



PLANNING COMMISSION

AGENDA REPORT

MEETING DATE: DECEMBER 9, 2013

ITEM NUMBER: PH-9

SUBJECT: CODE AMENDMENT C0-13-04 – SMALL LOT SUBDIVISION ORDINANCE

DATE: NOVEMBER 12, 2013

FROM: PLANNING DIVISION/DEVELOPMENT SERVICES DEPARTMENT

PRESENTATION BY: MINOO ASHABI, PRINCIPAL PLANNER

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DESCRIPTION

Code Amendment CO-13-04 is a zoning code amendment to add new regulations for small lot subdivisions in multiple family residential zones which involves amending Title 13, the Zoning Code as follows:

- Chapter I – Add new definitions related to small lot subdivisions;
- Chapter IV, Table 13-30 (Land Use Matrix) – Allowing small lot subdivisions of up to 15 dwelling units in multiple family residential zones;
- Chapter V, Article 2.5 – add new development standards for small lot subdivisions.

RECOMMENDATION

Staff recommends that the Planning Commission:

- Recommend that the City Council approve the ordinance and give first reading.

OR

- Continue the item to January 13, 2014 and provide direction to staff.

BACKGROUND

Historic background – Regional

Common interest developments, commonly referred to as CIDs, date back to the mid 19th century but it wasn't until the 1960's that CID's really begin to take off as developers begin to engage in mass scale housing developments. By creating commonly owned parcels, developers could decrease individual lot sizes while simultaneously adding low cost amenities such as parks, tennis courts, pools, etc. This kept the housing affordable in the face of a shortage of land in suburban areas. In 1962 a FHA study found only 470 subdivisions had commonly owned property maintained by HOA's and was almost exclusively found in affluent neighborhoods. The same study done in 1994 found 130,000 nationwide and that 90% of all new development was CID.

California public agencies quickly realized the benefit in encouraging the use of CIDs and HOA's to promote the construction and maintenance of public infrastructure. This became particularly helpful in addressing the growing need for public infrastructure under the newly passed Proposition 13 which significantly limited a local agencies ability to raise revenue to fund such public infrastructure. Developers have incentive to continue to build parks and other infrastructure and can provide for ongoing maintenance through the creation of an HOA. An example of public facilities which can and have been constructed and maintained through HOAs include utility services, road maintenance, street and common area lighting, refuse removal, security services, and open spaces.

In 1984, the State legislature passed the Davis-Stirling Act to create a unified statutory framework for the regulation of all CIDs in the state. While Davis-Stirling continues to evolve, it is recognized that the regulations outlined in the Davis-Stirling Act may not fit every situation. Testimony before the State Senate Housing and Land Use Committee has noted the lack of flexibility within Davis Stirling. Davis-Stirling treats a thousand-unit development the same as a 3 unit development which only shares a sidewalk. As one example, both developments have the same financial reporting requirements. The costs of such requirements has significantly less impact on affordability when spread over 1,000 units as opposed to spreading the same cost over 3 units.

In 2009, the City of Los Angeles, like most cities, was suffering from declining property values and a significant drop in new home construction. When the economy began to recover, tight lending standards severely stalled new construction despite significant increase in population. The city of LA enacted a small lot ordinance which allowed developers to build on lots which were underutilized and utilized a maintenance association instead of an HOA with accompanying fees (Attachment 2).

City of Costa Mesa

The City of Costa Mesa is experiencing an uptick in housing developments, mostly in proposals with detached units. During the past couple of years, there has been little demand in the City of Costa Mesa for condominium development with common areas and the City has approved only a few condominium projects. Instead, most housing projects involved condominium subdivisions or fee simple lots with individual units designed as townhomes or completely detached with attached garages and driveways similar to traditional single family detached products.

Application of existing Common Interest Development requirements to the development of small lots has resulted in a number of requested variances or deviations from current standards such as the common lot. In addition, City staff has been approached by multiple developers requesting more flexibility in the development standards to facilitate construction of marketable detached products at affordable pricing. These residential units typically include three bedrooms and range in size from 1,600 square feet to 2,000 square feet of living area. Small lot developments are fee-simple units that increase homeownership opportunities while working within existing land use designations.

City Council Study Session

On September 10, 2013, a study session was held with the City Council and Planning Commission that was attended by the public and homebuilders. Staff was directed to prepare a "Small Lot Subdivision" ordinance with photos of potential development for consideration by Planning Commission.

The following issues were discussed at the study session:

- *Advantage / disadvantages of a homeowners association (HOA) versus a maintenance association.* Council questioned the difference between a maintenance association and a traditional homeowners association.

A maintenance association is desirable by some builders and homebuyers since a maintenance association need not be approved by the Bureau of Real Estate (BRE) and is not subject to some requirements of the Davis-Stirling Act and/or Business and Professions Code. Davis-Stirling requires common-interest developments to be managed by an HOA. Additionally, the Business and Professions Code exempts subdivisions with less than five parcels from public reporting requirements. Enacting an ordinance requiring the developer to form an association for maintenance of areas subject to access and/or maintenance easements will potentially reduce the developer's administrative costs and the monthly dues for homeowners. It should be noted that the applicability of the HOA and exemption there from is a function of state law and is not determined by the City. The City is only providing a minimum standard for Developers. Determination of the applicability of all state laws is left to the Developer. Based on staff's research, the maintenance association could be a viable option for smaller subdivisions with no common areas; however, maintenance associations do impose more risks for larger subdivisions with common areas such as driveways, landscape setbacks, drainage facilities, etc, which would affect the homeowners as well as the City. In addition, a maintenance association can not legally have lien rights and therefore must rely on private enforcement if a dispute arises between the homeowners. However, the City could additionally impose a requirement to hire a third party to handle the maintenance and/or to facilitate enforcement. Additionally, maintenance associations may still incorporate, similar to HOAs, which would require establishing a reserve and carrying insurance policies for any liabilities. This will assure the City of maintenance of common areas and the homeowners with the insurance protection. In all cases, the City has the authority to enforce maintenance standards as with any other residential development in the City. Please refer to the analysis for additional information on this issue.

- Parking standards. Council expressed concerns with the impacts of new development on neighboring site and street parking and noted that required parking should not be modified.

The Zoning Code does not specify parking standards for detached units other than single family units. The single family residential parking standards have been typically applied to detached units in common interest developments. For units with three bedrooms or more, a two-car garage and two open parking spaces are required. For smaller two bedroom units, the multiple family parking standards are applied that require three parking spaces per unit, with a minimum of one covered or garage space.

Traditional subdivisions are designed with two car garages and two parking spaces in front of the garage, typically used by the same resident or their guests. Council suggested providing additional communal/ guest parking instead of parking in individual driveways that would not be practical for common guest parking. Common interest developments and the small lot subdivisions typically have an internal street system with no parking opportunities leading to overflow guest parking on public streets, many of which are already impacted in most areas of the City. Consequently, staff is recommending a new parking standard; please refer to the analysis for additional information on this issue.

The Council also questioned how the use of garages would be regulated with small lot subdivisions and whether these developments would be subject to CC&Rs. Both common interest development and small lot subdivisions will be subject to CC&Rs that will need to include provisions for use of private garages as well as open guest parking. Please refer to the analysis for additional information on this issue.

Current Requirements - Common Interest Development

The City currently has regulations in place for residential subdivisions referred to as “common interest development standards.” Common Interest Developments are permitted in all multi-family residential zoning districts. The standards include various provisions such as requirement of a common lot (typically a landscape street setback and common drive), minimum lot size and average lot size standards, as well as regulations related to formation of a homeowners association. The current requirements are applicable to both detached and attached products. While these standards have been practical for larger developments; they have been challenging for smaller subdivisions. Most small subdivisions require approval of several variance and administrative adjustments to allow development of small detached units on small lots. The following is a list of development standards and required documents that are proposed to be revised with the proposed Small Lot Subdivision Ordinance:

- *Common lot requirement* - The current common interest development standards require that all projects be designed with a minimum of one common lot, in common ownership and maintained by a homeowners association. This lot is required to contain common driveways, parking areas, and the front 10 feet of the landscaped street setback.
- *Minimum distance between buildings* - A 10-foot minimum between main buildings and a 6-foot minimum separation between main buildings and accessory structures is required.

- *Minimum open space* - All subdivisions are required to provide a minimum 40% of total lot area as open space. Open space excludes driveways and common hardscape areas. In addition, each individual lot is required to provide a minimum of 400 square-foot open space area with no dimension less than 15 feet.
- *Minimum Lot size* – The minimum lot size is 3,000 square feet with an overall average of 3,500 square feet. The required common lot is not included in the calculation of lot area.
- *Rear yard setback* – A 20- foot minimum rear setback is required for the second floor of two-story structures in medium density and a minimum 15- foot for high density zones.
- *Parking Standards* – Two garage spaces and two open parking spaces per unit (up to four bedrooms). Two bedroom units are required to provide a total of three spaces including one covered or garage spaces.

In addition to the noted standards, the Common Interest Development Standards include specific provisions with respect to maintenance requirements and homeowners association. All subdivision are required to form a homeowners associations and recordation of CC&Rs that would include a plan for permanent care and maintenance of open spaces, recreational areas, and common facilities pursuant to State law (Civil Code 1350-1359).

ANALYSIS

The purpose and intent of a small lot ordinance is to promote affordable ownership housing by providing more flexible development standards and maintenance mechanisms for underutilized multi-family residential lots within the densities allowed by the General Plan. This proposed code amendment will add a new section to the zoning code applicable to detached residential development of up to 15 units without modifying the current “Common Interest Development” standards. The amendment is not intended to increase the current densities or decrease the parking standards.

Proposed New Development Standards - Small Lot Subdivisions

The following includes a comparison of the existing and proposed development standards applicable to subdivisions of up to 15 dwellings. The development standards are proposed to allow the most flexibility in development standards and maintenance requirements without any modifications to the density and parking requirements:

Common Interest Development Subdivisions of 16 or more units (Existing – No Change)	Small Lot Subdivisions Subdivisions of up to 15 units (New)
Common lot required – typically includes the main drive and street landscape setback	Common lot not required – common areas are divided among the individual parcels and reciprocal access and parking is provided by an easement recorded with the parcel/tract map
Minimum open space – 40% (not including porches of over 6 feet in depth and balconies)	Minimum open space – 30% (includes porches and balconies)*
Minimum rear yard setback – 10 feet for one story and 20 feet for two stories	Minimum rear yard setback – all setbacks are treated as side setbacks with a minimum of 5 feet

	separation from the property line. Properties abutting single family residential zones are required to provide a minimum 10-foot setback.
Minimum lot size of 3,000 square feet and average lot size of 3,500 square feet; no minimum lot width	No minimum standards for lot area Minimum lot width – 20 feet
Maximum height – two-stories or 27 feet maximum unless otherwise allowed by a specific plan or urban plan	Maximum height – two-stories or 27 feet maximum unless otherwise allowed by a specific plan or urban plans.
Minimum distance between buildings – 10 feet	No minimum distance required as long as the structures are completely separated, do not share a common wall, and meet Building and Fire Code standards.
Homeowner's association required	City will require that the homeowners be responsible for maintenance of all areas subject to access and/or maintenance easements (i.e., access, drainage and utilities, and landscape setbacks) and carry insurance policies for the homeowners. A maintenance agreement can be executed for subdivision of 4 or less in lieu of requiring an association when each unit has an independent access to the public street and there is no common drive or other amenities.
Covenants, Conditions, and Restrictions (CC&Rs) – required to be recorded prior to final inspection	Covenants, Conditions, and Restrictions (CC&Rs) – required to be recorded prior to final inspection

* *Decorative paving will be required to compensate for the reduction in open space.*

Homeowners and Maintenance Associations

With the cost of homeownership rising, developers are proposing an alternative mechanism for maintenance of small lot subdivisions that will reduce the monthly cost to the homeowners and reduce the administrative requirements of a subdivision. While a condominium association may be the best alternatives for most subdivisions by providing more certainty with the requirements of Davis-Stirling Act (i.e., 10-year homebuilder warranty and lien rights), in cases where there is no common area and where permissible under state law, a maintenance association could be a less costly alternative. In either alternative the City would require recordation of CC&Rs to ensure a certain level of maintenance standards and enforcement procedures.

The following is a comparison of the two alternative types with respect to maintenance and regulatory standards:

Applicable Regulations	Common Interest Development HOA	Small Lot Subdivision
Davis Stirling Act requirement for HOA to manage	Yes	No. Common interest developments could be exempt but determination of applicability is left to Developer. City will establish minimum standards for small lot subdivisions that association must be

		responsible to maintain certain areas. City association standard may be waived for developments with less than 5 units.
Business & Professions Code Public Reporting Requirements (public documents)	Yes	No, if less than 5 units. However determination of applicability is left to Developer.
CC&Rs	Yes	Yes
Lien Rights	Yes	No
Common areas Reciprocal Easements, etc.	Yes	Yes/No
Budget	Required by BRE	Advisable but not required
Standard of Maintenance	Required by BRE	Advisable but not require
Conditions of Approval	Yes	Yes
Dispute Resolution	Maybe subject to arbitration	Maybe subject to arbitration
Construction Defects	Subject to Davis Stirling – builder is liable for 10 years	Unknown - subject to litigation*

* Homeowner and maintenance associations have the right to sue others as one entity; however, individual homeowners not part of a HOA or maintenance association would have to sue as individuals.

It should be noted that common interest developments with a common lot are required to submit certain public reports to BRE and providing certain disclosures to the homebuyers under the Business & Professions Code. Small lot subdivisions under 5 parcels may avoid these requirements. However, staff is recommending establishing a minimum standard of disclosure by the developers prior to entering into sales agreement with the potential homebuyers for the sale of properties within a small lot subdivision, even if the developer is exempted from disclosure requirements under state law. These requirements are noted below and included in the draft ordinance under Section 13-42.2 (c).

- The type, thickness, and R-value of the insulation that has been installed in the home
- Any potential hazards or lead-based paint (24 CFR Part 35 and 40 CFR Part 745)
- Uses other than residential and any unusual zoning in proximity to the project
- Distance to airport if within two miles
- Any special costs that will be incurred by the lot buyer as a result of the installation of a building foundation or any other construction due to unusual soil/geological conditions
- If there is fill in excess of 2 feet
- Schools servicing subdivision and any special conditions
- Any unusual flooding conditions
- Conditions of approval by the City and any resale restrictions
- Dedications and easements
- Project phasing plan
- CC&Rs

Survey of Other Jurisdictions

In addition to city of Los Angeles, a number of local jurisdictions (see below) in northern and central California have adopted a small lot subdivision ordinance.

Local Jurisdiction	Summary of Small Lot Subdivision Program
Los Angeles, CA	<ul style="list-style-type: none"> • Allowed in multi-family and commercially zoned properties. • Minimum lot area, 600 sq. ft. and minimum lot width, 12 feet • 80 percent lot coverage • Design Guidelines address site planning, building design, and materials. • No discretionary review required
Marysville, CA	<ul style="list-style-type: none"> • Allows minimum lot size of 3,000 sq. ft. in designated areas.
Merced, CA	<ul style="list-style-type: none"> • Allowed in Planned Development zones. • Minimum lot area 1,950 sq. ft. and 3,000 sq. ft. • Two sets of design guidelines based on lot width and area. • Sixty percent lot coverage
Modesto, CA	<ul style="list-style-type: none"> • Allowed in specific plan areas and planned development zones • Design guidelines for lot areas of 5,000, 3,000 and less than 3,000 sq. ft. • Requires discretionary review
Napa, CA	<ul style="list-style-type: none"> • Permitted in single family residential zones that allow single family and duplex • No minimum lot area and width requirement • Subject to approval of a conditional use permit
Oakland, CA	<ul style="list-style-type: none"> • Minimum lot area of 4,000 sq. ft. and minimum lot width of 25 feet • Subject to approval of a conditional use permit
Santa Rosa, CA	<ul style="list-style-type: none"> • Allowed in single-family and multi-family zones. • Minimum lot area of 2,000 sq. ft. and density of 18 du/acre • Subject to approval of a conditional use permit

Advantages of Establishing a Small Lot Ordinance

The following are several reasons why small lot developments would be beneficial for residential development in the City:

- Small Lot Subdivision Ordinance could promote a new housing type and encourage first time homebuyers. There is a target market of new homebuyers who do not wish to purchase a condominium but are unable to qualify for a traditional single-family residence. Small lot developments are fee-simple (house and lot owned by homeowner) units that increase homeownership opportunities while working within existing land use designations. Because these units are fee-simple, homeowners acquire ownership of the housing structure, as well as the land on which it is built.
- Small lot developments do not have common ownership. Under the Davis Stirling Act common interest developments must be managed by a HOA. With the elimination of the City's common lot requirement, the development will most likely not be considered a common-interest development subject to management by a HOA. Determination of the applicability of state law requirements will be left to the Developer.
- Small lot developments could increase housing production. Although small lot subdivisions will still be subject to design review and a subdivision map requirements, the more flexible standards will eliminate the lengthy entitlement process with multiple variances

and adjustments. This could encourage redevelopment of marginal and underutilized parcels in the City.

- Subdivision with no common lots or less than five parcels are not subject to Public Reporting Requirements. Eliminating the requirement to provide a common lot would exempt developers of four lots or less from the state law requirement of BRE review and approval which is a lengthy and costly process. Public Reporting requirements would still be applicable to larger developments. Determination of the applicability of state law requirements will be left to the Developer.

GENERAL PLAN CONFORMITY

The proposed ordinance is consistent with the following goals and policies of the General Plan:

- LU -1 A.1, LU -1A.4, LU -10.4, HOU -1.9, HOU -2.4, HOU -4.4, CD -7A.1 and CD -7A.2.

PUBLIC NOTICE

Code requires publication of a display AD in the local newspaper (Daily Pilot) for Title 13 Code Amendments. At the time of publication of this report, no public comments have been received. Any correspondence will be forwarded to the Planning Commission under separate cover. In addition to the newspaper ad, all property owners within PDI zoning, homeowners associations and other neighboring cities and government agencies were notified by mail.

ENVIRONMENTAL DETERMINATION

The project has been reviewed for compliance with the California Environmental Quality Act (CEQA), the CEQA guidelines, and the City's environmental procedures, and has been found to be exempt pursuant to Section 15061 (b) (3) (general rule) of the CEQA Guidelines, in that it can be seen with certainty that there is no possibility that the proposed amendment to the Zoning Code will have a significant effect on the environment.

LEGAL REVIEW

The staff report and the draft ordinance has been reviewed and approved by the City Attorney.

CONCLUSION

Given the request from local developers and to stimulate housing development in the City, staff believes there is policy support for the creation of innovative programs to increase housing development and home ownership opportunities within the allowed densities of the City's General Plan. The following summarizes a few facts with adoption of the ordinance.

- If adopted this will be the first of such ordinance in the County. The examples of other jurisdictions provided have not been implemented long enough, therefore all the benefits and consequences are not known;
- Small lot subdivision would be under a new section in the zoning code applicable to subdivision of 15 or fewer lots.

- A few jurisdictions have adopted design guidelines related to site and building design including City of Los Angeles; however, in Costa Mesa, these subdivisions will be subject to discretionary process (Design review) which allows site planning and architectural review of the projects. Design guidelines are a helpful tool; however, may not be necessary. In all cases, residential developments are subject to the City's Residential Design Guidelines.
- Small lot ordinance would be applicable to all multi-family residential zoning districts and urban plan residential and live/work projects.
- While all small lot subdivision would be subject to CC&Rs, small subdivisions of up to four parcels with no common areas could be exempt from a homeowner's or maintenance association and subject to only a maintenance agreement.
- Small lot subdivision will allow development within the allowed densities of the zoning code and general plan.



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Attachments: 1. Draft Ordinance
2. City of Los Angeles Small Lot Ordinance
3. City of Los Angeles Design Guidelines
4. Examples of recent projects
5. Example of a Covenant/ Maintenance Agreement

ORDINANCE NO. 13

AN ORDINANCE OF THE CITY COUNCIL OF COSTA MESA, CALIFORNIA ADOPTING ZONING CODE AMENDMENT CO-13-04 AMENDING TITLE 13, CHAPTERS I, IV, AND V RELATED TO DEFINITIONS, LAND USE MATRIX AND NEW ARTICLE 13-42

THE CITY COUNCIL OF THE CITY OF COSTA MESA DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1: FINDINGS.

City of Costa Mesa recognizes that homeownership is an important aspect of community building. The City of Costa Mesa is promoting homeownership by providing the opportunity for development of a variety of housing types at various price ranges. The small lot ordinance will allow development of detached or townhome style residential units on individual parcels instead of condominium ownership.

SECTION 2: Title 13 of the Costa Mesa Municipal Code is hereby amended as follows:

A. Chapter I; definitions:

Small Lot Subdivision. A residential development containing a maximum of 15 detached or townhome style units with no common walls where each unit is independently constructed on an individual parcel and the land is subdivided into fee simple parcels containing each unit.

B. Chapter IV; Table 13-30, Citywide Land Use Matrix:

Add Small Lot Subdivisions as Land Use No. 2.2 to Table 13-30 as permitted use in multi-family residential zones.

TABLE 13-30 CITY OF COSTA MESA LAND USE MATRIX																					
LAND USES	ZONES																				
	R1	R2 M D	R2 H D	R3	A P	C L	C 1	C 2	C 1 S ¹	T C ¹	M G	M P	P D R L D ¹	P D R M D ¹	P D R H D ¹	P D R N C M ¹	P D C ¹	P D I ¹	I & R ¹	I & R ¹ S ¹	P
RESIDENTIAL USES																					
1. Single-family dwellings (single housekeeping units)	P ⁴	P	P	P	•	•	•	•	•	•	•	•	P	P	P	P	P	P	•	•	•
2. Multi-family dwellings	•	P	P	P	•	•	•	•	•	P	•	•	P	P	P	P	P	P	•	•	•
2.1 Common interest developments, residential	•	P	P	P	•	•	•	•	•	P	•	•	P	P	P	P	P	P	•	•	•
2.2 Small lot subdivisions, residential	•	P	P	P	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
3. Mobile home parks	•	C	C	C	•	•	•	•	•	•	•	•	C	C	C	C	C	C	•	•	•

C. Chapter V, Article 2.5. RESIDENTIAL SMALL LOT SUBDIVISION

ARTICLE 2.5 RESIDENTIAL SMALL LOT SUBDIVISIONS

SECTION 13-42.1 PURPOSE

The purpose of this article is to regulate development and subdivision of small lots within residential zoning districts and overlay districts where residential and live/work projects are permitted. The ownership and occupancy of these developments shall be subject to applicable laws for the general health, safety and welfare of the public. This type of subdivision is intended to provide flexible development standards and to promote a wider range of homeownership of individual lots in multiple-family residential and overlay zoning districts.

SECTION 13-42.2 PLANNING APPLICATION REQUIRED

- a) Small lot subdivisions are permitted in appropriate residential or urban plan overlay districts, subject to approval of the following planning application as may be applicable. This requirement is in addition to other permits or certificated required by law.
 - 1) All new small lot development projects shall be processed according to the design review procedures contained in Chapter III, Planning Applications.
 - 2) All small lot development projects require approval of a tentative tract or parcel map as required by law.
 - 3) A tentative tract map or parcel map shall not be required until either a design review or has been approved; however, the map may be processed concurrently.
- b) No person shall construct, sell, lease, convey, maintain or use a lot in a small lot subdivision project within the City without first complying with the provisions of this article.

SECTION 13-42.3 DEVELOPMENT STANDARDS AND REQUIREMENTS:

- a) **Applicability.** The provisions of this section shall apply to all new residential small lot subdivisions of 15 lots or less in multi-family zones and overlay zones where residential and live/work development are permitted.
- b) **Development standards.** Table 13-42 identifies the development standards for small lot subdivision developments. See also ARTICLE 9 GENERAL SITE IMPROVEMENT STANDARDS of this chapter for additional requirements. Projects shall comply with all applicable standard plans and specifications and adopted City and State codes, as well as the following provisions:
 - 1. The location and orientation of all buildings shall be designed and arranged to preserve natural features by minimizing the disturbance to the natural environment. Natural features such as trees, groves, waterways, scenic points, historic spots or landmarks, bluffs or slopes shall be delineated on the site plan and considered when planning the location and orientation of buildings, open

spaces, underground services, walks, paved areas, playgrounds, parking areas and finished grade elevations.

2. All structures proposed to be constructed within a project shall conform to the following requirements:
 - a. Each unit shall be provided with direct vehicular access to a public street, or an alley or a common drive connecting to a public street/ alley.
 - b. Structures having dwelling units attached side by side shall be composed of no more than 4 dwelling units.
 - c. Structures having dwelling units attached side by side shall include a break in the facade by having an offset in the front building line.
 - d. Structure shall be constructed to minimize impact of the proposed development on the light, air and privacy of adjacent properties.
3. On-site lighting shall be provided in all parking areas, vehicular access ways, and along major walkways. The lighting shall be directed onto driveways and walkways within the project and away from dwelling units and adjacent properties, and shall be of a type approved by the Development Services Department.
4. The development shall comply with the provisions of CHAPTER XI. SUBDIVISIONS, which may include, but are not limited to, land dedication and improvements, such as drainage improvements and payment of fees.
5. Outside uncovered and unenclosed storage of boats, trailers, recreational vehicles and other similar vehicles shall be prohibited unless specifically designated areas for the exclusive storage of such vehicles are set aside on the final master plan and provided for in the covenants, conditions, and restrictions. Where such areas are provided, they shall be enclosed and screened from view on a horizontal plane from adjacent areas by a combination of 6-foot high opaque fences and permanently maintained landscaping.

