Person.

(e) Personal Property.

Each Owner and Resident shall be responsible, at his/her/their sole cost, to repair, restore, and replace any personal property located within the Owner's or Resident's Unit or Exclusive Use Common Area that is damaged, no matter the cause or source of such damage, including, but not limited to, furniture, rugs, light fixtures, appliances, electronics, clothing, art work, and all other items, belongings, and possessions of the Owner or Resident. Under no circumstance shall the Corporation have any liability for damage to the personal property of any Owner, Resident or Invitee.

Section 7.7. Temporary Relocation Costs.

The costs of temporary relocation of an Owner or Resident during the repair and/or maintenance of (1) any portion of the Common Area or other areas of the Development within the responsibility of the Corporation, by the Corporation, or (2) any portion of a Unit due to damage to the Unit, from any cause or source, shall be borne solely by the Owner and Residents of the Unit affected. The Corporation shall have no responsibility for any lodging, food, transportation, parking, loss of use, or other costs or expenses incurred by an Owner or Resident related to such temporary relocation; provided, however, the Board may, in its sole discretion, provide for the foregoing in the event of fumigation of the Units.

ARTICLE VIII
ARCHITECTURAL AND DESIGN CONTROL

Section 8.1. Architectural Control Committee.

The Board of Directors has the discretion to appoint a committee to oversee and/or provide recommendations regarding architectural and design modifications within the Development (the "***Architectural Control Committee***"). The Architectural Controls and Standards Committee, if formed, shall be comprised of seven (7) persons, who must be Members but who do not need to be Directors. Architectural Control Committee members shall be appointed by, and serve at the pleasure of, the Board. Architectural Control Committee members shall not receive any compensation for their services, however an Architectural Control Committee member may be reimbursed for actual expenses that he/she/their incurs in the performance of his/her/their duties as a member of the Architectural Control Committee, subject to any reimbursement requirements established by the Board. If the Board does not appoint an Architectural Control Committee, for the purposes of this Declaration the Board shall be deemed to be the Architectural Control Committee, with the number of Architectural Control Committee members to be equal to the number of Board members then serving, notwithstanding any other limitation or requirement set forth herein. If the Board does not appoint an Architectural Control Committee, and retains the powers of the Architectural Controls and Standards Committee described in this Article VIII, this shall not preclude the Board from appointing a separate advisory committee for the purpose of assisting with the review of applications submitted pursuant to this Article VIII and providing recommendations to the Board on such applications.

Section 8.2. Design Guidelines.

The Architectural Control Committee may, from time to time, promulgate architectural and design control guidelines (the "***Design Guidelines***"). The Design Guidelines shall be subject to Board review and approval, shall be considered Rules of the Corporation, and must be adopted by the Board in the same manner as the other Operating Rules of the Corporation. The Design Guidelines may describe aesthetic and design requirements, procedures for the review of plans and specifications for proposed Improvements, and approval standards. The Design Guidelines may, among other things, require: a fee to accompany each application for approval (such fees may be uniform, or may be determined in any other reasonable matter); and/or an applicant to obtain signatures of adjacent Owners, evidencing that such Owners have been notified of the proposed Improvement (provided, however, this shall not create any power to approve or disapprove an application by such Owners).

Section 8.3. Review of Plans and Specifications.

(a) No Improvement of any kind shall be commenced, installed, erected, painted, or maintained within the Common Area, including, without limitation, any Exclusive Use Common

Area. nor shall any exterior or structural alteration be made to any Unit, until the plans and specifications for such Improvement have been approved in writing by the Architectural Control Committee. Plans and specifications showing the nature, kind, shape, color, size, materials, and location of a proposed Improvement shall be submitted to the Architectural Control Committee for approval as to quality of workmanship and design and harmony of external design with existing structures and as to location in relation to surrounding structures. In addition to the plans and specifications submitted, the Architectural Control Committee may identify additional factors which it will consider in reviewing submissions, and may require the applicant to provide detailed information such as floor plans, elevation drawings, descriptions of materials, and samples of colors.

(b) The Architectural Control Committee also has the power, but not the duty, to retain Persons to advise it in connection with review of applications, including paid professional consultants, and may collect from the applicant a review fee to cover the amount paid to a professional consultant in the review of the applicant's application.

(c) The Architectural Control Committee may approve an application only if it determines that: (1) the proposed Improvement in the location proposed will not be detrimental to the appearance of the Development as a whole; (2) the appearance of the proposed Improvement will be in harmony with the existing Improvements and the overall design theme in the Development; (3) the proposed Improvement will not detract from the beauty, wholesomeness, and attractiveness of the Development, or the enjoyment of the Development by the Owners; (4) maintenance of the proposed Improvement will not become a burden on the Corporation; (5) the proposed Improvement is consistent with the Governing Documents; and (6) the proposed Improvement does not violate any known governing provision of law, including, but not limited to state and federal fair housing laws, building codes, or other applicable laws governing land use or public safety.

(d) In the event the Architectural Control Committee fails to approve or disapprove plans and specifications for a proposed Improvement within sixty (60) days after the plans and specifications have been submitted to it, the plans and specifications shall be deemed to be disapproved; provided, however, those plans and specifications shall be subject to reconsideration as provided in subsection (d) of Section 8.4. Notwithstanding the foregoing, if an application for the installation and use of an electric vehicle charging station is not denied in writing within sixty (60) days from the date of receipt of the application by the Architectural Control Committee, the application shall be deemed approved, and/or if an application for the installation and use of a solar energy system is not denied in writing within forty-five (45) days from the date of receipt of the application, the application shall be deemed approved, unless that delay is the result of a reasonable request by the Architectural Control Committee for additional information from the Owner. The affirmative vote of a majority of the members of the Architectural Control Committee shall be required for the approval or disapproval of a proposed Improvement.

(e) The Architectural Control Committee may condition its approval of an application for any proposed Improvement on any one or more of the following: (1) the applicant's agreement to furnish the Corporation with security acceptable to the Corporation against any mechanic's lien or other encumbrance which may be recorded against the Common Area or another Owner's Unit as a result of such work; (2) such changes to the application as the Architectural Control Committee deems appropriate; (3) the applicant's agreement to install water, gas, electrical, or other utility meters to measure any increased utility consumption; (4) the applicant's agreement to reimburse the Corporation for the cost of maintaining the Improvement (should the Corporation agree to accept maintenance responsibility for the Improvement as built); (5) the applicant's agreement to complete the proposed work within a stated period of time; and/or (6) the applicant depositing with the Corporation a refundable security deposit in an amount the Architectural Control Committee determines to be appropriate to cover the cost of repairing or restoring damage to the Common Area that is reasonably foreseeable.

(f) The Architectural Control Committee may authorize pre-approval of specified types of construction activities if, in the exercise of the Architectural Control Committee's judgment, such pre-approval is appropriate in carrying out the purposes of the Governing Documents.

Section 8.4. Approval Standards.

(a) A decision by the Architectural Control Committee on a proposed Improvement shall be made in good faith and may not be unreasonable, arbitrary, or capricious.

(b) Notwithstanding any contrary provision of the Governing Documents, a decision on a proposed Improvement may not violate any governing provision of law, including, but not limited to, the Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the Government Code), or a building code or other applicable law governing land use or public safety.

(c) A decision on a proposed Improvement shall be in writing. If a proposed Improvement is disapproved, the written decision of the Architectural Control Committee shall include both an explanation of why the proposed Improvement is disapproved and a description of the procedure for reconsideration of the decision by the Board.

(d) If a proposed Improvement is disapproved by the Architectural Control Committee, the applicant is entitled to reconsideration by the Board. If there is no appointed Architectural Control Committee and the Board is performing the duties of the Architectural Control Committee as described in this Article VIII, then an applicant is not entitled to additional review or appeal upon a decision by the Board on approval or disapproval of an application, except as may otherwise be required by law.

(1) A written request for reconsideration must be received by the Board not more than thirty (30) days following notice of the decision of the Architectural Control Committee. Within thirty (30) days following receipt of the request for reconsideration, the Board shall reconsider the proposed Improvement at an open meeting of the Board. The Board shall render its written decision to the applicant within thirty (30) days after the Board meeting. The failure of the Board to render a decision within said thirty (30) day period shall be deemed approval of the proposed Improvement.

(2) The foregoing provision does not require reconsideration of a decision that is made by the Board.

(3) Reconsideration by the Board does not constitute "dispute resolution" as described in the provisions of the Davis-Stirling Act relating to internal dispute resolution.

(e) Decisions of the Architectural Control Committee and the Board, as applicable, shall comply with the requirements of the Governing Documents and be consistent with the notice of requirements for Corporation approval of physical changes to the Property provided to the Members on an annual basis pursuant to the Davis-Stirling Act.

(f) Approval by the Architectural Control Committee or the Board of any Improvement shall not be construed by any Person to constitute a finding that the Improvement: (1) incorporates good engineering practices; (2) complies with applicable laws, ordinances, codes, or regulations, including zoning laws or building and safety codes; (3) complies with the requirements of any public utility; or (4) is permissible under the terms of any easement, license, permit, mortgage, deed of trust, or other recorded or unrecorded instrument (other than the Governing Documents) that affects the Property.

Section 8.5. Work Requirements.

(a) The installation, erection, painting, and maintenance of any Improvement approved by the Architectural Control Committee that is performed by an Owner shall:

(1) Comply with all applicable laws, ordinances, codes, or regulations, including zoning laws and building and safety codes, and the requirements of any public utility.

(2) Be performed by a contractor that (A) is licensed with the California Contractors State License Board, as may be required by the State of California for the type and dollar amount of work the contractor has been engaged to perform, and (B) maintains workers compensation insurance with limits no less than those required of the contractor by the State of California; proof of a contractor's license status and worker's compensation insurance coverage shall be provided by the Owner to the Corporation upon the Architectural Control Committee's request.

(3) Commence within ninety (90) days from the date of approval of the work, unless the Architectural Control Committee approves a longer commencement period in writing, and thereafter be diligently pursued to completion; if an Owner fails to commence the approved work within such ninety (90) day period (or such longer commencement period approved by the Architectural Control Committee, as may be applicable), the approval of the Architectural Control Committee shall be null and void, and the Owner may resubmit an application with the Architectural Control Committee for consideration of the Owner's proposed Improvement, in accordance with the provisions of this Article VIII.

(b) The Architectural Control Committee shall have the right and power to approve work in progress to assure conformity with approved plans and specifications. This right to inspect includes the right to require any Owner to take such action as may be necessary to remedy (including removal of) any noncompliance with the plans and specifications approved for the work or with the requirements of this Declaration (a "***Noncompliance***").

(c) When the work is complete, the Owner shall immediately provide the Architectural Control Committee with written notice of completion of the work, pursuant to such process and on such forms as may be prescribed by the Architectural Control Committee. The right of the Architectural Control Committee to inspect the work and notify the responsible Owner of any Noncompliance shall terminate on the date that is sixty (60) days after the date on which the Architectural Control Committee has received written notice from the Owner that the work is complete. If the Architectural Control Committee fails to send a written notice of Noncompliance to an Owner before this time limit expires, the work shall be deemed to comply with the approved plans and specifications.

Section 8.6. Noncompliance.

A Noncompliance shall be deemed to exist if an Improvement that requires the approval of the Architectural Control Committee is: (1) commenced or completed without prior written approval by the Architectural Control Committee; (2) an Improvement is not completed within the time limit established by the Architectural Control Committee in its approval; (3) an Improvement is not completed in substantial conformity with the approved plans and specifications; or (4) if no time limit is established by the Architectural Control Committee, the Owner fails to complete the work within one (1) year after the date on which the application was approved. In the event of a Noncompliance, the Architectural Control Committee has the right, but not the obligation, to deliver a written notice of Noncompliance to the violating Owner, and the Corporation may, but is not required to, pursue the remedies set forth in this Section 8.6.

The Architectural Control Committee shall notify the Board in writing when an Owner fails to remedy any Noncompliance within thirty (30) days after the date of the notice of the Noncompliance. After notice and a disciplinary hearing before the Board, the Board shall determine whether there is a Noncompliance, and, if so, the nature thereof and the estimated cost

of correcting or removing same. If a Noncompliance is determined to exist, the Owner shall remedy or remove the Noncompliance within a period of not more than thirty (30) days from the date that notice of the Board ruling regarding the Noncompliance is given to the Owner. If the Owner does not comply with the Board's ruling within that period, the Corporation may record a "Notice of Noncompliance" (if allowed by law), correct the Noncompliance, and levy a Reimbursement Assessment against the Owner for the costs incurred by the Corporation related to same, or commence an action for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

Section 8.7. Variances.

The Architectural Control Committee may authorize variances from compliance with any of the architectural and design control provisions of this Declaration, the Design Guidelines, or the other Governing Documents, including restrictions on height, size, floor area, placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental considerations require. Variances must be evidenced in writing and must be signed by a majority of the Board. If variances are granted, no violation of this Declaration shall be deemed to have occurred concerning the matter for which the variances were granted. The granting of a variance does not waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provision of this Declaration covered by the variance, nor does it affect the Owner's obligation to comply with all laws affecting the use of that Owner's Unit. Any costs incurred by the Corporation in relation to the granting of a variance shall be levied against the Owner as a Reimbursement Assessment. No variance shall conflict with local ordinances or any specific plan of development for the Property.

Section 8.8. Exculpation of Architectural Control Committee.

Each Owner is deemed to agree that neither the Architectural Control Committee, nor the Board, nor the members thereof, nor the Corporation shall be liable to any Person for: (1) any matter outside the scope of approval of the Architectural Control Committee; (2) any defect in any Improvement constructed by or on behalf of the Owner pursuant to an approved application; (3) any loss, damage, or injury to Persons or property arising out of or in any way connected with work performed by or on behalf of an Owner pursuant to an approved application; or (4) any loss, damage, or injury to Persons or property arising out of or in any way connected with the performance of the duties of the Architectural Control Committee under this Article VIII, unless due to the willful misconduct or gross negligence of such person. All Architectural Control Committee members shall be covered by the directors and officers liability insurance policy maintained by the Corporation.

ARTICLE IX
INSURANCE

Section 9.1. Corporation Insurance Requirement.

