MARINA CITY CLUB, L.P.
Debtor-In-Possession
5757 Wilshire Blvd., Penthouse 30
Los Angeles, CA 90036

June 30, 1994

Marina City Club Condominium
Owners Association
Marina City Club
4333 Admirality Way
Attention: Executive offices
Marina del Rey, California 90292
Attn: Shirley Bailey, D.D.S., President

Re: Agreement re Settlement of Pending Litigation between marina City Club Condominium Owners Association, Inc. (“Association”) and Marina City Club, L.P. et al. (“Debtor”)

Dear Condominium Owners Association:

This letter (“Letter Agreement”) shall: (i) supersede that certain Letter Agreement, dated October 1, 1993 between the Association and Debtor (the “Prior Agreement”), which Prior Agreement shall be deemed void and of no further force and effect, and (ii) confirm the terms and conditions which the Association and Debtor have subsequently agreed upon with respect to the settlement of the class action claims filed by the Association and the related individual and class claims; provided, however, that, notwithstanding anything contained herein to the contrary, if for any reason the United States bankruptcy Court for the Central District of California (the “Bankruptcy Court”) fails to enter by November 1, 1994 in chapter 11 case number LA 92-29484-SB (the “Chapter 11”) an order confirming a plan of reorganization proposed by Debtor that includes the terms of this Letter Agreement, each of the parties hereto reserves the right to contend that the Prior Agreement remains enforceable in accordance with its terms.

We understand that this Letter Agreement shall be subject to the approvals of the Bankruptcy Court, the County of Los Angeles, and Aetna Life Insurance Company (“Aetna”). By the execution of this Letter Agreement, we represent to each other that we shall each use our respective best efforts to: (i) obtain as soon as possible the requisite consents and (ii) cause to have our respective attorneys prepare the formal documentation in order to document the agreements and obligations contained in these Letter Agreement. Nevertheless, we agree to jointly sign this letter to confirm this agreement between the parties and to then proved to

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have formal documents prepared by legal counsel in order to implement the terms contained in the Letter Agreement .

A: Revisions to Management Structure for all Areas Covered by Maintenance Fees:

A five (5) member Management Council (the "Management Council") shall be formed. The Management Council will include (i) two (2) representatives from the Association (the Directors of the Association (the "Board of Directors") (it being understood and agreed that the existing Board of Directors shall appoint the initial two (2) representatives, and each annually newly elected Board of Directors thereafter may, if it so desires, but shall not be required to change the Association Representatives to the Management Council), (ii) two (2) representatives from Debtor (the "Debtor Representatives"), and (iii) an independent member (the "Independent Member") to be mutually agreed upon by the Board of Directors and Debtor. The Association Representatives shall at all times represent the opinion and/or decisions of the majority of the Board of Directors and may be removed for any reason at any time by a majority of the Board of Directors. The Independent Member may be paid for the attendance at all meetings and shall be either a member oft eh Urban Planning Department of a local university or a highly qualified individual with experience in management of condominiums. Any and all costs associated with the selection of, or the payment of fees to, the Independent Members shall be allocated in such a way as to cause one-half of such costs and fees to be borne by homeowners through maintenance fees and the other half to be borne by Debtor.

Notwithstanding the foregoing, with the consent of a majority of the Association Representatives and the Debtor Representatives, which consent may be revoked at any time, the Representatives, which consent may be revoked at any time, the Board of Directors and the debtor may defer or discontinue the appointment of the Independent Member; provided, however, that if at any time any two or more members of the management Council (other than the Independent Member) so request, an Independent Member shall be appointed or re-appointed. At such times as there is no Independent Member of the Management Council, in the event of deadlock or a tie vote among the members of the Management Council, the subject matter that gave rise to such

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deadlock or tie vote shall be subject to arbitration as set forth in paragraph 2, below. In addition, in the event that the debtor Representatives and the Association Representatives elect to have an Independent Member on the Management Council but cannot agree upon a mutually acceptable Independent Member, such Independent Members hall be appointed by arbitration as set forth in paragraph 2, below.

2. Procedure for Arbitration.

The arbitration(s) discussed in the foregoing paragraph shall be before a retired judge of the Superior Court, District Court or Court of Appeals, with experience in property management issues. Upon notice by any member of the Management Council to the others of an issue that should be arbitrated pursuant to the provisions hereinabove, the parties shall attempt to agree upon a mutually acceptable arbitrator. In the event that no agreement on an arbitrator is reached within (2) weeks from the date of such notice, then the claimant shall submit the issue for arbitration to the Judicial Arbitration Mediation Services (JAMS) with instruction that an arbitrator be appointed who complies with the foregoing provisions of this Paragraph and who has no conflict of interest. Except for any provisions thereof which are inconsistent with this Letter Agreement, each of the provisions of Title 9 of Part 3 of the California Code of Civil Procedure (commencing with Section 1280) in effect at the time of this Letter Agreement shall apply to any arbitration(s) commenced pursuant to this Paragraph. The arbitrator shall apply to any arbitration(s) commenced to: (i) award to the prevailing party all costs and actual attorney fees and costs incurred by the prevailing party in said arbitration, and (ii) cause to have the non-prevailing party pay for all of the arbitrator's an/or JAMS' fees with respect to the arbitration.

3. Areas Controlled by Management Council.

Subject to the provisions of paragraph 7 below, the Management Council shall collect all monthly maintenance fees paid with regard to the 701 units and shall be responsible for the management of the areas that Exhibit "B" identifies as being included within the "Project," Which areas Consist generally of the common areas of the towers (the "Towers Common Areas") and the areas that are common both to the towers and to the remainder of the property leased by the Debtor from the County of Los Angeles (the "Shared Common Areas") and exclude (i) those areas

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administered from time to time by the Executive Council of the Marina City Health and Tennis Club and (2) areas of the property actually leased or available for the lease by Debtor to third parties under an agreement other than the Master Condominium Sublease, such as the boat slips, the retail and commercial space and the interior rental areas of the 101 Promenade Apartments. In the event of any inconsistency between the description of the Project contained within this paragraph and the description of the Project that is contained in Exhibit "B," the description contained within Exhibit "B" shall govern.