**TABLE 13-42
SMALL LOT SUBDIVISION STANDARDS**

STANDARDS	SINGLE-FAMILY UNITS (located on individual dwelling unit lots and excluding townhouses)
Maximum Number of Stories & Building Height	2 stories/ 27 feet, except as allowed in the Westside Overlay Districts. Note: Lofts, as defined in section 13-6, without exterior access and having only clerestory windows will not be regarded as a story. See also Attic discussion below.
Attics	Attics shall not be heated or cooled, nor contain any electrical outlets or operable windows. In zoning districts where the maximum number of stories is two stories, attics above second stories shall be an integral part of the second story roofline and not appear as a 3 rd story on any building elevation. Windows in any attic space above the second story shall be incidental and limited to a dormer style.
Maximum Density (based on gross acreage)	Same as underlying zoning district or as specified in an applicable specific plan.
Minimum Open Space	30% of total lot area. No asphalt shall be permitted for paved areas. Parking and driveways shall consist of decorative concrete, pavers or other materials as deemed appropriate by the Development Services Director.

**TABLE 13-42
SMALL LOT SUBDIVISION STANDARDS**

STANDARDS	SINGLE-FAMILY UNITS (located on individual dwelling unit lots and excluding townhouses)
Development Lot	Separately owned private property interests or any portion thereof, necessary or desirable for common use, are subject to recordation of an easement for reciprocal access and maintenance. All areas of a development with 5 or more parcels, subject to a reciprocal access and/or maintenance easement shall be maintained by an association that may be incorporated or unincorporated. The association may be referred to as a maintenance association.
Parking	<ul style="list-style-type: none"> • Three bedroom or more units (including a den or home office) – two garage spaces and two open parking spaces • Two bedrooms or less units (including a den) – one garage space and two open parking • Tandem garage and parking (two spaces max.) are permitted for each individual unit with a maximum of 50% of the all the units allowing tandem parking. • No tandem parking is permitted for open or guest parking spaces. • For developments with 5 or more units where open/guest parking spaces are provided in driveways in front of garages for exclusive use of that unit, one additional on-site guest parking shall be provided. Two additional open guest-parking shall be provided for developments with more than 10 units.
Distance between buildings	No minimum distance required subject to compliance with Building and Fire Code standards.
Driveway width	10-foot minimum, except 16-foot minimum driveway is required if the driveway serves tenants and/or guest parking for more than one dwelling unit.
Driveway length	Straight-in driveways to garages shall have a minimum length of 19-feet from the ultimate property line. No driveways shall be more than 5 feet in length if parking is not provided in front of garage.
Mechanical equipment, excluding antennas and flush-mounted solar panels on roofs	Roof-top location is prohibited unless completely screened from public rights-of-way and adjacent properties.
Front Development Lot:	20 feet
Side and rear (interior)	5 feet for two-stories 10 feet for two-story development abutting RI (single family) residential zones
Side (street side, if applicable) Development Lot:	10 feet Note: Driveways providing straight-in access from a public street to a garage shall be at least 18 feet long, as measured from the property line.
Rear Abutting a Publicly Dedicated Alley	5 feet; however, garages may be required to set back further to ensure adequate back up distance. Rear Yard Coverage does not apply.
Bluff Top Setback	No building or structure closer than 10 feet from bluff crest (see Section 13-34 BLUFF-TOP DEVELOPMENT).
Roof or Eaves Overhang; Awning	2 feet 6 inches into required side setback or building separation area. 5 feet into required front or rear setback.
Open, unenclosed stairways.	Not permitted
Chimneys	2 feet above maximum building height.
Automatic roll-up garage doors	Yes

TABLE 13-42 SMALL LOT SUBDIVISION STANDARDS	
STANDARDS	SINGLE-FAMILY UNITS (located on individual dwelling unit lots and excluding townhouses)
Location of Open Parking	Guest parking shall be located within a reasonable distance of the unit it serves. Detached garages that are not located within a reasonable distance to the units they are intended to serve are prohibited.
LANDSCAPING	
A detailed landscape plan prepared pursuant to CHAPTER VII LANDSCAPING STANDARDS shall be approved by the Planning Division prior to issuance of any building permits.	
SIGNS (See Chapter VIII).	
Above-ground pool and spas are prohibited in front yards and subject to 5-foot side and rear setback from main structures.	
FENCES AND WALLS	
Fences and walls placed between the property line and required setback line for main buildings shall conform to the City's walls, fences, and landscaping standards. See ARTICLE 9 GENERAL SITE IMPROVEMENT STANDARDS of this chapter for further information.	

(c) **Documents required.**

- (1) Project approval is subject to submission of complete organizational documents setting forth a plan or manner of permanent care and maintenance of any open spaces, recreational areas and commonly used areas/facilities. No such documents shall be acceptable until approved by the City Attorney as to legal form and effect, and by the Planning Division as to suitability for the proposed use of the open areas.
- (2) Prior to entering into a sales agreement for any property within a small lot subdivision, the developer shall disclose general information regarding the property to the future homebuyers regarding the property including but not limited to the following:
 - a. The type, thickness, and R-value of the insulation that has been installed in the home
 - b. Any exposed hazards during and after construction (Lead-based paint, asbestos, etc.)
 - c. Uses other than residential in proximity to the project
 - d. Unusual adjacent zoning
 - e. Distance to airport if within two miles
 - f. Where soils, filled ground and geologic information is available
 - g. Any special costs that will be incurred by the lot buyer as a result of the installation of a building foundation or any other construction due to unusual soil/geological conditions
 - h. If there is fill in excess of 2 feet
 - i. Schools servicing subdivision and any special conditions.
 - j. Any unusual flooding conditions
 - k. Conditions of approval by the City and any resale restrictions
 - l. Dedications and easements
 - m. Project phasing plan
 - n. CC&Rs

- (3) All small lot subdivisions shall file a declaration of covenants to be submitted with the application for approval. The declaration of covenants shall include, but not be limited to, the following provisions.
- a. The homeowners' association or a maintenance association (as applicable) shall be established prior to the sale of any unit(s).
 - b. Membership in the homeowners or maintenance association shall be mandatory for each owner and any successive owner.
 - c. Provisions to restrict parking upon other than approved and developed parking spaces and to require that garages be kept available for tenant parking shall be written into the covenants, conditions and restrictions for each project.
 - d. If the development is constructed in increments or phases which require one or more final maps, reciprocal covenants, conditions, and restrictions and reciprocal management and maintenance agreements shall be established which will cause a merging of increments as they are completed, and embody one homeowners' association with common areas for the total development.
 - e. The declaration of covenants shall contain language or provisions substantially as follows:
 - i. "The covenants, conditions and restrictions of this declaration shall run to the City of Costa Mesa insofar as they shall apply to the maintenance of the "common areas" as herein defined."
 - ii. "In the event the association or other legally responsible person(s) fail to maintain the common area in such manner as to cause same to constitute a public nuisance, the City may, upon proper notice and hearing, institute summary abatement procedures and impose a lien for the costs of such abatement upon the common area, individual units or the whole thereof as provided by law."

SECTION 2: ENVIRONMENTAL DETERMINATION. The project has been reviewed for compliance with the California Environmental Quality Act (CEQA), the CEQA guidelines, and the City's environmental procedures, and has been found to be exempt pursuant to Section 15061 (b) (3) (general rule) of the CEQA Guidelines, in that the City Council hereby finds that it can be seen with certainty that there is no possibility that the passage of this ordinance amending the zoning code will have a significant effect on the environment..

SECTION 3: INCONSISTENCIES. Any provision of the Costa Mesa Municipal Code or appendices thereto inconsistent with the provisions of this ordinance, to the extent of such inconsistencies and or further, is hereby repealed or modified to the extent necessary to affect the provisions of this ordinance.

SECTION 4: SEVERABILITY. If any provision or clause of this ordinance or the application thereof to any person or circumstances is held to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such invalidity shall not affect other provisions or clauses or applications of this ordinance which can be implemented without the invalid provision, clause or application; and to this end, the provisions of this ordinance are declared to be severable.

SECTION 5: PUBLICATION. This Ordinance shall take effect and be in full force thirty (30) days from and after the passage thereof, and prior to the expiration of fifteen (15) days from its passage shall be published once in the ORANGE COAST DAILY PILOT, a newspaper of general circulation, printed and published in the City of Costa Mesa or, in the alternative, the City Clerk may cause to be published a summary of this Ordinance and a certified copy of the text of this Ordinance shall be posted in the office of the City Clerk five (5) days prior to the date of adoption of this Ordinance, and within fifteen (15) days after adoption, the City Clerk shall cause to be published the aforementioned summary and shall post in the office of the City Clerk a certified copy of this Ordinance together with the names and member of the City Council voting for and against the same.

PASSED AND ADOPTED this _____ day of _____ 2013.

Mayor of the City of Costa Mesa

ATTEST:

APPROVED AS TO FORM:

City Clerk of the City of Costa Mesa

City Attorney

STATE OF CALIFORNIA)
)ss
COUNTY OF ORANGE)

I, -----, City Clerk and ex-officio Clerk of the City Council of the City of Costa Mesa, hereby certify that the above foregoing Ordinance No. 13-__ as introduced and considered section by section at a regular meeting of said City Council held on the ____ day of _____, 2013, and thereafter passed and adopted as a whole at the regular meeting of said City Council held on the ____ day of _____, 2013, by the following roll call vote:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereby set my hand and affixed the Seal of the City of Costa Mesa this ____ day of _____, 2013.

City Clerk
City Council of the City of Costa Mesa

ORDINANCE NO. 176354

An ordinance amending Sections 12.03, 12.09, 12.12.1, 12.21 and 12.22 of the Los Angeles Municipal Code to permit detached for-sale small lot subdivisions in commercial and multifamily residential zones.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Section 12.03 of the Los Angeles Municipal Code is amended by revising the definition of "lot" to read:

LOT. A parcel of land occupied or to be occupied by a use, building or unit group of buildings and accessory buildings and uses, together with the yards, open spaces, lot width and lot area as are required by this chapter and fronting for a distance of at least 20 feet upon a street as defined here, or upon a private street as defined in Article 8 of this chapter. The width of an access-strip portion of a lot shall not be less than 20 feet at any point. In a residential planned development or an approved small lot subdivision a lot need have only the street frontage or access as is provided on the recorded subdivision tract or parcel map for the development.

Sec. 2. Subdivision 3 of Subsection A of Section 12.09 of the Los Angeles Municipal Code is amended to read:

3. Apartment houses, boarding or rooming houses, dwelling units in a small lot subdivision, or multiple dwellings on lots having a side lot line adjoining a lot in a commercial or industrial zone, provided that:

(a) The use, including the accessory buildings and uses and required yards, does not extend more than 65 feet from the boundary of the less restrictive zone which it adjoins; and

(b) The lot area per dwelling unit or guest room regulations of the RD1.5 zone shall apply to these uses.

Sec. 3. Subsection A of Section 12.12.1 is amended by adding a new subdivision 8 to read.

8. Dwelling unit or units constructed on a lot in a small lot subdivision and approved by the Advisory Agency, pursuant to Article 7 of this Chapter in conformity with the provision of 12.22 C 27 of this Code.

Sec. 4. The first paragraph of Paragraph (a) of Subdivision 4 of Subsection A of Section 12.21 of the Los Angeles Municipal Code is amended to read:

(a) For Dwelling Units. In all zones, there shall be at least two automobile parking spaces on the same lot with each one-family dwelling thereon, and in any RW Zone there shall be at least two automobile parking spaces per dwelling unit which shall be upon the same lot with the dwelling unit. However, for small lot subdivisions approved pursuant to Article 7 of this Chapter in conformity with the provisions of Section 12.22 C 27 of this Code, the required parking spaces shall not be required to be located on the same lot with each dwelling unit, but shall be provided within the boundaries of the parcel or tract map. The ratio of parking spaces required for all other dwelling units shall be at least one parking space for each dwelling unit of less than three habitable rooms, one and one-half parking spaces for each dwelling unit of three habitable rooms, and two parking spaces for each dwelling unit of more than three habitable rooms. Where the lot is located in an RA, RE, RS, R1, RU, RZ, RMP, or RW Zone, the required parking spaces shall be provided within a private garage. Where the lot is located in an R2 Zone, at least one of the required parking spaces per dwelling unit shall be provided within a private garage. Any door or doors installed at the automobile entry to a garage serving a one or two-family dwelling where one or more required parking spaces is located shall be of conventional design constructed so as to permit the simultaneous entry of automobiles into each required parking space without damaging the door or door frame and constructed so as to permit the flow of air through the automobile entry when the door is in the fully closed position.

Sec. 5. Paragraph (h) of Subdivision 5 of Subsection A of Section 12.21 of the Los Angeles Municipal Code is amended by adding a new subparagraph numbered (4) to read:

(4) In a private garage or parking area serving an approved small lot subdivision, where the tandem parking is not more than two cars in depth, and provided that at least one parking stall per dwelling unit and all of the parking stalls required for any guest rooms are individually and easily accessible..

Sec. 6. Subsection C of Section 12.22 of the Los Angeles Municipal Code is amended by adding a new subdivision 27 to read:

27. Small Lot Subdivision in the R2, RD, R3, R4, R5, RAS and the P and C zones pursuant to an approved subdivision tract or parcel map.

Notwithstanding any provisions of this Code relating to minimum lot area to the contrary, in the R2, RD, R3, R4, R5, RAS and the P and C zones, parcels of land may be subdivided into lots which may contain one, two or three dwelling units, provided that the density of the subdivision complies with the minimum lot area per dwelling unit requirement established for each zone, or in the case of a P zone, the density of the subdivision shall comply with the minimum lot area per dwelling unit of the least restrictive abutting commercial or multi-family residential zone(s).

(a) A parcel map or tract map, pursuant to Section 17.00 *et seq.* of this Code shall be required for the creation of a small lot subdivision.

(b) The minimum lot width shall be 16 feet and the minimum lot area shall be 600 square feet. The Advisory Agency shall designate the location of front yards in the subdivision tract or parcel map approval.

(c) Vehicular access may be provided to either a lot containing a dwelling unit or to its required parking spaces by way of street or alley frontage, driveway access or similar access to a street.

(d) All structures on a lot which includes one or more dwelling units, may, taken together, occupy no more than 80% of the lot area, unless the tract or parcel map provides common open space equivalent to 20% of the lot area of each lot not meeting this provision.

(e) No front, side, or rear yard shall be required between lots within an approved small lot subdivision. However, a five-foot setback shall be provided where a lot abuts a lot that is not created pursuant to this subdivision.

(f) No passageway pursuant to Section 12.21 C 2 of this Code shall be required.

(g) In a P zone, lots may be developed as a small lot subdivision, provided that the General Plan land use designation of the lot is "commercial" or "multiple family residential."

(h) In an R2 zone, a lot may be developed as a small lot subdivision provided that the lot meets the requirements of Section 12.09 A 3 of the Code.

(i) A dwelling unit in a small lot subdivision shall not be required to comply with Paragraphs (a), (b), (f) and (g) of Section 12.21 A 17 of this Code.

(j) Fences and walls within five feet of the front lot line shall be no more than three and one-half feet in height. Fences and walls within five feet of the side and rear lot lines shall be no more than six feet in height.

(105208)

Sec. 7. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located in the Main Street lobby to the City Hall; one copy on the bulletin board located at the ground level at the Los Angeles Street entrance to the Los Angeles Police Department; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of DEC 14 2004

FRANK T. MARTINEZ, City Clerk

By *Marie Hernandez*
Deputy

DEC 16 2004

Approved _____

James Hahn
Mayor

Approved as to Form and Legality
Rockard J. Delgadillo, City Attorney

Pursuant to Charter Section 559, I approve this ordinance on behalf of the City Planning Commission and recommend it be adopted

By *Sharon Siedorf Cardenas*
SHARON SIEDORF CARDENAS
Assistant City Attorney

December 3, 2004

see attached report.

Con Howe
CON HOWE
Director of Planning

Date DEC 03 2004

File No. CF 04-1546; CPC 2004-3334-CA

DECLARATION OF POSTING ORDINANCE

I, JULIA AMANTI, state as follows: I am, and was at all times hereinafter mentioned, a resident of the State of California, over the age of eighteen years, and a Deputy City Clerk of the City of Los Angeles, California.

Ordinance No. 176354 - Amending Sections 12.03, 12.09, 12.12.1, 12.21 and 12.22 of the L.A.M.C. re: To Permit Detached For-Sale Lot Subdivisions in Commercial & Multifamily Residential Zones - a copy of which is hereto attached, was finally adopted by the Los Angeles City Council on Dec. 14, 2004, and under the direction of said City Council and the City Clerk, pursuant to Section 251 of the Charter of the City of Los Angeles and Ordinance No. 172959, on Dec. 22, 2004, I posted a true copy of said ordinance at each of three public places located in the City of Los Angeles, California, as follows: 1) One copy on the bulletin board at the Main Street entrance to Los Angeles City Hall; 2) one copy on the bulletin board at the ground level Los Angeles Street entrance to the Los Angeles Police Department; and 3) one copy on the bulletin board at the Temple Street entrance to the Hall of Records of the County of Los Angeles.

Copies of said ordinance were posted conspicuously beginning on Dec. 22, 2004 and will be continuously posted for ten or more days.

I declare under penalty of perjury that the foregoing is true and correct.

Signed this 22nd day of Dec. 2004 at Los Angeles, California.


Julia Amanti, Deputy City Clerk

Ordinance Effective Date: Jan. 31, 2005

Council File No. 04-1546



DIVISION OF LAND

City Hall • 200 N. Spring Street, Room 750 • Los Angeles, CA 90012



Date: January 10, 2006
To: Licensed Engineers, Surveyors and Subdivision Consultants
From: Emily Gabel Luddy 
Deputy Advisory Agency
Subject: ADVISORY AGENCY POLICY NO. 2006-1
SMALL LOT SUBDIVISION (TOWNHOME) ORDINANCE

Introduction

On January 31, 2005 Ordinance No. 176,354 became effective. It is also known as the "Small Lot Subdivision (Townhome) Ordinance". The new ordinance is posted on the web at <http://cityplanning.lacity.org>, under Housing Initiatives.

The ordinance permits the subdivision of multi-family and commercially zoned properties into small single family or townhome style lots by reducing the minimum lot size and side yard requirements, and eliminating requirements for conventional street frontage. The ordinance does NOT apply to single family zones.

The Small Lot Ordinance applies only to projects involving divisions of land applications for: Tracts (5 dwelling units or lots or more) or Parcel maps (4 or less dwelling units or lots). The dwelling units can be townhome, patio, bungalow courtyard style or other configurations, as long as each structure, from the foundation to the roof, is separate and independent on its own.

The Department of Building and Safety will only accept construction drawings for Plan Check, after the effective date of the Advisory Agency approval under the Small Lot Ordinance of a subdivision for the division of land (Tract or Parcel Map applications)

The purpose of the Small Lot ordinance is to enable ownership of fee simple single family homes. Because this new type of subdivision requires the analysis and recommendations of several City agencies, the following items must be addressed through the clear depiction of the proposed subdivision.

Filing Documents for Your Small Lot Subdivision

In addition to the routine documents filed with new subdivision/parcel applications, a Small Lot subdivision/parcel map filing must contain additional specific items:

1. A Tract Map is required to create 5 or more lots. The Tract must be filed as a "Vesting Tentative Tract Map for Small Lot Subdivision Purposes," and accompanied by illustrative site plan, buildings elevation(s) and other illustrative information.

A Site Plan Layout shall be superimposed over the proposed lot lines.

2. A Parcel Map is required to create 4 or less lots. The Parcel Map must be filed as a "Preliminary Parcel Map for Small Lot Subdivision Purposes," and accompanied by similar illustrative plans.

A Site Plan layout shall be superimposed over the proposed lot lines.

3. Each tentative or preliminary map shall include in the Notes Section of the map: "Note: Small Lot Single Family Subdivision in the ___ Zone, pursuant to Ordinance No. 176,354. "

4. A Site Plan superimposed on the proposed Small Lot tentative or preliminary map shall denote the following items:

- a. Any easement(s) outside of the building envelopes for vehicular and pedestrian ingress/egress; emergency access, utilities and infrastructure purposes. These easements must be identified as either public easements (for public utility purposes, for example); or private reciprocal easements (crossing lot lines for vehicular and pedestrian access and/or cross lot surface drainage, common landscape areas, for example).
- b. Building footprint(s).
- c. Identification of front, side and rear lot lines for each internal lot.
- d. Identification of setbacks – from adjoining properties; from front, rear and side yards within the proposed Small Lot subdivision. A matrix may also be used to identify setbacks, but should be placed on the Site Plan for ease of analysis (a sample matrix will be available online on the small lot website). A setback of 3 feet is allowed within the Venice Coastal Specific Plan Ord. No. 172,897 from adjoining properties on the side yard.
- e. Identification of Driveway Easement(s), location and width. Label "community driveway/fire lane" for clarity.
- f. Identification of vehicular back up space consistent with the requirements of the Zoning Code and the Department of Building and Safety.
- g. Identification of trash collection areas.

- h. All public and private easements will be shown on the Final Map.
- i. The Final Map must be labeled: “Final Vesting Tract Map for Small Lot Subdivision Purposes” OR “Final Parcel Map for Small Lot Subdivision Purposes”
- j. Accessory structures shall be shown on the tentative and Final Map and shall not be located in the required setback area.

Other Requirements for a Small Lot Subdivision

1. A Maintenance Association will be required, composed of all property owners, to maintain all common areas such as trees, landscaping, trash, parking, community driveway, walkways, monthly service for private fire hydrant (if required), etc. Each owner and future property owners shall automatically become members of the association and shall be subject to a proportionate share of the maintenance.
2. Recorded Covenant and Agreement(s) will be required for all reciprocal private easements.
3. The minimum driveway/fire lane width will be 20 feet; any back up space (vehicles leaving garages) must comply with the Zoning Code and the Department of Building and Safety requirements.
4. Light courts or wells shall be a minimum of 3 feet in width for up to two-story buildings and 4 feet in width for three-story buildings when it is next to exterior openings providing natural light and ventilation. LAMC 91.1203.4.1.
5. Emergency access and egress windows at bedrooms shall be so located that they are accessible by the Fire Department. LAMC 91-1203.

The following Departments have standard requirements. In the event, a subdivider has an alternative proposal to these, then s/he must meet and get approval from relevant department prior to the Advisory Agency hearing.

6. Los Angeles Fire Department Requirements:
 - a. The entrance or exit of all ground dwelling units shall not be more than 150 feet from the edge of a roadway of an improved street, access road, or designated fire lane. If it exceeds 150 feet, a turnaround is required.
 - b. The Fire Department will require additional vehicular access (community driveway/fire lane width of 28 feet) where buildings exceed 28 feet in height at the edge of the roof. If they exceed 28 feet, a minimum 5-foot stepback is required – or other alternative to the satisfaction of the Fire Department. The

subdivider must secure tentative approval from the Fire Department prior to the Advisory Agency hearing.

- c. No building or portion of a building shall be constructed more than 300 feet from an approved fire hydrant. Distance shall be computed along path of travel. Exception: Dwelling unit travel distance shall be computed to front door of unit.
 - d. That all Small Lot Subdivisions are required to be fully fire sprinklered.
7. Bureau of Sanitation (BOS) Solid Resource Collection Division - If the subdivider elects to utilize a City of LA waste collection service, the following are required:
- a. In order for BOS to provide "community driveway" collection, a LAFD turnaround area is required. Otherwise, the residents will be required to place their containers on the City street for collection.
 - b. BOS requires the driveway serving the small lot to be no less than 15 feet in width. If parking is allowed, the vehicle travel area, with cars parked cannot be less than 15 feet wide at any point.
 - c. If the property is gated, the gate opening must be a minimum of 20 feet wide and the gates must remain open on trash collection day from 6 am to 6 pm.
 - d. Prior to making collection on a "community driveway" the BOS must have a signed waiver releasing them from any damage to the road that may occur due to the weight or hydraulic system in their trucks.
 - e. There must be 20 feet of clearance directly above the curb. It must be clear of any trees or other obstacles.
 - f. All collection Rules and Regulations would apply.

A Word About Specific Plan Regulations and Small Lot Proposals

Adopted specific plans may contain detailed regulations for multi-family zones, including restrictions on parking, guest parking, building heights and open space. READ THE PLAN CAREFULLY. It is likely that a small lot subdivision will be evaluated against the multi-family regulations of any adopted specific plan. In the event a deviation is sought from a specific plan, the Advisory Agency recommends that any such deviation fall within the boundaries of a Project Permit Adjustment (PPA) described in Section 11.5.7-E,2 of the Municipal Code, as these are minor deviations; and a PPA will be processed concurrently with the subdivision. If a Specific Plan Exception is required, that application must be processed separately through a Commission Hearing Examiner.

Other Handy References: Small Lot Guidelines

The Planning Department website also posts Small Lot Subdivision Guidelines to provide visual examples and some of the “do’s and don’ts” of this innovative ordinance. Please consult the guide for good ideas.

Departments Participating in Preparation of the Policy

This policy has been issued with concurrence of the most affected departments: Building and Safety, Bureau of Engineering, Bureau of Sanitation, Transportation and Fire. Subdividers are always encouraged to discuss individual site circumstances with all departments prior to the Advisory Agency public hearing.

This Policy will be reviewed on July 1, 2006.

EGL:dl

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CITY OF LOS ANGELES
SMALL LOT DESIGN
GUIDELINES



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1 | INTRODUCTION

THE CITY OF LOS ANGELES has enacted the Small Lot Ordinance (No. 17354) to allow the construction of fee-simple, infill housing on small lots in multi-family zones. The housing can take the form of single-family homes, duplexes, or triplexes. Small lot developments can offer a space-efficient and economically attractive alternative to the traditional condominium development.

Additionally, the ordinance offers a welcomed smart-growth alternative to the suburban single-family home. However, it brings a new set of spatial complexities. Lots may be both small and awkwardly shaped. Driveways and parking can take up much of an already limited lot size. Adjacent structures and neighborhood context may effectively limit building heights above two stories. In short, these spatial constraints and complexities require innovative design solutions.

This handbook provides design guidelines and suggestions both for addressing these complexities, and for ensuring that each small lot development benefits both its residents and the neighborhood.

LOOKING AT SMALL LOT DESIGN FROM THREE LEVELS

Constructing infill housing offers a unique set of design challenges not simply on the parcel level, but also on the neighborhood level and within the public realm. Developers and architects must therefore consider both the design elements of each townhouse and how these designs will enhance the overall neighborhood character and vitality of the street and sidewalk.