The Corporation shall obtain and maintain the policies of insurance described in this Section 9.1.

(a) Fire and Casualty Insurance.

The Corporation shall, only to the extent commercially and/or reasonably available and affordable, obtain and maintain a policy or policies of fire and casualty insurance with extended coverage, special form, without deduction for depreciation, for the full replacement value of insurable Improvements in the Common Area and property owned by the Corporation. The Corporation may, but is not required, to purchase earthquake insurance and other types of casualty insurance, in the Board's discretion, as described in this Declaration.

(b) General Liability Insurance.

The Corporation shall obtain and maintain a policy or policies of commercial general liability insurance, including coverage for bodily injury, emotional distress, wrongful death, and property damage. Such insurance shall insure the Corporation, the Board, the Directors, the officers of the Corporation, the Owners, and any appointed manager, managing agent or management company of the Corporation against any liability to the public or to any Owner, Resident, or Invitee arising from the activities of the Corporation and the Owners on the Common Area and in any Unit owned by the Corporation. The general liability insurance required by this subsection (b) shall be in an amount of not less than three million dollars ($3,000,000) per occurrence, or such other minimum coverage amount as may be required by the Davis-Stirling Act to offer civil liability protection to the Owners from causes of action in tort arising solely by reason of an Owner's ownership interest in the Common Area.

(c) Directors and Officers Liability Insurance.

The Corporation shall obtain and maintain a policy or policies of insurance covering Directors and officers of the Corporation for negligent acts or omissions in that capacity. The insurance required by this subsection (c) shall be in an amount of not less than three million dollars ($3,000,000) per occurrence, or such other minimum coverage amount as may be required by the Davis-Stirling Act to offer individual liability protection to volunteer Directors and officers of the Corporation. Members of the Architectural Control Committee and other members of Corporation committees shall also be covered under the insurance required by this subsection (c).

(d) Fidelity Insurance.

The Corporation shall obtain and maintain a policy or policies of fidelity insurance coverage for any Person handling funds of the Corporation, whether or not such Persons are compensated for their services, in an amount no less than the estimated maximum of funds, including Reserve Accounts, in the custody of the Person during the term of the insurance. The

aggregate amount of the fidelity insurance coverage may not be less than the sum equal to three (3) months of Regular Assessments plus the Reserve Accounts. In addition to the foregoing, the fidelity insurance coverage shall include coverage for computer fraud and funds transfer fraud. If the Corporation uses a managing agent or management company, the Corporation's fidelity insurance coverage shall additionally include dishonest acts by that person or entity and said person or entity's employees.

(e) Other Insurance.

The Corporation may obtain and maintain such other insurance policy or policies as the Board, in its sole discretion, deems reasonable and/or necessary. Such other insurance coverage may include, without limitation: (1) worker's compensation insurance, to the extent necessary to comply with applicable laws; (2) flood insurance, if the Development is, or becomes, located in an area designated by an appropriate governmental agency as a special flood hazard area; (3) earthquake insurance; (4) demolition insurance, in an amount that is sufficient to cover any demolition that occurs following the total or partial destruction of the Development and a decision not to rebuild; (5) increased cost of construction and contingent liability insurance; and (6) insurance that meets the requirements for condominium developments established by the Federal National Mortgage Corporation, the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Corporation, during such time that any of these entities is known by the Board to be a Mortgagee or Owner of a Condominium in the Development.

(f) Insurance Policy Review.

The Board shall periodically, but not less than once each fiscal year, review the Corporation's insurance policies and make adjustments to the terms and conditions of such policies as the Board considers to be in the best interests of the Corporation. That review shall include an appraisal by a qualified appraiser of the current replacement costs of all Improvements and property covered under the Corporation's fire and casualty insurance policy, unless the Board is satisfied that the current dollar limit of such policy, coupled with the balance of the then current Reserve Accounts, is equal to or greater than the current replacement costs.

(g) Failure to Acquire Insurance.

The Corporation and its Directors and officers shall have no liability to any Owner or Mortgagee if, after a good faith effort, the Corporation is unable to obtain any insurance required under this Section 9.1 because: (1) the insurance is no longer commercially available; (2) the insurance, if commercially available, can be obtained only at a cost that the Board, in its sole discretion, determines to be unreasonable under the circumstances; or (3) the Members fail to approve any Regular Assessment increase or Special Assessment necessary to fund the premium for the insurance. In such event, the Board shall, as soon as is practicable, notify each Member and Mortgagee that the specific insurance will not be obtained or maintained. In any event, the Board shall maintain such insurance coverage as necessary to satisfy the requirements of the residential

mortgage lenders and secondary mortgage markets to the extent the insurance required is commercially available and reasonably available and affordable.

Section 9.2. Specific Corporation Insurance Provisions.

The policies of insurance obtained and maintained by the Corporation shall be subject to the provisions of this Section 9.2.

(a) Insurance Premiums.

Premiums for insurance policies obtained and maintained by the Corporation shall be common expenses paid from Regular Assessments and, as applicable, Special Assessments. Notwithstanding the foregoing, if there is an increase in the premium for any insurance policy obtained or maintained by the Corporation due to the negligence, willful acts, or omissions of an Owner, a Resident of the Owner's Unit, or an Invitee of either, such Owner shall be responsible for the increase in that premium, the cost of which shall be levied as a Reimbursement Assessment against the Owner after notice and a hearing before the Board.

(b) Notice of Change in Coverage.

The Corporation shall, as soon as reasonably practicable, provide Individual Notice to all Members if any of the policies described in the Annual Budget Report have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, as to any of those policies. If the Corporation receives any notice of nonrenewal of a policy described in the Annual Budget Report, the Corporation shall immediately notify its Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

(c) Beneficiaries.

The Corporation's insurance policies shall be kept for the benefit of the Corporation, the Owners, and the Mortgagees, as their interests may appear of record, subject, however, to any loss payment requirements set forth in this Declaration.

(d) Trustee for Policies.

The Corporation, acting through the Board, shall be the trustee of the interests of all named insureds under the insurance policies obtained and maintained by the Corporation. All insurance proceeds under any of those policies shall be paid to the Board as trustee. The Board has the authority to negotiate loss settlements with insurance carriers; the Board is authorized to make a settlement with any insurer for less than full coverage for any damage, so long as the Board acts in accordance with the standard of care for the Board and Directors established in the Bylaws and this Declaration. Except as otherwise specifically provided in this Declaration, the Board has the exclusive right to bind the Corporation and the Owners with respect to all matters affecting insurance carried by the Corporation, the settlement of a loss claim, and the surrender, cancellation, and modification of such insurance. The Board shall use proceeds received from any insurance

policy carried by the Corporation for the repair, replacement, or restoration of the property for which the insurance was carried, or for such other purpose as may be permitted by this Declaration.

(e) Filing of Claims.

Unless otherwise provided by law, no Owner may claim damage or loss against any insurance policy carried by the Corporation if such damage or loss would have been covered by an insurance policy required to be carried by the Owner pursuant to Section 9.3 of this Article IX and the Owner failed to purchase such insurance, maintain such insurance, and/or tender the claim to the Owner's insurance carrier(s).

(f) Deductibles.

In the event of a property damage or loss claim for which proceeds are made available under an insurance policy carried by the Corporation, the responsibility for payment of any deductible applicable to such claim shall be as follows:

(1) An Owner shall be responsible for the cost of any deductible if the damage or loss covered under the claim relates solely to items owned by the Owner, or for which the Owner is responsible, including but not limited to items within the Owner's Unit. If the claim involves damage or loss to multiple Units, each of the affected Owners shall be responsible for a proportionate share of the cost of the deductible equal to the proportionate share that the value of the items owned by the Owner, or for which the Owner is responsible, included in the claim bears to the total claim amount.

(2) The Corporation shall be responsible for the cost of any deductible if the damage or loss covered under the claim relates solely to items owned or controlled by the Corporation, or for which the Corporation is responsible, including but not limited to Improvements in the Common Area.

(3) If the claim involves damage or loss to one (1) or more Units and the Common Area, then the following shall occur: each of the affected Owners shall be responsible for a proportionate share of the cost of the deductible equal to the proportionate share that the value of the items owned by the Owner, or for which the Owner is responsible, included in the claim bears to the total claim amount; and the Corporation shall be responsible for a proportionate share of the cost of the deductible equal to the proportionate share that the value of the items owned or controlled by the Corporation, or for which the Corporation is responsible, included in the claim bears to the total claim amount.

(4) Notwithstanding the foregoing, if any Common Area damage or loss (including, but not limited to, any damage or loss to any Exclusive Use Common Area) is caused by the negligence, willful acts, or omissions of an Owner, a Resident of the Owner's Unit, or an Invitee of either, such Owner shall be liable for the cost of the deductible. In such case, the cost of

the deductible shall be levied against the Owner as a Reimbursement Assessment, after notice and a hearing before the Board.

(5) The Board may deviate from the procedures set forth in this subsection (f) if, in the Board's sole discretion, such deviation is reasonable under the circumstances and compliant with the law.

(g) Waiver of Subrogation.

Any insurance maintained by the Corporation shall contain "waiver of subrogation" as to the Corporation and its Directors, officers, the Owners and Residents and Mortgagees, and, if obtainable, cross liability endorsements or severability of endorsements insuring each insured against the liability of each other insured.

Section 9.3. Owner Insurance Requirements.

(a) Property Damage and General Liability Insurance.

Each Owner is responsible for insuring his/her/their personal property located within the Development. Each Owner is also responsible for insuring all finishes, fixtures and Improvements in and comprising the Owner's Unit against fire and other casualty, including, but not limited to: interior walls and doors; ceiling, floor and wall surface materials; utility fixtures; cabinets; built-in appliances; heating and air-conditioning systems; and any equivalent replacements to the foregoing. Nothing in this Declaration precludes any Owner from carrying liability insurance as he/she/they may deem reasonable, however, such insurance coverage may not adversely affect or diminish any coverage under any of the Corporation's insurance policies. If any loss intended to be covered by insurance carried by or on behalf of the Corporation occurs and the proceeds payable are reduced due to insurance carried by an Owner, such Owner shall assign the proceeds of the Owner's insurance to the Corporation, to the extent of such reduction, for application to the same purposes as the reduced proceeds are to be applied.

(b) Renter's and Landlord's Insurance.

An Owner whose Unit is subject to a Lease shall require as a term of the Lease that the Tenant is required, at all times during the Tenant's tenancy and occupancy of the Owner's Unit, to obtain and maintain "renter's insurance" covering the replacement value of the Tenant's personal property and belongings located in the Unit from damage and loss. Such Owner shall also be required to maintain "landlord's insurance" during the period of the Lease, under an insurance policy that covers the Owner's Unit from financial losses connected with the Unit; such policy shall cover standard perils such as fire, and, to the extent commercially available, include coverage for accidental damage, malicious damage by tenants, and rent guarantee insurance.

(c) Proof of Insurance.

Duplicate copies of the insurance policies required under this Section 9.3 shall be submitted by an Owner to the Board upon request. Notwithstanding the foregoing, the Corporation shall not have the obligation to confirm that any Owner or Tenant carries the insurance required under this Section 9.3 and/or confirm the terms of any insurance purchased by an Owner or Tenant.

(d) Lack of Insurance.

The Corporation shall not be responsible for any damage or loss to an Owner's Unit, another Unit, or the Common Area for which the Owner is responsible, where the Owner does not maintain sufficient insurance coverage for the cost of repair and restoration of such damage or loss.

Section 9.4. Injury or Damage Sustained Within a Unit.

In the event any personal injury or property damage is sustained by any Person while physically within a Unit, the Owner who owns such Unit shall be liable for that injury or damage. Such Owner shall be required to indemnify, defend, and hold harmless the Corporation, the Corporation's Directors, officers, agents, representatives and employees, and the other Owners from and against any and all claims, actions, causes of action, expenses, costs, and liabilities resulting from or in connection with the personal injury or property damage, except to the extent that the negligence or willful misconduct of any of the foregoing indemnitees caused, or contributed to, the injury or damage. In the event of joint ownership of a Unit, the liability of the Owners of the Unit for such bodily injury and property damage shall be joint and several.

ARTICLE X
DAMAGE OR DESTRUCTION

Section 10.1. Restoration Defined.

As used in this Article X, the term "***restore***" shall mean repairing, rebuilding and/or reconstructing Improvements damaged or destroyed as a result of a fire or other casualty to substantially the same condition and appearance in which they existed prior to such fire or other casualty damage.

Section 10.2. Insured Casualty.

If any Improvement is damaged or destroyed from a risk covered by insurance maintained by the Corporation and the insurance proceeds are sufficient to cover the loss, then the Corporation, to the extent permitted under existing laws and except as otherwise provided under this Article X, shall restore the Improvement to the same condition as it was in immediately prior to the damage or destruction. The Corporation shall proceed with the filing and adjustment of all claims related to the damage or destruction which arise under the Corporation's existing insurance policies. The insurance proceeds shall be paid to and held by either the Corporation or an insurance trustee designated by the Board, which shall be a commercial bank or other financial institution with trust

powers in the County that agrees in writing to accept such trust. Said insurance proceeds shall be held and expended for the benefit of the Owners and their Mortgagees, as their respective interests appear on record.

Section 10.3. Inadequate Insurance Proceeds or Uninsured Loss.

If the insurance proceeds are insufficient to restore the damaged Improvement or the loss is uninsured, the Board shall add to any available insurance proceeds all Reserve Account funds designated for the repair or replacement of the damaged Improvement. If the total funds then available are sufficient to restore the damaged Improvement, the Improvement shall be restored. If the aggregate amount of insurance proceeds and such Reserve Account funds are insufficient to pay the total costs of restoration, a Special Assessment shall be levied by the Board up to the maximum amount permitted without the approval of the Members in accordance with the limitations set forth in this Declaration and by law. If the total funds then available are sufficient to restore the damaged Improvement, the Improvement shall be restored. However, if the total funds available to the Corporation are still insufficient to restore the damaged Improvement, then the Board first shall attempt to impose a "Restoration Assessment" pursuant to Section 10.4, and, second, use a plan of alternative reconstruction pursuant to Section 10.5. If the Members do not approve such actions, then the provisions of Section 10.6 shall apply.

