

MARINA CITY CLUB CONDOMINIUMS

RENOVATION AGREEMENT

This Renovation Agreement ("Agreement") dated _____ is entered into between Essex Marina City Club, LLC, a Delaware limited liability company ("Sublessor"), and _____ ("Sublessee"), an individual, as sublessee of Unit # _____ ("Unit") of the Marina City Club Condominiums.

1. Pursuant to that certain Second Amended and Restated Lease [Improved Parcel] (as amended) dated October 15, 1987 ("Master Lease"), Essex Marina City Club, L.P. is leasing the residential, commercial, and recreational community known as the Marina City Club located at 4333 Admiralty Way, Marina del Rey, California 90292 from the County of Los Angeles ("County").

2. Pursuant to that certain Operating Sublease dated January 21, 2004, Essex Marina City Club, LLC is subleasing the Property from Essex Marina City Club, L.P. Essex Marina City Club, LLC (hereafter "Sublessor"), in turn, has subleased certain units at the Property by entering into an Assignment and Assumption of Condominium Sublease ("Assignment") with the sublessees of the units.

3. Certain operations of the Property are governed by the Letter Agreement re Settlement of Pending Litigation from Marina City Club, L.P., previously known as J.H. Snyder Company, to Marina City Club Condominium Owners Association (the "Association") dated June 30, 1994 (the "Letter Agreement"), which provides for certain managerial decisions to be made by the "Management Council" (as defined in the Letter Agreement) and the Supplemental Agreement dated May 14, 2004, by and between the Association and Essex Marina City Club, L.P., successor-in-interest to Marina City Club, L.P. The Management Council shall be involved in certain decisions discussed in this Agreement.

4. Sublessee wishes to renovate, alter, repair, remodel, or improve the Unit. The renovations, remodeling, repairs, alterations, or improvements are subject to the terms of the Master Condominium Sublease ("Master Sublease") and the First Amended and Restated Declaration of Covenants, Conditions and Restrictions Establishing A Plan Of Subleasehold Condominium Ownership For The Marina City Club Condominiums ("CC&R's").

5. Definitions.

a. "Marina City Club" shall refer to Essex Marina City Club, L.P., Essex Marina City Club, LLC, and Marina City Club Condominium Owners Association.

b. "Renovations" shall refer to the renovations, alterations, repairs, remodeling, or improvements of the Unit, including all work, labor, materials, and services provided as part of any such renovations, alterations, repairs, remodeling, or improvements.

c. "Property" shall refer to all of the property which is subject to the Master Lease.

d. "Contractor(s)" shall refer to any construction manager, general contractor, or subcontractor of any tier providing any work, labor, materials, or services in connection with the Renovations.

6. Plans and Specifications for Renovations. Sublessee shall provide to Sublessor for review and approval plans and specifications for all Renovations. The plans for the Renovations shall be "To Scale" drawings and shall include, but not be limited to, site design, plumbing, electrical, and finish drawings. The plans and specifications will identify the areas and items to be demolished, if any, and include a materials list identifying all materials that will be used in the Renovations. The plans and specifications must be prepared by an architect licensed in the State of California. Sublessee shall pay the cost of Sublessor's review of the plans and specifications in an amount not to exceed \$300. If Sublessor does not approve in writing the submitted plans and specifications within 45 days after receiving them, then approval for the plans and specifications shall be deemed denied. Sublessor's review and approval of the plans and specifications shall be solely for the purpose of confirming that the proposed Renovations generally conform to the restrictions upon Renovations contained in this Agreement, the Master Sublease, and the CC&R's, but shall not constitute a representation that the proposed Renovations comply with building codes, fire codes, or other governmental rules and regulations. Sublessor's review and approval of the plans and specifications shall not give rise to any liability by Marina City Club or their representatives. Sublessee shall not commence any construction on the Renovations without Sublessor's written approval of the plans and specifications. Sublessee shall ensure that the Renovations are constructed in accordance with the approved plans and specifications.