PARCEL

Small lot design and layout is fundamentally a site planning challenge. It requires simultaneously addressing practical spatial requirements while creating high-quality living environments. Those practical requirements include: parking and automobile access; small lot sizes and awkward configurations; adequate access to air, light, and ventilation; outdoor space and privacy. Developers must address these issues in ways that ultimately enhance the living environment of each dwelling unit. Additionally, each home must exhibit a high level of design quality: well-articulated entries and facades, proportionate windows, quality building materials, contextual landscaping.



NEIGHBORHOOD

By its very nature, infill development occurs in neighborhoods with preexisting development and preexisting characteristics. In some cases, the neighborhood will be predominantly residential; in others, the neighborhood might be predominantly commercial. Whatever the case, the design should enhance the overall quality of the neighborhood. At this scale, developers and architects must consider not simply the aesthetic nature of each townhouse, but the three-dimensional nature of the entire development: height, massing, siting and orientation. These characteristics must relate to the surrounding built form, respecting the overall neighborhood character and existing topography.

**PUBLIC REALM**

Each infill project, however small, must add to a vital and coherent public realm—streets and sidewalks that are pleasant, interesting, and comfortable to walk down. To do so, one must consider the three-dimensional relationship between the infill project and the street and sidewalk. Key variables to consider are: building siting and orientation, height and massing; articulation of facades and entryways; placement and type of street trees; landscaping and transitional spaces; and location of driveways and garages.

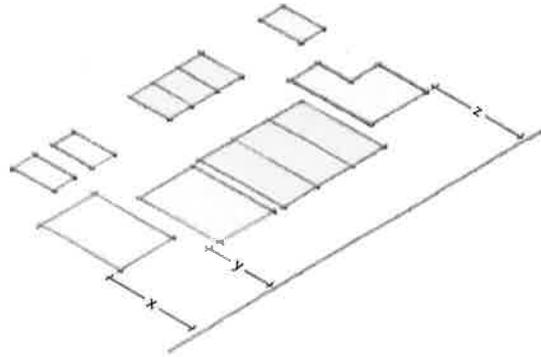
COMPREHENSIVE GOALS:

- Create high-quality indoor and outdoor living environments for all residents
- Design and configure housing to mesh well within the existing neighborhood context
- Enhance the public realm
- Provide fee-simple home ownership opportunities for greater numbers of people, of a range of income levels
- Consolidate service and access areas (parking, driveways, garbage) to minimize their adverse effects on both the public and private realms
- Create high-quality public spaces or common areas (i.e. shared driveways, landscaped areas)

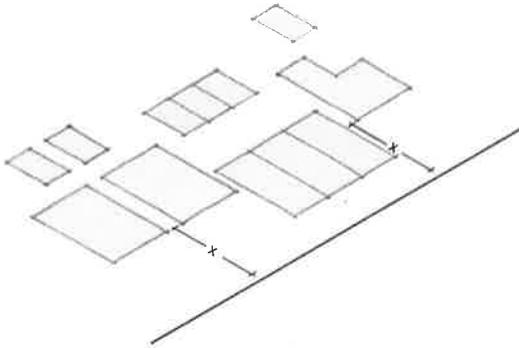
2 | SITE ORGANIZATION AND URBAN FORM

2.1 SETBACKS AND SIDEYARDS

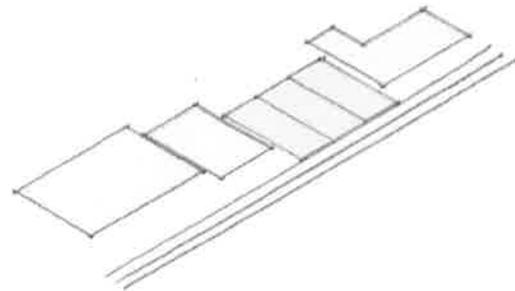
No setbacks are required; however, neighborhood context should provide direction for setting buildings further back from the street. On commercial streets, which have a more urban character, minimal setbacks are appropriate - simply enough room for a small front stoop, and some landscaping to delineate the public and private realms (however, dwellings with ground-floor retail require no setbacks). On residential streets, preexisting setbacks will guide how far a small lot development is set back.



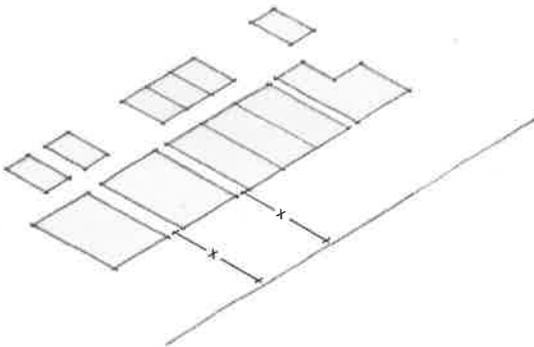
On residential streets with a range of setbacks, align small lot dwellings with the furthest protruding building.



In residential neighborhoods, AVOID configurations that ignore existing setbacks.



On commercial streets with a range of setbacks, small lot developments should nearly abut the sidewalk, allowing some room for an entry, front stoop, and some transitional landscaping. However, dwellings with ground-floor retail do not require such elements.



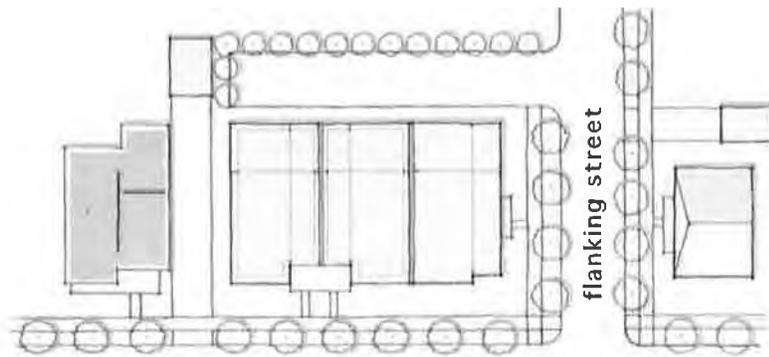
Where a uniform neighborhood setback exists, align the small lot development with this setback. Slight deviations from the setback are acceptable.

SETBACK GUIDELINES

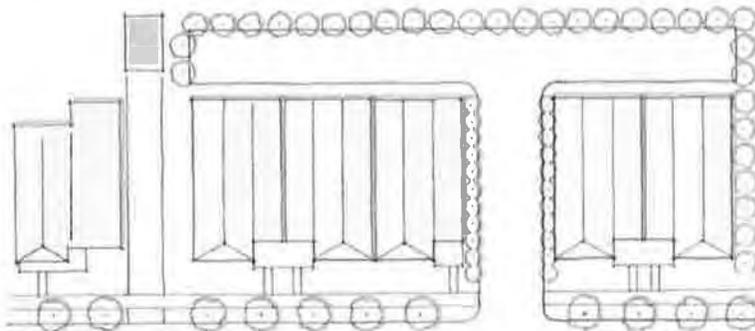
- For both commercial and residential streets, provide space for an entry, front landing, and transitional landscaping between the public sidewalk and the private entryway.
- Match existing setbacks to the extent possible.
- On streets with varying setbacks, align small lot dwellings with the furthest protruding dwelling.

2.2 SITE LAYOUT AND DESIGN

Numerous spatial constraints – parking and driveways, adequate indoor and outdoor living space, and small lot size – require spatially innovative solutions. Builders and designers should ask such questions as: Can I provide outdoor space not only at ground level, but also on balconies and rooftops? Is there an alternate configuration that might take advantage of existing topography to provide more open space? How might adjacent structures and street characteristics affect the development's overall form and orientation? Builders and designers should explore as many spatial avenues as possible, ultimately striking a balance between practical spatial requirements (i.e. parking, adequate interior space) and the provision of amenities (i.e. private outdoor space).

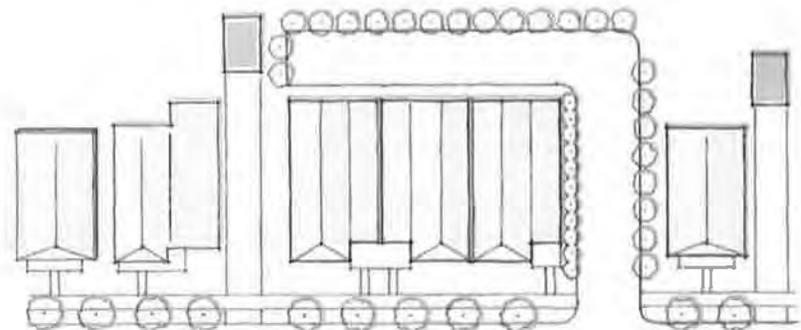


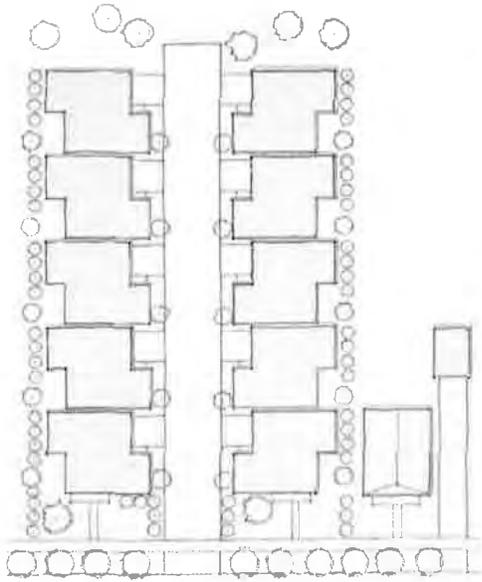
Rear driveway off flanking street



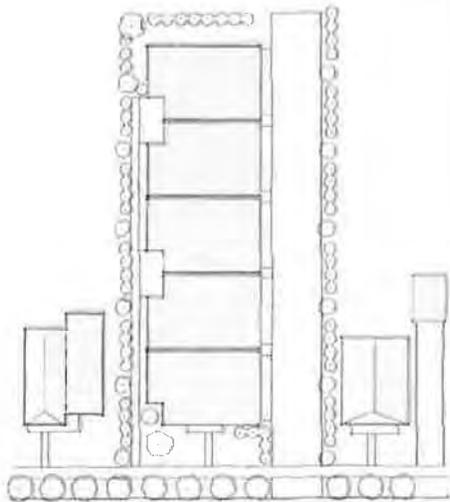
T-driveway off front street

L-driveway off front street



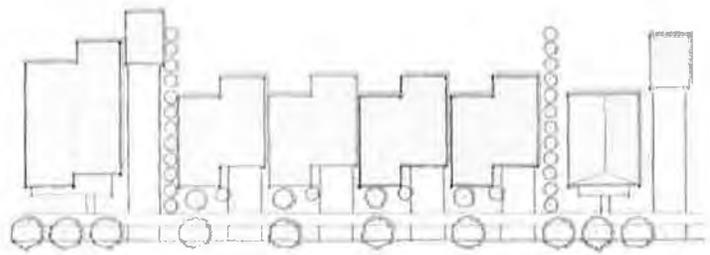


Townhouses with a center access driveway can enhance the public realm when front townhouses are accessible from the sidewalk.

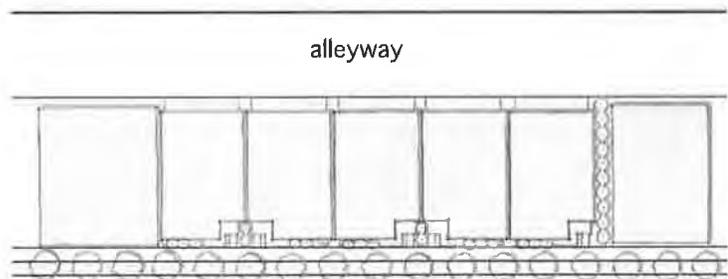


Small lot developments with a side access driveway should configure front townhouses to be accessible from the sidewalk. Interior townhouses should be accessed from both the driveway and a private walkway at the front of the homes.

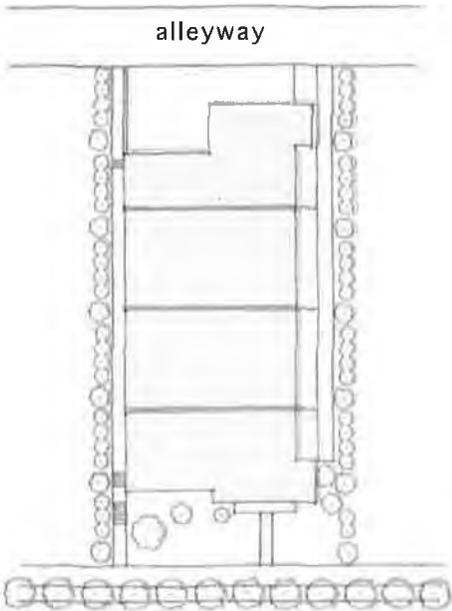
Configurations should also engage the street, sidewalk and public realm. Streets serve not only as space for vehicular movement, but also as public space for pedestrian activity and casual social interaction. When designed well, small lot developments can enhance the pre-existing character of a good street, or improve a fragmented one. To do so, infill housing should embrace rather than ignore the street.



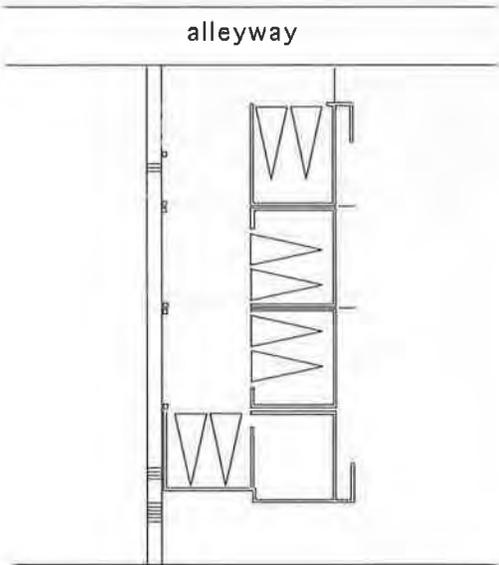
Rowhouses with integral front garages can adequately engage the street if garages are not allowed to dominate the facade. Tandem parking can minimize how much facade space is allocated to parking. One might also consider stacked parking with the aid of lifts.



Rowhouses on commercial streets with rear alleyway access can eliminate integral front driveways and minimize setbacks to enhance the urban nature of the street.

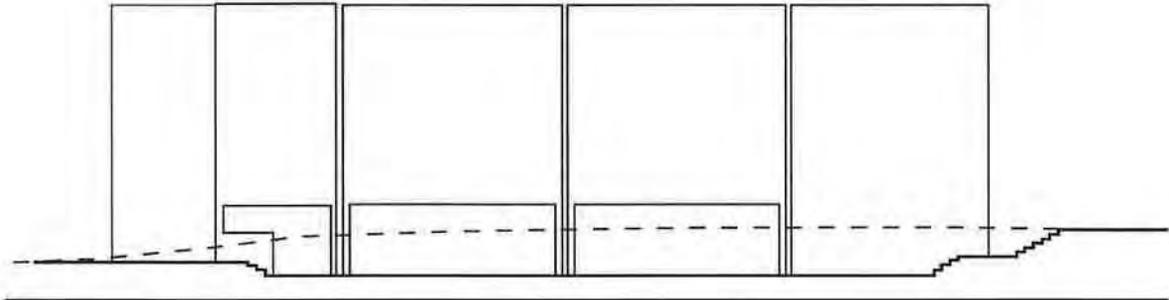


Plan view



Parking-level floor plan

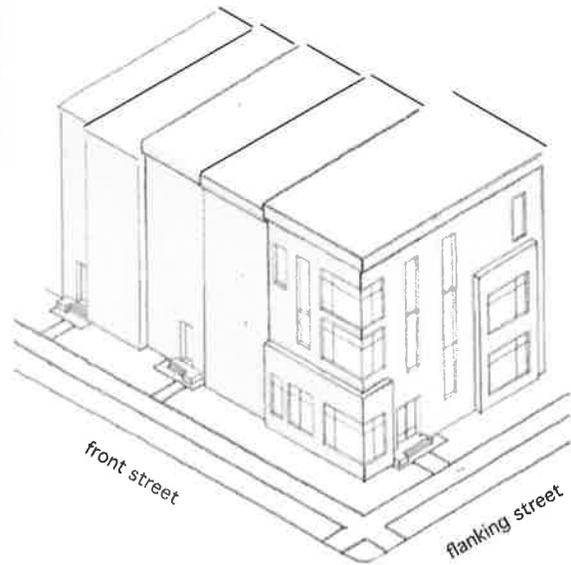
It is possible to locate parking beneath dwellings. In this particular layout, residents access parking from the alleyway and use a community driveway to reach their own parking stall. Notice in the above righthand illustration how the dwellings are still structurally independent.



As shown in this side elevation, the parking is not technically subterranean. The site is excavated so that the buildings sit below the average natural grade (indicated with a dashed line) and can be accessed from the side staircase and walkway as well as from the community driveway.

SITE LAYOUT GUIDELINES:

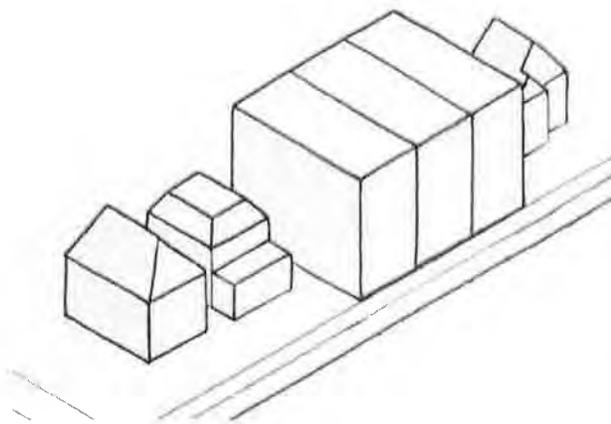
- To the extent possible, configure townhouses to front streets and open spaces, not driveways.
- For townhouses not immediately adjacent to the street, provide a private walkway from the sidewalk to them.
- Minimize the total amount of driveway space and maximize green space.
- Where possible, utilize alleyways for access.
- Take advantage of existing topography and natural features (i.e. existing trees).
- Small lot developments that occupy a corner lot must have the corner townhouse entrance front the flanking street.



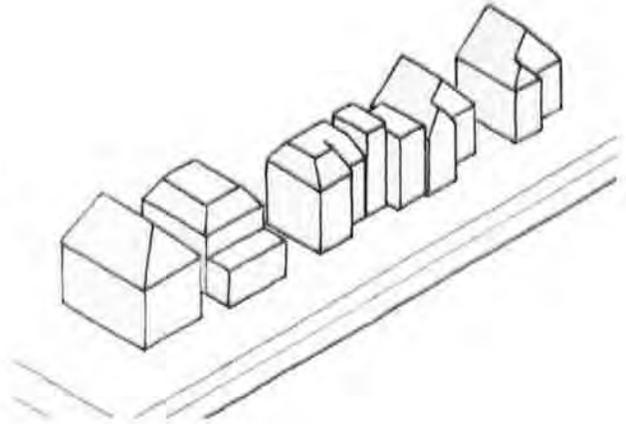
Small lot developments that occupy a corner must have the corner townhouse entrance and main facade front the flanking street.

2.3 HEIGHT AND MASSING

Massing refers to how a building's volume is broken up and articulated. A building envelope is the maximum built volume allowed under the code. Well-designed buildings tend not to max out the building envelope but rather employ volumetric variations (i.e. height, massing, rhythm, texture) to create visual interest. These variations serve dual functions: they help small lot developments mesh with their surroundings, and they enhance the overall quality of the street and public realm by providing visual interest for pedestrians.



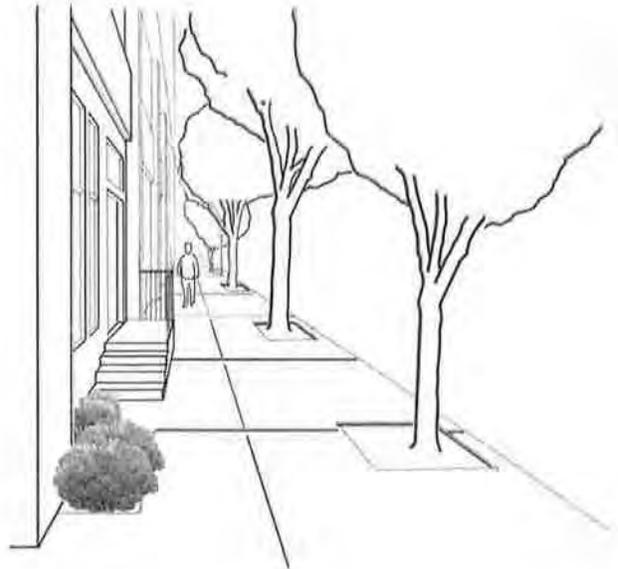
Small-lot developments that max out the building envelope rarely blend well into existing single-family neighborhoods.



Variations in height and massing, borrowing various forms from adjacent structures, can help small-lot developments blend better into the neighborhood.

HEIGHT AND MASSING GUIDELINES

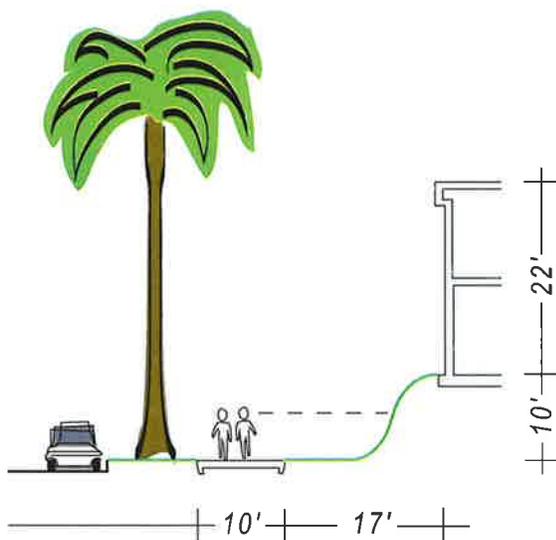
- Use surrounding built context to inform variations in height and massing.
- Avoid excessive differences in height between the new development and adjacent buildings.
- On streets with a more urban character, ensure adequate massing and facade variation at street level.



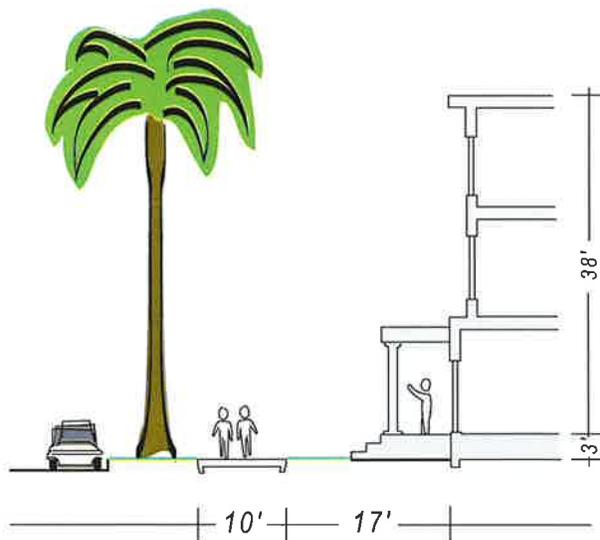
On streets with a more urban character, small-lot developments should still employ variations in massing (particularly at street level) to enhance the pedestrian realm.

2.4 GRADE LEVEL

A common concern of infill townhouses is their excessive height in relation to surrounding structures. Appropriate grade levels consistent with those of surrounding structures can help to offset the potentially negative effects of increased building height. Designers and builders should avoid designs with excessive artificial grading. Resulting buildings ultimately appear taller than what they may be, and their facades tend to tower above the sidewalk, creating an unsightly and inhospitable environment for pedestrians and neighbors. On the other hand, subtle changes in grade can create a key transitional zone between the public and private realms, as well as additional privacy for townhouse inhabitants.



Small lot developments with excessive grading tend to tower above the neighborhood as well as the sidewalk. The healthy interaction between the public and private realms is compromised.



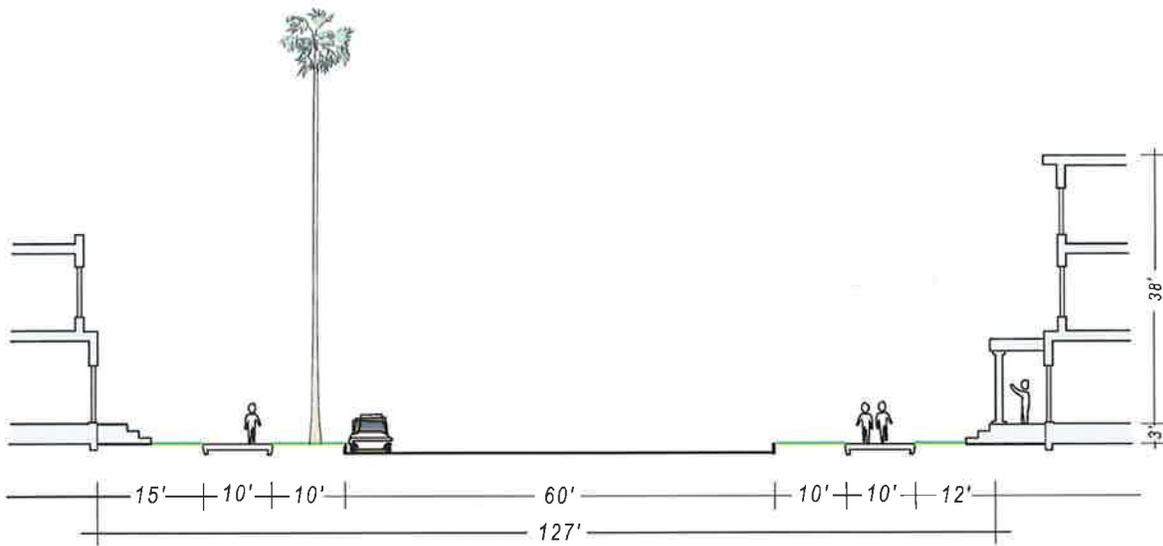
Subtle grade changes (here, three feet) clearly delineate the public and private realms while still maintaining a comfortable relationship between these realms and their users.