Section 10.4. Restoration Assessment.

If the total funds available to restore the damaged Improvement as provided in Section 10.3 are insufficient, then a meeting of the Members shall be called for the purpose of approving a Special Assessment to make up all or a part of the deficiency (the "***Restoration Assessment***"). If the amount of the Restoration Assessment approved by the Members and the amounts available pursuant to Section 10.3 are insufficient to restore the damaged Improvement, or if no Restoration Assessment is approved, the Corporation shall consider a plan of alternative reconstruction in accordance with Section 10.5.

Any Special Assessment and/or Restoration Assessment levied to cover a shortfall in available repair proceeds shall be allocated to each Owner based upon the ratio of the square footage of the Owner's Unit to the total square footage of all Units to be assessed, without regard to the extent of damage or destruction to any Owner's individual Unit.

Section 10.5. Alternative Reconstruction.

The Board shall consider and propose plans to reconstruct the damaged Improvement making use of whatever funds are available to the Corporation pursuant to Section 10.3 and Section 10.4 (the "***Alternative Reconstruction***"). All proposals shall be presented to the Owners. If two-thirds (2/3) of the voting power of the Owners whose Units were materially damaged as determined by the Board (the "***Affected Owners***") and a majority of the voting power of the Members, including the Affected Owners, agree to any plan of Alternative Reconstruction, then the Board shall contract for the reconstruction of the damaged Improvement in accordance with the plan of

Alternative Reconstruction, making use of whatever funds are then available to it. If no plan of Alternative Reconstruction is agreed to, then the provisions of Section 10.6 shall apply.

Section 10.6. Sale of All Units.

If the damage renders one or more of the Units uninhabitable, and the Common Area Improvements will not be restored in accordance with the provisions of Sections 10.3, 10.4, and/or 10.5, the Board, as the attorney-in-fact for each Owner of a Unit, shall be empowered to sell the damaged Units in their then present condition on terms to be determined by the Board. The proceeds from the sale, together with the insurance proceeds received and any Reserve Account funds, after deducting therefrom the Corporation's sale expenses, including commissions, title and recording fees, legal costs, a contingency fund for dissolution of the Corporation, and payment of its debts and contingent liabilities, and that portion of the proceeds allocated for the removal of the damaged building(s), shall be distributed among the Owners and their respective Mortgagees in proportion to the respective fair market values of the Condominiums immediately prior to the date of the event causing the damage, as determined by an independent appraisal made by a qualified real estate appraiser selected by the Board. In the event of a sale of all Units, the Board shall then wind-up and dissolve the Corporation.

Section 10.7. Restoration of Partition Rights.

Notwithstanding anything to the contrary contained herein, if the damage has rendered any Unit uninhabitable and (1) within one year of the date of the occurrence of the damage, the Corporation has either not elected to repair the damage under the provisions of Sections 10.2, 10.3, 10.4, or 10.5 or has elected to repair the damage but has not commenced and diligently pursued the repair work or (2) the Corporation has not commenced and diligently pursued the sale of the Development as authorized under Section 10.6, the restriction against partition described in Section 2.12 of this Declaration shall be null and void and any Owner may bring a partition action under the authority of the Davis-Stirling Act.

Section 10.8. Rebuilding Contract.

If there is a determination to restore, the Board or its authorized representative shall obtain bids from at least two (2) licensed and reputable contractors, and shall contract for the repair and reconstruction work with whomever the Board determines to be in the best interests of the Members. The Board shall have the authority to enter into a written contract with the contractor for such repair and reconstruction, and the repair and reconstruction funds shall be disbursed to the contractor according to the terms of the contract and in accordance with standard construction industry procedures. The Board shall take all steps necessary to assure the commencement and completion of the authorized repair and reconstruction at the earliest possible date. Such construction shall be commenced no later than one (1) year after the event requiring reconstruction, subject to delay due to extenuating circumstances outside of the Board's reasonable control and shall thereafter be diligently prosecuted to completion. Such construction shall return the Development to substantially the same condition and appearance in which it existed prior to the damage or destruction.

Section 10.9. Interior Unit Repairs.

Notwithstanding the foregoing provisions of this Article X, with the exception of any casualty or damage covered by insurance maintained by the Corporation, repair and restoration of any damage to the interior of any individual Unit, including, but not limited to, all fixtures, cabinets, and Improvements therein, together with the restoration and repair of all interior paint, wall coverings, and floor coverings, must be made by and at the sole expense of the Owner of the Unit so damaged, in a good and workmanlike manner.

ARTICLE XI
EMINENT DOMAIN

Section 11.1. Total Sale or Taking.

If there is a total sale or taking of the Development, meaning a sale or taking that (1) renders more than fifty percent (50%) of the Units uninhabitable (such determination to be made by the Board in the case of a sale, and by the court in the case of a taking) or (2) that renders the Development as a whole uneconomical as determined by the vote or written consent of seventy-five percent (75%) of the Owners and their respective First Mortgagees whose Units will remain habitable after the taking, the right of any Owner to partition through legal action as described in Section 2.12 of this Declaration shall revive immediately. However, the determination that there is a total sale or taking must be made before the proceeds from any sale or award are distributed. The proceeds of any such total sale or taking of the Development, together with the proceeds of any sale pursuant to any partition action, after payment of all expenses relating to the sale, taking or partition action, shall be paid to all Owners and to their respective Mortgagees as their interests appear in proportion to the ratio that the fair market value of each Owner's Unit bears to the fair market value of all Owners' Units.

Section 11.2. Partial Sale or Taking.

In the case of a partial sale or taking of the Development, meaning a sale or taking that is not a total taking as described in Section 11.1, the proceeds from the sale or taking shall be paid or applied in the following order of priority and any judgment of condemnation shall include the following provisions as part of its terms:

(a) To the payment of the expenses of the Corporation in effecting the sale or to any prevailing party in any condemnation action to whom such expenses are awarded by the court to be paid from the amount awarded; then

(b) To Owners and their respective Mortgagees as their interests may appear of record whose Units have been sold or taken in an amount up to the fair market value of such Units, as determined by the Court in the condemnation proceeding or by an independent qualified appraiser selected by the Board, less such Owner's share of expenses paid pursuant to the preceding

subsection (a) (which share shall be in allocated on the basis of the fair market value of the Condominium); after such payment, the recipient shall no longer be considered an Owner, and the Board or individuals authorized by the Board acting as attorney-in-fact of all Owners shall amend the Condominium Plan, the subdivision map (if necessary), and this Declaration to eliminate from the Development the Unit so sold or taken and to adjust the undivided ownership interests of the remaining Owners in the Common Area based on the ratio that each remaining Owner's undivided interest bears to all of the remaining Owners' undivided interest in the Common Area; then

(c) To any remaining Owner and to his/her/their Mortgagees, as their interests may appear, whose Unit has been diminished in fair market value as a result of the sale or taking disproportionately to any diminution in value of all remaining Units but, as of a date immediately after any announcement of condemnation, in an amount up to the disproportionate portion of the total diminution in value; then

(d) To all remaining Owners and to their respective Mortgagees, as their interests may appear of record, the balance of the sale proceeds or award in proportion to the ratio that the fair market value of each remaining Owner's Unit bears to the fair market value of all remaining Owners' Units, as determined by the court in the condemnation proceeding or by an independent qualified appraiser selected by the Board.

Section 11.3. Representation by Corporation.

The Corporation shall represent the Owners and their respective Mortgagees in any condemnation proceedings involving the Development, and the Board may engage in negotiations, settlements, and agreements with the condemning authority for acquisition of all or part of the Common Area. Each Owner, by acceptance of a deed to a Unit, irrevocably appoints the Corporation as his/her/their attorney-in-fact to represent the Owners in any such proceedings.

ARTICLE XII
RIGHTS OF MORTGAGEES

Section 12.1. Mortgages Permitted.

Any Owner may encumber his/her/their Condominium with a mortgage.

Section 12.2. Subordination.

Any Assessment lien established under the provisions of this Declaration is expressly made subject to and subordinate to the rights of any first mortgage that encumbers any Unit, made in good faith and for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such mortgage, unless the Mortgagee expressly subordinates its interest in writing to such lien. The transfer of ownership of a Unit and its appurtenant percentage interest in the Common Area, as the result of the exercise of a power of sale or a judicial foreclosure involving a default under the first mortgage, shall extinguish the lien of Assessments which were

due and payable prior to the transfer of the ownership interest. No transfer of an ownership interest, as the result of a foreclosure or exercise of a power of sale, shall relieve the new Owner, whether it be the former mortgagee or beneficiary of the first mortgage or another Person, from liability for Assessments thereafter becoming due or from the lien thereof. Notwithstanding the foregoing, if state statute requires the First Mortgagee or senior encumberer of a Unit to bear responsibility for a percentage and/or number of specific months of Assessments due and payable prior to the transfer of an ownership interest as the result of a foreclosure or exercise of a power of sale, such controlling statute shall obligate the First Mortgagee or senior encumberer to pay such Assessments in spite of any contrary provisions of this Section 12.2. All taxes, Assessments, and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Condominiums and not to the Property as a whole.

Section 12.3. Amendments.

(a) No amendment to this Declaration shall affect the rights of any Mortgagee under any mortgage made in good faith and for value and recorded before the recordation of any such amendment, unless a Mortgagee either joins in the execution of the amendment or approves it in writing as a part of such amendment.

(b) Unless a higher percentage is required by a specific provision of this Declaration, the consent of Eligible Mortgage Holders who represent at least fifty-one percent (51%) of the votes of Condominiums that are subject to mortgages held by Eligible Mortgage Holders must be obtained prior to adoption of any amendment of a material nature affecting any of the following matters:

(1) Voting rights;

(2) Assessment liens or the priority of Assessment liens;

(3) Reserves for maintenance, repair, or replacement of the Common Area Improvements;

(4) Responsibility for maintenance and repairs;

(5) Allocation of interests in the Common Area or Exclusive Use Common Areas, or the right to their use;

(6) Insurance requirements;

(7) Definition of any Unit boundary;

(8) Convertibility of Units into Common Area or vice versa;

(9) Expansion or contraction of the Development or the addition, annexation, or withdrawal of property to or from the Development;

(10) Restrictions on the leasing of Units;

(11) Restrictions on a Unit Owner's right to sell or transfer his or her Unit;

(12) Restoration or repair of the Development after damage or partial condemnation in a manner other than that specified in this Declaration;

(13) Any provisions that expressly benefit Mortgagees or any insurers or guarantors of mortgages affecting Units; or

(14) Any action to terminate the legal status of the Development after substantial destruction or condemnation occurs.

(c) An Eligible Mortgage Holder who receives a written request to approve an amendment to this Declaration pursuant to subsection (b) of this Section 12.3 and fails to submit a response to that request within thirty (30) days after receiving notice of the proposal shall be deemed to have approved the amendment in accordance with subsection (a) of this Section 12.3, provided the notice was delivered by certified or registered mail with a return receipt requested.

Section 12.4. Restriction on Certain Changes.

Unless at least two-thirds (2/3) of the Eligible Mortgage Holders and two-thirds (2/3) of the Owners have given their prior written approval, the Corporation shall not be entitled to do or take any of the following actions:

(a) By act or omission, to seek to abandon or terminate the Development as a condominium project, except for abandonment provided by statute in case of substantial loss to the Units and Common Area.

(b) To change the pro rata interest or obligations of any Condominium for purposes of levying Assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or for determining the pro rata share of ownership of each Condominium in the Common Area.

(c) To partition or subdivide any Condominium.

(d) By act or omission, to seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area. The granting of easements for public utilities or for other public

purposes consistent with the intended use of the Common Area by the Corporation or the Owners shall not be deemed to be a transfer within the meaning of the foregoing provision.

(e) To use hazard insurance proceeds for losses to Units or the Common Area for other than the repair, replacement, or reconstruction of Improvements, except as provided by statute in case of substantial loss to the Units or Common Area.

(f) By act or omission, to waive or abandon the provisions of this Declaration, or the enforcement thereof, pertaining to architectural design or the exterior maintenance of the Common Area.

(g) To fail to maintain, if commercially and/or reasonably available and affordable, fire and extended coverage on insurable Improvements in the Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost).

Section 12.5. Right to Examine Books and Records.

The Corporation shall make available to First Mortgagees (and insurers and guarantors of any first mortgage), current copies of the Governing Documents and the books, records, and financial statements of the Corporation during normal business hours or under other reasonable circumstances. The Corporation may impose a fee for providing the foregoing, which may not exceed the reasonable cost to prepare and reproduce the requested documents. On receipt of a written request from a First Mortgagee, the Corporation shall provide the First Mortgagee with the review of the financial statement of the Corporation for the immediately preceding fiscal year, within a reasonable time frame.

Section 12.6. Distribution of Insurance and Condemnation Proceeds.

No Owner, or any other party, shall have priority over any right of any First Mortgagees pursuant to their mortgages in case of distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of any Units or Common Area as described in Articles IX, X and XI of this Declaration. Any provision to the contrary in this Declaration, the Bylaws or other Governing Documents is to such extent void.

Section 12.7. Notice to Mortgagees.

(a) If any Owner is in default under any provision of this Declaration or under any provision of the other Governing Documents and the default is not cured within sixty (60) days after written notice to that Owner, the Corporation, upon written request, shall give to any First Mortgagee of such Owner a written notice of such default and of the fact that the sixty (60) day period has expired.

(b) Any mortgage holder, insurer, or guarantor may send a written request by certified mail to the Corporation stating both its name and address, and the address of the Condominium of which it holds, insures, or guarantees a mortgage, to receive timely written notice of any of the following:

(1) Any condemnation or casualty loss that affects either a material portion of the Development or the Condominium securing the mortgage;

(2) Any sixty (60) day delinquency in the payment of Assessments or charges owed by the Owner of any Unit encumbered by the holder's, insurer's, or guarantor's mortgage;

(3) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Corporation; and/or

(4) Any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders.

Section 12.8. Breaches of Declaration.

No breach of any provision of this Declaration shall invalidate the lien of any mortgage made in good faith or for value, but all of the covenants, conditions, and restrictions contained in this Declaration shall be binding on any Owner whose title is derived through foreclosure sale, trustee sale, or otherwise. Any Mortgagee shall have the right, but not the obligation, to cure any default or violation of this Declaration by an Owner.