7. Approved List of Contractors. Sublessor maintains a list of Contractors that are approved to work at the Property. Sublessor may condition its approval of Sublessee's Renovations upon Sublessee's agreement to use a Contractor on Sublessor's approved list. Prior to commencing the Renovations, Sublessee shall provide Sublessor a list of the Contractors for the Renovations using the form attached to this Agreement. Sublessee shall not use any Contractor for the Renovations whose name has not been submitted to Sublessor as required by this Agreement. Sublessee shall not use any Contractor as to which Sublessor has expressed objection in writing.

8. Compliance with Laws. The Renovations shall strictly comply with all building codes, fire codes, and other governmental rules and regulations. The Renovations shall comply with the Master Sublease and the CC&R's. In addition, Renovations may require a permit or other prior written approval ("Permits") from the Director of the County Department of Beaches and Harbors, Marina del Rey, and other Federal, State or local government agencies, including but not limited to the Los Angeles County Department of Building and Safety. Sublessee shall not commence any Renovations until Sublessee has obtained and posted all required Permits. Sublessee shall inform Sublessor of the need for Permits and allow Sublessor, at Sublessor's sole discretion, either to obtain the Permits itself or to direct Sublessee to do so under Sublessor's direction; provided, however, that any County approvals that are required by County as landlord

under the terms of the Master Lease shall be obtained by Sublessor. Sublessee shall pay Sublessor its costs related to obtaining Permits, plus an administrative fee equal to the greater of 5% of such costs or \$50. Sublessee shall pay Sublessor the costs of obtaining Permits together with the administrative fee within ten days of receiving the written invoice for such costs. Sublessee shall not proceed with construction of any Renovations until Sublessor is paid for the Permits costs and administrative fee.

9. Damage Deposit. Prior to the commencement of any Renovations, Sublessee shall provide Sublessor a damage deposit ("Deposit"). The amount of the Deposit will be determined by Sublessor based on the type of work and trades that will be involved in the Renovations and in accordance with the Deposit Schedule attached to this Agreement. The Deposit shall not exceed \$5,000. This money will be held by Sublessor until the Renovations are completed in accordance with this Agreement, the Master Sublease, and the CC&R's. In the event that Marina City Club or any other sublessee of a Marina City Club Condominium unit suffers any monetary damages as a result of Sublessee's Renovations, they may submit to the Management Council a written request for reimbursement for their damages ("Request"). The Request shall be accompanied by evidence and documentation supporting the nature and dollar amount of damages claimed. The Management Council shall, at its sole discretion and by a majority vote, determine the amount of monetary damages to be paid in response to the Request. Any amount approved by the Management Council shall be deducted from the Deposit.

10. Return of Damage Deposit. The Deposit, minus any supplemental maintenance fees assessed against Sublessee or any applicable expenses, costs, or damages incurred by Marina City Club or any other sublessee of a Marina City Club Condominium unit, will be returned within 30 days of completion of the Renovations, provided there is no Request pending before the Management Council. If any Request is pending, the Management Council shall have 120 days from the date of completion of the Renovations to determine what amount of the Deposit will be returned to Sublessee. Any appeal by Sublessee of the Management Council's decision regarding the amount returned shall be in writing and received by the Management Council within 30 days of the Management Council's decision. The Management Council's decision regarding the amount of the Deposit returned is final. In no way does the Deposit, or any language in this Agreement, restrict the amount of damages that Marina City Club or any other sublessee of a Marina City Club Condominium unit may seek against Sublessee for Sublessee's violation of this Agreement or for damage arising from the Renovations.

11. Work Stoppage. If at any stage of the Renovations Sublessor, at its sole discretion, determines that Renovations are not being performed in accordance with the plans and specifications approved by Sublessor or are causing or threaten to cause any damage to any part of the Property, Sublessor has the right to order all work on the Renovations stopped until such time as Sublessor is satisfied that Sublessee has taken all appropriate action so that any resumption of work on the Renovations will be in accordance with the approved plans and specifications and will not cause damage to any part of the Property. Sublessee shall cause all work to stop on the Renovations immediately after receiving Sublessor's order to stop work and shall not permit work to resume until Sublessor grants Sublessee written permission to do so.