GRADE LEVEL GUIDELINES

- Entrances should be three to five steps above grade or consistent with the average grade of existing structures.
- Use “theoretical grade” as opposed to “average natural grade” when siting the development. “Theoretical grade” is defined by “an imaginary line from the midpoint of the parcel on the front property line to the midpoint of the parcel on the rear property line.”
- Townhouses whose entrances front commercial boulevards should sit three to five steps above sidewalk level to allow room for a stoop and entryway and ideally some landscaped area. However, live-work or ground-floor commercial arrangements whose work spaces front the boulevard do not require a grade separation.

2.5 BUILDING-TO-STREET PROPORTION

Building-to-street proportion refers to the relationship between the height of buildings on each side of the street, to the width between those buildings. Ideal proportions create a public realm that is pleasant for both the street's residents and passers-by. In essence, this means thinking of the street and sidewalk as a potential "outdoor room." These are the kinds of outdoor spaces humans tend to most enjoy being in and walking through. Through setbacks, appropriate heights, and landscaping, small lot developments can help contribute to the creation of these outdoor rooms.



With a height of 41 feet, the small lot development creates a height-width ratio of approximately 1:3. While this ratio is sufficient for creating the semblance of an outdoor room, the street could benefit from landscape interventions within the public and private realms adjacent to the small lot development.



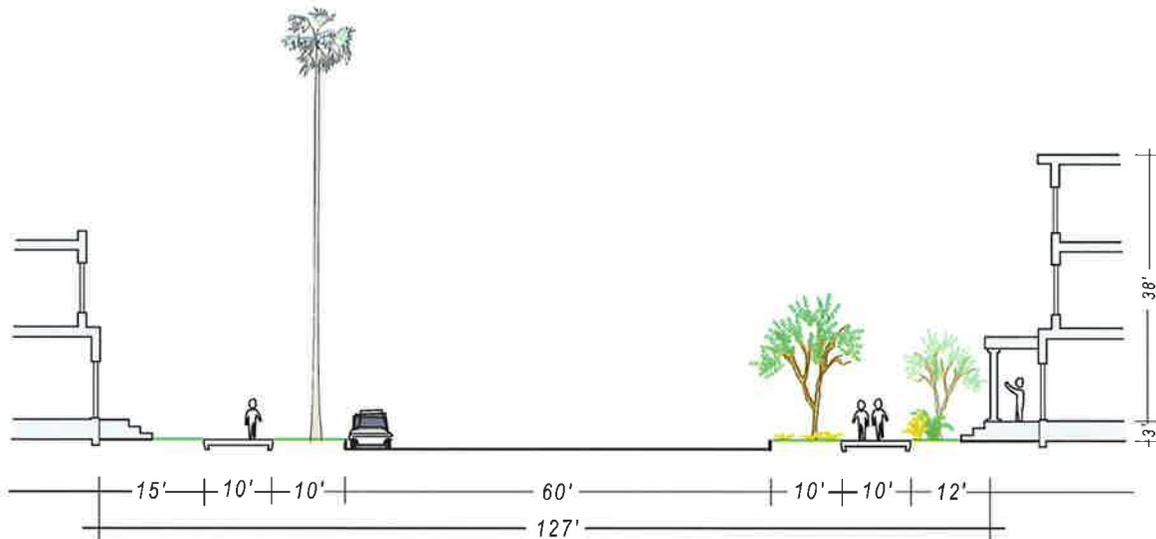
Many Los Angeles streets have skewed height-width ratios: low-rise buildings but narrow sidewalks and extremely wide streets. Shown at left: Hollywood Boulevard near the 101 Freeway, looking west.

While there is no magic number, the “walls,” or building heights, should extend upwards at least one-quarter the width of the “floor,” or the width between buildings on opposite sides of the street. Widths exceeding four times the height of buildings tend to eliminate any sense of enclosure for the pedestrian.

In some cases, neighborhood context may preclude increased building heights. In this case, one can add street trees within the public right-of-way, and trees and landscaping within the front yard area, to add further definition to the public realm. The effect is to create clearly defined, shady spaces



The simple addition of shade trees along the parkway (here, above right, Sycamores) can greatly enhance the sense of enclosure and comfort for pedestrians and residents.



Landscaping within the public, transitional, and private realms heightens the semblance of an outdoor room. Use canopy-creating shade trees in the public and private realms. Groundcovers and low-growing plants (not higher than 4') can further enhance the understory of the public and transitional realms without creating wall-like barriers.

BUILDING-TO-STREET PROPORTION GUIDELINES

- Attempt to achieve a building + grade height of at least 1/4 the width of the space between buildings on opposite sides of the street.
- Define the public right of way through the planting of shade trees (see landscaping section for suggested species) and low-growing vegetation.
- Plant shade trees and ornamental plants within the private realm, to add increased definition and visual interest to both the public and private realms. However, avoid landscape schemes that call for 4'+ shrubs or other plants immediately adjacent to the sidewalk.



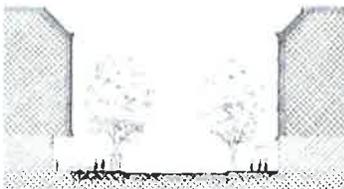
Normandie Boulevard, Koreatown
 Street width: 50'
 Width, building face to building face: 78'
 Building heights: 65-80'
 Height-width ratio: 1:1



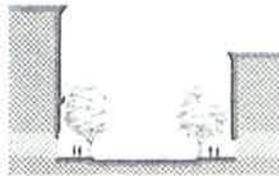
Dunsmuir Avenue, Miracle Mile
 Street width: 40'
 Width, building face to building face: 86'
 Building heights: 24'
 Ratio: 1:3



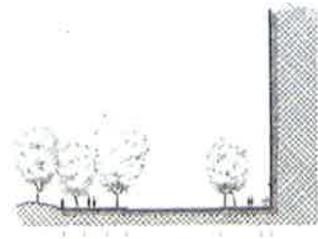
Larchmont Boulevard, Larchmont Village
 Street width: 70'
 Width, building face to building face: 101'
 Building heights: 13-26'
 Ratio: 1:4



Boulevard Saint-Michel, Paris
 Street width: 50'
 Width, building face to building face: 98'
 Building heights: 80'
 Height-width ratio: 1:1.2



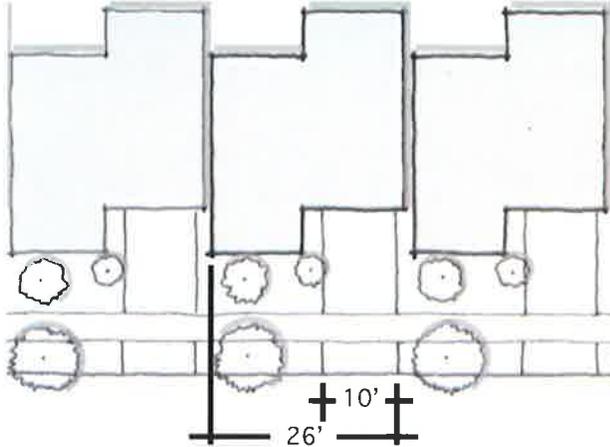
Via Cola di Rienzo, Rome
 Street width: 50'
 Width, building face to building face: 82'
 Building heights: 50-70'
 Ratio: 1:1.4



Fifth Avenue, New York
 Street width: 45'
 Width, building face to park edge: 100'
 Building heights: 60-300+
 Ratio: 1:2 to 3:1+

Street drawings and dimensions taken from Jacobs, Allan B. *Great Streets*. Cambridge: MIT Press, 1993.

3 | PARKING AND DRIVEWAYS



If an integral front driveway configuration is the only option for a small lot development, ensure that the building width allows for landscaping and a front entryway.



Avoid designs in which the garage dominates the dwelling's facade.

PARKING AND DRIVEWAYS

The design of small-lot developments must strike a particular spatial balance: simultaneously accommodate for the automobile but maintain high-quality public and private living environments. Often, small-lot configurations allow parking, driveways, and garages to dominate the landscape. These kinds of configurations both create conflicts for pedestrians and decrease the overall aesthetic quality of the development. Frequent curb cuts and driveways jeopardize pedestrian safety and eliminate space for street trees and on-street parking. Parking improperly placed at the front of townhouses can transform their facades into large, unsightly garages. Ideally, designs should locate parking behind dwellings, accessed from alleys where present. If driveways are necessary, designs should minimize their number.

3.1 NUMBER OF SPACES

The small lot ordinance requires the provision of two parking spaces per unit. Tandem parking is perfectly acceptable, space permitting. One space can be for a compact car.

For small lot developments under 10 units, guest parking is not required. For developments between 10 and 100 units, .25 spaces should be provided per unit. For developments larger than this, .5 spaces should be provided per unit.

3.2 DIMENSIONS

The small lot ordinance stipulates the following dimensions for parking spaces:
8'8" x 18' for standard-size cars;
7'6" x 15' for compact cars.

Driveway width depends on lot depth and building configuration. Integral front driveways should be 10'. In these configurations, the building width should adequately allow for integral front parking plus some yard and porch or landing space. Access driveways will vary in width depending on lot size, depth, and building height. Please consult the Fire Department.

3.3 DESIRABLE CONFIGURATIONS

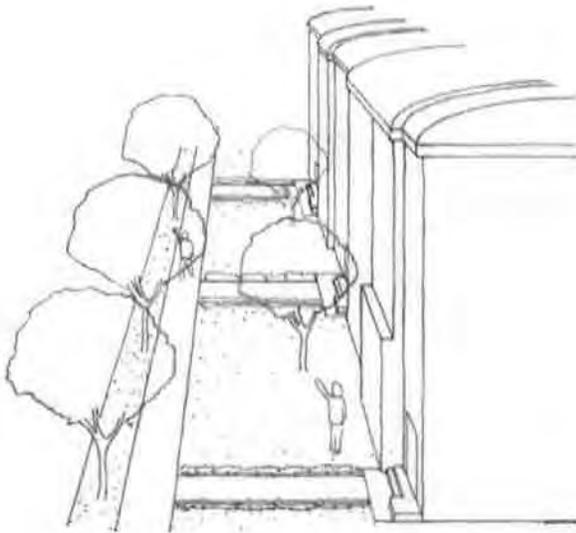
See section 2.2 for configurations.

3.4 DRIVEWAY MATERIALS

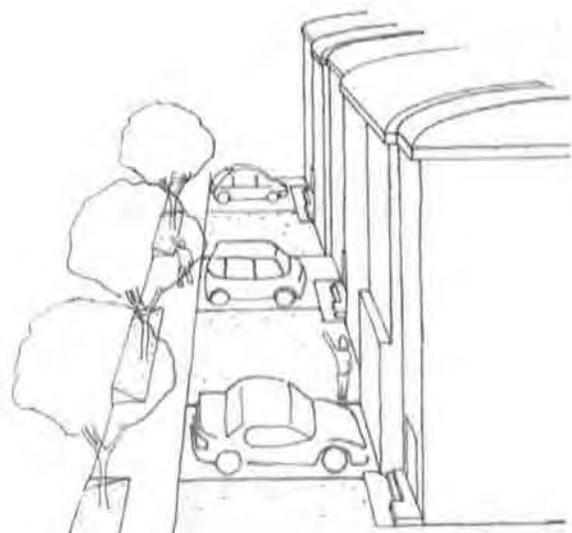
Currently semi-pervious driveway materials are not allowed under the code. However, one can use stamped concrete to create a more aesthetically pleasing alternative to the black asphalt driveway.

PARKING GUIDELINES

- Favor townhouse configurations that locate parking to the rear of dwellings
- Where available, use alleyways as access to off-street parking
- If integral front driveways must be used, the building width should allow for the driveway plus an ample amount of landscaping space and a front entryway, porch, or landing.



When driveways are located to the rear of dwellings, the streetscape can become a comfortable outdoor space for residents and passers-by.



Integral front driveway configurations tend to disrupt the continuity of the sidewalk and public realm, and eliminate space for street trees and on-street parking.

4.1 FENESTRATION

Effectively placed and articulated windows serve several practical and aesthetic functions: access to light and air; a transparent bridge between the public and private realms; rhythm and visual interest. Because Los Angeles architecture runs the gamut of styles, it is difficult to suggest one particular window style for townhouse developments. However, some general rules of thumb exist for ensuring that window placement and design enhance the overall quality of the project.

FENESTRATION GUIDELINES

- Placement should follow some consistent rhythm, to create visual clarity as well as to help avoid the creation of blank walls.
- Windows need not all be horizontally or vertically proportioned but rather their placement and orientation should take cues from the building's overall style and configuration.



Regardless of architectural style, window placement should follow some consistent rhythm. Note that rhythm is not necessarily synonymous with symmetry.



4.2 ARTICULATION OF ENTRYWAYS

Entryways serve as the gateway between the public and private realms. When designed well, and clearly defined, they simultaneously welcome visitors and clearly delineate the boundaries of the private realm. They may also offer habitable outdoor space in the form of a small front porch or patio.

ENTRYWAY GUIDELINES

- Entryways should be clearly identifiable. This can be achieved through stepping up the entryway, adding awnings, creating a landing area or front porch, and the addition of design details.
- Those townhouses fronting a street should always have their primary entryway accessible from the street.
- In the case of corner townhouses, the entryway should open onto the flanking street.
- Entryways should sit at a grade comparable to those of the surrounding structures but should never tower above the street.
- Garages should not take the place of the main entryway.



4.3 BUILDING MATERIALS

Because Los Angeles architecture varies in style – oftentimes within neighborhoods – these guidelines do not prescribe particular building materials. However, neighborhood context and the surrounding structures should inform one’s choice of materials. Generally, one should choose durable, high-quality materials, considering how the materials will effect the overall look and feel of the small lot development

4.4 ROOF LINES

Roof lines should offer some variation in form, both vertically and horizontally. However, less is often more. While townhouses should exhibit some individuality, excessively varied and multi-pitched and gabled roofs tend to create a visual chaos that is undesirable and unnecessary. The key is to consider the effect the building’s design elements (i.e. height and massing, entryways, balconies, roof lines) will have on the overall look and form of the dwelling.



Excessively varied and multi-pitched and gabled roofs risk creating a visual chaos.



Roof lines can create subtle variations in form while still allowing room for individuality.

LANDSCAPING AND SMALL LOTS

Two types of landscape areas exist when designing small lots: those adjacent to the public right of way, and those located within the site. Each fulfills a dual but somewhat separate role. Those adjacent to the public right of way are not simply assets to their owners, but also to the neighborhood, the public realm, and to passers-by. These landscapes help to create a sort of outdoor living room. Those landscapes located within the site are assets not simply to the residents of the small-lot development, but also to the individual owners of that landscape. They provide much-needed private outdoor space and some territory to treat as their own.

5.1 LANDSCAPING ADJACENT TO THE PUBLIC RIGHT OF WAY

Front yard space serves a dual function, and thus deserves particular attention. It acts as both habitable outdoor space for its owners, and as a proverbial shared living room of the neighborhood. That is, while strangers may not walk into the space, the yard is still a visual amenity to the neighborhood and passers-by. Additionally, it serves as a semi-transparent bridge between the private interior of the townhouse, and the public realm of the sidewalk and street.

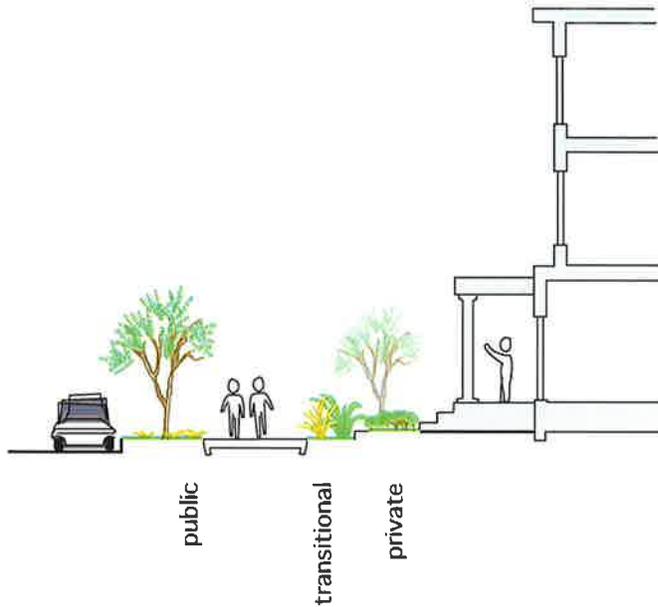
Typical but inappropriate landscaping comes in the form of turf grass along the parkway and no street trees; 7'-tall shrubs or fencing in the transitional zone, or just turf grass; and turf grass in the private realm, with a few shrubs abutting the building. The effect is a bland environment that offers little visual interest, but that requires much water to maintain. This kind of landscaping views the space as an afterthought.



Transitional planting of Senecio (ground cover), Silver Jade (foreground), Fox Tail Agave (center), Toothless Sotol (upper), and olive trees.



This landscape of turf grass and few trees is visually bland, requires extensive irrigation, and fails to enhance or define both the public and private outdoor realms.



Subtle variations in grade and drought-tolerant plant materials gracefully define transitions between the public and private realms.

A better approach is to view the landscape as three interlocking but separate zones: the public realm (the street, parkway, and sidewalk); the transitional zone near the lot line; and the private realm beyond the lot line. When landscaping for these zones, a general rule of thumb is to strike a balance between privacy and transparency, visual interest and order. One can delineate the three zones through subtle but defined grade separations, which step up to the private realm of the home. Within each zone one can plant a different set of plant materials, to add further definition. The addition of shade trees, both within the public and private realms, can complete the outdoor room.

This approach accomplishes several goals:

- Clearly delineates zones without creating walls
- Maintains visual interest through variations in plant materials, grades, and limited hardscape
- Minimizes water consumption and maximizes contributions to local flora and fauna
- Enhances the living environment of both the public and private realms

LANDSCAPING AND PUBLIC RIGHT-OF-WAY GUIDELINES

- Use a range of low-water and drought-tolerant plant materials to provide visual interest.
- Employ subtle variations in grade to delineate transitions. Avoid the use of tall fencing (over 4') and shrubbery immediately adjacent to the sidewalk.
- Avoid water-thirsty turf grass. Use low-water and drought-tolerant ground covers instead (see suggested species list).
- Plant shade trees within the public realm, ideally spaced between 15' and 20' apart.

5.2 LANDSCAPING WITHIN THE SITE

Whenever possible, small lot designs should designate some fully private outdoor space for each dwelling. This can take the form of small interior yards, balconies, and roof decks. For these spaces, the emphasis should be placed on flexibility, rather than a sense of completion. For yard space, plant materials need not be too varied, so that residents may easily modify them to make them their own. For balconies and roof decks, size should be generous enough to create usable spaces.

5.3 PLANT MATERIALS

Ultimately the landscape should in some way enhance the natural environment of the neighborhood. Additionally it should be relatively low-maintenance. Drought-tolerant and native species satisfy both of these criteria. Requiring little maintenance once established, these kinds of plants can create visually appealing and ecologically sound landscapes. The following website offers suggested species, as well as sample landscapes to show possible groupings of plants: www.bewaterwise.com/Gardensoft/garden_gallery.aspx.

PLANTING GUIDELINES

- Apply mulch in between and around plants, both to conserve moisture and to eliminate bare earth, which can look unsightly and give the landscape a barren feel.
- Use low-water ground covers instead of high-water turf grass. However, avoid invasive ground covers such as English Ivy and Ice Plant. See above website for suggested species.
- Plant in groupings according to water needs.
- Maximize soft landscaping
- Incorporate existing natural features and topography



Groundcovers of Shrimp Pink Aloe and Senecio enhance and define the public realm without creating walls or barriers.



A boulevard planting of Deer Grass, Fescue, and low-water shade trees.



Narrow sideyards can pose problems of privacy and often fail to provide adequate access to air, light, and ventilation.

6.1 PRIVACY

With small lot developments come issues of privacy – not only for residents of the new townhouses, but also for those of neighboring properties. Improperly designed developments create situations in which balconies overlook neighboring yards or face other balconies, and windows face directly onto neighboring windows. Small lot designs should maximize access to private outdoor space, light, and views, while ensuring an adequate level of privacy of all residents. This will require particular attention to the orientation and spatial form of the development, distances between walls, and the location of windows and balconies.

PRIVACY GUIDELINES

- Windows and balconies should not face or overlook each other.
- When possible, minimize the number of windows overlooking into neighboring interior private yards. Otherwise use translucent glass and/or screen the windows with landscaping.

6.2 AIR, LIGHT, AND VENTILATION

The small lot ordinance minimizes the size of side, rear, and front yards in order to make townhouse construction feasible. While allowing for increased density, the reductions make providing access to air, light, and ventilation more complicated. Thus, architects and builders must take full advantage of three-dimensional space to create environments that are livable. Key criteria for natural light and ventilation are that the building’s orientation and configuration, and the placement of windows allow for:

- daylight to reach all living space for part of the day, to the extent possible;
- adequate cross ventilation from cross breezes when windows are open.

Certain configurations lend themselves better than others to meeting these criteria. In general, one should avoid configurations that rely on narrow sideyards (less than 6 feet from building

face to building face) for access to air and light. Look to provide courts, niches, alcoves and other spaces to allow for access to air, light, and ventilation.

6.3 SERVICES

With small lot developments come a concentration of service and utility facilities – garbage storage, vents, meters and transformers. To minimize impact on adjacent dwellings and the surrounding neighborhood, small lot designs should attempt to locate these facilities in areas that are unobtrusive, and in ways that integrate them into the surroundings. Ideally, locations for service should be consolidated.

SERVICE GUIDELINES

- Whenever possible, consolidate servicing areas (i.e. trash) where they are easily accessible but do not adversely impact adjacent residences
- Screen trash pickup areas with landscaping so that they blend into the surroundings as much as possible
- Locate transformers, utility meters and HVAC equipment to the rear of dwellings whenever possible. If this is not possible, ensure that they are not visible from the public right of way.

MONTE VISTA AVENUE

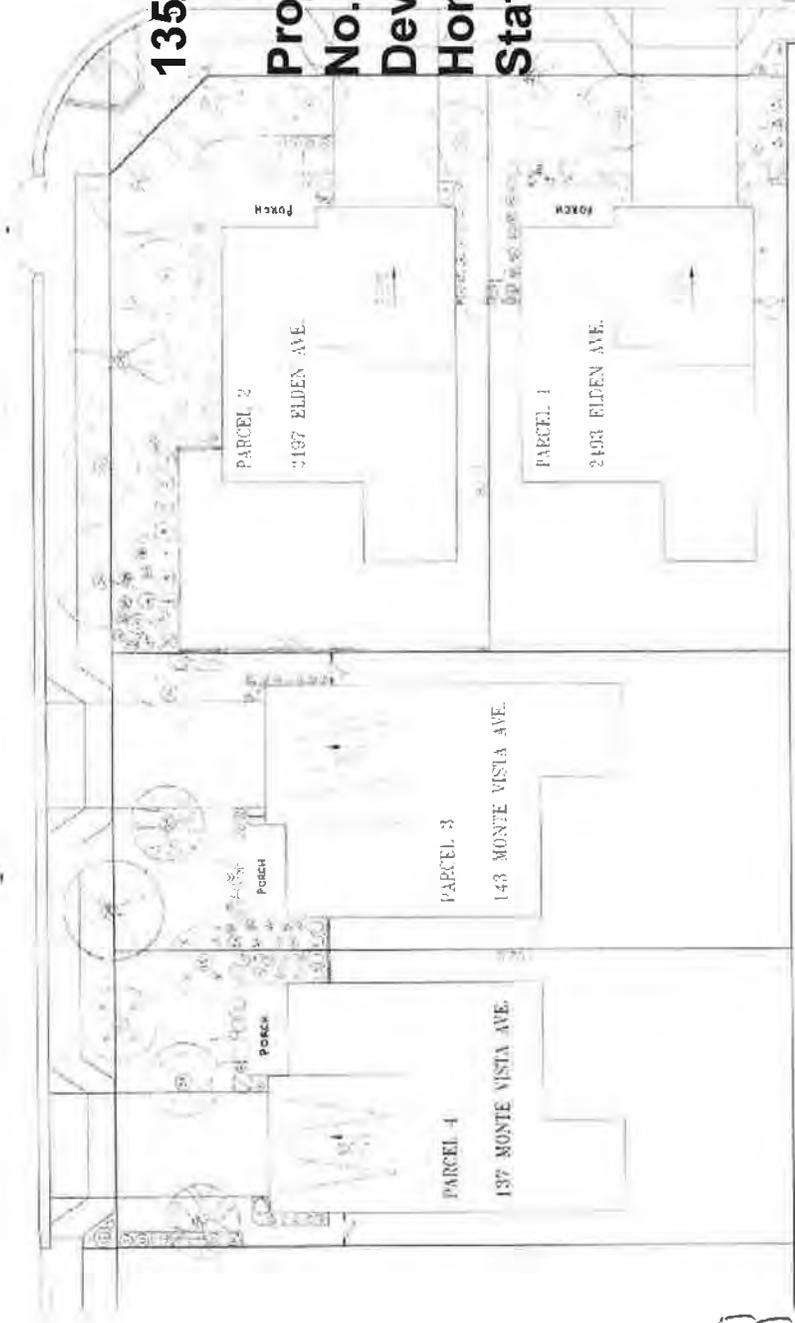
135 Monte Vista Ave.