4. Independent Property Management Company.

The Management Council shall retain a highly qualified independent management company ("Management Company") to manage the project. The Management Company shall be required to execute a property management agreement in connection with this employment (the "Property Management Agreement") . The Property Management Agreement shall contain the following provision and may contain any other terms and conditions that the Management council deeps appropriate, including terms and conditions that delegate to the Management Company on or more of the duties imposed upon the Management Council hereunder:

> Notwithstanding anything else contained in this Property Management Agreement to the contrary, if:
>
> a. One of the following conditions is satisfied:
>
> (1) the Management Council or the Board of Directors acts or fails to act with respect to any matter, where such act or failure to act would constitute then or with the passage of time a default under the Second Amended and Restated Lease [Improved Parcel] (as amended) dated October 15, 1987 between Debtor and the County of Los Angeles pursuant to which Marina City Club, L.P. property commonly known as the Marina City Club (the "Master lease"); or
>
> (2) the County of Los Angles declares the Master Lease to be in default; and

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b. Both of the following conditions are satisfied:

(1) It reasonably appears that the default will not be cured within the time granted by the county; and

(2) It would not be consistent with the terms of the master Lease for funds held on deposit in either the Shared Common Areas Reserve Account or the Towers Reserve Account to be used to cure the default in question,

then, upon the expiration of a period of five (5) business days after the Management Company's receipt of a Debtor Notice, as defined below, the Management Company shall make such payments from funds held with regard to the Project that are not held on deposit in, or designated for deposit into, either the Shared Common Reserve Account or the Towers Reserve Accounts may be necessary to cure the default or anticipated default described in the Debtor Notice, unless within such five (5) business day period (a) such default or anticipated default has already been cured by another party or (b) the County has indicated to Debtor's satisfaction that it no longer considers Debtor to be in default or that it will not declare Debtor in default based on the act or failure to act described in the Debtor Notice, as defined below.

The term "Debtor Notice" as used herein shall mean and refer to a written notice from debtor that: (1) contains a statement of Debtor's intention to exercise rights under this section; (2) includes a description of the act or failure to act that Debtor contends gave rise to rights under this section; (3) specifies the steps that Debtor contends must be taken to cure such act or failure to act; and (4) is served on the Management Company, the Management Condominium Owners Association.

5. Operating Statements; Books and Records.

The Management Company shall prepare monthly operating statements showing all income and expenses. Such monthly statements shall be distributed to Debtor, the Board of Directors, the members of the Management Council and, upon

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Request, Aetna. All employees of the Project shall be employees of the Management Company. The books and records of the Management Company shall comply with the accounting requirements of Debtor so as to be reasonably consolidated with the books and records of Debtor, which requirements shall not be unreasonable and shall be in conformity with customary accounting procedures. For a period of at least four (4) months from the date that the Management Company commences its services, it is agreed that in order to ensure an orderly transition of the record keeping and other transition matters, Richard Samia shall be retained on a part time basis by the Management Council pursuant to terms to be agreed upon between the Management Council and Richard Samia. Debtor, the Board of Directors and the members of the Management Council shall have the right to confer with the Management Company concerning and to review records of the Management Company relating to the allocation as between the towers Common Areas and the Shared Common Areas of any income or expense set forth on such statements. Any and all disputes among the parties concerning the reasonableness, accuracy or propriety of any such allocation shall be resolved by arbitration in the manner set forth in paragraph 2, subject to the County's existing rights regarding determination of such allocation and any rights that any of the parties may have tot negotiate with the County concerning, or lobby the County for, a modification thereof.

6. Budgets

The Management Council will be governed by an annual operating budget prepared by the Management Company for the Management Council's approval. It is further understood and agreed that the Management Council shall have the final approval of the operating budget submitted by the Executive Council described in Paragraph H, hereinafter. Debtor, the Board of Directors and the members of the Management Council shall have the right to confer with the Management Company concerning and to review records of the Management Company relating to the allocation of as between the Towers Common Areas and the Shared Common Areas of any income or expense set forth on such budget. Any and all disputes among the parties concerning the reasonableness, accuracy or propriety of any such allocation shall be resolved by arbitration in the manner set forth in paragraph 2, subject to the County's existing rights regarding determination of such allocation and any rights that any of the parties may have to negotiate with the County concerning, or lobby the County for, a modification thereof.

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6. <u>The Towers Common Areas</u>.

In the event the Association wishes to increase the level of operations in any specific area within the Towers Common Areas operations in any specific area within the Towers Common Areas over and above the previously approved budget, then the Association may elect to obtain the necessary additional funds for these additional operations, services or improvements (the "Additional Operations") in either of the following manners:

(1) by instructing the Management Council to increase the monthly maintenance fees to be paid by homeowners, in which event the Management Council shall collect from homeowners the amounts necessary to fund the Additional Operations and shall disburse these amounts in accordance with instructions given by the Association; or

(2) by increasing the monthly Association dues, approving a special assessment or, to the extent permissible under the Master Lease, using funds on deposit in the Tower Reserve Account for the Additional Operations. If the Association selects any of these three options, the Association shall collect from homeowners the amounts necessary to fund the Additional Operations and may either (a) incur and pay the expenses arising out of the Additional Operations itself or (b) turn amounts collected from homeowners for the Additional Operations (the "Collected Amounts") over to the management Council and require the Management Council to incur and pay expenses arising out of Collected Amounts. (In the event that Collected Amounts turned over to the management Council in connection with a specific instance of Additional Operations exceed the aggregate of the expenses arising out of that instance of Additional Operations at the conclusion of such operations, the full amount of any such excess shall be returned to the Association.)

It is understood and agreed that there will need to be modifications to the existing Association/Condominium documents (<u>i.e.</u> CC&R'S, By-laws, etc.) for adequate authority for these assessments and the collection thereof.

The management Council shall manage the Towers Common Areas (as defined in Exhibit "B") in a manner that is substantially consistent with general policy guidelines adopted by the Board of

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Directors and pursuant to an operating budget approved by the Management Council in the manner set forth above. Any dispute with respect to the Towers Common Areas between the Board of Directors and the Management Council shall be resolved through arbitration in accordance with paragraph 2 hereof.

8. Compliance with Master Lease.

The Management Council and the Board of Directors shall at all times operating in accordance with the Second Amended and Restated Lease [Improved Parcel] (as amended) dated October 15, 1987 between Debtor and the County of Los Angeles pursuant to which Debtor is the master lessee of the real property commonly known as the Marina City Club (the “Master Lease”). Notwithstanding any provision of this Letter Agreement or any other agreement between the Association and Debtor to the contrary, Debtor shall have the right to exercise final control over any issue if necessary to avoid an/or cure a default under the Master Lease in the event that one of the following occurs and it reasonably appears that the default will not be cured within the time granted by the County: (a) the Management Council or the Board of Directors acts or fails to act with respect to any matter, where such act or failure to act would constitute then or with the passage of time a default under the Master Lease or (b) the County of Los Angeles (the “County”) declares the Master Lease to be in default.

