

SUPPLEMENTAL DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
NEWPORT COAST PLANNED COMMUNITY  
AND  
ESTABLISHMENT OF DELEGATE DISTRICT NO. 6  
ALTEZZA PHASE ONE

THIS SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, NEWPORT COAST PLANNED COMMUNITY, DELEGATE DISTRICT NO. 6 ("Declaration") is made this 31st day of May 1994, by TAYLOR WOODROW HOMES CALIFORNIA LIMITED, a California corporation ("Declarant").

R E C I T A L S

A. Declarant is the owner of that real property located in the unincorporated territory of the County of Orange, State of California, described as:

Parcels 1, 2 and 8 and Parcel C, inclusive, of Lot Line Adjustment No. LL 94-011, recorded on May 25, 1994, as Instrument No. 94-0359149 in the Office of the County Recorder of Orange County, California ("Phase 1").

B. Phase 1 is part of the Annexation Property as defined in that certain Declaration of Covenants, Conditions and Restrictions for Newport Coast Community Association, Orange County, California, defined below (the "Master Declaration");

C. Declarant has improved or intends to improve Phase 1 by constructing thereon common facilities and multi-family structures containing eighteen (18) residential Units as hereinafter defined in a manner consistent with the overall development plan for the "Condominium Project," as defined below; and

D. Declarant desires to divide the "Property," as defined below, and improvements thereon into a condominium project as defined in Sections 783 and 1351 of the California Civil Code in accordance with the recorded condominium plan for the Condominium Project; and

E. Declarant has therefore deemed it desirable to impose a general plan for the improvement and development of the Property and the adoption and establishment of covenants, conditions and restrictions upon said real property and each and every lot and portion thereof and upon the use, occupancy and enjoyment thereof, all for the purpose of

enhancing and protecting the value, desirability and attractiveness of the Property; and

F. Declarant has deemed it desirable for the efficient preservation of the value, desirability and attractiveness of the Property to create a corporation to which shall be delegated and assigned the powers of administering and enforcing these covenants, conditions and restrictions, and collecting and disbursing funds pursuant to the assessment and charges hereinafter created and referred to; and

G. ALTEZZA AT NEWPORT COAST HOMEOWNERS ASSOCIATION, a nonprofit corporation, has been incorporated under the laws of the State of California for the purpose of exercising the powers and functions aforesaid, a membership in such association being mandatorily appurtenant to each Unit; and

H. Declarant shall convey title to all of said Units in the Property subject to certain protective covenants, conditions and restrictions hereinafter set forth; and

I. Pursuant to Article XII of the Master Declaration, Phase 1 is being annexed to the property covered by the Master Declarant pursuant to a Supplementary Declaration of Covenants, Conditions and Restrictions for Newport Coast Community Association, recorded concurrently herewith. This Declaration is a "Maintenance Declaration" as defined in the Master Declaration and the Association is a "Maintenance Association", as defined in the Master Declaration.

J. In addition, the Declarant shall provide herein for the annexation of additional properties to be made subject to this Declaration.

NOW THEREFORE, Declarant hereby covenants, agrees and declares that all of said Units and property described above shall be held, sold and conveyed subject to the covenants, conditions and restrictions and easements contained in this Declaration and in the Master Declaration, which are hereby declared to be for the benefit of the whole Property and the owners thereof, their successors and assigns. The covenants, conditions and restrictions and easements contained in this Declaration and in the Master Declaration shall run with the said real property and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof and are imposed upon the Property and every part thereof as a servitude in favor of each and every parcel thereof as the dominant tenement or tenements.

ARTICLE 1  
DEFINITIONS

Unless the context clearly indicates otherwise, the following terms used in this Declaration are defined as follows:

Section 1.1. Allowable Charges: "Allowable Charges" shall mean the costs, late charges and interest in the amounts permitted by Section 1366(c) of the California Civil Code which may be recovered by the Association when any Assessment becomes delinquent which, as of the date hereof, permits (i) reasonable costs incurred in collecting delinquent Assessments including reasonable attorneys' fees, (ii) a late charge not exceeding ten percent (10%) of the delinquent Assessments or Ten Dollars (\$10.00), whichever is greater, and (iii) interest on all sums imposed in accordance with this Section, including the delinquent Assessment, reasonable costs of collection and late charges, at an annual percentage rate not to exceed twelve percent (12%) interest, commencing thirty (30) days after the Assessment becomes due.