Project Site Area: 0.21 Acre

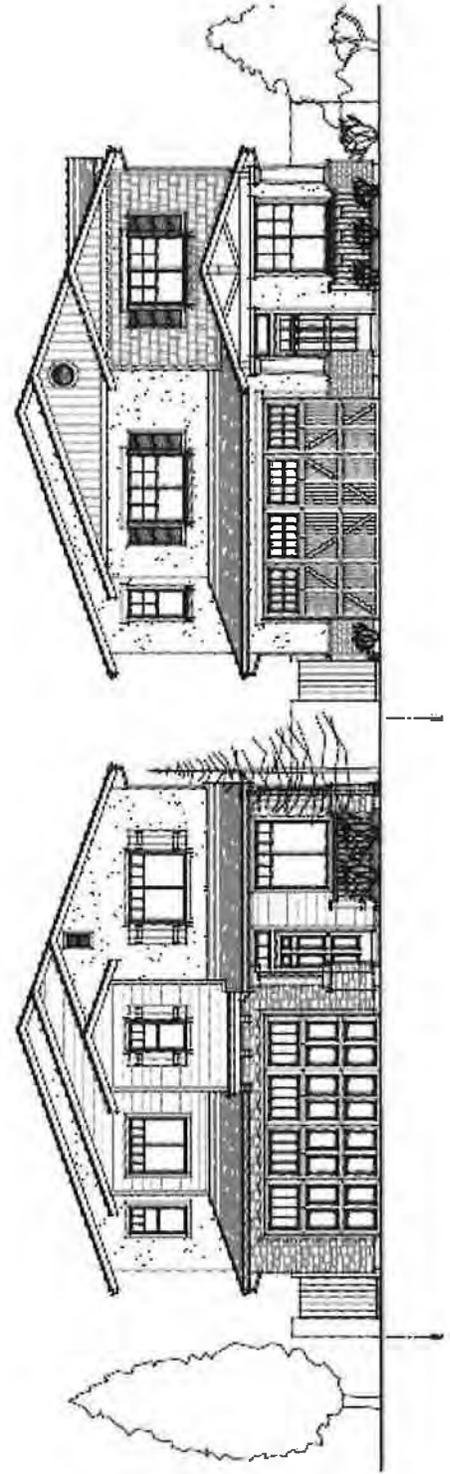
No. of Units: 4

Developer: Harbinger Homes, Inc.

Status: Under Construction



MINOR

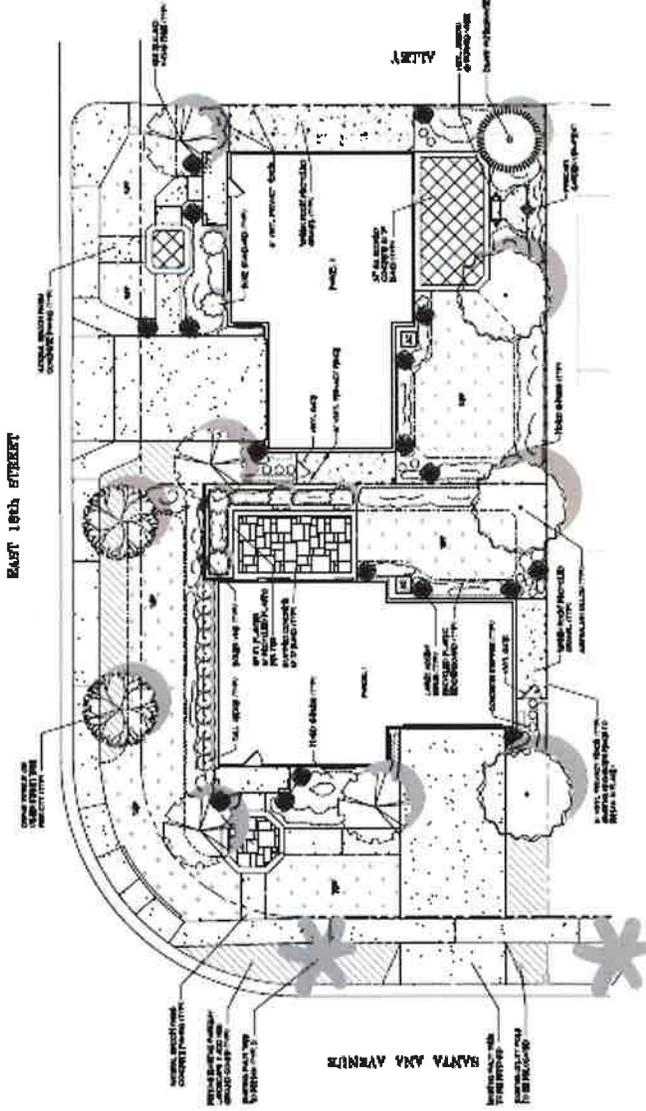


1596 Santa Ana Ave.

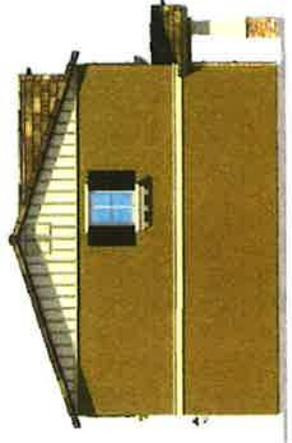
Project Site Area: 0.194 Acre

No. of Units: 2

Developer: RSI
Status: Construction
Completed



Right Elevation



Left Elevation



Front Elevation



Rear Elevation

- Conc. Flat Tile Typical
- Wood Trim Typical
- Stucco Typical
- Wood Trim Typical
- Stacked Stone Typical

2157 Tustin Ave.

Project Site Area: 1.2 Acres

No. of Units: 14

Developer: Matt White

Status: Approved



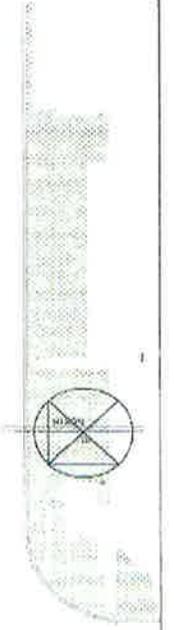
2590 Orange Ave.

Project Site Area: 0.20 Acre

No. of Units: 2

**Developer: Jim Marino,
Marino Investments**

Status:



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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
GATSBY HOLLYWOOD**

26

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DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
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FOR
GATSBY HOLLYWOOD

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SUBORDINATION

EXHIBIT A - APPROXIMATE LOCATIONS OF EXCLUSIVE USE AREA
UTILITY VAULTS

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS**

FOR

GATSBY HOLLYWOOD

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS is made by MH WILCOX, LLC, a Delaware limited liability company, hereinafter referred to as "Declarant"

P R E A M B L E:

A. Declarant owns certain real property located in the City of Los Angeles, County of Los Angeles, State of California, more particularly described as follows:

Lots 1 to 34, inclusive, of Tract No. 66782, as shown on a Subdivision Map, recorded in Book 1354, at Pages 42 to 46, inclusive, of Maps, in the Office of the Los Angeles County Recorder.

B. Declarant has deemed it desirable to impose a general plan for the improvement and development of all of the Lots (as hereinafter defined) located within the Properties (as hereinafter defined), through the creation of certain protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens, and charges all running with the Properties as hereinafter set forth.

C. Declarant hereby declares that all of the Properties shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied, and improved subject to the following easements, restrictions, covenants, conditions, and equitable servitudes, all of which are imposed for the purpose of uniformly enhancing and protecting the value, attractiveness, and desirability of the Properties in furtherance of a general plan for the protection, maintenance, subdivision, improvement, and sale of the Properties, or any portion thereof. The covenants, conditions, restrictions, reservations, easements, and equitable servitudes set forth herein shall run with the Properties and shall be binding upon all Persons having any right, title, or interest in the Properties, or any portion thereof, their heirs, successors, and assigns, and shall inure to the benefit of every portion of the Properties and any interest therein, and shall inure to the benefit of and be binding upon Declarant and its successors in interest, and each Owner (as defined herein) and his or her respective successive Owners, and may be enforced by Declarant or by any Owner.

**ARTICLE I
DEFINITIONS**

1.1 **ARCHITECTURAL RULES.** Architectural Rules means the rules or guidelines setting design standards and procedures for submission of Improvement plans for Committee approval.

1.2 **CITY.** City means the City of Los Angeles, California, its various departments, divisions, employees and representatives.

1.3 **CLOSE OF ESCROW.** Close of Escrow means the date on which a deed conveying any Lot in the Properties from Declarant to an Owner is Recorded in the Office of the Los Angeles County Recorder.

1.4 **COUNTY.** County means the County of Los Angeles, California, its various departments, divisions, employees and representatives.

1.5 **COMMITTEE.** Committee means the Architectural and Landscape Committee formed pursuant to Article V hereof.

1.6 **DECLARANT.** Declarant means MH WILCOX, LLC, a Delaware limited liability company, its successors, and any Person to whom it assigns any of its rights as Declarant by written assignment. For purposes of this Section, "successor" means a Person who acquires Declarant or substantially all of Declarant's assets by sale, merger, consolidation, sale of stock, operation of law, or otherwise. Declarant may determine, in its sole discretion, the time, place and manner by which is discharges its obligations and exercises its rights under this Declaration.

1.7 **DECLARATION.** Declaration means this instrument as is or as it may be amended or restated.

1.8 **FAMILY.** Family means one or more natural Persons related to each other by blood or legally related to each other by marriage or adoption, or a group of Persons not all so related, but who maintain a common household in a Residence.

1.9 **FANNIE MAE.** Fannie Mae means the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1979 and its successors.

1.10 **FHA.** FHA means the Federal Housing Administration of the United States Department of Housing and Urban Development and its successors.

1.11 **FREDDIE MAC.** Freddie Mac means the Federal Home Loan Mortgage Corporation created by Title II of the Emergency Home Finance Act of 1970 and its successors.

1.12 **GINNIE MAE.** Ginnie Mae means the Government National Mortgage Association administered by the United States Department of Housing and Urban Development and its successors.

1.13 **IMPROVEMENT.** Improvement means all structures and appurtenances thereto of every type and kind, including, but not limited to, the Residence and additions thereto, balcony covers, awnings, walkways, sprinkler pipes, drainage pipes and facilities, clustered mail box improvements, garages, roads, driveways, parking areas, satellite dishes and similar receiving and broadcasting devices, solar heating fixtures, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, trees and shrubs, poles, signs,

and exterior air conditioning and water softener fixtures and equipment and the visible surface of any such item, and the paint or finish on the surface thereof.

1.14 **INCLUDES, INCLUDING.** Whether capitalized or not, includes and including mean "includes without limitation" and "including, without limitation," respectively.

1.15 **LOT.** Lot means any residential Lot shown upon a Recorded Subdivision or Parcel Map or Maps of the Properties as it may be amended and subject to any applicable lot line adjustments.

1.16 **MAINTAIN, MAINTENANCE.** Whether capitalized or not, maintain and maintenance mean "maintain, repair and replace" and "maintenance, repair and replacement," respectively; provided, however, that maintain or maintenance shall not include repair and replace(ment) where the context or the specific language of this Declaration provides another meaning.

1.17 **MAINTENANCE GUIDELINES, MAINTENANCE MANUAL OR MAINTENANCE RECOMMENDATIONS.** Maintenance Guidelines means any current written guidelines, setting forth procedures and standards for the maintenance of the Lots by the Owners, that may be provided to each Owner by Declarant or any governmental agency. Maintenance Guidelines include any Maintenance Manual initially prepared at Declarant's direction and containing Maintenance Recommendations prepared by Declarant pertaining to a Residence or Lot.

1.18 **MORTGAGE.** Mortgage means any Recorded instrument, including a deed of trust, by which a Lot or Lots are hypothecated to secure performance of an obligation.

1.19 **MORTGAGEE.** Mortgagee means a Person to whom a Mortgage is made, or the assignee of the Mortgagee's rights under the Mortgage by a Recorded assignment. Mortgagee includes the beneficiary under a deed of trust.

1.20 **MORTGAGOR.** Mortgagor means a person who has mortgaged his property. Mortgagor includes the trustor under a deed of trust.

1.21 **OFFICIAL RECORDS.** Official Records means the Official Records of Los Angeles County, California.

1.22 **OWNER.** Owner means the Person or Persons, including Declarant, holding fee simple interest of record to any Lot. The term "Owner" shall include sellers under executory contracts of sale but excludes Mortgagees. For purposes of Article II only, unless the context otherwise requires, "Owner" shall also include the Family, guests, invitees, licensees, and tenants of any Owner.

1.23 **PERSON.** Person means a natural individual, a corporation, or any other entity recognized under California law. When not capitalized, "person" refers only to natural individuals.

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1.24 **PROPERTIES.** Properties means the real property described in Preamble A of this Declaration.

1.25 **RECORD, RECORDED, RECORDATION, OR FILED.** Record, Recorded, Recordation or Filed means, concerning any document, the recordation or filing of such document in the Office of the County Recorder.

1.26 **RESIDENCE.** Residence means a detached building located on a Lot and designed and intended for use and occupancy as a dwelling for a single Family.

1.27 **RIGHT TO REPAIR LAW.** Right to Repair Law means Division 2, Part 2, Title 7 (commencing with Section 895) of the California Civil Code.

1.28 **RULES AND REGULATIONS.** Rules and Regulations means the current rules and regulations for the Properties that may be created by the Committee.

1.29 **SUPPLEMENTAL DECLARATION.** Supplemental Declaration means a Recorded instrument that imposes conditions, covenants, or restrictions, or reserves easements. A Supplemental Declaration may affect one or more Lots. Declarant may Record a Supplemental Declaration against any Lots that Declarant owns. A Supplemental Declaration may modify this Declaration as applied to the Lots made subject to the Supplemental Declaration.

1.30 **VA.** VA means the Department of Veterans Affairs of the United States of America and its successors.

**ARTICLE II
USE RESTRICTIONS**

All real property within the Properties shall be held, used, and enjoyed subject to the following limitations and restrictions, subject to the exemptions of Declarant set forth in Article VII and elsewhere herein:

2.1 **SINGLE FAMILY RESIDENCE.** Each Lot shall be used as a dwelling for a single Family and for no other purpose. Subject to any Owner occupancy requirements separately imposed by Declarant, an Owner may rent his Lot to a single Family provided that the Lot is rented pursuant to a lease or rental agreement which is (a) in writing, and (b) subject to this Declaration.

2.2 **OWNERS ASSOCIATION.** The Owners may establish an "association," as defined in California Civil Code Section 1351(a), only with the prior approval of fifty-one percent (51%) of the Owners in the Properties. Such association may be formed to exercise the powers enumerated in California Civil Code Section 1363, including (1) maintaining and administering real property within the Properties, (2) administering and enforcing the Declaration and other governing documents, and (3) collecting and disbursing assessments and charges. Approval of the creation of an association under this Section further constitutes the requisite Owner approval of an amendment to this Declaration to provide for the rights and obligations of the association.

2.3 **IMPROVEMENTS.**

2.3.1 **Outdoors.** The following outdoor Improvements are prohibited unless installed as a part of the original construction of the Properties by Declarant, or with the approval of the Declarant or Committee: (a) clotheslines, except those installed out of sight of other Lots, (b) balconies, (c) patio or deck covers, (d) wiring, air conditioning equipment, water softeners, or other similar Improvements, (e) Improvements protruding through or on the surface of the walls or roofs of buildings, and (f) other exterior additions or alterations to any Residence or Lot.

2.3.2 **Installation of Front Yard Landscaping.** Declarant shall install front yard landscaping for each Lot in the Properties.

2.3.3 **Indoors.** No Owner or other resident of the Properties may line or coat any window with paint, foil, paper, newspaper, cardboard or other reflective material. However, for a period not to exceed ninety (90) days following the Close of Escrow for the sale of the Lot, the Owner may use clean white sheets as temporary window coverings pending installation of permanent draperies, shutters or other appropriate window coverings.

2.3.4 **Code Requirements.** All Improvements in the Properties must be completed in accordance with the Uniform Building Code and applicable laws, ordinances, regulations or requirements of governmental authorities with jurisdiction over the Properties.

2.4 **HEIGHT AND SETBACK REQUIREMENTS.** Pursuant to the City conditions of approval for the Properties, the maximum building height for buildings in the Properties is thirty-six (36) feet from the City approved pad grade. Contact City for specific minimum setback areas for each Lot. No Owner shall construct or cause to be constructed any Improvement on such Owner's Lot which violates these height and setback requirements.

2.5 **GRADING AND CONCRETE.** No Owner may alter the grading design or concrete areas installed in an Owner's Residence or in any portion of the Properties.

2.6 **NO LIABILITY.** Declarant shall not be liable or responsible for any damage that results from Improvements installed, constructed or modified by or at the direction of an Owner. Owners are advised to consult and use qualified consultants and contractors when installing, constructing or modifying Improvements in the Owner's Residence or on the Lot.

2.7 **MECHANICS' LIENS.** No Owner may cause or permit any mechanic's lien to be filed against another Owner's Lot for labor or materials alleged to have been furnished or delivered to such Owner, and any Owner who permits a mechanics' lien to be so filed shall cause the lien to be discharged no later than five (5) days after notice to the Owner from the Declarant or the Owner of the affected Lot.

2.8 **SIGNS.** Subject to California Civil Code Sections 712, 713 and 1353.6, no sign, poster, billboard, balloon advertising device or other display of any kind shall be displayed within the Properties or on any public street within or abutting the Properties except for the following signs, so long as they comply with applicable City requirements:

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2.8.1 signs (regardless of size or configuration) used by Declarant in connection with construction, alteration or development of the Properties or sale, lease or other disposition of Lots in the Properties;

2.8.2 one (1) nameplate or similar Owner name or address identification sign for each Lot which complies with Committee rules;

2.8.3 one (1) sign for a Lot advising of the existence of security services protecting a Lot which complies with Committee rules;

2.8.4 one (1) sign which may be displayed on each Lot advertising the Lot for sale or lease; and

2.8.5 other signs or displays authorized by the Committee.

2.9 **VIEW OBSTRUCTIONS.** Neither Declarant nor any of its authorized agents, representatives or employees have made any warranties or promises concerning any view, present or future, that may be enjoyed from all or any portion of the Properties. The view from the Residence and Lot and any portion of the Properties may change or differ from renderings, computer generated models and other visual representations. These views may be affected or obstructed by (i) current or future construction outside the Properties; (ii) installation of Improvements, including, but not limited to, structures, fences, walls and landscaping installed by Declarant, Owners or owners of property outside the Properties and (iii) the growth of trees, landscaping or other vegetation within or outside the Properties. Owners acknowledge that, under California law, views are not subject to legal protection. Owners also acknowledge that this Declaration contains no provisions intended to protect the view from the Residence, Lot or any other portion of the Properties.

2.10 **OCCUPANCY OF VEHICLES.** No garage, trailer, camper, motor home, boat, or recreational vehicle shall be used as a dwelling in the Properties, either temporarily or permanently.

2.11 **NUISANCES.** Noxious or offensive activities are prohibited in the Properties and on any street abutting or visible from the Properties. The Committee is entitled to determine if any device, noise, odor, or activity constitutes a nuisance.

2.11.1 **Nuisance Devices.** Nuisance devices may not be kept or operated in the Properties or on any public street abutting the Properties, or exposed to the view of other Lots or streets. Nuisance devices include the following:

(a) All horns, sirens, whistles, bells or other sound devices (except security devices used exclusively to protect the security of a Residence or a vehicle and its contents);

(b) Noisy or smoky vehicles, power equipment (excluding lawn mowers and other equipment used in connection with ordinary landscape maintenance), and Prohibited Vehicles (defined below);

- (c) Devices that create or emit loud noises or noxious odors;
- (d) Construction or demolition waste containers (except as permitted in writing by the Committee);
- (e) Devices that unreasonably interfere with television or radio reception to a Lot;
- (f) Plants, trees, shrubs, seeds or any other landscaping materials infected with noxious insects or plant diseases;
- (g) The presence of any other thing in the Properties which may (i) increase the rate of insurance in the Properties, (ii) result in cancellation of the insurance, (iii) obstruct or interfere with the rights of other Owners, (iv) violate any law or provisions of this Declaration or the Rules and Regulations, or (v) constitute a nuisance or other threat to health or safety under applicable law or ordinance.

2.11.2 **Nuisance Activities.** Nuisance activities may not be undertaken in the Properties or on any public street abutting the Properties, or exposed to the view of other Lots or streets. Nuisance activities include the following:

- (a) Hanging, drying or airing clothing, fabrics or unsightly articles in any place that is visible from other Lots or public streets;
- (b) The creation of unreasonable levels of noise from parties, recorded music, radios, television or related devices, or live music performance;
- (c) The creation of unreasonable levels noise from a barking dog or other animal kept in the Properties (e.g., chronic daily nuisance barking by a dog over extended periods of time);
- (d) Repair or maintenance of vehicles or mechanical equipment, except in a closed garage or rear yard screened from view by other Lots;
- (e) Outdoor fires, except in barbecue grills and fire pits designed and used in such a manner that they do not create a fire hazard;
- (f) Outdoor storage of bulk materials or waste materials except in temporary storage areas designated by the Committee;
- (g) Any activity which may (i) increase the rate of insurance in the Properties, (ii) result in cancellation of the insurance, (iii) obstruct or interfere with the rights of other Owners to quiet enjoyment of their Lots, (iv) violate any law or provisions of this Declaration or any Rules and Regulations, or (v) constitute a nuisance or other threat to health or safety under applicable law or ordinance.

2.12 **ANTENNA AND SATELLITE DISH RESTRICTIONS.** No Person may install on the exterior of any Residence or in any portion of the Lot any antenna or over-the-air receiving device except for an "Authorized Antenna." An Authorized Antenna is (i) an antenna

designed to receive direct broadcast satellite service, including direct-to-home satellite service, that is one meter or less in diameter, or (ii) an antenna designed to receive video programming service, including multichannel multipoint distribution service, instructional television fixed service, and local multipoint distribution service, and is one meter or less in diameter or diagonal measurement, or (iii) an antenna designed to receive television broadcast signals, and includes (iv) a mast supporting an antenna described in items (i), (ii), or (iii) above.

2.12.1 Restrictions on Installation. The Committee may adopt reasonable restrictions on installation and use of an Authorized Antenna in order to minimize visibility of the Authorized Antenna from other Lots. Such restrictions may designate one or more preferred installation locations, or require camouflage such as paint (subject to the antenna manufacturer's recommendations) or screening vegetation or other Improvements. However, no restriction imposed by the Committee may (i) unreasonably delay or prevent the installation, maintenance or use of an Authorized Antenna, (ii) unreasonably increase the cost of installation, maintenance or use of an Authorized Antenna, or (iii) preclude acceptable quality reception.

2.12.2 Prohibitions on Installation. The Committee may prohibit the installation of an Authorized Antenna in a particular location if, in the Committee's opinion, the installation, location or maintenance of such Authorized Antenna unreasonably affects the safety of the Owners or any other Person, or for any other safety-related reason established by the Committee. The Committee may also prohibit an Owner from installing an Authorized Antenna on any real property which such Owner does not own or is not entitled to exclusively use or control under the restrictions. The Committee also has the power to prohibit or restrict the installation of any antenna or other over-the-air receiving device that does not meet the definition of an Authorized Antenna above.

2.12.3 Review after Installation. The Committee may review the location and installation of an Authorized Antenna after it is installed. After its review, the Committee may require that the Authorized Antenna be moved to a preferred location (if one has been designated) for safety reasons or to comply with reasonable restrictions subject to this Section 2.12 and applicable law.

2.12.4 Restatement of Applicable Law. This Section is intended to be a restatement of the authority granted to the Committee under the law. All amendments, modifications, restatements and interpretations of the law applicable to the installation, use or maintenance of an antenna or other over-the-air receiving device shall be interpreted to amend, modify, restate or interpret this Section.

2.13 ANIMAL RESTRICTION. No livestock, large reptiles, poultry or other animals of any kind shall be raised, bred or kept in the Properties. However, domestic dogs, cats, birds, or other customary household pets may be kept in the Properties, provided that they are not kept, bred, or maintained for commercial purposes or in numbers greater than allowed by City ordinance. Small household pets such as fish and caged birds may be kept in reasonable numbers so long as there is no external evidence of their presence in the Properties. Notwithstanding the foregoing, no Person may keep any animal that is obnoxious to residents in the vicinity or that is a nuisance under Section 2.11.1(g). Animals belonging to Owners, occupants, or their licensees, tenants, or invitees within the Properties must be either kept within an enclosure or on a leash at all times under the control of a Person capable of controlling the

animal. Furthermore, an Owner shall be absolutely liable to each and all remaining Owners, their Families, guests, tenants, and invitees for damages or injuries caused by any animals brought or kept upon the Properties by an Owner or by members of his Family, his tenants, or his guests. Each Owner shall clean up or remove any excrement or other unsanitary conditions caused by such Owner's animals on any portion of the Properties.

2.14 PARKING AND VEHICULAR RESTRICTIONS.

2.14.1 Definitions. The following definitions shall apply to parking and vehicular restrictions set forth in this Declaration:

(a) **Authorized Vehicle.** An "Authorized Vehicle" is an automobile, a sport-utility vehicle, a recreational vehicle, a passenger van designed to accommodate ten (10) or fewer people, a motorcycle, or a pickup truck having a manufacturer's rating or payload capacity of one (1) ton or less. The Committee has the power to identify additional vehicles as Authorized Vehicles in the Rules and Regulations in order to adapt this restriction to other types of vehicles that are not listed above.

(b) **Prohibited Vehicles.** The following vehicles are "Prohibited Vehicles:" (i) commercial-type vehicles (for example, stakebed trucks, tank trucks, dump trucks, step vans, delivery trucks, concrete trucks and any other vehicles with manufacturer's rating or payload capacity in excess of one (1) ton), (ii) limousines, buses or vans designed to accommodate more than ten (10) people, (iii) inoperable vehicles or parts of vehicles, (iv) aircraft, (v) boats, (vi) water toys such as wave runners, (vii) boat trailers, (viii) other trailers designed for hauling vehicles, livestock, equipment or materials, (ix) any vehicle or vehicular equipment deemed a nuisance by the Committee, and (x) any other vehicle not classified as an Authorized Vehicle. If a vehicle qualifies as both an Authorized Vehicle and a Prohibited Vehicle, then the vehicle is presumed to be a Prohibited Vehicle, unless the vehicle is expressly authorized in writing by the Committee. The Committee has the power to identify additional vehicles as Prohibited Vehicles in the Rules and Regulations to adapt this restriction to other types of vehicles that are not listed above.