Section 12.9. Foreclosure.

If any Condominium is encumbered by a first mortgage made in good faith and for value, the foreclosure of any Assessment lien shall not operate to affect or impair the lien of the first mortgage. On foreclosure of the first mortgage, any lien for delinquent Assessments shall be subordinate to the lien of the first mortgage, and the purchaser at the foreclosure sale shall take title free of responsibility for the Assessment lien, unless the then current law provides otherwise. On taking title, the purchaser of the Condominium shall only be obligated to pay Assessments or other charges that are levied or assessed by the Corporation on or after the date the purchaser acquires title to the Condominium. Any subsequently levied Assessments or other charges against the Condominium may include previously unpaid Assessments, provided that all Owners, including the purchaser and his/her/their successors and assigns, are required to pay their proportionate share of such unpaid Assessments, at the rates provided in this Declaration. Any mortgagee who acquires title to a Condominium by foreclosure, by deed in lieu of foreclosure, or by assignment in lieu of foreclosure shall not be required to cure any breach of this Declaration that is non-curable or of a type that is not reasonably practical or feasible to cure.

Section 12.10. Right to Furnish Information.

Any mortgagee may furnish information to the Corporation concerning the status of any mortgage.

ARTICLE XIII
ENFORCEMENT AND DISPUTE RESOLUTION

Section 13.1. Right to Enforce.

The Corporation and any Owner may enforce the provisions of the Governing Documents in any legal or equitable action, pursuant to the procedures described in this Article XIII. Each Owner has a right of action against the Corporation for the Corporation's failure to comply with the Governing Documents. All actions taken to enforce the provisions of the Governing Documents, whether by the Corporation or an Owner, shall be conducted in accordance with applicable law.

Section 13.2. Equitable Relief.

Each Owner acknowledges and agrees that if any Person breaches any of the provisions of the Governing Documents, money damages may not be adequate compensation. As a result, each Owner agrees that in the event of a breach of the Governing Documents, the non-breaching party, in addition to any other remedy available at law or equity, shall be entitled to equitable relief, including, but not limited to, an order (1) compelling the breaching party to perform an act which the party is required to perform under the Governing Documents or which is necessary to bring the breaching party or the breaching party's Condominium into compliance with the Governing Documents or (2) prohibiting the breaching party from performing any act that violates the Governing Documents.

Section 13.3. No Enforcement Waiver.

The failure to enforce any provision of the Governing Documents against an Owner shall not constitute a defense for any subsequent enforcement action brought against such Owner or a different Owner, even if such failure is for an extended period of time, and shall not in any manner restrict or estop the right of the Corporation or any Owner to enforce the provisions of the Governing Documents at any future time.

Section 13.4. Violations Constitute a Nuisance.

Any violation of the Governing Documents, as well as a violation of any law within the Development, is declared to be and shall constitute a nuisance.

Section 13.5. Internal Dispute Resolution.

(a) General Provisions.

This Section 13.5 applies to a dispute between the Corporation and a Member involving their respective rights, duties, or liabilities under the Davis-Stirling Act, the Nonprofit Mutual Benefit Corporation Law, or the Governing Documents. This Section 13.5 supplements, and does not replace, the requirements of the Davis-Stirling Act relating to alternative dispute resolution as a prerequisite to an enforcement action.

(b) Basic Procedures.

The following procedure shall apply to resolving a dispute by internal dispute resolution ("***IDR***"):

(1) IDR may be invoked by either the Corporation or an Owner.

(2) A request invoking IDR shall be in writing. The written request for IDR shall contain the following:

(A) A request for IDR pursuant to this Section 13.5.

(B) A brief description of the dispute between the parties.

(3) Upon receipt of a written request for IDR, the party receiving the request shall respond in writing to the other party within thirty (30) days, indicating whether such party agrees to engage in the IDR process. If the party receiving the request fails to respond within such thirty (30) day period, the request for IDR shall be deemed to be denied.

(A) If IDR is invoked by a Member, the Corporation shall be required to participate in the IDR process.

(B) If IDR is invoked by the Corporation, the Member may elect not to participate in the IDR process.

(4) Upon receipt of a written request for IDR and to the fullest extent permitted by law, the Board shall designate at least two (2) Directors with whom the Member may meet and confer.

(5) The Corporation and the Member shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. Each party may be assisted by an attorney or another person at their own cost when conferring.

(c) Additional Procedures.

The Board may adopt additional procedures for the IDR process, so long as such procedures are fair, reasonable, and expeditious. Such procedures may include the use of available local dispute resolution programs involving a neutral third party, including low-cost mediation programs such as those listed on the Internet Web sites of the Department of Consumer Affairs and the United States Department of Housing and Urban Development.

(d) Resolution Requirements.

(1) A resolution of the dispute agreed to by the Corporation and the Member shall be memorialized in writing and signed by the parties, including the Board designee on behalf of the Corporation.

(2) A written agreement reached in the IDR process binds the parties and is judicially enforceable if it is signed by both parties and both of the following conditions are satisfied:

(A) The agreement is not in conflict with law or the Governing Documents.

(B) The agreement is either consistent with the authority granted by the Board to its designee or the agreement is ratified by the Board.

(3) If the dispute is resolved other than by agreement of the Member, the Member shall have a right of appeal to the board.

(e) No Fee.

A Member of the Corporation shall not be charged a fee to participate in the IDR process.

Section 13.6. Alternative Dispute Resolution.

(a) General Provisions.

This Section 13.6 applies to alternative dispute resolution ("***ADR***"). ADR shall mean and include mediation, arbitration, conciliation, and any other nonjudicial procedure that involves a neutral party. ADR shall be a prerequisite to the commencement of a civil action or proceeding, other than a cross-complaint, to enforce the Davis-Stirling Act, the Nonprofit Mutual Benefit Corporation Law, or the Governing Documents. The Corporation or a Member may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to ADR pursuant to the requirements of the Davis-Stirling Act.

(b) Applicability.

This Section 13.6 applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure. This Section 13.6 does not apply to a small claims action. Except as otherwise provided by law, this Section 13.6 does not apply to an Assessment dispute.

(c) Request for Resolution.

(1) Any party to a dispute may initiate the ADR process by serving on all other parties to the dispute a request for resolution (a "***Request for Resolution***"). The Request for Resolution shall include all of the following:

(A) A brief description of the dispute between the parties.

(B) A request for ADR.

(C) A notice that the party receiving the Request for Resolution is required to respond within thirty (30) days of receipt or the request will be deemed rejected.

(D) If the party on whom the request is served is the Member, a copy of the article of the Davis-Stirling Act regarding ADR.

(2) Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.

(3) A party on whom a Request for Resolution is served has thirty (30) days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

(4) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the ADR process within ninety (90) days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.

(5) The form of ADR chosen may be binding or nonbinding, with the voluntary consent of the parties. If the parties cannot agree on a form of ADR, then the form of ADR to be utilized shall be judicial reference, as described in Section 13.7.

(d) Costs.

The costs of the ADR shall be borne equally by the parties.

(e) Failure to Participate in ADR.

Failure of a Member of the Corporation to comply with the ADR requirements of the Davis-Stirling Act may result in the loss of the Member's right to sue the Corporation or another Member of the Corporation regarding enforcement of the Governing Documents or applicable law.

Section 13.7. Judicial Reference.

(a) Disputes Subject to Judicial Reference.

If the parties to a dispute who have agreed to use an ADR process pursuant to Section 13.6 cannot agree on a form of ADR, then the form of ADR to be utilized shall be judicial reference.

(b) Appointment of Referee.

Within thirty (30) days after it is determined that judicial reference will be used for the ADR process, the parties to the dispute shall select the referee. The referee shall be an attorney or retired judge, unless the parties agree otherwise. Any dispute regarding the selection of the referee shall be resolved by the entity providing the reference services or, if no entity is involved, by the court with appropriate jurisdiction.

(c) Proceedings.

The judicial reference shall be conducted in accordance with the applicable provisions of Sections 638 through 645.2 of the Code of Civil Procedure, and any successor statutes thereto. The parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. The referee shall have the authority to try all issues, whether of fact or law, and to report a statement of decision. The parties shall use the procedures adopted by the American Arbitration Association for judicial reference or any other entity offering judicial reference dispute resolution procedures as may be mutually acceptable to the parties. The parties shall complete the judicial reference process within ninety (90) days after the acceptance of the Request for Resolution, unless this period is extended by written stipulation signed by both parties.

(d) Rules and Procedures.

The following rules and procedures shall apply in all cases, unless the parties agree otherwise:

(1) The proceedings shall be heard in the County.

(2) The referee may require one or more pre-hearing conferences.

(3) The parties shall be entitled to discovery, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

(4) The referee shall have the power to hear and dispose of motions in the same manner as a trial court judge.

(5) The referee shall apply the rules of law, including the rules of evidence, unless expressly waived by both parties.

(6) A stenographic record of the hearing shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions and any appeals.

(7) The referee's statement of decision shall contain findings of fact and conclusions of law to the extent applicable.

(8) The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

(e) Costs.

The costs of the judicial reference shall be borne equally by the parties.

(f) Failure to Participate.

If either party elects not to participate in the judicial reference proceeding because all necessary and appropriate parties will not participate, the Corporation or any Owner may bring an action in any court of competent jurisdiction to resolve the dispute.

(g) Claims and Disputes Exempt from Judicial Reference.

The following types of claims and disputes shall be exempt from the judicial reference provisions set forth in this Section 13.7:

(1) An enforcement action that is not solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure.

(2) A small claims action.

(3) An Assessment dispute, except as otherwise provided by law.

(4) An action unrelated to the enforcement of the Davis-Stirling Act, the Nonprofit Mutual Benefit Corporation Law, or the Governing Documents against the Corporation or an Owner.

ARTICLE XIV
AMENDMENTS

This Declaration may be amended by the Secret Ballot vote of Owners representing at least a majority of the voting power of the Corporation; provided, however, that the specified percentage of Owners necessary to amend a specific provision of this Declaration shall not be less than the percentage of affirmative votes required for action to be taken under that provision.

Notwithstanding the foregoing, the Board shall have the power to amend this Declaration without Owner approval, upon adoption of a Board resolution authorizing such amendment, if such amendment is: (1) permitted by the law to be adopted by the Board without Owner approval; (2) required under any law; (3) to correct a typographical, technical or scrivener's error in this Declaration; and/or (4) to correct a cross-reference in this Declaration to the Davis-Stirling Act or another law that was repealed and continued in a new provision. Such Board resolution shall be recorded with the amendment.

An amendment to this Declaration becomes effective after all of the following requirements are met: (1) the amendment has been approved by the percentage of Owners required by this Declaration and any other Person whose approval is required by this Declaration (including but not limited to, as may be applicable, any Eligible Mortgage Holders); (2) that fact has been certified in a writing executed and acknowledged by the officer or officers designated by the Corporation for that purpose (if no one is designated, by the President of the Corporation); and (3) the amendment has been recorded in the County in which the Development is located. Within a reasonable time after an amendment to this Declaration is recorded, the Corporation shall deliver to, by General Notice, a copy of the amendment, together with a statement that the amendment has been recorded; provided, however, Individual Notice shall be provided if required by law or within the Board's discretion.

ARTICLE XV
MISCELLANEOUS PROVISIONS

Section 15.1. Term.

The covenants, conditions, and restrictions of this Declaration shall run with and bind the Property and shall inure to the benefit of and shall be enforceable by the Corporation and the Owner of any Unit, and their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date of recordation of this Declaration. Thereafter, these covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10) years, unless this Declaration is rescinded by the written consent of Owners holding a majority of the then total voting power of the Corporation (and approved by Eligible Mortgage Holders in accordance with Section 12.4 of this Declaration). The rescission shall be effective on recordation of a notice of rescission in the records of the County.

Section 15.2. Headings, Number and Gender.

The subject headings of the articles, sections, and subsections of this Declaration are included for purposes of convenience and reference only and shall not affect the construction or interpretation of any of the provisions of this Declaration. In this Declaration, where applicable, references to the singular shall include the plural and references to the plural shall include the singular. References to the male, female, or neuter gender in this Declaration shall include reference to all other such genders where the context so requires.

Section 15.3. Liberal Construction.

The provisions of this Declaration shall be liberally construed and interpreted to effectuate its purpose of creating a uniform plan for the management, operation, and administration of a condominium project.

Section 15.4. Severability.

The provisions of this Declaration shall be deemed independent and severable. In the event any provision contained in this Declaration is held to be invalid, void, or unenforceable by any court of competent jurisdiction, the remaining provisions of this Declaration shall be and remain in full force and effect.

Section 15.5. Cumulative Remedies.

Each remedy provided for in this Declaration shall be cumulative and nonexclusive. Failure to exercise any remedy provided for in this Declaration shall not, under any circumstances, be construed as a waiver of such remedy.

Section 15.6. No Discrimination.

No Owner shall execute or cause to be recorded any instrument that imposes a restriction on the sale, rental, or occupancy of the Owner's Unit on the basis of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information, nor shall any Owner discriminate against or harass any prospective purchaser, Tenant, or Resident of the Owner's Unit because of such bases. Notwithstanding the foregoing, selection preferences based on age in the sale or rental of an Owner's Unit, imposed in accordance with Section 51 of the California Civil Code or a federally approved housing program, as may be applicable, shall not constitute age discrimination.

Section 15.7. Attorneys' Fees.

Except as otherwise provided in this Declaration, in the event of any litigation or alternative dispute resolution procedure regarding the rights or obligations of the Corporation or any Person subject to this Declaration, the prevailing party in such proceeding, in the discretion of the judge or decision-maker, shall be entitled to recover its reasonable attorneys' fees and costs, as well as, without limitation, court costs, expert witness fees, and collection expenses, as may be applicable.

The foregoing provision shall also apply to attorneys' fees and costs incurred to collect upon any judgment entered as a result of such litigation or alternative dispute resolution procedure. Without limiting the foregoing, to the fullest extent permitted under the law, the Association may recover attorneys' fees and costs incurred by the Association in the enforcement of the Governing Documents against a Member.

Section 15.8. Delivery of Documents and Information.