Section 1.2. Annexation Property: "Annexation Property" shall mean and refer to that real property in the County of Orange, State of California, described as Tract Map No. 14773, excepting therefrom Phase 1. The maximum number of Condominiums which may be annexed as part of the Annexation Property shall not exceed one hundred ten (110) Condominiums.

Section 1.3. Annexed Property: "Annexed Property" shall mean and refer to any property that is described in a Supplementary Declaration that has been recorded in the Official Records and has become a part of the Property.

Section 1.4. Architectural Committee: "Architectural Committee" shall mean and refer to the committee or committees provided for in the Article hereof entitled "Architectural Review."

Section 1.5. Articles and Bylaws: "Articles" and "Bylaws" shall mean and refer to the Articles of Incorporation and Bylaws of the Association as the same may from time to time be duly amended.

Section 1.6. Assessments: "Assessments" shall mean each of the charges levied by the Board pursuant to the provisions of the Association Management Documents for the purposes indicated below:

- (a) Cable Television Service Assessment for cable television services which may be levied against an Owner who has subscribed for such services;

(b) Capital Improvement Assessment levied against each Owner in any calendar year applicable to that year only for the purpose of defraying, in whole or in part, the cost of any installation, construction or replacement of a described capital Improvement upon the Common Area to the extent the same is not covered by Reconstruction Assessments, including the necessary fixtures and personal property related thereto;

(c) Penalty Assessment levied against an Owner as a monetary penalty as a disciplinary measure for failure of such Owner to comply with the provisions of the Association Management Documents or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Area for which the Owner was allegedly responsible or bringing such Owner and his Condominium into compliance with the provisions of the Association Management Documents;

(d) Reconstruction Assessment levied against each Insured Owner to cover the cost to the Association for the repair, replacement or reconstruction of any portion or portions of the Insured Improvements pursuant to the provisions of the Article entitled "Destruction of Improvements" of this Declaration;

(e) Regular Assessment levied against each Owner for such Owner's proportionate share of the estimated Common Expenses for the forthcoming fiscal year; and

(f) Special Assessment levied against all Owners to cover the cost of any action or undertaking on behalf of the Association which is not specifically covered under any other Assessment. In the event the Association undertakes to provide materials or services which benefit a particular Owner, such Owner in accepting such materials and services agrees that the cost thereof shall also be a Special Assessment.

Section 1.7. Association: "Association" shall mean and refer to Altezza at Newport Coast Homeowners Association, a nonprofit mutual benefit corporation incorporated under the laws of the State of California, its successors and assigns, for the purpose of managing the Property.

Section 1.8. Association Management Documents: "Association Management Documents" shall mean and refer to the Articles, Bylaws, Architectural Standards, Declaration, Supplementary Declaration and the Association Rules and any amendments to any of the foregoing.

Section 1.9. Association Property: "Association Property" shall mean and refer to all real property and the Improvements thereon owned in fee, by easement or leased from time to time by the Association.

Section 1.10. Association Rules: "Association Rules" shall mean rules adopted, amended and repealed from time to time by the Board pursuant to the Article entitled "Discipline of Members" of the Bylaws.

Section 1.11. Board: "Board" shall mean the Board of Directors of the Association.

Section 1.12. Budget: "Budget" shall mean an itemized written estimate of the income and Common Expenses of the Association prepared from time to time pursuant to the provisions of the Bylaws.

Section 1.13. California Statutes: "California statutes" (Sections of the California Civil Code, Business and Professions Code, Code of Civil Procedure or Corporations Code) when referenced in any of the Association Management Documents shall mean each such statute, or any successor statute thereof.

Section 1.14. Common Area: "Common Area" shall mean the Property excepting the Units and the Association Property.