In such event, upon the expiration of a period of five (5) business days after the Association’s receipt of written notice from Debtor of Debtor’s intention to exercise rights under this section (which notice shall include a description of the act or failure to act that Debtor contends gave rise to rights under this section and of the steps that Debtor contends must be taken to cure such act or failure to act), Debtor shall have the right to sign checks from the Shared Common Areas Reserve Account or the Towers Reserve Account, as such terms are defined below, to the extent that it would otherwise be consistent with the terms of the Master Lease for funds from these accounts to be used for the expenditure in question, in order to spend the amounts necessary to cure said default or anticipated default, unless within such five (5) business day period: (a) the Management Council or the Board of Directors cures such default or anticipated default; or (b) the County had indicated to Debtor’s satisfaction that it no longer considers Debtor in default based on the act or

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failure to act described in the Debtor Notice. Nothing contained in this Letter Agreement shall operate to relieve Debtor from any obligation that it would otherwise have had to the County under the Master Lease.

During any period of time in which there is no Management company operating and managing the Project, Debtor hereby agrees that all payments of ground rent by the Association members will be paid by the Association members directly to the County of Los Angeles, pursuant to a lock box arrangement to be approved by the County.

9. Reserve Accounts.

a. Shared Common Areas.

Promptly upon the effective date of a plan of reorganization that incorporates the terms of this Letter Agreement (the “effective Date”) , all funds on deposit in the replacement / capital reserve account that Debtor is obligated to maintain under the Master Lease (the “Existing Combined Reserve Account”) shall be turned over to the Management Council and divided by the Management Council into two separate reserve accounts known as the “Shared Common Areas Reserve Account.” The portion of the Existing Combined Reserve Account that the Management Council determines is attributable to the Shared Common Areas shall be deposited into the Shared Common Areas Reserve Account. The remainder of the sums on deposit in the Existing Combined Reserve Account on the Effective Date shall be deposited into the Towers Reserve Account, as set forth below.

It shall be a condition precedent to the Effective Date that Debtor shall have paid into the Existing Combined Reserve Account: (i) the balance of the amounts that Debtor agreed to pay to the Existing Combined Reserve Account with Respect to the Shared Common Areas in a prior settlement agreement with the Association on account of previously unpaid payments to that account (the “Reserve Agreement”), subject to the review of (ii) all additional sums required to have been paid by Debtor into the Existing Combined Reserve Account with respect to the Shared Common Areas for periods not covered by the Reserve Agreement through and including the Effective Date.

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The following provisions shall govern the control of the Shared Common Areas Reserve Account:

(1) Except as set forth in paragraph 2 below, all checks written on the Shared Common Areas Reserve Account must have two (2) signatures, on of which must be from a Debtor Representative or the Independent Member and the other of which must be from an Association Representative of the Management Council.

(2) In the event that both of the Association Representatives refuse to sign for a disbursement and the conditions for Debtor to have authority to sign checks set forth in paragraph 8 above (the "Disbursement Conditions") have been satisfied, subject to the notice and cure provisions of paragraph 8 above, checks may be issued from the Shared Common Areas Reserve Account to the extent necessary to cure said default and to the extent that it would otherwise be consistent with the terms of the Master Lease for funds from this account to be used for the expenditures in question, with either (a) the signatures of two Debtor Representatives or (b) the signatures of one Debtor Representative and the Independent Member.

b. Towers Common Areas.

Promptly upon the Effective Date, the portion of the Existing Combined Reserve Account that the Management Council determines is attributable to the Towers Common Areas shall be turned over to the Association for exclusive control and deposited into the Towers Reserve Account. In the event that the Management Council has not decided upon an appropriate division of the Existing Combined Reserve Account as between the shared Common Areas Reserve Account and the Towers Reserve Account by the expiration of a period of 10 days after the Effective Date, the Management Council shall immediately transfer to the Association for deposit into the Towers Reserve Account the full amount of all sums on deposit in the existing Combined Reserve Account that the Debtor Representatives on the Management Council concede are attributable to the Towers Common Areas, which amount shall be at least $750,000 to $1,000,000 and the Management Council shall thereafter continue its efforts to agree upon an appropriate division of the Existing Combined Reserve Account.

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If, for any reason, the management council has not decided upon an appropriate division of the Existing Combined Reserve Account as between the Shared Common Areas Reserve Account and the Towers Reserve Account by the expiration of a period of 30 days after the Effective Date, the issue of the appropriate division of the Existing Combined Reserve Account (the "Division Issue") shall immediately be submitted to arbitration in accordance with the provisions of paragraph 2 of this Letter Agreement Unless, prior to the expiration of this 30-day period, a majority of the members of the Management Council agree in writing to extend the deadline for the completion of these writing to extend the deadline for the completion of these negotiations to be a specified date, in which case the Division Issue shall be submitted to arbitration in accordance with the Provisions of paragraph 2 at the expiration of this extended negotiation period, if it has not been resolved by that date.

It shall be a condition precedent to the Effective Date that Debtor shall have paid into the Existing Combined Reserve Account: (i) the balance of the amounts that Debtor agreed to pay to the Existing Combined Reserve Account with respect to the Tower Common Areas in the Reserve Agreement, subject to the review of Michael Steiger for compliance with the Reserve Agreement; and (ii) all additional sums require to have been paid by Debtor into the Existing Combined Reserve Account with respect to the Tower Common Areas for periods not covered by the Reserve Agreement through and including the Effective Date.

The following provisions shall govern the control of the Towers Reserve Account:

(1) Except as set forth in paragraph (2) below, the Board of Directors shall have exclusive control over the Towers Reserve Account.

(2) In the event that either of the Disbursement Conditions has been satisfied with respect to a default or prospective default that relates to the operations or maintenance of the Towers Common Areas, then the Independent Member, if any, and, in the event there is no Independent Member, Debtor, shall have the right and authority, subject to the notice and cure provisions of paragraph 8 above, to sign checks from the Towers Reserve Account in order to cure said default, to the extent that it would otherwise be consistent with the

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Terms of the Master Lease for funds from this accout to be used for the expenditure in question.

(3) The Association understands that the Tower Reserve Account must be in an amount sufficient to comply with the Reserve Study requirements pursuant to California Condominium Law.

10. Repair of Elevators and Exterior Walls.

At all times up through the Effective Date, Debtor shall diligently pursue and continue the repair and renovation of the tower elevators and the repair and repainting of the exterior tower elevators and the repair and repainting of the exterior walls. Such repairs, renovations and repainting shall be funded from current income, to the extent set forth in the current budget for the Shared Common Areas and the Tower Common Areas, and thereafter from the Existing Combined Reserve Account, to the extent appropriate under the Master Lease.

11. Implementation of Provisions.

Notwithstanding anything to the contrary contained hereinabove, it is expressly understood and agreed that the Management Council, which has already been established, shall implement all of the terms and provisions set forth in this Section A within thirty (30) days after the Effective Date.