Documents, notices, and other information to be delivered (1) to the Corporation by a Member, (2) to an individual Member by the Corporation, or (3) to all Members by the Corporation, pursuant to the Governing Documents or the Davis-Stirling Act, shall be delivered in accordance with the methods permitted under, and the requirements of, the Bylaws and the Davis-Stirling Act.

ARTICLE XVI
CONSOLIDATION OF MUTUALS; NOTICES OF ANNEXATION

This Declaration shall be binding on the entirety of the Property described in Exhibit "A", including each of the Units in each Mutual in the Development, and the Owner(s) thereof, and shall supersede the declarations of covenants, conditions, and restrictions binding each of the Mutuals at the time of recordation of this Declaration as listed in Exhibit "C" (the "Prior Declaration").

It is the express intent of the Corporation and its Members, through the requisite approval and recordation of this Declaration that each of the Mutuals in the Development be completely consolidated into a single legal entity, subject to this single Declaration, under the management and control of the Corporation, successor by merger to each of the Mutuals, as described this Declaration, and in the Corporation's other Governing Documents, including without limitation the Articles, Bylaws, and Operating Rules.

The portions of the Property comprising Mutuals 22 through 49, inclusive, 51 through 56, inclusive, 68 and 69 and 71 through 75, inclusive, and 77 through 84, inclusive, as described in the Prior Declaration recorded against each such Mutual, have been annexed to the portion of the Property comprising Mutual 70, by the requisite approval of the Members of each such Mutual, as shown on the notices of annexation recorded concurrently with this Declaration. Likewise, the Members of Mutual 70 have approved of the annexation of the portion of the Property comprising Mutuals 22 through 49, inclusive, 51 through 56, inclusive, 68 and 69 and 71 through 75, inclusive, and 77 through 84, inclusive, into the Property comprising Mutual 70 by the requisite approval of the Members of Mutual 70 as shown on the notices of annexation recorded concurrently with this Declaration.

Additional property may be added to the Development and subjected to this Declaration by annexation, subject to the approval requirements of Article XII, Section 12.3 and Article XIV of this Declaration.

ARTICLE XVII
CONFLICTING PROVISIONS

To the extent of any conflict between this Declaration and the law, the law shall prevail. To the extent of any conflict between this Declaration and the Articles or Bylaws, this Declaration shall prevail. To the extent of any conflict between this Declaration and a Rule, this Declaration shall prevail, unless the Rule was adopted in compliance with the law.

[END OF DOCUMENT]

EXHIBIT "A"
LEGAL DESCRIPTION OF THE PROPERTY

The Property consists of certain real property in the City of Laguna Woods, County of Orange, State of California, more particularly described as follows:

Mutual 22

Lot 1 of Tract No. 6320 in the County of Orange, State of California, as per map recorded in book 243 pages 47 to 49 inclusive of Miscellaneous Maps, in the office of the county recorder of said county.

Except therefrom any portion of Lots A, B and C in said Tract No. 6320 adjoining said Lot 1.

Mutual 23

Lot 1 of Tract No. 6605 in the County of Orange, State of California as per map recorded in Book 245, pages 42 and 43 of Miscellaneous Maps, in the office of the county recorder of said county.

Except any portion of Lots A and B of said Tract adjoining said Lot 1.

Mutual 24

Lot 2 of Tract No. 6320, in the County of Orange, State of California, as per map recorded in Book 243, Pages 47 to 49 inclusive, of Miscellaneous Maps, in the office of the County Recorder of said county.

Except therefrom any portion of Lots A and C of said Tract No. 6320, adjoining said Lot 2.

Mutual 25

Lot 1 of Tract No. 5861, in the County of Orange State of California, as per map recorded in Book 250, Pages 5 and 6 of Miscellaneous Maps, in the Office of the County Recorder of said County.

Mutual 26

Lot 2 of Tract No. 5861, in the County of Orange, State of California, as per map recorded in Book 250, Pages 5 and 6 of Miscellaneous Maps, in the Office of the County Recorder of said County.

Mutual 27

Lot 1 of Tract No. 6810, in the County of Orange, State of California, as per map recorder in Book 252, Pages 14 and 15 of Miscellaneous Maps, in the Office of the County Recorder of said County.

Mutual 28

Lot 1 of Tract No. 6847, in the County of Orange, State of California, as per map recorder in Book 255, Pages 17 and 18 of Miscellaneous Maps in the office of the county recorder of said county.

Except therefrom any portion of Lot A of said Tract No. 6847, adjoining said Lot 1.

Mutual 29

Lot 1 of Tract No. 6868, in the County of Orange, State of California, as per map recorded in Book 256, Pages 43 and 44 of Miscellaneous Maps, in the office of the county recorder of said county.

Except therefrom any portion of Lots A and B of said Tract No. 6868, adjoining said Lot 1.

Also except therefrom any portions of Lot B of Tract No. 6605, as per map recorded in Book 245, pages 42 and 43, of Miscellaneous Maps in the office of said county recorder, adjoining said Lot 1.

Also except therefrom any portion of Lot A of Tract No. 6847, as per map recorded in Book 245, pages 42 and 43 of Miscellaneous Maps in the office of said county recorder, adjoining said Lot 1.

Mutual 30

Lot 1 of Tract No. 6951, in the County of Orange, State of California, as per map recorded in Book 258, pages 24 and 25 inclusive of Miscellaneous Maps, in the office of the county recorder of said county.

Mutual 31

Lot 1 of Tract No. 6998, in the County of Orange, State of California, as per map recorded in Book 259, Pages 47 and 48 of Miscellaneous Maps, in the office of the County Recorder of said County.

Excepting therefrom any portion of Lot A of Tract No. 6847, in said County and State, as per map recorder in Book 255, Pages 17 and 18 of Miscellaneous Maps, in the office of said County Recorder, adjoining said Lot 1.

Mutual 32

Lots 1, 2 and A of Tract No. 7074, in the County of Orange, State of California, as per map recorded in book 261, pages 47 and 48 of Miscellaneous Maps, in the office of the county recorder of said county.

Mutual 33

Lots 6, 7, 8 and B of Tract No. 5719, in the County of Orange, State of California, as per map recorded in Book 264, Pages 16 to 19 inclusive of Miscellaneous Maps, in the Office of the County Recorder, of said county.

Mutual 34

Lot 5 of Tract No. 5719, in the County of Orange, State of California, as per map recorded in Book 264, pages 16 to 19 inclusive of Miscellaneous Maps, in the office of the County Recorder of said county. Except any portion of Lot A of Tract No. 6868, in said county and state, as per map recorded in Book 256, pages 43 and 44 of Miscellaneous Records, adjoining said Lot 5.

Mutual 35

Lots 2, 3, 4 and A of Tract No. 5719, in the County of Orange, State of California, as per map recorded in Book 264, pages 16 to 19 inclusive of Miscellaneous Maps, in the office of the County Recorder of said county.

Except any portion of Lot A of Tract No. 6868, in said county and state, as per map recorded in Book 256, pages 43 and 44 of Miscellaneous Records, adjoining said Lot 4.

Mutual 36

Lot 1 of Tract No. 7128, in the County of Orange, State of California, as per map recorded in Book 267, Pages 37 and 38 of Miscellaneous Maps, in the office of the County Recorder of said county.

Except any portion of Lots A, B and C of said Tract No. 7128, adjoining said Lot 1.

Mutual 37

Lot 2 of Tract No. 7128, in the County of Orange, State of California, as per map recorded in Book 267, Pages 37 and 38 of Miscellaneous Maps, in the office of the County Recorder of said county.

Except therefrom any portion of Lots A and B of said Tract No. 7128, adjoining said Lot 2.

Mutual 38

Lots 1 and 2 of Tract No. 7372, in the County of Orange, State of California, as per map recorded in Book 281, Pages 47 and 48 of Miscellaneous Maps, in the office of the County Recorder of said county.

Except any portion of Lots A, B and C of said Tract no. 7372, adjoining said Lots 1 and 2.

Mutual 39

Lots 1 and 2 of Tract No. 7411, in the County of Orange, State of California, as per map recorded in Book 284, Pages 38 and 39 of Miscellaneous Maps, in the office of the County Recorder of said county.

Except any portion of Lots A, B and C of said Tract No. 7411, adjoining said Lots 1 and 2.

Mutual 40

Lots 3 and 4 of Tract No. 7124, in the County of Orange, State of California, as per map recorded in Book 291, Pages 45 and 46 of Miscellaneous Maps, in the office of the County Recorder of said county.

Except any portion of Lots A and B of said Tract No. 7124, adjoining said Lots 3 and 4.

Mutual 41

Lots 1 and 2 of Tract No. 7124, in the County of Orange, State of California, as per map recorded in Book 291, Pages 45 and 46 of Miscellaneous Maps, in the office of the County Recorder of said county.

Except any portion of Lots A and B of said Tract No. 7124, adjoining said Lots 1 and 2.

Mutual 42

Lot 1 of Tract No. 7688, in the County of Orange, State of California, as per map recorded in Book 294, Pages 19 and 20 of Miscellaneous Maps, in the office of the County Recorder of said county.

Except any portion of Lot A of said Tract No. 7688, adjoining said Lot 1.

Mutual 43

Lot 2 of Tract No. 7688, in the County of Orange, State of California, as per map recorded in Book 294, Pages 19 and 20 of Miscellaneous Maps, in the office of the County Recorder of said county.

Except any portion of Lot B of said Tract No. 7688, adjoining said Lot 2.

Mutual 44

Lot 1 Tract of No. 7513, in the County of Orange, State of California, as per map recorded in Book 297, Pages 33 and 34 of Miscellaneous Maps, in the Office of the County Recorder of said County.

Except any portion of Lots A and B of said Tract No. 7513.

Mutual 45

Lot 2 of Tract No. 7513, in the County of Orange, State of California, a per map recorded in Book 297, Pages 33 and 34 of Miscellaneous Maps, and Lot 1 of Tract No. 7795 in the County of Orange, State of California as per map recorded in Book 299, pages 7 and 8 of Miscellaneous Maps, in the office of the County Recorder of said county.

Except therefrom any portion of Lot A of said Tract No. 7795, adjoining said Lot 1.

Mutual 46

Lots 1 and 2 of Tract No. 7810, in the County of Orange, State of California, as per map recorded in Book 200, Pages 47 and 48 of Miscellaneous Maps, in the office of the County reorder of said county.

Except any portion of Lots A and B of said Tract No. 7810 adjoining said Lots 1 and 2.

Mutual 47

Lot 1 of Tract No. 7811, in the County of Orange, State of California, as per map recorded in Book 300, Pages 49 and 50 of Miscellaneous Maps, in the office of the County Recorder of said county.

Except any portion of Lot A of said Tract No. 7811 adjoining said Lot 1.

Mutual 48

Lot 1 of Tract No. 7897, in the County of Orange, State of California, as per map recorded in Book 308, Pages 35 and 36 of Miscellaneous Maps, in the office of the County Recorder of said county.

Mutual 49

Lots 1 and 2 of Tract No. 7898, in the County of Orange, State of California, as per map recorded in Book 310, Pages 44 and 45 of Miscellaneous Maps, in the office of the County Recorder of said County.

Except any portion of Lots A, B and C of said Tract No. 7898 adjoining said Lots 1 and 2.

Mutual 51

Lots 1 and 2 of Tract No. 7896, in the County of Orange, State of California, as per map recorded in Book 311, Pages 47 and 48 of Miscellaneous Maps, in the office of the County Recorder of said county.

Except any portion of Lots A and B of said Tract No. 7896, adjoining said Lots 1 and 2.

Mutual 52

Lots 1 and 2 of Tract No. 8085, in the County of Orange, California, as per map recorded in Book 321, Pages 49 and 50 of Miscellaneous Maps, in the office of said County Recorder.

Excepting therefrom any portion of both Lots A and B of said Tract no. 8085, adjoining said Lots 1 and 2.

Mutual 53

Lot 1 of Tract No. 8086, in the County of Orange, State of California, as per map recorded in Book 322, Pages 1 and 2 of Miscellaneous Maps, in the office of the County Recorder of said County Recorder.

Excepting therefrom any portion of Lot A of said Tract No. 8086 adjoining said Lot 1.

Also excepting therefrom any portion of Lot A of Tract no. 8085, as per Map recorded in Book 321, Pages 49 and 50 of Miscellaneous Maps in the office of the County Recorder of said county, adjoining said Lot 1.

Mutual 54

Lot 1 of Tract No. 8170, in the County of Orange, State of California, as per map recorded in Book 327, Pages 27 and 28 of Miscellaneous Maps, in the office of said County Recorder of said county.

Excepting therefrom any portion of Lots A and B of said Tract No. 8179, adjoining said Lot.

Mutual 55

Lot 1 of Tract no. 8180, in the County of Orange, State of California, as per map recorded in Book 327, Pages 29 and 30 of Miscellaneous Maps, in the office of said County Recorder.

Excepting therefrom any portion of Lot D of said Tract No. 7887, as per Map recorded in Book 310, Pages 48 to 50, inclusive, of Miscellaneous Maps in the office of the County Recorder of said County, adjoining said Lot 1.

Also excepting therefrom any portion of Lot B of Tract No. 8085 as per Map recorded in Book 321, Pages 49 and 50 of Miscellaneous Maps in the office of the County Recorder of said County adjoining said Lot 1.

Also excepting therefrom any portion of Lot B of Tract No. 8179 as per Map recorded in Book 327, Pages 27 and 28 of Miscellaneous Maps in the office of the County recorder of said County, adjoining said Lot 1.

Mutual 56

Lot 1 of Tract No. 8181, in the County of Orange, State of California, as per map recorded in Book 327, Pages 34 and 35 of Miscellaneous Maps, in the office of said County Recorder.

Excepting therefrom any portion of Lot A of said Tract No. 8181, adjoining said Lot.

Also excepting therefrom any portion of Lot D of Tract No. 7887 as per map recorded in Book 310, Pages 48 to 50 inclusive, of Miscellaneous Maps in the Office of the County Recorder of said County.

Also excepting therefrom any portion of Lot B of Tract Nol. 8179 as per Map recorded in Book 327, Pages 27 and 28 of Miscellaneous Maps in the office of the County Recorder of said County.