Section 1.15. Common Expenses: "Common Expenses" shall mean and refer to the actual and estimated costs or amounts established by the Board to be paid for:

(a) maintenance, management, operation, repair and replacement of the Common Area excepting therefrom any portion that is required to be maintained by the Owner and all other areas which are maintained by the Association pursuant to the provisions of this Declaration;

(b) unpaid Assessments;

(c) management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, managing agent, accountants, attorneys and employees;

(d) to the extent not metered or billed to Owners, utilities, trash pickup and disposal, gardening and other services which generally benefit and enhance the value and desirability of the Property;

(e) premiums on all insurance and fidelity bonds maintained by the Association pursuant to the Article

entitled "Insurance" of this Declaration (except for fidelity bonds obtained by a management agent for its officers, employees and agents);

(f) adequate reserves for the periodic maintenance, repair and replacement of Improvements maintained by the Association pursuant to this Declaration, including reserves for replacements for structural elements and mechanical equipment of recreational or other facilities maintained by the Association;

(g) taxes paid by the Association;

(h) discharge of any lien or encumbrance levied against the Common Area or portions thereof;

(i) expenses incurred by committees established by the Board;

(j) security systems or services installed by or contracted for by the Association; and

(k) other expenses incurred by the Association for any reason whatsoever in connection with the Common Area or the costs of any other item or items designated by the Association Management Documents, or in furtherance of the purposes of the Association or in the discharge of any duties or powers of the Association.

Section 1.16. Common Facilities: "Common Facilities" shall mean and refer to the Improvements upon Nonexclusive Use Common Area or Association Property that are not Structural Common Area.

Section 1.17. Common Property: "Common Property" shall mean the Common Area and the Association Property.

Section 1.18. Condominium: "Condominium" shall mean an estate in real property as defined in Section 1351(f) of the California Civil Code and consists of a fractional undivided interest in common in certain Condominium Common Area, together with a separate interest in space called a Unit, the boundaries of which are described on a Condominium Plan in sufficient detail to locate all boundaries thereof, and all right, title and interest appurtenant thereto. Said undivided interest shall be in the Condominium Common Area of the Lot(s) in the Phase in which such Unit is located and shall be determined by a fraction the numerator of which is one (1) and the denominator of which is the total number of Units contained within the Phase in which such Unit is located. Such fractional undivided interest shall be appurtenant to each Unit within such Lots, shall be described in

the instrument conveying a Condominium to the Owner of each such Unit and shall not be changed except as provided in the Section entitled "Limitations by FNMA" of the Article entitled "Mortgagee Protection," the Section entitled "Compliance with Plans" of the Article entitled "Destruction of Improvements," or the Section entitled "Change of Condominium Interest" of the Article entitled "Eminent Domain" all of the Declaration.

Section 1.19. Condominium Building: "Condominium Building" shall mean a separate building containing one or more Unit Elements.

Section 1.20. Condominium Common Area: "Condominium Common Area" shall mean that portion of the Common Area that is not Association Property and, without limiting the generality of the foregoing, specifically including all structural projections within a Unit which are required for the support of a Condominium Building, gas, water, waste pipes, all sewers, all ducts, chutes, conduits, wires and other utility installations of the structures wherever located (except the outlets thereof when located within the Units), the land upon which the structures are located, the air space above these structures, all bearing walls, columns, floors, the roof, the slab foundation, common stairways and the like. Condominium Common Area shall specifically exclude all garage door opening systems and all air conditioning equipment notwithstanding that the foregoing are located in the Condominium Common Area.

Section 1.21. Condominium Plan: "Condominium Plan" shall mean the certain condominium plan or plans and any amendments thereto recorded in the Official Records as defined in Section 1351(e) of the California Civil Code. In interpreting deeds, leases, declarations and plans, the existing physical boundaries of a Unit constructed in substantial accordance with the Condominium Plan shall be conclusively presumed to be its boundaries rather than the description expressed in the deed, lease, declaration or plan, regardless of settling or lateral movement of the building and regardless of minor variances between boundaries as shown on the plan or in the deed, lease, or declaration and those of the building as constructed.

Section 1.22. Condominium Project: "Condominium Project" shall mean and refers to each Lot that is divided into Condominiums which together contain all of the undivided interests in common in the Condominium Common Area of such Lot.

Section 1.23. County: "County" shall mean and refer to the County of Orange, State of California.

Section 1.24. Declarant: "Declarant" shall mean and refer to:

(a) Taylor Woodrow Homes California Limited, a California corporation, its successors and assigns, by merger, consolidation or by purchase of all or substantially all of its assets; and

(b) any person or entity, his or its successors and assigns to which the foregoing Declarant has assigned any or all of its rights and obligations by an express assignment which may be incorporated into a recorded instrument including but not limited to a deed, lease, option agreement, land sale contract or assignment as the case may be, transferring such interest if such assignee agrees in writing with Declarant to accept such assignment.