B. Enforcement Deed of Trust:

Debtor hereby agrees to the terms and conditions set forth in Exhibit “A,” attached hereto and incorporated herein by this reference, with respect to permitting homeowners to cause the existing Enforcement Deed of Trust on their condominium unit to be subordinated to certain other financing. Debtor’s Plan of Reorganization in the Chapter 11 Case shall include the terms and conditions contained in Exhibit “a” (the “EDOT Plan”). Debtor acknowledges that nothing contained in this Letter Agreement or the EDOT Plan shall relieve Debtor from its obligations to the County under the Master Lease to pay the homeowners’ ground rent and maintain the “Property,” as that term is defined in the Master Condominium Sublease. It is understood and agreed that the Association’s consent to the releases set forth in Paragraph J below is expressly conditioned upon the confirmation and effectiveness of a plan of reorganization that causes the EDOT Plan to become effective.

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C. Transfer Fee:

Debtor will cap at one-half percent (1/2%) the transfer fee that it is entitled to assess under section 5.12.D of the Master Lease for sales of condominium unites that occur on or after the Effective Date.

D. Reimbursement of Legal Fees:

Debtor will reimburse the Association as an allowed administrative claim in the Chapter 11 Case all actual legal expenses incurred by the Association in connection with the Chapter 11 Case and/or in the extensive negotiations leading to this letter, up to a maximum amount of $185,000. As a result of said payment, Debtor will not be responsible for any special assessments or charges from the Association in any way relating to such legal fees or the Chapter 11 Case, including, but not limited to, the $250 per unit "Special Assessment" imposed in 1992 (the "Special Assessment"), it being understood that Debtor's payment of the Special Assessment shall be made from said payment of legal fees.

Notwithstanding the foregoing, Debtor shall be obligated to pay the Special Assessment in the sum of $10 per unit for all unsold units for each month from January 1992 through December 31, 1993. Debtor has been advised that, if for any reason a plan of reorganization that contains the terms of this Letter Agreement is not confirmed by the Bankruptcy Court by November 1, 1994, it is the Association's present intention to condition any consent that it might elect in its sole discretion to grant to a further extension of time for Debtor to confirm such a plan of reorganization upon Debtor's agreement to increase the amount of attorneys' fees that are to be paid by Debtor pursuant to this section.

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E. Authorization for Payments to Consultants:

Prior to the Effective Date, Debtor shall release up to $35,000 from the Existing Combined Reserve Account to retain experts regarding the evaluation of the buildings, improvements, and budgets (including the existing allocation system).

F. Conversion of Existing Cultural Center:

Subject to the approval of the County of Los Angeles, MDP, Ltd., and Aetna, Debtor will enter into a lese of the Cultural Center with the Association for the duration of the Master Lease. Debtor shall use its best efforts to obtain said approvals. The consideration for the lease shall be one dollar ($1.00) per year. As you are aware, there is a current tenant that will need to be relocated and there may be a delay in transferring the front part of the Building. Marina City Club, L.P. will furnish the Center at a cost not to exceed $7,500.

G. Cooperation with Homeowners Association in Negotiations to Reduce County Ground Rent:

Debtor will support and cooperate with the Board of Directors or a designate of the Board of Directors in negotiations designed to reduce the monthly ground rent paid to the County of Los Angeles. Both Debtor and the Association acknowledge: (1) the County may in its sole and absolute discretion decline to engage in negotiations concerning the reduction of monthly ground rent payments prior to the date currently scheduled for the first of such negotiations in the Master Lease, namely, the year 2016; and (2) the County shall not, by consenting to the terms of this Letter Agreement, be deemed to have consented to engage in such negotiations prior to the year 2016.

H. Control of the Health and Tennis Club Areas:

The Association and Debtor acknowledge that, pursuant to that certain Letter Agreement between Debtor and the Association with respect to the management and operation of the Marina City Health Club (“MCHC”), dated September 15, 1992, a true and correct copy of which is attached hereto as Exhibit “F” (the “Club Letter Agreement”), the MCHC is presently being managed by the three (3) person Executive Council. The Association and the Debtor hereby agree that, notwithstanding anything to the

Contrary contained in Paragraph 1 of the Club Letter Agreement the Executive Council of the MCHC shall be changed, effective within twenty (20) b8usiness days from the Effective Date to be composed of the following: (i) three (3) representatives from the Association; (ii) representative elected by the "Outside Members" of the MCHC (as defined in Paragraph 1 of the Club Letter of Council shall at all times represent the opinion and/or decisions of the majority of the Board of Directors and may be removed for any reason at any time by a majority of the Board of Directors. In the event of any inconsistency between the terms of the Club Letter Agreement and this Letter Agreement, the terms in this Letter Agreement shall govern.

To the extent any area(s) of the health and tennis club cease to be administered by its Executive Council, then such area(s) shall be administered and be under the control of the management Council referred above and the Management Council shall have the authority to determine how the costs for maintaining said faculties shall be paid and allocated. It is further understood and agreed that the Management Council shall have final approval of the operating budget prepared by the Executive Council and that all costs related to the operation of the MCHC shall be paid: first, from monthly dues and initiation fees collected from outside members and other amounts collected by the MCHC for particular goods or services (collectively, "Outside Income"); and, to the extent that the Outside Income is insufficient to cover such costs, from the monthly maintenance fees collected with regard to the 701 units.

Notwithstanding anything to the contrary continued in these Paragraph H, it is understood and agreed that, in the event any action is taken by either the Executive Council or the Management Council which shall be in violation of any law or regulation with respect to any license or Permit (i.e. liquor license, massage license, Health and Spa permit) held by Debtor with respect to the MCHC, and which violation shall result in the suspension or revocation of such license or Permit as evidenced by written notice from the governmental agency having jurisdiction thereof, then Debtor shall have the right to exercise final control over the matter in question in order to ensure that the MCHC is in compliance with the applicable laws and regulations, provided, however, that, prior to any such action by Debtor: (i) the Executive Council (or the Management Council, as the case may be)

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shall first be given the opportunity to resolve the violation in question within a reasonable period of time; and (ii) Debtor shall give the Executive Council and the Management Council at least (5) business days prior written notice of Debtor's proposed actions. The parties hereto shall consider creating a legal entity that shall be responsible for the ownership and management of the MCHC, subject to the management provisions contained hereinabove, in order to reduce any possible risks associated with the operation of the MCHC for the Executive Council, Debtor or the Association or its members.

Debtor hereby agrees that, without the prior written consent of the Board of Directors, it will not lease the areas commonly referred to as the Living Room, the Topside Room or the Slipside Room to any third party whose use or occupation of such premises could reasonable be construed as likely to interfere with the quiet enjoyment of condominium unites within the Project. The Association hereby consents to the lease of the living Room to its current tenant for its current uses.

