

ORIGINAL

June 7, 2005

Malcolm Bennett
c/o International Realty and Investments
11215 S. Western Avenue
Los Angeles, CA 90047

Re: Morningside Manor III

Dear Malcolm:

On behalf of Morningside Manor III, the BOARD wishes to address the following concerns listed below with a brief summary of explanations and expectations:

**I.
Amendment of By Laws**

The By Laws were drafted several years ago and are in desperate need of *reform* to reflect the concerns of today.

For example when the By Laws were originally drafted (over three decades ago), several issues were not addressed, such as, if Residents do not comply with the rules, what penalties will be enforced? We understand that rules are made to keep order and punishments are made to maintain cooperation. Morningside Manor III is in desperate need of *order* and *cooperation*. So we wish to request that the following amendments be made to the current existing By Laws.

1. A fine in the amount of \$25.00 should be assessed to each Resident after the first warning of any violation of the new or existing By Laws or House Rules.
2. There is to be no storage of vehicles in the driveways and/or behind the trash dumpster.

3. Any vehicle parked longer than 48hrs is considered stored and is subject to towing at the owners expense.
4. Visitors must park on the street and not on the premises (to include the front grass), the driveway, or blocking the garages of other Residents.
5. Laundry Room hours are to be enforced from 5:00 am to 11:00 pm.
6. No storage of items on the front or rear balconies.

II.

Enforcement of By Laws

The enforcement of By Laws will be up to the BOARD by way of International Realty Investments, Inc. The active BOARD members will keep an ongoing list of each warning issued to the owner and upon any second notice given the Resident and Owner of Record will be assessed a \$25.00 fine.

III.

Recruitment of New Board Member (Secretary)

(Secretary): This position is currently open. We need to keep all positions filled at all times.

IV.

Broken and/or Replacement of Equipment

No equipment is to be inoperable longer than 72 hours after notification to International Realty Investments, Inc. From now on all repairs will be put in writing and will be sent via facsimile, e-mail, U.S. Mail and/or Certified Mail. Phone calls will be made only in the event of an emergency.

The laundry room needs two operable washers and dryers at all times. Our electric gate has been broken for a year. This is unacceptable. We need to have the security to lock our gate after hours to keep out unwanted visitors.

V.
Financial Statements

BOARD Members request a copy of the Financials on or before the *10th of each month* with an explanation of any costs/fees paid in addition to regularly scheduled payments.

How can you possibly expect the BOARD to honor the requests of the homeowners if we are clueless about our financial security. Not providing at least one financial report in a year is **not** even acceptable. Not to mention we have not been given a complete copy of the estimate for the balcony repairs and or a copy of any invoices.

VI.
Regular Scheduled Meetings

BOARD Meetings from now on will be held in the Laundry Room every *Friday* from *7:15pm to 7:45pm* EVERY 1ST FRIDAY.

Homeowners meetings will be held monthly on EVERY 1ST SATURDAY from *8:00 am to 9:00 am*. No meetings will be postponed for any reason. If you are unable to attend, a copy of the minutes will be mailed with 7 business days.

VII.
Communication and Cooperation between Morningside Manor III Residents/Board Members and International Realty Staff/Assistants

When requests are made, we ask that confirmation be given to the BOARD members and/or that the individual making the request be notified within 48hrs. that their concerns will be handled quickly and efficiently.

VIII.
Morningside Manor III Repairs

All needs and concerns shall be executed within 72 hours. If for any reason more time is needed, it should be placed in writing and Morningside Manor III should be provided a written detailed explanation for the delay or a courtesy phone call should be made to one of the BOARD members preferably the President or Vice-President.

IX.
Future Projects

All future projects will be discussed monthly at each Homeowners meeting. Any requests will be put in writing and forwarded to International Realty Investments Along with a copy of the Minutes of the meeting.

X.
Maintenance and Sub-Contractors

Our current on-site maintenance assistant has been negligent for several months. The stairwells have not been mopped or swept. As for Sub-Contractors, the BOARD requests that absolutely no payments or invoices be honored until at least 2 Board members have approved completion and correction of each job.

There has been at least 3 to 4 complaints for each repair completed at Morningside Manor III. The sub-contracted workers have failed to clean up after themselves, they have urinated in the front lawn, and do not address the Residents respectfully. We believe this is the responsibility of International Realty Investments. Each sub-contractor must be notified that Morningside Manor III is a condo-community and should not be treated as if it were "a government housing project."

We understand that some of these requests will take time and effort to complete, this is why we as the BOARD are asking for your help. It has come to our attention that many of the Homeowners feel that International Realty Investments has been "getting

paid and not doing the best job possible". Since this is a concern of the Homeowners at Morningside Manor III, the BOARD has taken some responsibility and will now be in charge of regularly scheduled meetings, future projects and will notify International Realty Investments of the minutes, so that you may mail a copy to each Homeowner of record.

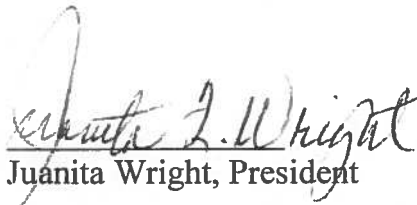
I am sure that you will do you best to comply with our request as promptly as possible. Feel free to contact me at any time at (323) 781-4188.

Sincerely,
THE BOARD



Erin Smith, Vice President

Erin Smith, on behalf of Richard Hale Treasurer



Juanita Wright, President

Birdie Halton,

Morningside Manor III Homeowners Association Delinquency Policy

Timely payment of regular and special assessments is of critical importance to the Association. Members' failure to pay monthly assessments when due creates a cash-flow problem for the Association and causes those owners, who make timely payment of their assessments, to bear a disproportionate share of the community's financial obligations. Therefore, the Board of Directors has enacted the following policies and procedures concerning collection of delinquent assessment accounts:

1. All regular assessments shall be due and payable, in advance, in equal monthly installments, between the first and tenth day of each month. Special assessments shall be due and payable on the due date specified by the Board in the notice imposing the assessment. In no event shall a special assessment be due and payable earlier than 30 days after the special assessment is duly imposed.

2. Special Assessments shall be delinquent if not paid within 10 days after they become due.

3. If any installment payment of a regular assessment, or payment of a special assessment, is not made within 15 days after it has become due, a late payment charge of ~~\$ 18.50~~ shall be imposed, and the Association shall be entitled to recover any reasonable collection costs, including attorney fees, that the Association then incurs in its efforts to collect the delinquent sums.

4. If an assessment payment is delinquent for more than 15 days, interest shall be imposed on all sums due, including the delinquent assessment, collection costs, and late charges, at an annual percentage rate of 9%.

5. If a special assessment is payable in installments and an installment payment of that special assessment is delinquent for more than 30 days, all installments will be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to a late charge and interest as provided above.

6. If an assessment payment is delinquent for more than 45 days, the Association will cause a letter to be mailed to the delinquent owner, via certified mail. That letter will give a breakdown of the amounts due and will enclose this Delinquency Policy.

7. If an assessment payment is delinquent for more than 60 days, the Association will authorize a lien service to cause to be recorded in the Los Angeles County Recorder's Office a Notice of Delinquent Assessment (pursuant to Civil Code Section 1367) concerning all sums that are then delinquent, including the delinquent assessment, late

charges, costs, and reasonable attorney fees. Recording this notice creates a lien, which is subject to foreclosure, against the delinquent owner's property.

8. Once the matter has been transferred to a lien service, they will be authorized to commence a non-judicial foreclosure action to enforce the lien. This procedure, also used by banks and savings and loans to collect on unpaid mortgages, takes approximately 111 days from inception to the foreclosure sale. You could lose ownership of your property if a foreclosure action is completed. You will be responsible for significant additional costs and fees if a foreclosure action is commenced against your property. Once the matter has been turned over to the lien service, you will receive notification from them as to the amount due the Association. Do not pay the amounts stated on the Association-generated monthly billing invoice as it will not contain additional fees and costs for which you are obligated.

9. If an assessment payment is delinquent more than 60 days, the Association may also cause an action at law to be brought against the owner who is personally obligated to pay the delinquent assessment or may cause a judicial foreclosure proceeding to be initiated to foreclose its lien against the owner's unit.

10. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.

11. If an owner disputes any late charge or other charge levied by the Association, the owner is obligated to pay the amount in question, despite such ongoing dispute and will be entitled to a refund or credit if the dispute is resolved in the owner's favor.

12. If a lawsuit or foreclosure procedure is initiated by the Association to recover delinquent assessment, or if the Association is forced to defend an action brought by an owner to contest assessments and/or related charges, the Association is entitled, by its CC&Rs and by law (Civil Code Section 1366(c)), to recover from the homeowner not only the amount in default, plus late charges, but also reasonable cost of collection, including title company charges and attorney fees.