Section 1.25. Declaration: "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions as it may be amended from time to time.

Section 1.26. Development: "Development" shall mean and refer to Phase 1 and the Annexation Property.

Section 1.27. DRE: "DRE" shall mean and refer to the Department of Real Estate of the State of California.

Section 1.28. Exclusive Use Common Area: "Exclusive Use Common Area" shall mean those portions of the Common Area the exclusive use of which, subject to the rights of the Association and Declarant, has been granted to the Owner or Owners of particular Units.

Internal and external telephone wiring designed to service a single Unit, but located outside the boundaries of such Unit, will be Exclusive Use Common Area allocated exclusively for the use and enjoyment of the Owner of the Unit served.

Exclusive Use Common Area can also be created pursuant to the Section entitled "Additional Exclusive Use Common Areas" of the Article entitled "Easements and Rights" of this Declaration.

Section 1.29. Exhibit: "Exhibit" shall mean and refer to any document so designated herein and attached hereto or so designated in a Supplementary Declaration and attached thereto and each of such Exhibits is by this reference incorporated in this Declaration or such Supplementary Declaration.

Section 1.30. Federal Agencies: "Federal Agencies" shall mean and refer to collectively one or more of the



following agencies to the extent that any such agency is a Mortgagee, Owner, or insurer or guarantor of a Mortgage within the Property and the following letter designation for such agencies shall mean and refer to respectively the agency specified within the parentheses following such letter designation: FHA (Federal Housing Administration), FHLMC (Federal Home Loan Mortgage Corporation), FNMA (Federal National Mortgage Association), GNMA (Government National Mortgage Association), VA (Department of Veterans Affairs).

Section 1.31. Final Subdivision Public Report: "Final Subdivision Public Report" shall refer to that report issued by the DRE pursuant to Section 11018.2 of the California Business and Professions Code.

Section 1.32. Improvement: "Improvement" shall mean all:

(a) structures and appurtenances thereto of every type and kind, including but not limited to, buildings, out buildings, walkways, sprinkler and sewer pipes or lines, garages, carports, swimming pools and other recreational facilities, roads, driveways, parking areas, fences, screens, screening walls, retaining walls, awnings, patio and balcony covers, stairs, decks, landscaping, hedges, slopes, windbreaks, the exterior surfaces of any visible structure, trees and shrubs, poles, signs, solar or wind powered energy systems or equipment, and water softener or heater or air conditioning and heating fixtures and equipment;

(b) the demolition or destruction by voluntary action of any structure or appurtenance thereto of every type and kind;

(c) the grading, excavation, filling, or similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, change of drainage pattern or change of stream bed; (d) landscaping, planting, clearing, or removing of trees, shrubs, grass, or plants; and

(d) any change or alteration of any Improvement including any change of material exterior appearance, color or texture.

Section 1.33. Insured Owner: "Insured Owner" shall mean and refer to an Owner who owns a Condominium that is covered by the fire and casualty insurance policy maintained by the Association.

Section 1.34. Local Government: "Local Government" shall mean and refer to the City, if any, in which the

Property is located. If the Property is not located within a City, "Local Government" shall mean and refer to the County.

Section 1.35. Lot: "Lot" shall mean and refer to a lot shown on the most recently filed tract map describing such lot or a parcel shown on the most recently filed parcel map describing such parcel filed for record in the County as such lot or parcel may be adjusted from time to time by any recorded lot line adjustment to the extent that such lot or parcel is a part of the Property. "Lot" shall not include any Association Property.

Section 1.36. Master Association: "Master Association" shall mean and refer to the Newport Coast Community Association as defined and provided in the Master Declaration.

Section 1.37. Master Association Management Documents: "Master Association Management Documents" shall be defined as set forth in the Master Declaration.

Section 1.38. Master Declarant: "Master Declarant" shall mean The Irvine Company, a Michigan corporation.

Section 1.39. Master Declaration: "Master Declaration" shall mean and refer to that certain Declaration of Covenants, Conditions and Restrictions for Newport Coast Community Association, Orange County, California, recorded on May 24, 1991, as Instrument No. 91-257521, in the Official Records of the County Recorder of Orange County, California, as amended by that certain Amendment No. 1 to Declaration of Covenants, Conditions and Restrictions for Newport Coast Community Association, recorded December 6, 1991, as Instrument No. 91-672706.