I. Audit of Debtor Records:

The Association shall have the right to audit the books and records of Debtor for any three (3) separate two (2) –month periods from the date of the first sale of a condominium within the project to the date of the implementation of the Management Council and the turnover of management of the project to the Management Company. Said audit shall relate to the income and expenditures relating to the entire Project's operations (including expenditures of all dues paid by the members of the Association, expenditures of all dues paid by the members of the Account, etc.). Debtor agrees to release from the Existing Combined Reserve Account an amount not to exceed the sum of $10,000 to cover said audit. In the event there is any dispute as to the propriety of any expenditure or allocation, then the Management Council shall have the final authority to decide any such dispute. If any expenditure or allocation is found to be unauthorized or inappropriate, Debtor shall reimburse the appropriate account for such expenditure, or reallocate the funds, as appropriate.

J. Release of Debtor and General Partners:

Upon the Effective Date of Debtor's Plan of Reorganization in the Chapter 11 Case, and only if such plan of Reorganization

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contains the EDOT Plan as described on Exhibit "A," Debtor and its general partners shall be released and relieved of any and all liability to the Association and/or the homeowners on account of the claims alleged in the class proof of claim filed in the Chapter 11 Case on December 30, 1992 by the Association and in the related individual proofs of claim filed by individual members of the Association only to the extent that such individual proofs of claim raise questions of law and fact that were asserted in the class proof of claim. The same shall be effected by confirmation of a Plan of Reorganization containing the Bankruptcy Court. The right to receive these releases is for the benefit of Debtor and its partners and may be waived by them in writing in whole or in part at any time and from time to time.

K. Dismissal of Class Action Lawsuit:

The Association hereby acknowledges that the negotiations have been substantially completed with respect to a settlement (the "Kaplan Settlement") of that certain class action filed by the Wilshire Marina City Venture, a California limited Partnership ("Venture") vs. Marina City Club Condominium Owners Association, et al., (LASC Class Action: BC 072328). It is expressly understood and agreed that, if a final settlement agreement is executed by said parties, then: (i) Debtor agrees to pay the sum of $10,000.00 towards reimbursement of Venture's legal fees and costs; and (ii) in the event that the Association cannot obtain the requisite 75% approval of the proposed amendment to the CC&Rs (as required pursuant to the Kaplan Settlement: and the applicable court subsequently also disapproves the amendment to the CC&Rs pursuant to Section 1356 of the California Civil Code (as described in the Kaplan Settlement), then the parties hereby agree that the Association shall treat $25,000.00 of the attorney's fees paid by Debtor shall agree pay the sum of $10,000.00 towards reimbursement of Venture's legal fees and costs. Within ten (10) business days from the later of (a) the Effective Date and (b) the date that a final settlement agreement is executed by said parties, Debtor shall deposit into agreement is executed by said parties, Debtor shall deposit into the Trust Account of the law offices of Christensen, White, Miller, Fink & Jacobs ("Christensen") the sum of $10,000.00, which sum Christensen is hereby irrevocably instructed and

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authorized to pay Venture pursuant to this paragraph and the settlement documents to be executed hereinafter between the Association and Venture. This Letter Agreement is contingent upon the execution of a final settlement agreement between Venture and the Association.

Concurrently with the execution of this Letter Agreement, Debtor shall execute the Declaration in the form of Exhibit "D", attached hereto and incorporated herein by this reference. IN the event that the Kaplan Settlement is executed by the parties and approved by the application courts, Debtor agrees further to vote all of its units in favor of the proposed amendments to the CC&R's described in the Kaplan Settlement and to support any efforts that may be taken by the Association to obtain court approval for such amendments under California Civil Code S 1356.

L. Certification of Class:

Notwithstanding anything to the contrary contained in this Letter Agreement, the obligation of the parties hereto shall be expressly conditioned upon certification of a non-opt out class pursuant to F.R.C.P. 23 (b) (1) and / or (b) (2) and F.R.B.P. 7023 (b) (1) and / or (2); once such certification has occurred, all conditions precedent to the effectiveness of this Letter Agreement have been satisfied and the Effective Date has Occurred, this Letter Agreement shall be binding upon all members of the Association and no member of the class may opt out for any reason.

In order to effectuate the settlement, the process of designating a class of Association member will be continued. In this regard, notice will be given to all such members of the proposed designation of the class; further notice of the proposed settlement will be given to the class as required under the Association on December 30, 1992 in the Chapter 11 Case shall be amended to include the general partners of the Debtor as party defendants, and the final resolution of this matter shall include the settlement of claims, if any, by all members of the Association with respect to the claims alleged in such class proof of claim.

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M. Use of office space.

Debtor herehby agrees that the Association shall have the irrevocable right, rent free, to the exclusive use of the following office spaces, including all furniture and equipment located therein as of the Effective Date, for the duratio of the Master Lease (as may be extened). Atached hereto as Exhibit "E" is a schedule that itemizes (1) all furniture and equipment located within the following offices as of the date of this Letter Agreement and (2) all furniture and equipment that Debtor is authorized to remove from the following offices prior to the Effective Date.

i) The offices that are presently being occupied and used by Isabelle Sciommeri and her staff located within the East Towers, on Level 3G and the Mexxaniene Level, which offices are more fully depicted on Exhibit "C" attached hereto and incorporated herein by this reference,

ii) The five (5) adjacent offices presently being used for the administration of the Health Club as more fully depicted on Exhibit "C-1" attached hereto and incorporated herein by this feference, providedc however that, during any period of more than one month during which the Health Club is closed, the usage of said offices shall revert back to Debtor, and Debtor shall then have the exclusive use of said offices. Should th Health Club later reopen, however, the Association shall again be entitled to the exclusive use of these offices, rent free.

N. Cancellation of Letter Agreement.

Notwithstanding anything to the contrary contained in this Letter Agreement, if, on or before November 1, 1994: (1) for any reason Aetna, the County, and MDP, Ltd. (so long as MDP, Ltd. Has a security interest in this Letter Agreement; or (2) the Debtor fails to obtain from the bankruptcy Court an order confirming a Plan of Reorganization proposed by the Debtor that includes the terms of this Letter Agreement (a "Conforming Plan"); then, subject to the reservation of rights stet forth in the introductory paragraphs of this Letter Agreement with regard to the Prior Agreement, all terms and conditions of this Letter Agreement shall be deemed null and void and of no further force

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or effect and the parties' obligations contained herein shall automatically be terminated, with the exception of the terms and conditions of, and the obligations created by, paragraphs A [Revisions to Management Structure, etc.] H [Control of Health and Tennis Club, etc.], K [Dismissal of Class Action Lawsuit] and M [Use of Office Space] of this Letter Agreement (collectively, the "Surviving Obligations").