ARTICLE I

PLAN OF CONDOMINIUM OWNERSHIP EXHIBIT "B"

Section 1. Condominium Ownership. The project located at 3311-21 3/4 - 77th St. and 7616-16 3/4 Crenshaw Blvd., ~~City of Los Angeles,~~ County of Los Angeles, State of California, known as MORNINGSIDE MANOR III, is submitted to the provisions of Title 6, Part 4, Division Second of the Civil Code, State of California.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the project. (The term "project" as used herein shall include the land and all structures and improvements thereon).

Section 3. Personal Application. All present and future owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the project in any manner, are subject to the regulations set forth in these By-Laws and to the Regulatory Agreement, attached as Exhibit "C" to the recorded "Declaration Establishing a Plan for Condominium Ownership" (which shall hereafter be referred to as "Declaration").

The mere acquisition or rental of any of the "units" of the project or the mere act of occupancy of any of said units will signify that these By-Laws and the provisions of the Regulatory Agreement are accepted, ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF OWNERS, QUORUM,
PROXIES, CUMULATIVE VOTING

Section 1. Voting.—Voting shall be on a percentage basis and the percentage of the vote to which the owner is entitled is the percentage assigned to his "condominium" or "condominiums" in paragraph C in said "Declaration".

Section 2. Majority of Owners. As used in these By-Laws the term "majority of owners" shall mean those "owners" holding 51% of the votes in accordance with the percentages assigned in the "Declaration".

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a "majority of owners" as defined in Section 2 of this Article shall constitute a quorum.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

Section 5. Cumulative Voting. Every owner entitled to vote at any election for Directors of the Association may cumulate his votes and give one candidate for election the number of votes equal to the number of Directors to be elected multiplied by the number of votes applicable to the fractional interests of the voting owner, as set forth in paragraph C of the "Declaration", or said owner may distribute his votes on the same principle among the candidates as he sees fit.

ARTICLE III

ADMINISTRATION

Section 1. Association Responsibilities. The owners of the "condominiums" will constitute the Association of Owners (hereinafter referred to as Association") who will have the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments and arranging for the management of the project pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of a management agent. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of owners.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the project or such other suitable place convenient to the owners as may be designated by the Board of Directors.

Section 3. Annual Meetings. The first annual meeting of the Association shall be held on December 15, 1971, but in no event later than one year following the sale of the first unit, or within sixty days following the sale of 51% of the units, whichever shall first occur. Thereafter, the annual meetings of the Association shall be held on the first Monday of each third month in each succeeding year. At such meetings there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these By-Laws. The owners may also transact such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the owners and having been presented to the Secretary, or at the request of the Federal Housing Commissioner or his duly authorized representative. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the owners present, either in person or by proxy.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, at least 7 but not more than 10 days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served. Notices of all meetings shall be mailed to the Director of the local insuring office of the Federal Housing Administration.

Section 6. Adjourned meetings. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the owners of units shall be as follows:

- (a) Roll Call
- (b) Proof of notice of meeting or waiver of notice
- (c) Reading of minutes of preceding meeting
- (d) Reports of officers
- (e) Report of Federal Housing Administration representative, if present
- (f) Report of committees
- (g) Election of inspectors of election
- (h) Election of Directors
- (i) Unfinished business
- (j) New business.

Section 8. Action Without Meeting. Any action may be taken at a meeting of the owners, may be taken without a meeting if ratified by a writing signed by all of the owners who would be entitled to vote at a meeting for such purpose, and filed with the Secretary.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, all of whom must be owners of "condominiums" in the project, except the first Directors.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these By-Laws directed to be executed and done by the owners. The powers of the Board of Directors shall include but not be limited to the following:

- a. Enforce the provisions of the "Declaration", By-Laws and Regulatory Agreement, being the organizational rules and documentation relating to control and management of the "project"

b. Contract for and pay fire, casualty, liability and other insurance, including indemnity and other bonds.

c. Contract for and pay maintenance, gardening, utilities, materials, supplies and services relating to the "common area", and to employ personnel reasonably necessary for the operation of the "project", including legal and accounting services.

d. Pay taxes and special assessments which are or would become a lien on the "project" or "common area".

e. Pay for any reconstruction of any portion or portions of the "project" damaged or destroyed which are to be rebuilt, where appropriate.

f. Pay for and obtain an annual independent examination or audit of the accounts of the management of the Association, a copy of such report to be available to each "unit" owner within thirty days of completion.

g. Enter into any "unit" when necessary in connection with the maintenance or construction for which the Association is responsible.

h. Delegate its powers.

i. Designate spaces in the carports to the owners of each "unit"

Section 3. Other Duties. In addition to duties imposed by these By-Laws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

a. Care, upkeep and surveillance of the "project" and the "common area".

b. Collection of monthly and special assessments from the owners, and

c. Designation of personnel necessary for the maintenance and operation of the "project".

Section 4. Management Agent. A management agent selected prior to the first annual meeting of the Association after initial organization shall be employed to manage only until the first annual election, at which time the continuance of the same or other management agent shall be determined by a majority vote. Prior to the first annual election of the Association, no one may enter into any contract which binds the Association for a period in excess of one year unless reasonable cancellation provisions are included therein.

Section 5. Election and Term of Office. At the first annual meeting of the Association the term of office of two Directors shall be fixed for three (3) years. The term of office of two Directors shall be fixed at two (2) years, and the term of office of one (1) Director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting. (If a larger Board of Directors is contemplated, the terms of office should be established in a similar manner so that they will expire in different years.)

Section 6. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 7. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the owners and

a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting. Providing, however, unless the entire Board is removed an individual Director shall not be removed if the number of votes against the resolution for his removal exceeds the quotient arrived at when the total number of votes entitled to vote is divided by one plus the authorized number of Directors.

Section 8. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time, by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days notice to each Director, given personally or by mail, telephone or telegraph which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Board of Director's Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 14. Independent Audit. Within sixty days of the close of its accounting year, the Association shall cause an independent audit to be made of the accounts of the management body and upon completion thereof a copy of such report shall be available to each "unit" owner within thirty days of completion.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their

judgment may be necessary. (In the case of an Association of one hundred owners or less the offices of Treasurer and Secretary may be filled by the same person.)

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all duties incident to the office of Secretary

Section 7. Treasurer. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. Assessments. All owners are obligated to pay monthly (and any special) assessments imposed by the Association to meet all project communal expenses, which may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake or other hazard. The assessments shall be made pro rata according to the value of the "condominium" owned, as stipulated in paragraph C of said "Declaration". Such assessments shall include monthly payments to a General Operating Reserve and a Reserve Fund for Replacements as required in the Regulatory Agreement attached as Exhibit "B" to said "Declaration". Not later than thirty (30) days prior to the beginning of each calendar year, the Association shall estimate the total charges to be assessed against each "condominium". Each owner thereof shall thereafter pay to the Association his assessment in twelve (12) equal monthly installments, each installment to be paid on or before the tenth day of each month. In the event the Association shall determine that said estimate of total charges for the current year is, or will become, inadequate to meet all expenses of the "project" for any reason, including nonpayment of any owner's assessment on a current basis, it shall

immediately determine the amount of the total charges to be assessed against each "condominium". The Association may, at its discretion, prorate any such supplemental assessment between the remaining months of the calendar year, or immediately levy a special assessment against each "condominium". Each monthly installment shall become delinquent if not paid on or before the twenty-fifth day of each month. Each special assessment shall become delinquent if not paid within ten days after the levy thereof. There shall accrue with each such delinquent monthly installment and with each such delinquent special assessment, a late charge of \$5.00, together with interest at 9% per annum on such delinquent sums, calculated from the date of delinquency to and including the date full payment is received by the "Association".

The "Board of Directors" or the "Management Agent" of the "Association", on behalf of said "Association", may cause to be recorded in the office of the county recorder of the county in which said "Project" is situated, a notice of any delinquent sums due the "Association" from any "condominium" owner; which notice shall state the amount of such delinquent sums and other authorized charges and interest (including the cost of recording such notice), a sufficient description of the "condominium" against which the same has been assessed, and the name of the record owner or owners thereof. Such recording shall be deemed a lien upon said owner's "unit". Upon payment to the "Association" of such delinquent sums and charges in connection therewith, or other satisfaction thereof, said "Board of Directors" or "Management Agent" shall cause to be recorded in the office of the county recorder of said county a further notice stating the satisfaction and release of said lien and such delinquent sums and charges. Such notices shall be signed on behalf of said "Association" by any member of the "Board of Directors" or by the "Management Agent". The "Association" may demand and receive the cost of recordation of such release before recording same. Any purchaser or encumbrancer acting in good faith and for value, may rely upon such notice of

satisfaction and release as conclusive proof of the full satisfaction of the sums stated in said notice of delinquent sums.

All such delinquencies may be enforced, collected and/or foreclosed in the manner provided in said "Declaration".

Section 2. Maintenance and Repair.

a. Every "owner" must perform promptly all maintenance and repair work within his own "unit", which if omitted would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

b. All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps and all other accessories belonging to the unit area shall be at the owner's expense.

c. An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and facility damaged through his fault.