Mutual 57

Lot 1 of Tract 8257 as shown on a map recorded in Book 341, Pages 17 and 18 of Miscellaneous Maps in the Office of the County Recorder of Orange County, California and Lot 1 of Tract 8259, as shown on a map recorded in Book 340, Pages 48, 49 and 50 of Miscellaneous Maps in the Office of the County Recorder of Orange County, California.

Mutual 58

Lots 1 and 2 of Tract No. 7887 as per map recorded in Book 310, Pages 48 to 50 inclusive of Miscellaneous Maps, in the office of the County Recorder of Orange County, California.

Excepting therefrom any portion of Lots A, B, C and G of said Tract no. 7887 adjoining said Lots 1 and 2.

Mutual 59

Lot 4 of Tract No. 7887 in the County of Orange, State of California, as per Map recorded in Book 210 Pages 48 to 50, inclusive of Miscellaneous Maps, in the office of said County Recorder.

Excepting therefrom any portion of Lots C, D and H of said Tract No. 7887 adjoining said Lot.

Mutual 60

Lots 1 to 6 inclusive of Tract no. 7388, in the County of Orange, State of California, as per map recorded in Book 308, Pages 11 to 14 inclusive of Miscellaneous Maps in the Office of the County Recorder of said County.

Except any portion of Lots A to F inclusive of said Tract No. 7388.

Mutual 61

Lots 7 and 9 to 13 inclusive of Tract No. 7388, in the County of Orange, State of California, as per map recorded in Book 308, pages 11 to 14 inclusive of Miscellaneous Maps, in the Office of the County Recorder of said County.

Except any portion of Lots A to F inclusive of said Tract No. 7388.

Mutual 62

Lots 1 and 2 of Tract 8258 as per map recorded in Book 341, Pages 19 and 20, of Miscellaneous Maps in the Office of the County Recorder of Orange County, California.

Mutual 63

Lots 2 and 3 of Tract No. 8259, in the County of Orange, State of California, as shown on a map recorded in Book 340, Pages 48, 49 and 50 of Miscellaneous Maps, in the Office of the County Recorder of said county.

Mutual 64

Lot 1 of Tract No. 8546, as shown on Map recorded in Book 346, pages 1 and 2 of Miscellaneous Maps, records of Orange County, California.

Lot 1 of Tract No. 9012, as shown on a Map recorded in Book 377, pages 38 and 39 of Miscellaneous Maps, records of Orange County, California.

Mutual 65

Lot 1 to Tract no. 8547, as shown on a Map recorded in Book 346, pages 3 and 4 of Miscellaneous Maps, records of Orange County, California.

Mutual 66

Tract 8548 as shown on a map recorded in Book 348, Pages 5 and 6 of Miscellaneous Maps in the Office of the County Recorder of Orange County, California.

Mutual 68

Lots 1, 2 and 3 of Tract No. 10641 as shown on a Map recorded in Book 473, pages 29 and 30, inclusive, of Miscellaneous Maps, records of Orange County, California.

Mutual 69

Lot 4 of Tract No. 10641 as shown on a Map recorded in Book 473, pages 29 and 30, inclusive, of Miscellaneous Maps, records of Orange County, California.

Mutual 70

Lots 1 and 2 of Tract No. 7745, as shown on a Map recorded in Book 331, pages 19-26of Miscellaneous Maps, records of Orange County, California.

Lot 2 of Tract No. 8096, as shown on a Map recorded in Book 316, pages 33 and 34 of Miscellaneous Maps, records of Orange County, California.

Lot 1 of Tract No. 8097, as shown on a Map recorded in Book 330, pages 42-47 of Miscellaneous Maps, records of Orange County, California.

Mutual 71

Lots 3 and 8 of Tract no. 7745, as shown on a Map recorded in Book 331, Pages 19-26, inclusive of Miscellaneous Maps, records of Orange County, California.

Mutual 72

Lot 2 of Tract 8097, as shown on a Map recorded in Book 330, Pages 42-47 of Miscellaneous Maps, records of Orange County, California.

Lots 4, 5 and 9 of Tract no. 7745, as shown on a Map recorded in Book 331, pages 19-26 of Miscellaneous Maps, records of Orange County, California.

Mutual 73

Lots 5 and 6 of Tract No. 8097, as shown on a Map recorded in Book 330, pages 42-47 of Miscellaneous Maps, records of Orange County, California.

Lots 1, 2 and 3 of Tract No. 8098, as shown on a Map recorded in Book 331, pages 1-4 of Miscellaneous Maps, records of Orange County, California.

Mutual 74

Lots 3 and 4 of Tract no. 8097, as shown on a Map recorded in Book 330, pages 42-47 of Miscellaneous Maps, records of Orange County, California.

Mutual 75

Lots 6 and 7 of Tract No. 7745, as shown on a Map recorded in Book 331, pages 19-26 of Miscellaneous Maps, records of Orange County, California.

Lot 4 of Tract No. 8098, as shown on a Map recorded in Book 331, pages 1-4 of Miscellaneous Maps, records of Orange County, California.

Mutual 77

Lot 3 of Tract No. 7887 in the County of Orange, State of California, as per Map recorded in Book 310, Pages 48 to 50 inclusive of Miscellaneous Maps, in the office of the County Recorder of said county.

Excepting therefrom any portion of Lots E, F, G and H of said Tract No. 7887 adjoining said Lot 3.

Mutual 78

Lots 3 and 4 of Tract No. 7934 as shown on a Map recorded in Book 443, Pages 46 and 47, inclusive, of Miscellaneous Maps, records of Orange County, California.

Mutual 80

Lots 1 and 2 of Tract No. 8234 in the County of Orange, State of California, as per Map recorded in Book 318, pages 39 and 40 of Miscellaneous Maps, in the office of said County Recorder.

Excepting therefrom any portion of Lot D of Tract no. 5061, as per map recorded in Book 183, pages 4 to 8 inclusive of Miscellaneous Maps in the office of the County Recorder of said County, adjoining said Lots 1 and 2.

Mutual 81

Lot 2 of Tract No. 7935 as shown on a Map recorded in Book 340, pages 14-18, inclusive of Miscellaneous Maps, records of Orange County, California.

Mutual 82

Lot 3 of Tract No. 7935 as shown on a Map recorded in Book 340, pages 14-18, inclusive of Miscellaneous Maps, records of Orange County, California.

Mutual 83

Lot 4 of Tract No. 7935 as shown on a Map recorded in Book 340, pages 14-18, inclusive of Miscellaneous Maps, records of Orange County, California.

Mutual 84

Lot 5 of Tract No. 7935, as shown on a Map recorded in Book 340, Pages 14-18, inclusive of Miscellaneous Maps, records of Orange County, California.

EXHIBIT "B"
OWNERSHIP INTEREST IN THE COMMON AREA

The Common Area consists of certain real property in the City of Laguna Woods, County of Orange, State of California, more particularly described in Section 2.2 of this Declaration. As further described in Section 2.2, the Common Area of each Mutual in the Development is owned by the Owners of Units in each Mutual as tenants-in-common in the following undivided interests:

(1) The Common Area of Mutual 22 is owned by the Owners of Units in Mutual 22 as tenants-in-common in equal one-ninety sixth (1/96) undivided interests.

(2) The Common Area of Mutual 23 is owned by the Owners of Units in Mutual 23 as tenants-in-common in equal one-one hundred eighteenth (1/118) undivided interests.

(3) The Common Area of Mutual 24 is owned by the Owners of Units in Mutual 24 as tenants-in-common in equal one-one hundred fifty sixth (1/156) undivided interests.

(4) The Common Area of Mutual 25 is owned by the Owners of Units in Mutual 25 as tenants-in-common in equal one-eighty-sixth (1/86) undivided interests.

(5) The Common Area of Mutual 26 is owned by the Owners of Units in Mutual 26 as tenants-in-common in equal one-one hundred twelfth (1/112) undivided interests.

(6) The Common Area of Mutual 27 is owned by the Owners of Units in Mutual 27 as tenants-in-common in equal one-one hundred twenty-eighth (1/128) undivided interests.

(7) The Common Area of Mutual 28 is owned by the Owners of Units in Mutual 28 as tenants-in-common in equal one-one hundred fifty-sixth (1/156) undivided interests.

(8) The Common Area of Mutual 29 is owned by the Owners of Units in Mutual 29 as tenants-in-common in equal one-two hundred fourth (1/204) undivided interests.

(9) The Common Area of Mutual 30 is owned by the Owners of Units in Mutual 30 as tenants-in-common in equal one-one hundred sixty-sixth (1/166) undivided interests.

(10) The Common Area of Mutual 31 is owned by the Owners of Units in Mutual 31 as tenants-in-common in equal one-one hundred sixty-eighth (1/168) undivided interests.

(11) The Common Area of Mutual 32 is owned by the Owners of Units in Mutual 32 as tenants-in-common in equal one-one hundred ninety-second (1/192) undivided interests.

(12) The Common Area of Mutual 33 is owned by the Owners of Units in Mutual 33 as tenants-in-common in equal one-one hundred twenty-second (1/120) undivided interests.

(13) The Common Area of Mutual 34 is owned by the Owners of Units in Mutual 34 as tenants-in-common in equal one-one hundred twentieth (1/120) undivided interests.

(14) The Common Area of Mutual 35 is owned by the Owners of Units in Mutual 35 as tenants-in-common in equal one-ninety-sixth (1/96) undivided interests.

(15) The Common Area of Mutual 36 is owned by the Owners of Units in Mutual 36 as tenants-in-common in equal one-one hundredth (1/100) undivided interests.

(16) The Common Area of Mutual 37 is owned by the Owners of Units in Mutual 37 as tenants-in-common in equal one-ninety-eighth (1/98) undivided interests.

(17) The Common Area of Mutual 38 is owned by the Owners of Units in Mutual 38 as tenants-in-common in equal one-one hundred thirty-fifth (1/135) undivided interests.

(18) The Common Area of Mutual 39 is owned by the Owners of Units in Mutual 39 as tenants-in-common in equal one-one hundred sixteen (1/116) undivided interests.

(19) The Common Area of Mutual 40 is owned by the Owners of Units in Mutual 40 as tenants-in-common in equal one-eightieth (1/80) undivided interests.

(20) The Common Area of Mutual 41 is owned by the Owners of Units in Mutual 41 as tenants-in-common in equal one- eighty-sixth (1/86) undivided interests.

(21) The Common Area of Mutual 42 is owned by the Owners of Units in Mutual 41 as tenants-in-common in equal one- seventy-ninth (1/79) undivided interests.

(22) The Common Area of Mutual 43 is owned by the Owners of Units in Mutual 43 as tenants-in-common in equal one- eighty-second (1/82) undivided interests.

(23) The Common Area of Mutual 44 is owned by the Owners of Units in Mutual 44 as tenants-in-common in equal one-fifty-third (1/53) undivided interests.

(24) The Common Area of Mutual 45 is owned by the Owners of Units in Mutual 45 as tenants-in-common in equal one-one eighty-fifth (1/85) undivided interests.

(25) The Common Area of Mutual 46 is owned by the Owners of Units in Mutual 46 as tenants-in-common in equal one-one sixty-fifth (1/65) undivided interests.

(26) The Common Area of Mutual 47 is owned by the Owners of Units in Mutual 47 as tenants-in-common in equal one- ninety-sixth (1/96) undivided interests.

(27) The Common Area of Mutual 48 is owned by the Owners of Units in Mutual 48 as tenants-in-common in equal one-one hundred-fourth (1/104) undivided interests.

(28) The Common Area of Mutual 49 is owned by the Owners of Units in Mutual 49 as tenants-in-common in equal one-one hundred-nineteenth (1/119) undivided interests.

(29) The Common Area of Mutual 51 is owned by the Owners of Units in Mutual 51 as tenants-in-common in equal one-one hundred-thirty-seventh (1/137) undivided interests.

(30) The Common Area of Mutual 52 is owned by the Owners of Units in Mutual 52 as tenants-in-common in equal one-one hundred-thirtieth (1/130) undivided interests.

(31) The Common Area of Mutual 53 is owned by the Owners of Units in Mutual 53 as tenants-in-common in equal one-one hundredth (1/100) undivided interests.

(32) The Common Area of Mutual 54 is owned by the Owners of Units in Mutual 54 as tenants-in-common in equal one-eighty-fourth (1/84) undivided interests.

(33) The Common Area of Mutual 55 is owned by the Owners of Units in Mutual 55 as tenants-in-common in equal one-eighty-fourth (1/84) undivided interests.

(34) The Common Area of Mutual 56 is owned by the Owners of Units in Mutual 56 as tenants-in-common in equal one-eighty-sixth (1/86) undivided interests.

(35) The Common Area of Mutual 57 is owned by the Owners of Units in Mutual 57 as tenants-in-common in equal one-eighty-sixth (1/86) undivided interests.

(36) The Common Area of Mutual 58 is owned by the Owners of Units in Mutual 58 as tenants-in-common in equal one-one hundred-third (1/103) undivided interests.

(37) The Common Area of Mutual 59 is owned by the Owners of Units in Mutual 59 as tenants-in-common in equal one-one hundred-twentieth (1/120) undivided interests.

(38) The Common Area of Mutual 60 is owned by the Owners of Units in Mutual 60 as tenants-in-common in equal one-one hundred-seventy-second (1/172) undivided interests.

(39) The Common Area of Mutual 61 is owned by the Owners of Units in Mutual 61 as tenants-in-common in equal one-one hundred-forty-fifth (1/145) undivided interests.

(40) The Common Area of Mutual 62 is owned by the Owners of Units in Mutual 62 as tenants-in-common in equal one-one hundredth (1/100) undivided interests.

(41) The Common Area of Mutual 63 is owned by the Owners of Units in Mutual 63 as tenants-in-common in equal one-forty-ninth (1/49) undivided interests.

(42) The Common Area of Mutual 64 is owned by the Owners of Units in Mutual 64 as tenants-in-common in equal one-sixty-fourth (1/64) undivided interests.

(43) The Common Area of Mutual 65 is owned by the Owners of Units in Mutual 65 as tenants-in-common in equal one-sixty-eighth (1/68) undivided interests.

