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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP FOR THE UNIVERSITY HILLS CONDOMINIUM PROJECT

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("Declaration") is made and entered into by the Irvine Campus Housing Authority, a California nonprofit public benefit corporation ("Declarant"), as of this _16_ day of _July____, 1986.

W I T N E S S E T H

WHEREAS, Declarant is the lessee of certain real property situated in Orange County, California, which real property is more particularly described in Exhibit A to this Declaration (the "Land"); and

WHEREAS, the Land is part of a larger tract of real property owned by The Regents of the University of California, a California public corporation ("The Regents"), and leased to Declarant pursuant to the terms of a certain Amended and Restated Ground Lease by and between The Regents and Declarant, dated September 1, 1984, as further amended by amendments dated as of August 1, 1985, November 1, 1985, and November 15, 1985, and as reflected in that certain Memorandum of Amended and Restated Ground Lease recorded on October 5, 1984, as Instrument No. 84-415214, as amended by Instrument No. 86-059269, dated February 13, 1986, in the Official Records of the County Recorder for the County of Orange, State of California, as such instrument may be amended from time to time by the parties thereto (the "Ground Lease"); and

WHEREAS, Declarant has improved or intends to improve the Land by constructing thereon improvements containing thirty-two (32) dwelling units and related facilities and desires, by this Declaration, to establish a plan of condominium ownership with respect thereto consistent with the provisions of Section 1350 et seq. of the California Civil Code; and

WHEREAS, Declarant intends to transfer and convey to each owner of a condominium to be established pursuant to this Declaration a sublease interest underlying such owner's fee interest in (i) a condominium unit and (ii) a percentage of undivided ownership interest in all or a portion of the common areas of the condominium appurtenant to such unit, such sublease interest to expire on October 30, 2082; and
WHEREAS, Declarant desires to provide for the annexation of certain additional real property and improvements to this Declaration in accordance with the terms and provisions set forth herein; and

WHEREAS, consistent with the requirements of Section 1351(e) of the California Civil Code, The Regents, as the record owners of fee title to the Land, have consented to the recordation of a condominium plan relating to the condominium project created by this Declaration and have caused such condominium plan to be duly executed and acknowledged on behalf of The Regents;

NOW, THEREFORE, Declarant declares that the Land and any improvements thereon are, and shall be, held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to the terms, limitations, restrictions, easements, covenants, conditions, servitudes, liens, and charges set forth in this Declaration, all of which are declared and agreed to be in furtherance of a plan of condominium ownership as described in Sections 1350 through 1372 of the California Civil Code for the subdivision, improvement, protection, maintenance, and sale of condominium units within the Property, and all of which are declared and agreed to be for the purpose of enhancing, maintaining, and protecting the value and attractiveness of the Land and the improvements thereon. All of the limitations, restrictions, easements, reservations, covenants, conditions, servitudes, liens, and charges contained herein shall run with the land, shall be binding upon and inure to the benefit of all parties having or acquiring any right, title, or interest in the Land or any of the improvements thereon; are for the benefit of the Land and the improvements thereon; and shall be binding upon and inure to the benefit of the successors in interest of such parties. Declarant further declares the express intent that this Declaration satisfy the requirements of Sections 1353 and 1354 of the California Civil Code.

In furtherance of the foregoing declarations, Declarant does hereby publish the following terms, limitations, restrictions, easements, covenants, conditions, servitudes, liens, and charges:
ARTICLE 1 -- DEFINITIONS AND EXHIBITS

Section 1.01. Definitions. As used in this Declaration:

(a) "Act" means Sections 1350 through 1372 of the California Civil Code, as now in effect and as the same may from time to time be amended, replaced or supplemented.

(b) "Additional Land" means the real property described in Exhibit B to this Declaration, all or any portion of which may but need not be annexed to become part of the Project at any time or from time to time at the sole discretion of Declarant pursuant to Article 15 of this Declaration.

(c) "Articles" means the Association's Articles of Incorporation, as the same may from time to time be amended.

(d) "Association" means the University Hills Condominium Owners Association, a California nonprofit mutual benefit corporation, and its successors and assigns.

(e) "Association Rules" means the rules and regulations, adopted by the Board from time to time, regulating the use and enjoyment of the Common Areas.

(f) "Board of Directors" or "Board" means the Board of Directors of the Association.

(g) "Bylaws" means the Association's Bylaws, as the same may from time to time be amended.

(h) "Common Areas" means the entire Project except all Units as defined in this Declaration or any Supplemental Declaration and as shown on the Condominium Plan or any Supplemental Condominium Plan.

(i) "Condominium" means an estate in real property, as defined in Section 783 of the California Civil Code, consisting of an undivided interest as a tenant in common in all or any portion of the Common Areas, together with a separate fee interest in a Unit and any other separate interests in the real property, including such easements as are described in this Declaration, any Supplemental Declaration, the Condominium Plan, any Supplemental Condominium Plan, the Sublease,
or in the deed conveying the Condominium. Whenever reference to a Condominium is made in this Declaration, any Supplemental Declaration, the Condominium Plan, any Supplemental Condominium Plan, any deed, or elsewhere, it shall be assumed that such reference is made to the Condominium as a whole, including each of its component elements.

(j) "Condominium Instruments" means this Declaration, the Articles, and the Bylaws, together with any supplements, amendments, exhibits, schedules, or certifications thereto.

(k) "Condominium Plan" means the condominium plan recorded in the Official Records of the County Recorder of Orange County, California pursuant to Section 1351(e) of the California Civil Code. A copy of the Condominium Plan is attached as Exhibit C. In the event of any conflict between Exhibit C and the recorded Condominium Plan, the recorded document shall control.

(l) "Contract Buyer" means any person who has executed and delivered a purchase contract for a Condominium, but with regard to which there has been no closing or conveyance.

(m) "Current Dollars" means any dollar amount stated herein multiplied by the quotient obtained by dividing (i) the level of the "Consumer Price Index for All Urban Consumers, Los Angeles-Long Beach, Anaheim, California, All Items" (1967=100) (commonly known as the "CPI-U") prepared and published by the United States Department of Labor, Bureau of Labor Statistics, as of the date of computation by (ii) the level of the CPI-U as of the date of recordation of this Declaration; provided, however, that should the CPI-U cease to be published, the above-described computation shall be made using such other successor or reasonably comparable index as shall be determined by (A) Declarant during the Declarant Control Period and (B) the Board of Directors following termination of the Declarant Control Period.

(n) "Declarant" means the Irvine Campus Housing Authority, a California nonprofit public benefit corporation, and its successors and assigns, if such successors and assigns are assigned the rights of Declarant pursuant to Section 16.02 of this Declaration.
(o) "Declarant Control Period" means the period of time extending from the recordation of this Declaration to the earliest of (i) the date upon which more than 75 percent of the maximum number of Condominiums which may be included in the Project (including Condominiums which may be annexed to the Project) have been conveyed to Owners other than Declarant; (ii) the date five (5) years after the first Condominium has been conveyed to an Owner other than Declarant; or (iii) the date upon which Declarant notifies the Owners that Declarant relinquishes its rights under this Declaration and the Bylaws to appoint and remove a majority of the members of the Board of Directors or to exercise powers and responsibilities otherwise assigned by the Condominium Instruments to the Association, the Board of Directors, or any officer of the Association.

(p) "Declaration" means this Declaration of Covenants, Conditions, and Restrictions and includes, as the context requires, its amendments, modifications, or supplements.

(q) "Ground Lease" means that certain Amended and Restated Ground Lease by and between The Regents of the University of California, as lessor, and Declarant, as lessee, dated September 1, 1984, as further amended by amendments dated as of August 1, 1985, November 1, 1985, and November 15, 1985, and as reflected in that certain Memorandum of Amended and Restated Ground Lease recorded on October 5, 1984, as Instrument No. 84-415214, as amended by Instrument No. 86-059269, dated February 13, 1986, in the Official Records of the County Recorder for the County of Orange, State of California, as such instrument may be amended from time to time by the parties thereto.

(r) "Identifying Number" means one or more letters or numbers included in the Condominium Plan or any Supplemental Condominium Plan that identify only one Condominium in the Project.

(s) "Initial Phase" means that portion of the Project described in the Condominium Plan attached as Exhibit C to this Declaration.

(t) "Land" means Declarant's leasehold interest in the real property to be initially submitted to this Declaration as described in Exhibit A to this Declaration.
(u) "Limited Common Areas" means those parts of the Common Areas subject to exclusive easements in favor of one or more, but fewer than all, Owners, as described in Article 3 of this Declaration. Such Limited Common Areas include garages, patios, balconies and water heater closets. Each such Limited Common Area is identified on the Condominium Plan by the Identifying Number(s) of the Condominium(s) whose Owner(s) enjoys an easement for the use of such Limited Common Area, followed by the letter designations of "G" for garages, "P" for patios, "B" for balconies and "W" for water heater closets. Easements to such Limited Common Areas are a part of the Owner's Condominium grant but shall not be deemed to be a component of the Owner's Unit.

(v) "Member" means every person or entity holding a membership in the Association.

(w) "Mortgage" means a mortgage or deed of trust encumbering a Condominium or other portion of the Project.

(x) "Mortgagee" includes the beneficiary under a deed of trust. An "Institutional Mortgagee" means a Mortgagee that is (i) a bank or savings and loan association or mortgage company or other entity chartered or licensed under federal or state laws whose principal business is lending money on the security of real property or investing in such loans; (ii) any insurance company; (iii) any private or governmental agency or instrumentality, including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, engaged in secondary market transactions with respect to real estate loans; and (iv) The Regents. A "First Mortgage," "First Mortgagee," or "First Institutional Mortgagee" means one having priority as to all other Mortgages or holders of Mortgages encumbering the same Condominium or other portions of the Project.

(y) "Owner" means each person or entity holding a record ownership interest in a Condominium, including Declarant, and a Contract Buyer in possession of the Condominium under a recorded contract of sale. "Owner" shall not include any person or entity who holds an interest in a Condominium merely as security for the performance of an obligation.

(z) "Percentage Interest" means the percentage of undivided ownership interest in all or a portion
of the Common Areas pursuant to the provisions of Section 2.03 of this Declaration.

(aa) "Person" means a natural person, corporation, partnership, association, trust, or other entity capable of holding title to real property, or any combination thereof.

(bb) "Project" or "Development" means the subleasehold interest held by Owners in the Land, the subleasehold interest to be held by owners of condominiums in any Additional Land that may be annexed, and any improvements thereon.

(cc) "Sublease" means the individual sublease to be entered into by and between Declarant and each Owner, as the same may from time to time be amended, pursuant to which such Owner will acquire an undivided percentage of subleasehold interest underlying his fee interest in a Unit and his percentage of undivided ownership interest in all or a portion of the Common Areas, such sublease to expire on October 30, 2082.

(dd) "Supplemental Condominium Plan" means any supplement to the Condominium Plan recorded in the Official Records of the County Recorder of Orange County, California.

(ee) "Supplemental Declaration" means any supplement or amendment to this Declaration hereafter recorded in the Official Records of the County Recorder of Orange County, California.

(ff) "Unit" means the elements of a Condominium that are not owned in common with other Owners of Condominiums in the Project and that are identified by identical Identifying Numbers on the Condominium Plan or on any Supplemental Condominium Plan. The boundaries of a Unit are the interior surfaces of the perimeter walls, floors, ceilings, windows and doors thereof, and a Unit includes both the portions of the building so described and the airspace so encompassed. The Units and their respective boundaries may be further described in the Condominium Plan, any Supplemental Condominium Plan, deeds conveying Condominiums, this Declaration and any Supplemental Declaration, except that in interpreting deeds and plans, the existing physical boundaries of a Unit or of a Unit reconstructed in substantial accordance with the original plan shall be conclusively presumed to be its boundaries, rather
than the description expressed in the deed or Condominium Plan or any Supplemental Condominium Plan, regardless of minor variance between boundaries shown on the Condominium Plan, any Supplemental Condominium Plan, or in the deed and those of the building and regardless of settling or lateral movement of the building. "Unit" does not include other interests in real property that are less than estates in real property, such as exclusive or nonexclusive easements.

Section 1.02. Exhibits. All exhibits to this Declaration and all attachments thereto are hereby incorporated by reference in this Declaration.

ARTICLE 2 -- ESTABLISHMENT OF THE CONDOMINIUM

Section 2.01. Submission of Property and Division into Estates.

(a) Subject to the provisions of the Ground Lease, Declarant does hereby submit and subject its leasehold interest in the Land, together with all improvements, easements, and rights thereto, to the provisions of the Act and to this Declaration, and hereby creates with respect to such property an expandable condominium to be known as the "University Hills Condominium Project."

(b) Ownership of each Condominium within the Project shall consist of (i) a Unit; (ii) a percentage of undivided ownership interest in all or a portion of the Common Areas (as described in Section 2.03 of this Declaration); (iii) any exclusive or nonexclusive easement or easements appurtenant to such Unit over the Common Areas or other areas as described in this Declaration, any Supplemental Declaration, the Condominium Plan, any Supplemental Condominium Plan, the Sublease, and the deed to the Condominium; and (iv) a membership in the Association.

(c) An Owner shall not be entitled to sever his Unit from his membership in the Association and shall not be entitled to sever his Unit and his membership from his undivided interest in all or a portion of the Common Areas for any purpose. None of the component interests in a Condominium can be severally sold, conveyed, encumbered, hypothecated, or otherwise dealt with, and no violation or attempted violation of this provision shall be effective. No Owner can sever any easement appurtenant to his Unit over the Common Areas.
from his Condominium, and any attempt to do so shall be void. It is intended by this provision to restrict severability under Section 1358 of the California Civil Code, as now in effect or as hereinafter amended or replaced.

(d) Any conveyance of a Unit or any portion of it by an Owner shall be presumed to convey the entire Condominium of which such Unit is an element.

(e) Every contract of sale, deed, lease, mortgage, deed of trust, or other instrument recorded in the Official Records of the County Recorder of Orange County, California and affecting any Condominium created hereby shall describe it by its Identifying Number, followed by the name "University Hills Condominium Project," followed by specific reference to this Declaration or any appropriate Supplemental Declaration, and followed by specific reference to the Condominium Plan or any appropriate Supplemental Condominium Plan which depicts such Condominium. Further, except as set forth herein with respect to the Sublease, every such contract of sale, deed, lease, mortgage, deed of trust, or other instrument shall expressly indicate that it is subject to and subordinate to this Declaration or any appropriate Supplemental Declaration. As used in this Subsection (e), "specific reference" means book and page recording data from the Official Records of the County Recorder of Orange County, California.