Section 3. Use of "Units" - Internal Changes.

a. All "units" shall be utilized for residential purposes only.

b. An owner shall not make structural modifications or alterations in his unit or installations located therein without previously notifying the Association in writing, through the Management Agent, if any, or through the President of the Board of Directors, if no management agent is employed. The Association shall have the obligation to answer within thirty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 4. Use of "Common Area". An "owner" shall not place or cause to be placed in the lobbies, vestibules, stairways, elevators and other project areas and facilities of a similar

nature both common and restricted, any furniture, packages or objects of any kind. Such areas shall be used for no other purpose than for normal transit through them.

An owner shall use only the parking space in the carport designated by the Board of Directors for use, and owner shall maintain, repair and replace at his, her or their expense the water heater providing service to his, her or their unit, including all pipes necessary for said service, and shall repair or replace anything to its natural state which was discommoded for the maintenance, repair or replacement of said water heater or pipes at his, her or their expense.

Section 5. Right of Entry.

a. An owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association in case of any emergency originating in or threatening his unit, whether the owner is present at the time or not.

b. An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of emergency, such right of entry shall be immediate.

Section 6. Rules of Conduct.

a. No resident of the project shall post any advertisements, or posters of any kind in or on the project except as authorized by the Association.

b. Residents shall exercise extreme care about making noises or the use of musical instruments, radios, televisions and amplifiers that may disturb other residents. Keeping domestic animals will abide by the Municipal Sanitary Regulations.

c. It is prohibited to hang garments, rugs, etc., from the windows, or from any of the facades of the project.

d. It is prohibited to dust rugs, etc., from windows, or to clean rugs, etc., by beating on the exterior part of the project.

e. It is prohibited to throw garbage or trash outside the disposal installations provided for such purposes in service areas.

f. No owner, resident or lessee shall install wiring for electric or telephone installation, television antennae, machines or air conditioning units, etc., on the exterior of the buildings or the project or that protrude through the walls or roof of said buildings except as authorized by the Association.

ARTICLE VII

AMENDMENTS TO PLAN OF APARTMENT OWNERSHIP

Section 1. By-Laws. These By-Laws and the "Declaration" referred to in Article I hereof, may be amended by the Association in a duly constituted meeting for such purpose and no amendment shall take effect unless approved by owners representing at least 75% of the total value of all "condominiums" in the project as shown in the "Declaration", and provided further that no amendment shall take effect unless approved by:

a. Mortgagees representing at least 75% of the total record value of all First Mortgages (meaning any mortgage with first priority over other mortgages) affecting the "project"; and

b. The Federal Housing Commissioner, if any indebtedness secured by any mortgage or mortgages on any of said "condominiums" is insured under the provisions of the National Housing Act, as amended, or if said Commissioner is the owner of any "condominium" in said project; and, further provided that no such amendment shall take effect unless it correctly refers to said "Declaration" by reciting the name of the Declarant, the name of the "Project", and the recording data of said "Declaration"; and, further provided that no such amendment shall take effect until it has been duly recorded in the office of said county recorder.

It shall be the responsibility of the Board of Directors to mail a notice of any such amendments to all mortgagees appearing in the book entitled "Mortgagees of Condominiums" referred to in Article VIII hereof; provided, however that its failure to do so shall not invalidate any such amendmen

c. The City of Los Angeles, if any amendment or revocation of these By-Laws and the "Declaration" would affect the obligation of the Association to maintain the common area in a first class condition or would affect the assessment procedure whereby the funds for said maintenance would be derived.

ARTICLE VIII

MORTGAGEES

Section 1. Notice to Association. An owner who mortgages his "condominium" shall notify the Association through the Management Agent, if any, or the President of the Board of Directors in the event there is no Management Agent, the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Condominiums". Any such owner shall likewise notify the Association as to the release or discharge of any such mortgage.

Section 2. Notice of Unpaid Assessments. The Association shall, at the request of a mortgagee of a "condominium" report any unpaid assessments due from the "owner" of such "condominium". The names and addresses of all such mortgagees shall be kept in the book entitled "Mortgagees of Condominiums" hereinbefore referred to.

ARTICLE IX

The following terms, as used in these By-Laws, shall have the same meanings as are applied to said terms in the Enabling Declaration to which this is attached and made a part hereof: "Project", "Condominium", "Common Area", "Unit", "Mortgagee", "Mortgage", "Owner".

ARTICLE X

In the event any of these By-Laws conflict with any provisions of the laws or statutes of the State of California, it is hereby agreed that such By-Law or By-Laws conflicting with

~~the laws or statutes~~ of California shall be null and void upon the event of a final determination to such effect by a Court of competent jurisdiction, but that all other By-Laws not in conflict with said laws or statutes shall remain in full force and effect as though these By-Laws were adopted at the outset omitting those conflicting with said laws or statutes.

DATED: June 15, 1971.

EQUITY SPECIALTY PLAN, INC.,

BY *Alan Rogers*
ALAN ROGERS, President

BY *Jeffrey Rogers*
JEFFREY ROGERS, Secretary

RIDER "A"

Attached to and made a part of Regulatory Agreement dated June 15, 1971, executed by Equity Specialty Plan, Inc.

11. (f) (Continued):

The following terms, as used in this Agreement shall have the following meaning as is applied to said terms in the Enabling Declaration to which this is attached and made a part thereof:

"Condominium" shall mean "Project",

"Common Areas and Facilities" shall mean "Common Areas",

"Family Unit" shall mean "Condominium",

excepting that where the term "family unit" issued in the second line of paragraph 6 of this agreement, it shall mean "Unit".

6. (cont.) The real property covered by this agreement is described as follows:

Lot 3 of Tract 25662 in the City of Los Angeles, per map recorded in Book 815, pages 85-87 of Maps in the office of the County Recorder of said County.

WITNESS:

ASSOCIATION OF OWNERS OF CONDOMINIUM
BY: EQUITY SPECIALTY PLAN, INC.,

By: ALAN ROGERS, President (SEAL)
JEFFREY ROGERS, Secretary (SEAL)

FEDERAL HOUSING COMMISSIONER

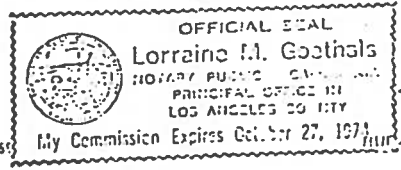
By: Barbara A. Rice
(Authorized Agent)

ACKNOWLEDGEMENT OF ASSOCIATION OF OWNERS OF
CONDOMINIUM (In accordance with the form in State where property is
located)

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, SS:

On June 15, 1971, before me, the undersigned, a
Notary Public in and for said County and State, personally
appeared Alan Rogers, known to me to be the President, and
Jeffrey Rogers, known to me to be the Secretary of the Corporation
that executed the within instrument, known to me to be the persons
who executed the within instrument on behalf of the Corporation
therein named, and acknowledged to me that such Corporation
executed the within instrument pursuant to its by-laws or a
resolution of its Board of Directors.

Witness my hand and Official Seal.



Lorraine M. Goethals
Notary Public in and for said
County and State.

2-11-77
Notice

M-4035

PE-414

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ENABLING DECLARATION
ESTABLISHING A PLAN FOR
CONDOMINIUM OWNERSHIP
OF

BK M4035 PC 398

MORNINGSIDE MANOR III

FEE \$ 113 N

WHEREAS, EQUITY SPECIALTY PLAN, INC., a California corporation, (hereinafter referred to as "Declarant") owns certain real property (hereinafter referred to as "Project") described as follows:

Lot 3 of Tract 25662 in the City of Los Angeles, as per map recorded in Book 815, pages 86-87 of Maps in the office of the County Recorder of said County.

WHEREAS, there is situated on said land a 16 unit multi-family structure and appurtenances, known as MORNINGSIDE MANOR III; and

WHEREAS, for the purpose of this declaration, certain terms used herein shall be defined as follows, unless the context clearly indicates a different meaning:

- "PROJECT" : All of the real property hereinabove described, including all structures and other improvements thereon,
 - "UNIT" : The elements of a condominium which are not owned in common with the owners of other condominiums in the project, such units being more particularly described in paragraph A, sub-paragraph 1 hereof, and in Exhibit "D", which is referred to therein,
 - "COMMON AREA" : The entire project excepting all "units" as more particularly described in paragraph A, sub-paragraph 2 hereof,
 - "CONDOMINIUM" : An estate in real property consisting of an undivided interest in the "common area", together with an interest in a "unit".
- For the purpose of this declaration, the

RECORDED IN OFFICIAL RECORDS
OF LOS ANGELES COUNTY, CALIF.
FOR AMERICAN TITLE CO.
APR 6 1972 AT 8:02 A.M.
County Recorder

067

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ownership of each "condominium" shall include a "unit" and the respective undivided interest in the "common area" as hereinafter specified and established in paragraph B hereof, and each "unit" together with the undivided interest is defined and hereinafter referred to as a "condominium",.