2.14.2 Parking and Garage Restrictions.

(a) **Prohibited Vehicles.** Prohibited Vehicles may not be parked, stored or kept in the Properties except for brief periods during loading, unloading, or emergency repairs. However, a resident may park a Prohibited Vehicle in the garage so long as the garage is kept closed and the presence of the Prohibited Vehicle does not prevent any Authorized Vehicle from being parked in the garage at the same time.

(b) **Garages.** Each Owner shall at all times ensure that the garage accommodates at least the number of Authorized Vehicles for which it was originally constructed by Declarant. The garages shall be used for parking vehicles and storage of personal property only. Garages are not for use as additional living space. Garage doors must be kept closed except as necessary for entry or exit of vehicles or persons.

2.14.3 Shared Driveways. All Lots in the Properties are served by shared driveways constructed on portions of the Lots in the approximate locations as shown on the Final

Map (the "Shared Driveways"). Each Lot in the Properties shall have an appurtenant and nonexclusive easement over the Shared Driveways for pedestrian and vehicular access, ingress and egress reasonably necessary for the purpose of accessing a Residence. By acceptance of a deed to a Lot in the Properties, each Owner understands and accepts that the Shared Driveways are solely to be used for access to and from such Owner's Residence. No Shared Driveway in the Properties may be used for storage of personal property or for parking, other than for temporary purposes, not to exceed thirty (30) minutes in any twenty-four (24) hour period. No Owner shall unreasonably interfere with another Owner's exercise of easement rights over the Shared Driveways. Each Owner shall be responsible for the cost of repair of damage to the Shared Driveways to the extent caused by such Owner, or such Owner's Family, tenants or invitees. Each Owner shall also be responsible for an equal share of the costs associated with reasonable maintenance of the Shared Driveways that serve their Lot. If any Owner refuses to pay their share of maintenance or repair costs for the Shared Driveways, the remaining Owners shall have the right to perform the maintenance or repair and to sue the defaulting Owner for reimbursement of the costs of maintenance or repair, attorney's fees and the costs of suit. Shared Driveway Improvements, particularly the permeable pavers, shall be replaced with Improvements substantially the same materials as the original installed by Declarant unless prior written City approval is obtained and an alternative method of storm water management is installed or implemented.

2.14.4 **Repair, Maintenance and Restoration.** No Person may repair, maintain or restore any vehicle in the Properties, unless such work is conducted in the garage with the garage door closed. However, no Person may carry on in any portion of the Properties any vehicle repair, maintenance or restoration business.

2.15 **BUSINESS OR COMMERCIAL ACTIVITY.**

2.15.1 **Generally.** No Owner or other occupant of the Properties may undertake any activity on any Lot or on any other portion of the Properties for business or commercial purposes including manufacturing, mercantile, storage, vending, auctions, transient occupancy (such as vacation rental, hotel, or time-share), vehicle or equipment repair, or other non-residential purposes. Such activities are prohibited whether they are engaged in full- or part-time, whether they are for-profit or non-profit, and whether they are licensed or unlicensed.

2.15.2 **Exceptions.** This Section shall not be interpreted to prohibit any of the following:

(a) The hiring of employees or contractors to provide maintenance, construction or repair of any Improvement consistent with this Declaration or any Supplemental Declaration;

(b) Exercise by Declarant of any rights reserved to it under Article XV;

(c) The provision of family home child care services as defined in California Health and Safety Code Section 1597.44, so long as such services comply with all applicable zoning requirements and state law;

(d) The operation of small home-based service businesses that comply with all of the following:

(i) The operator of the business lives in the Residence on a permanent, full-time basis;

(ii) When conducted in the Properties, business activities take place solely inside the Residence;

(iii) Visits by clientele or suppliers are limited to regular business hours and clientele and suppliers park their vehicles outside the Properties or in the garage on the Lot;

(iv) The activity complies with all laws, regulations and ordinances applicable to the Properties, including zoning, health and licensing requirements;

(v) The activity otherwise complies with the Declaration and is consistent with the residential character of the Properties;

(vi) The operator of the business posts no signage anywhere in the Properties;

(vii) Other than visits by clientele or suppliers, there is no visible evidence in the Properties of the activity; and

(viii) The activity does not generate noise or odors that are apparent outside the Residence.

2.16 **TRASH.** Trash must be stored in sanitary trash containers. No trash or containers may be left or stored outdoors. However, trash containers may be set out at curbside for a reasonable period of time on trash collection days (not to exceed twelve (12) hours before and after scheduled trash collection hours). At all other times, Owners must store trash containers in the garage until scheduled collection times.

2.17 **NO HAZARDOUS ACTIVITIES.** No activities shall be conducted on any Lot, and no Improvements shall be constructed on any Lot which are or might be unsafe or hazardous to any Person or property.

2.18 **NO MINING AND DRILLING.** No oil drilling, oil, gas or mineral development operations, oil refining, geothermal exploration or development, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any Lot or within five hundred (500) feet below the surface of the Properties. No derrick or other structure designed for use in extraction of soil, rock or gravel, or for boring or drilling for water, oil, geothermal heat or natural gas shall be erected, maintained or permitted upon any Lot.

2.19 **WATER AND SEWER SYSTEMS.** No individual water supply system, water softener system, or sewage disposal system shall be permitted on any Lot unless such system is designed, located, constructed, and equipped in accordance with the requirements, standards, and

recommendations of any applicable water district and any applicable governmental health authority having jurisdiction.

2.20 **DRAINAGE.** There shall be no interference with or obstruction of the established surface and subsurface drainage pattern(s) over any Lot within the Properties, unless an adequate alternative provision is made for proper drainage. Any alteration of the established drainage pattern must at all times comply with all applicable local governmental requirements. For the purpose hereof, "established" drainage is defined as the drainage which exists at the time of the first Close of Escrow for the sale of the Lot by Declarant, or as shown on any plan approved by the Committee and may consist of earthen or concrete drainage swales, concrete channels, catch basins with underground drainage pipelines, roof-mounted gutters or downspouts ("**Surface Drainage Improvements**"). Established drainage includes drainage from Lot to Lot and to and from property lying outside the Properties. Each Owner shall maintain, repair, and replace and keep free from debris or obstructions all Surface Drainage Improvements, if any, located on the Owner's Lot, except those for which a public authority or utility is responsible. To the extent such drainage improvements are shared, the benefited Owners shall share in the cost of maintenance, repair and replacement thereof. Each Owner, by accepting a grant deed to his Lot, acknowledges and understands that in connection with the development of the Properties, Declarant may have installed one or more "drain lines" beneath the surface of such Owner's Lot ("**Sub-Drains**"). The Sub-drains and all appurtenant improvements constructed or installed by Declarant if any, provide for subterranean drainage of water from and to various portions of the Properties. To ensure adequate drainage within the Properties, it is essential that the Surface Drainage Improvements and the Sub-Drains, if any, not be modified, removed or blocked without having first made alternative drainage arrangements. Therefore, no Owner may install, alter, modify, remove or replace any Surface Drainage Improvements or Sub-Drains located within such Owner's Lot without first making alternative drainage arrangements approved by the Committee and applicable governmental agencies. Owner-installed irrigation systems must be installed and maintained to prevent excess runoff and accumulation of surface water.

2.21 **FURTHER SUBDIVISION.** No Owner shall further partition or subdivide his Lot; provided, however, that this provision shall not be construed to limit the right of an Owner (a) to rent or lease his entire Lot by means of a written lease or rental agreement subject to the restrictions of this Declaration, so long as the Lot is not leased for transient or hotel purposes; (b) to sell his Lot; or (c) to transfer or sell any Lot to more than one person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or as community property. The terms of any such lease or rental agreement shall be made expressly subject to this Declaration. Any failure by the lessee of such Lot to comply with the terms of this Declaration shall constitute a default under the lease or rental agreement.

2.22 **POLLUTANT CONTROLS; PLANTER BOXES; PERMEABLE PAVERS; SUMP PIT.** The Properties are subject to all federal, state and local requirements of the National Pollutant Discharge Elimination System ("**NPDES**") adopted pursuant to the federal Clean Water Act. The City has adopted a Water Quality Management Plan for the Properties to reduce the discharge of pollutants to storm water facilities. The Water Quality Management Plan for the Properties may impose so-called best management practices ("**BMPs**") to regulate pollutant discharge by Owners. Each Owner shall comply with the applicable post-construction

BMPs. Copies of the NPDES General Permit and any BMPs that are applicable to the Properties are on file with the City.

2.22.1 **Planter Boxes.** Flow-through planter boxes have been installed on the Lots by Declarant to comply with NPDES and BMP requirements for the Properties. Each Owner is responsible for maintaining the flow-through planter boxes and water quality features thereof located on their Lot, which includes maintaining the vegetation and irrigation system and inspecting the planters periodically, as well as after storms, to ensure structural integrity and that a planter has not become clogged. Flow-through planter boxes may not be removed and may not be replaced with any Improvements that do not provide the same water quality features as those installed by Declarant without the prior written consent of the City.

2.22.2 **Permeable Pavers.** Shared Driveways in the Properties have been installed with permeable pavers that have water quality features to comply with NPDES and BMP requirements for the Properties. Permeable pavers must be repaired and replaced with substantially the same materials as originally constructed and must be maintained properly to allow the water quality features to work as intended.

2.22.3 **Sump Pit.** Certain Lots contain a sump pit that must be maintained by the Owner in accordance with the requirements of the City. Owners of affected Lots agree, but the acceptance of a deed to said Lot, that they understand the sump pit located on the Lot is for conducting site and roof water to the street and that they will be responsible for maintaining the pump system in proper working condition at all times for this purpose, including ensuring that any water which accumulates in the sump pit is removed by the sump pump or by other means.

2.23 **SOLAR ENERGY SYSTEMS.** Residences in the Properties have been constructed with a roof based solar energy system. Owners are responsible for maintenance of their solar energy system, including hiring an authorized installer to perform an annual inspection of the electrical components and periodically cleaning the solar roof with a garden hose from the ground level if necessary. Owners are solely responsible for monitoring costs associated with the solar energy system, if any. Owners who purchase their Residence from Declarant will receive a copy of the system warranty and shall be responsible to providing a copy to any subsequent purchasers during the warranty period.

2.24 **FLOOR AND ROOF LOAD LIMITATIONS.** The second floor and roof deck of the Residence are designed to support a forty (40) pound per square-foot live load plus a twelve (12) pound per square foot dead load as outlined in the Uniform Building Code. Prior to installation of any heavy furnishings or equipment into the Residence or on the roof, Owners are required to consult with a structural engineer or other qualified professional to confirm that the heavy furnishings or equipment will not exceed the structural design of the Residence and that the flooring system (whether on second story floors or roof) will not be overloaded, damaged or otherwise adversely affected by such heavy furnishings or equipment. Heavy furnishings or equipment include, without limitation, waterbeds, safes, weight benches, heavy exercise equipment, large fish tanks, spas and pool tables. Declarant does not accept responsibility for damage resulting from Owners placing anything in the second floor of the Residence that exceeds this weight limit.

**ARTICLE III
EASEMENTS AND ENCROACHMENTS**

3.1 **UTILITY EASEMENTS.** Each Owner agrees, by acceptance of his deed, that his Lot is granted subject to easements for utility installations and maintenance (a) as shown on the Recorded Final Subdivision Maps of the Properties, (b) of Record prior to the Close of Escrow for his Lot, and (c) or recorded by Declarant in accordance with the terms of the Grant Deed to Purchaser. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities and drainage facilities. The utility easement areas of each Lot and all Improvements therein shall be maintained continuously by the Owner of such Lot, except for those Improvements for which a public authority or utility company is responsible.

3.2 **EXCLUSIVE USE EASEMENTS – UTILITY VAULTS.** Declarant reserves for the benefit of specified Owners exclusive easements over the Properties for access and use of utility vaults approximately located in the areas shown on *Exhibit A* attached hereto. Owners shall maintain the vault and any utilities therein that are not maintained by a utility company. The foregoing easements shall be conveyed by Recorded deed, and the easements so conveyed shall be appurtenant to and run with the Owner’s Lot, subject to the right of Declarant and its representatives to enter such areas as described in this Declaration.

3.3 **ACCESS TO DRAINAGE WAYS.** Each Owner agrees for such Owner and such Owner’s successors in interest, by the acceptance of the deed to a Lot, to permit free access by Owners of other Lots to drainage ways, if any, located on the Lot, which drainage ways affect said other Lots, when such access is essential for the maintenance of drainage ways for the protection or use of said other Lots.

3.4 **SIDEWALKS.** Declarant reserves, for the benefit of the City, every Owner, and each Owner’s Family, tenants and invitees, nonexclusive easements for pedestrian access, ingress and egress and City maintenance over the sidewalks constructed on a portion of each Lot in the Properties. This easement is appurtenant to and passes with title to every Lot in the Properties. No Owner may store anything in the sidewalks, block access over the sidewalks or affix any Improvement on the sidewalks. Declarant further reserves easements over each Lot in the Properties for the benefit of the City as reasonably necessary for maintenance of the sidewalks.

3.5 **DECLARANT EASEMENTS.** Declarant hereby reserves to itself, together with the right to transfer the same, nonexclusive easements over and under each Lot for construction, installation, operation, replacement, repair and maintenance of storm drain facilities and for other utility and service lines, systems and other devices and Improvements which may be reasonably necessary for the delivery of water, sewer, gas, telephone, electricity, television, cable television, telecommunications services and other utilities to the Properties (collectively, the *“Facilities”*). Each Owner by accepting a deed to a Lot expressly consents to the foregoing easements and rights of way and authorizes and appoints Declarant (so long as Declarant owns one or more Lots in the Properties) as attorney in fact of such Owner to execute and deliver all instruments necessary to convey such easements. The holders of the utility easements reserved hereby shall have the right to remove permanent Improvements including concrete, walls, fences and

landscaping from the easement area as necessary to the exercise of the easement. The cost of replacement or repair shall be borne solely by the Owner of the Lot.

3.6 **RIGHT OF ENTRY.** Declarant also has the right to enter the Lots (i) to complete and repair any Improvements located thereon as determined necessary or proper by the Declarant, in its sole discretion, (ii) to comply with requirements for the recordation of subdivision maps or lot line adjustments in the Properties, (iii) for repair of Improvements in accordance with the provisions of the Right to Repair Law, (iv) to accommodate grading or construction activities, and (v) to comply with requirements of applicable governmental agencies. Declarant shall provide reasonable notice to the Owner prior to entry into the Owner's Lot under this Section 3.4 except for emergency situations, which shall not require notice. Nothing in this Section 3.4 limits the right of an Owner to exclusive occupancy and control over the Lot. Any damage to a Residence or Lot caused by entry under this Section 3.4 shall be repaired by the Declarant. Unless otherwise specified in the initial grant deed of a Lot from Declarant, this right of entry shall automatically expire on the date that is twelve (12) years after the date of Recordation of the deed by which Declarant first conveyed title to an Owner.

3.7 **SUPPORT, SETTLEMENT AND ENCROACHMENT.** Should any Improvement installed by Declarant or any Owner on a Lot, including walls or fences, encroach on any portion of any adjacent Lot due to engineering errors, errors in original construction, settlement or shifting of structures or other inadvertent causes, the Owner of the adjacent Lot shall be deemed to have granted an appurtenant easement for such encroachment for so long as such Improvement, as constructed or reconstructed, shall remain in a useful state; provided, however, that no valid easement for encroachment shall exist if such encroachment occurred due to the negligence or willful misconduct of the Owner constructing or installing same.

3.8 **CROSS-LOT DRAINAGE.** Declarant reserves, for the benefit of the Properties and each Owner, perpetual, reciprocal easements over each Lot in the Properties for drainage of surface water.

3.9 **CLUSTERED MAILBOXES.** Declarant reserves nonexclusive easements over the Properties for (a) placement of mailbox clusters in the locations required by the United States Postal Service and local governmental agencies with jurisdiction over the Properties, (b) delivery, deposit and pickup of United States mail, and (c) access to and maintenance and replacement of mailbox clusters by the Owners of the Lots in the Properties. The actual locations of the easements reserved in this Section shall be determined by the as-built location of each mailbox cluster. The easements reserved hereby are appurtenant to each Lot in the Properties, as necessary to ensure the Owners reasonable access to their respective mailboxes. The Owners of mailboxes in a mailbox cluster shall share equally in the costs of maintenance and replacement of the common components of the mailbox cluster. Each Owner shall be solely responsible for maintenance and replacement of his mailbox.

**ARTICLE IV
LANDSCAPE, IRRIGATION, AND MAINTENANCE**

4.1 **EXTERIOR MAINTENANCE AND REPAIR; OWNER'S OBLIGATIONS.** Except for any areas maintained by a community facilities district, special tax assessment district or any other governmental entity, each Owner shall maintain his Lot and all Improvements

thereon in clean, neat and attractive condition at all times, consistent with the requirements of this Declaration and applicable City ordinances. Declarant has planted or will plant street trees on or adjacent to Lots within the Properties as required by the City. Any such tree may not be removed or replaced with a tree of a different species or a new tree added without the prior approval of the City. Each Owner is responsible for maintaining and irrigating the street trees and other landscaping located within such Owner's Lot. In addition, each Owner is responsible for maintaining all turf and irrigation facilities located within such Owner's Lot and any vines affixed to walls separating the Lots. Further, Owners shall maintain their roof decks and balconies free from debris and clutter. Roof decks and balconies are not intended to be used for storage of personal property and are subject to any rules and regulations promulgated by the Committee. In addition, Owners are responsible for maintaining lighting installed on the exterior of their Residence in good working order to provide common lighting for the Properties and for the costs to deliver electricity thereto. All Owners benefited by a clustered mail box accompanying structure shall share equally in the cost of maintenance thereof in accordance with Section 3.9 of this Declaration.

4.2 PERIMETER WALL MAINTENANCE. Any wall or fence that is constructed by Declarant on the perimeter of the Properties is a "Perimeter Wall." Each Owner shall maintain all sides and surfaces and the structural integrity of that portion of any Perimeter Wall which encloses the Owner's Lot; provided, however, that the Owners of Lots along the west side of the Properties and the Owner of Lots adjacent to Lot 35 have the common law right of contribution from the owners located outside the Properties who share in the use of said Perimeter Walls. If a portion of a Perimeter Wall is damaged or destroyed, the Owner of the damaged portion shall promptly repair or reconstruct the damaged portion using the same design and identical or substantially equivalent materials as used in the original construction.

4.3 PARTY WALLS. Each wall or fence that separates adjoining Lots is a party wall ("**Party Wall**") and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions apply thereto.

4.3.1 Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners of the Lots separated by the Party Wall. However, each Owner shall be solely responsible for repainting or refinishing the surface of any Party Wall that faces the Owner's Lot.

4.3.2 Destruction by Fire or Other Casualty. If a Party Wall is destroyed or damaged by fire or other casualty, any Owner whose Lot is affected thereby may restore it, and the Owner of the other Lot which is affected thereby shall contribute equally to the cost of restoration thereof, without prejudice, however, to the right of any such Owner to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions.

4.3.3 Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Section is appurtenant to the land and passes to such Owner's successors in title.

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**ARTICLE V
ARCHITECTURAL AND LANDSCAPE COMMITTEE**

5.1 **GENERAL DUTIES.** The Architectural and Landscape Committee, sometimes referred to herein as the Committee, shall have the following general duties and authority:

5.1.1 **Rule Making.** The Committee may adopt, amend and supplement standards, procedures, rules and guidelines (collectively, "*Architectural Rules*") that (i) concern design and materials standards, rules and guidelines for the development, erection, construction, alteration, grading, addition, excavation, modification, decoration, redecoration or reconstruction of the visible exterior of any Improvement, including any Residence or Lot, or any other activity within the jurisdiction of the Committee pursuant to this Declaration ("*Construction Activity*"), (ii) set forth procedures for the submission of plans for approval, (iii) require a reasonable fee ("*Review Fee*") payable to the Committee for any costs involved to accompany each application for approval, and (iv) specify additional factors which it will take into consideration in reviewing submissions. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including floor plans, site plans, drainage plans, elevation drawings, and description or samples of plantings, exterior materials and colors.

5.1.2 **Review of Construction Activities.** Subject to Section 5.2 of this Declaration, no Construction Activities shall be commenced or maintained on the exterior of the Residence and all portions of the Lot located outside the Residence until plans and specifications showing the nature, design, kind, shape, height, width, color, materials, location and other aspects of the proposed Improvement have first been submitted to and approved in writing by the Committee.

5.2 **EXEMPTIONS FROM COMMITTEE REVIEW.** The Declarant shall not be required to seek or obtain approval of the Committee with respect to any of its activities, including any activity which would be classified as a Construction Activity in the absence of this Section. Each other Owner, as well as each tenant of an Owner, must obtain Committee approval in the manner provided herein for any Construction Activity in the Properties, along with all required approvals of the City, the County, and any approvals required under the Declaration.

5.3 **MEMBERS OF COMMITTEE.** The Committee shall consist of three (3) members. The initial members shall be representatives of Declarant. Declarant shall have the unrestricted right to appoint and remove all the members the Committee and to fill any vacancies on the Committee until the "Turnover Date," which shall be either (a) the date on which Close of Escrow has occurred for the last sale by Declarant of a Lot in the Properties, or (b) the date on which Declarant delivers written notice of its withdrawal from the Committee to a majority of the Owners, whichever occurs first. Declarant may at any time assign in writing such powers of removal and appointment to the Owners, in whole or in part, subject to such terms and conditions as Declarant may impose, if any. After the Turnover Date, the Owners other than Declarant shall have the power to appoint and remove all of the members of the Committee pursuant to Section 5.4 below. With the exception of Committee members appointed by Declarant, Committee members must be Owners. On the Turnover Date, any representatives of Declarant remaining on the Committee shall be deemed to have automatically resigned from the Committee without further action of any kind and Declarant shall have no further right to

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participate on the Committee or enforce any of the covenants, conditions or restrictions of this Declaration.

5.4 ELECTION OF COMMITTEE MEMBERS. After the Turnover Date, appointment of any member of the Committee by the Owners shall be by election conducted as described below. If the Owners determine that they do not want an active Committee after the Turnover Date, the Owners shall have the right to vote to make the Committee dormant if Owners of fifty-one percent (51%) of the Lots agree to do so. If the Committee is ever made dormant pursuant to this Section, any provisions in this Declaration concerning the powers of the Committee shall not apply until and unless the Owners vote by the same percentage to make the Committee active again.

5.4.1 Voting Rights. Each Owner of a Lot shall be entitled to cast one (1) vote for every Lot owned. Votes may be cast in person or by written proxy. Proxies shall be revocable and shall automatically be invalid after completion of the meeting for which the proxy was filed.

5.4.2 Notice of Election. After the Turnover Date, any Owner, including Declarant (whether or not Declarant is entitled to cast a vote), may call for an election meeting by (i) mailing to all Owners, or (ii) posting in at least two locations within the Properties which are conspicuous and readily accessible to all Owners, a written notice specifying the date, time, location and purpose of the meeting. Such notice shall be mailed or posted at least ten (10) and not more than thirty (30) days before the meeting is to be held.

5.4.3 Quorum. A quorum for any such meeting shall be the presence in person or by proxy of no fewer than twenty-five percent (25%) of all Owners entitled to cast a vote ("**Qualified Owners**"). Absent a quorum, the Qualified Owners who are present at the noticed meeting may adjourn the meeting to a date, time and place specified prior to adjournment which is no less than five (5) and no more than thirty (30) days after the time of the noticed meeting. A quorum at such later "adjourned meeting" shall be the presence in person or by proxy of no fewer than ten percent (10%) of all Qualified Owners.

5.4.4 Conduct of Meeting. If a quorum is present at any meeting or adjourned meeting, the first item of business thereat shall be the selection of a Director of Election, who shall preside over the conduct of the meeting. The Qualified Owners shall act by majority vote of a quorum, except that members of the Committee shall be elected by plurality such that the individual receiving the highest number of votes shall be elected to fill one vacancy, the individual receiving the next highest number of votes shall be elected to fill a second vacancy (if any), and the individual receiving the next highest number of votes shall be elected to fill a third vacancy (if any).

5.4.5 Term of Office. The term of office of each Committee member elected pursuant to this Section 5.4 shall be two (2) years, commencing on the date of election and continuing until a successor is elected as provided above. Any Committee member may succeed himself, and there shall be no limit to the number of terms of any member. In addition, any Committee member may be removed from office for any reason at any time by election of the Qualified Owners noticed and conducted pursuant to this Section 5.4, provided that the member is afforded prior personal notice (by mail or otherwise) of his proposed removal and a reasonable

opportunity to be heard at the election; and further provided that any removal shall require approval by majority vote of at least a quorum of Qualified Owners.

5.5 **MEETINGS OF THE COMMITTEE.** The Committee shall meet as necessary to perform its duties hereunder. The vote or the written consent of a majority of the Committee shall constitute an act of the Committee.

5.6 **SUBMITTALS TO COMMITTEE.** Persons submitting proposals or plans and specifications ("**Application**") to the Committee (such Person is referred to in this Article V as the "**Applicant**") must obtain a dated, written receipt for such plans and specifications and furnish the Committee with the address to which further communications from the Committee to the Applicant are to be directed. Until changed by the Committee or until the automatic resignation of Declarant's representatives therefrom pursuant to Section 5.3 above, whichever occurs first, the address for submittal of plans and specifications shall be Declarant business address c/o the Committee. The form of Application used by the Committee may include spaces allowing "Adjacent Owners" to sign or initial the Application confirming that they have been notified of the application. The Committee may establish a definition of "Adjacent Owners" in its Architectural Rules. Applications will be complete and may be approved or disapproved by the Committee even if all of the Adjacent Owners do not initial the Applications so long as the Applicant certifies that the Applicant has asked the Adjacent Owners to sign the Application. The requirement that the Applicant attempt to obtain the signatures of Adjacent Owners is intended only to provide notice of the pending Application to the Adjacent Owners. It does not create in the Adjacent Owners any power to approve or disapprove the Application by signing or withholding a signature. Only the Committee may approve or disapprove an Application.