Section 2.02. Recordation of Condominium Plan.

(a) Prior to conveyance of any Condominium, Declarant shall cause the Condominium Plan to be recorded in the Official Records of the County Recorder of Orange County, California, pursuant to the requirements of Section 1351(e) of the California Civil Code. Such Condominium Plan shall contain all of the information required by and otherwise conform to the requirements of said Section 1351(e).

(b) Declarant reserves the right unilaterally to record a Supplemental Condominium Plan to give effect to any expansion of the Condominium as provided in Article 15 of this Declaration.
Section 2.03. Assignment of Percentage Interest.

(a) Each Owner of a Unit constructed in the Initial Phase of the Project shall have a percentage of undivided ownership interest in the Common Areas created in such Initial Phase that shall be determined by dividing the total square footage of floor space in such Unit by the total square footage of floor space of all Units constructed in the Initial Phase of the Project, such result to be carried to the fourth decimal place, as set forth in Exhibit D hereto. Each such Owner's percentage of undivided ownership interest in the Common Areas created in the Initial Phase of the Project may not be altered or changed, and shall be specified in the deed from Declarant to each such Owner.

(b) In the event that all or any portion of the Additional Land is annexed, each owner of a Unit constructed on any such Additional Land shall have a percentage of undivided ownership interest in the Common Areas created on any such Additional Land that shall be determined by dividing the total square footage of floor space in such Unit by the total square footage of floor space of all Units constructed on any such Additional Land. Each such Owner's percentage of undivided ownership interest in the Common Areas created on any such Additional Land may not be altered or changed, and shall be specified in the deed from Declarant to each such Owner.

ARTICLE 3 -- EASEMENTS AND RESERVATIONS

Section 3.01. Nonexclusive Easements.

(a) Every Owner has a nonexclusive easement of use, enjoyment, ingress, egress, and support in, to, and throughout the Common Areas and any improvements or facilities on those Areas. Such nonexclusive easements, however, shall be subordinate to, and shall not interfere with, exclusive easements over the Limited Common Areas. Each such nonexclusive easement shall be appurtenant to the respective Unit and shall pass, as part of the Condominium, with the title to the Unit. Nonexclusive easements also shall be subject to the following rights and restrictions:

(i) The right of the Association to adopt and to enforce the Association Rules, including but not limited to, rules regulating the number of guests in and the use of the Common Areas, subject to Sections 4.01 and 7.05 of this Declaration.
(ii) Subject to the provisions of this Declaration, the right of the Association to borrow money to improve, repair, or maintain the Common Areas.

(iii) The right of the Association to assign, rent, license, or otherwise designate and control use of any unassigned parking and storage spaces within, and any recreational facility situated upon, the Common Areas and to charge reasonable fees for admission and use.

(iv) The right of the Association to suspend the right of an Owner to use any recreational or other facility in the Common Areas as provided in Section 7.06 of this Declaration.

(v) The rights of Declarant, until termination of the Declarant Control Period, and thereafter the Association, to assign or delegate to The Regents, Declarant, or any governmental entity, or to contract with any private security patrol company to provide police or security service in the Project or to maintain any private streets, roadways, or paved areas within the Common Areas.

(b) Each Condominium (including specifically the Unit) or the Common Areas, as the case may be, shall be subject to the following rights of entry and use:

(i) The right of Declarant or its designees to enter upon any portion of the Land and the Additional Land to construct improvements thereon and to make repairs and remedy construction defects, or to maintain portions of the Common Areas and the Limited Common Areas as permitted by the Sublease, provided that such entry shall not unreasonably interfere with the use or occupancy of any occupied Unit unless authorized by its Owner, which authorization shall not be unreasonably withheld. This right of entry shall be immediate in the case of an emergency originating upon or threatening any Unit, whether or not its Owner is present.

(ii) The right of Declarant to modify, alter, remove, or improve defective, obsolete, or nonfunctional portions of the Common Areas, including without limitation any equipment, fixtures, and appurtenances, when in Declarant's sole judgment it is necessary or desirable to do so, until the later of the expiration of any applicable warranty period or the Declarant Control Period.
(iii) The right of the Association, or its agents, to enter any Unit to cure any violation or breach of this Declaration, the Bylaws, or the Association Rules, provided that (except in cases of emergency) at least thirty (30) days prior to such entry, written notice of such violation or breach has been given to the Owner and such Owner has not cured such violation or breach within the thirty (30) day period after notice is given. The Association shall be entitled to levy a special assessment for its costs of effecting such cure against the Owner in accordance with the procedures set forth in Section 9.07 of this Declaration. These rights of entry and cure shall be immediate in case of an emergency originating upon or threatening any Unit, whether or not its Owner is present.

(iv) Subject to the Sublease, the right of the Association, or its agents, to enter any of the Units or the Common Areas to perform its obligations and duties under this Declaration, including obligations or duties with respect to construction, maintenance, or repair of facilities located in the Common Areas or that affect more than one Unit; watering, planting, cutting, removing, and otherwise caring for the landscaping upon the Common Areas; and cleaning, repairing, replacing, and otherwise maintaining or causing to be maintained utility lines serving each Unit. Such entry shall not unreasonably interfere with the use or occupancy of any occupied Unit unless authorized by its Owner, which authorization shall not be unreasonably withheld. This right of entry shall be immediate in the case of an emergency originating upon or threatening any Unit, whether or not its Owner is present.

Section 3.02. Exclusive Easements.

(a) Each Owner whose Condominium's Identifying Number appears on a garage or garages designated on the Condominium Plan or any Supplemental Condominium Plan shall have an exclusive easement for parking purposes over that portion of the Common Areas designated on such plan. Each Owner having such an exclusive easement for parking purposes shall, at his own expense, keep his garage in a neat, clean, attractive, and safe condition at all times.

(b) Each Owner shall have an exclusive easement to use and enjoy that portion of the Common Areas adjacent
to his Unit designated on the Condominium Plan or any Supplemen
tal Condominium Plan as a patio/balcony, and bearing his Condominium's Identifying Number. Each Owner shall, at his own expense, keep his patio/balcony in a neat, clean, attractive, and safe condition at all times.

(c) Each Owner whose Condominium's Identifying Number appears on a water heater closet designated on the Condominium Plan or on any Supplemental Condominium Plan shall have an easement over that portion of the Common Areas designated on such plan. Each Owner having such an easement shall, at his own expense, keep the area surrounding the water heater closet in a neat, clean and safe condition at all times.

Section 3.03. Encroachments. If any portion of a Unit encroaches on the Common Areas, except if such encroachment is caused by the willful act of the Owner of such Unit, or if any portion of the Common Areas encroaches on any Unit, a valid easement exists for each such encroachment and for the maintenance of it as long as it remains, and all Units and the Common Areas are made subject to such easements. If any structure containing a Unit is partially or totally destroyed and then rebuilt and any encroachment on the Common Areas results, a valid easement exists for such encroachment and for the maintenance of it as long as it remains, and all Units and the Common Areas are made subject to such easements.

Section 3.04. Power To Grant Easements. Until termination of the Declarant Control Period, Declarant, and thereafter the Association, shall have the power to grant and convey in the name of all the Owners as their attorney-in-fact (or in the name of the Association as to any property to which the Association holds title) to any Owner or other party easements, licenses, permits, and rights-of-way in, on, over, or under the Common Areas as follows:

(i) In the case of an Owner, for the purpose of establishing a Limited Common Area in favor of an Owner.

(ii) In the case of other parties:

(A) For the purposes of constructing, erecting, operating, or maintaining lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone, and other services.
(B) For public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities.

(C) For emergency access.

Each Owner, in accepting a deed to a Condominium, expressly consents to such easements, licenses, permits, and rights-of-way and authorizes and appoints Declarant, until termination of the Declarant Control Period, and thereafter the Association, as attorney-in-fact of such Owner to execute any and all instruments conveying or creating such easements, licenses, permits, or rights-of-way, provided that no such easement may be granted if it would permanently interfere with the occupancy by any Owner of his Unit.

Section 3.05. Reservations for Sales and Management Purposes.

(a) Declarant reserves the right to use any Unit owned or leased by Declarant as a model, management office, sales office, or customer service office for the Project. Declarant may also, from time to time, relocate such model, management office, sales office, or customer service office within the Project and, upon such relocation, may remove the furnishings thereof.

(b) Declarant reserves the right to maintain on the Common Areas no more than four (4) signs for the purposes set forth in Subsection 3.05(a) of this Declaration, each having a maximum face area of four (4) square feet, which signs may be placed at any location on the Common Areas and may be relocated or removed at the sole discretion of Declarant, provided that any such sign is not located so as to restrict unreasonably the access of Owners to the Common Areas or their Units.

(c) The reservations set forth in this Section 3.05 shall remain in effect until the time that Declarant has conveyed all Condominiums, including Condominiums annexed to the Project, to Unit Owners other than Declarant.

(d) The Association shall be entitled to purchase or lease from Declarant any Unit for use as a management office and to use such Unit for such purposes.
Section 3.06. Reservation for Rental Purposes. Declarant reserves the right, for itself and for The Regents, to own a portion of the Condominiums constructed in the Initial Phase or in any subsequent phase of the Project for rental purposes and to lease such Condominiums to tenants acceptable to The Regents.

ARTICLE 4 -- LEASE TERMS; TERMINATION OF DECLARATION; RESTRICTIONS ON USE

Section 4.01. Lease Terms. The terms, covenants, conditions, and restrictions set forth in this Declaration, the Bylaws, and the Articles are intended to be and shall be construed to be consistent with the terms, covenants, conditions, and restrictions set forth in the Ground Lease and the Sublease. In the event of any conflict in interpretation, the terms, covenants, conditions, and restrictions contained in the Ground Lease and/or the Sublease, as appropriate, shall control.

Section 4.02. Termination of Declaration. The terms, covenants, conditions, and restrictions set forth in this Declaration shall continue in full force and effect until the expiration of all, but not less than all, of the Subleases, provided that these terms, covenants, conditions, and restrictions shall also continue in effect upon the replacement of each of the Subleases with a direct ground lease between each Owner and The Regents, pursuant to the provisions of Section 3.04 of the Sublease.

Section 4.03. Restrictions on Use.

(a) Except as provided in Section 3.05 of this Declaration, each Owner's use of all or any part of the Project shall be governed by the restrictions set forth in the Sublease entered into by such Owner including, but not limited to, restrictions set forth therein pertaining to the use and maintenance of the leased property, architectural standards, and review procedures.

(b) Each Owner also shall be subject to such additional use restrictions as may be provided in this Declaration or the Association Rules, provided that such restrictions do not conflict with the terms and provisions of the Ground Lease or Sublease.
(c) Each Owner shall have the right to commence a legal action for declaratory judgment, damages, or injunctive relief, or any combination of the foregoing, in the event of any violation, or threatened violation, of any provision of this Declaration, the Bylaws, or the Association Rules by any other Owner or the Association.

(d) When permitted under his Sublease to do so, an Owner may lease or rent his Condominium, provided that no Condominium may be leased or rented for less than a thirty (30) day period. In such case, any lease or rental agreement shall be in writing and any tenant shall abide by and be subject to all the terms and provisions of this Declaration, the Articles, the Bylaws, and the Association Rules. In addition, any lease or rental agreement shall comply with the requirements of Subsection (f) of this Section 4.03. Further, any lease or rental agreement shall specify that failure to abide by the requirements imposed by this Subsection (d) shall constitute a default under the lease or rental agreement.

(e) Any Owner may delegate his rights of use and enjoyment of the Project, including any recreational facilities, to the members of his family, his guests, tenants, and invitees, and to such other persons as may be permitted by the Bylaws and the Association Rules, subject however, to this Declaration. Nevertheless, if an Owner has sold his Unit to a Contract Buyer or has leased or rented it, the Owner, and members of the Owner's family, guests, tenants, and invitees shall not be entitled to use and enjoy any of such rights in the Project while the Owner's Unit is occupied by the Contract Buyer or tenant. Instead, the Contract Buyer or tenant, while occupying such Unit, shall be entitled to use and enjoy such rights, including any recreational facilities, and can delegate the rights of use and enjoyment in the same manner as if such Contract Buyer or tenant were an Owner during the period of his occupancy. Each Owner shall notify the secretary of the Association of the names of any Contract Buyers or tenants of such Owner's Condominium. Each Owner, Contract Buyer, or tenant also shall notify the secretary of the Association of the names of all persons to whom such Owner, Contract Buyer, or tenant has delegated any rights of use and enjoyment and the relationship that each such person bears to the Owner, Contract Buyer, or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as are
the rights of Owners. No such delegation shall relieve an Owner from liability to the Association or to other Owners for payment of assessments or performance of the covenants, conditions, and restrictions contained in this Declaration.

(f) Any lease, rental agreement, or contract of sale entered into between an Owner and a tenant or Contract Buyer of a Condominium shall require compliance by the tenant or Contract Buyer with all of the covenants, conditions, and restrictions contained in this Declaration, which provision shall be for the express benefit of the Association and each Owner. The Association and each Owner shall have a right of action directly against any tenant or Contract Buyer of an Owner, as well as against the Owner, for nonperformance of any of the provisions of this Declaration to the same extent that such right of action exists against such Owner.

(g) No noxious or offensive activities shall be conducted within the Project. Nothing shall be done on or within the Project that may be or may become an annoyance or nuisance to the residents of the Project, or that in any way interferes with the quiet enjoyment of occupants of Units.

(h) Garages shall be used for parking automobiles only and shall not be converted for storage, work, living, or recreational activities.

ARTICLE 5 -- MAINTENANCE AND ALTERATIONS

Section 5.01. Owner's Responsibilities.

(a) Each Owner of a Condominium shall be responsible for repairing and maintaining his Unit, including the equipment and fixtures in the Unit and the interior walls, ceilings, windows, and doors of the Unit, and shall maintain his Unit in a clean, sanitary, workable, and attractive condition. However, each Owner has complete discretion as to the choice of furniture, furnishings, and interior decorating, except that windows can be covered only by drapes, shutters, or shades and cannot be painted or covered by foil, cardboard, or other similar materials. Each Owner also shall be responsible for repair, replacement, and cleaning of the windows and glass of his Unit, both exterior and interior.
(b) Subject to the provisions of the Sublease, each Owner shall, at his own expense, clean, maintain and repair any Limited Common Area over which the Owner has an easement. In any case in which two or more Owners have easements to use and enjoy the same Limited Common Area, such Owners will share equally in expenses incurred for such cleaning, maintenance and repair.