- "OWNER" : The record owner, or owners, if more than one, of a "condominium" in the "project",
- "ASSOCIATION" : An unincorporated association consisting of all owners of "condominiums" in the "project".

NOW, THEREFORE, said "Declarant", the fee owner of said "project", hereby makes the following declaration as to divisions, easements, rights, liens, charges, covenants, restrictions, limitations, conditions and uses to which the above described "project" may be put, hereby specifying that said declaration shall constitute covenants to run with the land and shall be binding on said "Declarant", its successors and assigns, and all subsequent owners of all or any part of said "project", together with their grantees, successors, heirs, executors, administrators, devisees or assigns:

A. Said "Declarant", in order to establish a plan of condominium ownership for said "project", hereby covenants and agrees that it hereby divides said "project" into the following separate estates:

- 1. The 16 individual "units" hereby established and which shall be individually conveyed are described and shown in Exhibit "D", consisting of 5 pages, which exhibit is attached hereto and made a part hereof.

Each of said "units", each separately shown, numbered and designated in said Exhibit "D" hereof, excepting therefrom any central heating equipment, central refrigeration and central air-conditioning equipment, and other central services, pipes,

4035 PC 400

ducts, chutes, conduits, wires and other utility installations, wherever located within the units (excluding from this exception outlets thereof within the "unit", in interpreting deeds, declarations and plans, the existing physical boundaries of the "unit" or of a "unit" reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds (or other description) expressed in the deed, plan or declaration, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the plan or in the deed and declaration and those of the building.

2. A separate estate consisting of all of said "project", excepting the 16 "units" hereinbefore defined, is described and referred to herein as the "common area".

B. The undivided interest in the "common area" hereby established and which shall be conveyed with each respective "unit" is as follows:

- | | | | |
|--------------|--------------|---------------|---------------|
| 1 - .0560345 | 5 - .0689655 | 9 - .0689655 | 13 - .0560345 |
| 2 - .0560345 | 6 - .0689655 | 10 - .0689655 | 14 - .0560345 |
| 3 - .0689655 | 7 - .0689655 | 11 - .0560345 | 15 - .0560345 |
| 4 - .0689655 | 8 - .0689655 | 12 - .0560345 | 16 - .0560345 |

The above respective undivided interests established and to be conveyed with the respective "units" as indicated above, cannot be changed. No "owner" shall be entitled to sever his "unit", or any portion thereof, from his undivided interest in the common area. Neither of such component interests may be severally sold, conveyed, encumbered, hypothecated or otherwise dealt with and any such attempt so to do in violation of this provision shall be void and of no effect. It is intended hereby to restrict severability in the manner provided in sub-paragraph (g) of section 1355 of the Civil Code. Said "Declarant", its successors and assigns, and grantees, covenant and agree that

the undivided interests in the "common area" and the fee titles to the respective "units" conveyed therewith, shall not be separated or separately conveyed, and each such undivided interest shall be deemed to be conveyed or encumbered with its respective "unit" even though the description in the instrument of conveyance or encumbrance may refer only to the title to the "unit", and each of said "units" shall be deemed to be conveyed or encumbered with its respective undivided interest even though the description in the instrument of conveyance or encumbrance may refer only to the title to the respective undivided interest.

C. The proportionate shares of the "owners" of the respective "condominiums" in the profits and common expenses of the "common area", as well as their proportionate representation for voting purposes in the Association of Owners, is based on the proportionate value that each of the "condominiums" referred to herein, bears to the value of \$ 236,800⁰⁰, which represents the total value of all of the "condominiums". The value of the respective "condominiums", their respective interests for voting purposes, and their proportionate shares in the common profits and expenses shall be as follows:

- | | | | |
|--------------|--------------|---------------|---------------|
| 1 - .0560345 | 5 - .0689655 | 9 - .0689655 | 13 - .0560345 |
| 2 - .0560345 | 6 - .0689655 | 10 - .0689655 | 14 - .0560345 |
| 3 - .0689655 | 7 - .0689655 | 11 - .0560345 | 15 - .0560345 |
| 4 - .0689655 | 8 - .0689655 | 12 - .0560345 | 16 - .0560345 |

D. Said "Declarant", its successors and assigns, by this declaration and all future owners of the "condominiums", by their acceptance of their respective deeds, covenant and agree as follows:

1. That the "common area" shall remain undivided; and no owner shall bring any action for partition, excepting as otherwise hereinafter provided, it being agreed that this restriction is necessary in order to preserve the rights of the owners with respect to the operation and management of the "project".

2. That the "units" shall be occupied and used by the respective "owners" only as a private dwelling for the "owner", his family, tenants and social guests and for no other purpose.

3. That each "condominium" owner shall have the exclusive right to paint, repaint, tile wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his own "unit".

4. That if any portion of the "common area" encroaches upon the "units", a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. In the event the multifamily structure is partially or totally destroyed, and then rebuilt, the owners of "units" agree that minor encroachments of parts of the "common area" due to construction shall be permitted and that valid easements for said encroachment and the maintenance thereof shall exist.

5. That the "common area" is and shall always be subject to easements for minor encroachments thereon of the "units"; and that a nonexclusive easement for ingress, egress and support through the "common area" is appurtenant to each "unit" and the "common area" is subject to such easements. A designated space in a carport located within the "common area" shall be assigned to the "owner" of each "unit" by the Board of Directors of the "Association".

6. That an owner of a "condominium" shall automatically, upon becoming the owner of same, be a member of MORNINGSIDE MANOR III Association, hereinafter referred to as the "Association", and shall remain a member of said "Association" until such time as his ownership ceases for any reason, at which time his membership in said "Association" shall automatically cease.

7. That the owners of all of said "condominiums" covenant and agree that the administration of said "project" shall be in accordance with the provisions of this Declaration,

the By-Laws of the "Association" (consisting of sixteen pages) which are attached hereto as Exhibit "B" and made a part hereof, and shall be subject to the terms of a Regulatory Agreement executed by the "Association" and the Federal Housing Commissioner, which agreement (consisting of four pages and a Rider) is attached hereto as Exhibit "C" and made a part hereof. In the event that any of the matters in this declaration or in said Exhibit "B" are in any way inconsistent with any matters in said Exhibit "C", then any such matters in said Exhibit "C" shall prevail. In the event that any of the matters in said Exhibit "B" are in any way inconsistent with any matters in this Declaration, then any such matters in this Declaration shall prevail.

8. That each owner, tenant or occupant of a "condominium" shall comply with the provisions of this Declaration, the By-Laws, decisions and resolutions of the "Association" or its duly authorized representative, and the Regulatory Agreement, all as lawfully amended from time to time, and failure to comply with any such provisions, decisions, or resolutions shall be grounds for action to recover sums due, for damages or for injunctive relief.

9. That this declaration shall not be revoked except as provided in paragraph H hereof, nor shall any of the provisions of this Declaration be amended excepting as provided in Article VII of said Exhibit "B".

10. That no owner of a "condominium" may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the "common areas" and facilities or by the abandonment of his "condominium".

E. All sums assessed in accordance with the provisions of said Exhibit "B" shall constitute a lien on each respective "condominium" prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any First Mortgage (meaning any mortgage with first priority over other mortgages) made in good faith and for value.

Such lien, when delinquent, may be enforced by sale by any officer of the "Association" (as defined in Article V of Exhibit "B" hereof), or the "Management Agent", or any duly authorized attorney for said "Association", acting on behalf of the "Association" and the "Condominium" owners, after failure of the owner to pay such an assessment in accordance with the provisions of Sections 2924, 2924b, and 2924c of the Civil Code of the State of California, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

In any such foreclosure the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver, and the power, as a trustee for the Association and the "condominium" owners to bid in the "condominium" at such foreclosure sale, and to acquire and hold; lease, mortgage and convey the same, as such trustee or trustees. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same.

F. Where the mortgage of a First Mortgage (meaning any mortgage with first priority over other mortgages) of record or other purchaser of a "condominium" obtains title to the same as a result of foreclosure of any such First Mortgage, such acquirer of title, his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such "condominium" which became due prior to the acquisition of title to such "condominium" by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the "condominiums" including such acquirer, his successors and assigns.

G. The respective "condominiums" shall not be rented by the owners thereof for transient or hotel purposes, which shall be defined as (a) rental for any period less than thirty (30) days; or (b) any rental if the occupants of the unit are provided customary hotel services, such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service. Other than the foregoing obligations, the owners of the respective "condominium" shall have the absolute right to lease same provided that said lease is made subject to the covenants, conditions, restrictions, limitations and uses contained in this Declaration and further subject to the By-Laws and Regulatory Agreement attached hereto.

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H. In the event the property subject to this Declaration is totally or substantially damaged or destroyed, the repair, reconstruction, or disposition of the property shall be as provided by an agreement approved by owners representing more than 50% of the total value of all "condominiums" in said "project", as such values are established in this Declaration.