12. Liability for Damage. Sublessee shall reimburse Marina City Club for all costs incurred by them related to the Renovations. Sublessee agrees to assume full responsibility for

any damage to any persons, to any property of others, or to any part of the Property caused by Sublessee or Sublessee's agents, employees, invitees, or contractors of any tier, including but not limited to by promptly repairing any damage to the Property. If Sublessee does not repair the damage to the Property in a timely manner, Sublessor may make the repairs and charge Sublessee a special maintenance fee for the cost of those repairs, deduct the amount from the Deposit, and/or take legal action against Sublessee. If Sublessee fails or refuses to pay the special maintenance fee, Sublessor shall have the right to lien Sublessee's property and/or utilize any other remedy provided for in this Agreement, the Master Lease, the Master Sublease, the Assignment, the Letter Agreement, the CC&R's, or by law.

13. Liability for Mitigation. Sublessee shall be liable for all expenses incurred by the Marina City Club mitigating damages to any part of the Property arising out of the Renovations. Such expenses may be deducted from the Deposit, may be charged to Sublessee as a special maintenance fee, or be collected through any action allowed by this Agreement, the Master Lease, the Master Sublease, the Assignment, the Letter Agreement, the CC&R's, or by law.

14. Structural Changes. Sublessee's Renovations shall comply with all restrictions upon the nature and extent of permissible Renovations stated in the Master Sublease and the CC&R's, including but not limited to the prohibition against structural and utility bearing modifications.

15. Concealed Conditions. Sublessee shall report to Sublessor and correct, at his or her sole expense, any building code violations or deficiencies discovered during the course of the Renovations, whether such conditions are found in the Unit or the Property outside the Unit.

16. Site Observations and Inspections. Sublessor shall have the right but not the obligation to make periodic site observations or inspections while construction of the Renovations is in progress and upon completion of the Renovations. Sublessor and its representatives shall have the right to enter Sublessee's Unit to conduct observations or inspections and Sublessee shall allow the observations and inspections by Sublessor or its representatives. Sublessor may order all work on the Renovations to stop if Sublessee does not allow the observations or inspections. Such site observations and inspections do not relieve Sublessee from the duty to comply with all applicable building and fire codes.

17. Work Location. All work for the Renovations must be done inside Sublessee's Unit. Workers shall not set up equipment at the Property anywhere outside of the Unit, including but not limited to in the hallways, lobbies, or garages. Sublessee shall be subject to a \$150.00 supplemental maintenance fee for each violation of this requirement.

18. Equipment and Material Storage. All equipment and materials used in connection with the Renovations must be stored inside Sublessee's Unit or at a location off the Property. Sublessee shall be subject to a \$150.00 supplemental maintenance fee for each day that equipment and material are stored in violation of this Agreement.

19. Electrical Outlets. Workers shall not use electrical outlets at the Property outside of the Unit to power their equipment. Sublessee shall be subject to a \$150.00 supplemental maintenance fee for each day that an electrical outlet is used in violation of this Agreement.

20. Floor Protection. All floors at the Property outside the Unit that are used for the delivery of equipment or material for the Renovations must be protected with masonite or plywood. The protective coverings shall be taped at the edges and shall extend from the elevators and/or stairwells to the Unit. The protective coverings must be removed and the floor cleaned by 5:00 p.m. each day. If Sublessee does not provide and remove the protective coverings as required, Sublessee shall be subject to a supplemental maintenance fee of \$100.00 per occurrence plus the cost of cleaning and repairing any associated damage.

21. Elevators. Only padded freight elevators may be used to transport workers, equipment, and materials related to the Renovations. Sublessee shall be subject to a \$200.00 supplemental maintenance fee for each instance in which an elevator other than a padded freight elevator is used to transport workers, equipment, and materials related to the Renovations.

22. Trash and Debris. All trash and debris associated with the Renovations must be carried off the Property on a daily basis at Sublessee's expense. Trash chutes, dumpsters, or other trash receptacles within the Property shall not be used for disposing of trash and debris from the Renovations. Sublessee shall be subject to a supplemental maintenance fee of \$500.00 for each violation of any of these requirements regarding disposal of trash and debris, plus the costs to repair damage or clean the Property outside the Unit.