Section 5.02. Association's Responsibilities. Subject to the provisions of the Sublease, and as set forth more fully in Section 7.09 of this Declaration, the Association shall be responsible for repairing and maintaining the Common Areas in a clean, sanitary, workable, and attractive condition.

Section 5.03. Structural Alterations. No alteration affecting the structural integrity of a building shall be made in any Unit or in any portion of the Common Areas surrounding any Unit and no plumbing or electrical work within any bearing or common walls shall be performed by any Owner without the prior written consent of the Association, as well as of the Architectural Review Board to the extent required by the Sublease.

Section 5.04. Exterior Alterations. No Owner shall make any alterations or modifications to the exterior of the buildings, fences, railings, or walls situated within the Project without the prior written consent of the Association and, during the Declarant Control Period, Declarant, as well as of the Architectural Review Board to the extent required by the Sublease.

Section 5.05. Compliance with Law and Association's Insurance Requirements. Nothing shall be done or kept in any Unit or in the Common Areas that might increase the rate of, or cause the cancellation of, insurance for the Project, or any portion of the Project, without the prior written consent of the Association. No Owner shall permit anything to be done or kept in his Unit or any Limited Common Area over which he has an easement, that violates any applicable law, ordinance, statute, rule, or regulation of any local, county, state, or federal body, or any provision of the Sublease. No Owner shall allow his furniture, furnishings, or other personalty to remain within any portion of the Common Areas excluding Limited Common Areas except as may otherwise be permitted by the Bylaws or Association Rules.
Section 5.06. Indemnification. Each Owner shall be liable to the remaining Owners for any damage to the Common Areas or to Association-owned property that may be sustained by reason of any intentional act or negligence of that Owner, that Owner's family members, Contract Buyers, tenants, guests, or invitees, but only to the extent that compensation for any such damage is not fully covered by casualty insurance in favor of the Association. Each Owner, by acceptance of his deed, agrees personally and for family members, Contract Buyers, tenants, guests, and invitees, to indemnify each and every other Owner (the "indemnitee"), and to hold the indemnitee harmless from, and to defend him against, any claim of any person for personal injury or property damage occurring within the Unit of the indemnifying Owner, including Limited Common Areas, except to the extent that (i) such injury or damage is fully compensated by liability insurance in favor of the Association or the indemnitee or (ii) the injury or damage occurred by reason of the willful or negligent act or omission of the Association or the indemnitee or other person temporarily visiting the indemnitee's Unit.

ARTICLE 6 -- TAXES AND ASSESSMENTS

Section 6.01. Separate Assessments. To the extent allowed by law and as applicable, all Units, including their pro rata undivided interests in all or a portion of the Common Areas and the membership of an Owner in the Association, shall be separately assessed and taxed so that all taxes, assessments, payments-in-lieu of taxes, and charges that may become liens prior to First Mortgages under local law shall relate only to the individual Units and not to the Project as a whole. Each Owner shall be obligated to pay any such taxes or assessments against his Unit and against his personal property. In the event, however, that any Owner fails to pay any such taxes or assessments, the Association may make payment of them, provided that any such Owner shall promptly repay to the Association the full amount of such taxes or assessments, including amounts required to compensate the Association for its administrative costs and interest at the rate of ten (10) percent per annum or at such other rate as the Board may lawfully impose from time to time.

Section 6.02. Payment Prior to Segregation. In the event that it is determined that real property
taxes or payments-in-lieu of taxes are to be imposed on the Project, until such time as such taxes or payments-in-lieu of taxes have been segregated by the Orange County Assessor, they shall be paid by the respective Owners. The proportionate share of the taxes or payments for a particular Condominium shall be determined by dividing the initial sales price or offered initial sales price of the Condominium by the total initial sales prices and offered initial sales prices of all Condominiums within the Project (the term "offered initial sales price" means the price at which an unsold Condominium is then being offered for sale by Declarant). If, and to the extent that, any taxes are not paid by any Owner of a Condominium and are allowed to become delinquent, they may be paid by the Association and shall be collected from the delinquent Owner by the Association as provided in Section 6.01 above.

ARTICLE 7 -- THE ASSOCIATION

Section 7.01. Incorporation. The Association is a nonprofit mutual benefit corporation formed under the laws of the State of California. At the recording of the first Condominium sale to an Owner other than Declarant, the Association shall be charged with the duties and invested with the powers set forth in the Articles, the Bylaws, and this Declaration.

Section 7.02. Action by Board, Officers, and Designees. Except as to matters requiring the approval of Owners as set forth in this Declaration, the Articles, or the Bylaws, the affairs of the Association, including the exercise of its powers and duties, shall be conducted by the Board, such officers as the Board may elect or appoint, or such persons or entities with delegated authority under the provisions of Section 7.07 of this Declaration.

Section 7.03. General Statement of Powers. The Association shall have all the powers of a nonprofit mutual benefit corporation organized under the General Nonprofit Mutual Benefit Corporation Law of California, as now in effect or as hereinafter amended or replaced, subject only to such limitations on the exercise of its powers as are set forth in the Articles, the Bylaws, and this Declaration. It shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under this Declaration, the Articles, and the Bylaws, and to do and perform any act that may be necessary or proper
for or incidental to, the exercise of any of the express
powers of the Association, including, without limitation,
the acts enumerated in Sections 7.04 through 7.07 of
this Declaration.

Section 7.04. Rights of Assessment. The
Association may establish, fix, and levy assessments
against the Owners and collect and enforce payment of
such assessments, in accordance with the provisions
of this Declaration.

Section 7.05. Right To Establish Rules. The
Association may adopt, amend, and repeal Association
Rules as it considers appropriate. The Association
Rules shall regulate the use and enjoyment of the Common
Areas. A copy of the Association Rules as adopted,
amended, or repealed shall be mailed or otherwise
delivered to each Owner and a copy shall be posted in
a conspicuous place within the Project. If any provision
of this Declaration, the Articles, or the Bylaws is
inconsistent with or materially alters any Association
Rule, the Declaration, the Articles, or the Bylaws shall
control to the extent of any such inconsistency.

Section 7.06. Right To Impose Sanctions.

(a) In addition to any other enforcement rights
described in this Declaration and the Bylaws or authorized
by law, and subject to any restrictions on the
Association's enforcement rights, including any due
process requirements, imposed by this Declaration, the
Bylaws, or by law, the Association may take any of the
following actions against any person or entity whose
act or failure to act violates or threatens to violate
any provision of this Declaration, the Bylaws, or the
Association Rules:

(i) Impose monetary penalties, including late
charges and interest.

(ii) Suspend voting rights in the Association.

(iii) Suspend use privileges for the Common
Areas.

(iv) Commence a legal action for declaratory
judgment, damages, or injunctive relief, or any
combination of the foregoing.
(b) The determination whether to impose any of the sanctions set forth in Subsection 7.06(a) shall be within the sole discretion of the Association. Any legal action may be brought in the name of the Association on its own behalf and on behalf of any Owner who consents, and the prevailing party in any such action shall be entitled to recover costs and reasonable attorneys' fees.

(c) The Association may take more than one of the foregoing enforcement actions against any one violation or threatened violation, provided that a suspension of use privileges shall not exceed thirty (30) days (unless the suspension is for delinquent assessments) and a monetary penalty shall not exceed fifty (50) Current Dollars (excluding late charges imposed for delinquent assessments) for any one violation.

(d) The Association, in its sole discretion, may resolve or settle any dispute, including any legal action, on its own behalf and under such terms and conditions as it considers appropriate.

(e) The enforcement of monetary penalties is subject to the restrictions described in Section 9.07 of this Declaration.

(f) If an Owner fails to cure a default or any violation of the Condominium Instruments within sixty (60) days after written notice to that Owner, the Association shall give the notice required in Section 13.09 of this Declaration.

Section 7.07. Right of Delegation. The Association may delegate any of its powers and duties to its employees, committees, or agents, including The Regents of the University of California, Declarant, or a professional management agent.

Section 7.08. General Statement of Duties. In addition to any duties described in the Articles or Bylaws, the Association shall have the duties set forth in Sections 7.09 through 7.15 of this Declaration.

Section 7.09. Repair and Maintenance of Common Areas and Limited Common Areas. Subject to the provisions of the Sublease, the Association shall manage and maintain in good condition and repair the Common Areas, including the facilities, improvements, landscaping, and other personal or real property acquired by or subject to
the control of the Association, and shall clean, maintain and repair all Limited Common Areas, if not properly cleaned, maintained or repaired by an Owner pursuant to Section 5.01(b) of this Declaration. Subject to the provisions of Subsection 9.07(c) of this Declaration, the Association may levy a special assessment against any Owner who has an easement to use any Limited Common Area on which the Association performs such cleaning, maintenance or repair to reimburse the Association for any costs incurred therein.

Section 7.10. Contracts for Goods and Services.

(a) Except as expressly limited by this Declaration, the Association shall enter into such contracts for services or materials as may be necessary to perform its duties, including contracts with Declarant.

(b) Any agreement between the Association and Declarant pursuant to which Declarant agrees to provide services, and any agreement for professional management by any other manager, shall provide for termination by either party without cause or payment of a termination fee on thirty (30) days' written notice and shall have a maximum contract term of two (2) years, provided that the Association can renew any such contract on a year-to-year basis. If the Project is professionally managed, the Association shall not terminate professional management and assume self-management without the consent of sixty-seven (67) percent of the voting rights of Owners, or of each class of Owners if a two-class voting system is in effect, and of fifty-one (51) percent of First Mortgagees.

Section 7.11. Payment of Taxes and Assessments.
In the event that any taxes or assessments authorized by law are levied against the Common Areas or any property owned by the Association, the Association shall pay such taxes or assessments. Such taxes and assessments may be contested or compromised by the Association, provided that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

Section 7.12. Furnishing of Utilities. The Association shall acquire, provide, and pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone, gas, and other necessary utility services for the Common Areas and the Condominiums that are not separately billed.
Section 7.13. Securing Insurance. The Association shall obtain and maintain the insurance described in Article 10 of this Declaration.

Section 7.14. Preparation and Distribution of Financial Information and Governing Instruments. The Association shall prepare and distribute the following financial statements, reports, and copies of the governing instruments as indicated:

(i) A pro forma operating budget for each fiscal year, including:

(A) estimated revenues and expenses on an accrual basis;

(B) identification of the total cash reserves currently set aside;

(C) identification of the estimated remaining life and the methods of funding used to defray the future repair, replacement, or additions to major components for which the Association is responsible; and

(D) a general statement addressing the procedures used for the calculation and establishment of reserves to defray the future repair, replacement, or additions to major components for which the Association is responsible.

A copy of the pro forma operating budget shall be distributed to each Owner and to any Mortgagee, if such Mortgagee has requested a copy, not less than forty-five (45) nor more than sixty (60) days prior to the beginning of each fiscal year.

(ii) An annual report consisting of a balance sheet rendered as of the last day of the fiscal year, an operating statement for the fiscal year, and a statement of changes in financial position for the fiscal year. A copy of the annual report shall be distributed to each Owner and to any Mortgagee, if such Mortgagee has requested a copy, within one hundred twenty (120) days after the close of the fiscal year. In any fiscal year in which the gross income of the Association exceeds the amount stated in Section 1365(b) of the California Civil Code, a copy of a review of the annual report prepared by a licensee of the California State Board...
of Accountancy in accordance with generally accepted accounting principles shall be distributed with the annual report. If the annual report is not reviewed by an independent accountant, the report shall be accompanied by the certificate of an authorized officer of the Association that the report was prepared from the books and records of the Association without independent audit or review.

(iii) A statement of the Association's policies and practices in enforcing its remedies against Owners for delinquent regular or special assessments, including the recording and foreclosing of liens against a delinquent Owner's Condominium. A copy of this statement shall be distributed to each Owner and to any Mortgagee that has requested a copy within sixty (60) days prior to the beginning of each fiscal year.

(iv) Copies of this Declaration, the Articles, the Bylaws, the Association Rules, the most recent annual report and other financial materials distributed pursuant to Section 7.15(ii) above, and the statement regarding delinquent assessments as described in Section 9.11 of this Declaration to any Owner within ten (10) days of the mailing or delivery of a written request. The Board may impose a fee to provide these materials that is not to exceed the Association's reasonable costs in preparing and reproducing the materials.

Section 7.15. Other Duties. The Association shall perform such other acts as may be reasonably necessary to exercise its powers or perform its duties under any of the provisions of this Declaration, the Articles, the Bylaws, the Association Rules, or Board resolutions.

Section 7.16. Limitations on Authority of Board and the Association. Except with the vote or written assent of the Owners holding fifty-one (51) percent of the voting rights of each class of Owners, if two classes exist, or, if only one class exists, fifty-one (51) percent of the voting rights of Owners (including Declarant) and fifty-one (51) percent of the voting rights of Owners other than Declarant, the Board shall not take any of the following actions:

(1) Except as permitted by law, incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of five (5)
percent of the budgeted gross expenses of the Association (including budgeted capital expenses) for that fiscal year.

(ii) Sell during any fiscal year property of the Association having an aggregate fair market value greater than five (5) percent of the budgeted gross expenses of the Association for that fiscal year.

(iii) Pay compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business, provided that the Board may reimburse expenses incurred in carrying on the business of the Association.

(iv) Enter into a contract with a third person to furnish goods or services for the Common Areas or the Association for a term longer than two (2) years, with the following exceptions:

(A) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission, provided the term does not exceed the shortest term for which the suppliers will contract at the regular rate.

(B) Prepaid casualty or liability insurance policies not to exceed three (3) years' duration provided the policy permits cancellation, upon reasonable notice, at the request of the insured.

Section 7.17. Limitation on Liability of Directors and Officers. No director, officer, committee member, employee, or other agent of the Association, including Declarant or any agent of Declarant when acting in such capacity, shall be liable to any Owner or any other party, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of any such person if such person is found, pursuant to the procedures set forth in the Bylaws, to have complied with the standards of care as set forth in the Bylaws or in the relevant provisions of the California Corporations Code if more stringent than those set forth in the Bylaws, or to otherwise be entitled to be indemnified pursuant to the Bylaws.
Section 7.18. Inspection of Books and Records.