5.7 **APPROVAL AND DISAPPROVAL.** The Committee shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration, addition or other Construction Activity on the basis of satisfaction of the Committee with the grading plan; the location of the Improvements on the Lot; the finished ground elevation; the color scheme, finish, design, proportions, architecture, shape, height, style, and appropriateness of proposed Improvements; the effect on adjoining Lots; the materials to be used; the kinds, pitch or type of roof proposed; the planting, landscaping, size, height, or location of vegetation on a Lot; and on the basis of aesthetic considerations and the overall benefit or detriment to the Properties generally which would result from such Improvement, alteration, addition or other Construction Activity.

5.8 **NO WAIVER OF FUTURE APPROVALS.** The approval of the Committee to any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for approval or consent.

5.9 **TIME REQUIREMENTS.** Until receipt by the Committee of all plans, specifications or other materials deemed necessary by the Committee, the Committee may postpone review of any plans submitted for approval. Within forty-five (45) days of its receipt of all such materials, Committee approval or disapproval and the reasons therefor shall be transmitted by the Committee to the Applicant at the address set forth in the application for

approval. Any application submitted pursuant to this Article V shall be deemed approved, unless the Committee's written disapproval or a request for additional information or materials is transmitted to the Applicant within forty-five (45) days after the date of receipt by the Committee of all required materials. The Committee approval for any particular Construction Activity shall expire and the plans and specifications therefor shall be resubmitted for Committee approval pursuant to this Article V if substantial work pursuant to the approved plans and specifications is not commenced within six (6) months of the Committee's approval of such Construction Activity. All Construction Activities shall be performed as promptly and as diligently as possible and shall be completed within such reasonable period of time specified by the Committee.

5.10 PRE-APPROVALS. The Committee may provide for the pre-approval of certain specified types or categories of Construction Activities, provided that such pre-approved Construction Activities are implemented by the affected Owner in conformance with the standards for design, materials and other criteria established for such pre-approved Construction Activities. The Architectural Committee may adopt, supplement or amend the Architectural Rules to establish, expand, limit or otherwise modify the categories and criteria for any pre-approved Construction Activities.

5.11 VARIANCE. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or the Architectural Rules including restrictions on height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration require. Such variances must be evidenced in writing, must be signed by a majority of the Committee, and become effective on Recordation. If variances are granted, no violation of the covenants, conditions and restrictions in this Declaration shall be deemed to have occurred with respect to the matter for which the variances were granted. The granting of a variance does not waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provision of this Declaration covered by the variance, nor does it affect the Owner's obligation to comply with all laws affecting the use of his Lot. The Committee's written variance shall be Recorded against the Applicant's Lot in the Official Records of the County. The cost of Recording the variance shall be borne solely by the Applicant.

5.12 NONCONFORMITY. In the event an Improvement that requires the approval of the Architectural Committee is (a) commenced or completed without prior written approval by the Committee, or (b) an Improvement is not completed within the time limit established by the Committee in its approval, or (c) an Improvement is not completed in substantial conformance with the approved plans and specifications, then the Committee shall deliver a written notice of noncompliance or noncompletion to the violating Owner and the Architectural Committee shall be entitled to take appropriate action in law or in equity to correct the violation.

5.13 COMPENSATION OF MEMBERS. The members of the Committee shall receive no compensation for services rendered.

5.14 NON-LIABILITY OF COMMITTEE MEMBERS. By submitting an Application, each Applicant is deemed to agree that neither the Committee, nor the members

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thereof, nor Declarant, nor their respective agents, employees, attorneys or consultants shall be liable to any Person for:

5.14.1 any defect in any Improvement constructed by or on behalf of the Applicant pursuant to an approved Application;

5.14.2 any loss, damage, or injury to Persons or property arising out of or in any way connected with work performed by or on behalf of the Applicant pursuant to an approved Application; or

5.14.3 any loss, damage, or injury to Persons or property arising out of or in any way connected with the performance of the Committee's duties hereunder, unless due to willful misconduct or gross negligence.

**ARTICLE VI
TERMINATION, AMENDMENT, AND SEVERABILITY**

6.1 **TERM; TERMINATION.** All the covenants, conditions, and restrictions contained in this Declaration shall run with the Properties and shall be binding on and enforceable by all Owners for a period of fifty (50) years after the Recordation of this Declaration and, thereafter, said covenants, conditions, and restrictions shall automatically be extended for successive periods of ten (10) years. However, except as provided in Sections 6.2 and 7.2, the Owners of sixty seven percent (67%) of the Lots by execution and Recordation of a written instrument may at any time after Declarant no longer owns a Lot in the Properties determine to amend, revoke or cancel all or any part of this Declaration. In making a determination to amend, revoke or cancel all or any part of this Declaration, each Owner shall be entitled to one (1) vote for each Lot owned and if any Lot is owned by more than Person, the vote of such Lot shall be cast as such Persons, among themselves determine.

6.2 **AMENDMENT BY DECLARANT.** Notwithstanding any other provisions of this Section, at any time prior to the first Close of Escrow in the Properties, Declarant may unilaterally amend or terminate this Declaration by Recording a written instrument which effects the amendment or termination and is signed and acknowledged by Declarant. Notwithstanding any other provisions of this Section, Declarant (for so long as Declarant owns any portion of the Properties) may unilaterally amend this Declaration or a Supplemental Declaration by Recording a written instrument signed by Declarant in order to (i) conform this Declaration or the Supplemental Declaration to the rules, regulations or requirements of VA, FHA, DRE, Fannie Mae, Ginnie Mae or Freddie Mac, (ii) amend the disclosures in Article VIII, (iii) amend, replace or substitute any Exhibit for any purpose to the extent that the Exhibit affects portions of the Properties that have not yet been conveyed to the Association or for which there has been no Close of Escrow, as applicable, (iv) amend, replace or substitute any Exhibit to correct typographical or engineering errors, (v) include any Exhibit that was inadvertently omitted from the Declaration or Supplemental Declaration at the time of recording, (vi) comply with any City, County, State or Federal laws or regulations, (vii) correct any typographical errors, (viii) supplement this Declaration with provisions which pertain to rights and obligations of Declarant or Owners arising under the Right to Repair Law, and (ix) change any exhibit to this Declaration or portion of an exhibit to conform to as-built conditions.

**ARTICLE VII
EXEMPTION AND RIGHTS OF DECLARANT**

7.1 **IN GENERAL.** Declarant or its successors and assigns, intends, but shall not be obligated to undertake the work of constructing Residences and developing all of the Lots in the Properties. As used in this Article and its subparagraphs, the words "its successors or assigns" specifically does not include purchasers of Lots who are not expressly assigned Declarant's rights as "Declarant" under this Declaration in a recorded assignment. In order for the Properties to be established as a fully occupied residential community as rapidly as possible, no Owner shall do anything to interfere with Declarant's lawful activities, and nothing in this Declaration shall be understood or construed to:

7.1.1 Prevent Declarant, its successors or assigns, or its contractors or subcontractors, from doing on any Lot owned by Declarant whatever Declarant determines to be necessary or advisable in connection with the development of the Properties, including the alteration of construction plans and designs as Declarant deems advisable in the course of development; or

7.1.2 Prevent Declarant, its successors or assigns, or Declarant's representatives, from erecting, constructing and maintaining on any portion of the Properties owned or controlled by Declarant, such structures as may be reasonably necessary to undertake or complete construction of the Properties, establishing the Properties as a residential community and disposing of the same by sale, resale, lease or otherwise; or

7.1.3 Prevent Declarant, its successors or assigns, or its contractors or subcontractors, from conducting on any Lot, or any portion thereof, owned or controlled by Declarant, its business of developing, subdividing and grading Lots and constructing Residences and other Improvements in the Properties as a residential community and of disposing of Residences thereon by sale, lease or otherwise; or

7.1.4 Prevent Declarant, its successors or assigns, or its contractors or subcontractors, from maintaining such sign or signs on any portion of the Properties owned or controlled by any of them as may be necessary in connection with the sale, lease or other marketing of Lots and Residences in the Properties; or

7.1.5 Prevent Declarant, its successors or assigns, at any time prior to acquisition of title to a Lot by a purchaser from Declarant, to establish on that Lot additional easements, licenses, reservations and rights-of-way to itself, to utility companies, or to others as may be reasonably necessary to the proper development and disposal of the Properties.

7.1.6 Prevent Declarant, its successors or assigns, from unilaterally modifying its development plan for the Properties, including constructing more or fewer Residences or Residences of larger or small sizes, values, or types.

7.2 **ASSIGNMENT OF DECLARANT'S RIGHTS.** The rights of Declarant hereunder may be assigned by Declarant in whole or in part, to any successor to all or part of Declarant's interest in the Properties. The provisions of this Article shall not be altered or

terminated without the prior written consent of Declarant until ten (10) years following the date on which Declarant no longer owns one (1) or more Lots in the Properties.

7.3 **EXERCISE OF RIGHTS.** Each Owner grants an irrevocable, special power of attorney to Declarant to execute and Record all documents and maps necessary to allow Declarant to exercise its rights under this Article.

**ARTICLE VIII
DISCLOSURES**

Much of the information in this Article VIII was obtained from third parties such as governmental agencies and it is subject to change for reasons beyond Declarant's control. Therefore, Declarant does not guarantee the accuracy or completeness of any of the information in this Article VIII. Declarant is under no obligation to advise any Person of any change affecting the disclosures in this Article VIII. No representations or warranties of any kind, express or implied, have been given or made by Declarant or its agents or employees in connection with the Properties or any portion of the Properties dealing with its physical condition, zoning, compliance with applicable laws, purpose for intended use, nor in connection with the subdivision, sale operation, or use of the Properties except as set forth below:

8.1 **NO REPRESENTATIONS OR WARRANTIES.** No representations or warranties, express or implied, have been given or made by Declarant or its agents in connection with the Properties, its physical condition, zoning, compliance with laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a condominium project, except as expressly provided in this Declaration, or as provided by Declarant to the first Owner of each Lot.

8.2 **PROPERTY LINES.** The boundaries of each Lot in the Properties are delineated on subdivision (tract) maps, lot line adjustments or parcel maps that are public records and are available at the County Recorder's office.

8.3 **UTILITY IMPROVEMENTS.** There may be above-ground and subterranean utility Improvements such as transformers, water, sewer, gas, electric and drainage facilities, telecommunications vaults and other visible Improvements necessary for the delivery of utilities or other services either on or adjacent to each Lot. Each Owner understands that the placement of such Improvements is dictated by the needs of the applicable utility or service provider, and the presence of such Improvements in the Properties is in accordance with easements created prior to or during the development of the Properties. Each Owner, by accepting a deed to a Lot in the Properties, understands that each Lot is subject to one or more such easements for placement of utility Improvements. No Owner may modify, remove or otherwise interfere with utility Improvements on any Lot or other portion of the Properties.

8.4 **ELECTRICAL POWER LINES.** Underground or overhead electric transmission and distribution lines and transformers are located in and around the Properties. Power lines and transformers produce extremely low-frequency electromagnetic fields ("**ELF-EMF**") when operating. For some time, there has been speculation in the scientific community about health risks associated with living near ELF-EMF sources. In 1992, the United States Congress authorized the Electric and Magnetic Fields Research and Public Information

Dissemination Program ("**EMF-RAPID Program**") to perform research on these issues and to analyze the existing scientific evidence in order to clarify the potential for health risks from exposure to ELF-EMF. In May of 1999, the National Institute of Environmental Health Sciences ("**NIEHS**") issued a report to Congress summarizing its review of scientific data from over three hundred (300) studies on ELF-EMF health risks. The ELF-EMF studies consist of both epidemiological studies (studies of exposure in human populations) and controlled laboratory experiments on animal and cell models. While some epidemiological studies suggested some link between certain health effects and exposure to ELF-EMF, the laboratory experiments did not support such a link. According to the NIEHS report, the scientific evidence shows no clear pattern of health hazards from ELF-EMF exposure, and the NIEHS report did not find evidence of any link sufficient to recommend widespread changes in the design or use of electrical transmission equipment. However, because the evidence does not clearly rule out any effect, NIEHS advocated continuing inexpensive and safe reductions in exposure to ELF-EMF and endorsed current utility practices regarding design and siting of new transmission and distribution lines. Additional information on ELF-EMF and copies of the NIEHS report are available from the EMF-RAPID website at <http://www.niehs.nih.gov/emfrapid/home.htm>.

8.5 URBAN ENVIRONMENT. Living in a Residence within a densely populated community entails living in very close proximity to other persons and businesses, with attendant limitations on solitude. Owners may hear noise from adjacent Residences, including noise from showers, bathtubs, sinks, toilets or other sources of running water. Also, Owners may hear noise from items such as vacuum cleaners, stereos or televisions, or from people running, walking or exercising. Owners can also expect to hear noise from adjacent residential and commercial areas. Residents may also notice light entering the Residences from exterior sources including streetlights and parking lot lighting, and nearby residential and commercial buildings. Declarant has no control over the transmission of noise or light and their potential effects on Residences and Lots within the Properties.

8.6 LOT 35/ORCHARD GABLES COTTAGE. Lot 35 is the site of the historic Orchard Gables Cottage, which was constructed in 1904. The cottage was originally the home to U.S. Senator Cornelius Cole, who founded California's Republican Party and served as confidant to Abraham Lincoln. Declarant purchased the property and donated it to the Hollywood branch of the Los Angeles Community Redevelopment Agency ("**LACRA**") for preservation. The cottage is expected to be restored and opened to the community as an arts and education community center. Declarant makes no representations, warranties or guarantees concerning whether the cottage will actually be restored, or whether it will be used as a community center, or concerning the amount of noise, traffic, or other disturbances that Owners might experience from work associated with the restoration of the cottage or from the LARCA's and the public's use of Lot 35 now or in the future.

8.7 HIGHWAYS AND MAJOR THOROUGHFARES. Several highways and major thoroughfares are located within the vicinity of the Properties, which include without limitation, Sunset Boulevard, Santa Monica Boulevard, Melrose Avenue and the 101 Freeway. Declarant has no control over the use, maintenance or care of these highways and thoroughfares. Owners may experience noise, dust and traffic within and in the vicinity of the Properties based on the public's use of these highways and thoroughfares.

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8.8 **SURROUNDING USES.** The Properties are located in an area that is experiencing rapid growth. This disclosure is intended to provide Owners with information on surrounding uses as of the date of Recordation. Uses in surrounding areas that may effect the Properties include the following:

- (a) *North – Apartment Buildings.*
- (b) *East – Police Substation and Apartment Buildings.*
- (c) *South -- Apartment Buildings.*
- (d) *West -- Apartment Buildings, Single Family Homes.*

8.9 **EARTHQUAKE FAULT ZONES.** California is subject to a wide range of earthquake activity. California has many known faults as well as yet undiscovered faults. Owners must evaluate the potential for future seismic activity that might seriously damage an Owner's Residence. A major earthquake, which some have predicted will occur in our lifetimes, could cause very serious damage to Residences, located even many miles from the epicenter of the earthquake. A more moderate earthquake occurring on a more minor fault, or on an undiscovered fault, could also cause substantial damage. Declarant makes no representations or warranties as to the degree of earthquake risk within the Properties. All Owners should read "The Homeowner's Guide to Earthquake Safety," which is published by the California Seismic Safety Commission and is available from their offices or by free download from their website at <http://www.seismic.ca.gov/> and consult with the City, County, other public agencies, and appropriate experts to evaluate the potential risk.

8.10 **SPECIAL DISTRICTS.** The Properties may at present lie within special tax districts, or they may be annexed to other special tax districts from time to time in the future. Owners are advised to consult the County Assessor's office for further information.

8.11 **SUPPLEMENTAL REAL PROPERTY TAXES.** The County Assessor has the authority to reassess new homes after the Close of Escrow based on the difference between its appraised value and the home's unimproved value for the period after escrow closes. The Assessor will issue a supplemental tax bill to Owners for the difference in the taxes due based upon the reassessment. Declarant has no control over the valuation, timing or the amount of the supplemental bill resulting from the reassessment. Owner is solely responsible for the payment of the supplemental tax bill.

The following notice is given pursuant to Section 1102.6c of the California Civil Code:

"California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes. The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay

these supplemental bills directly to the Tax Collector. If you have any question concerning this matter, please call your local Tax Collector's Office."

Neither Declarant nor any of its authorized agents, representatives, employees or sales people have made any representations or warranties regarding supplemental property taxes.

8.12 **MOLD.** Molds are simple, microscopic organisms, present virtually everywhere, indoors and outdoors. Mold can be any color, but is usually green, gray, brown or black. Mold requires a food source (including paper, wood, leaves or dirt), a source of moisture and a suitable temperature (generally 40-100 degrees Fahrenheit) to grow. Individuals are exposed to molds on a daily basis, and in most instances there are no harmful effects. However, the buildup of molds in the indoor environment may contribute to serious health problems for some individuals. Due to a variety of factors, including the fact that sensitivities to various types of molds and other potential contaminants vary from person to person, there are currently no state or federal standards concerning acceptable levels of exposure to mold. Sources of indoor moisture that may lead to mold problems include, but are not limited to: flooding, leaks, seepage, sprinkler spray hitting the Residence, overflow from sinks or sewers, damp basement or crawl space, steam from shower or cooking, humidifiers, wet clothes drying indoors, watering house plants, and clothes dryers exhausting indoors.

Each Owner should take precautions to prevent the growth of mold in the Residence from these and other sources. Preventative measures include, but are not limited to the following: (1) regularly cleaning the Residence; (2) regularly checking for accumulated moisture in corners and unventilated areas; (3) running fans, dehumidifiers and air conditioners to reduce indoor humidity; (4) stopping the source of any leak or flooding; (5) removing excess water with mops or a wet vacuum; (6) moving wet items to a dry, well ventilated area; (7) regularly cleaning and disinfecting indoor and outdoor surfaces that may contain mold; (8) having major appliances, including furnaces, heat pumps, central air conditioners, ventilation systems and furnace-attached humidifiers inspected, cleaned and serviced regularly by a qualified professional; (9) cleaning the refrigerator, air conditioner and dehumidifier drip pans and filters regularly and ensuring that refrigerator and freezer doors seal properly; and (10) avoiding over-watering of landscaping.

It is the Owner's responsibility to monitor the Residence on a continual basis for excessive moisture, water and mold accumulation. For additional information regarding mold, please refer to the following websites: California Department of Health Services – <http://www.dhs.ca.gov>; Centers for Disease Control and Prevention – <http://www.cdc.gov/nceh>; U.S. Environmental Protection Agency – <http://www.epa.gov>; Illinois Department of Public Health – <http://www.idph.state.il.us>; and Washington State Department of Health – <http://www.doh.wa.gov>.

**ARTICLE IX
DISPUTES WITH DECLARANT PARTIES**

9.1 **DISPUTES.** Any dispute between the any Owners, on the one hand, and the Declarant, or any director, officer, partner, shareholder, member, employee, representative,

contractor, subcontractor, design professional or agent of the Declarant (each, a **"Declarant Party,"** and collectively the **"Declarant Parties"**), on the other hand, which dispute:

(a) Arises under this Declaration or otherwise relates to the Properties (including disputes regarding latent or patent construction defects); and

(b) Concerns an amount in controversy that is greater than Five Thousand Dollars (\$5,000),

shall be a "Dispute" for purposes of this Section. All Disputes shall be resolved in accordance with the following alternative dispute resolution procedures:

9.1.1 **Notice.** Any Person with a Dispute shall give written notice of the Dispute by personal or mail service as authorized by California Code of Civil Procedure Sections 415.10, 415.20, 415.21, 415.30 or 415.40 to the party to whom the Dispute is directed (**"Respondent"**) describing the nature of the Dispute and any proposed remedy (the **"Dispute Notice"**).

9.1.2 **Right to Inspect and Correct.** Commencing on the date the Dispute Notice is delivered to the Respondent and continuing until the Dispute is resolved, the Respondent and its representatives have the right to (a) meet with the party alleging the Dispute at a reasonable time and place to discuss the Dispute, (b) enter the Properties to inspect any areas that are subject to the Dispute, and (c) conduct inspections and testing (including destructive or invasive testing) in a manner deemed appropriate by the Respondent. If Respondent elects to take any corrective action, Respondent and its representatives shall be provided full access to the Properties to take and complete the corrective action. Respondent is not obligated to take any corrective action. Respondent, with the consent of Declarant, has the right to select the corrective action Respondent believes is appropriate. The right to inspect and correct granted in this Section is in addition to the rights granted in California Civil Code Section 1375 (the **"Calderon Act"**). The procedures established in the Calderon Act may be implemented before, during or after the procedure in this Section is implemented.

9.1.3 **Mediation.** If the Dispute is not resolved within ninety (90) days after the Respondent receives the Dispute Notice, any party may submit the Dispute to mediation by delivering a request for mediation (**"Mediation Notice"**) in the same manner as allowed for delivery of the Dispute Notice. The Dispute shall be mediated pursuant to (a) the American Arbitration Association (**"AAA"**) mediation procedures in existence when the Dispute Notice is delivered, as modified by this Section, or (b) the mediation procedures of any successor to the AAA in existence when the Dispute Notice is delivered, as modified by this Section, or (c) mediation procedures approved by the parties of any entity offering mediation services that are acceptable to the parties to the Dispute (each, a **"Party"** and collectively, the **"Parties"**). Except as provided in Section 9.1.5, no Person shall commence litigation regarding a Dispute without complying with this Section 9.1.3.

(a) **Selection of Mediator.** The mediator shall be selected within sixty (60) days from delivery of the Mediation Notice. The mediator shall be selected by mutual agreement of the Parties. If the Parties cannot agree on a mediator, the mediator shall be selected by the entity providing the mediation service. No Person shall serve as a mediator in any

Dispute in which the Person has any financial or personal interest in the result of the mediation, except by the written consent of all Parties. Before accepting any appointment, the prospective mediator shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the mediation process.

(b) **Position Letter; Pre-Mediation Conference.** No later than sixty (60) days after selection of the mediator, each party to the Dispute shall submit a letter ("**Position Statement**") containing (i) a description of the Party's position concerning the issues that need to be resolved, (ii) a detailed description of the defects allegedly at issue, and (iii) a suggested plan of repair, remediation or correction. The mediator may schedule a pre-mediation conference. All Parties shall attend unless otherwise mutually agreed. The mediation shall be commenced within twenty (20) days after submittal of all Position Statements and shall be concluded within fifteen (15) days after the mediation began unless either (A) the mediator extends the mediation period, or (B) the Parties mutually agree to extend the mediation period. The mediation shall be held in the County or another place mutually acceptable to the parties.

(c) **Conduct of Mediation.** The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate to achieve the goal of settling the Dispute. The mediator is authorized to conduct joint and separate meetings with the Parties and to make oral and written recommendations for settlement. The mediator may also obtain expert advice concerning technical aspects of the Dispute, provided the Parties assume the expenses of obtaining such advice. The mediator shall not have the authority to impose a settlement on the Parties.

(d) **Application of Evidence Code.** The provisions of California Evidence Code Sections 1115 through 1128 shall be applicable to the mediation process. Use and disclosure of statements, evidence and communications offered or made in the course of the mediation shall be governed by these sections, including the sections which preclude use of material in future proceedings and the sections which provide for confidentiality of material.

(e) **Parties Permitted at Mediation.** Persons other than the Parties, their liability insurers, Declarant, attorneys for the Parties and the mediator may attend mediation sessions only with the permission of the Parties and the consent of the mediator. Declarant has the right to attend the mediation session even if Declarant is not one of the Parties.

(f) **Record.** There shall be no stenographic, video or audio record of the mediation process.

(g) **Expenses.** Each Party shall bear its own attorneys' fees and costs incurred in connection with the mediation. All other expenses of the mediation including the fees charged by the mediator and the cost of any proof or expert advice requested by the mediator shall be borne equally by each of Declarant and the Declarant Parties to whom the Dispute is directed, unless the Parties agree otherwise. This provision does not modify any provision of a contract between Declarant and any Declarant Party requiring indemnification or establishing a different allocation of costs between the Declarant and the Declarant Party.

9.1.4 **Mandatory Binding Arbitration.** Any Dispute between any Owner and a Declarant Party shall be resolved through the procedures established in this Title 7 Addendum.

Before an Owner institutes arbitration as provided in this Section (collectively referred to as "Proceedings") involving a Dispute, the Owner must first commence the Claim Process and proceed, in good faith, to resolve the Dispute using the Customer Service Program as set forth in the Maintenance Manual for the Community and by Mediation as set forth in Section 9.1.3.

(a) **Waiver of Trial by Jury.** By agreeing to resolve all Disputes through binding arbitration, Owner and Declarant each give up their right to have their respective claims and defenses decided by a judge or a jury. Instead, all Disputes will be decided by the arbitrator, or by the appeal arbitrator(s), if applicable.

(b) **Damages Pursuant to Title 7.** For all Disputes involving a Dispute, including a breach or non-compliance of a standard set forth in California Civil Code Sections 895 through 897, Owner is only entitled to actual damages. Actual damages are measured by the lesser of the (i) cost to repair or (ii) diminution in current value of real property caused by the nonconformity. Declarant shall not be responsible for, and shall be excused from, any obligation, damage, loss or liability to the extent that Declarant can demonstrate any of the affirmative defenses set forth in California Civil Code Section 945.5.

(c) **Rules Applicable to All Disputes.** Owner and the Declarant Parties shall use the procedures adopted by the Judicial Arbitration and Mediation Service ("JAMS") or such other entity offering alternative dispute resolution procedures as may be mutually acceptable to the parties; provided that the following rules and procedures shall apply in all cases unless the parties agree otherwise:

(i) **Location.** The Proceedings shall be held in the County in which the Lot is located.