Whether or not Aetna, the County and MDP, Ltd. Approve this Letter Agreement by November 1, 1994, and whether or not Debtor obtains an order confirming a Conforming Plan by that date, the Surviving Obligations shall remain enforceable in accordance with their terms, so long as any Conforming Plan that may be submitted to the homeowners for acceptance with regard to which a confirmation hearing is conducted on or before November 1, 1994 (a "Timely Conforming Plan") is accepted by the class of the percentages set forth in Bankruptcy Code S 1126, then, subject to the reservation of the rights set forth in the introductory paragraphs of this Letter Agreement with regard to the Prior Agreement, the Surviving Obligations shall also be deemed null and void and of no further force or effect, unless, notwithstanding the rejection of such a plan by the Homeowners Class, Debtor elects to seek confirmation of , and succeeds in obtaining under Bankruptcy Code S 1129 (b) an order confirming, a Plan of Reorganization that includes the Surviving Obligations.

O. Miscellaneous Provisions

1. Merger. Except as otherwise provided herein, this Letter Agreement constitutes the complete agreement of the parties in connection with every matter included in and resolved by this Letter Agreement and supersedes any and all prior or contemporaneous negotiations, promises, covenants, agreements, representations of any kind or nature whatsoever, all of which have become fully merged and finally integrated into this Letter Agreement. This Letter Agreement cannot be amended, modified or supplemented except by a written document executed by each party to this Letter Agreement.

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2. Binding on Successors. This Letter Agreement shall insure to the benefit of and shall bind the parties and the heirs, executors, administrators, assigns and successors in interest, as the case may be, of each of the parties hereto.

3. Construction. The rule that any ambiguous provision of an agreement may be used in interpreting this Letter Agreement.

4.Waiver. No waiver by a party of a breach of any of the provisions of this Letter Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other provision of this Letter Agreement. The failure of the parties hereto to strictly enforce any rights conferred by this Letter Agreement shall not constitute a waiver of such rights.

5. Further Acts. Each party hereto agrees to take such further acts and execute such additional documents as may be necessary or desirable to carry out the provisions and purposes of this Letter Agreement.

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6. Headings. The headings used in this Letter Agreement are inserted for convenience only and neither constitute a portion of this Letter Agreement nor in any manner affect the provisions of this Agreement.

Sincerely,

MARINA CITY CLUB, L.P.,
Debtor-In-Possession

By: ___________________________
Milton I. Swimmer

AGREED TO AND APPPROVED

MARINA CITY CLUB CONDOMINIUM OWNERS
ASSOCIATION, INC., a California non-
profit corporation

By: _________________________________
Shirley Bailey, President

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EXHIBIT A

PLAN RE REMOVAL OF ENFORCEMENT DEED OF TRUST
RE MARINA CITY CLUB CONDOMINIUMS

The following plan (the "EDOT Plan") shall be implemented immediately once both of the following have occurred: (1) the County of Los Angeles (the "County"), Aetna Life Insurance Company ("Aetna"), and, so long as it has a security interest in the Project, MDP, Limited have consented to the terms of this exhibit; and (2) the Effective Date has occurred. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the preceding Letter Agreement.

Voluntary Payment by Homeowner of Deposit of Two Months Ground Rent and Maintenance Fees:

Every homeowner shall have the immediate right and option to cause the full subordination of the existing Enforcement Deed of Trust (or the Enforcement Deed of Trust that would otherwise be required as to each previously unsold unit when such unit is first sold to new financing secured by a first deed of trust upon depositing with a qualified and independent third party escrow holder acceptable to Debtor, Aetna, the County and the Association (the "Escrow Holder") as hereinafter provided an amount equal to two (2) months of ground rent payments and maintenance fees allocable to such homeowners' unit (as then being charged at the time of the deposit; the "Deposit"), which right and option shall be subject to the following terms and conditions:

1. In order to exercise the option and make the Deposit, the homeowner must be current with respect to all monetary obligations owed to Debtor (e.g., Maintenance Dues, Ground Rent Payments, Special Assessments, etc.).

2. The Deposit may be made, and the subordination may occur, only in connection with a sale, financing, or refinancing of an owner's unit wherein:

    (a) an institutional lender (i.e. Bank, Savings and Loan, or other entity regulated by Federal or State banking laws) is making a first trust deed loan to the owner of the unit for a refinance, or a first trust deed loan to a buyer for a sale of the unit; or

    (b) the transaction is a sale by an owner of the unit to a buyer in which the owner is carrying back paper secured by a first deed of trust, provided that, in the case of any such seller

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Financing: -(1) the buyer makes a cash down payment of at least twenty percent (20%) of the purchase price and (2) all of the following are demonstrated to the satisfaction of Aetna:

(i) the sale constitutes a bona fide, arms' length transaction and the buyer is a person that is not an affiliate, insider or relative of the seller;

(ii) the sale price is established in good faith and does not exceed the then current fair market value established for the unit in a current written appraisal by a qualified appraiser applying institutional loan standards; and

(iii) the terms of the first trust deed loan to be made by the seller, the loan to value ratio and then qualifications of the purchaser generally by institutional lenders (as defined above) in the business of making residential loans on comparable property.

3. Upon the consummation of the refinancing, financing, or sale of the unit and satisfaction of the conditions contained herein (including those set forth in paragraph 2 above), the existing Enforcement Deed of Trust shall: (a) be fully subordinate to the new underlying first trust deed (the "New Trust Deed"); (b) continue to secure the payment of future ground rent and maintenance dues; and (c) not require the beneficiary under the New Trust Deed to pay any unpaid ground rent or maintenance fees in the event the beneficiary under the New Trust Deed obtains title to the unit by foreclosure or deed in lieu of foreclosure. However, such beneficiary or other foreclosure sale purchaser will be required to pay all ground rent and maintenance fees subsequent to the date on which such beneficiary or other purchase obtains title to the unit, and the obligation to pay such future charges will be secured by a new enforcement deed of trust, which shall be executed in record able form and delivered by such beneficiary or other purchaser and recorded at the time of foreclosure or delivery of the deed in lieu and which shall be in first position unless and until again subordinated in connection with a transaction of the kind described in paragraph 2

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hereof in accordance with the terms of this EDOT Plan, including the making of a new deposit.