(44) The Common Area of Mutual 66 is owned by the Owners of Units in Mutual 66 as tenants-in-common in equal one-fifty-fifth (1/55) undivided interests.

(45) The Common Area of Mutual 68 is owned by the Owners of Units in Mutual 68 as tenants-in-common in equal one-sixtieth (1/60) undivided interests.

(46) The Common Area of Mutual 69 is owned by the Owners of Units in Mutual 69 as tenants-in-common in equal one-fifty (1/50) undivided interests.

(47) The Common Area of Mutual 70 is owned by the Owners of Units in Mutual 70 as tenants-in-common in equal one-sixty-first (1/61) undivided interests.

(48) The Common Area of Mutual 71 is owned by the Owners of Units in Mutual 71 as tenants-in-common in equal one-fifty-ninth (1/59) undivided interests.

(49) The Common Area of Mutual 72 is owned by the Owners of Units in Mutual 72 as tenants-in-common in equal one-thirty-sixth (1/36) undivided interests.

(50) The Common Area of Mutual 73 is owned by the Owners of Units in Mutual 73 as tenants-in-common in equal one-ninety-sixth (1/96) undivided interests.

(51) The Common Area of Mutual 74 is owned by the Owners of Units in Mutual 74 as tenants-in-common in equal one-seventy-eighth (1/78) undivided interests.

(52) The Common Area of Mutual 75 is owned by the Owners of Units in Mutual 75 as tenants-in-common in equal one-sixty-sixth (1/66) undivided interests.

(53) The Common Area of Mutual 77 is owned by the Owners of Units in Mutual 77 as tenants-in-common in equal one-one hundred twenty-nineth (1/129) undivided interests.

(54) The Common Area of Mutual 78 is owned by the Owners of Units in Mutual 78 as tenants-in-common in equal one-eighty-fourth (1/84) undivided interests.

(55) The Common Area of Mutual 80 is owned by the Owners of Units in Mutual 80 as tenants-in-common in equal one-forty-fifth (1/45) undivided interests.

(56) The Common Area of Mutual 81 is owned by the Owners of Units in Mutual 81 as tenants-in-common in equal one-one hundred-fifth (1/105) undivided interests.

(57) The Common Area of Mutual 82 is owned by the Owners of Units in Mutual 82 as tenants-in-common in equal one-one hundred thirty-second (1/132) undivided interests.

(58) The Common Area of Mutual 83 is owned by the Owners of Units in Mutual 83 as tenants-in-common in equal one-sixty-sixth (1/66) undivided interests.

(59) The Common Area of Mutual 84 is owned by the Owners of Units in Mutual 84 as tenants-in-common in equal one-eighty-first (1/81) undivided interests.

EXHIBIT "C"
PRIOR DECLARATION

The Property and all Mutuals were previously subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens, and charges set forth in the below listed declarations (collectively, the "Prior Declaration") recorded in the official records of Orange County, California for each of the Mutuals, all of which have been restated and merged together pursuant to this Declaration.

1. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 22) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218113.

2. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 23) for Third Laguna Hills Mutual recorded on August 9, 1988 as Document/Instrument No. 88-389976.

3. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 24) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218114.

4. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 25) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218115.

5. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 26) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218116.

6. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 27) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218117.

7. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 28) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218118.

8. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 29) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218119.

9. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 30) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218120.

10. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 31) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218121.

11. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 32) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218122.

12. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 33) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218123.

13. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 34) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218124.

14. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 35) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218125.

15. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 36) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218126 .

16. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 37) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218127.

17. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 38) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218128.

18. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 39) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218129.

19. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 40) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218130.

20. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 41) for Third Laguna Hills Mutual recorded on May 17, 1988 as Document/Instrument No. 88-228931.

21. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 42) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218131.

22. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 43) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218132.

23. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 44) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218133.

24. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 45) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218134.

25. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 46) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218135.

26. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 47) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218136.

27. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 48) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218137.

28. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 49) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218138.

29. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 51) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218139.

30. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 52) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218140.

31. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 53) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218141.

32. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 54) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218142.

33. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 55) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218143.

34. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 56) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218144.

35. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 57) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218145.

36. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 58) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218146.

37. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 59) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218147.

38. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 60) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218148.

39. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 61) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218149.

40. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 62) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-2181550.

41. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 63) for Third Laguna Hills Mutual recorded on August 9, 1988 as Document/Instrument No. 88-389975.

42. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 64) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218151.

43. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 65) for Third Laguna Hills Mutual recorded on May 13, 1988 as Document/Instrument No. 88-224549.

44. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 66) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218152.

45. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 68) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218153.

46. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 69) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218154.

47. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 70) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218155.

48. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 71) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218156.

49. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 72) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218157.

50. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 73) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218158.

51. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 74) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218159.

52. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 75) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218160.

53. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 77) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218161.

54. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 78) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218162.

55. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 80) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218163.

56. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 81) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218164.

57. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 82) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218165.

58. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 83) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218166.

59. Amended and Restated Declaration of Covenants, Conditions and Restrictions (Mutual No. 84) for Third Laguna Hills Mutual recorded on May 10, 1988 as Document/Instrument No. 88-218167.

EXHIBIT "D"
CONDOMINIUM PLANS

The condominium plans applicable to the Development and recorded against the Property are set forth below.

Mutual 22

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 6320, which Plan was recorded June 21, 1968, in Book 8637, pages 983-993, inclusive, as Document No. 13763, Official Records of Orange County, California.

Mutual 23

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 6605, which Plan was recorded August 8, 1968, in Book 8685, pages 585-595, inclusive, as Document No. 5846, Official Records of Orange County, California.

Mutual 24

That certain Condominium Plan and any amendments thereto for Lot 2 of Tract 6320, which Plan was recorded August 16, 1968, in Book 8694, pages 463-473, inclusive, as Document No. 12116, Official Records of Orange County, California.

Mutual 25

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 5861, which Plan was recorded November 7, 1968, in Book 8781, pages 678-688, inclusive, as Document No. 4520, Official Records of Orange County, California.

Mutual 26

That certain Condominium Plan and any amendments thereto for Lot 2 of Tract 5861, which Plan was recorded November 7, 1968, in Book 8781, pages 705-716, inclusive, as Document No. 4521, Official Records of Orange County, California.

Mutual 27

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 6810, which Plan was recorded January 23, 1969, in Book 14183, pages 288-299, inclusive, as Document No. 14183, Official Records of Orange County, California.

Mutual 28

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 6847, which Plan was recorded April 16, 1969, in Book 8928, pages 795-805, inclusive, as Document No. 11027, Official Records of Orange County, California.

Mutual 29

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 6868, which Plan was recorded May 15, 1969, in Book 8958, pages 555-567, inclusive, as Document No. 10288, Official Records of Orange County, California.

Mutual 30

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 6951, which Plan was recorded March 31, 1970, in Book 9252, pages 197-211, inclusive, as Document No. 17937, Official Records of Orange County, California.

Mutual 31

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 6998, which Plan was recorded August 14, 1969, in Book 9051, pages 240-252, inclusive, as Document No. 9535, Official Records of Orange County, California.

Mutual 32

That certain Condominium Plan and any amendments thereto for Lots 1, 2 of Tract 7074, which Plan was recorded October 2, 1969, in Book 9096, pages 820-829, inclusive, as Document No. 1267, Official Records of Orange County, California.

Mutual 33

That certain Condominium Plan and any amendments thereto for Lots 6, 7, 8 and b of Tract 5719, which Plan was recorded December 11, 1969, in Book 9160, pages 669-678, inclusive, as Document No. 7214, Official Records of Orange County, California.

Mutual 34

That certain Condominium Plan and any amendments thereto for Lot 5 of Tract 5719, which Plan was recorded May 7, 1971, in Book 9633, pages 622-631, inclusive, as Document No. 5131, Official Records of Orange County, California.

Mutual 35

That certain Condominium Plan and any amendments thereto for Lots 2, 3, 4 and a of Tract 5719, which Plan was recorded May 7, 1971, in Book 9633, pages 650-658, inclusive, as Document No. 5132, Official Records of Orange County, California.

Mutual 36

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 7128, which Plan was recorded January 18,1971, in Book 9520, pages 792-801, inclusive, as Document No. 8752, Official Records of Orange County, California.

Mutual 37

That certain Condominium Plan and any amendments thereto for Lot 2 of Tract 7128, which Plan was recorded December 23, 1970, in Book 9499, pages 283-292, inclusive, as Document No. 18924, Official Records of Orange County, California.

Mutual 38

That certain Condominium Plan and any amendments thereto for Lots 1 and 2 of Tract 7372, which Plan was recorded July 30, 1971, in Book 9742, pages 581-593, inclusive, as Document No. 27541, Official Records of Orange County, California.

Mutual 39

That certain Condominium Plan and any amendments thereto for Lots 1 and 2 of Tract 7411, which Plan was recorded August 31, 1971, in Book 9786, pages 741-749, inclusive, as Document No. 29413, Official Records of Orange County, California.

Mutual 40

That certain Condominium Plan and any amendments thereto for Lots 3 and 4 of Tract 7124, which Plan was recorded February 3, 1972, in Book 9989, pages 942-950, inclusive, as Document No. 3508, Official Records of Orange County, California.

Mutual 41

That certain Condominium Plan and any amendments thereto for Lots 1 and 2 of Tract 7124, which Plan was recorded February 3, 1972, in Book 9989, pages 968-979, inclusive, as Document No. 3509, Official Records of Orange County, California.

Mutual 42

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 7688, which Plan was recorded April 11, 1972, in Book 10076, pages 517-527, inclusive, as Document No. 7931, Official Records of Orange County, California.

Mutual 43

That certain Condominium Plan and any amendments thereto for Lot 2 of Tract 7688, which Plan was recorded April 11, 1972, in Book 10076, pages 545-555, inclusive, as Document No. 7932, Official Records of Orange County, California.

Mutual 44

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 7513, which Plan was recorded May 8, 1972, as Document No. 7455, in Book 10116, pages 683-691, inclusive, and amended by that certain Plan which was recorded June 15, 1972, in Book No. 10175, Pages 352-360, inclusive, as Document no. 16041, both in Official Records of Orange County, California.

Mutual 45

That certain Condominium Plan and any amendments thereto for Lot 2 of Tract 7513, which Plan was recorded June 15, 1972, in Book 10175, pages 378-391, inclusive, as Document No. 16042, Official Records of Orange County, California.

Mutual 46

That certain Condominium Plan and any amendments thereto for Lots 1 and 2 of Tract 7810, which Plan was recorded July 26, 1972, in Book 10241, pages 290-301, inclusive, as Document No. 23823, Official Records of Orange County, California.

Mutual 47

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 7811, which Plan was recorded July 26, 1972, in Book 10241, pages 319-328, inclusive, as Document No. 23824, Official Records of Orange County, California.

Mutual 48

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 7897, which Plan was recorded October 31, 1971, in Book 10400, pages 83-98, inclusive, as Document No. 30769, Official Records of Orange County, California.

Mutual 49

That certain Condominium Plan and any amendments thereto for Lots 1 and 2 of Tract 7898, which Plan was recorded January 5, 1973, in Book 10504, pages 327-341, inclusive, as Document No. 4977, and amended by that certain Correction of Condominium Plan, which was recorded on April 9, 1974, in Book 11114,Pages 1046-1049, inclusive as Document No. 8670, both in Official Records of Orange County, California.

Mutual 51

That certain Condominium Plan and any amendments thereto for Lots 1 and 2 of Tract 7896, which Plan was recorded January 16, 1973, in Book 10517, pages 346-361, inclusive, as Document No. 13394, Official Records of Orange County, California.

Mutual 52

That certain Condominium Plan and any amendments thereto for Lots 1 and 2 of Tract 8085, which Plan was recorded June 6, 1973, in Book 10789, pages 124-139, inclusive, as Document No. 5953 and amended by that certain Amendment To Condominium Plan, which was recorded on January 18m 1974, in Book 11059, Pages 1574-1578, inclusive, as Document No. 12882, both in Official Records of Orange County, California.

Mutual 53

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 8086, which Plan was recorded July 6, 1973, in Book 10789, pages 156-170, inclusive, as Document No. 5932, Official Records of Orange County, California.

Mutual 54

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 8179, which Plan was recorded June 25, 1974, in Book 11180, pages 421-431, inclusive, as Document No. 25315, Official Records of Orange County, California.

Mutual 55

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 8180, which Plan was recorded August 10, 1973, in Book 10845, pages 509-525, inclusive, as Document No. 11008, Official Records of Orange County, California.

Mutual 56

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 8181, which Plan was recorded August 10, 1973, in Book 10845, pages 543-557, inclusive, as Document No. 11009, Official Records of Orange County, California.

Mutual 57

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 8257 and Lot 1 of Tract 8259, which Plan was recorded August 21, 1975, in Book 11490, pages 1809-1828, inclusive, as Document No. 22681, and amended by that certain Condominium Plan, which was recorded on February 26, 1976, in Book 11657, Pages 1274-1293, inclusive, as Document No. 24972, both in Official Records of Orange County, California.

Mutual 58

That certain Condominium Plan and any amendments thereto for Lots 1, 2, a, b, c and g of Tract 7887, which Plan was recorded July 17, 1973, in Book 10803, pages 402-417, inclusive, as Document No. 15143, Official Records of Orange County, California.

Mutual 59

That certain Condominium Plan and any amendments thereto for Lot 4 of Tract 7887, which Plan was recorded April 17, 1973, in Book 10649, pages 55-69, inclusive, as Document No. 10649, Official Records of Orange County, California.

Mutual 60

That certain Condominium Plan and any amendments thereto for Lots 1 through 6 of Tract 7388, which Plan was recorded January 26, 1973, in Book 10530, pages 867-890, inclusive, as Document No. 22453, Official Records of Orange County, California.

Mutual 61

That certain Condominium Plan and any amendments thereto for Lots 7 and 9 through 13 of Tract 7388, which Plan was recorded January 26, 1973, in Book 10530, pages 908-928, inclusive, as Document No. 22454, Official Records of Orange County, California.

Mutual 62

That certain Condominium Plan and any amendments thereto for Lots 1 and 2 of Tract 8258, which Plan was recorded July 5, 1974, in Book 11189, pages 1403-1424, inclusive, as Document No. 6113, Official Records of Orange County, California.