(a) Any Owner, or that Owner's duly appointed representative, shall have access to the Association's membership register, books of account, and minutes from any meeting of the Owners, the Board, or any committee of the Board in order to inspect and copy such records for any purpose reasonably related to his interest as an Owner. Any Owner may, at his own expense, cause an audit or inspection to be made of the books and financial records of the Association. Access shall be at any reasonable time at the office of the Association or such other place within the Project as the Board prescribes. The Board shall establish rules regarding the notice the Owner must give to the custodian of the records or the Board to obtain access, the hours and days of the week when the records may be inspected and copied, and the charges to be imposed by the Association for copying records requested by the Owner.

(b) Any member of the Board may at any reasonable time inspect, copy, or make extracts of any books, records, or documents of the Association and inspect the physical properties owned or controlled by the Association.

(c) The provisions of this Section 7.19 shall be further governed by Sections 8330, 8333, and 8334 of the California Corporations Code, as now in effect or as hereinafter amended or replaced.

ARTICLE 8 -- ASSOCIATION MEMBERSHIP AND VOTING

Section 8.01. Membership Appurtenant to Ownership.

(a) Each Owner, including Declarant, shall be a Member of the Association. Membership shall be appurtenant to each Condominium in the Project, and the holding of an ownership interest in a Condominium in the Project shall be the sole qualification for membership, provided that no Owner shall hold more than one membership even though such Owner owns an interest in more than one Condominium. Membership shall terminate automatically when the Owner no longer holds any ownership interest in any Condominium in the Project. Membership may not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except on a transfer of title to a Condominium and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Condominium shall transfer
automatically the appurtenant membership to the transferee. Any party that holds an interest in a Condominium merely as security for performance of an obligation shall not be a Member of the Association.

(b) Each Member of the Association shall have the rights, duties, and obligations set forth in this Declaration, the Articles, the Bylaws, and the Association Rules.

(c) Notwithstanding any other provision of this Declaration, the Articles, or the Bylaws, throughout the Declarant Control Period Declarant shall be deemed to be the Class B Owner in the Association, as defined in Subsection 8.03(a) below, regardless of the number of Condominiums that it owns at any point during that Period.

Section 8.02. Approval by a Specified Percentage of Owners. Except as required by law or as otherwise provided in this Declaration, the Articles, or the Bylaws, and subject to the provisions of Section 8.03 of this Declaration, all matters requiring the approval of a majority or a specified percentage of Owners or of the voting rights or voting power of Owners shall be deemed approved if approved at any duly called regular or special meeting at which a quorum is present, either in person or by proxy, by Owners holding the specified percentage of the total voting power of Owners present, either in person or by proxy, or if approved by written ballot in accordance with the provisions of Article 3 of the Bylaws.

Section 8.03. Voting.

(a) The Association shall have two classes of voting membership as follows:

(i) Class A: Class A Owners are all Owners, with the exception of Declarant. Each Class A Owner shall be entitled to one vote for each Condominium in which he owns an interest. If more than one Owner owns an interest in the Condominium, only one vote may be cast with respect to that Condominium.

(ii) Class B: The Class B Owner shall be Declarant, who shall be entitled to three votes for each Condominium it owns or has the right to create in any phase of the Project pursuant to Section 15.02 of this Declaration. Class B membership shall cease
and be converted to Class A membership on the expiration of the Declarant Control Period.

(b) As long as two classes of voting memberships exist, except as expressly provided otherwise in this Declaration, any action by the Association that requires approval by the Owners or by the voting rights or voting power of a specified percentage of Owners shall require the approval by the designated percentage of voting power in each class. Except as required by law, or as otherwise provided in this Declaration, the Articles or the Bylaws, matters which require the approval or vote of Class A Owners will be deemed approved by Class A Owners if approved by the specified percentage of Class A Owners present, either in person or by proxy, at a duly called regular or special meeting at which at least thirty-three and one-third (33-1/3) percent of the voting power of Class A Owners is present, either in person or by proxy, or if approved by written ballot by the specified percentage of Class A Owners if the number of such votes cast by ballot equals or exceeds thirty-three and one-third (33-1/3) percent of the voting power of Class A Owners.

(c) Voting rights shall vest at the time of conveyance of any Condominium.

(d) Voting for the members of the Board shall be by secret written ballot, and all Owners, excluding the Class B Owner during the Declarant Control Period, shall be entitled to exercise cumulative voting rights as provided in Section 8.05 of this Declaration.

Section 8.04. Joint Ownership Votes. The vote that is attributed to each Condominium may not be cast on a fractional basis. If a Condominium has more than one Owner and the Owners are unable to agree as to how the vote should be cast, the vote shall be forfeited on the matter in question. If one Owner casts the vote attributed to a Condominium, the vote shall conclusively bind all the Owners of that Condominium. If more than one Owner casts the vote attributed to a Condominium in any matter in which only one vote can be cast for that Condominium, the votes cast by such Owners shall not be counted and shall be considered void.
Section 8.05. Cumulative Voting.

(a) The election of members to the Board may be by cumulative voting as described herein, provided that a candidate's name has been placed in nomination prior to the voting and an Owner has given notice at the meeting prior to the voting of the Owner's intention to cumulate votes. If any Owner has given such notice, then all Owners shall have the right to cumulate their votes for candidates in nomination.

(b) Under cumulative voting, each Owner, either in person or by proxy, may give a single candidate the number of votes equal to the number of directors for whom the Owner is entitled to vote multiplied by the number of votes the Owner is entitled to exercise under this Declaration, or the Owner may distribute these cumulated votes among any two or more candidates as the Owner desires. Subject to the provisions of the Bylaws, the candidates receiving the highest number of votes up to the number of Board members to be elected shall be elected.

(c) Unless the entire Board is removed by a vote of the Owners, an individual director may not be removed prior to the expiration of his term if the votes against removal would have been sufficient to elect that director if cast cumulatively at an election at which the same total number of votes were cast and all directors authorized at the time of the most recent election of that director were being elected, except that this provision shall not apply to Declarant during the Declarant Control Period.

(d) These cumulative voting provisions may not be applied to deny Owners other than Declarant the right, as set forth in the Bylaws, to elect two of the directors during the Declarant Control Period.

(e) Notwithstanding the foregoing provisions of this Section 8.05, the Class B Owner shall not be entitled to exercise cumulative voting rights during the Declarant Control Period.
ARTICLE 9 -- ASSESSMENTS

Section 9.01. Payment of Assessments.

(a) Declarant covenants and agrees for each Condominium owned by it in the Project, and each Owner by acceptance of a deed, covenants and agrees for each Unit owned, to pay to the Association the initial working capital payment and the regular and special assessments levied in accordance with the provisions of this Declaration, and to allow the Association to enforce any assessment lien established in accordance with the provisions of this Declaration by nonjudicial proceedings under a power of sale or by any other means authorized by law.

(b) Notwithstanding the provisions of Subsection 9.01(a), Declarant reserves the right, for a period of one year following the date of conveyance of the first Condominium in the Initial Phase of the Project, to pay both the operating expenses of the Association and funds necessary to establish adequate reserves in lieu of the imposition of assessments by the Association.

Section 9.02. Initial Working Capital Payment.

(a) Each Condominium in the Project shall be liable for an initial working capital payment in an amount equal to two (2) months' regular assessment (as estimated by Declarant at the time of sale). Such payment is in addition to any assessments imposed pursuant to this Declaration. Declarant, as the agent of the Board of Directors, will collect such payment from each initial purchaser at the time of closing and will deliver the funds collected to the Board of Directors for deposit in a segregated account. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs, other start-up costs, and for such other purposes as the Board may determine.

(b) If a deed transferring title to the last Condominium in the initial or any subsequent phase of the Project to an Owner other than Declarant has not been recorded within sixty (60) days of the recordation of a deed conveying title to the first Condominium sold in such phase, Declarant shall make the initial working capital payment to the Board of Directors for each unsold Condominium in the phase. Declarant shall be entitled to reimbursement of such payment at the time of
recordation of a deed conveying title to each Condominium for which Declarant made the payment.

Section 9.03. Limited Exemption During Construction. Notwithstanding the provisions of Section 9.01 of this Declaration, Declarant or any other Owner shall not be obligated to pay any portion of a regular or special assessment that is for the purpose of defraying expenses and establishing reserves directly attributable to the existence and the use of any Condominium until a certificate of occupancy for the Unit of that Condominium has been issued. This assessment exemption includes, but is not limited to, assessments levied for the following purposes: roof replacement, exterior maintenance, walkway and common area lighting, refuse disposal, cable television, and domestic water supplied to occupied Units.

Section 9.04. Personal Obligation of Owner. Each assessment or installment, together with any late charge, interest, collection costs, and reasonable attorneys' fees, shall be the personal obligation of the Owner at the time such assessment or installment becomes due and payable. If there is more than one Owner of a particular Condominium, each Owner shall be jointly and severally liable. The personal obligation for any delinquent assessments or installments and related sums shall not pass to an Owner's successor in interest unless expressly assumed by that successor in interest, provided that any lien held by the Association, if properly recorded in accordance with Section 9.13 of this Declaration, shall not be affected by this provision. No Owner may be relieved from the obligation to pay assessments or installments by waiving the use or enjoyment of all or any portion of the Common Areas or the Owner's Condominium, or by abandoning the Condominium.

Section 9.05. Scope of Assessment Authority.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the members of the Association; to improve, replace, repair, operate, and maintain the Common Areas and the improvements and personal property in the Common Areas that are owned or maintained by the Association; to provide funds necessary for the performance of the duties of the Association as set forth in this Declaration; and to further any other purpose that is for the common benefit of the Owners in their use and enjoyment of the Property.
(b) The Association shall establish and maintain a reserve fund adequate for it to perform its responsibilities, as set forth in this Declaration, the Articles or the Bylaws, with regard to the periodic maintenance, repair and replacement of improvements to the Common Areas. Such reserve fund shall be maintained out of regular assessments for common expenses.

Section 9.06. Regular Assessments.

(a) Not more than ninety (90) days nor less than sixty (60) days before the beginning of each fiscal year of the Association, the Board, without the requirement for a vote of the Owners, shall establish the regular assessment for the forthcoming fiscal year.

(b) Except as permitted by law, no regular assessment shall be set in an amount that is more than ten (10) percent greater than the amount of the regular assessment for the preceding fiscal year without the consent of a majority of the voting rights of Owners, or of the voting rights of each class of Owners if a two-class voting system is in effect.

(c) Unless the Association is exempt from federal or state income taxes, including without limitation an exemption under Section 528 of the Internal Revenue Code and Section 23701t of the California Revenue and Taxation Code, as now in effect or as hereinafter amended or replaced, all reserve funds, to the extent possible, shall be designated and accounted for as capital contributions to the Association, and the Board shall take such steps as may be reasonably necessary under federal and state tax laws to prevent the reserve funds from being taxed as income of the Association, including, if necessary, maintaining the reserve funds in segregated accounts and not commingling the funds with general operating funds.

Section 9.07. Special Assessments.

(a) The Board may levy a special assessment if the Board, in its discretion, determines that the Association's available funds are or will become inadequate to meet the estimated expenses of the Association, including the maintenance of appropriate reserves, for a particular fiscal year for any reason, including, but not limited to, unanticipated delinquencies, costs of construction, unexpected repairs
or replacements of capital improvements or otherwise. The Board shall determine the amount necessary to meet the estimated expenses, and if the amount is approved by a majority vote of the Board, it shall become a special assessment, except that the Board may not, except as permitted by law, impose special assessments which in the aggregate exceed five (5) percent of the budgeted gross expenses of the Association (including budgeted capital expenses) for that fiscal year without the consent of a majority of the voting rights of Owners or of the voting rights of each class of Owners if a two-class voting system is in effect. The Board, in its discretion, may levy the entire assessment immediately or levy it in installments over a period it considers appropriate.

(b) Unless the Association is exempt from federal or state income taxes, including without limitation an exemption under Section 528 of the Internal Revenue Code and Section 23701t of the California Revenue and Taxation Code, as now in effect or as hereinafter amended or replaced, the Board shall take such steps as may be reasonably necessary to prevent the special assessment from being included in the Association's income for federal and state income tax purposes, including, if necessary, depositing the funds in a segregated account, not commingling the funds with any other funds of the Association, and using the funds solely for the purpose for which they were levied.

(c) After compliance with the due process requirements in the Bylaws, the Board may impose a monetary penalty and levy a special assessment against a particular Condominium to reimburse the Association for any taxes, assessments or other expenses paid by the Association on behalf of the Owner(s) of the Condominium assessed; costs incurred in repairing damage to the Common Areas, or any improvements or personal property located thereon, for which the Owner(s) of the Condominium assessed was allegedly responsible; costs incurred in cleaning, maintaining or repairing any Limited Common Areas not properly cared for by an Owner pursuant to Section 5.01(b) of this Declaration; or costs incurred in bringing the Owner or the Owner's Condominium into compliance with this Declaration, the Articles, the Bylaws, or the Association Rules, provided that, except as permitted by law, a special assessment related to a monetary penalty may not become a lien against the responsible Owner's Condominium that is enforceable by a power of sale under Sections 2924, 2924b and 2924c of the California Civil Code. This
restriction on enforcement is not applicable to late payment penalties for delinquent assessments or to charges imposed to reimburse the Association for loss of interest or for collection costs, including reasonable attorneys' fees, for delinquent assessments.

Section 9.08. Allocation of Assessments. Subject to the provisions of Section 9.03 of this Declaration, the regular and special assessments levied by the Board shall be allocated by dividing the total square footage of floor space in each Unit by the total square footage of floor space of all Units in the Project, except that special assessments levied against a particular Condominium pursuant to Subsection 9.07(c) of this Declaration shall not be subject to this allocation provision.

Section 9.09. Assessment Period. Unless the Board determines otherwise, the Association's fiscal year shall be a calendar year, and the regular assessment period shall commence on January 1 of each year and shall terminate on December 31 of that year, provided that the first regular assessment period for all Condominiums in any phase shall commence on the first day of the calendar month following the date of the closing of the first conveyance of a Condominium in that phase, and shall terminate on December 31 of that year. The regular assessment shall be payable in equal quarterly installments unless the Board adopts some other method for payment. The first regular assessment and all special assessments shall be adjusted according to the number of months remaining in the fiscal year and shall be payable in equal quarterly installments unless the Board adopts some other method for payment.