An action may be brought by one or more owners of said "condominiums" for partition of said "project" by sale of the entire "project", as if the owners of all of the condominiums in such "project" were tenants-in-common in the entire "project" in the same proportion as their interests in the "common areas", provided, however, that a partition shall be made only upon the showing that (1) three years after damage or destruction to the project which renders a material part thereof unfit for its use prior thereto, the "project" has not been rebuilt or repaired substantially to its state prior to its damage or destruction, or (2) that three-fourths, or more of the "project" has been destroyed or substantially damaged, and that "condominium" owners holding in aggregate more than a 50% interest in the "common areas" are opposed to repair or restoration of the project, or (3) that the "project" has been in existence in excess of 50 years, that it is obsolete and uneconomic, and that "condominium" owners holding

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in the aggregate more than a 50% interest in the "common areas" are opposed to repair or restoration of the "project". The 50% interests hereinabove recited shall be computed on the basis of the values as are established in this Declaration.

Nothing herein shall be deemed to prevent partition of a co-tenancy in any of said "condominiums".

I. In a voluntary conveyance of a "condominium" the grantee of the same shall be jointly and severally liable with the grantor for all unpaid assessments by the "Association" against the latter for his share of the common expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from any officer of the "Association" (as defined in Article V of Exhibit "B" hereof) or the "Management Agent", setting forth the amount of the unpaid assessments against the grantor due the "Association" and such grantee shall not be liable for, nor shall the "condominium" conveyed be subject to a lien for, any unpaid assessments made by the "Association" against the grantor in excess of the amount set forth in said statement, provided, however, the grantee shall be liable for any such assessment becoming due after the date of any such statement.

J. All agreements and determinations lawfully made by the "Association" in accordance with the voting percentages established in this "Declaration" or in the By-Laws, shall be deemed to be binding on all owners of "condominiums", their successors and assigns.

K. That the "Board of Directors" of the "Association of Owners", or the "Management Agent", or Manager, shall obtain and continue in effect blanket property insurance in form and amounts satisfactory to mortgagees holding First Mortgages (meaning any mortgage with first priority over other mortgages)

covering "condominiums" but without prejudice to the right of the owner of a "condominium" to obtain individual "condominium" insurance.

L. That insurance premiums for any blanket insurance coverage shall be a common expense to be included in the monthly (or special) assessments provided for in Article VI of said Exhibit "B"; and that portion of such payments necessary for said insurance premiums shall be held in a separate bank account of the "Association" and used solely for the payment of the blanket property insurance premiums as such premiums become due.

M. That so long as said "Declarant", its successors and assigns, owns one or more of the "condominiums" established and described herein, said "Declarant", its successors and assigns, shall be subject to the provisions of this Declaration and of Exhibits "B" and "C" attached hereto; and said "Declarant" covenants to take no action which would adversely affect the rights of the "Association" with respect to assurances against latent defects in the property or other right assigned to the "Association" by reason of the establishment of the "condominium".

N. The term "Mortgage" as used herein shall mean and include the term "deed of trust ". The term "mortgagee" as used herein shall mean and include the term "Beneficiary under deed of trust". The terms "Association", "Association of Owners", "Board of Directors" and "Management Agent" as used herein shall mean the same as such terms are established in Exhibit "B" hereof.

O. No breach of any of the covenants, conditions, restrictions, limitations or uses herein contained shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value, but all of said matters shall be binding upon any owner whose title is derived through foreclosure or trustee's sale.

P. Should any provision or portion hereof be declared invalid or in conflict with any law of the jurisdiction where this "project" is situated, the validity of all other provisions

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and portions hereof shall remain unaffected and in full force and effect.

DATED: June 15, 1971, at Los Angeles, California.

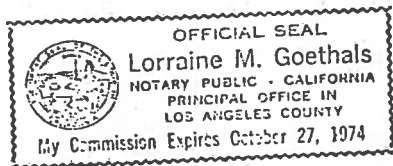
EQUITY SPECIALTY PLAN, INC.

By *Alan Rogers*
ALAN ROGERS, President

By *Jeffrey Rogers*
JEFFREY ROGERS, Secretary

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, SS:

On June 15, 1971, before me, the undersigned, a Notary Public in and for said County and State, personally appeared ALAN ROGERS, known to me to be the President, and JEFFREY ROGERS, known to me to be the Secretary of the corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its Board of Directors.



Lorraine M. Goethals
Notary Public in and for said County and State.

ARTICLE I

PLAN OF CONDOMINIUM OWNERSHIP

EXHIBIT "B"

Section 1. Condominium Ownership. The project located at 3211-21 3/4 - 77th St. and 7616-16 3/4 Crenshaw Blvd., ~~City of Los Angeles,~~ County of Los Angeles, State of California, known as MORNINGSIDE MANOR III, is submitted to the provisions of Title 6, Part 4, Division Second of the Civil Code, State of California.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the project. (The term "project" as used herein shall include the land and all structures and improvements thereon).

Section 3. Personal Application. All present and future owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the project in any manner, are subject to the regulations set forth in these By-Laws and to the Regulatory Agreement, attached as Exhibit "C" to the recorded "Declaration Establishing a Plan for Condominium Ownership" (which shall hereafter be referred to as "Declaration").

The mere acquisition or rental of any of the "units" of the project or the mere act of occupancy of any of said units will signify that these By-Laws and the provisions of the Regulatory Agreement are accepted, ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES, CUMULATIVE VOTING

Section 1. Voting. Voting shall be on a percentage basis and the percentage of the vote to which the owner is entitled is the percentage assigned to his "condominium" or "condominiums" in paragraph C in said "Declaration".

Section 2. Majority of Owners. As used in these By-Laws the term "majority of owners" shall mean those "owners" holding 51% of the votes in accordance with the percentages assigned in the "Declaration".

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a "majority of owners" as defined in Section 2 of this Article shall constitute a quorum.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

Section 5. Cumulative Voting. Every owner entitled to vote at any election for Directors of the Association may cumulate his votes and give one candidate for election the number of votes equal to the number of Directors to be elected multiplied by the number of votes applicable to the fractional interests of the voting owner, as set forth in paragraph C of the "Declaration", or said owner may distribute his votes on the same principle among the candidates as he sees fit.

ARTICLE III

ADMINISTRATION

Section 1. Association Responsibilities. The owners of the "condominiums" will constitute the Association of Owners (hereinafter referred to as Association") who will have the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments and arranging for the management of the project pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of a management agent. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of owners.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the project or such other suitable place convenient to the owners as may be designated by the Board of Directors.

Section 3. Annual Meetings. The first annual meeting of the Association shall be held on December 15, 1971, but in no event later than one year following the sale of the first unit, or within sixty days following the sale of 51% of the units, whichever shall first occur. Thereafter, the annual meetings of the Association shall be held on the first Monday of each third month in each succeeding year. At such meetings there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these By-Laws. The owners may also transact such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the owners and having been presented to the Secretary, or at the request of the Federal Housing Commissioner or his duly authorized representative. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the owners present, either in person or by proxy.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, at least 7 but not more than 10 days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served. Notices of all meetings shall be mailed to the Director of the local insuring office of the Federal Housing Administration.

Section 6. Adjourned meetings. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the owners of units shall be as follows:

- (a) Roll Call
- (b) Proof of notice of meeting or waiver of notice
- (c) Reading of minutes of preceding meeting
- (d) Reports of officers
- (e) Report of Federal Housing Administration representative, if present
- (f) Report of committees
- (g) Election of inspectors of election
- (h) Election of Directors
- (i) Unfinished business
- (j) New business.

Section 8. Action Without Meeting. Any action may be taken at a meeting of the owners, may be taken without a meeting if ratified by a writing signed by all of the owners who would be entitled to vote at a meeting for such purpose, and filed with the Secretary.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, all of whom must be owners of "condominiums" in the project, except the first Directors.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these By-Laws directed to be executed and done by the owners. The powers of the Board of Directors shall include but not be limited to the following:

- a. Enforce the provisions of the "Declaration", By-Laws and Regulatory Agreement, being the organizational rules and documentation relating to control and management of the "project".

b. Contract for and pay fire, casualty, liability and other insurance, including indemnity and other bonds.

c. Contract for and pay maintenance, gardening, utilities, materials, supplies and services relating to the "common area", and to employ personnel reasonably necessary for the operation of the "project", including legal and accounting services.

d. Pay taxes and special assessments which are or would become a lien on the "project" or "common area".

e. Pay for any reconstruction of any portion or portions of the "project" damaged or destroyed which are to be rebuilt, where appropriate.

f. Pay for and obtain an annual independent examination or audit of the accounts of the management of the Association, a copy of such report to be available to each "unit" owner within thirty days of completion.

g. Enter into any "unit" when necessary in connection with the maintenance or construction for which the Association is responsible.

h. Delegate its powers.

i. Designate spaces in the carports to the owners of each "unit"

Section 3. Other Duties. In addition to duties imposed by these By-Laws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

a. Care, upkeep and surveillance of the "project" and the "common area".

b. Collection of monthly and special assessments from the owners, and

c. Designation of personnel necessary for the maintenance and operation of the "project".