4. All Deposits shall be held by the escrow holder in trust for the benefit of the County, the Management Council, Aetna and the Debtor, and Utilized Solely for the purposes described herein. Any interest earned on the Deposits shall be added to and used for the same purpose as the funds established by the Deposits. Unless Aetna and the County elect to require the Deposit Trust Account, as defined below, to be established and treated as a separate taxable entity, the Debtor shall be responsible for filing any tax returns that may be required and paying any taxes that may fall due with regard to such interest, but shall be entitled to receive reimbursement for any such taxes that it pays out of sums held on deposit in the Deposit Trust Account. In the event that Aetna and the County elect to require the Deposit Trust Account to be established and treated as a separate taxable entity, the Escrow Holder shall be responsible for filing any tax returns that may be required and paying any taxes that may fall due with regard to interest earned on the Deposit Trust Account and shall be entitled to receive reimbursement from amounts on deposit in the Deposit Trust Account for any costs and expenses that it incurs in connection with the preparation of such returns and the payment of such taxes. All Deposits my be held in a single bank account. The sum total of all Deposits, or any portion thereof, shall be used, as necessary, subject to the terms and conditions herein summarized, to cure the default of any one or more of the depositors in payment of the amounts secured by the Enforcement Deed of Trust encumbering ay such depositor's or depositors' unit(s). The bank account(s) in which the Deposits are held shall be segregated trust accounts (collectively, the "Deposit Trust Account") and shall: (a) not be commingled with any other funds; (b) be used only to cure the defaults of any one or more of the depositors as described above; and (c) be subject to such controls to restrict use and application to intended purposes as may be agreed upon by Aetna, the County and the Association, including without limitation an a mechanism designed to preclude the application of Deposits to the payment of maintenance fees due from any homeowner when amounts then held on deposit for all depositors are not, or are not expected to be,

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Sufficient to cover existing and foreseeable ground rent delinquencies of depositors who are delinquent on the payment due under the Enforcement Deeds of Trust that encumber their units.

5. if (a) a homeowner deposits funds with the Escrow Holder in contemplation of a transcription that is intended to fall within the scope of paragraph 2 hereof and (b) for any reason that transaction is not consummated or otherwise fails to meet all of the requirements set forth above that are necessary to cause subordination to occur, all funds deposited shall be promptly returned to such depositor. In the event that a subordination agreement executed pursuant to this EDOT Plan ceases to be effective by reason of (a) the consensual recession of such agreement by all of the parties thereto and all beneficiaries thereof or (b) the recordation of a new Enforcement Deed of Trust that has not been subordinated in accordance with this EDOT Plan, the depositor that made a Deposit in connection with the ineffective subordination agreement shall be entitled to receive a refund of such portion of its deposit as may be determined by a refund formula to be established by agreement among the Debtor, the County, Aetna and the Association (or to assign its right to receive such refund to a successor owner of its unit to be applied as a credit against the deposit that such successor owner would otherwise be required to pay to subordinate a new Enforcement Deed of Trust in accordance with this EDOT Plan), which refund formula shall take into account the need to retain on deposit in the Deposit Trust Account a reasonable reserve against anticipated future defaults and continuing defaults of depositors whose Enforcement Deeds of Trust remain subordinated pursuant to this EDOT Plan.

6. Until such time as Aetna in its sole discretion elects to serve upon Escrow Holder, with a copy to Debtor, the Management Council, the County and the Association, a written notice of its intention to become a required signatory on the Deposit Trust Account (the "Aetna Notice"), which notice Aetna may serve at any time, all checks issued on the Deposit Trust Account shall require two (2) signatures, one of which shall be that of an authorized representative of Debtor and the other of which shall be that of an authorized representative of the County. From and after the date on which the Escrow Holder receives an Aetna Notice, all checks issued on the Deposit Trust Account shall require three (3) signatures: one from an authorized representative

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Of Debtor; one from an authorized representative of the County; and one from an authorized representative of Aetna. Not less than once each calendar month, Escrow Holder shall provide to Debtor, Aetna, the Management Council, the County and the Association an accounting that sets forth the calendar month immediately preceding the date of the accounting: (a) the balance beginning and the end of the month; (b) all deposits made to the Deposit Trust Account that month; (b) all deposits made to the Deposit Trust Account that month; and (c) all disbursements made from the Deposit Trust Account that month.

7. Debtor and the Management Council shall at all times proceed with due diligence with respect to (a) collecting all unpaid maintenance fees and ground rent payments from any depositor who fails to pay its required monthly maintenance and rent fees and ground rent payments from any depositor who fails to pay its required monthly maintenance and ground rent fees and (b) requiring any depositor to replenish any amounts that may be withdrawn from the Deposit Trust Account to pay unpaid maintenance and ground rent fees for such depositor. Notwithstanding the making of a deposit and the subordination of an Enforcement Deed of Trust in accordance with the terms hereof, a depositor shall be required to pay in a timely fashion all monthly maintenance and ground rent payments due under that Enforcement Deed of Trust. A failure by a depositor to make any of these payments in a timely manner or to replenish its Deposits once some or all of that Deposit has been applied to pay monthly maintenance and ground rent payment due under its Enforcement Deed of Trust shall constitute a default under the Enforcement Deed of Trust and a basis for foreclosure there under.

8. The management Council shall retain legal counsel to modify and change or create all requisite documents, and Debtor and the Association shall use their best efforts to obtain all requisite consents (i.e., County of Los Angeles, Aetna, MDP, Ltd., etc.) in order to implement immediately the provisions set forth hereinabove. All legal fees incurred in connection with the preparation of said documentation and implementing the provisions set forth hereinabove that are approved by the Management Council as reasonable shall be paid from maintenance fees collected with regard to the Project.

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9. This EDOT Plan shall be effective once all of the following have occurred: (a) definitive instruments, and assure and secure continued implementation of, this EDOT Plan, including without limitation a form of Enforcement Deed of Trust, a form of the subordination agreement, agreement and forms of agreements governing the various aspects of deposit and disbursement of Deposits, forms of escrow instructions, agreements incorporating procedures whereby compliance with the conditions monitored (collectively, the "Definitive Documents") shall have been prepared by counsel for the Management Council, who shall receive compensation for such services from maintenance fees in accordance with and subject to paragraph 8 of this EDOT Plan; (b) the form of the Definitive Documents shall have been approved by the Debtor, the County, Aetna, the Association and the Escrow Holder; and (c) all Definitive Documents that are applicable to the entire EDOT Plan (as opposed to being specific to the subordination of a single Enforcement Deed of Trust) shall have been fully executed and delivered to the appropriate parties.

10. The County, Aetna and the Management Council shall have such security interests (or collateral assignments of security interests) in the Deposits as they may require to protect their interests in the application of the Deposits for the purposes set forth herein.