(ii) **Qualifications of the Arbitrator.** The Proceedings shall be administered by a neutral and impartial person. The arbitrator shall be a retired judge or a member or former member of the California State Bar with at least fifteen (15) years experience as a practicing lawyer. The arbitrator shall not have any relationship to the parties or interest in the Lot.

(iii) **Appointment of the Arbitrator.** The arbitrator shall be appointed pursuant to the stipulation of the parties. If the parties cannot agree on the arbitrator, an arbitrator shall be appointed by the court with jurisdiction over the Proceedings.

(iv) **Expenses.** All fees charged by JAMS and the arbitrator shall be advanced by the Declarant Party. If the Declarant Party is the prevailing party in the Proceedings, the arbitrator may, in his or her discretion and only to the extent permitted by law and the JAMS Minimum Standards of Procedural Fairness, direct Owner to reimburse the Declarant Party all or part of the JAMS fee and arbitrator's fee advanced by the Declarant Party.

(v) **Participation by Other Parties.** Owner and the Declarant Party, to the extent either such party is defending a claim in the Proceedings may, if it chooses, have all necessary and appropriate parties included as parties to the Proceedings.

(vi) Commencement and Timing of Proceedings. The Proceedings shall be commenced in a prompt and timely manner in accordance with the rules of the person or entity administering the Proceedings; or, if the rules do not specify such a date, then a date agreed to by the parties; or if the parties cannot agree, the arbitrator shall determine a date for the commencement of the Proceedings.

(vii) Rules of Law. The arbitrator must follow California substantive law (including statute of limitations). The arbitrator shall conduct all evidentiary proceedings in accordance with the rules of evidence, unless expressly waived by both parties. The arbitrator shall be authorized to provide all recognized remedies available at law or equity for any cause of action.

(viii) Discovery. The parties shall be entitled to discovery, and the arbitrator shall oversee discovery and may enforce all discovery orders in the same manner as a trial court judge.

(ix) Statutes of Limitation. Except for procedural issues, the Proceedings and the ultimate decisions of the arbitrator shall be subject to and bound by existing California case and statutory law, including but not limited to, applicable statutes of limitation established by Title 7.

(x) Motions. The arbitrator shall have the power to hear and dispose of motions, including but not limited to, demurrers, motions to dismiss, motions for judgment on the pleadings, post-trial motions and summary adjudication motions, in the same manner as a trial court judge, except the arbitrator shall also have the power to adjudicate summarily issues of fact or law including the availability of remedies, whether or not the issue adjudicated could dispose of an entire cause of action or defense.

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

(xii) Attorneys Fees and Costs. Each party shall bear its own attorneys' fees and costs, including expert witness costs, in the Proceedings.

(xiii) Written Decision. Within thirty (30) days after the hearing is closed, the arbitrator must issue a written decision. If either Owner or a Declarant Party requests it, the arbitrator must issue a reasoned award.

(d) ***Procedures for Appeal of Certain Cases.*** In any Proceedings in which a claim or arbitration award exceeds \$500,000 in value, Owner and a Declarant Party hereby adopt and agree to the JAMS Optional Appeal Procedure. The following additional rules will supplement the JAMS Optional Appeal Procedure and govern in the event of a conflict between the following rules and the JAMS Optional Appeal Procedure.

(i) Right of Appeal. There shall be no right to appeal unless the oral evidence received by the arbitrator was preserved in a manner such that it can be converted to an accurate and reliable written transcript.

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(ii) Appellate Panel. An appeal shall be decided by one (1) neutral appeal arbitrator unless either party, within the time permitted for the appointment of the appeal arbitrator, elects to have the appeal decided by a panel of three (3) appeal arbitrators. Any party who elects to have an appeal decided by a panel of three (3) appeal arbitrators agrees to be solely responsible for the cost of having two (2) additional appeal arbitrators. The sole appeal arbitrator, or at least one member of any panel of three (3) arbitrators, shall have prior experience as a member of an appellate panel of the California Court of Appeal.

(iii) Issues on Appeal. The only issues that may be considered on appeal are: (i) the award of money was excessive; (ii) the award of money was insufficient; (iii) the arbitrator awarded non-monetary relief that was inappropriate; and (iv) a party who received non-monetary relief should have received other or additional relief. A majority of the appeal arbitrators may affirm the arbitration award or make any alternative award they find to be just, but they must not reject the arbitrator's decisions (a) that a particular party is entitled to relief of some nature or amount or (b) that a particular party is responsible to provide relief of some nature or amount.

(iv) Expenses and Costs on Appeal. The fees charged by JAMS and the appeal arbitrator(s) shall be advanced by the Declarant Party, except as provided in Section 9.1.4(c)(iv) above. The party who files the appeal must, at its sole expense, provide JAMS and all non-appealing parties with a certified copy of the hearing transcript, and must provide JAMS with copies of all documentary evidence and all other tangible evidence received by the arbitrator. If more than one party appeals, the appealing parties must share equally the cost of the transcript and copies of all other documentary and tangible evidence received by the arbitrator. The appeal arbitrators may, within thirty (30) days award costs of the nature provided in the Federal Rules of Appellate Procedure. If a Declarant Party is the prevailing party on appeal, the appeal arbitrator(s) may, in his, her or their discretion and only to the extent permitted by law and the JAMS Minimum Standards Of Procedural Fairness, include all or part of the JAMS fee and arbitrator's fee advanced by the Declarant Party in the award of costs on appeal.

(v) New Evidence. The appeal arbitrators may not receive new evidence. The appeal arbitrators must make their decision based only on the evidence that was presented to the arbitrator, except that the appeal arbitrators may visit any site or property involved in the Dispute.

(e) ***Federal Arbitration Act***. Owner and the Declarant Party acknowledge that because many of the materials and products incorporated into the home are manufactured in other states, this Contract evidences a transaction involving interstate commerce and the Federal Arbitration Act set forth in 9 U.S.C. § 1, et seq., now in effect and as it may be hereafter amended, will govern the interpretation and enforcement of the arbitration provisions of this Contract. This Section is to be interpreted in accordance with *Allied-Bruce Terminix Companies, Inc. v. Dobson* (1995) 115 S.Ct. 834, *Basura v. U.S. Home Corp.* (2002) 98 Cal.App.4th 1205, and other Federal court rulings. Arbitration shall be conducted pursuant to the Federal Arbitration Act and, to the extent not inconsistent, the procedures set forth in this Section. References to California procedural law are for guidance and shall not be construed as a waiver of any rights of the parties under the Federal Arbitration Act.

STATUTORY NOTICE:

ARBITRATION OF DISPUTES. BY ACCEPTANCE OF A DEED TO A LOT, OWNER AND DECLARANT AGREE TO HAVE ANY DISPUTE DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT, AND OWNER AND DECLARANT ARE GIVING UP ANY RIGHTS OWNER AND DECLARANT MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW, OWNER AND DECLARANT ARE GIVING UP THEIR RESPECTIVE JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS ADDENDUM. IF OWNER OR A DECLARANT PARTY REFUSES TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, OWNER OR THE DECLARANT PARTY MAY BE COMPELLED TO ARBITRATE UNDER THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT.

WAIVER OF JURY TRIAL. IN THE EVENT THE FOREGOING ARBITRATION PROVISION IS HELD NOT TO APPLY OR IS HELD INVALID, VOID OR UNENFORCEABLE IN ITS ENTIRETY FOR ANY REASON, OWNER AND DECLARANT AGREE THAT ALL DISPUTES SHALL BE TRIED BEFORE A JUDGE IN A COURT OF COMPETENT JURISDICTION WITHOUT A JURY. THE JUDGE IN SUCH COURT OF COMPETENT JURISDICTION SHALL HAVE POWER TO GRANT ALL LEGAL AND EQUITABLE REMEDIES AND AWARD COMPENSATORY DAMAGES. DECLARANT AND OWNER EACH HEREBY WAIVE AND COVENANT NOT TO ASSERT THEIR CONSTITUTIONAL RIGHT TO TRIAL BY JURY OF ANY DISPUTES INCLUDING, BUT NOT LIMITED TO, DISPUTES RELATING TO CONSTRUCTION DEFECTS, MISREPRESENTATION, OR DECLARANT'S FAILURE TO DISCLOSE MATERIAL FACTS. DECLARANT AND OWNER HEREBY COVENANT AND AGREE THAT THEIR MUTUAL WAIVER OF JURY TRIAL SHALL BE BINDING ON

THEIR RESPECTIVE SUCCESSORS AND ASSIGNS AND UPON ALL PERSONS AND ENTITIES ASSERTING THEIR RIGHTS OR CLAIMS OR OTHERWISE ACTING ON BEHALF OF DECLARANT OR OWNER AND THEIR SUCCESSORS AND ASSIGNS.

9.1.5 **Statutes of Limitation.** Nothing in this Section 9.1 shall be considered to toll, stay, reduce or extend any applicable statute of limitations; provided, however, that Declarant, the Declarant Parties, and any Owner may commence a legal action which in the good faith determination of that Person is necessary to preserve that Person's rights under any applicable statute of limitations so long as no further steps in processing the action are taken except those authorized in this Section 9.1.

9.1.6 **Agreement to Dispute Resolution; Waivers of Jury Trial.** DECLARANT AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 9.1 TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 9.1, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JURY. THIS SECTION 9.1 MAY NOT BE AMENDED WITHOUT DECLARANT'S PRIOR WRITTEN CONSENT.

9.1.7 **California Civil Code Section 1354.** Section 9.1 governs only the resolution of Disputes with Declarant Parties and shall not affect the subject matter of such Disputes. Unless the subject matter of a Dispute expressly involves enforcement of the Restrictions, such Dispute shall not be governed by the provisions of California Civil Code Section 1354, or any successor statute. Enforcement of Section 9.1 shall not entitle the prevailing party in any Dispute with a Declarant Party to recover attorney's fees or costs

9.2 **NO ENHANCED PROTECTION AGREEMENT.** No language contained in this Declaration or any Supplemental Declaration shall constitute, or be interpreted to constitute, an enhanced protection agreement ("*EPA*"), as defined in Section 901 of the California Civil Code. Further, no express or implied representations or warranties made by Declarant in any other writing are intended to constitute, or to be interpreted to constitute, an EPA.

**ARTICLE X
ENFORCEMENT OF RESTRICTIONS**

10.1 **ENFORCEMENT.** Violation of any provision of this Declaration and the continuation of any such violation may be enjoined, abated, or remedied by appropriate legal or equitable proceedings by any Owner, including Declarant (while Declarant owns any portion of the Properties) or the Committee (if formed). It is hereby agreed that recovery of damages at law for any violation of the Declaration would not be an adequate remedy.

10.1.1 **Violations Identified by Committee.** If the Committee determines that there is a violation of the Declaration, or that an Improvement which is the maintenance responsibility of an Owner needs maintenance, repair, restoration or painting, then the Committee, in addition to any other remedies set forth in this Declaration, may give written

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notice to the responsible Owner identifying (a) the condition or violation complained of, and (b) the length of time the Owner has to remedy the violation. If an Owner does not perform such corrective action required by the Committee within the allotted time, then the Committee may, but is not required to, submit the enforcement dispute to alternative dispute resolution under the procedures set forth in Section 1354 of the California Civil Code.

10.1.2 Violations Identified by an Owner. If an Owner alleges that another Owner or other Person is violating the Declaration, the complaining Owner must first submit the matter to the Committee (if formed) for review and possible action before the complaining Owner may resort to resolution under the procedures set forth in Section 1354 of the California Civil Code, or litigation.

10.1.3 Legal Proceedings. Failure to comply with the Declaration is grounds for relief which may include, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of a lien, or any combination thereof. However, the procedures established in Sections 10.1.1 and 10.1.2 above, and Section 1354 of the California Civil Code must first be followed, if they are applicable. It is hereby declared that for purposes of resolution of enforcement disputes under this Article, references in Civil Code Section 1354 to a "common interest development" shall mean and refer to the Properties, and references to an "association" shall mean the Committee.

10.1.4 Additional Remedies. The Committee may adopt a schedule of reasonable fees and penalties which, in its reasonable discretion, it may assess against an Owner for failure of the Owner or other occupant of the Owner's Lot to comply with the Declaration. The Committee may Record a notice of noncompliance for any violation of the Declaration if permitted by law. Fines may only be assessed after notice and hearing.

10.1.5 No Waiver. Failure to enforce any provision of the Declaration does not waive the right to enforce that provision, or any other provision.

10.1.6 Right to Enforce. The Committee or any Owner who is not at the time in default hereunder may enforce the Declaration in accordance with the procedure set forth in Section 1354 of the California Civil Code. Each remedy provided for in the Declaration is cumulative and not exclusive or exhaustive and Declarant or any Owner shall have the right to collect damages and to enjoin any violation or threatened violation in a court of competent jurisdiction.

10.2 COSTS AND ATTORNEYS' FEES. If an action is instituted in a court of competent jurisdiction to enforce any of the covenants, conditions, restrictions, or easements contained in this Declaration, the party against whom the judgment, decree, order or declaration is entered shall, and agrees to, pay all costs of suit and a reasonable attorneys' fee, such as may be established by said court.

**ARTICLE XI
MISCELLANEOUS**

11.1 CONSTRUCTIVE NOTICE AND ACCEPTANCE. Every person who owns, occupies, or acquires any right, title, estate, or interest in or to any Lot or other portion of the

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Properties does and shall be conclusively deemed to have consented and agreed to the reasonableness and binding effect of every limitation, restriction, easement, reservation, condition, and covenant contained herein, whether or not any reference to Declaration is contained in the instrument by which such person acquired an interest in the Properties, or any portion thereof.

11.2 INSURANCE OBLIGATIONS OF OWNERS. Each Owner shall be solely responsible for insuring all of his Residence and other Improvements on his Lot, including the structural portions of such Residence, against loss or damage by fire or other casualty. Each Owner shall also be solely responsible for obtaining adequate comprehensive public liability insurance, including medical payments and malicious mischief, insuring against liability for bodily injury, death, and property damage arising from his activities on his Lot.

11.3 INTERPRETATION. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the creation and operation of a residential development, and any violation of this Declaration shall be deemed to be a nuisance. The Article and Section headings, titles, and captions have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. As used herein, the singular shall include the plural and the masculine, feminine, and neuter shall each include the other, unless the context dictates otherwise. All references herein to "days" shall, unless indicated to be contrary, refer to consecutive "calendar days."

11.4 SEVERABILITY. The provisions of this Declaration are independent and severable. Invalidation of any one (1) of the easements, covenants, conditions, or restrictions of this Declaration by a court of competent jurisdiction shall not affect the validity or enforceability of other provisions of this Declaration, which provisions shall remain in full force and effect

11.5 MORTGAGE PROTECTION. No lien created under this Declaration, nor any breach of this Declaration, nor the enforcement of any provision hereof affects, impairs, defeats or renders invalid any Recorded Mortgage or any of the terms or provisions of the lien thereof upon a Lot made in good faith and for value or the rights or remedies of the Mortgagee under any Recorded Mortgage upon a Lot made in good faith and for value. After a Mortgagee or other Person obtains title to a Lot by judicial foreclosure or by means set forth in a Mortgage, the Lot shall remain subject to the Declaration after the date the Mortgagee or other Person obtains title.

11.6 STATUTORY REFERENCES. All references in this Declaration to statutes are to those statutes as they are currently in effect or to subsequently enacted replacement statutes.

11.7 ARTICLES, SECTIONS AND EXHIBITS. The Article and Section headings are inserted for convenience only and may not be considered in resolving questions of interpretation or construction. Unless otherwise indicated, any references in this Declaration to articles, sections or exhibits are to Articles, Sections and Exhibits of this Declaration. *Exhibit A* attached to this Declaration is incorporated herein by reference .

11.8 PRIORITIES AND INCONSISTENCIES. If there is any conflict or inconsistency between this Declaration and a Supplemental Declaration, then the provisions of

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the Supplemental Declaration shall control, although such instruments shall be construed to be consistent with one another to the extent possible.

Declarant has executed this Declaration as of this 25th day of August, 2009.

MH WILCOX, LLC,
a Delaware limited liability company

By: Daniel Thompson

Print Name: Daniel Thompson

Title: Member

Declarant

STATE OF CALIFORNIA

COUNTY OF ORANGE

On AUGUST 25, 2009, before me, JUDY PASSERELLO, NOTARY PUBLIC
(here insert name and title of the officer)

personally appeared DANIEL THOMPSON
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Judy Passerello



(SEAL)

SUBORDINATION

The undersigned, as Beneficiary of the beneficial interest in and under that certain Deed of Trust dated December 6, 2007, and recorded on December 14, 2007, as Instrument No. 20072747443, in the Official Records of Los Angeles County, California (the "Deed of Trust"), which Deed of Trust is by and between MH Wilcox, LLC, a Delaware limited liability company, as Trustor, and DSL Service Company, a California corporation, as Trustee, and Downey Savings and Loan Association, F.A., as Beneficiary, expressly subordinates said Deed of Trust and its beneficial interest thereunder to the foregoing Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Gatsby Hollywood ("Declaration"), and to all easements to be conveyed in the Declaration. By executing this Subordination, the undersigned agrees that should the undersigned acquire title to all or any portion of the Properties by foreclosure (whether judicial or nonjudicial), deed-in-lieu of foreclosure or any other remedy in or relating to the Deed of Trust, the undersigned will acquire title subject to the provisions of the Declaration, which shall remain in full force and effect.

Dated: August 20, 2009

US Bank National Association, as successor in interest to the Federal Deposit Insurance Corporation as receiver for Downey Savings and Loan Association, F.A.

By: James R. Milhiser
Print Name: JAMES R. MILHISER
Title: Authorized Representative VICE PRESIDENT

[NOTARIAL ACKNOWLEDGMENT ON FOLLOWING PAGE]

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STATE OF CALIFORNIA
COUNTY OF San Bernardino

On Aug. 20, 2009, before me, Linda Melendez, Notary Public
(here insert name and title of the officer)

personally appeared James R. Milhiser

who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature: Linda Melendez

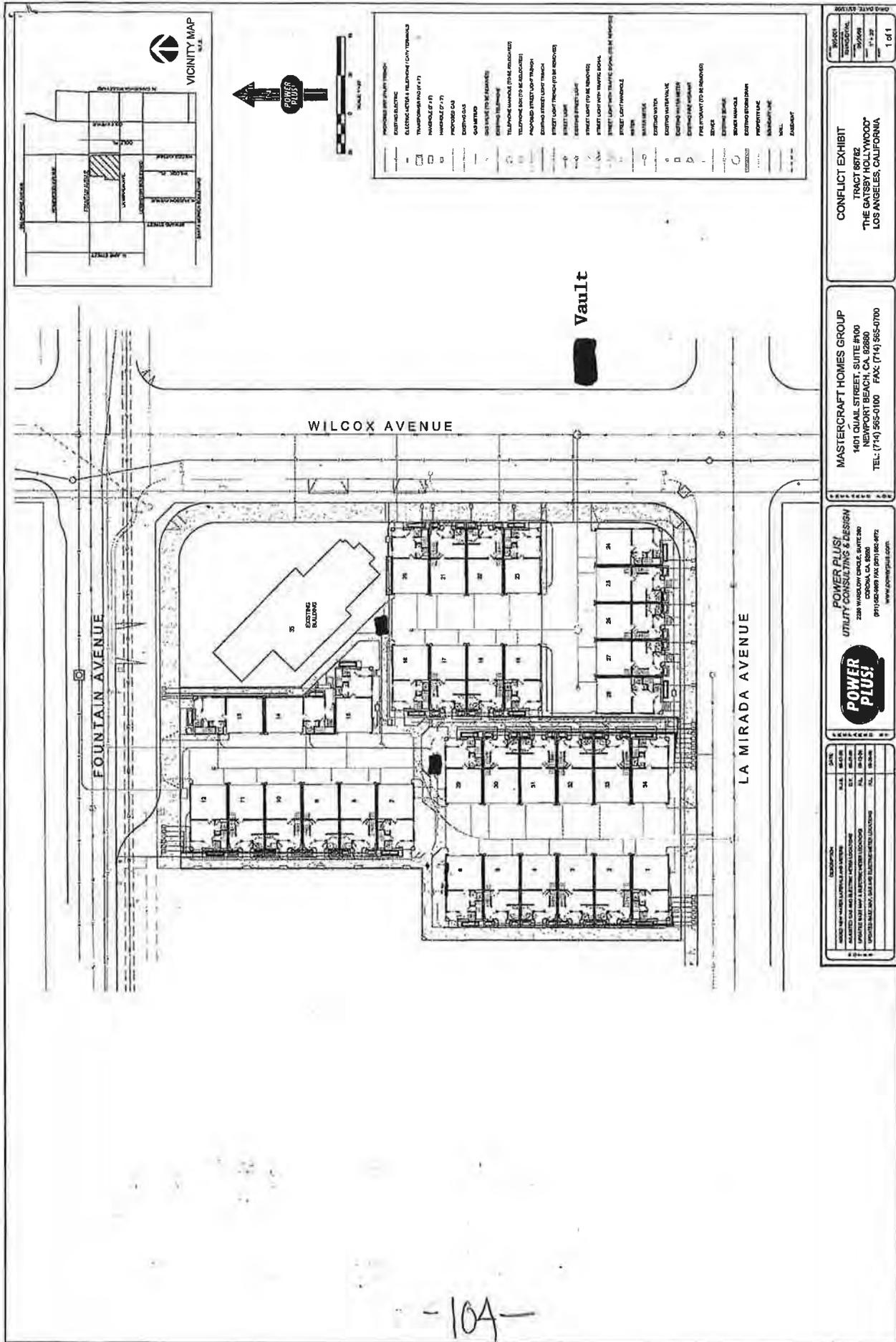
(SEAL)

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EXHIBIT A

APPROXIMATE LOCATIONS OF EXCLUSIVE USE AREA UTILITY VAULTS

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DESCRIPTION	DATE
ISSUED FOR PERMITS AND APPROVALS	11.15.07
ISSUED FOR PERMITS AND APPROVALS	11.15.07
ISSUED FOR PERMITS AND APPROVALS	11.15.07
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ISSUED FOR PERMITS AND APPROVALS	11.15.07

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 NEWPORT BEACH, CA 92680
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CONFLICT EXHIBIT
 TRACT 86782
 THE GATSBY HOLLYWOOD
 LOS ANGELES, CALIFORNIA

SCALE: AS SHOWN
 DATE: 11.15.07
 SHEET NO. 1 of 1

-104-

Exhibit A

December 5, 2013



**Orange County
Chapter**

Worldwide Home Association
of Southern California

17744 Sky Park Circle
Suite 170
Irvine, California 92614
949.553.9500
fax 949.769.8943
www.biaoc.com

Chairman Jim Fitzpatrick
Planning Commission
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA

Re: Support for Agenda Item #9 Amendment to Title 13 Related to Small Lot Ordinance

Dear Chairman Fitzpatrick,

On behalf of our membership, I write to urge your recommendation to City Council to approve the proposed small lot development ordinance. Small lot development represents an important new land use tools to help meet market demand in established communities, support regional housing policy, and stimulate the local economy. For many individuals and families, small lot communities represent a cost attainable home-ownership opportunity.

The Building Industry Association of Southern California, Orange County Chapter (BIA/OC) is a non-profit trade association of over 1,000 companies employing over 100,000 people affiliated with the home building industry. The Orange County Chapter represents the largest member base within BIA Southern California. Our mission is to champion housing as the foundation of vibrant and sustainable communities.

Meeting Population Growth and Housing Need

The Southern California Association of Governments (SCAG) projects Orange County's population growth to be 417,000 new residents over the next 20 to 25 years.¹ Presently, there is a housing shortage in Orange County. Conversely, home prices have appreciated 21% in one year. The combination of population growth and limited supply will continue to complicate the challenge of housing accessibility and affordability for the City and the region. For this reason, regional housing policy under Senate Bill 375 supports the practice of infill development. Small lot development represents one of many housing strategies that the City may use to alleviate demand for housing, revitalize areas, and fulfill a fair share of regional housing goals.

¹ Southern California Association of Governments. Regional Forecast Appendix.
<http://rtps.scag.ca.gov/Documents/2012/final/SR/2012RTP_GrowthForecast.pdf>

- PRESIDENT
DAVE BULLOCH
STANDARD PACIFIC HOMES
- VICE PRESIDENT
DONNA KELLY
LENNAR
- TREASURER
JOAN MARCUS-COLVIN
THE NEW HOME COMPANY
- SECRETARY
BRIAN GEIS
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TWR ENTERPRISES
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MARK HIMMELSTEIN
NEWMAYER & DILLION, LLP
- MEMBER-AT-LARGE
MIKE WINTER
SARES-REGIS GROUP
- MEMBER-AT-LARGE
JIM YATES
RANCHO MISSION VIEJO
- CHIEF EXECUTIVE OFFICER
MICHAEL BALSAMO



Economic Benefits of Housing

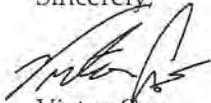
In an annual study of 100 metropolitan markets, the National Association of Home Builders found that three jobs and over \$90,000 in government revenue are initially generated by every home built. Developer fees are often earmarked specifically for maintaining quality of life through the improvements of schools, parks, roads, police and fire services.

On average, over three-fifths of a household's income is spent in the local economy. In a hypothetical situation where 50 homes are built in Costa Mesa, approximately \$2.0 million will be spent on local businesses and over \$157,000 will be generated in sales tax annually. By providing tools to redevelop underutilized and under-performing properties, the City's Small Lot Ordinance would help foster economic development and infrastructure improvement that contributes directly to the quality of life of Costa Mesa residents.

For these reasons, we support urge your recommendation to City Council to approve the Small Lot Ordinance. We commend the City for the extensive outreach and research on how small lot development can benefit the community of Costa Mesa. We believe the proposed ordinance will streamline planning and building processes, and establish guidelines for homes to integrate with the community fabric. As always, we remain a resource to the City on important issues that are related to the well-being of our local communities.

Thank you for your time and thoughtful consideration.

Sincerely,



Victor Cao

Government Affairs Manager

Cc: Mr. Gary Armstrong, Deputy CEO
Ms. Claire Flynn, Asst. Dev. Services Director