Section 4. Management Agent. A management agent selected prior to the first annual meeting of the Association after initial organization shall be employed to manage only until the first annual election, at which time the continuance of the same or other management agent shall be determined by a majority vote. Prior to the first annual election of the Association, no one may enter into any contract which binds the Association for a period in excess of one year unless reasonable cancellation provisions are included therein.

Section 5. Election and Term of Office. At the first annual meeting of the Association the term of office of two Directors shall be fixed for three (3) years. The term of office of two Directors shall be fixed at two (2) years, and the term of office of one (1) Director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting. (If a larger Board of Directors is contemplated, the terms of office should be established in a similar manner so that they will expire in different years.)

Section 6. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 7. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the owners and

a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting. Providing, however, unless the entire Board is removed an individual Director shall not be removed if the number of votes against the resolution for his removal exceeds the quotient arrived at when the total number of votes entitled to vote is divided by one plus the authorized number of Directors.

Section 8. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Board of Director's Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 14. Independent Audit. Within sixty days of the close of its accounting year, the Association shall cause an independent audit to be made of the accounts of the management body and upon completion thereof a copy of such report shall be available to each "unit" owner within thirty days of completion.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their

judgment may be necessary. (In the case of an Association of one hundred owners or less the offices of Treasurer and Secretary may be filled by the same person.)

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. Assessments. All owners are obligated to pay monthly (and any special) assessments imposed by the Association to meet all project communal expenses, which may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake or other hazard. The assessments shall be made pro rata according to the value of the "condominium" owned, as stipulated in paragraph C of said "Declaration". Such assessments shall include monthly payments to a General Operating Reserve and a Reserve Fund for Replacements as required in the Regulatory Agreement attached as Exhibit "B" to said "Declaration". Not later than thirty (30) days prior to the beginning of each calendar year, the Association shall estimate the total charges to be assessed against each "condominium". Each owner thereof shall thereafter pay to the Association his assessment in twelve (12) equal monthly installments each installment to be paid on or before the tenth day of each month. In the event the Association shall determine that said estimate of total charges for the current year is, or will become, inadequate to meet all expenses of the "project" for any reason, including nonpayment of any owner's assessment on a current basis, it shall

immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total charges to be assessed against each "condominium". The Association may, at its discretion, pro-rate any such supplemental assessment between the remaining months of the calendar year, or immediately levy a special assessment against each "condominium". Each monthly installment shall become delinquent if not paid on or before the twenty-fifth day of each month. Each special assessment shall become delinquent if not paid within ten days after the levy thereof. There shall accrue with each such delinquent monthly installment and with each such delinquent special assessment, a late charge of \$5.00 together with interest at 9% per annum on such delinquent sums, calculated from the date of delinquency to and including the date full payment is received by the "Association".

The "Board of Directors" or the "Management Agent" of the "Association", on behalf of said "Association", may cause to be recorded in the office of the county recorder of the county in which said "Project" is situated, a notice of any delinquent sums due the "Association" from any "condominium" owner; which notice shall state the amount of such delinquent sums and other authorized charges and interest (including the cost of recording such notice), a sufficient description of the "condominium" against which the same has been assessed, and the name of the record owner or owners thereof. Such recording shall be deemed a lien upon said owner's "unit". Upon payment to the "Association" of such delinquent sums and charges in connection therewith, or other satisfaction thereof, said "Board of Directors" or "Management Agent" shall cause to be recorded in the office of the county recorder of said county a further notice stating the satisfaction and release of said lien and such delinquent sums and charges. Such notices shall be signed on behalf of said "Association" by any member of the "Board of Directors" or by the "Management Agent". The "Association" may demand and receive the cost of recordation of such release before recording same. Any purchaser or encumbrancer acting in good faith and for value, may rely upon such notice of

satisfaction and release as conclusive proof of the full satisfaction of the sums stated in said notice of delinquent sums.

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All such delinquencies may be enforced, collected and/or foreclosed in the manner provided in said "Declaration".

Section 2. Maintenance and Repair.

a. Every "owner" must perform promptly all maintenance and repair work within his own "unit", which if omitted would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

b. All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps and all other accessories belonging to the unit area shall be at the owner's expense.

c. An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common-area and facility damaged through his fault.

Section 3. Use of "Units" - Internal Changes.

a. All "units" shall be utilized for residential purposes only.

b. An owner shall not make structural modifications or alterations in his unit or installations located therein without previously notifying the Association in writing, through the Management Agent, if any, or through the President of the Board of Directors, if no management agent is employed. The Association shall have the obligation to answer within thirty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 4. Use of "Common Area". An "owner" shall not place or cause to be placed in the lobbies, vestibules, stairways, elevators and other project areas and facilities of a similar

nature both common and restricted, any furniture, packages or objects of any kind. Such areas shall be used for no other purpose than for normal transit through them.

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An owner shall use only the parking space in the carport designated by the Board of Directors for use, and owner shall maintain, repair and replace at his, her or their expense the water heater providing service to his, her or their unit, including all pipes necessary for said service, and shall repair or replace anything to its natural state which was discommoded for the maintenance, repair or replacement of said water heater or pipes at his, her or their expense.

Section 5. Right of Entry.

a. An owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association in case of any emergency originating in or threatening his unit, whether the owner is present at the time or not.

b. An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of emergency, such right of entry shall be immediate.

Section 6. Rules of Conduct.

a. No resident of the project shall post any advertisements, or posters of any kind in or on the project except as authorized by the Association.

b. Residents shall exercise extreme care about making noises or the use of musical instruments, radios, televisions and amplifiers that may disturb other residents. Keeping domestic animals will abide by the Municipal Sanitary Regulations.

c. It is prohibited to hang garments, rugs, etc., from the windows, or from any of the facades of the project.

d. It is prohibited to dust rugs, etc., from windows, or to clean rugs, etc., by beating on the exterior part of the project.

e. It is prohibited to throw garbage or trash outside the disposal installations provided for such purposes in service areas.

f. No owner, resident or lessee shall install wiring for electric or telephone installation, television antennae, machines or air conditioning units, etc., on the exterior of the buildings of the project or that protrude through the walls or roof of said buildings except as authorized by the Association.

ARTICLE VII

AMENDMENTS TO PLAN OF APARTMENT OWNERSHIP

Section 1. By-Laws. These By-Laws and the "Declaration" referred to in Article I hereof, may be amended by the Association in a duly constituted meeting for such purpose and no amendment shall take effect unless approved by owners representing at least 75% of the total value of all "condominiums" in the project as shown in the "Declaration", and provided further that no amendment shall take effect unless approved by:

a. Mortgagees representing at least 75% of the total record value of all First Mortgages (meaning any mortgage with first priority over other mortgages) affecting the "project"; and

b. The Federal Housing Commissioner, if any indebtedness secured by any mortgage or mortgages on any of said "condominiums" is insured under the provisions of the National Housing Act, as amended, or if said Commissioner is the owner of any "condominium" in said project; and, further provided that no such amendment shall take effect unless it correctly refers to said "Declaration" by reciting the name of the Declarant, the name of the "Project", and the recording data of said "Declaration"; and, further provided that no such amendment shall take effect until it has been duly recorded in the office of said county recorder.

It shall be the responsibility of the Board of Directors to mail a notice of any such amendments to all mortgagees appearing in the book entitled "Mortgagees of Condominiums" referred to in Article VIII hereof; provided, however that its failure to do so shall not invalidate any such amendment.

c. The City of Los Angeles, if any amendment or revocation of these By-Laws and the "Declaration" would affect the obligation of the Association to maintain the common area in a first class condition or would affect the assessment procedure whereby the funds for said maintenance would be derived.

ARTICLE VIII
MORTGAGEES

Section 1. Notice to Association. An owner who mortgages his "condominium" shall notify the Association through the Management Agent, if any, or the President of the Board of Directors in the event there is no Management Agent, the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Condominiums". Any such owner shall likewise notify the Association as to the release or discharge of any such mortgage.

Section 2. Notice of Unpaid Assessments. The Association shall, at the request of a mortgagee of a "condominium" report any unpaid assessments due from the "owner" of such "condominium". The names and addresses of all such mortgagees shall be kept in the book entitled "Mortgagees of Condominiums" hereinbefore referred to.

ARTICLE IX

The following terms, as used in these By-Laws, shall have the same meanings as are applied to said terms in the Enabling Declaration to which this is attached and made a part hereof: "Project", "Condominium", "Common Area", "Unit", "Mortgagee", "Mortgage", "Owner".

ARTICLE X

In the event any of these By-Laws conflict with any provisions of the laws or statutes of the State of California, it is hereby agreed that such By-Law or By-Laws conflicting with

the laws or statutes of California shall be null and void upon the event of a final determination to such effect by a Court of competent jurisdiction, but that all other By-Laws not in conflict with said laws or statutes shall remain in full force and effect as though these By-Laws were adopted at the outset omitting those conflicting with said laws or statutes.