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EXHIBIT B

The term, "Project," as used in the foregoing agreement shall mean and refer to all portions of the real property commonly known as the Marina City Club leased by Debtor from the County of Los Angeles under the Second Amended and Restated Lease [Improved Parcel} (as amended) dated October 15, 1987 that are not subleased to members of the Association other than (1) the areas not to be managed by the Executive Council of the Marina City Health and Tennis Club pursuant to the Club Letter Agreement and (2) the following areas, which shall be managed by debtor:

Areas Not Included Within Towers Common Areas

Within West Tower
Helix Office Area, ground floor
Living Room that is part of Yacht Club Lease
Slipside
Topside
Restaurant Parking Area
Previously used for Red Onion

Within Center Tower
Space presently used by sales and
leasing office, ground floor
Convenience Store, ground floor
Space presently used by Mr. Sauls
Helix Office, plaza level
Helix Office, ground floor

Within East Tower
Helix Office, plaza level
Helix Office, ground floor
Office space located on G-2 level

Areas Not Included Within Shared Common Areas

Within Promenade Apartments
Interior apartment rental areas
Public restroom areas
Nonresidential office space

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<u>Miscellaneous excluded areas</u>
All boat slips
Public restrooms within boat slip area
Areas clearly marked as boat slip tenant parking underneath
Areas clearly marked as boat slip tenant parking underneath
    tennis courts 5 and 6, consisting of approximately 102 spaces
Boat slip tenant parking areas adjacent to fire station
Lockers within promenade parking areas
Areas formerly leased by Red Onion and
    parking areas adjacent thereto

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<u>EXHIBIT C</u>

FLOOR PLAN INDICATING OFFICES

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EXHIBIT D

DECLARATION OF JERRY SNYDER

I, JERRY SNYDER, DECLAR ARE FOLLOWS:

1. I am a citizen and resident of Los Angeles County. I have personal knowledge of the facts set forth herein and I can testify competently thereto if called as a witness.

2. I am a general partner of Marina City Club, L.P., a California Limited Partnership (formerly known as J.H. Snyder Company, a California Limited Partnership doing business as Marina City Club). Marina City Club, L.P. is currently in bankruptcy, Chapter 11, Case No. LA 92-29484-SB.

3. Marina City Condominiums, a California Limited Partnership (MCC), is the sub lessee of the premises commonly referred to as the Marina City Club which is a condominium subleasehold project located in Marina Del Rey. The project is located on land owned by the county of Los Angeles and leased to J.H. Snyder Company, subleased the land to Marina City Condominiums who in turn entered into sub-leases with purchasers of unites in the project.

4. MCC is the Declarant under the Conditions, Covenants and Restrictions (CCRs) which govern the project.

5. I am a general partner in Marina City Condominiums.

6. I retained the services of the law firm of Brown, Winfield & Canzoneri which drafted the CCRs by and the Bylaws for the project. The CCRs were drafted in accordance with my instructions and were recorded on January 11, 1988, Instrument Number 88-37715.

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7. A dispute has arisen regarding the interpretation of Section 5.3 (b) of the CCRs. This section provides as follows:

> "(b) Special assessments ("Special Assessments") for capital expenditures or other purposes all on the same basis as for Regular assessments."

A copy of page 10 of the CCRs is attached hereto as Exhibit 1.

8. The Association in or about July, 1992 passed a special assessment calling for the payment of the sum of $250 from the 600 owners in order to fund the prosecution of a claim against Marina City Club L.P. in Bankruptcy Court, Case Number LA 92-29484-SB. Certain members of the Association who were previously affiliated with one or more of my companies have taken the position that Section 5.3 (b) of the CCRs does not authorize the passing of a special assessment to fund litigation and that the 1992 special assessment is not valid.

9. The CCRs were drafted under my authorization. It was my intent that the addition of that term "other purposes" in Section 5.3 (b) (and in the Bylaws) would serve as a "Catch all" phrase and that the passage of a special assessment to fund litigation falls within the purview of the term "other purposes" as contemplated when the CCRs were drafted. The term "other Purposes" would include any purpose that is not illegal and would include the special assessment passed by the Association in July 1992.

10. Furthermore, the Bylaws for the project were drafted under my authorization. In Article I, Section 6 of the Bylaws, the term "other purposes" was included as well for the same reason as

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noted in paragraph 9 above in order to provide the broadest possible leeway to the governing body of the Association to pass special assessments. A copy of page 4 of the Bylaws is attached hereto as Exhibit 2.

11. There is no doubt but that the special assessment for $250 passed by the Association in or about July 1992 is authorized by the CCRs and is not invalid for lack of authorization.

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

Executed this ________ day _________ 1994 at Los Angeles, California.

____

Jerome H. Snyder

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MCHC ORTANIZATIONAL MATTERS

(PREPARED FOR MEETING OF HOMEOWNERS AND MCC, L.P. –
SEPTEMBER 11, 1992)

In association with the formation of the new permanent, Marina City Health Club, the responsibility and authority for the following administrative and operational matters will remain with MCC, L.P., in accordance with the Master Lease.

RESPONSIBILITIES RESTRICTED TO MCC, L.P., IN ACCORDANCE WITH THE MASTER LEASE,

- TENNIS AND PATTLE TENNIS COURTS:
  - Repairs and maintenance
  - Deferred maintenance
  - Security
  - Usage affecting homeowners (i.e. nighttime hours)
- SWIMMING POOLS AND DECKS
  - Repairs and maintenance
  - Deferred maintenance
  - Security
  - Usage affecting homeowners (i.e., nighttime hours)
- COURT CLUB AND SECOND / THIRD FLOOR OF THE MCHC
  - Repairs and maintenance
    - Aerobics floor
    - Steamroom
    - Sinks and toilets
    - Sauna / Jacuzzi
    - All Kitchen equipment and facilities
    - All structural (i.e. windows, walls, HVAC, plumbing and electrical
    - Deferred maintenance

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- Security
- Usage affecting homeowners (i.e., access to meeting rooms, large crowds, nighttime hours)

- MATTERS CONCERNING POLICY AND GENERAL OPERATIONS:

  - Discrimination or matters affecting MCC L.P. as employer (i.e., illegal termination)
  - Matters concerning employee benefits such as vacation, health insurance, etc.
  - Insurability and extent of insurance coverage
  - Use of the name MCC in advertising, marketing and other communications but only to insure no improper use.
  - Policy regarding membership of owners and tenants of owners (i.e., investors and Promenade residents)
  - Financing or leasing of equipment wherein liability resets with MCC, L.P.

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MARINA CITY CLUB TOWERS

Pet Restrictions

7.5. Animals

Subject to the Rules and Regulations, one (1) usual and ordinary domestic household pet such as a dog, cat or bird may be kept in a Unit, provided such pet is not kept, bred or maintained for any commercial purpose and is kept under reasonable control at all times, and provided further that under no circumstances shall any dog be kept that exceeds twenty – five (25) pounds in weight. All dogs shall be kept on a leash at all times that such dogs are outside their master's Unit. Any pet deemed a nuisance by the Sublessor or the Association shall be removed from the Premises. Each Owner or the person in control of such pet shall immediately clean up after the pet. Each Owner and such person in any, shall be financially responsible for all damage caused to any persons or property by such pet. Each Owner who keeps or permits to be kept any pet within the Towers shall, and does hereby, indemnify the Association, its Board and officers, the Sublessor, and each Owner against any and all loss, cost or liability arising out of having such pet.

I acknowledge that I have read and understand the above Disclosure with regard to pet restrictions at the Marina City Club Towers.

____
Date

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Date

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