Mutual 63

That certain Condominium Plan and any amendments thereto for Lots 2 and 3 of Tract 8259, which Plan was recorded February 3, 1975, in Book 11334, pages 775-799, inclusive, as Document No. 945, Official Records of Orange County, California.

Mutual 64

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 8546 and Lot 1 of Tract 9012, which Plan was recorded June 16, 1976, in Book 11773, pages 1792-1806, inclusive, as Document No. 20864, Official Records of Orange County, California.

Mutual 65

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 8547, which Plan was recorded January 23, 1976 in Book 11628, pages 1817-1831 inclusive, as Document No. 21245, Official Records of Orange County, California.

Mutual 66

That certain Condominium Plan and any amendments thereto for Lot 1 of Tract 8548, which Plan was recorded September 11, 1975 in Book 11508, pages 397-409 inclusive, as Document No. 10431, Official Records of Orange County, California.

Mutual 68

That certain Condominium Plan and any amendments thereto for Lots 1, 2 and 3 of Tract 10641, which Plan was recorded June18, 1980, in Book 13639, pages 680-697, inclusive, as Document No. 19495, and amended by recording on May 11, 1981, in Book 14053, Pages 1134-1135, inclusive, as Documents 14053, and amended by recording on August 11, 1981, in Book 14177, Pages 488-489, inclusive, as Document 14177, all in the Official Records of Orange County, California.

Mutual 69

That certain Condominium Plan and any amendments thereto for Lot 4 of Tract 10641, which Plan was recorded June 18, 1980, in Book 13639, pages 698-711, inclusive, as Document No. 19496, Official Records of Orange County, California.

Mutual 70

That certain Condominium Plan and any amendments thereto for Lots 1 and 2 of Tract 7745, Lot 2 of Tract 8096, and Lot 1 of Tract 8097, which Plan was recorded June 20, 1976, in Book 11818, pages 1448-1461, inclusive, as Document No. 26280, and re-recorded on October 19, 1977, in Book 12422, Pages 1857-1889, inclusive, as Document No. 25355, both in the Official Records of Orange County, California.

Mutual 71

That certain Condominium Plan and any amendments thereto for Lots 3 and 8 of Tract 7745, which Plan was recorded November 8, 1976, in Book 11953, pages 278-312, inclusive, as Document No. 10210, and re-recorded November 15, 1976, in Book 11961, Pages 658-692, inclusive, as Document No. 19822, both in the Official Records of Orange County, California.

Mutual 72

That certain Condominium Plan and any amendments thereto for Lot 2 of Tract 8097, and Lots 4, 5, and 9 of Tract 7745, which Plan was recorded February 4, 1977, in Book 12060, pages 954-967, inclusive, as Document No. 7345, and re-recorded on March 29, 1977, in Book 12123, Pages 34-47, inclusive, as Document No. 40192, both in the Official Records of Orange County, California.

Mutual 73

That certain Condominium Plan and any amendments thereto for Lots 1, 2 and 3 of Tract 8098, which Plan was recorded March 18, 1977, in Book 12110, pages 130-146, inclusive, as Document No. 26046, re-recorded on March 24, 1977, in Book 12116, Pages 1366-1382, inclusive as Document 33413, and re-recorded on May 11, 1977, in Book 12189, Pages 698-714, inclusive, as Document No. 26047, all in the Official Records of Orange County, California.

Mutual 74

That certain Condominium Plan and any amendments thereto for Lots 3 and 4 of Tract 8097, which Plan was recorded March 18, 1977, in Book 12110, pages 166-177, inclusive, as Document No. 26049, and re-recorded on March 24, 1977, in Book 12116, Pages 1383-1394, inclusive, as Document No. 33414, and re-recorded on May 11, 1977, in Book 12189, pages 677-688, inclusive, as Document No. 18046, all in the Official Records of Orange County, California.

Mutual 75

That certain Condominium Plan and any amendments thereto for Lot 4 of Tract 8098, which Plan was recorded March 18, 1977, in Book 12110, pages 197-205, inclusive, as Document No. 26051, re-recorded on March 24, 1977, in Book 12116, pages 1395-1403, inclusive as Document No. 33415Official Records of Orange County, California.

Mutual 77

That certain Condominium Plan and any amendments thereto for Lot 3 of Tract 7887, which Plan was recorded June 25, 1974, in Book 11180, pages 449-458, inclusive, as Document No. 25316, Official Records of Orange County, California.

Mutual 78

That certain Condominium Plan and any amendments thereto for Lots 3 and 4 of Tract 7934, which Plan was recorded June 19, 1980, in Book 13640, pages 643-658, inclusive, as Document No. 20713 Official Records of Orange County, California.

Mutual 80

That certain Condominium Plan and any amendments thereto for Lots 1 and 2 of Tract 8234, which Plan was recorded March 14, 1973, in Book 10594, pages 517-529, inclusive, as Document No. 12644, Official Records of Orange County, California.

Mutual 81

That certain Condominium Plan and any amendments thereto for Lot 2 of Tract 7935, which Plan was recorded December 27, 1976, in Book 12009, pages 326-333, inclusive, as Document No. 33949, Official Records of Orange County, California.

Mutual 82

That certain Condominium Plan and any amendments thereto for Lot 3 of Tract 7935, which Plan was recorded December 27, 1976, in Book 12009, pages 353-362, inclusive, as Document No. 33951, and re-recorded on March 29, 1977, in Book 12123, Pages 24-33, inclusive, as Document No. 40191, both in the Official Records of Orange County, California.

Mutual 83

That certain Condominium Plan and any amendments thereto for Lot 4 of Tract 7935, which Plan was recorded December 27, 1976, in Book 12009, pages 382-390, inclusive, as Document No. 33953, Official Records of Orange County, California.

Mutual 84

That certain Condominium Plan and any amendments thereto for Lot 5 of Tract 7935, which Plan was recorded November 1, 1976, in Book 11945, pages 834-844, inclusive, as Document No. 1579, Official Records of Orange County, California.

EXHIBIT "E"
MAINTENANCE SCHEDULE

In this Exhibit "E," when the "Original" or "Replacement" column is marked with the letter "O," the Owner of the Unit is responsible to perform and pay for painting, maintenance, repair and replacement, as may be applicable, of the indicated item or component. When the "Original" or "Replacement" column is marked with a "C," the Corporation is responsible to perform and pay for the component. All changes, alterations, or modifications to the Common Area or the exterior of any Unit (including the dwelling thereon) is subject to the prior written approval of the Association even if an Owner is responsible for such maintenance, repair, replacement, or painting in accordance with Article VIII of this Declaration. This schedule is not an exhaustive list of Corporation and Owner maintenance obligations, but is meant to supplement relevant provisions of this Declaration.

COMPONENT	ORIGNAL	REPLACEMENT
Interior of Unit		
Floor coverings *(including. but not limited to, carpeting, hardwood, linoleum, and tile)*	O	O
Indoor wall surfaces *(including, but not limited to, paint, wallpaper, paneling, and mirrors)*	O	O
Interior walls *(including lath, plaster, and drywall as applicable)*	C	O
Ceiling surfaces	O	O
Cabinets and their hardware, counters and mantles	O	O
Interior doors, doorways, doorframes and their hardware	O	O
Built-in and/or freestanding appliances *(including, but not limited to, microwave, range, dishwasher, refrigerator and oven)*	O	O
Plumbing fixtures *(including, but not limited to, sinks, toilets, bath, shower, faucets, sink hardware, angle stops, and supply hoses)*	O	O
Electrical *(including, but not limited to, lighting fixtures, ceiling fans, outlets, and switch wiring and distribution)* Main Panel is NOT included in this item.	O	O

COMPONENT	ORIGNAL	REPLACEMENT
Elements of interior dwelling areas not designated for maintenance by Association.	O	O
Exterior and Structural Components of Units and buildings		
Roofs	C	C
Alteration Roofs (including, *but not limited to over Atrium, Patios, Balconies*)	N/A	C (only if alteration roof is tied into Mutual Roof. Replacement is completed by Corporation only, and is a chargeable service)
Gutters and downspouts	C	O
Exterior building surfaces (except for window/sliding door frames and trim)	C	C
Painting of exterior building surfaces	C	C
Foundations and structural components of the Unit dwelling area	C	O
Entry Doors of Unit		
Door hardware *(including, but not limited to, lock, strike plate, doorknob, hinges, and openers)*	O	O
Indoor paint or other finish	O	O
Exterior paint or other finish (including door surface, door frames, exterior trim and flashing)	O	O
Replacement of door		O
Door bell – chime box, transformer, and other components located within the Unit	O	O
Door bell – other components (including but not limited to the button and wiring) located on the exterior of the door or building surface	O	O
Interior surfaces of door and door frames	O	O
Door frame and jamb	C	O

COMPONENT	ORIGNAL	REPLACEMENT
Windows, Utility Doors and Sliding Glass Doors Serving a Unit		
Decorations and hardware *(including, but not limited to, locks, sashes, tracks, fittings, glazes, stops, gaskets, thresholds, and knobs)*	O	O
Exterior paint of window trim, window frames, and window flashing	C	O
Frames	O	O
Replacement of windows and sliding glass doors	O (Unless hit by a golf ball)	O (Unless hit by a golf ball)
Cleaning of glass surfaces	O	O
Repair and replacement of glass	O	O
Screens and screen doors	O	O
Fireplaces		
Firebox	C	O
Flue and chimney	C	O
Fire, Life and Safety Equipment		
Smoke detector	O	O
Carbon monoxide detector	O	O
Central fire detection and sprinkler systems	C	C
Utility Systems Serving Units		
Plumbing fixtures/faucets exclusively serving a Unit (wherever located)	O	O
Hose Bibs located outside of unit	C	C
Plumbing (water and sewer) and drainage pipes and lines, including all lateral lines, exclusively serving a Unit and located within the Unit	O	O
Plumbing (water and sewer) and drainage pipes and lines, including all lateral lines, located outside the boundaries of the Unit (even if exclusively serving the Unit)	C	C
Electrical fixtures, wiring, systems and circuit breaker exclusively serving a Unit (wherever located)	O	O

COMPONENT	ORIGNAL	REPLACEMENT
Exterior lighting fixtures exclusively serving a Unit	O	O
Furnaces, ducts, air handler, gas lines and pipes, and other utility service facilities exclusively serving a Unit (wherever located)	O	O
Water heaters, water heater closets, walls and doors	O	O
Air conditioning and air heating equipment (including compressor and related ductwork) exclusively serving a Unit (wherever located)	O	O
Dryer vent and related equipment exclusively serving a Unit (wherever located)	O	O
Telephone wiring exclusively serving exclusively serving a Unit and located within the Unit	O	O
Television, audio, video, and internet cables, wiring, connections, and equipment exclusively serving a Unit and located within the Unit (Excludes cable equipment provided by Corporation)	O	O
All other utility systems exclusively serving a Unit even if located in the Common Area	C	C
Security/access control systems serving the Unit (including Association-approved installations such as Ring and other smart doorbells, security or alarm systems, or motion sensor lights)	O	O
Patios/Balconies/Courtyards/Entryways		
Fences or walls	C	O
Waterproofing for non-enclosed balconies	C	C
Patio/courtyard slab	C	O
Cleaning Patio, Balcony, courtyard, and entryway areas and keeping drains clear/free of debris	O	O
Lighting fixtures	O	O

COMPONENT	ORIGNAL	REPLACEMENT
Owner-installed improvements and landscaping (subject to architectural approval by the Association, as applicable)	O	O
Garages/Carports		
Interior of garage/carport (including interior surfaces)	O	O
Structural portions of garage/carport	C	O (Does not apply to GV garages)
Lighting fixtures within an open garage/carport	C	C
Lighting fixtures within and enclosed garage/carport	O	O
Garage door painting, maintenance, repair and replacement	C	O
Garage door hardware and accessories *(including, but not limited to, lock and opener)*	O	O
Termite Treatment in accordance with Section 7.5 of the Declaration		
Termite treatment within the Units	C	C
Termite and other pest control and treatment in the Common Areas	C	C
Common Areas		
Common Area lighting facilities and fixtures	C	C
Underground parking facilities and open space/guest parking areas	C	C
Recreation room areas in Garden Villas	C	C
Private streets and driveways	C	C
Walkways, pedestrian paths, and breezeways	C	C
Monument/entry signs	C	C
Mailbox (except key)	C	C
Private onsite Common Area sewer and drainage facilities not maintained by local utilities	C	C

COMPONENT	ORIGNAL	REPLACEMENT
Landscaping in the Common Area (except those plants maintained by individual Residents appurtenant to their Unit upon approval by the Corporation)	C	C
Common Area components not designated for maintenance by an Owner pursuant to this Declaration	C	C

Owner maintenance responsibilities set forth in this Exhibit "E" are subject to applicable architectural/design control and approval provisions of this Declaration, as well as other provisions of this Declaration and any applicable Operating Rules adopted by the Board from time to time.

CERTIFICATE OF PRESIDENT AND SECRETARY
OF
THIRD LAGUNA WOODS MUTUAL

We, the undersigned, do hereby certify that:

1. We are the duly appointed and acting President and Secretary of Third Laguna Woods Mutual (the "***Corporation***"), a California nonprofit corporation.

2. The foregoing *Superseding Declaration of Covenants, Conditions and Restrictions for Third Laguna Woods Mutual* (the *"**Declaration**"*) was approved by at least sixty-seven percent (67%) of the total voting power of the Corporation and of each Mutual on November 3, 2020, in accordance with the requirements of the Prior Declaration and the Davis-Stirling Act.

3. To the best of our knowledge, no "Eligible Mortgage Holders," as such term is defined in the Prior Declaration, exist as of the date indicated below.

4. Capitalized terms not defined herein shall have the meanings given to them in the Declaration.

IN WITNESS WHEREOF, we have executed this Certificate of President and Secretary.

THIRD LAGUNA WOODS MUTUAL	**THIRD LAGUNA WOODS MUTUAL**
By:_____	By:_____
Name:_____	Name:_____
Title: President	Title: Secretary
Date:_____	Date:_____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Notary Public