DATED: June 15, 1971.

EQUITY SPECIALTY PLAN, INC.,

BY *Alan Rogers*
ALAN ROGERS, President

BY *Jeffrey Rogers*
JEFFREY ROGERS, Secretary

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

EXHIBIT "C"

REGULATORY AGREEMENT*

(For use by condominiums under Sections 221 (i), 234 and 235)

AGREEMENT dated this 15th day of June, 1971, by and between
MORNINGSIDE MANOR III Association) whose address is 2311-21 3/4- 77th St., and 7616-16 3/4 Crenshaw Blvd.,
Los Angeles, California, as Federal
party of the first part, and
Housing Commissioner (hereinafter called the Commissioner) acting pursuant to authority granted him by the
National Housing Act, as amended, (hereinafter referred to as the Act) party of the second part.

WHEREAS, the Association has the responsibility for administering the
Condominium and desires to aid members in obtaining financing for the purchase of family units in the condomin-
ium; and

WHEREAS, mortgagees may be unwilling to lend sums to the members of the Association without FHA
mortgage insurance; and

WHEREAS, the Commissioner is unwilling to endorse notes for mortgage insurance pursuant to Section
234 of Title II of the Act unless and until the Association shall be entering into the covenants and agreements
set forth below, consent to be regulated and restricted by the Commissioner as provided in the Act:

NOW, THEREFORE, in consideration of One Dollar (\$1.00) in hand paid, and other good and valuable
considerations by each party to the other, the receipt of which is hereby acknowledged, and in order to induce
the Commissioner to endorse for mortgage insurance the notes secured by mortgages covering family units in
the condominium, and in order that the Association may be regulated and restricted by the Commissioner as
provided for in the Act and the applicable Regulations, the parties hereto agree as follows: that whenever a
Contract of Mortgage Insurance for a mortgage covering a family unit in the condominium is in effect, or during
any period of time as the Commissioner shall be the owner, holder, or reinsurer of any mortgage covering a
family unit in the condominium, or during any time the Commissioner is the owner of a family unit in the con-
dominium or is obligated to insure a mortgage covering any family unit in the condominium:

1. The Association shall establish and maintain reserve fund for replacements by the allocation and pay-
ment monthly to such reserve fund an amount to be designated from time to time by the Commissioner.
Such fund shall be deposited in a special account with a safe and responsible depository approved by
the Commissioner and may be in the form of a cash deposit or invested in obligations of, or fully
guaranteed as to principal by, the United States of America. The reserve fund is for the purpose of ef-
fecting replacements of structural elements and mechanical equipment of the condominium and for such
other purposes as may be agreed to in writing by the Commissioner. Disbursements from such fund may
be made only after receiving the consent in writing of the Commissioner.
2. The Association shall establish and maintain a general operating reserve by allocation and payment
thereto monthly of a sum equivalent to not less than 3 percent of the monthly assessments chargeable
to the owners of family units in the condominium pursuant to the by-laws. Upon accrual in said Gen-
eral Operating Reserve Account of an amount equal to 15 percent of the current annual amount of
assessments chargeable to the owners of family units in the condominium pursuant to the by-laws, the
rate of such monthly allocations may, by appropriate action of the Association, be reduced from 3 per-
cent to 2 percent provided, however, that in the event withdrawals from such account reduce it below
said 15 percent accrual, the rate of such monthly deposits shall immediately be restored to 3 percent;
at any time thereafter upon accrual in said General Operating Reserve Account of an amount equal to
25 percent of the current annual amount of assessments chargeable to the owners of family units in the
condominium pursuant to the by-laws, such monthly deposits may, by appropriate action of the Associa-
tion, be discontinued and no further deposits need be made into such General Operating Reserve so
long as said 25 percent level is maintained and provided, further, that upon reduction of such reserve
below said 25 percent level, monthly deposits shall forthwith be made at the 3 percent rate until the
25 percent level is restored. This reserve shall remain in a special account and may be in the form of
cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of
America, and shall at all time be under the control of the Association. This cumulative reserve is in-
tended to provide a measure of financial stability during periods of special stress and may be used to
meet deficiencies from time to time as a

* To be attached to the recorded Plan of Apartment Ownership and to be executed and dated as of the date of recordation.
** Insert name of Association of Owners as designated in the By-Laws of the Condominium, or the name of the Corporation,
if the Association is incorporated.

result of delinquent payments of assessments by owners of family units in the condominium and other contingencies. Disbursements totalling in excess of 20 percent of the total balance in the reserve as of the close of the preceding annual period may not be made during any annual period without the consent of the Commissioner. Reimbursements shall be made to the account upon payment of delinquencies for which funds were withdrawn from the reserve.

3. The Association will not employ a management agent for the buildings nor enter into a management contract nor undertake "self-management" unless the Commissioner has approved in writing the proposed management agent, form of management contract or other management arrangement.
4. The Association shall not without prior approval of the Commissioner, given in writing, remodel, reconstruct, demolish or subtract from the premises constituting the condominium.
5. The Association shall not without prior approval of the Commissioner given in writing:
 - (a) amend or change the Plan of Apartment Ownership or the by-laws of the Association;
 - (b) fail to establish and maintain the Fund for Replacements and general operating reserve as set forth herein;
 - (c) fail to provide for the management of the condominium in a manner approved by the Commissioner;
 - ~~(d) fail to keep in full force and effect an elevator contract satisfactory to the FHA covering the maintenance and replacement of parts of any elevator or related equipment, or, if such contract shall be allowed to expire, then fail to accrue an additional sum in such amount as shall be designated by the Commissioner to be sufficient to allow for deferred and future replacements as part of the annual Reserve for Replacement Fund collected by the Association so as to insure that Funds will be available for replacement of elevator parts and related equipment.~~
6. The Association shall maintain the common areas and facilities, and each owner of a family unit shall maintain the family unit, in good repair and in such condition as will preserve the health and safety of the members. See Legal on Rider "A" attached hereto and made a part here:
7. The books, contracts, records, documents and papers of the Association and all of the property of the condominium shall be subject to inspection and examination by the Commissioner or his duly authorized agent at all reasonable times. The Association shall file with the Commissioner the following reports verified by the signature of such officers of the Association as may be designated and in such form as may be prescribed by the Commissioner:
 - (a) monthly operating reports, when required by the Commissioner;
 - (b) annual financial reports prepared by a certified public accountant or other person acceptable to the Commissioner, within sixty days after the end of each fiscal year;
 - (c) specific answers to questions upon which information is desired from time to time relative to the operation and condition of the property;
 - (d) copies of minutes of all owner's meetings certified to by the secretary of the Association within thirty days after such meetings, and when required by the Commissioner, copies of minutes of directors' meetings.
8. The Association shall establish and collect from owners of family units monthly assessments pursuant to the conditions set forth herein. Monthly assessments charged to owners during the initial occupancy period shall be made by the Association in accordance with a schedule of charges filed with and approved in writing by the Commissioner prior to the opening of the project for occupancy. Such assessment shall be in an amount sufficient to meet the FHA estimate of management expense, operating expense, and maintenance expense, reserves, and all other expenses of the Association. Subsequent to the initial occupancy period, assessments made by the Association for its accommodations shall be in accordance with a schedule filed with and approved in writing by the Commissioner and shall be in amounts sufficient to meet the Association's estimate of expenses set forth in an operating budget which shall be prepared and submitted to the FHA sixty days prior to the beginning of each fiscal year. The operating budget shall set forth the anticipated income of the Association and a sufficiently detailed estimate of expenses which will include separate estimates for administration expense, operating expense, maintenance expense, utilities, hazard insurance, replacement reserve and operating reserve. Such assessments shall not be changed except with the written approval of the Commissioner. The Association agrees that if at any time the owner of a family unit fails to pay his monthly assessment as provided in the by-laws, the Association will, upon direction of the Commissioner, initiate necessary legal action to collect the assessment.