23. Construction Hours. Working hours for any Renovations are limited to 8:00 a.m. to 5:00 p.m., Monday through Friday. Sublessee shall be subject to a supplemental maintenance fee of \$100.00 if work continues past 5:00 p.m., which fee will increase by \$100.00 for every half hour beyond 5:30 p.m. that work on Renovations continues. Work should end and daily clean-up should begin no later than 4:45 p.m. so that all workers have left the Property by 5:00 p.m. Sublessee shall be subject to a supplemental maintenance fee of \$50.00 for each worker who signs out of the building after 5:00 p.m. No work on Renovations shall take place on Saturdays, Sundays, or the following holidays:

New Year's Eve (Dec. 31 after 12 noon)	Labor Day (1st Monday in September)
New Year's Day (January 1)	Rosh Hashanah (1st day of)
President's Day (3 rd Monday in February)	Thanksgiving Day (last Thu. in Nov. + Fri.)
Memorial Day (last Monday in May)	Christmas Eve (Dec. 24 after 12 noon)
Independence Day (4 th of July)	Christmas Day (December 25)

Sublessee shall be subject to a \$1,000.00 supplemental maintenance fee for each violation of the prohibition against Renovations work on Saturdays, Sundays, and holidays.

24. Parking. Sublessee must coordinate with Property Services to arrange parking for vehicles associated with Renovations work.

25. Signs. No signs may be displayed in or around the Unit. Sublessee shall be subject to a supplemental maintenance fee of \$500.00 for each day that a sign is displayed in violation of this Agreement.

26. Water Shut-Offs. Sublessee shall give Sublessor seven days advance notice of a need for water or sprinkler shut-offs. Water or sprinkler shut-offs can only be done between the hours of 10:00 a.m. and 3:30 p.m. Sublessee shall pay Sublessor \$150.00 for each of the first

three building water shut-offs. After the first three shut-offs, Sublessee shall pay Sublessor \$500.00 for each additional shut-off. Sublessee shall pay the shut-off costs to Sublessor before the shut-off occurs.

27. Sound-Proofing. Sublessee must ensure that any changes to the Unit meet the following minimum acoustical standards:

a. *Floors*. All changes to floors separating units (e.g., addition of tile, hardwood, stone, etc.) must provide code-compliant sound control properties for both airborne and impact sound insulation. In addition, the changes must satisfy the following ratings: (i) impact sound insulation must be Field Impact Insulation Class (FIIC) 52 or higher, and (ii) airborne sound isolation rating must be Noise Isolation Class (NIC) 52 or higher.

b. *Walls*. Walls must provide an airborne sound insulation sufficient to meet a Noise Isolation Class (NIC) rating of 52.

c. *Plumbing*. All plumbing must be properly insulated for sound and must be isolated from walls, studs, joists, ceilings, and flooring.

d. *Penetrations*. Penetrations or openings for piping, electrical devices, recessed cabinets, bathtubs, soffits, or heating, ventilating or exhaust ducts must be sealed, lined, insulated or otherwise treated to maintain the required sound ratings.

e. *Acoustical Test*. At the conclusion of the work Sublessee may be required to produce a "sound test" from an acoustical consultant to confirm that acoustical standards have been met. If the standards are not met, Sublessee shall promptly make appropriate changes to ensure compliance.

28. Worker Restrictions. Workers shall not bring animals to the Property. Any worker with an animal will be denied entry to the Property. All workers must wear shoes, pants or shorts, and shirts at all times. Workers shall not play radios or create any nuisance noise not necessary to or inherent in the construction work. Workers shall not eat meals or take breaks in the common areas. Sublessee shall be subject to a \$50.00 supplemental maintenance fee for each violation of any of these restrictions.

29. No Drugs or Alcohol. Workers shall not bring onto or use at the Property any alcoholic beverages, intoxicants, drugs, or other controlled substances. Sublessee shall be subject to a \$500.00 supplemental maintenance fee per violation and the offending party may be barred from the Property.

30. Fire Watch. Sublessee must provide Sublessor seven days advance notice if the Unit's fire monitoring or fire sprinkler system will be disconnected for any reason. Sublessee must IMMEDIATELY notify Sublessor if an unplanned disconnection of the fire monitoring or fire sprinkler system occurs. Sublessor will post a "fire watch" until the system is reconnected. Sublessee shall pay all expenses associated with the "fire watch", including but not limited to any overtime. Sublessee shall be subject to a \$1,000.00 supplemental maintenance fee for each violation if these procedures are not followed.