Section 9.10. Due Dates, Late Charges, and Interest.

(a) At least ten (10) days prior to the date on which any regular or special assessment is due, the Board shall give each Owner written notice of the amount of assessment and the due date (or if paid in installments, the due dates and the amount of each installment). The notice need only be given once at the beginning of each fiscal year for any regular assessment paid in installments and once for any special assessment paid in installments. Unless the Board specifies otherwise, the installment due dates shall be the first day of each quarter.
(b) Any assessment payment, including any installment payment, shall become delinquent if payment is not received by the Association within fifteen (15) days after its due date. There shall be a minimum late charge of ten (10) dollars, or such higher amount as may be permitted by law, for each delinquent payment. A late charge may not be imposed more than once on any delinquent payment, shall not eliminate or supersede any charges imposed on prior delinquent payments, and shall constitute full compensation to the Association for any additional bookkeeping, billing, or other administrative costs resulting from the delinquent payment. Nothing in this provision shall affect the right of the Association to recover its costs of collection and enforcement, as well as reasonable attorneys' fees, if it prevails in an action brought to collect delinquent payments pursuant to the provisions of Section 9.12 of this Declaration.

(c) Interest also shall accrue on any delinquent payment at the rate of ten (10) percent per annum or at such rate as the Board may lawfully impose from time to time. Interest shall accrue from a date thirty (30) days after the due date of the assessment through and including the date full payment is received by the Association.

Section 9.11. Estoppel Certificates.

(a) Within ten (10) days of the mailing or delivery of a written request by any Owner, the Board shall provide the Owner with a written statement containing the following information: (i) whether, to the knowledge of the Association, the Owner or the Owner's Condominium is in violation of any of the provisions of this Declaration, the Articles, the Bylaws, or the Association Rules; (ii) the amount of regular and special assessments, including installment payments, paid by the Owner during the fiscal year in which the request is received; and (iii) the amount of any delinquent assessments, penalties, interest, attorneys' fees, and other charges on the Owner's Condominium as provided by this Declaration, the Articles, the Bylaws, or the Association Rules.

(b) The Board may charge the Owner a fee to recover its reasonable costs in preparing the statement.
(c) Any prospective purchaser or Mortgagee of the Owner's Condominium may rely on the information in this written statement, provided that reliance may not extend to any violation of the Declaration, the Articles, the Bylaws, or the Association Rules of which the Association does not have actual knowledge.

Section 9.12. Enforcement of Assessments. The Association has the right to collect and enforce assessments. In addition to the enforcement powers described in Section 7.06 of this Declaration, and subject to the restriction on the enforcement of monetary penalties described in Section 9.07 of this Declaration, the Association may enforce delinquent assessments, including delinquent installments, by suing the Owner directly on the debt established by the assessment, or by establishing a lien against the Owner's Condominium as provided in Section 9.13 of this Declaration and foreclosing the lien through either judicial proceedings or nonjudicial proceedings under a power of sale as provided in Section 9.14 of this Declaration. The Association may commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien against the Owner's Condominium for the delinquent assessment. In any action instituted by the Association to collect delinquent assessments, accompanying late charges, or interest, the prevailing party shall be entitled to recover costs and reasonable attorneys' fees.


(a) A delinquent assessment or installment, together with any accompanying late charges, interest, costs (including reasonable attorneys' fees), and penalties as may be authorized under this Declaration shall become a lien on the Condominium against which the assessment was levied upon recordation in the Official Records of the County Recorder of Orange County, California. The notice shall describe the amount of the delinquent assessment or installment, the related charges authorized by this Declaration, a description of the Condominium, the name of the Owner, and the name and address of any trustee authorized by the Association to conduct a foreclosure sale, and shall be signed by any officer of the Association, or by any employee or agent of the Association authorized to do so by the Board.
(b) Unless the Board considers the immediate recording of the notice to be in the best interest of the Association, the notice shall not be recorded until at least fifteen (15) calendar days after the Association has delivered to the delinquent Owner a written notice of default and a demand for payment, provided that payment has not been made prior to recordation of the notice. If the delinquent assessment or installment and related charges are paid or otherwise satisfied, the Association shall record a notice of satisfaction and release of lien. Unless the lien is satisfied and released, or the Association commences action to enforce the lien either through judicial proceedings or nonjudicial foreclosure under Sections 2924, 2924b, and 2924c of the California Civil Code, as now in effect or as hereinafter amended or replaced, the lien shall expire one year from the date of recordation of the notice of assessment, provided that the Association may extend the lien for one additional year only by recording a notice of extension in the Official Records of the County Recorder of Orange County, California.

(c) Within thirty (30) days after the Association has delivered to a delinquent Owner a written notice of default and a demand for payment, or within fifteen (15) days after the date the Association records a lien on any Condominium against which a delinquent assessment was levied, whichever is sooner, the Association shall give to Declarant and The Regents, and to any Mortgagee who holds a Mortgage on the affected Unit and who has filed a request for notices with the Board of Directors pursuant to Section 13.02 of this Declaration, notice of the delinquency. Declarant and The Regents, as well as any Mortgagee, shall have the right, but shall not be under any obligation, to pay such delinquent assessment and any costs, penalties, or interest assessed thereon, to avoid foreclosure of any lien under the provisions of Section 9.14 of this Declaration.

Section 9.14. Foreclosure Under Assessment Lien. Not more than one (1) year (or two (2) years if the assessment lien has been extended in accordance with Section 9.13 of this Declaration) nor less than fifteen (15) days after the recording of the notice of assessment, the Board may enforce any assessment lien established under Section 9.13 of this Declaration by filing an action for judicial foreclosure or by recording a notice of default in the form described in Section 2924c(b)(1) of the California Civil Code.
to commence a nonjudicial foreclosure. Any nonjudicial foreclosure shall be conducted in accordance with the requirements of Sections 2924, 2924b, 2924c, 2924f, 2924g, and 2924h of the California Civil Code, as now in effect or as hereinafter amended or replaced, that are applicable to nonjudicial foreclosures of Mortgages or deeds of trust, provided that the Association may, in accordance with the provisions of Section 2934a of the California Civil Code, if applicable, appoint its attorney, any officer or director, or any title insurance company authorized to do business in California to conduct the sale. The Association may bid on the Condominium at the sale, and may hold, lease, mortgage, and convey the acquired Condominium, subject to compliance with the Sublease underlying such Condominium. If the default is cured before the sale, or before completing a judicial foreclosure, including payment of all costs and expenses incurred by the Association, the Association shall record a notice of satisfaction and release of lien and, on receipt of a written request by the Owner, a notice of rescission rescinding the declaration of default and demand for sale.

Section 9.15. Waiver of Homestead Protections. Each Owner, to the extent permitted by law, waives the protections of any declared homestead or homestead exemption under the laws of California as applied to any action to enforce the assessments levied by the Association.

ARTICLE 10 -- INSURANCE

Section 10.01. Liability Insurance. The Association shall obtain and maintain comprehensive public liability insurance insuring the Association, the Board, The Regents, any manager, Declarant, and the Owners and occupants of Condominiums, and their respective family members, guests, invitees, agents and employees, against any liability incident to the ownership or use of the Common Areas or any other Association-owned or maintained real or personal property and including a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than one million (1,000,000) Current Dollars covering all claims for death, personal injury, and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for nonowned and hired automobiles, liability for the property of others, and
any other liability or risk customarily covered with respect to projects similar in construction, location, and use.

Section 10.02. Fire and Casualty and Demolition Insurance.

(a) The Association shall obtain and maintain a master or blanket policy of fire and casualty insurance coverage for the full insurable value of all of the improvements within the Project that covers one hundred (100) percent of the current replacement cost of such improvements. The policy shall contain an "Agreed Amount" endorsement and a one hundred (100) percent co-insurance clause and shall include coverage of all perils included in a standard "all risk" endorsement. The policy shall also contain, to the extent required by law or the Federal National Mortgage Association and/or the Federal Home Loan Mortgage Corporation, an increased cost of construction endorsement, and, to the extent available at reasonable cost, an inflation guard endorsement or its equivalent; vandalism and malicious mischief coverage; and a determinable cash adjustment clause or a similar clause to permit cash settlement covering full value of the improvements in case of partial destruction and a decision not to rebuild. The maximum deductible on such policy shall be the lesser of ten thousand dollars ($10,000) or one percent (1%) of the face amount of the policy, and the maximum deductible related to proceeds to be paid with regard to any individual Unit shall be the lesser of one thousand dollars ($1,000) or one percent (1%) of the Unit's replacement cost.

(b) The Association may obtain and maintain demolition insurance in adequate amounts to cover demolition, in case of total or partial destruction of the Project and a decision not to rebuild, and shall obtain blanket policies of earthquake or flood insurance to the extent such coverage is customarily available to similar operations at reasonable cost, or is required by law or the Federal National Mortgage Association and/or the Federal Home Loan Mortgage Corporation.

(c) The insurance policies required under this section shall name as insured the Association, the Owners, and all Mortgagees as their respective interests may appear, and may contain loss payable endorsements in favor of the trustee described in Section 10.03 of this Declaration. In addition, the policies shall provide that the insurance coverage provided by the policies
will not be prejudiced by any acts or omissions of individual Owners that are not under the control of the Association, and that the policies will be primary, even if an Owner has other insurance that covers the same loss. Further, the policies shall provide that any insurance trust agreement established pursuant to Section 10.03 of this Declaration will be recognized.

Section 10.03. Appointment of a Trustee. All insurance proceeds payable to the Association under Section 10.02 of this Declaration for losses to real property and improvements, subject to the rights of Mortgagees under Section 10.07 of this Declaration, may, at the direction of the Association, be paid to a trustee, to be held and expended for the benefit of the Owners, Mortgagees, and others, as their respective interests shall appear. The trustee may be the Association or a commercial bank or other financial institution with trust powers in the County in which the Project is located that agrees in writing to accept such trust.

Section 10.04. Owner's Insurance.

(a) Except as provided in this Section 10.04, no Owner shall separately insure his Unit against loss by fire or other casualty covered by any insurance carried under Section 10.02 of this Declaration. If any Owner violates this provision, any diminution in insurance proceeds otherwise payable under policies described in Section 10.02 of this Declaration that results from the existence of such other insurance will be chargeable to the Owner who acquired other insurance, and such Owner will be liable to the Association to the extent of any such diminution. An Owner may insure his personal property against loss. In addition, any improvements made by an Owner within his Unit may be separately insured by the Owner, provided that the insurance is to be limited to the type and nature of coverage commonly known as "tenant's improvements," and further provided that any improvements constructed with funds derived from a Mortgage on the Owner's Unit are to be covered by the insurance carried under Section 10.02 of this Declaration so long as such insurance is obtained. All such insurance that is individually carried must contain a waiver of subrogation rights by the insurer as to other Owners, the Association, Declarant, The Regents and other Institutional First Mortgagees of such Condominium, if such a waiver is customarily obtainable.
(b) An Owner may carry whatever personal liability and property damage liability insurance with respect to his Condominium he desires. However, any such policy shall include a waiver of subrogation clause acceptable to the Board and to any Institutional First Mortgagee, if such a waiver is customarily obtainable.

Section 10.05. Workers' Compensation and Other Association Insurance.

(a) The Association shall purchase and maintain workers' compensation insurance, to the extent that it is required by law, for all employees or uninsured contractors of the Association.

(b) The Association shall purchase and maintain fidelity bonds or insurance or, if it has employed an outside management agent, will require such agent to obtain fidelity bonds or insurance. In either case, the Association shall be named as obligee in such fidelity bonds or insurance. In addition, such fidelity bonds or insurance shall be in an amount not less than one hundred fifty (150) percent of each year's estimated annual operating expenses and reserves. In the case of fidelity bonds or insurance purchased by the Association, such bonds or insurance shall contain an endorsement of coverage of any person who may serve without compensation.

(c) The Association shall obtain and maintain any insurance coverage it is required to obtain to make its Members eligible to obtain mortgages funded by the Mortgage Revenue Bond Faculty Loan Program or tax credits funded by the Mortgage Credit Certificate Program.

(d) The Association shall purchase and maintain insurance on personal property owned by the Association and may obtain and maintain any other insurance that it deems necessary.

Section 10.06. Adjustment of Losses. The Association is authorized to negotiate and agree on the value and extent of any loss under any policy carried pursuant to the provisions of this Article 10. The Association is granted full right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer. These provisions shall not apply to policies carried by an Owner pursuant to Section 10.04 of this Declaration.
Section 10.07. Distribution to Mortgagees.
Subject to Section 11.06 of this Declaration, any Mortgagee, pursuant to an agreement with its mortgagor, may apply insurance proceeds payable on account of a Condominium to reduce its Mortgagor's obligation under the Mortgage secured by the Condominium.

Section 10.08. Director and Officer Liability Insurance. To the extent such insurance is available at reasonable cost, the Association shall purchase and maintain insurance in an amount of no less than one million (1,000,000) Current Dollars on behalf of any director, officer, or member of a committee of the Association (collectively the "agents") against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, regardless of whether the Association would have the power to indemnify the agent against such liability under applicable law.

Section 10.09. Limitation of Liability for Failure To Obtain Insurance. Neither the Association, the Board, Declarant, nor any managing agent shall be liable for failure to obtain any coverages required by this Article 10 or for any loss or damage resulting from such failure, if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages, in the judgment of the Board, are so available only at unreasonable cost.

Section 10.10. Notice to Owners. The Board of Directors shall promptly furnish to each Owner written notice of the procurement of, subsequent changes in, or termination of, insurance coverages obtained on behalf of the Association, or of any decision not to procure any insurance coverages described in this Article 10.

Section 10.11. Generally Applicable Requirements.

(a) Each insurance policy or fidelity bond obtained by the Association shall provide that:

(i) The insurer waives any right to claim by way of subrogation against The Regents, Declarant, the Association, the Board of Directors, any managing agent, or the Owners and their respective agents, employees, guests, and, in the case of Owners, members of their households.
(ii) Such policy shall not be cancelled, invalidated, or suspended due to the conduct of any Owner (including his invitees, agents, and employees) or any member of the Board of Directors, or any managing agent, or any officer or employee of the Association, unless a prior demand in writing that the Board of Directors or the managing agent cure the defect has been given and neither the Board of Directors nor the managing agent has cured such defect within sixty (60) days after such demand.

