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ARTICLE I  
DEFINITIONS

Certain terms used in this Declaration shall be defined as follows, unless the context clearly indicates a different meaning therefor:

1. Declaration: This Declaration as the same may be amended, changed, or modified from time to time.
2. Association: Benefit Terrace Apartment Homes Association (hereinafter called "Association").
3. By-Laws: The duly adopted By-Laws of the Association, as the same may be amended, changed or modified from time to time.
4. Board of Governors: Board: The duly elected Board of Governors of the Association.
5. Owner: The record Owner, or Owners, if more than one of a condominium in the project; Declarant is the Owner of each condominium until it is conveyed.
6. Organization Meeting: The first meeting of the Owners as provided in Article III hereof.
7. Project: The entire real property above described, including all structures thereon.
8. Unit: The elements of a condominium which are not owned in common with the Owners of other condominiums in the project. The units are numbered 1 through 17 and are as designated on the Map of the project.
9. Common Area: The entire project, excepting all units.
10. Condominium: A condominium as defined in Section 783 of the Civil Code of California. It shall mean the composite of the component parts as set forth in Paragraph 3 of Article II hereof.
11. Mortgage - Mortgagee - Mortgagor: Reference in this Declaration to a mortgage shall be deemed to include a deed of trust as well as a mortgage; reference to a mortgagee shall be deemed to include the beneficiary under, or holder of, a deed of trust as well as

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unanimous consent, the property may be sold as a whole pursuant to partition proceedings which may be brought in accordance with Section 752b of the Code of Civil Procedure of California. The proceeds of said sale, or judgment in partition, as the case may be, shall be allocated among the Owners in proportion to their interests in the common area. However, proceeds allocable to each Owner whose condominium is encumbered by one or more mortgages shall be first distributed to such mortgagees to the extent necessary to satisfy such obligations; the balance of such allocation portions, if any, shall be paid to the Owner involved.

6. In the event of a dispute among the Owners and/or mortgagees respecting the provisions of this Article, any such party may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, the party requesting the arbitration shall give immediate notice thereof to the Board, which shall notify all other owners and mortgagees as promptly as possible after the reference to arbitration is made, giving all such parties an opportunity to appear at such arbitration proceedings. The decision of the arbitrator in this matter shall be final and conclusive upon all of the parties. The arbitrator may include in his determination an award for costs and/or attorneys' fees against any one or more parties to the arbitration.

ARTICLE VIII

INSURANCE

1. Comprehensive general liability and property damage insurance shall be purchased by the Board as promptly as possible following its election, and shall be maintained in force at all times, the premiums thereon to be paid out of the maintenance fund. Prior to the organization meeting such insurance shall be procured by Declarant. The insurance shall be carried with reputable companies authorized to do business in California. The insurance shall be carried in such amounts as the Board may determine. The policy or policies shall name as insured all the Owners and the Association. Declarant shall be

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named as an additional insured on such policy or policies until such time as Declarant shall have conveyed all of the condominiums in the project. The policy or policies shall insure against loss arising from perils in both the common areas and the units. The policy or policies shall include contractual liability coverage to protect against such liabilities as may arise under the provisions of Paragraph II of Article X. The policy or policies shall contain a cross liability endorsement to cover negligent injury by one Owner to another.

2. Fire and other hazard insurance shall be purchased by the Board of Governors promptly as possible following its election and shall thereafter be maintained in force at all times, the premiums thereon to be paid out of the maintenance fund. Prior to the organization meeting, the insurance shall be procured by Declarant. The insurance shall be carried with reputable companies authorized to do business in California. The policy or policies shall insure against loss from perils therein covered to all of the improvements in the project, except such thereof as may be separately insured under Paragraph 4 hereof. Such policy or policies shall contain extended coverage and vandalism and malicious mischief endorsements. The improvements to be insured under this Paragraph shall be continually insured to value, and the policy or policies shall contain replacement cost insurance. If reasonably available, the policy or policies shall contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild. The policy or policies shall name as insured all of the Owners, the Association (if it is determined that the Association has an insurable interest) and Declarant, so long as Declarant is the owner of any of the condominiums in the project. The policy or policies shall also cover personal property owned in common, and shall further contain waiver of subrogation rights by the carrier as to negligent Owners. Proceeds shall be payable in accordance with Paragraph 3 below.

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3. If insurance proceeds under Paragraph 2, in any one event, are less than Two Thousand Five Hundred Dollars (\$2,500.00), the same shall be collected by the Board and held, paid out, allocated and/or distributed in accordance herewith. If such proceeds exceed Two Thousand Five Hundred Dollars (\$2,500.00), the same shall be paid to Union Bank or such other bank or trust company as may be designated by the Board, to hold, to pay out, allocate and/or distribute in accordance herewith. The Board is authorized to enter into such agreement with such insurance trustee, on behalf of the Owners, consistent with these provisions, and relating to the trustee's powers, duties and compensation as may be appropriate herein. In the event of a destruction and decision to rebuild, such agreement shall include duties respecting the pay-out of funds in accordance with any agreement which may be entered into with a contractor or contractors respecting such reconstruction.

4. Except as expressly provided in this Paragraph, no Owner shall separately insure his condominium nor any part thereof against loss by fire or other casualty covered by the insurance carried under Paragraph 2 of this Article. Should any Owner violate this provision, any diminution in insurance proceeds resulting from the existence of such other insurance and/or failure to have the proceeds of such other insurance payable pursuant to the provisions of Paragraph 3 of this Article, shall be chargeable to the Owner who acquired such other insurance, which Owner shall be liable to the Association to the extent of any such diminution and/or loss of proceeds. An Owner may carry such personal liability, in addition to that herein covered, as he may desire. He may also insure all his personal property (contents). In addition, any improvements made by an Owner to the real property within a unit may be separately insured by such Owner, such insurance to be limited to the type and nature of coverage often referred to as "tenants improvements". All such insurance separately carried shall contain waiver of subrogation rights by the carrier as to negligent Owners.

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5. The Board may purchase and maintain in force, at the expense of the maintenance fund, demolition insurance, fidelity bonds and other insurance and/or bonds as it deems necessary. The Board shall purchase and maintain workman's compensation insurance to the extent that the same shall be required by law respecting employees of the Association.

6. The Board is hereby appointed the attorney in fact for all Owners to negotiate loss adjustment on the policy or policies carried under Paragraphs 2 and 5 above.

ARTICLE X

FURTHER CONDITIONS OF OWNERSHIP

1. Each unit shall be used as a residence for a single family and for no other purpose.

2. Each Owner shall maintain the interior of his unit, and except as otherwise expressly provided herein, shall have the exclusive right to paint, repaint, tile, wax, paper or otherwise refinish and decorate the inner surface of the walls, ceilings, floors, windows and doors bounding his unit.

3. No Owner shall make any alteration, addition or modification to the building in which his unit is located, or to any part or portion of the common areas, wherein the same may be open to public view, without the prior written approval of the Board.

4. No radio or television receiving or transmitting antennae or external apparatus shall be installed in any unit, or any part of the common area, without prior written approval of the Board. Normal radio and television installations within a unit are excepted.

5. No signs of any kind shall be displayed to the public view on or in any unit. Should an Owner desire to sell or lease his condominium, the Board shall permit the placing of a professional sign of dignified appearance, advertising the same for sale or lease, to be placed on some appropriate location in the common area open to public view. Such sign may be a sign of a licensed real estate broker engaged by an Owner for the purpose of selling or leasing his condominium.

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