31. Marina City Club Equipment. Contractors must use their own equipment for the Renovations. No equipment that is the property of Sublessor may be used at any time.

32. Containment of Dust and Odors. All dust, dirt, noise, or fumes generated by the Renovations must be contained in the Unit. The front door to the Unit must be closed at all times while the Renovations are under construction. Sublessee shall be subject to a \$100.00 supplemental maintenance fee for each day there is a violation of the containment requirements of this paragraph.

33. Sublessee's Insurance. In accordance with Section 8.4 of the Master Sublease, insurance for all Renovations, decorations, and personal property within the Unit shall be the sole responsibility of and shall be provided at the sole option of Sublessee.

34. Contractor's Insurance. All Contractors performing any part of the Renovations must carry the following insurance:

a. Workers' compensation and employers' liability insurance having limits not less than those required by state statute and federal statute, if applicable, and covering all persons employed by the Contractors in the conduct of its operations on the Renovations (including the all states endorsement and, if applicable, the volunteers endorsements), together with employer's liability insurance coverage in the amount of at least One Million Dollars (\$1,000,000). Contractors shall waive all rights of subrogation or indemnity against Marina City Club and agents and employees of any of them for losses paid under the term of said policy arising from work performed by contractor or subcontractor for the Renovations.

b. Commercial general liability insurance, occurrence form, having a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence and Two Million Dollars (\$2,000,000) products/completed operations aggregate, having any reasonable deductible, providing coverage for, among other things, blanket contractual liability, premises, products/completed operations, Owners-Contractors protective, and personal and advertising injury coverage, with deletion of the exclusions for operations, explosion, collapse, and underground.

c. Comprehensive automobile liability insurance having a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence and insuring Contractors against liability for claims arising out of ownership, maintenance, or use of any owned, hired or non-owned automobiles.

d. Sublessee shall provide Sublessor with each Contractor's Certificates of Insurance acceptable to Sublessor before the Contractor commences any work on the Renovations. These Certificates and the insurance policies required by this Paragraph 34 shall contain the following provisions:

i. Each policy shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits

except after thirty (30) days written notice by certified mail, return receipt requested, has been given to Marina City Club.

ii. Each policy shall be endorsed to state that the policy is the primary insurance coverage.

iii. Each policy shall be endorsed to name the following as additional insureds:

- (A) CERTIFICATE HOLDER AND ADDITIONALLY INSURED:
(EXACTLY AS WRITTEN)
SEABREEZE MANAGEMENT COMPANY, INC.
39 Argonaut, Suite 100
Aliso Viejo, CA 92656
- (B) ADDITIONALLY INSURED: (EXACTLY AS WRITTEN)
ESSEX MARINA CITY CLUB, LLC
a Delaware Limited Liability Company "OWNER"
- (C) MARINA CITY CLUB
39 Argonaut, Suite 100
Aliso Viejo, CA 92656
- (D) MARINA CITY CLUB CONDOMINIUM OWNERS
ASSOCIATION
39 Argonaut, Suite 100
Aliso Viejo, CA 92656

iv. Each policy shall be endorsed to state that the policy shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

v. Each policy shall be endorsed to state that any failure to comply with reporting provisions of the policy shall not affect coverage provided by the policy.

vi. Each Contractor waives any right to recover against Marina City Club for claims for damages to the Contractor's property. This provision is intended to waive fully, for the benefit of Marina City Club, any rights and/or claims which might give rise to a right of subrogation in favor of the contractor or subcontractor. The coverage obtained by Contractors pursuant to this Agreement shall include, without limitation, a waiver of subrogation endorsement attached to the certificate of insurance.

e. Insurance required to be maintained by Contractors shall be written by companies licensed to do business in California and having a "General Policyholders Rating" of at least A-VIII as set forth in the most current issue of "Best's Insurance Guide."

f. Each Contractor shall notify Sublessor immediately after it learns of the occurrence of any accidents or incidents in connection with the Renovations that could give rise to a claim under any of the insurance policies required under this Paragraph 34.

35. Contractor's License. All Contractors performing any part of the Renovations shall be duly licensed within the State of California.