(iii) Such policy may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to the Association and any managing agent and, in the case of liability and physical damage insurance and fidelity bonds or insurance, to all First Mortgagees.

(b) Declarant and The Regents shall be covered by each policy obtained by the Association, provided that such coverage is customarily available at reasonable cost.

(c) All policies of insurance shall be written by reputable companies licensed to do business in the State of California.

(d) The deductible, if any, on any insurance policy purchased by the Association shall be a common expense, provided that the Association may assess as a special assessment against an Owner any deductible amount necessitated by the negligence, misuse, or neglect of such Owner.

Section 10.12. Umbrella Liability Insurance. The Association shall obtain and maintain a policy of umbrella liability insurance to supplement all other insurance policies maintained by the Association. The limits of such insurance policy shall not be less than that amount that is required to ensure that the total liability insurance carried by the Association will equal five million (5,000,000) Current Dollars.

Section 10.13. Increases in Coverage. Subject to the provisions of Subsection 9.06(b) of this Declaration, the Board may, when in its best judgment it deems it advisable, increase the amount of any coverages carried pursuant to this Article 10.
ARTICLE 11 -- DESTRUCTION OF IMPROVEMENTS

Section 11.01. Minor Repair and Reconstruction. The Association shall have the duty to repair and reconstruct improvements, without the consent of Owners and irrespective of the amount of available insurance proceeds, in all cases of partial destruction when the estimated cost of repair and reconstruction does not exceed one hundred thousand (100,000) Current Dollars.

Section 11.02. Destruction When Insurance Proceeds Exceed Eighty-Five (85) Percent of Reconstruction Costs. If (i) there is a total or partial destruction of any of the improvements in the Project, (ii) the estimated cost of repair and reconstruction of such improvements exceeds one hundred thousand (100,000) Current Dollars, and (iii) the available proceeds of the insurance carried pursuant to Article 10 of this Declaration are sufficient to cover at least eighty-five (85) percent of the estimated cost of repair and reconstruction, the improvements shall be promptly rebuilt. The Association shall be required to execute, acknowledge, and record in the Official Records of the County Recorder of Orange County, California, not later than one hundred twenty (120) days from the date of destruction, a certificate declaring the intention of the Owners to rebuild.

Section 11.03. Destruction When Insurance Proceeds Are Less Than Eighty-Five (85) Percent of Reconstruction Costs. If (i) there is a total or partial destruction of any of the improvements in the Project, (ii) the estimated cost of repair and reconstruction of such improvements exceeds one hundred thousand (100,000) Current Dollars, and (iii) the available proceeds of the insurance carried pursuant to Article 10 of this Declaration are sufficient to cover less than eighty-five (85) percent of the estimated cost of repair and reconstruction, the improvements shall be promptly rebuilt unless, within ninety (90) days from the date of destruction, Owners then holding at least seventy-five (75) percent of the total voting power of Owners (excluding Declarant during the Declarant Control Period) present and entitled to vote, in person or by proxy, at a duly constituted meeting, determine that repair and reconstruction shall not take place, and First Mortgagees of Condominiums that have at least sixty-seven (67) percent of the votes of all Condominiums encumbered by First Mortgages of which the Association has notice and Declarant, during the Declarant Control
Period, give their written consent that repairs and reconstruction shall not take place. If such a meeting of Owners is called, the Association shall solicit and obtain bids from at least two reputable contractors to repair and reconstruct the improvements in accordance with the original plans and shall present this information to the Owners at the meeting. If repair and reconstruction are to take place, the Association shall execute, acknowledge, and record in the Official Records of the County Recorder of Orange County, California not later than one-hundred twenty (120) days from the date of destruction a certificate declaring the intention of the Owners to rebuild.

Section 11.04. Repair and Reconstruction of Improvements.

(a) In any case in which improvements are to be repaired or rebuilt:

(i) Each Owner shall be obligated to contribute his proportionate share, based on the ratio of the square footage of the floor area of the Unit to be assessed to the total square footage of floor area of all Units in the Project, of the cost of repair and reconstruction over and above available insurance proceeds. If any Owner fails to pay his proportionate share, the Board may enforce the assessment pursuant to the provisions of Sections 9.12 through 9.14 of this Declaration.

(ii) The Association shall, after having obtained bids from at least two reputable contractors, award the repair and reconstruction work to the bidder that best meets the requirements for the performance of such work as set forth by the Association. The Association shall have the authority to enter into a written contract with the contractor for the repair and reconstruction, and the insurance proceeds held by the Association or a trustee, as applicable, shall be disbursed to the contractor according to the terms of the contract.

(iii) Each Owner shall be further obligated to execute any amendments to the Condominium Plan and any appropriate Supplemental Condominium Plan necessary to conform such Plans to the Project or phases of the Project as then rebuilt. If any Owner fails to execute the necessary documents, Declarant, during the Declarant Control Period, and thereafter the Association, or
individuals authorized by the Board, shall act as attorney-in-fact of all Owners to execute such documents on his behalf.

(b) In any case in which improvements are to be repaired or rebuilt, such repaired or rebuilt improvements will be reasonably compatible in terms of quality, materials and architectural style with the improvements, including Units and Common Areas, remaining in the Project.

Section 11.05. Purchase in Case of an Election Not To Rebuild; Restoration of Site.

(a) If (i) the estimated cost of repair and reconstruction exceeds one hundred thousand (100,000) Current Dollars, (ii) the available insurance proceeds are less than eighty-five (85) percent of the estimated cost of repair and reconstruction, and (iii) the Owners, with the consent of the applicable number of First Mortgagees and Declarant, during the Declarant Control Period, elect not to rebuild, the Association shall purchase the Condominiums of which the Units were damaged or destroyed.

(b) The price for any such Condominium which shall be paid by the Association to its Owner shall be the higher of (i) the replacement cost of the Condominium, as determined by the Board based on bids to repair or restore the Condominium received from at least two (2) reputable contractors, less the insurance proceeds payable to the Owner, or (ii) the sum of the initial cost of any such Condominium to its Owner and the cost of any subsequent capital improvements made by the Owner (provided each such capital improvement exceeded one thousand (1000) Current Dollars in cost and was certified pursuant to the Sublease) less the insurance proceeds payable to the Owner.

(c) Each Owner, other than those whose Condominiums are purchased, shall be obligated to contribute his proportionate share, based on the ratio of the square footage of the floor area of the Unit to be assessed to the total square footage of floor area of all Units in the Project other than the Units to be purchased, of the cost, over and above available insurance proceeds, to purchase the Condominiums of which the Units were damaged or destroyed and to restore the site on which such Condominiums were located pursuant to Subsection (g) of this Section 11.05. If any Owner
fails to pay his proportionate share, the Board may enforce the assessment pursuant to the provisions of Sections 9.12 through 9.14 of this Declaration.

(d) Any payment of the purchase price to an Owner whose Condominium is purchased by the Association shall be made jointly to such Owner and all Mortgagees of such Owner's Condominium.

(e) By accepting a deed to a Condominium, each Owner agrees to be bound by the provisions of this Section 11.05 and to sell his Condominium and to convey it by grant deed to the Association as provided in this Section 11.05.

(f) Concurrently with any such purchase, each Owner agrees to execute any documents required to effectuate such purchase, including any amendments to the Condominium Plan and any appropriate Supplemental Condominium Plan necessary to eliminate from the Project the Condominiums purchased and to treat the area of the purchased Condominiums as Common Areas. If any Owner fails to execute the necessary documents, Declarant, during the Declarant Control Period, and thereafter the Association, or individuals authorized by the Board, shall act as attorney-in-fact of all Owners to execute such documents on such Owner's behalf.

(g) The Association shall cause to be removed, at its expense, any debris or rubble remaining after the total or partial destruction of any Condominiums that it purchases and shall restore the site upon which such Condominiums were located to a condition compatible with the continuation of the rest of the Project.

Section 11.06. Application of Insurance Proceeds. Except in any case in which improvements are not to be repaired or reconstructed pursuant to this Article 11, all insurance proceeds, including those payable to Mortgagees, shall be applied to the repair and reconstruction of damaged improvements.

Section 11.07. Distribution of Excess Insurance Proceeds. Any amount in excess of the insurance proceeds necessary to repair and reconstruct damaged improvements pursuant to Section 11.02 of this Declaration or to purchase Condominiums pursuant to Section 11.05 of this Declaration shall be obtained by the Association for distribution to all of the Owners who were Members of the Association at the time that the improvements were
totally or partially destroyed. Each qualifying Owner's proportionate share of any excess proceeds shall be
determined by calculating the percentage of the total
regular assessments collected by the Association for
which each such Owner is responsible and applying those
same percentages to division of the proceeds.

ARTICLE 12 -- CONDEMNATION; PARTITION

Section 12.01. Condemnation. Any taking of
all or part of the Project by eminent domain shall be
governed by Section 6.09 of the Ground Lease, as that
section may from time to time be amended.

Section 12.02. Waiver of Right To Partition.
To the maximum extent permitted by law, an Owner shall
have no right to partition or divide his ownership of
the Common Areas, except that nothing in this Declaration
shall prevent partition of a cotenancy in a Condominium,
provided that any partition of a cotenancy in a
Condominium shall be by sale or appraisal and not by
partition in kind.

ARTICLE 13 -- PROTECTION OF MORTGAGEES

Section 13.01. Mortgage Permitted. Any Owner
may encumber his Condominium with a Mortgage.

Section 13.02. Notice to Board of Directors.
An Owner who mortgages his Condominium shall promptly
notify the Board of Directors of the name and address
of his Mortgagee. In addition, any Mortgagee desiring
to receive notices pursuant to Section 13.09 of this
Declaration shall file a written request for such notices
with the Board of Directors, stating both its name and
address and the Identifying Number or address of the
Condominium on which it holds a Mortgage.

Section 13.03. Subordination. Any lien created
or claimed under the provisions of this Declaration
is expressly made subject and subordinate to the rights
of any First Mortgage that encumbers all or a portion
of the Project, or any Condominium, made in good faith
and for value, provided that such lien was not evidenced
by a notice of delinquent assessment recorded prior
to the recordation of such First Mortgage. On foreclosure
of such Mortgage, such lien for assessments or the
installments that have accrued up to the time of
foreclosure shall be subordinate to the lien of such
Mortgage, with the foreclosure-purchaser taking title
to the Condominium free of such lien for assessments or installments that have accrued up to the time of the foreclosure sale. On taking title to the Condominium, the foreclosure-purchaser shall be obligated to pay only assessments or other charges levied or assessed by the Association that become due or payable on or after the date the foreclosure-purchaser acquired title to the Condominium, provided that, if all Owners are required to pay their proportionate share, the assessments or charges that become due or payable on or after the date the foreclosure-purchaser acquired title to the Condominium may include amounts attributable to previously due but unpaid assessments.

Section 13.04. Control of Amendment or Revocation of Condominium Instruments. In addition to the requirements of Article 14 of this Declaration, and unless a greater percentage is expressly required by this Declaration, the Articles, or the Bylaws, the prior written consent (or deemed consent as provided below in this clause) of First Mortgagees of Condominiums that have at least fifty-one (51) percent of the votes of all Condominiums encumbered by First Mortgages of which the Association has notice shall be required to add or amend any material provisions of the Condominium Instruments, which establish, provide for, govern, or regulate any of the following:

(a) Voting.

(b) Assessment, collection of assessments, assessment liens, or subordination of such liens.

(c) Reserves for maintenance, repair, and replacement of Common Areas or improvements located thereon.

(d) Casualty and liability insurance or fidelity bonds.

(e) Rights to use the Common Areas.

(f) Responsibility for maintenance and repair of Condominiums and Common Areas and the improvements thereon.

(g) Expansion or contraction of the Project, or the addition, annexation, or withdrawal of real property to or from the Project, provided that such consent shall not be required to enable Declarant to
file a Supplemental Declaration and Supplemental Condominium Plan as provided in Sections 14.01 and 15.01 of this Declaration.

(h) Boundaries of any Condominium.

(i) The interests or rights of the Association or Owners in and to the Common Areas.

(j) The convertibility of Units into Common Areas or of Common Areas into Units.

(k) The leasing of Condominiums.

(l) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his Condominium.

(m) Destruction and restoration of improvements.

(n) Termination of the Project following substantial destruction or condemnation of improvements.

(o) Any provisions that are for the express benefit of First Mortgagees or insurers or governmental guarantors of First Mortgages.

For purposes of this provision, an addition or amendment shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. Any First Mortgagee who receives a written request to consent to additions or amendments requiring consent under this provision who does not deliver or post to the requesting party a negative response within thirty (30) days after such receipt shall be deemed to have consented to such request.

Section 13.05. Restrictions on Certain Changes.
In addition to the requirements of Section 13.04 and Article 14 of this Declaration, unless at least sixty-seven (67) percent of Owners (excluding Declarant during the Declarant Control Period), sixty-seven (67) percent of First Mortgagees of Condominiums encumbered by First Mortgages of which the Association has notice, and Declarant during the Declarant Control Period have given their prior written approval, neither the Association nor the Owners shall be entitled:

(i) By act or omission to seek to abandon or terminate the Project, except for abandonment provided
by statute in case of condemnation of or substantial loss to the Units and Common Areas.

(ii) To change the pro rata interest or obligations of any Condominium in order to levy assessments or charges, allocate distribution of hazard insurance proceeds or condemnation awards, or determine the pro rata share of ownership of each Condominium in the Common Areas, except with regard to the expansion of the Project as provided for by this Declaration.

(iii) To partition or subdivide any Unit after a deed conveying title to the Condominium containing such Unit has been recorded.

(iv) By act or omission to seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Areas. The granting of easements, licenses, permits, or rights-of-way for public utilities or for other public or quasi-public purposes consistent with the intended use of the Common Areas by the Association, Declarant, or the Owners shall not be deemed to be a transfer within the meaning of this clause. Further, this Subsection 13.05(iv) shall not apply to the extent necessary to permit expansion of the Project as provided for by this Declaration.

(v) To use hazard insurance proceeds for losses to Units or Common Areas or to any other Association property, for other than the repair, replacement, or reconstruction of such improvements or property, except as provided by statute or this Declaration in case of substantial loss to the Units or Common Areas of the Project.