notice

9. Upon a violation of any of the above provisions of this Agreement by the Association, or by any owner of a family unit, or upon the failure of the Association to abide by and carry out the provisions of the plan of Apartment Ownership and the By-Laws, the Commissioner may give written notice thereof to the Association or to the owner of a family unit, by registered or certified mail. If such violation is not corrected to the satisfaction of the Commissioner within 15 days after the date such notice is mailed, or within such additional period of time as is set forth in the notice, without further notice the Commissioner may declare a default under this Agreement and upon such default the Commissioner may:
- (a) In the case of a default by the owner of a family unit:
- (i) If the Commissioner holds the note of the defaulting owner = declare the whole of said indebtedness due and payable and then proceed with the foreclosure of the mortgage;
- (ii) If said note is held by an FHA-insured mortgagee - notify the mortgagee of such default, and the mortgagee, with the prior written consent of the Commissioner, may declare the whole indebtedness due, and thereupon proceed with the foreclosure of the mortgage, or assign the note and mortgage to the Commissioner as provided in the Regulations.
- (b) In the case of a default by the Association or by the owner of a family unit:
- Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, or for such other relief as may be appropriate, since the injury to the Commissioner arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.
10. The covenants and agreements herein set out shall be deemed to run with the land and the property described in the Plan of Apartment Ownership, and to bind all owners of family units, present and future.
11. As used in this Agreement the term:
- (a) "Mortgage" shall include "Deed of Trust";
- (b) "Note" shall include "Bond";
- (c) "Mortgagee" shall include the "Beneficiary" under Mortgage or Deed of Trust however designated;
- (d) "Default" means a default declared by the Commissioner when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Commissioner after written notice;
- (e) "Plan of Apartment Ownership" shall include all legal documents, deeds, by-laws, plans and specifications, required by the laws of the jurisdiction to establish condominium ownership,
- (f) As per Rider A (consisting of one page) attached hereto and made a part hereof.
(The use of the plural shall include the singular; the singular the plural; and the use of any gender shall be deemed to include all genders.)
12. This instrument shall bind, and the benefits shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in office or interest, and assigns.
13. The invalidity of any clause, part or provision of this agreement shall not affect the validity of the remaining portions thereof.
14. The Association agrees and assumes the obligation to have this Agreement recorded in the appropriate land records in the jurisdiction in which the real property herein described is situated; and in the event of failure to do so, it is agreed that the Commissioner may have the same recorded at the expense of the Association.
15. It is specifically agreed between the parties hereto that the breach of any of the terms of this Agreement by the Association or by an owner of a family unit will substantially damage and injure the Commissioner in the proper performance of his duties under the provisions of the Act, and will impede and injure the proper operations intended under such Act; that such damage will be irrespective of and in addition to any damage to the security of the mortgaged premises or to any financial damage the Commissioner may suffer as insurer; that, except for the agreements herein contained, the Commissioner would not issue and would not be authorized to issue a Contract of Mortgage Insurance, and that mortgagees may not be willing to lend sums of money to owners of the family units on the security of mortgages covering such units, unless the same were insured by the Commissioner.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement the day and year first above written.

WITNESS:

ASSOCIATION OF OWNERS OF CONDOMINIUM
BY: EQUITY SPECIALTY PLAN, INC.,

By: [Signature]
ALAN ROGERS, President (SEAL)

By: [Signature]
JEFFREY ROGERS, Secretary (SEAL)

FEDERAL HOUSING COMMISSIONER

By: [Signature]
(Authorized Agent)

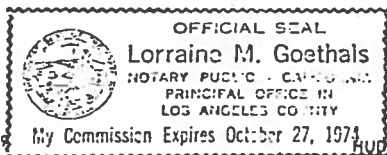
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ACKNOWLEDGEMENT OF ASSOCIATION OF OWNERS OF
CONDOMINIUM (In accordance with the form in State where property is
located)

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, SS:

On June 15, 1971, before me, the undersigned, a
Notary Public in and for said County and State, personally
appeared Alan Rogers, known to me to be the President, and
Jeffrey Rogers, known to me to be the Secretary of the Corporation
that executed the within instrument, known to me to be the persons
who executed the within instrument on behalf of the Corporation
therein named, and acknowledged to me that such Corporation
executed the within instrument pursuant to its by-laws or a
resolution of its Board of Directors.

Witness my hand and Official Seal.



[Signature]
Notary Public in and for said
County and State.

Attached to and made a part of Regulatory Agreement dated June 15, 1971, executed by Equity Specialty Plan, Inc.

11. (f) (Continued):

The following terms, as used in this Agreement shall have the following meaning as is applied to said terms in the Enabling Declaration to which this is attached and made a part thereof:

"Condominium" shall mean "Project",

"Common Areas and Facilities" shall mean "Common Areas",

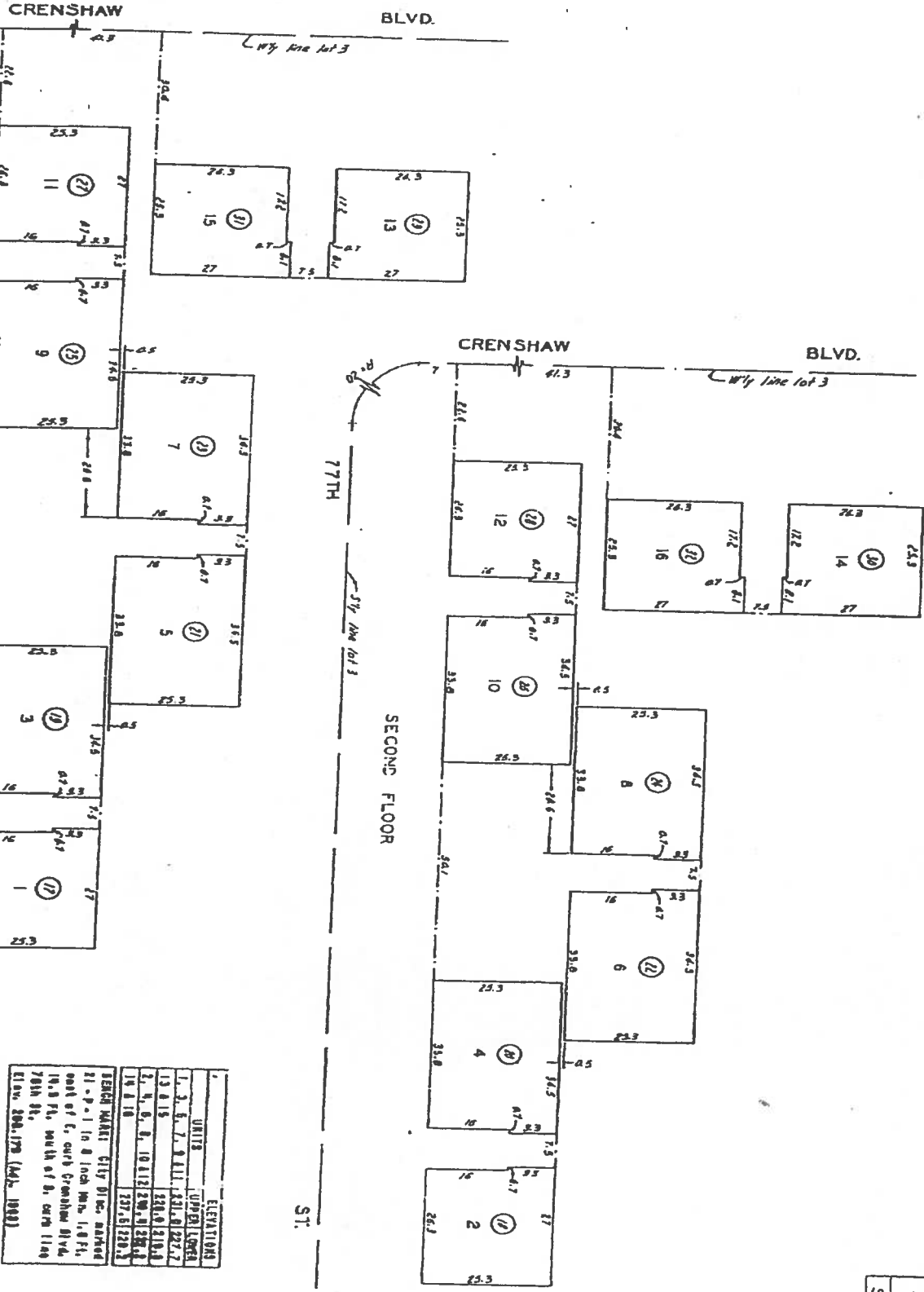
"Family Unit" shall mean "Condominium",

excepting that where the term "family unit" issued in the second line of paragraph 6 of this agreement, it shall mean "Unit".

6. (cont.) The real property covered by this agreement is described as follows:

Lot 3 of Tract 25662 in the City of Los Angeles, per map recorded in Book 815, pages 86-87 of Maps in the office of the County Recorder of said County.

720926002



FIRST FLOOR

SECOND FLOOR

UNITS	ELEVATIONS
1, 3, 5, 7, 9 ALL	1,831.0/222.7
13 & 15	1,826.0/218.1
2, 4, 6, 8, 10 & 12	2,000.0/236.8
14 & 16	2,075.0/228.7

BENCH MARK: City Ditch, marked
 21'-P-1 in 8 inch dia. 1.8 ft.
 south of E. curb Crenshaw Blvd.
 14.8 ft. north of D. curb 1140
 70th St.
 Elev. 200.179 (MAY 1982)

SUBDIVISION OF AIRSPACE O. R. - M 4035 - 398
 LOT 3, CONDOMINIUM TRACT NO. 25682
 For Common Areas, See Plat on sheet 4012

ASSESSOR'S MAP
 COUNTY OF LOS ANGELES, CALIF.

4012 12
 SHEET 2
 SCALE 1" = 20'