36. Removal of Contractors or Workers. Sublessor may stop the Renovations or bar any of Sublessee's Contractors or any individual workers from entering or working on any part of the Property, including the Unit, if in Sublessor's sole discretion, the Renovations are not being performed in accordance with the plans and specifications approved by Sublessor, or the Contractors or workers are uncooperative, unsafe, or have established a pattern of violating the rules and requirements governing their work, including but not limited to the rules and requirements contained in this Agreement.

37. Diligent Construction. The Renovations must be completed within 120 days from the start of construction. Extensions may be granted for delays caused by strikes, fires, or other unforeseen events beyond Sublessee's control. If the Renovations are not completed by the completion date and no extensions have been granted, Sublessee is subject to a supplemental maintenance fee of \$300.00 per day until the Renovations are completed.

Start Date: _____ Completion Date: _____ Sublessee's Initials _____

38. Incomplete or Inadequate Work. If Sublessee fails to complete the Renovations or completes them in such a manner that any part of the Property outside the Unit is adversely affected, and then Sublessee fails or refuses to correct the problem, Sublessor may take any or all of the following actions: (1) correct the problem and deduct the costs of correction from the Deposit; (2) charge Sublessee a special maintenance fee for the costs of correction; (3) bring an action for damages; (4) bring an action for affirmative injunctive relief; or (5) seek any other necessary legal or equitable remedies to enforce performance of Sublessee's obligations.

39. Indemnity. To the fullest extent allowed by law, Sublessee shall indemnify, hold harmless, and defend the Marina City Club, County, and their officers, directors, employees and agents from and against all liability, demands, losses, damages, expenses (including attorney's fees), payments, judgments, recoveries, or claims of any nature arising out of or caused in any manner by the acts or omissions of Sublessee, or Sublessee's architects, engineers, contractors, subcontractors of any tier, vendors, or suppliers in the performance of the Renovations, except from any claims and demands that may arise out of the willful misconduct or sole negligence of Marina City Club, County, and their officers, directors, employees and agents.

40. Liens. Sublessee shall keep the Property free and clear of mechanic's liens arising from the Renovations. In the event a mechanic's lien is recorded against the Unit or any other part of the Property as a result of the Renovations, Sublessee shall indemnify and hold harmless Marina City Club and the County in accordance with Section 7.3 of the Master Sublease.

41. Payment of Supplemental Maintenance Fees. Sublessee shall pay Sublessor any supplemental maintenance fees assessed under this Agreement within ten days of receiving notice of the fee.

42. Enforcement. Sublessor may take any action allowed by this Agreement, the Master Lease, the Master Sublease, the Assignment, the CC&R's, or by law to remedy Sublessee's breach of any provision of this Agreement, including but not limited to seeking *ex parte* restraining orders or other injunctive relief from a court of competent jurisdiction to prevent Sublessee and its agents, servants, contractors of any tier, or employees from violating the provisions of this Agreement. In the event proceedings are brought to enforce any of the provisions in this Agreement, Sublessor shall be entitled to recover all costs and reasonable attorneys' fees.

SUBLESSEE: _____

DATED: _____

ESSEX MARINA CITY CLUB, LLC ("SUBLESSOR")

DATED: _____

By: _____

Its: _____

_____ ("Sublessee") as owner of Unit # _____

LIST OF CONTRACTORS

General Contractor: _____

License #: _____

Workers Comp Insurance: _____

General Liability Insurance: _____

Architect: _____

License #: _____

Plumbing Contractor: _____

License #: _____

Electrical Contractor: _____

License #: _____

Framing Contractor: _____

License #: _____

Structural Engineer: _____

License #: _____

OTHER CONTRACTORS

_____ License #: _____

_____ License #: _____

_____ License #: _____

_____ License #: _____

_____ License #: _____

_____ License #: _____

OWNER / SUBLESSEE: _____ DATED: _____

Signature

_____ ("Sublessee") as owner of Unit # _____

DEPOSIT SCHEDULE

	STANDARD DEPOSIT	DEPOSIT FOR UNIT # _____
ELECTRICAL	\$1,000	
PLUMBING	\$1,000	
HEATING, VENTILATION, AND AIR- CONDITIONING	\$1,000	
FLOORING/NOISE ABATEMENT	\$1,000	
STRUCTURAL	\$1,000	
	TOTAL	\$,____