Section 13.06. Right To Examine Books and Records.
Institutional First Mortgagees and all insurers or guarantors of First Mortgages shall have the right to examine the Condominium Instruments and the books and records of the Association and the right to require the submission of financial data concerning the Association, including annual audit reports, budgets, and operating statements, as furnished to the Owners. Specifically, at such time as the Project contains fifty (50) or more Condominiums, the Association will provide an audited financial statement for the preceding fiscal year if any First Mortgagee submits a written request for such statement. In addition, at any time that the Project contains fewer than fifty (50) Condominiums and an audited financial statement is not
available, any First Mortgagee shall be allowed to have an audited statement prepared at its own expense.

Section 13.07. Priority in Distribution of Insurance and Condemnation Proceeds. Subject to the obligations of Mortgagees regarding rebuilding as set forth in Section 11.06 of this Declaration, no Owner, or any other party, shall have priority over any right of Institutional First Mortgagees of Condominiums pursuant to their Mortgages in case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Units or Common Areas. Any provision to the contrary in the Condominium Instruments is to such extent void. All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses acceptable to the affected Institutional First Mortgagees, naming the Mortgagees as their interests may appear.

Section 13.08. Status of Improvements. All improvements in the Common Areas (such as recreation and service areas) and Common Areas shall be available for use by Owners and all such improvements with respect to which regular or special assessments for maintenance or other uses may be levied shall constitute Common Areas. All such improvements shall be owned (i) in fee by the Owners in undivided interests in the percentage interests specified in Section 2.03 of this Declaration or (ii) by the Association free of encumbrances except for any easements, licenses, permits, or rights-of-way granted for utilities or for other public or quasi-public purposes consistent with the intended use of such property by the Owners or by the Association.


(a) Subject to the provisions of Section 9.13 of this Declaration, if any Owner is in default under any provision of this Declaration or under any provision of the Articles, the Bylaws, or the Association Rules, and the default is not cured within sixty (60) days after written notice to that Owner, the Association shall give to any Mortgagee who has filed a request for notices with the Board of Directors pursuant to Section 13.02 of this Declaration, notice of such default and of the fact that the sixty (60) day period has expired.

(b) Any Mortgagee who has filed a request for notices with the Board of Directors pursuant to
Section 13.02 of this Declaration also shall be sent a written notice by the Board of Directors of:

(i) Any condemnation or casualty loss that affects either a material portion of the Project or the Condominium on which such Mortgagee holds a Mortgage.

(ii) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(iii) Any proposed action that requires the consent of a specified percentage of any class of Mortgagees which includes the Mortgagee requesting notices.

Section 13.10. Lien Not Invalidated. No breach of any provision of this Declaration shall invalidate the lien of any Mortgage made in good faith and for value; but all of the covenants, conditions, and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

Section 13.11. Status of Loan To Facilitate Resale. Any First Mortgage given to secure a loan to facilitate the resale of a Condominium after acquisition by foreclosure or by a deed in lieu of foreclosure or by an assignment in lieu of foreclosure shall be deemed to be a loan made in good faith and for value and the holder of such loan shall be entitled to all of the rights and protections of Mortgagees under this Declaration.

Section 13.12. Right To Appear at Meetings. Because of its financial interest in the Project, any Mortgagee may appear (but cannot vote) at meetings of Owners and the Board to draw attention to violations of this Declaration that have not been corrected or that have been made the subject of remedial proceedings or assessments.

Section 13.13. Right To Furnish Information. Any Mortgagee can furnish information to the Board concerning the status of any Mortgage.
ARTICLE 14 -- AMENDMENT OF DECLARATION

Section 14.01. Amendment Before Close of First Sale.

(a) Before the close of the first sale of a Condominium in the Project to a purchaser other than Declarant, this Declaration and any amendments to it may be amended in any respect or revoked by the execution of an instrument amending or revoking the Declaration by Declarant and any Mortgagee of record of the property described in the Declaration. The amending or revoking instrument shall make appropriate reference to this Declaration and, if this Declaration has been recorded, shall be acknowledged and recorded in the Official Records of the County Recorder of Orange County, California.

(b) Before the close of the first sale of a Condominium in a second or any subsequent phase of the Project to a purchaser other than Declarant, Declarant may record any Supplemental Declaration pursuant to Article 15 of this Declaration with respect to such phase. Such Supplemental Declaration may be amended in any respect or revoked by the execution of an instrument amending or revoking the Supplemental Declaration by Declarant and any Mortgagee of record of the property described in the Supplemental Declaration. The amending or revoking instrument shall make appropriate reference to the Supplemental Declaration and its amendments and shall be acknowledged and recorded in the Official Records of the County Recorder of Orange County, California.

Section 14.02. Amendment After Close of First Sale. After the close of the first sale of a Condominium to a purchaser other than Declarant in the Initial Phase of the Project, this Declaration, and, after the close of the first sale of a Condominium to a purchaser other than Declarant in any subsequent phase of the Project, any Supplemental Declaration, may be amended or revoked in any respect by the vote or written consent of the holders of not less than seventy-five (75) percent of all the votes entitled to be cast by each class of Owners, or if a single class of Owners is then in effect, by the vote or written consent of not less than (i) seventy-five (75) percent of all the votes entitled to be cast by all Owners including Declarant and (ii) fifty-one (51) percent of the votes entitled to be cast by all Owners excluding Declarant. Also, if the consent or approval of any governmental authority, Mortgagee, or
other person is required under this Declaration with respect to any amendment or revocation of any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained. Any amendment or revocation subsequent to the close of the first sale shall be evidenced by an instrument certified by the secretary or other duly authorized officer of the Association and shall make appropriate reference to this Declaration and its amendments or any applicable Supplemental Declaration and shall be acknowledged and recorded in the Official Records of the County Recorder of Orange County, California.

Section 14.03. Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

Section 14.04. Amendments To Conform to Secondary Market Requirements. It is the intent of Declarant that the Condominium Instruments, and the Project in general, shall now and in the future meet all requirements necessary to purchase, guarantee, insure, or subsidize any Mortgage of a Condominium in the Project by the Federal Home Loan Mortgage Corporation and/or the Federal National Mortgage Association. The Association and the Owners shall, during the Declarant Control Period, adopt any resolutions required by Declarant to conform this Declaration to the requirements of any of these entities or agencies, subject to the requirements of the Ground Lease and Sublease.

Section 14.05. Prohibited Amendments.

(a) Notwithstanding any other provisions of this Declaration, the Articles or the Bylaws, no amendment to this Declaration may, without Declarant's consent:

(i) modify the provisions of Article 10 of this Declaration relating to the amount or types of insurance the Association is required to obtain and maintain;

(ii) modify the provisions of Article 11 of this Declaration relating to the destruction of improvements and the decision to rebuild or purchase destroyed Units; or
(iii) modify the provisions of Section 9.13(c) relating to the right of Declarant and The Regents to pay delinquent assessments; or

(iv) modify this Section 14.05.

(b) No amendment to this Declaration may violate any provision of the Sublease.

ARTICLE 15 -- OPTION TO EXPAND THE CONDOMINIUM

Section 15.01. Reservation of Right To Expand.

(a) Subject to the provisions of Section 15.02 of this Declaration, Declarant hereby explicitly reserves an option until the fifth (5th) anniversary of the recordation of this Declaration to expand the Project at any time and from time to time, without the consent of any Owner, by the addition of all or any portion of the Additional Land and the improvements thereon and to thereby make any such land and improvements annexed to the Project subject to this Declaration. Declarant expressly reserves the right to add any or all portions of such Additional Land and the improvements thereon at any time within such option period, at different times, in any order, and without any limitation except as may be set forth in Section 15.02, provided that any improvements shall be substantially completed prior to annexation.

(b) Any expansion of the Condominium pursuant to the provisions of subsection (a) of this Section 15.01 shall be effected by Declarant's recordation in the Official Records of the County Recorder of Orange County, California of (i) a Supplemental Condominium Plan that conforms to the requirements of Section 1351(e) of the California Civil Code, as now in effect or as hereinafter amended or replaced, and sets forth with respect to each portion of the Additional Land added to the Project and to each Condominium contained therein the data and information specified in said Section 1351(e) and (ii) a Supplemental Declaration that describes the real property to be annexed, states that it is being effected pursuant to the terms of this Declaration for the purpose of annexing the property described in the Supplemental Declaration, and specifies the number of Condominiums created on any Additional Land added to the Project.

(c) Upon recording the Supplemental Declaration in accordance with the provisions of this Declaration,
the real property described in the Supplemental Declaration and any improvements thereon shall be part of the Project and subject to the provisions of this Declaration and to the rights and powers of the Association pursuant to the terms of this Declaration, the Articles, and the Bylaws. Thereafter, all of the Unit Owners of the Condominiums created on the Additional Land shall automatically be Members of the Association, with voting rights commencing at the time of conveyance of each Condominium. Assessments, including any special assessments, with respect to the annexed real property and any improvements thereon, shall commence at the time and to the extent described in Article 9 of this Declaration and percentage interests shall be assigned as provided in Subsection 2.03(b) of this Declaration.

(d) The Supplemental Declaration shall expressly reserve for the benefit of all property that may from time to time be covered by this Declaration reciprocal easements of use, enjoyment, access, ingress, and egress to all of the Common Areas, except parts of the Common Areas designated as Limited Common Areas, within the Project as well as within each phase of the Project. Such easements may be used by Declarant, its successors, assigns, agents, and employees, and by all Owners, their guests, tenants, and invitees, for sidewalks, walkways, vehicular access, and such other purposes reasonably necessary to the use and enjoyment of all Condominiums. No easement with respect to the Additional Land shall be effective in the event that Declarant does not add any portion of the Additional Land to the Project, and every easement shall be effective only as to those portions of the Additional Land that are added to the Project.

(e) To the extent consistent with applicable California law, the Supplemental Declaration may contain complementary additions, amendments, and modifications to this Declaration necessary to reflect the different character, if any, of the real property being annexed, which are not inconsistent with the general scheme of this Declaration or which are required to make the Project eligible for mortgage purchase, guarantee, or insurance. Notwithstanding the foregoing, no Supplemental Declaration may substantially increase the assessments imposed on Owners of Condominiums in the Initial Phase of the Project or materially adversely affect the rights of those Owners without the prior approval of a majority of the voting rights of Class A Owners.
Section 15.02. Assurances with Respect to Expansion.

(a) Except as provided in Subsection (b) of this Section 15.02, Declarant makes no assurances as to the location, number, density, type, or size of any Units, Common Areas, Limited Common Areas, or other improvements which may be made on all or any portion of the Additional Land added to the Project.

(b) Notwithstanding the provisions of Subsection (a) of this Section 15.02, Declarant represents and warrants that:

(i) The Condominiums constituting the Project (including all Condominiums which may be created on the Additional Land) shall not exceed one hundred (100) in number or one hundred twenty thousand (120,000) square feet of total floor space.

(ii) All Units, Common Areas, and other improvements which may be constructed on the Additional Land will be reasonably compatible in terms of quality, materials, and architectural style with the Units, Common Areas, and other improvements existing on the Land.

(iii) All Common Areas existing in the Project prior to and after the expansion, except parts of the Common Areas designated as Limited Common Areas, shall be available for use by all Owners, subject to rules and regulations promulgated by the Association.

(c) If Declarant does not add all or any portion of the Additional Land to the Project as provided in Section 15.01 of this Declaration, Declarant shall have the right to use such Additional Land or portion thereof in any manner that Declarant may determine (including the construction thereon of any buildings or other improvements) without any reservation whatsoever.

Section 15.03. Merger or Consolidation. If Declarant elects to create a new condominium project with its own owners' association on all or any portion of the Additional Land, such other owners' association may be merged or consolidated with the Association in accordance with the provisions of Section 8010 et seq. of the California Corporations Code, as now in effect or as hereinafter amended or replaced. In the event of such a merger or consolidation, each owner of a
condominium unit within either condominium project shall have a nonexclusive easement of use, enjoyment, access, ingress and egress, to all of the common areas, except parts designated as limited common areas, in each condominium project. Such easements shall be available for use by Declarant, its successors, assigns, agents and employees, and by all owners in each condominium project, their guests, tenants and invitees, for sidewalks, walkways, vehicular access, and such other purposes reasonably necessary to the use and enjoyment of each condominium project.

ARTICLE 16 — MISCELLANEOUS PROVISIONS

Section 16.01. Future Construction. Nothing in this Declaration shall limit the right of Declarant to complete construction of improvements to the Common Areas and to the Condominiums in accordance with the Condominium Plan or any Supplemental Condominium Plan.

Section 16.02. Assignment of Declarant's Rights. The rights of Declarant in this Declaration may be assigned by Declarant to any successor to all or any part of any of Declarant's interests in the Project by an express assignment incorporated in a recorded deed or to a Mortgagee acquiring Declarant's interest in the Project by foreclosure or by deed in lieu of foreclosure.

Section 16.03. Captions. The captions used in this Declaration are for convenience only and in no way define, limit, or describe the scope of this Declaration or the intent of any provision thereof.

Section 16.04. Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions shall not invalidate any of the other provisions or part thereof.

Section 16.05. Cumulative Remedies; Waiver. Each remedy provided for in this Declaration shall be cumulative and not exclusive. Failure to exercise any remedy provided for in this Declaration shall not, under any circumstances, be construed as a waiver of the remedy.

Section 16.06. Violations as Nuisances. Every act or omission in violation of the provisions of this
Declaration shall constitute a nuisance and, in addition to all other remedies set forth, may be abated or enjoined by the Association.

Section 16.07. No Discriminatory Restrictions. No Owner shall execute or cause to be recorded any instrument that imposes a restriction upon the sale, leasing, or occupancy of his Condominium on the basis of race, color, marital status, religion, sex, or national origin.

Section 16.08. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose and shall be interpreted under the laws of the State of California. This Declaration and all of the other Condominium Instruments are intended to comply with all of the applicable provisions of the Act, the Ground Lease, and the Sublease and shall be so interpreted and applied.

Section 16.09. Waiver. Failure to enforce any provision of this Declaration shall not constitute a waiver of the right to enforce the provision thereafter.

Section 16.10. Notices. All notices, demands, bills, statements, or other communications pursuant to this Declaration shall be in writing and shall be deemed to have been duly given if delivered personally or sent by United States mail (first-class, registered or certified), postage prepaid, or if notification is of a default or lien, sent by registered or certified United States mail, return receipt requested, postage prepaid, (i) if to an Owner other than Declarant, at the address which the Owner shall designate in writing and file with the Association or its designated agent or, if no such address is designated, at the address of the Unit of such Owner, or (ii) if to Declarant, at the principal office of Declarant at the Condominium or at such other address as shall be designated by notice in writing to the Owners pursuant to this section. If a Condominium is owned by more than one person, each such person who so designates an address in writing to the Association shall be entitled to receive all notices hereunder.