Section 1.40. Member: "Member" shall mean and refer to every person or entity who is an Owner including Declarant so long as Declarant continues to be an Owner.

Section 1.41. Mortgage and Mortgagee: "Mortgage" and "Mortgagee" shall mean and refer respectively to any duly recorded mortgage or deed of trust encumbering a Condominium and the holder of the mortgagee's or beneficiary's interest under any such Mortgage. "First Mortgage" and "First Mortgagee" shall mean and refer respectively to a Mortgage which has priority over all other Mortgages encumbering a specific Condominium and the holder of any such First Mortgage.

The following additional terms describe Mortgagees or insurers or guarantors of Mortgages who are entitled to

specific rights described in the Association Management Documents:

(a) "Eligible Mortgage Holder" shall mean a First Mortgagee who has delivered to the Board a written request for notification on any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders and is entitled to receive notification from the Association and to vote or approve any proposed amendment or action that requires the consent of a percentage of Eligible Mortgage Holders. Wherever the approval of all or a specified percentage of Eligible Mortgage Holders is required it shall be deemed to mean the vote or approval of all or a specified percentage only of those First Mortgagees who have become Eligible Mortgage Holders by reason of having provided such notification to the Board. Wherever the vote or written approval of Eligible Mortgage Holders is required, it shall be deemed to mean such vote or approval of the percentage specified based on one (1) vote for each First Mortgage held.

(b) "Requesting Mortgagee, Insurer or Guarantor" shall mean the Mortgagee, or insurer or guarantor of a Mortgage entitled to receive timely written notification from the Association of certain matters as provided elsewhere in the Association Management Documents. To be entitled to receive such notification, the Mortgagee, insurer or guarantor must deliver to the Association a written request therefor stating the name and address of such Mortgagee, or insurer or guarantor and the address or other identification of the Condominium encumbered by the Mortgage held, insured or guaranteed by such Mortgagee, or insurer or guarantor.

Section 1.42. Nonexclusive Use Common Area: "Non-exclusive Use Common Area" shall mean and refer to the real property and amenities owned or managed by the Association for the common use of all Owners. The Nonexclusive Use Common Area within Phase 1 shall consist of the Common Area excepting therefrom any Exclusive Use Common Area.

Section 1.43. Official Records: "Official Records" shall mean the Official Records in the Office of the County Recorder of the County.

Section 1.44. Owner: "Owner" shall mean and refer to one or more persons or entities who are alone or collectively the record owner of a fee simple title to a

Condominium, including Declarant, excluding those having any such interest merely as security for the performance of an obligation. If a Condominium has been sold under a land sale contract in which the State of California is the vendor, then the vendee shall be deemed to be the Owner of such Condominium.

Section 1.45. Phase: "Phase" shall mean and refer to each increment of the Property on which the DRE has issued a Final Subdivision Public Report. "First Phase" shall mean the first of any such Phases to have had a conveyance of a Condominium which requires the delivery of a Final Subdivision Public Report.

Section 1.46. Phase 1: "Phase 1" shall mean all of the real property described in paragraph A of the Recitals of this Declaration.

Section 1.47. Property: "Property" shall mean and refer to Phase 1 and, subsequent to the annexation thereof, any Annexed Property. The Property is a common interest development as defined in Section 1351(c) of the California Civil Code which is being developed as a condominium planned development.

Section 1.48. Residence: "Residence" shall mean and refer to a Unit together with any Exclusive Use Common Area appurtenant thereto.

Section 1.49. Residence Improvements: "Residence Improvements" shall mean and refer to the fixtures and equipment within a Residence and shall also include personal property within the individual Residences if such personal property is encumbered by a First Mortgage.

Section 1.50. Structural Common Area: "Structural Common Area" shall mean the Condominium Buildings and any Exclusive Use Common Area which, in the original construction of the Condominium Building, or in any reconstruction thereof, was attached or affixed thereto, such as and without limitation, any shutters, awnings, window boxes, porches, balconies, exterior doors, door frames, and hardware incident thereto, screens and windows, and shall also include any walls or fences forming the boundaries of a Residence or any Unit Elements thereof.