Section 16.11. Notice of Transfer. Concurrently with the consummation of the sale of any Condominium under circumstances where the transferee becomes an Owner of the Condominium or within five (5) business days thereafter, the transferee shall notify the
Association in writing of such sale. Such notification shall set forth the name of the transferee and his Mortgagee and transferor, the address of the Condominium purchased by the transferee, the transferee's and the Mortgagee's mailing address, and the date of sale. Before the receipt of such notification, any and all communications required or permitted to be given by the Association, the Board, or the manager shall be deemed to be duly made and given to the transferee if duly and timely made and given to the transferee's transferor.

Section 16.12. Gender and Number. The use of the masculine gender in this Declaration shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 16.13. Binding Effect. This Declaration shall inure to the benefit of and be binding on the successors and assigns of Declarant, and the heirs, personal representatives, grantees, tenants, successors, and assigns of all other Owners.

Section 16.14. Limitation on Obligations. Nothing contained in this Declaration or elsewhere in the Condominium Instruments shall be deemed to impose upon Declarant or its successors or assigns any obligation of any nature to build, construct, or provide any buildings or improvements. All obligations upon Declarant of this nature shall arise only from a duly executed contract of sale signed by Declarant and a prospective Owner other than Declarant.

Declarant has executed this instrument as of July 16, 1986.

The Irvine Campus Housing Authority,
A California Nonprofit Public Benefit Corporation

By [Signature]
President

By [Signature]
Chairman of the Board
STATE OF CALIFORNIA )
COUNTY OF ORANGE ) ss.

On July 16, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared William H. Parker and Charles Lave, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument as President and Chairman of the Board, respectively, of the Irvine Campus Housing Authority, the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Bonnie M. Fischer

My commission expires:
October 8, 1988
REAL PROPERTY INITIALLY SUBMITTED TO DECLARATION

The real property initially submitted to this Declaration is Lots 72 and 73 in the Record of Survey in the Office of the County Recorder, County of Orange, State of California, per map filed as Instrument No. 85-513071 in Book 112, Pages 1-7, of Records of Survey, records of said County.
DESCRIPTION OF ADDITIONAL REAL PROPERTY
WHICH MAY BE ADDED TO THE CONDOMINIUM

The real property which may be added to the condominium is the property described in the Amended and Restated Ground Lease by and between The Regents and Declarant, dated September 1, 1984, as further amended by amendments dated as of August 1, 1985, November 1, 1985, and November 15, 1985, and as reflected in that certain Memorandum of Amended and Restated Ground Lease recorded on October 5, 1984, as Instrument No. 84-415214, as amended by Instrument No. 86-059269, dated February 13, 1986, in the Official Records of the County Recorder for the County of Orange, State of California; excluding that property described in a map filed as Instrument No. 85-124733 in Book 110, Pages 22-29 of Records of Survey, records of said County; and further excluding that property described in a map filed as Instrument No. 85-513071, in Book 112, Pages 1-7 of Records of Survey, records of said County.
CONDOMINIUM PLAN
FOR
RECORD OF SURVEY 85-1090
LOTS 72 AND 73

CONSISTING OF A SURVEY OF LOTS 72 AND 73 OF RECORD OF SURVEY 85-1090 IN
THE CITY OF IRVINE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP
FILED AS INSTRUMENT NO. 85-513071 IN BOOK NO. 112, PAGES 1-7 OF RECORDS OF
SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY,
DIAGRAMMATIC FLOOR PLANS OF THE EXISTING BUILDING ON SAID LOTS, AND
CERTIFICATE AS REQUIRED UNDER CALIFORNIA CIVIL CODE SECTION 1351.

WE, THE UNDERSIGNED, BEING THE RECORD OWNERS OF THE LAND INCLUDED
WITHIN THIS PROJECT COMMONLY KNOWN AS 1 THROUGH 12 SCHUBERT COURT
AND 14 THROUGH 33 SCHUBERT COURT HEREBY CONSENT TO THE RECORDATION OF
THIS PLAN PURSUANT TO THE PROVISIONS OF CHAPTER 1, TITLE 6, PART 4,
DIVISION SECOND, OF THE CIVIL CODE.

THE RECRENS OF THE UNIVERSITY OF CALIFORNIA,
A CALIFORNIA PUBLIC CORPORATION
OWNER:

[I.Signed]

[CHANCELLOR OF THE UNIVERSITY OF CALIFORNIA, IRVINE
FOR THE RECRENS OF THE UNIVERSITY OF CALIFORNIA

IRVINE CAMPUS HOUSING AUTHORITY,
A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION,
LESSEE UNDER THE AMENDED AND RESTATED GROUND LEASE AS
REFLECTED IN THE MEMORANDUM OF AMENDED AND RESTATED
GROUND LEASE AS RECORDED OCTOBER 5, 1984 AS
INSTRUMENT NO. 84-015214, AND AMENDED BY
INSTRUMENT NO. 86-059269, RECORDED FEBRUARY 13, 1986
BOTH OF OFFICIAL RECORDS, RECORDS OF ORANGE COUNTY, CALIFORNIA

[I.Signed]

WILLIAM H. PARKER
PRESIDENT

[I.Signed]

CHARLES LAVE
CHAIRMAN OF THE BOARD

I HEREBY CERTIFY THAT I AM A REGISTERED CIVIL ENGINEER OF THE STATE OF
CALIFORNIA, AND THAT A TRUE AND COMPLETE SURVEY OF THE BOUNDARY OF
THE PROJECT SHOWN HEREIN WAS MADE UNDER MY SUPERVISION IN AUGUST 1985
AND THAT THE BOUNDARIES OF THE UNITS SHOWN HEREIN WERE TAKEN FROM THE
BUILDING PLANS FOR THIS CONDOMINIUM PROJECT AND MADE UNDER MY
SUPERVISION. THIS PLAN CONSISTS OF 14 SHEETS.

[I.Signed]

DONALD O. LOHR RCE 20508
WE HEREBY CERTIFY THIS TO BE
A TRUE AND CORRECT COPY.
First American Title Insurance Company
Recorded: JUly 15, 1986
Doc. No: 86-514972
By: [Signature]

THIS INSTRUMENT FILED FOR RECORD
BY FIRST AMERICAN TITLE INSURANCE COMPANY AS AN
ACCOMMODATION ONLY. IT HAS NOT BEEN EXAMINED AS TO
ITS EXECUTION OR AS TO ITS EFFECT UPON THE TITLE.

[Registered Professional Engineer]
CIVIL
STATE OF CALIFORNIA
EXPIRES 9/30/89
No. 20508
Donald O. Loehr
CONDOMINIUM PLAN
FOR
RECORD OF SURVEY 85-1090
LOTS 72 AND 73

STATE OF CALIFORNIA ) SS
COUNTY OF ORANGE ) SS

ON THIS 16TH DAY OF July, 1988, BEFORE ME, THE
UNDERSIGNED, A NOTARY PUBLIC IN AND FOR SAID STATE, PERSONALLY
APPEARED: JACK W. PELTASON

☑ PERSONALLY KNOWN TO ME
☐ PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE

TO BE THE PERSON(S) WHO EXECUTED THE WITHIN INSTRUMENT AS THE
CHANCELLOR OF THE UNIVERSITY OF CALIFORNIA, IRVINE, AGENT OF THE
CORPORATION THEREIN NAMED, AND ACKNOWLEDGED TO ME THAT SUCH
CORPORATION EXECUTED THE SAME.

WITNESS MY HAND
AND OFFICIAL SEAL

MY COMMISSION EXPIRES: October 8, 1988

[Signature]

NOTARY PUBLIC IN
AND FOR SAID STATE

STATE OF CALIFORNIA ) SS
COUNTY OF ORANGE ) SS

ON THIS 16TH DAY OF July, 1988, BEFORE ME, THE
UNDERSIGNED, A NOTARY PUBLIC IN AND FOR SAID STATE, PERSONALLY
APPEARED: WILLIAM H. PARKER AND CHARLES LAVE

☑ PERSONALLY KNOWN TO ME
☐ PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE

TO BE THE PERSON(S) WHO EXECUTED THE WITHIN INSTRUMENT AS THE
PRESIDENT AND CHAIRMAN OF THE BOARD, RESPECTIVELY, OF THE CORPORA­
TION THEREIN NAMED, AND ACKNOWLEDGED TO ME THAT SUCH CORPORATION
EXECUTED THE SAME.

WITNESS MY HAND
AND OFFICIAL SEAL

MY COMMISSION EXPIRES: October 8, 1988

[Signature]
1. This condominium project is composed of 32 units on 2 lots.

2. The common area of this project is the land and real property within lots 72 and 73 in record of survey in the city of Irvine, county of Orange, state of California, per map filed as instrument No. 85-513071 in book 112, pages 1-7 of records of survey, records of said county, except those portions shown and defined herein as units 72-103, inclusive.

3. The boundary lines and unit control lines of all elements and limited common area intersect at right angles, unless otherwise indicated.

4. A unit consists of all those elements bearing an identical number designation, and the number designation of an element coincides with the number of that unit of which it is a part. Whenever reference is made to any of said units, it shall be construed that reference is made to the unit as a whole and each of its component elements.

5. Those elements of units shown herein bearing the unit number only are dwelling areas, the boundaries thereof being the interior surfaces of the perimeter walls, floors, ceilings, windows and doors.

6. Except as provided above, the following are not a part of a unit: bearing walls, columns, chimneys, vertical supports, floors, roofs, foundations, pipes, ducts, flues, chutes, conduits, wires, and other utility installations, wherever located, except the outlets thereof when located within a unit.

7. Those areas shown on this plan bearing the letter designations "G" and "W" are garages and water heater closets, respectively, and are limited common area for exclusive use of the unit bearing an identical number designation. The lateral boundaries of said areas are the interior surfaces of perimeter walls, floors, ceilings, windows and doors where they exist or vertical planes at the limits of the horizontal dimensions shown herein.

8. Those areas shown on this plan bearing the letter designations "P" and "B" are patio and balcony areas, respectively, and are limited common area for the exclusive use of the unit bearing an identical number designation. The lateral boundaries of said areas are at the planes formed by the exterior surfaces of walls, windows and doors of adjoining buildings where they exist or vertical planes at the limits of the horizontal dimensions shown herein. These areas do not include the exterior surfaces of walls, windows and doors of adjoining buildings.

9. The vertical limits of all elements and limited common areas shown herein are horizontal and inclined planes whose lower and upper boundaries are depicted at the vertical dimensions shown in sections A-A, B-B, C-C, D-D, and E-E on sheets 12 and 13 and the elevations shown on sheet 14 herein.

10. This plan and the dimensions shown hereon are intended to conform to Civil Code Section 1351 which requires diagrammatic floor plans of the building built or to be built thereon in sufficient detail to identify each unit, its relative location and approximate dimensions. The dimensions shown hereon are not intended to be sufficiently accurate to use for computation of floor area or airspace volume in any or all of the units.

11. These diagrammatic plans intentionally omit detailed information of internal partitioning within individual units. Likewise, such details as protrusions of vents, berms, columns, window casings, and other such features are not intended to be reflected on this plan.
CONDOMINIUM PLAN
FOR
RECORD OF SURVEY 85-1090
LOTS 72 AND 73

LINE TABLE

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<td>T6</td>
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NOTE:
- INDICATES 2" IP
- TAGGED R.C.E. 20508

CURVE TABLE

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BOUNDARY MAP
CONDOMINIUM PLAN
FOR
RECORD OF SURVEY 85-1090
LOTS 72 AND 73

NOTE:
1. SEE FLOOR PLANS ON SHEETS 10 AND 11
2. SEE SHEET 7 FOR ADDITIONAL DWELLING AREA FOR UNITS 76-79 AND 84-87

LOT G

BUILDING LOCATION PLAN
LOT 72 FIRST FLOOR

LEGEND
UNIT NUMBER
UNIT FLOOR PLAN TYPE
B - BALCONY
G - GARAGE
P - PATIO
W - WATER HEATER CLOSET
R - REVERSE UNIT
CONDOMINIUM PLAN
FOR
RECORD OF SURVEY 85-1090
LOTS 72 AND 73

NOTES:
1. SEE LEGEND ON SHEET 6
2. SEE FLOOR PLANS ON SHEETS 10 AND 11
3. SEE SHEET 6 FOR ADDITIONAL DWELLING AREA FOR THESE UNITS
NOTES:
1. SEE LEGEND ON SHEET 6
2. SEE FLOOR PLANS ON SHEETS 10 AND 11
3. SEE SHEET 9 FOR ADDITIONAL DWELLING
   AREA FOR UNITS 92-95 AND 100-103

BUILDING LOCATION PLAN
LOT 73 FIRST FLOOR
CONDOMINIUM PLAN
FOR
RECORD OF SURVEY 85-1090
LOTS 72 AND 73

NOTES:
1. SEE LEGEND ON SHEET 6
2. SEE FLOOR PLANS ON SHEETS 10 AND 11
3. SEE SHEET 8 FOR ADDITIONAL DWELLING
   AREA FOR THESE UNITS

BUILDING LOCATION PLAN
LOT 73 SECOND FLOOR
CONDOMINIUM PLAN
FOR
RECORD OF SURVEY 85-1090
LOTS 72 AND 73

UNIT TYPE 402
UNIT NUMBERS:
76, 77, 87, 86, 92, 95

UNIT TYPE 404
UNIT NUMBERS:
78, 79, 84, 85, 93, 94, 100, 101, 102, 103

NOTE: 1. "R" DENOTES A REVERSE UNIT
2. SECTIONS "A-A" "B-B" AND "C-C" ON SHEET 12
# Condominium Plan

**For**

**Record of Survey 85-1090**  
**Lots 72 and 73**

## Finish Floor Elevations

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## Benchmark

Brass cap stamped VTN 25 at the centerline intersection of South Circle View Drive and Faculty Apartment Access Road

N 540,590.95  
E 1,515,775.25  
Elev. 136.75
EXHIBIT D

PERCENTAGE INTEREST ASSIGNED TO INITIAL UNITS

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