Section 1.51. Supplementary Declaration: "Supplementary Declaration" shall mean a writing annexing additional property extending the plan of this Declaration to such additional property.

Section 1.52. Trustee: "Trustee" shall mean and refer to the insurance trustee appointed by the Board and

shall be a commercial bank, or branch thereof, or a trust company in the County, which has agreed in writing to accept such trust; provided, however, if the Board is unable to find such an institution to act as Trustee for reasonable compensation after a diligent search, the Board may designate itself to act as the Trustee.

Section 1.53. Unit: "Unit" shall mean the separate interest in space as defined in Section 1351(f) of the California Civil Code comprised of the elements of a Condominium not owned in common with the Owners of other Condominiums the boundaries of which are identified on the Condominium Plan describing such Unit and shall consist of a "Residential Element" together with a "Garage Element," as each is defined in the Section of this Declaration entitled "Unit Elements". Each Unit shall be identified on the Condominium Plan with a separate number. In addition, any shutters, awnings, window boxes, door steps, stoops, exterior door frames and hardware incident thereto, Garage door opening systems, hinges, springs and other hardware incident to Garage doors, air condition equipment, screens, windows and window glass, forced air units or other fixtures designed to serve a single Residence shall be deemed to be apart of the Unit of such Residence even if located outside the boundaries of such Unit.

Section 1.54. Unit Elements: "Unit Elements" shall mean the following elements of, or appurtenant to, a Unit:

(a) "Deck" shall mean that portion of the Exclusive Use Common Area designed for use as a deck and shall be identified on the Condominium Plan by a Unit number and the letter "D."

(b) "Garage Element" shall mean that portion of a Unit designed for use as a garage, and shall be identified on the Condominium Plan by a Unit number and the letter "G."

(c) "Residential Element" shall mean that portion of a Unit designed for use as a residence, and shall be identified on the Condominium Plan by a Unit number only.

(d) "Patio" shall mean that portion of the Exclusive Use Common Area designed for use as a patio, recreational, gardening and/or landscaping area and shall be identified on the Condominium Plan by a Unit number and the letter "P."

The upper and lower horizontal boundaries of the Patio Unit Element shall be planes above and below the surface of the land as shown on the Condominium Plan. The vertical boundaries of the Patio Unit Element shall consist of the

surface of any Condominium Building wall with all other vertical boundaries being planes extending vertically from the horizontal boundary lines of such Unit Elements as shown on the Condominium Plan. Any wall or fence separating Patio Unit Elements of adjoining Units shall constitute a party wall and shall be subject to the provisions of the Article entitled "Party Walls" of the Declaration. Any other wall or fence and any gate within such wall or fence forming the boundary of the Patio Unit Element is, or shall be deemed to be, within and a part of the Patio Unit Element. The Patio Unit Element shall consist of the land and all improvements thereon and the space encompassed by all of the foregoing.

The Deck Unit Element shall consist of the contiguous surfaces of any Common Area walls or fences and the exterior surfaces of the walls of contiguous Condominium Buildings.

Each Garage and Residential Element shall consist of the interior undecorated surfaces of the perimeter walls, floors, ceilings, windows (if any) and doors of each such Unit Element and the space encompassed thereby, including the outlets of all utility installations therein and also including the interior surfaces of the firebox of any fireplace extending from the floor to the top of each fireplace, if any, and the space encompassed thereby, which adjoins any such Unit Element. In the event that any contiguous Common Area land and Improvements do not completely enclose a Unit Element, the remaining boundaries of the airspace contained within said Unit Element shall be as delineated on the Condominium Plan.

## ARTICLE 2 CREATION OF CONDOMINIUMS

Section 2.1. Creation: Declarant, in order to establish a plan of condominium ownership for Phase 1, hereby covenants and agrees that it hereby divides Phase 1 into the following separate freehold estates:

(a) Eighteen (18) separately designated and legally described Units which are comprised of legally described air parcels which are shown and were particularly described on the Condominium Plan.

(b) A freehold estate consisting of Common Area which shall be owned by the Owners as tenants in common, and shall be subject to certain easements and restrictions as set forth in this Declaration and the Condominium Plan.

Section 2.2. Elements of Condominium: Each Condominium shall be comprised of the following elements: