

San Francisco Assessor-Recorder
Carmen Chu, Assessor-Recorder
DOC- 2016-K306348-00
Tuesday, AUG 16, 2016 11:43:14
Ttl Pd \$306.00 Rcpt # 0005433404
oma/MA/1-98

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**FIRST RESTATED DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS ESTABLISHING A PLAN FOR CONDOMINIUM OWNERSHIP OF
GOODMAN2 HOMEOWNERS ASSOCIATION**

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**FIRST RESTATED DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS ESTABLISHING A PLAN FOR CONDOMINIUM OWNERSHIP OF
GOODMAN2 HOMEOWNERS ASSOCIATION**

THE ORIGINAL DECLARATION was executed by **ART SPACE DEVELOPMENT CORPORATION**, a California Nonprofit Public Benefit Corporation; (“Original Developer”) entitled Declaration of Covenants, Conditions and Restrictions Establishing a Plan for Condominium Ownership of Arts Deco – Arkansas Street, recorded October 25, 1995, in Series F874915 of the Official Records of San Francisco County, California, which Declaration affects all of the properties described and commonly known as Goodman2 Homeowners Association, and more particularly described as follows:

All that certain real property described in the Map of Arts Deco – Arkansas Street, 1695 – 18th Street, a live/work condominium project, being a re-subdivision of Unit 4 “Parcel Map being a re-subdivision of Unit 1, Assessors Block No. 4034.” (Parcel Map Book 41, p. 30, also being a portion of the Rancho Del Potrero Nuevo (Books C and D, p. 139, also being a portion of Wisconsin Street (Closed 9-2-41 by Resolution No. 2070), San Francisco, California recorded in the Office of the Recorder of the City and County of San Francisco, State of California in Condominium Map Book F874765 on October 25, 1995 (hereinafter referred to as the “Property”).

On or about November 13, 1995, the name of the Association established to manage and control the Property, was changed from Arts – Deco Arkansas Street Owners Association, a California Non-Profit Mutual Benefit Corporation, to Goodman2 Homeowners Association.

THIS FIRST RESTATED DECLARATION, made on the date hereinafter set forth, by GOODMAN2 HOMEOWNERS ASSOCIATION (“Declarant”), is made with reference to the following facts:

A. Location of Property. Declarant’s members are the Owners of that certain real property described on the Map of Arts – Deco Arkansas Street, 1695 – 18th Street, a live/work condominium project, being a re-subdivision of Unit 4, “Parcel Map being a re-subdivision of Unit 1, Assessors Block No. 4034” (Parcel Map Book 41, p. 30), also being a portion of Wisconsin Street (Closed 9/2/41 by Resolution No. 2070), San Francisco, California, recorded in the Office of the Recorder of the City and County of San Francisco, State of California in Condominium Map Book F874765, on October 25, 1995.

B. Intention. Declarant hereby intends to amend its existing Declaration of Covenants, Conditions and Restrictions Establishing a Plan for Condominium Ownership of Arts Deco – Arkansas Street, now Goodman2 Homeowners Association, in its entirety.

C. The Project. The development shall be referred to as the “Project” as defined in Section 1.34. The Project is a live/work condominium development consisting of thirty (30) Units. Each Unit shall have appurtenant to it membership in the Goodman2 Homeowners Association.

D. General Plan of Improvement. Declarant intends by this document to impose upon the property mutually beneficial restrictions under a general plan of improvement for the benefit of all Owners of Units.

E. Davis-Stirling Act Amendments. The Davis-Stirling Common Interest Development Act (the “Davis-Stirling Act”) has been amended effective January 1, 2014 and moved to Division 4, Part 5, Chapters 1 to 11, inclusive, of the California Civil Code, with code section numbering changed from the original Act Division 2, Part 6, Chapters 1 to 10, inclusive, of the California Civil Code which has been repealed.

NOW, THEREFORE, Declarant hereby declares that the property hereinafter described shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold, and improved, subject to the following declarations, limitations, covenants, conditions, restrictions and easements, all of which are imposed as equitable servitudes pursuant to a general plan for the subdivision and development of the Project for the purpose of enhancing and protecting the value and attractiveness of the Project, and every part of it, in accordance with the plan for the improvements of the Project. All of the limitations, covenants, conditions, restrictions, and easements shall constitute covenants that run with the land and are binding upon Declarant and its successors and assigns, and all parties having or acquiring any right, title or interest in or to any part of the Project or the Property in the Project. Declarant further declares that it is the express intent of this First Restated Declaration to satisfy the requirements of the Davis-Stirling Common Interest Development Act referred to in Paragraph E above.

ARTICLE I. DEFINITIONS AND INTERPRETATIONS

A. Definitions:

1.1. Architectural Control Committee or Committee. Architectural Control Committee created pursuant to Section 7.9.

1.2. Articles. The Articles of Incorporation of the Association, as amended from time to time.

1.3. Assessment. The cost of maintaining, improving, repairing, operating and managing the Project, which is to be paid by each Owner as determined by the Association, and shall include Regular Assessments, Special Assessments, Reimbursement Charges.

1.4. Assessment Lien. A lien imposed by the Association on a Unit to collect a delinquent Assessment pursuant to California Civil Code Section §5675.

1.5. Association. The GOODMAN2 HOMEOWNERS ASSOCIATION, a California Non-Profit Mutual Benefit Corporation, the Members of which shall be the Owners of Units in the Project.

1.6. Board or Board of Directors. The governing body of the Association.

1.7. Budget. A written, itemized estimate of the Association's income and Common Expenses prepared pursuant to the Bylaws.

1.8. Bylaws. The Bylaws of the Association, as amended from time to time.

1.9. City. The City of San Francisco, a municipal corporation.

1.10. Common Area(s). Common Area(s) shall mean and refer to both the Condominium Building Aircube Common Area and the Recreational Common Area, unless otherwise stated.

1.11. Common Expenses. Those expenses for which the Association is responsible under this Declaration, including, but not limited to, the following: (a) actual and estimated costs of inspecting, maintaining, managing and operating the Project; (b) unpaid Special Assessments, and amounts the Board determines are necessary to maintain and fully fund the Reserve Fund; (c) the costs of all utilities for the Common Area, and any other utilities or services (such as trash removal) that are billed to the Association for the benefit of the Project; (d) the cost of managing and administering the Association, including compensation for managers, accountants, attorneys, and employees; (e) inspection, maintenance, repair and replacement of Common Area improvements and facilities required by this Declaration and all other expenses incurred by the Association for the common benefit of the Owners, including the cost of inspection and maintenance, and other inspection and maintenance services that benefit the Project; (f) premiums for all insurance covering the Project and insurance policies for the directors, officers and agents of the Association, and bonding the Members of the Board; (g) taxes paid by the Association; and (h) amounts paid by the Association for discharge of any lien or encumbrance levied against the Project.

1.12. Common Interest. Shall mean and refer to the proportionate undivided interests in the condominium building air cube Common Area which is appurtenant to each Unit as set forth in this Declaration.

1.13. Condominium. Shall mean and refer to an estate in real property as defined in California Civil Code §§783 and 4125(b) consisting of an undivided interest in the Common Area and a separate interest in space called a Unit.

1.14. Condominium Building. Shall mean and refer to a structure containing one (1) or more Condominium Units within a Condominium Building Aircube. There is one (1) Condominium Building within the Project.

1.15. Condominium Building Aircube Common Area. Shall mean and refer to all the property within the perimeter of the Condominium Building Aircube, except the individual Units located within the Condominium Building Aircube, as such air cube is described on the Condominium Plan.

1.16. Condominium Building Aircube Designation. Shall mean and refer to the letter or other official designation of the Condominium Building Aircube as shown on the Condominium Plan.

1.17. Condominium Building Aircube. Shall mean and refer to the air space within the interior of the vertical and horizontal planes for the aircube as shown on the Condominium Plan. There is one (1) Condominium Building Aircube within the Project.

1.18. Condominium Plan. Shall mean and refer to the diagrammatic floor plan of the Units located on the property which identifies each Unit and establishes its dimensions pursuant to California Civil Code §§4120 and 4285.

1.19. County. The County of San Francisco.

1.20. Davis-Stirling Act. California Civil Code §§4000, et seq.

1.21. Declarant. Goodman2 Homeowners Association, and any successor or assign that expressly assumes the rights and duties of the Declarant under this Declaration, in a recorded written document.

1.22. Declaration. This Enabling Declaration, as amended or supplemented from time to time.

1.23. Design Guidelines. The rules or guidelines setting forth procedures and standards for submission of plans for the Board or Architectural Control Committee approval.

1.24. Eligible Mortgages. Mortgages held by "Eligible Mortgage Holders."

1.25. Eligible Mortgage Holder. A holder, insurer, or guarantor of a First Mortgage on a Unit which has requested timely written notices from the Association, in a written request that includes the name and address of the Eligible Mortgage Holder, and the Unit number.

1.26. Eligible Insurer or Guarantor. An insurer or governmental guarantor of a First Mortgage.

1.27. Exclusive Use Common Area. Those portions of the Common Area set aside for exclusive use of an Owner pursuant to Section 2.2C, which shall constitute "exclusive use

common area" within the meaning of California Civil Code §4145. The exclusive use Common Area shall also include the following portions of Common Area designated to serve the Owner's Unit exclusively: Screens, windows, window boxes, exterior doors, door frames and hardware incidental thereto, and internal and external telephone wiring designed to serve a single Unit.

1.28. First Lender. Any person, entity, bank, savings and loan association, insurance company, or other financial institution holding a recorded First Mortgage on any Unit.

1.29. First Mortgage. Any Mortgage recorded in the County made in good faith and for value on a Unit with first priority over other Mortgages encumbering the Unit.

1.30. Foreclosure. The legal process by which a Unit owned by an Owner who is in default under a Mortgage is sold pursuant to California Civil Code §§2924a et seq. or sale by the Court pursuant to California Code of Civil Procedure §§725a et seq. and any other applicable laws.

1.31. Governing Documents. This Declaration, as amended from time to time, the exhibits, if any, that are attached to the Declaration, together with the other basic documents used to create and govern the Project, including the Map, the Articles, the Bylaws, the Rules and any Design Guidelines adopted by the Board or the Association.

1.32. Hazardous Materials. Any substance, material, or waste which is or becomes (i) regulated by any local or regional Governmental authority of the State of California or the United States Government as a hazardous waste; (ii) is defined as a "solid waste," "sludge," "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "non-RCRA hazardous waste," "RCRA hazardous waste," or "recyclable material," under any federal, state or local statute, regulation, or ordinance, including, without limitation, Sections 25115, 25117, 25117.9, 25120.2, 25120.5 or 25122.7, 25140, 25141 of the California Health and Safety Code; (iii) defined as a "Hazardous Substance" under section 25316 of the California Health and Safety Code; (iv) defined as a "Hazardous Material," "Hazardous Substance" or "Hazardous Waste" under Section 25501 of the California Health and Safety Code; (v) defined as a "Hazardous Substance" under Section 25281 of the California Health and Safety Code; (vi) asbestos; (vii) petroleum products, including, without limitation, petroleum, gasoline, used oil, crude oil, waste oil, and any fraction thereof, natural gas, natural gas liquefied, methane gas, natural gas, or synthetic fuels, (viii) materials defined as hazardous or extremely hazardous pursuant to the California Code of Regulations; (ix) pesticides, herbicides and fungicides; (x) polychlorinated biphenyls; (xi) defined as a "Hazardous Substance" pursuant to Section 311 of the Federal Water Pollution Control Act (3 U.S.C. Section 1251 et seq.); (xii) defined as a "Hazardous Waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et. seq.; (xiii) defined as a "Hazardous Substance" or "Mixed Waste" pursuant to Section 101 of the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., and regulations promulgated thereunder; (xiv) defined as a "Hazardous Substance" pursuant to Section 401.15 of the Clean Water Act, 40 C.F.R. 116; (xv) defined as an "Extremely Hazardous Substance" pursuant to Section 302 of the Superfund Amendments and Reauthorizations Act of 1986, 42 U.S.C. Section 11002 et seq.; or (xvi)

defined as "medical waste" pursuant to Section 25023.2 of the California Health and Safety Code, Chapter 6.1 (Medical Waste Management Act).

1.33. Map. The Map, described above in Introductory Paragraph A.

1.34. Member. A person entitled to membership in the Association as provided herein.

1.35. Mortgage. A mortgage, deed of trust, assignment of rents, issues and profits or other proper instrument (including, without limitation, those instruments and estates created by sublease or assignment) given as security for the repayment of a loan or other financing which encumbers a Unit, made in good faith and for value.

1.36. Mortgagee. The holder of a Mortgage including the beneficiary of a deed of trust that constitutes a Mortgage.

1.37. Mortgagor. A Person who encumbers his or her Unit with a Mortgage including the trustor of a deed of trust that constitutes a Mortgage.

1.38. Notice of Delinquent Assessment. A Notice of Delinquent Assessment filed by the Association for a delinquent Assessment pursuant to Section 4.9.C.

1.39. Occupant. A Person who legally occupies a Unit, including, without limitation, a tenant or guest, invitee, renter, lessee, family member, or relative.

1.40. Owner or Owners. The record holder of fee simple title to a Unit, including Declarant, expressly excluding Persons having any interest merely as security for the performance of an obligation until such person obtains fee title thereto, and those parties who have leasehold interests in a Unit. If a Unit is sold under a recorded installment contract of sale, the purchaser under the contract of sale, rather than the holder of the fee interest, shall be considered the "Owner" from and after the date the Association receives written notice of the recorded contract of sale.

1.41. Person. A natural person, a corporation, a partnership a limited liability company, a trust, or other legal entity.

1.42. Project. All of the real property as described on the Map and all improvements on that real property.

1.43. Recreational Common Area. Shall mean and refer to all the land and air space above the land described in the Map, together with all improvements thereon and therein, except for the Units, improvements and surrounding air space located within the condominium building air cube.

1.44. Regular Assessments. A Regular Assessment determined and levied pursuant to Section 4.3A of this Declaration.

1.45. Reimbursement Charge. A charge levied by the Board against an Owner to reimburse the Association for costs and expenses incurred in bringing the Owner and/or his or her Unit and/or Occupant into compliance with the provisions of this Declaration, determined and levied pursuant to Sections 4.10 and 5.1A(2) of this Declaration.

1.46. Reserve Study. Refers to the tri-annual study of Major Components of a Common Interest Development required by California Civil Code §§5550 and 5560.

1.47. Reserves or Reserve Funds. That portion of the Common Expenses collected as part of the Regular Assessments levied against the Units in the Project allocated for the future repair and replacement of, or additions to, the Major Components which the Association is obligated to maintain pursuant to this Declaration, including Reserves for replacement of structural elements and mechanical equipment or other facilities maintained by the Association.

1.48. Residence. The Residence that is located within a Unit.

1.49. Rules. The Rules adopted from time to time by the Board or the Association pursuant to Section 5.2.D.

1.50. Special Assessments. A Special Assessment levied by the Association pursuant to Section 4.3.B.

1.51. Unit. Unit shall mean and refer to the elements of the condominium, as defined in Section 2.2A, and in California Civil Code §4125(b) which are not owned in common with the Owners of other condominiums in the Project. Each Unit is identified separately on the Condominium Plan.

1.52. Utility Facilities. Defined in Section 6.1.

B. Interpretations:

1.53. General Rules. This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for creating and operating a residential community association development and maintaining the Common Area. As used in this Declaration, the singular includes the plural and the plural the singular. The masculine, feminine and neuter each includes the other, unless the context dictates otherwise.

1.54. Articles, Sections and Exhibits. The Article and Section headings have been inserted for convenience only and may not be considered in resolving questions of interpretation or construction. Unless otherwise indicated, any references in this Declaration to articles, sections or exhibits are to Articles, Sections and Exhibits of this Declaration.

1.55. Priorities and Inconsistencies. If there are conflicts or inconsistencies between the Governing Documents, then the provisions of this Declaration shall prevail.

1.56. Severability. The provisions of this Declaration are independent and severable. A determination of invalidity or partial invalidity or unenforceability of any one provision of this Declaration by a court of competent jurisdiction does not affect the validity or enforceability of any other provisions of this Declaration.

1.57. Statutory References. All references made in this Declaration to statutes are to those statutes as currently in effect or to subsequently enacted replacement statutes.

ARTICLE II. DESCRIPTION OF PROJECT, DIVISION OF PROPERTY, AND CREATION OF PROPERTY RIGHTS

2.1. Description of Project. The Project is a Condominium Project within the meaning of California Civil Code §4125 consisting of the land, the condominiums and all other improvements located thereon. There is one (1) Condominium Building which includes thirty (30) condominiums. Reference is made to the Condominium Plan.

2.2. Division of Property. The Project is divided as follows:

A. Units. Each of the Units as separately shown, numbered and designated in the Condominium Plan, consists of the space bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows, window frames and door frames and trim, of each Unit, each of such space is being defined and referred to herein as the "Unit." In addition, each Unit includes any air heating, air conditioning, and water heating equipment, wherever located, which is part of a discreet and complete system intended to serve only such Unit. Bearing walls located within the interior of the Unit are Common Area, not part of the Unit, except for the finished surfaces thereof. In interpreting deeds and plans, the then existing physical boundaries of the Unit, whether in its original state or reconstruction in accordance with the original plans and specifications thereof, shall be conclusively presumed to be its boundaries rather than the boundaries expressed in the deed or Condominium Plan, regardless of settlement or lateral movement of the development and regardless of minor variance between the boundaries shown on the plan or deed and those of the building.

B. Condominium Building Aircube Common Area. The Condominium Building Aircube Common Area shall consist of all air space and improvements within the Condominium Building Aircube, except for the Units, as defined above, and shall include without limitation: bearing walls; exterior walls; columns; beams; subfloors; unfinished floors; roofs, balconies; patios; parking spaces; foundations; stairways and hallways which provide access to Units and other Condominium Building Aircube Common Area; life safety equipment (not located within a Unit); those portions of reservoirs, tanks, pumps, motors, ducts, flues, shoots, conduits, pipes, plumbing, wires and other installations lying within the Project or contained within and immediately surrounded by that portion of any structure or space which is defined herein as part of the "Condominium Building Aircube Common Area," (as required to provide power, light, telephone, television, gas, water, sewage, drainage, heat and air conditioning service), except that the air heating, air conditioning and water heating equipment outlets thereof, which is a part of a discreet and

complete system serving only one (1) Unit shall be a part of such Unit; sprinklers and sprinkler pipes; and any centralized television service.

Each Owner of a condominium located in the Development shall have, as appurtenant to his or her Unit, a membership in the Association, and an undivided interest in the Condominium Building Air Cube Common Area equal to a fraction whose numerator is one (1) and whose denominator is a total number of Units within the Condominium Building Air Cube in which the Unit is located. The ownership of each condominium shall include both a Unit and an undivided interest in the Condominium Building Air Cube Common Area as described in this Restated Declaration. The Common Interest appurtenant to each Unit is declared to be permanent in character and cannot be altered without the consent of all of the Condominium Owners affected. Such Common Interest cannot be separated from the Unit to which it is appurtenant. Each Owner may use all Condominium Building Air Cube Common Area in accordance with the purpose for which it is intended so long as such use does not hinder the exercise of or encroach upon the rights of any other Owners.

C. Recreational Common Area. The Recreational Common Area as defined in Section 1.43, is to be held for the benefit of all Condominium Owners as set forth herein.

D. Exclusive Use Common Areas. In addition to that described in Section 1.10, portions of the Common Area, referred to as "Exclusive Use Common Areas," as shown on the Condominium Plan, are hereby set aside and allocated for the exclusive use of one or more but fewer than all, Owners of Units. Said Exclusive Use Common Areas shall consist of a grant of easement for exclusive use to such balcony and patio as may be specifically designated on the Condominium Plan, deed conveying the Condominium Unit, this Declaration, or grant or assignment by the Association, as appurtenant to any particular Unit.

E. Deeded Garage Spaces. On or about August 11, 1997, garage spaces, originally identified as Exclusive Use Common Areas, were deeded to the individual Owners who previously held the right to such Exclusive Use parking garage space. Attached hereto as Exhibit "A" is the Plan allocating the spaces to the respective Unit Owners.

F. Reserved Rights of Association and Board over Common Areas. The Association by and through its Board of Directors shall have the power and the right in the name of the Association and all of the Owners as their attorney-in-fact to grant, convey or otherwise transfer to any Owner or any other Person fee title, easements, leasehold estates, exclusive use easements or rights, licenses, separate interest boundary adjustments, rights-of-way and/or dedications in, on, over or under the Common Area or other property interests in order to: (i) construct, erect, operate, maintain or replace lines, cables, wires, conduits or other devices for electricity, cable television, Internet services, fiber optics, telecommunication equipment, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes and any similar public or quasi-public improvements or facilities; (ii) accommodate any encroachment that in the sole discretion of the Board does not unreasonably interfere

with the use and enjoyment of the Common Area; or (iii) accomplish any other purpose that in the sole discretion of the Board is in the interest of the Association and its Members and does not unreasonably interfere with the use enjoyment of the Common Area. Each Owner in accepting a deed to a Unit expressly consents to such action and authorizes and appoints the Association as attorney-in-fact of such Owner to execute and deliver all documents and interests to accomplish the action, including, but not limited to, grant deeds, easements, subdivision maps, and lot-line adjustments. Notwithstanding anything herein to the contrary, in no event shall the Board take any action authorized hereunder that would permanently and unreasonably interfere with the use, occupancy and enjoyment by any Owner of his or her Unit or any Exclusive Use Common Area without the prior written consent of that Owner. Furthermore, the conveyance of fee title to any portion of the Common Area as authorized in this Section 2.2F (other than conveyance made as a part of lot-line adjustments) shall require the consent of a majority of the total voting power of the Association and such consent of the Mortgagees as may be required by Section 9.6.

2.3. Rights of Entry and Use. The Units and Common Area (including Exclusive Use Common Area) shall be subject to the following rights of entry and use:

A. The non-exclusive rights of each Owner for ingress, egress and support through the Common Area, and use of the Common Area as provided in Sections 2.2.A and 2.2.B.

B. The right of the Association's agents or employees to enter any Unit to cure any violation of the Governing Documents, provided that the Owner has received thirty (30) days written notice and a hearing as required by the Bylaws (except in the case of an emergency) and the Owner has failed to cure the violation or take steps necessary to cure the violation within thirty (30) days after the finding of a violation by the Association.

C. The access rights of the Association to inspect, maintain, repair or replace improvements or property located in the Common Area as described in Section 5.2.E, and to enter any Unit to perform the Association's duties under this Declaration.

D. The rights of the Owners and the Association, to install, maintain, repair or replace utilities as described in Article VI.

E. The encroachment easements described in Section 9.5.

F. The rights of Owners to make improvements or alterations authorized by California Civil Code §§4760(a)(2), subject to the provisions of Section 7.19 to the extent applicable.

2.4. Partition Prohibited. The Common Areas shall remain undivided as set forth above. Except as provided by California Civil Code §4610 or authorized under Sections 8.2.B or 8.3, no Owner shall bring any action for partition of the Common Areas, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project. Judicial partition by sale of a single Unit owned by two (2) or more persons and division of the sale proceeds is not prohibited by this paragraph.

The Common Area shall remain undivided as set forth above, except as provided by California Civil Code §4610 or authorized under Sections 8.2.B or 8.3, no Owner shall bring any action for a petition of the Common Areas, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project.

Any proceeds or property resulting from a partition shall be distributed to and among the respective Owners and their Mortgagees as their interests appear in proportion to the ratio that the fair market value of each Owner's Unit bears to the fair market value of all Owners' Units as of the date immediately preceding the date of the event giving rise to the right of the Owners to partition the Common Area.

2.5. All Easements Part of Common Plan. Whenever any easements are reserved or created or are to be reserved or created in this Declaration, such easements shall constitute equitable servitudes for the mutual benefit of all property in the Project, even if only certain Units are specifically mentioned as subject to or benefiting from a particular easement. Easements referred to in this Declaration shall be part of the common plan created by this Declaration for the benefit of all property Owners within the Project.

ARTICLE III. ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

3.1. Association to Manage Common Areas. The management of the Association Common Area and all improvements therein, shall be vested in the Association in accordance with its Bylaws. The Owners of all the Units covenant and agree that the administration of the Project shall be in accordance with the provisions of the Governing Documents.

3.2. Membership. The Owner of a Unit shall automatically, upon becoming the Owner of the Unit, be a Member of the Association, and shall remain a Member of the Association until such time as the Ownership ceases for any reason, at which time the membership in the Association shall automatically cease. Membership shall be held in accordance with the Articles and Bylaws. Any party that holds an interest in a condominium merely has security for performance of an obligation and shall not be a Member of the Association.

3.3. Transferred Membership. Membership in the Association shall not be transferred, encumbered, pledged, or alienated in any way, except upon the sale or encumbrance of the Unit to which it is appurtenant, and then only to the purchaser, in the case of a sale, or Mortgagee, in the case of an encumbrance of such Unit. On any transfer of title to an Owner's Unit, including a transfer on the death of an Owner, membership passes automatically with title to the transferee.

A Mortgagee does not have membership rights until it obtains title to the Unit by Foreclosure or deed in lieu of Foreclosure. Any attempt to make a prohibited transfer is void. No Member may resign his or her membership. On notice of a transfer, the Association shall record the transfer on its books.

3.4. Membership and Voting Rights. Membership and voting rights shall be as set forth in the Bylaws.

ARTICLE IV. ASSESSMENTS, LIENS AND FORECLOSURE

4.1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Unit by acceptance of a deed for that Unit, whether or not it shall be so expressed in such deed, covenants and agrees:

(1) to pay Regular Assessments, Special Assessments and Reimbursement Charges to the Association as established in this Declaration, and

(2) to allow the Association to enforce any Assessment Lien established under this Declaration by non-judicial proceedings under a power of sale or by any other means authorized by law.

The Regular Assessments, Special Assessments, including Reimbursement Charges, as permitted under Section 4.10, together with interest, late charges, collection costs and reasonable attorneys' fees, shall be a charge on the Unit and shall be a continuing lien as an Assessment Lien upon the Unit against which each such Assessment is made, the Assessment Lien to become effective upon recordation of a Notice of Delinquent Assessment. Each Assessment, together with interest, late charges, collection costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Unit at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to his successors in title unless expressly assumed by them. No Owner shall be exempt from liability for payment of Assessments by waiver of the use or enjoyment of any of the Common Areas or by the abandonment of the Owner's Unit.

The interest of any Owner in the amounts paid pursuant to any Assessment upon the transfer of Ownership shall pass to the new Owner. Upon the termination of these covenants for any reason, any amounts remaining from the collection of such Assessments after paying all amounts properly charged against such Assessments shall be distributed to the then Owners on the same pro rata basis on which the Assessments were collected.

4.2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the economic interests, recreation, health, safety, and welfare of all the Owners and other residents in the Project and to enable the Association to perform its obligations under this Declaration, including, without limitation, the maintenance of all Common Area improvements in good condition at all times.

4.3. Assessments.

A. Regular Assessments. The Board shall establish and levy Regular Assessments in an amount that the Board estimates will be sufficient to raise the funds needed to perform the duties of the Association during each fiscal year. Regular Assessments shall be made for a one-year period and collected in monthly installments.

The Regular Assessments shall include a portion for Reserves in such amounts as necessary to fully fund Reserves to meet the costs of the future inspection, repair, replacement or additions to the Major Components and fixtures that the Association is obligated to maintain and repair. Reserve Funds shall be deposited in a separate account and the signatures of at least two (2) persons who shall either be Members of the Board or one officer who is not a member of the Board and a member of the Board shall be required to withdraw monies from the Reserve account.

B. Special Assessments. The Board, at any time, may levy a Special Assessment in order to raise funds for unexpected operating or other costs, insufficient operating or Reserve Funds, or such other purposes as the Board in its discretion considers appropriate. Special Assessments shall be allocated among the Units in the same manner as Regular Assessments, except in the case of an Assessment levied by the Board against a Member to reimburse the Association for costs incurred in bringing a Member into compliance with provisions of the Governing Documents, or to replace insurance proceeds preempted pursuant to Section 8.2.A.

4.4. Restrictions on Increases in Regular Assessments or Special Assessments:

A. Approval of Members for Certain Assessments. Except as provided in Section 4.4.B, without having first obtained the approval of such action by the vote or written assent of Members casting a majority of the votes at a meeting of the Association at which a quorum is present, the Board may not: (1) impose a Regular Assessment on any Unit which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year or (2) levy a Special Assessment to defray the cost of any action or undertaking on behalf of the Association which in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. Civ Code §5605(b). For purposes of this Section 4.4, a "quorum" means Members constituting more than fifty percent (50%) of the voting power of the Association. Any meeting of the Association for purposes of complying with this Section 4.4 shall be conducted in accordance with Chapter 5 (commencing with §7510) of Part 3, Division 2 of Title 1 of the California Corporations Code and § 7613 of the California Corporations Code. The right of the Board to increase Regular Assessments by up to twenty percent (20%) over the Regular Assessments for the immediately preceding fiscal year is subject to the Board having complied with the provisions of California Civil Code § 5605(a), or having obtained the approval of such increase by the Members in the manner set forth above in this Section 4.4. Civil Code §§5605(a) and 4070.

B. Assessments – Emergency Situations. Notwithstanding the foregoing, the Board, without membership approval, may increase Regular Assessments or levy Special Assessments necessary for an emergency situation in amounts that exceed the limits set forth in Section 4.4.A, above. For purposes of this Section, an emergency situation is one of the following:

- (1) an extraordinary expense required by an order of a court,

(2) an extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible where a threat to personal safety on the Project is discovered, or

(3) an extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget, the annual budget report as set forth in Civil Code § 5300, provided, however, that prior to the imposition or collection of the Assessment, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process and the resolution shall be distributed to the Members with the notice of the Assessment.

The Association shall provide to the Owners, by first-class mail, notice of any increase in the Regular Assessments or Special Assessments of the Association, not less than thirty (30) nor more than sixty (60) days prior to the increased Assessment becoming due. Civil Code §5620.

This Section 4.4.B incorporates the statutory requirements of California Civil Code §5610. If this Section of the California Civil Code is amended in any manner, this Section 4.4.B shall automatically be amended in the same manner without the necessity of amending this Declaration.

C. Notice and Quorum for Any Action Authorized Under Section 4.4. Any action authorized under Section 4.4 which requires a vote of the membership, shall be taken at a meeting called for that purpose, written notice of which shall be personally delivered or mailed to all Members not less than ten (10) nor more than ninety (90) days in advance of the meeting specifying the place, day and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken. The action may also be taken without a meeting pursuant to the provisions of California Corporations Code §7513, in which event the ballot and any related material may be sent by electronic transmissions, and responses may be returned by electronic transmissions.

4.5 Division of Assessments. Both Regular Assessments and Special Assessments shall be levied equally among the Units, except for those budget components of insurance, domestic water and sewer, domestic gas, roof reserves, painting reserves, and hot water heater reserves, which shall be assessed to each Condominium according to that percentage set forth in Exhibit "A" attached hereto and incorporated herein. Annual assessments shall be collected monthly at the rate of one-twelfth (1/12th) of the annual assessment as to each Condominium.

4.6. Date of Commencement of Regular Assessments; Due Dates. The Regular Assessments provided for in this Declaration shall commence as to all Units on the first day of the month.

Subject to the provisions of Section 4.3 hereof, the Board of Directors shall use its best efforts to fix the amount of Regular Assessment against each Unit and send written notice thereof to every Owner at least forty-five (45) days in advance of each Regular Assessment period, provided that failure to comply with the foregoing shall not affect the validity of any

Assessment levied by the Board. Regular Assessments may be prorated on a monthly basis. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or designated representative of the Association stating that the Assessments on a specified Unit have been paid. Such a certificate shall be conclusive evidence of such payment.

4.7. Effect of Nonpayment of Assessments. Any Assessment not paid within fifteen (15) days after the due date shall be delinquent, shall bear interest at the rate of twelve percent (12%) per annum commencing thirty (30) days after the due date until paid, and shall incur a late payment penalty in an amount not to exceed the maximum permitted by applicable law. Civ. Code §5650(b).

4.8. Transfer of Unit by Sale or Foreclosure. Sale or transfer of any Unit shall not affect the Assessment Lien. However, the sale of any Unit pursuant to Foreclosure of a First Mortgage shall extinguish the Assessment Lien of any Assessments on that Unit (including attorneys' fees, late charges, or interest levied in connection therewith) as to payments which became due prior to such sale or transfer (except for Assessment Liens as to which a Notice of Delinquent Assessment has been recorded prior to the Mortgage). Any First Lender who obtains title to a Unit pursuant to remedies in the Mortgage or through foreclosure will not be liable for more than six (6) months of the Unit's unpaid regularly budgeted Assessment accrued before acquisition of the title to the Unit by the First Lender, and will be liable (together with all other Owners) for fees or costs related to the collection of unpaid Assessments. No sale or transfer shall relieve such Unit from liability for any Assessments becoming due after the foreclosure sale or from the lien thereof. The unpaid share of such Assessments shall be deemed to be Common Expenses collectible from all of the Unit Owners including such acquirer, his or her successors or assigns.

If a Unit is transferred, the grantor shall remain liable to the Association for all unpaid Assessments against the Unit through and including the date of the transfer. The grantee shall be entitled to a statement from the Association, dated as of the date of transfer, setting forth the amount of the unpaid Assessments against the Unit to be transferred and the Unit shall not be subject to a lien for unpaid Assessments in excess of the amount set forth in the statement, provided, however, the grantee shall be liable for any Assessments that become due after the date of the transfer. Civil Code §4530.

4.9. Priorities; Enforcement; Remedies. If an Owner fails to pay an Assessment when due, the Association has the right, and option, to bring legal action against the Owner to enforce collection of the unpaid and past due Assessment, or may impose an Assessment Lien on the Unit pursuant to the provisions of California Civil Code §5675. Suit to recover a money judgment for unpaid Assessments and attorneys' fees, shall be maintainable without foreclosing or waiving the lien securing the same. The Association shall distribute the written notice described in California Civil Code §5730 entitled "Notice of Assessments and Foreclosure" to each Member during the 60-day period immediately preceding the beginning of the Association's fiscal year. The notice is to be printed in at least 12-point type.

A. Statement of Charges. At least thirty (30) days prior to the Association recording an Assessment Lien upon a Unit pursuant to California Civil Code §5650, the Association shall notify the Owner of record in writing by certified mail of the following:

(1) A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount owed, a statement that the Owner has the right to inspect the Association's records, pursuant to Civil Code §5205, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed: **"IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."**

(2) An itemized statement of the charges owed by the Owner, including items on the statement which indicate the amount of any delinquent Assessments, the fees and reasonable costs of collection, reasonable attorneys' fees, any late charges, and interest, if any.

(3) A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the Assessment was paid on time to the Association.

(4) The right to request a meeting with the Board as provided by California Civil Code §5675.

(5) The right to dispute the Assessment debt by submitting a written request for dispute resolution to the Association pursuant to the Association's "meet and confer" program required in California Civil Code, Article 2 (commencing with Section 5900 of Chapter 10 of the California Civil Code).

(6) The right to request alternative dispute resolution with a neutral third party pursuant to Article 3 (commencing with Section 5925 of Chapter 10 of the California Civil Code) before the Association may initiate foreclosure against the Owner's Unit, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure. Civ. Code §5660(a).

Note: Any payments made by the Owner toward the debt shall first be applied to the Assessments owed, and, only after the Assessments owed are paid in full shall the payments be applied to the fees and costs of collection, attorneys' fees, late charges, or interest. Acceptance of any such payment does not waive the Association's right to demand and receive full payment. When an Owner makes a payment, the Owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the person who received it. The Association shall provide a mailing address for overnight payment of Assessments. Civ. Code §5660(b).

B. Payment Plan. An Owner may submit a written request to meet with the Board to discuss a payment plan for the Assessment debt noticed pursuant to Section 4.9.A. The Association shall provide the Owners the standards for payment plans, if any exist. The

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Board shall meet with the Owner in an executive session within forty-five (45) days of the postmark of the request, if the request is mailed within fifteen (15) days of the date of the postmark of the notice, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more Members to meet with the Owner. Payment plans may incorporate any Assessments that accrue during the payment plan period. Payment plans shall not impede the Association's ability to record a lien on the Owner's Unit to secure payment of delinquent Assessments. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Association may resume its efforts to collect the delinquent Assessments from the time prior to entering into the payment plan. Civ. Code §5665.

C. Notice of Delinquent Assessment. After compliance with the provisions of California Civil Code §5560(a), the Association may record a Notice of Delinquent Assessment and establish an Assessment Lien against the Unit of the delinquent Owner prior and superior to all other liens recorded subsequent to recordation of the Notice of Delinquent Assessment, except (1) all taxes, bonds, Assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any First Mortgage of record recorded prior to recordation of the Notice of Delinquent Assessment. The Notice of Delinquent Assessment shall include an itemized statement of the charges owed by the Owner described in Section 4.9.A above, a description of the Unit against which the Assessment and other sums are levied, the name of the record Owner, and the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice shall be signed by any officer of the Association or any management agent retained by the Association and shall be mailed by certified mail to every person whose name is shown as an Owner of the Unit in the Association's records no later than ten (10) calendar days after recordation. Civ. Code §5675.

D. Lien Releases. Within twenty-one (21) days after payment of the sums specified in the Notice of Delinquent Assessment, the Association shall record or cause to be recorded in the Office of the County Recorder in which the Notice of Delinquent Assessment is recorded a lien release or notice of rescission and provide the Owner a copy of the lien release or notice that the delinquent Assessment has been satisfied. Civ. Code §5685(a).

E. Enforcement of Assessment Lien and Limitations on Foreclosure. The collection by the Association of delinquent Regular Assessments or delinquent Special Assessments of an amount less than One Thousand Eight Hundred Dollars (\$1,800), not including any accelerated Assessments, late charges, fees and costs of collection, attorneys' fees, or interest, may not be enforced through judicial or non-judicial foreclosure, but may be collected or secured in any of the following ways: Civ. Code §5720(b) to (c).

(1) By a civil action in small claims court, pursuant to Chapter 5.5 (commencing with Section 116.110) of Title 1 of the California Code of Civil Procedure. If the Association chooses to proceed by an action in small claims court, and prevails, the Association may enforce the judgment as permitted under Article 8 (commencing with Section 116.810) of Title 1 of the California Code of Civil Procedure. The amount that

may be recovered in small claims court to collect upon a debt for delinquent Assessments may not exceed the jurisdiction limits of the small claims court and shall be the sum of the following:

(a) The amount owed as of the date of filing the complaint in the small claims court proceeding.

(b) In the discretion of the court, an additional amount to that described in subparagraph (a) equal to the amount owed for the period from the date the complaint is filed until satisfaction of the judgment, which total amount may include accruing unpaid Assessments and any reasonable late charges, fees and costs of collection, attorneys' fees, and interest, up to the jurisdictional limits of the small claims court.

(2) By recording a lien on the Owner's Unit upon which the Association may not foreclose until the amount of the delinquent Assessments secured by the lien, exclusive of any accelerated Assessments, late charges, fees and costs of collection, attorneys' fees, or interest, equals or exceeds One Thousand Eight Hundred Dollars (\$1,800) or the Assessments are more than 12 months delinquent. If the Association chooses to record a lien under these provisions, prior to recording the lien, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of the California Civil Code. Civil Code §5720(b) to (c).

(3) Any other manner provided by law, except for judicial or non-judicial foreclosure. Civil Code §5720(b) to (c).

F. Foreclosure. The Association may collect delinquent Regular Assessments or delinquent Special Assessments of an amount of One Thousand Eight Hundred Dollars (\$1,800) or more, not including any accelerated Assessments, late charges, fees and costs of collection, attorneys' fees, or interest, or any Assessments that are more than twelve (12) months delinquent, by a civil action, including, if within the jurisdiction of the small claims court, in small claims court, pursuant to Chapter 5.5 (commencing with Section 116.110) of Title 1 of the California Code of Civil Procedure, or any other manner provided by law, including using judicial or non-judicial foreclosure subject to the following conditions: Civil Code §5720(b).

(1) Prior to initiating a foreclosure on an Owner's separate interest, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to the Association's "meet and confer" program required in Article 3 (commencing with Section 5925) of Chapter 10 of the California Civil Code. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure. Civil Code §5720(b).

(2) The decision to initiate Foreclosure of an Assessment Lien for delinquent Assessments that has been validly recorded shall be made only by the Board and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board Members in an executive session. The Board shall record the vote in the minutes of the next meeting of the Board open to all Members. The Board shall maintain the confidentiality of the Owner or Owners of the Unit by identifying the matter in the minutes by the Unit number of the property, rather than the name of the Owner or Owners. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale. Civil Code §5705(c).

(3) The Board shall provide notice by personal service to an Owner of a Unit who occupies the Unit or to the Owner's legal representative, if the Board votes to foreclose upon the Unit. The Board shall provide written notice to an Owner of a Unit who does not occupy the Unit by first-class mail, postage prepaid, at the most current address shown on the books of the Association. In the absence of written notification by the Owner to the Association, the address of the Owner's Unit may be treated as the Owner's mailing address. Civil Code §5705(d).

(4) A non-judicial foreclosure by the Association to collect upon a debt for delinquent Assessments shall be subject to a right of redemption. The redemption period within which the Unit may be redeemed from a foreclosure sale under this paragraph ends ninety (90) days after the sale. Civil Code §5715(b).

In addition to the requirements of California Civil Code §2924, a notice of default shall be served by the Association on the Owner's legal representative in accordance with the manner of service of summons in Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2 of the California Code of Civil Procedure. Civil Code §5710(b). Upon receipt of a written request by an Owner identifying a secondary address for purposes of collection notices, the Association shall send additional copies of any notices required by this Section to the secondary address provided. The Association shall notify Owners of their right to submit secondary addresses to the Association, at the time the Association issues the pro forma operating budget pursuant to California Civil Code §5310. The Owner's request shall be in writing and shall be mailed to the Association in a manner that shall indicate the Association has received it. The Owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request. Civil Code §4040(b).

G. Sale by Trustee. Any sale by the trustee shall be conducted in accordance with the provisions of §§2924, 2924b and 2924c of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, including any successor statutes thereto, or in any other manner permitted by law. The fees of a trustee may not exceed the amounts prescribed in California Civil Code §§2924c and 2924d. Civil Code §5735. Nothing in this Declaration shall preclude the Association from bringing an action directly

against an Owner for breach of the personal obligation to pay Assessments, nor from taking a deed in lieu of foreclosure. Civil Code §5700(b).

H. Purchase by Association. The Association, acting on behalf of the Unit Owners, shall have the power to bid for the Unit at a Foreclosure sale, and to acquire and hold, lease, mortgage and convey the Unit. If the purchase of a Unit would result in a five percent (5%) or greater increase in Assessments, the purchase shall require the vote or written consent of a majority of the total voting power of the Association. During the period a Unit is owned by the Association, following Foreclosure:

(1) no right to vote shall be exercised on behalf of the Unit; and

(2) no Assessment shall be assessed or levied on the Unit; and

(3) each other Unit shall be charged, in addition to its usual Assessment, its share of the Assessment that would have been charged to such Unit had it not been acquired by the Association as a result of Foreclosure.

After acquiring title to the Unit at Foreclosure sale following notice and publication, the Association may execute, acknowledge and record a deed conveying title to the Unit which deed shall be binding upon the Owners, successors, and all other parties.

I. Suspension of Rights of Delinquent Owner. The Board may temporarily suspend the voting rights and right to use Common Area facilities of a Member who is in default in payment of any Assessment. Any other discipline, fine or penalty requires a noticed hearing, as provided in the Bylaws, Section 7.2.D.

J. Fines and Penalties. In accordance with California Civil Code §5725(b), fines and penalties imposed by the Association for violation of this Declaration as a disciplinary measure for failure of an Owner to comply with the Governing Documents, except for late payments, are not "Assessments," and are not enforceable by Assessment Lien, but are enforceable by court proceedings; provided, however, pursuant to California Civil Code §5725(a), monetary penalties imposed by the Association to reimburse the Association for costs incurred for repair of damage to Common Area or facilities for which the Owner or Occupant(s) were responsible may become the subject of a lien. In the event that California Civil Code §5725(b) is amended to permit fines and penalties imposed by the Association for violation of this Declaration as a disciplinary measure for failure of an Owner to comply with the Governing Documents to be enforceable by Assessment Lien, then this provision shall be deemed amended to conform to any such amendment of California Civil Code §5725(b).

The provisions of this Section 4.9 are intended to comply with the current requirements of California Civil Code §5725. If these Sections are amended or rescinded in any manner the provisions of this Section 4.9 automatically shall be amended or rescinded in the same manner.

4.10. Reimbursement Charges. The Board may levy a Reimbursement Charge against a Member to reimburse the Association for costs incurred by the Association in the repair of damage to the Common Area and facilities for which the Member (or the Occupant for which the Member is responsible) was responsible and in bringing the Member and his or her Unit into compliance with the provisions of the Governing Documents. The Reimbursement Charges shall be in the amount required to reimburse the Association for the actual costs and expenses incurred and the amounts incurred to repair the damage and to enforce the Association's rights under this Declaration as are then permitted by law. Reimbursement Charges shall be payable when directed by the Board after written notice to the Owners, which notice shall in no event be less than thirty (30) days. If an Owner disputes a Reimbursement Charge, the Owner may request a hearing before the Board.

4.11. Unallocated Taxes. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than against the Units, said taxes shall be included in the Assessments made under the provisions of Section 4.1 and, if necessary, a Special Assessment may be levied against the Units in an amount equal to said taxes, to be paid in two (2) installments, thirty (30) days prior to the due date of each tax installment.

ARTICLE V. DUTIES AND POWERS OF THE ASSOCIATION

5.1. Duties. In addition to the duties enumerated in the Bylaws, or elsewhere provided for in this Declaration, and without limiting the generality of those duties, the Association shall perform the following duties:

A. Maintenance. The Association shall maintain, repair, replace (when necessary), restore, operate and manage all of the Common Area and all facilities (including Utility Facilities to the extent described in Section 6.3), improvements, furnishings, equipment and landscaping thereon, and all property that may be acquired by the Association. The Association shall maintain everything it is obligated to maintain in a clean, sanitary and attractive condition reasonably consistent with the level of maintenance reflected in the most current Budget. The Board shall determine, in its sole discretion, the level and frequency of maintenance of the Association Property and improvements thereon.

(1) Common Area Maintenance. Maintenance shall include, without limitation, inspecting, painting, maintaining, cleaning, repairing and replacing of all Common Areas.

(2) Responsibility of Owners for Maintenance Costs. The responsibility of the Association for maintenance and repair shall not extend to repairs or replacements arising out of or caused by the willful or negligent act or omission of an Owner or Occupant, except if the repair is covered by the insurance carried by the Association, the Association shall be responsible for making the repairs, and the repairs, and the responsible Owner shall pay any deductible pursuant to the insurance policy. If the Owner fails to make such payment, then the Association may make such payment and shall charge the responsible Owner a Reimbursement Charge for reimbursement of such payment, which charge shall bear interest at the rate of twelve percent (12%) per annum (but no greater than the maximum rate allowed by law) until paid in full. Any repairs arising out of or caused by the willful or negligent act of an Owner, or any

Occupant for whom an Owner is responsible, or the Owner's or Occupant's pets, the cost of which is not covered by insurance carried by the Association, shall be made by the responsible Owner, provided the Board approves the person actually making the repairs and the method of repair. If the responsible Owner fails to take the necessary steps to make the repairs within a reasonable time under the circumstances, the Association shall make the repairs and charge the cost thereof as a Reimbursement Charge to the responsible Owner, which cost shall bear interest at the rate of twelve percent (12%) per annum (but no greater than the maximum rate authorized by law) until paid in full. If an Owner disputes his or her responsibility for the repairs, the Owner shall be entitled to notice and a hearing as provided in the Bylaws before any charge may be imposed.

(3) Pest Control. The Association shall have the Common Area periodically inspected for wood-destroying pests or organism, or other pests, and shall take appropriate corrective measures therefor. The Association shall have the authority to require the temporary removal of Owner and/or Occupants of a Unit as may be necessary in connection with the treatment of wood-destroying pests or organisms, or other pests, pursuant to the procedures described in California Civil Code § 4785 or any successor statute thereto. The costs of any temporary relocation shall be borne by each Owner, or any Occupant for whom an Owner is responsible, who is required to temporarily relocate.

(4) Landscaping. Landscaping shall include regular fertilization, irrigation, pruning, and other prudent garden management practice necessary to promote a healthy weed-free environment for optimum plant growth. The Association shall remove and replace all dying or dead vegetation. The Association shall take appropriate steps to maintain the irrigation of the landscaping and to prevent damage resulting from misdirected and/or excessive watering.

B. Insurance. The Association shall maintain such policy or policies of insurance as are required by Section 8.1 of this Declaration.

C. Discharge of Liens. The Association shall discharge by payment, if necessary, any lien against the Common Area, and charge the cost thereof to the Member or Members responsible for the existence of the lien (after notice and a hearing, as provided in the Bylaws).

D. Assessments. The Association shall fix, levy, collect and enforce Assessments as set forth in Article IV hereof.

E. Payment of Expenses and Taxes. The Association shall pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes or governmental charges levied or imposed against the property of the Association.

F. Enforcement. The Association shall be responsible for the enforcement of this Declaration.

5.2. Powers. In addition to the powers enumerated in the Articles and Bylaws or elsewhere provided for in this Declaration, and without limiting their generality, the Association, and the Board, where applicable, shall have the following powers:

A. Utility Service. The Association shall have the authority (but not the obligation) to obtain, for the benefit of all of the Owners, all water, gas and electric service, cable television service, wireless communications services, garbage and trash collection.

B. Easements. The Association shall have authority, by document signed by the President and the Secretary, to grant permits, licenses, and easements in addition to those shown on the Map or Plan and/or referred to in Article VI, where necessary for roads, utilities, communications services, cable television, and sewer facilities over the Common Area to serve the common areas and the Units, and/or where necessary to satisfy or achieve appropriate governmental purpose or request.

C. Manager. The Association may employ a professional management firm and contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, including maintenance operations and waste/recycling collection procedures, except for the responsibility to levy fines, impose discipline, hold hearings, file suit, record or foreclose liens, or make capital expenditures, provided that any contract with a firm or person appointed as a manager or managing agent shall not exceed a one (1) year term, shall provide for the right of the Association to terminate the same at the first annual meeting of the Members of the Association, and to terminate the same for cause on thirty (30) days' written notice, or without cause or payment of a termination fee on ninety (90) days' written notice, or for cause on thirty (30) days notice.

D. Adoption of Rules. The Board or the Members of the Association by majority vote may adopt reasonable Rules that are not inconsistent with this Declaration relating to the use of the Common Area and all its facilities, and the conduct of Owners and Occupants with respect to the Project and other Owners. Written copies of such Rules and any schedule of fines and penalties adopted by the Board will become effective fifteen (15) days after they are either: (i) posted in a conspicuous place in the Common Area; or (ii) sent to the Owners via first-class mail or by any system or technology designed to record and communicate messages. The adoption of any Rules or amendment or repeal of any Rule shall comply with the procedures required by California Civil Code §§4350, 4355, 4360 and 4365 to the extent applicable.

E. Access. For the purpose of performing inspections, construction, maintenance or emergency repair for the benefit of the Common Area or the Owners in common, and/or to perform maintenance work that an Owner has failed to perform as provided in Section 7.[26], the Association's agents or employees shall have the right, after reasonable notice (not less than twenty-four (24) hours except in emergencies) to the Owner or Occupant of the Unit in which such maintenance work has not been performed, to enter any such Unit or to enter any portion of the Common Area at reasonable hours. Such entry shall be made with as little inconvenience to the Owner or Occupant as practicable and any damage caused by such entry shall be repaired at the expense of the Association.

F. Assessments and Liens. The Board shall have the power to levy and collect Assessments in accordance with the provisions of Article IV hereof.

G. Fines and Disciplinary Action. The Board may impose fines or take disciplinary action against any Owner for failure to pay Assessments or for violation by Owner, or Occupant for whom Owner is responsible, of any provision of the Governing Documents. Penalties may include, but are not limited to, fines, temporary suspension of voting rights, rights to the use of recreational facilities or other appropriate discipline, provided the Owner is given notice and a hearing as provided in the Bylaws before the imposition of any fine or disciplinary action. The Board shall have the power to adopt a schedule of reasonable fines and penalties for violations of the terms of this Declaration, and for violations of any Rules adopted pursuant to Section 5.2.D. The penalties prescribed may include suspension of all rights and privileges of membership; provided, however, that suspension for failure to pay Assessments shall be for a maximum period of thirty (30) days, renewable by the Board for an additional thirty (30) day period or periods until paid; and provided further that suspension for infraction of Rules or violation of this Declaration, other than for failure to pay Assessments, shall be limited to a maximum period of thirty (30) days per infraction or violation, and shall be imposed only after a hearing before the Board. The Board may extend that period for an additional thirty (30) day period or periods in the case of a continuing infraction or violation, and no hearing need be held for such extension. Written copies of Rules and the schedule of penalties shall be furnished to Owners. The Board shall levy fines and penalties and shall enforce such Assessments as appropriate under applicable law.

H. Enforcement. The Board shall have the authority to enforce this Declaration as per Section 9.1 hereof.

I. Loans. The Board shall have the power to borrow money, and, only with the assent (by vote or written consent) of two-thirds (2/3rds) of the total voting power of the Association.

J. Contracts. The Board shall have the power to contract for goods and/or services for the Common Area(s), for the Units, or for the Association, subject to limitations set forth in the Bylaws, or elsewhere in this Declaration. The Board shall not enter into any contracts with an independent contractor until it meets the requirements of Section 8.1.A(3) herein.

K. Delegation. The Board, and the officers of the Association shall have the power to delegate their authority and powers to committees, officers or employees of the Association, or to a manager employed by the Association, provided that the Board shall not delegate its responsibility:

(1) to make expenditures for capital additions or improvements chargeable against the Reserve Funds;

(2) to conduct hearings concerning compliance by an Owner or Occupant with the Governing Documents;

(3) to make a decision to levy monetary fines, levy Reimbursement Charges, temporarily suspend an Owner's rights as a Member of the Association or otherwise impose discipline;

(4) to make a decision to levy Regular Assessments or Special Assessments; or

(5) to make a decision to bring suit, record a claim of lien or institute Foreclosure proceedings for default in payment of Assessments.

L. Use of Recreational Facilities. The Board shall have the power to limit the number of an Owner or Occupant who may use the recreational facilities, provided that all limitations apply equally to all Owners, unless imposed for disciplinary reasons, after notice and hearing, as provided in the Bylaws.

M. Appointment of Trustee. The Board acting on behalf of the Association, has the power to appoint or designate a trustee to enforce Assessment Liens by sale as provided in Section 4.9 and California Civil Code §5700(a).

N. Other Powers. In addition to the powers contained herein, the Board may exercise the powers granted to a non-profit mutual benefit corporation under California Corporations Code §7140.

ARTICLE VI. UTILITIES

6.1. Owners' Rights and Duties. The rights and duties of the Owners of Units within the Project with respect to sanitary sewer, storm sewer, water, drainage, electric, gas, television receiving, telephone equipment, DSL, fiber optic or other cables and lines, meters, catch basins, storage tanks, wires, ducts, flues, pumps, boilers, and pipes, exhaust flues and heating and air conditioning facilities, (collectively, "Utility Facilities") shall be as follows:

A. Whenever Utility Facilities are installed within the Project, which Utility Facilities or any portion of those facilities lies in or upon Units owned by other than the Owner of a Unit served by those Utility Facilities, the Owners of any Unit served by those Utility Facilities shall have the right of reasonable access for themselves or for utility companies to repair, replace and generally maintain those Utilities Facilities as and when necessary, due to failure or inability of the Board to take timely action to make such repairs or perform such maintenance.

B. Whenever Utility Facilities serving more than one (1) Lot are installed within the Project, the Owner of each Unit served by those Utility Facilities shall be entitled to the full use and enjoyment of such portions of those Utility Facilities as service his or her Unit.

6.2. Association's Duties. The Association shall maintain all Utility Facilities located in the Common Area except for those facilities maintained by utility companies, public, private, or municipal and those maintained by the Owners as described in Section 7.19. The Association

shall pay all charges for utilities supplied to the Project except those metered or charged separately to the Units.

ARTICLE VII. USE RESTRICTIONS

In addition to all of the covenants contained in this Declaration, the use of the Project and each Unit in the Project is subject to the following:

7.1. Condominium Use. Other than Units C-101, all Units shall be used as "live/work" Units. Each Unit designated "live/work" shall be used for residential purposes and may concurrently be used for commercial purposes, as described below in this section. Any concurrent commercial purpose shall be in compliance with Ordinances and Codes of the City and County of San Francisco and the Association Rules. The commercial purpose of "live/work" Units shall result in no more than one (1) part time or full time employee for each four hundred square feet (400 sq. ft.), or part thereof, plus the Owners of such Unit working within the Unit at any one time; provided, however, each Unit shall be allowed a minimum of two (2) part time or full time employees plus the Owners working within the Unit at any time; and provided, further, the Board may permit a greater number of employees to work within the Unit upon the Owner demonstrating to the Board's good faith satisfaction that a greater number is necessary for the operation of the permitted commercial purpose and will not unduly burden or interfere with other Units within the Development. Notwithstanding anything contained herein, all uses and occupancies of Units shall conform to the National Fire Prevention Standards for Ordinary Hazard Occupancy or to the City and County of San Francisco Standards for Ordinary Hazard Occupancy, whichever is more strict.

Unit C-101 shall be used as art gallery space, a multi-media center or a similar arts-related purpose for the benefit of the Owners or the general public.

In addition, residential Units may be used as a combined Residence and executive or professional office by the Owner or Occupant thereof, so long as such use: (a) does not interfere with the quiet enjoyment by other Owners; (b) business activities take place solely inside the Residence; (c) complies with all laws, regulations and ordinances applicable to the Project, including zoning, health and licensing requirements; (d) otherwise complies with the Declaration and is consistent with the residential character of the Property; (e) no signs, logos, billboards, or other advertising materials or devices are displayed in the windows of the Residence, or on exterior of the Residence, or on any Common Area, to advertise the activity; (f) the existence or operation of the business is not apparent or detectable outside the Residence by sight, sound or odor; and (g) the business does not increase the liability or casualty insurance obligation or premium of the Association. No tent, shack, trailer, basement, garage, outbuilding or structure of a temporary character shall be erected or used at any time as a Residence, either temporarily or permanently.

No health care facilities operating as a business or charity shall be permitted in the Project, unless permitted by law or ordinance which preempts this restriction.

No family day care home shall be permitted within the Project except as specifically authorized by California Health and Safety Code §1597.40 and other applicable state statutes. The Owner/operator of any such day care facility shall comply with all local and state laws regarding the licensing and operating of a day care home and, in addition, shall:

A. Name the Association as an additional insured on the liability insurance policy or bond carried by the Owner/operator of the day care home;

B. Defend, indemnify and hold the Association harmless from any liability arising out of the existence and operation of the day care home;

C. Abide by and comply with all of the Association's Rules;

D. Supervise and be completely responsible for children at all times while they are within the Project;

E. Cooperate with the Association if the Association's insurance agent or carrier requires proof of insurance, proof of the agreement of the Owner or operator of the day care home to these conditions, or other reasonable requests.

7.2. Nuisances. No noxious, illegal, or seriously offensive activities shall be carried on within any Residence, or in any part of the Project, nor shall anything be done thereon that may be or may become a serious annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of the Owners' Residences, or which shall in any way increase the rate of insurance for the Project, or cause any insurance policy to be cancelled or to cause a refusal to renew the same, or which will impair the structural integrity of any Residence or other building in the Project. The Board is entitled to determine if any device, noise, odor, or activity constitutes a nuisance.

7.3. Allowed Vehicles and Parking. Deeded garage spaces have been granted for the benefit of the Owners of each Condominium, as identified in Exhibit B attached hereto and incorporated by reference. (If an Owner elects, he or she may temporarily transfer use of the parking space granted to him or her; provided, however, the Owner's transferee must be an occupant of the Project and the transferee's use shall cease automatically upon such transferee ceasing to be an occupant of the Project. The Owner may receive rent during the transfer period.) Each Owner granted a parking space shall be entitled to Exclusive Use of that parking space for the purpose of (i) parking one (1) vehicle, and (ii) the storage of personal items which do not increase the Association's insurance required by or purchased pursuant to the provisions of this Declaration, and which do not prevent or otherwise impinge upon the parking of one (1) vehicle within the parking space.

Except as otherwise permitted in this Section 7.3, only Permitted Vehicles shall be parked, stored or operated within the Project.

A. Allowed Vehicles shall mean appropriately licensed passenger automobiles, and commercial vehicles, Sports Utility vehicles, motorcycles, and trucks having carrying capacity

of $\frac{3}{4}$ ton or less, vans having seating capacity of eight (8) persons or less. Owners and/or Occupants shall park their Allowed Vehicles only in the garage space appurtenant to or granted to their Unit. Vehicles that are not Allowed Vehicles shall not be parked or stored in the Project, except for commercial vehicles or construction equipment that are providing services to a Unit or the Association (but only during the period of time in which such services are being provided and subject to the Rules). Allowed Vehicles shall not include any commercial vehicle, construction equipment, trailer, camper, mobile home, recreational vehicle, truck having carrying capacity of greater than $\frac{3}{4}$ ton, van having seating capacity in excess of eight (8) persons or any vehicle which is too large to fit within the Owner's garage, inoperable or abandoned vehicles, boats or similar equipment. Allowed Vehicles that are used both for business and personal use are not prohibited, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No excessively noisy or smoky vehicles shall be operated on the Project.

B. The Association may install a sign at each vehicular entrance to the Project containing a statement that public parking is prohibited and that all vehicles not authorized to park on the Project will be removed at the vehicle owner's expense. The sign shall contain the telephone number of the local traffic law enforcement agency and shall not be less than 17 x 22 inches in size with lettering not less than one (1) inch in height, and the name and telephone number of each towing company that is a party to a written general towing authorization agreement with the Association. The sign may also indicate that a citation may also be issued for the violation. The Association shall enter into a written general towing authorization agreement with one or more towing companies as required by Vehicle Code Section 22658.

C. The Association may cause the removal of any vehicle wrongfully parked on the Project, including a vehicle owned by an Owner or Occupant in accordance with applicable law. If the identity of the registered owner of the vehicle is known or readily ascertainable, the President of the Association or his or her designee shall, within a reasonable time after the tow, notify the owner of the vehicle of the removal in writing by personal delivery or first-class mail. In addition, notice of the removal shall be given to the local traffic law enforcement agency by telephone, or, if impractical, by the most expeditious means available, within one (1) hour of authorizing the tow. The notice shall include the make, model and vehicle identification number of the vehicle, the license plate number, the address from where the vehicle was removed, the grounds for removal, the time when the vehicle was first observed improperly parked at the Project, and the time authorization to tow the vehicle was given. Notwithstanding the foregoing, the Association may cause the removal, without notice, of any vehicle parked in a marked fire lane, within fifteen (15) feet of a fire hydrant, in a parking space designated "handicap" or "loading/unloading zone" without proper authority or in a manner which interferes with any entrance to, or exit from, the Project or any Unit, parking space or garage located thereon. The Association shall not be liable for any damages incurred by the vehicle owner because of the removal in compliance with this Section or for any damage to the vehicle caused by the removal, unless such damage resulted from the intentional or negligent act of the Association or any person causing the removal of or removing the vehicle. If requested by the owner of the vehicle, the Association shall state the grounds for the removal of the vehicle. Unless the Board provides otherwise, any Director or officer, any manager or manager's agent or any Owner authorized to do so by any Director or officer shall have the authority to act on

behalf of the Association to cause the removal of any vehicle wrongfully parked within the Project.

D. No garage space shall be converted into any use (such as a recreational room or storage room) that would prevent use for parking for the number of vehicles the space was designated to contain. Garage doors shall be kept closed at all times except when in use by the Occupant of the Lot which the garage is appurtenant, for ingress and egress to and from the garage. The Association may establish Rules from time to time for the parking of vehicles in the Common Areas.

The provisions of this Section 7.3 are intended to comply with the current requirements of Vehicle Code Section 22658. If this Vehicle Code Section is amended, this provision automatically shall be amended in the same manner. If this Section is repealed and no successor Section is enacted, this provision shall remain in full force and effect. Vehicle Code Section 22658 may have been amended by the State Legislature since this Declaration was recorded, and the Board should confirm the current statutory requirements.

7.4. Signs. Subject to California Civil Code §4710, no signs shall be displayed to the public view on any Unit or on any other portion of the Project, except non-commercial signs may be displayed within a Residence that are approved by the Board or a committee appointed by the Board, that conform to the Rules regarding signs, and that conform to the requirements of State law, and applicable local ordinances. "For Sale" or "For Rent" or "For Tax Deferred Exchange" signs shall be allowed to be displayed within areas of the Project that are designated in the Rules regarding such signs, and that conform to the requirements of State law, and applicable local ordinances, provided the design, dimensions and locations are reasonable. An Owner or his or her agent may display one (1) such For Sale or For Rent or For Tax Deferred Exchange sign within his or her Residence and one (1) sign in the Common Area advertising directions to the Owner's Residence which is for sale, rent, or exchange, provided the design, dimensions and locations are reasonable and comply with the Rules regarding signs, and comply with the requirements of State law, and applicable local ordinances. These restrictions on display of signs apply to signs that are visible from the exterior of a Residence, and are not intended to restrict signs that may be seen only from within the Unit in which the sign(s) is displayed.

7.5. Animals. Except as provided in the Governing Documents, no animals of any kind shall be raised, bred, boarded, or kept in any Unit, or on any other portion of the Project. Trained dogs used for assistance by visually impaired, hearing impaired or physically handicapped persons, or certified companion animals prescribed by a physician, may be kept by an Owner or Occupant. Owners or Occupants of Units may keep two (2) usual and ordinary household pets such as a dog or cat, provided it is not kept, bred, boarded, or maintained for any commercial purposes. All pets shall be kept under reasonable control at all times. No pet shall be allowed in the Common Area except as may be permitted by Rules of the Board. No Owner or Occupant shall allow his or her dog to enter the Common Area except on a leash. After making a reasonable attempt to notify the Owner or Occupant, the Association or any Owner may cause any pet found within the Common Area in violation of the Rules of the Board or this Declaration to be removed by the Association (or any Owner) to a pound or animal shelter

under the jurisdiction of the City or the County by calling the appropriate authorities, whereupon the Owner or Occupant may, upon payment of all expenses connected therewith, repossess the pet. Owners or Occupants shall prevent their pet from soiling any portion of the Common Area and shall promptly clean up any waste left by their pet. Owners and Occupants shall be fully responsible for any damage caused by their pet.

7.6. Garbage and Refuse Disposal. All rubbish, trash recycling, materials and garbage shall be regularly removed from the Units, and shall not be allowed to accumulate therein. Trash, garbage, recycling materials and other waste shall only be kept in sanitary containers. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No toxic or Hazardous Materials shall be disposed of within the Project by dumping in the garbage containers or down the drains, or otherwise. Each Owner shall be responsible for removal of garbage from his or her Unit. All recycling and solid waste shall be confined to approved receptacles and enclosures. Materials not picked up by the collection service remain the responsibility of the Resident depositing them, who must take appropriate arrangements for their disposal.

7.7. Radio, Television, and Internet Antennas. No outside television antenna, microwave or satellite dish, Internet dish or antenna, aerial, or other such device (collectively "Antennas") with a diameter or diagonal measurement in excess of one (1) meter shall be erected, constructed or placed on any Unit. Antennas with a diameter or diagonal measurement of one (1) meter or less may be installed only if they conform to the Rules and any Architectural Committee Standards and, if then required by the Architectural Committee Standards, any necessary approval is obtained in accordance with the provisions of Section 7.9. Reasonable restrictions which do not significantly increase the cost of the Antenna system or significantly decrease its efficiency or performance may be imposed. Antennas may not be attached to the exterior surface of any building or to any fence. The Architectural Review Committee shall, in acting upon requests for approval of a satellite dish or other signal reception or transmission devices comply with California Civil Code §4725 and Federal Communications Commission regulations.

7.8. Right to Lease.

A. Any Owner who wishes to lease his or her Residence must meet each of the following requirements, and the lease will be subject to these requirements whether they are included within the lease or not:

- (1) all leases must be in writing;
- (2) the lease must be for the entire Residence and not merely parts of the Residence, unless the Owner remains in occupancy;
- (3) all leases shall be subject in all respects to provisions of the Governing Documents and all leases shall clearly obligate Occupants to obey and comply with the Governing Documents;

(4) all Owners who lease their Residence shall promptly notify the Secretary of the Association in writing of the names of all Occupants and members of Occupants' family occupying such Residences, and their respective vehicle and pet information, and shall provide the Secretary of the Association with a complete copy of the lease. All Owners leasing their Residence shall promptly notify the Secretary of the Association of the address and telephone number where such Owner can be reached; and,

(5) no Owner shall lease his or her Residence for a period of less than thirty (30) days.

B. Any failure of an Occupant to comply with the Governing Documents shall be a default under the lease, regardless of whether the lease so provides. In the event of any such default, the Owner immediately shall take all actions to cure the default including, if necessary, eviction of the Occupant;

C. If any Occupant is in violation of the provisions of the Governing Documents, the Association may bring an action in its own name and/or in the name of the Owner to have the Occupant evicted and/or to recover damages. If the court finds that the Occupant is violating, or has violated any of the provisions of the Governing Documents, the court may find the Occupant guilty of unlawful detainer notwithstanding the fact that the Owner is not the plaintiff in the action and/or the Occupant is not otherwise in violation of Occupant's lease. For purposes of granting an unlawful detainer against the Occupant, the court may assume that the Owner or person in whose name a contract (the lease or rental agreement) was made was acting for the benefit of the Association. The remedy provided by this subsection is not exclusive and is in addition to any other remedy or remedies which the Association has. If permitted by present or future law, the Association may recover all its costs, including court costs and reasonable attorneys' fees incurred in prosecuting the unlawful detainer action;

D. The Association shall give the Occupant and the Owner notice in writing of the nature of the violation of the Governing Documents, and twenty (20) days from the mailing of the notice in which to cure the violation before the Association may file for eviction; and

E. Each Owner shall provide a copy of the Governing Documents to each Occupant of his or her Unit. By becoming an Occupant, each Occupant agrees to be bound by the Governing Documents, and recognizes and accepts the right and power of the Association to evict an Occupant for any violation by any Occupant of the Governing Documents.

F. Compliance with the provisions of this section does not satisfy appropriate requirements or restrictions, if any, as mandated by any governmental entity with appropriate jurisdiction related to the leasing of any Unit, as they pertain to that Unit.

7.9. Architectural Control. The purpose and intent of this Article is to empower the Association to preserve property values and design integrity within the Project. The Board has the ultimate responsibility, but may delegate that authority to an Architectural Control

Committee. The Board and the Architectural Control Committee shall operate pursuant to the following guidelines:

A. Exterior Improvements. No building, fence, wall, pool, spa, obstruction, outside or exterior wiring, balcony, screen, patio, patio cover, tent, awning, carport, carport cover, trellis, improvement or structure of any kind shall be commenced, installed, erected, painted, repainted or maintained upon the Project, nor shall any alteration or improvement of any kind be made thereto until the same has been approved in writing by the Board, or by an Architectural Control Committee appointed by the Board. Notwithstanding the foregoing, Owners may improve or alter any improvements within the interior of the Owner's Residence, provided such improvement or alteration does not impair the structural or acoustical integrity of any Common Area, or other Residences.

B. Solar Energy System. The Board shall not restrict or prohibit the installation or use of a solar energy system that is protected by law, including, without limitation, California Civil Code §§714, 714.1 and 801.5, except that it may adopt reasonable restrictions which do not significantly increase the cost of the system or significantly decrease its efficiency or specified performance, or which allow for an alternative system of comparable cost, efficiency, and energy conservation benefits.

C. Plans. Plans and specifications showing the nature, kind, shape, color, size, materials and location of any proposed improvements or alterations that require review hereunder shall be submitted to the Board or to the Architectural Control Committee for approval as to quality of workmanship and design and harmony of external design with existing structures, topography, and finish grade elevation, and conformity to the Design Guidelines.

D. Re-Painting. No permission or approval shall be required to repaint a Unit in accordance with Declarant's original color scheme, or to rebuild in accordance with Declarant's original plans and specifications. No permission or approval shall be required to repaint in accordance with a color scheme previously approved by the Board or the Committee, or to rebuild in accordance with plans and specifications previously approved by the Board or by the Committee. Nothing contained in this paragraph shall be construed to limit the right of an Owner to paint the interior of his or her Unit any color desired.

E. Landscaping. No landscaping shall be made or added to any Exclusive Use Common Area which is visible from the street or from the Common Area which is visible from the street or from the Common Area by any Owner until plans and specifications showing the nature, kind, shape and location of the materials shall have been submitted to and approved in writing by the Board or by an Architectural Control Committee appointed by the Board. No rules or restrictions shall be adopted or applied which prohibit or have the effect of prohibiting the use of low water-using plants, or that have the effect of prohibiting or restricting compliance with a water-efficient landscape ordinance, or has the effect of prohibiting or restricting compliance with any regulation or restrictions on the use of water adopted pursuant to Section 353 or 375 of the California Water Code. The Association may, however, apply landscaping rules and regulations, provided that such

rules and regulations do not prohibit or restrict the use of low water-using plants, or prohibit or restrict compliance with any water efficient landscape ordinance, or any regulation or restriction on the use of water adopted pursuant to California Water Code Sections 353 or 375.

F. Architectural Control Committee. The Architectural Control Committee shall consist of three (3) Members. The Board shall have the power to appoint all of the Members of the Architectural Control Committee. Members appointed to the Architectural Control Committee need not be Members of the Association. A majority of the Architectural Control Committee may designate a representative to act for it. In the event of death or resignation of any member of the Committee, the successor shall be appointed by the Board. Neither the Members of the Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant to this Declaration.

K. Approvals. In the event the Board or Committee fails to approve or disapprove plans and specifications in writing within sixty (60) days after the same have been submitted to it, approval will not be required and the related covenants shall be deemed to have been fully complied with. Approval of plans by the Committee or the Board shall in no way make the Committee or its Members or the Board or its Members responsible for or liable for the improvements built after approval of the plans, and the Owner whose plans are approved shall defend, indemnify and hold the Committee, the Board, the Association, and its Members harmless from any and all liability arising out of such approval.

The Committee shall meet as necessary to perform its duties. The Committee may, by resolution unanimously adopted in writing, designate a Committee representative (who may be a licensed architect or other professional consultant retained by the Committee) to review Applications and recommend action to be taken by the Committee or to take any other action or perform any other duties for and on behalf of the Committee except the granting of variances. In the absence of such designation, the vote or written consent of a majority of the Committee constitutes an act of the Committee. All approvals issued by the Committee must be in writing. Verbal approvals issued by the Committee, any individual Committee member or any other representative of the Association, are not valid, are not binding on the Association and may not be relied on by any Person and/or Owner.

In reviewing and approving or disapproving a proposed alteration, modification or improvements to a Unit, the Association shall satisfy the following requirements in accordance with California Civil Code §4765:

(1) The Association in the Design Guidelines shall provide a fair, reasonable, and expeditious procedure for making its decision. The procedure shall provide for prompt deadlines. The procedure shall state the maximum time for response to an application or a request for reconsideration by the Board of Directors.

(2) A decision on a proposed change shall be made in good faith and may not be unreasonable, arbitrary, or capricious.

(3) A decision on a proposed change shall be consistent with any governing provision of law, including, but not limited to, the Fair Employment and Housing Act (Part 2.8, commencing with Section 12900) of Division 3 of Title 2 of the Government Code.

(4) A decision on a proposed change shall be in writing. If a proposed change is disapproved, the written decision shall include both an explanation of why the proposed change is disapproved and a description of the procedure for reconsideration of the decision by the Board of Directors.

(5) If a proposed change is disapproved by the Architectural Committee, the applicant is entitled to reconsideration by the Board of Directors at an open meeting of the Board. This paragraph does not require reconsideration of a decision that is made by the Board or a body that has the same membership as the Board, at a meeting that satisfies the requirements of California Civil Code §§4900 to 4950. Reconsideration by the Board does not constitute dispute resolution within the meaning of California Civil Code §5905.

L. Governmental Approvals. All alterations, modifications, or other improvements on or within the Project shall comply with all design requirements, approvals and procedures of the City. Before commencement of any alteration or improvements approved by the Architectural Control Committee or Board, the Owner shall comply with all appropriate governmental laws and regulations, including, but not limited to, payment of any fees and obtaining all permits required. Approval by the Committee or Board does not satisfy the appropriate approvals that may be required by any governmental entity with appropriate jurisdiction.

M. Completion of Work; Review of Work. Upon approval of the Committee or Board, the Owner shall diligently proceed with the commencement and completion of all work so approved by the Committee in compliance within six (6) months from the date of approval unless the Committee or Board permits the work to be commenced at a later time. If the work is not commenced within six (6) months after the approval date, or such later time as the Committee or Board has granted approval, then the approval shall be deemed cancelled, and the Owner must reapply to the Committee or Board before undertaking any such work.

The Committee or Board shall inspect work within sixty (60) days after a written notice of completion has been delivered to the Committee or Board by the Owner. The Committee or Board may also inspect the work at any time prior to completion as it deems appropriate to determine that the Committee or Board approval is being followed. The Committee or Board is to inspect the work performed, and determine whether it was performed and completed in compliance with the approval granted in all material respects. If at any time during the construction of any work, the Committee or Board finds that the work was not performed or completed in compliance of the approval granted in all material respects, or if the Committee or Board finds that the appropriate approval which was required for any work was not obtained, the Committee or Board shall notify the Owner in writing of the non-compliance. The notice shall specify in writing the particulars of non-compliance, and shall set forth the requirement of the

Owner to remedy the non-compliance. The Committee or Board shall determine in its reasonable judgment whether an alteration, modification or improvement complies with the approval as granted in material respects. Minor changes, deviations or imperfections that do not negatively affect or impact the Project shall not be considered as non-compliance. The Board shall act under this Section 7.11 only if the Board has undertaken the architectural control functions under this Section 7.11, otherwise the Architectural Control Committee shall act.

If the Committee or the Board has determined an Owner has not constructed an improvement in compliance with the approval granted in all material respects, and if the Owner fails to remedy such non-compliance in accordance with provisions of the notice of non-compliance, then after expiration of thirty (30) days from the date of such notification, if the Committee has undertaken the architectural control functions under this Section, the Committee shall notify the Board, and the Board shall provide Notice and Hearing to consider the Owner's continuing non-compliance. If the Board has undertaken the architectural control functions under this Section, the Board shall act after expiration of thirty (30) days from the date of such notification. At the Hearing, if the Board finds that there is no valid reason for the continuing non-compliance, the Board shall then require the Owner to remedy the non-compliance as necessary and appropriate in the determination of the Board as to result in the improvement being rendered as reasonably in compliance as is appropriate for the overall good and benefit of the Project, or remove the same within a period of not more than forty-five (45) days from the date of the Board's determination. If the Owner does not comply with the Board's ruling within such period, or within any extension of such period as the Board, in its discretion may grant, the Board may (1) remove the non-complying improvement, (2) remedy the non-compliance, (3) institute legal proceedings to enforce compliance or completion, and to recover costs of enforcement, including attorneys' fees.

An Owner who has submitted an application to the Committee may appeal a decision to deny or conditionally approve the Owner's application to the Board by written appeal to the Board. The Board shall notify the appealing Owner in writing of the date set for a hearing regarding the Owner's appeal within ten (10) days after receipt of the Owner's appeal. The hearing shall be held within thirty (30) days after receipt of the Owner's appeal by the Board. The Board shall make its determination on the appeal in writing delivered to the appealing Owner within ten (10) days after the hearing. The determination of the Board shall be final.

N. Mechanics' Liens. No Owner may cause or permit any mechanics' lien to be filed against the Common Area or another Owner's Residence for labor or materials alleged to have been furnished or delivered to the Owner. Any Owner who permits a mechanics' lien to be so filed shall cause the lien to be discharged within five (5) days after notice to the Owner from the Board or other Owner. If the Owner fails to remove such mechanics' lien, the Board may discharge the lien and levy a Special Assessment against the violating Owner's Unit to recover the cost of discharge.

O. No Waiver of Future Approvals. The Committee's approval of any proposals, plans and specifications or drawings for any work done or proposed in connection with any matter requiring the Committee's approval does not waive the right to withhold approval of any

similar proposals, plans and specifications, drawings or matters subsequent or additionally submitted for approval.

P. Variances. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or the Design Guidelines, including restrictions on height, size, floor area or placement of structure, or similar restrictions, when circumstances such as hardship, aesthetic or environmental consideration require. Such variances must be evidenced in writing, must be signed by a majority of the Committee, and become effective on adoption of a resolution by the Board. The Board must approve any variance recommended by the Committee before any such variance becomes effective. If variances are granted, no violation of the covenants, conditions and restrictions in this Declaration shall be deemed to have occurred with respect to the matter for which the variances were granted. The granting of a variance does not waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provisions of this Declaration covered by the variance, nor does it affect the Owner's obligation to comply with all laws affecting the use of his Unit.

7.10. Window Coverings. All drapes, curtains, shutters, blinds or other window coverings visible from the street or Common Area shall be of a color, texture or material which, in the reasonable opinion of the Board, is harmonious with the exterior appearance of all Units. Materials such as foil, cardboard, sheets, blankets, etc. are not permitted as window coverings.

7.11. Clothes Lines. There shall be no outside laundering or drying of clothes. No draping of towels over the balconies shall be allowed.

7.12. Power Equipment and Motor Vehicle Maintenance. No power equipment, hobby shops, or motor vehicle maintenance (other than emergency work) shall be permitted on the Project except with prior written approval of the Board (except for approved construction work being undertaken on a Unit). Approval shall not be unreasonably withheld, and in deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections. All hazardous waste shall be disposed of properly by each Owner.

7.13. Liability of Owners for Damage to Common Area. The Owner of each Unit shall be liable to the Association for all damage to the Common Area or improvements caused by the Owner, or any Occupant for which the Owner is responsible, to the extent described in Section 5.1.A(2).

7.14. Basketball Standards and Sports Apparatus. No basketball apparatus or fixed sport apparatus shall be attached to the exterior surface of any portion of the Common Area.

7.15. Storage. Other than as may be stored in a parking space to which an Owner has been granted an easement for Exclusive Use, nothing may be stored in the Common Area without the prior written consent of the Board; provided, however, at no time shall any Owner (or lessee) store within the Project any item other than for arts related purposes which is explosive, inflammable, poisonous, alive or likely to increase a premium for or availability of insurance for the Association. 41

7.16. Commonly Metered Utilities. The Board may establish restrictions regarding the individual use of any utility on a common meter, and may impose reasonable charges for the individual use thereof.

7.17. Flags, Pennants, Banners, Etc. There shall be no exhibiting, flying or hanging of any flags, pennants, banners, kites, towels, etc. from any area of the Project that would be visible from the street, Common Area, or the other Units, except in conformance with Rules adopted by the Board or the Architectural Control Committee, and except for flags, banners and signs that are expressly permitted by statute. The Association may adopt Rules regarding the display of flags, banners and signs provided that such Rules shall be consistent with the then applicable laws.

7.18. Activities Causing Increase in Insurance Rates. Nothing shall be done or kept on any Unit or in any improvements constructed in any Unit, or in the Common Area, which will increase any applicable rate of insurance or which will result in the cancellation of insurance on any Unit or any part of the Common Area, or which would be in violation of any law.

7.19. Owner's Right and Obligation to Inspect, Maintain and Repair.

A. Except for those portions of the Project which the Association is required to inspect, maintain and repair, each Condominium Owner shall, at his or her sole cost and expense, maintain and repair the Unit, keeping the same in good condition. Each Owner shall be responsible for and bear the costs of inspection, maintenance, repair or replacement of the following items within such Owner's Unit: Interior surfaces of all perimeter and interior walls, ceilings and floors (including carpeting, tile, wallpaper, paint or other covering); garbage disposals, ranges, refrigerators, dishwashers, washing machines, dryers, light fixtures, smoke detectors and/or carbon monoxide detectors, and any and all other appliance of any nature whatsoever; heating, ventilating and water heater equipment solely servicing such Unit (although such equipment may be located, in part, outside such Unit); exterior and interior door hardware, gaskets and seals, interior doors, cabinets, light bulbs; plumbing and other fixtures of any nature whatsoever; "built in" features, and decorative features, and any furniture and furnishings. Each Owner shall inspect and maintain, repair and replace any smoke and/or carbon monoxide detectors located in the Owner's Unit. The Association shall inspect, maintain and repair any automatic fire sprinkler heads located in any Unit. Each Owner shall immediately notify the Association of any problems with any automatic sprinkler heads located in the Owner's Unit. Each Owner shall keep the Exclusive Use Common Area appurtenant to the Owner's Condominium in a clean and neat condition at all times.

In the event an Owner of any Unit shall fail to maintain his or her Unit and the improvements thereon as required herein, the Association's agents may, after notice of a hearing as provided in the Bylaws, enter the Unit and perform the necessary maintenance. The cost of such maintenance shall immediately be paid to the Association by the Owner of such Unit, together with interest at the rate of twelve percent (12%) per annum (but not to

maximum interest rate authorized by law) from the date the cost was incurred by the Association until the date the cost is paid by the Owner.

7.20. Electric Vehicle Charging Stations. Notwithstanding anything contained in this Declaration to the contrary, any provision in the governing documents that either effectively prohibits or unreasonably restricts the installation or use of an electric vehicle charging station in an Owner's deeded parking space, or is in conflict with the provisions of Civil Code §4745 is void and unenforceable. Provisions that impose reasonable restrictions on electric vehicle charging stations that are in compliance with Civil Code §4745 are not prohibited.

7.21. Sound Transmission Restrictions. No Unit shall be altered in any manner that would increase sound transmission to any adjoining or other Unit, including but not limited to, the replacement or modification of any flooring or floor covering or the penetration of any wall, floor or ceiling that increases sound transmissions to any other Unit.

ARTICLE VIII. INSURANCE; DAMAGE OR DESTRUCTION; CONDEMNATION

8.1. Insurance. The Association shall obtain and maintain the following insurance:

A. Association Insurance.

(1) A master hazard policy insuring all improvements, equipment and fixtures in the Project (including the Units as originally constructed), with policy limits of 100% of the full replacement value of the covered improvements, in form and content acceptable by FNMA, FHLMC or FHA and meeting such other requirements as set forth in subparagraph 8.1.B, below. The following endorsements should be included in any such master hazard policy, if commercially reasonable to obtain:

- (a) changes in building codes ("ordinance or law endorsement");
- (b) inflation guard coverage;
- (c) demolition coverage;
- (d) "agreed-amount" endorsement (to eliminate a coinsurance problem);
- (e) replacement cost endorsement;
- (f) primary coverage endorsement;

(2) an occurrence version comprehensive general liability policy insuring the Association, its agents, the Owners and their respective family members, against liability incident to the Ownership or use of the Common Area or any other Association owned or maintained real or personal property. The amount of general liability insurance that the

Association shall carry at all times shall be not less than the minimum amounts required by California Civil Code §§5800 and 5805;

(3) workers' compensation insurance (statutory limits) to the extent required by law (or such greater amount as the Board deems necessary). All independent contractors who contract with the Association shall be required to carry appropriate general liability insurance, automobile liability insurance coverage and workers' compensation coverage, and shall indemnify the Association with respect to any claims from such independent contractor, or independent contractor's employees, with regards to claims for workers' compensation claims from any independent contractor who performs any service for the Association. Independent contractors shall be required to carry a minimum of \$1,000,000 per occurrence, \$2,000,000 general aggregate and \$2,000,000 products-completed operations aggregate under the general liability requirement naming the Association as an additional insured for their work. Independent contractors shall also carry a minimum of \$1,000,000 combined single limit for auto liability covering all owned, hired and non-owned automobiles;

(4) fidelity bonds or insurance covering officers, Directors, and employees that have access to any Association funds;

(5) directors and officers liability insurance covering all past, present and future directors and officers of the Association, the amount of which shall at all times not be less than the minimum amounts required by California Civil Code §§5800 and 5805, as amended from time to time, including any successor statutes;

(6) insurance against liability for non-owned and hired automobiles;

(7) water damage insurance to the extent typically available from commercial carriers, if available at reasonable rates in the opinion of the Board;

(8) earthquake insurance to the extent required by law, and if not required by law, then only to the extent available at reasonable rates in the opinion of the Board; and,

(9) such other insurance as the Board in its discretion considers necessary or advisable.

B. Amount, Term and Coverage. The amount, term and coverage of any policy required hereunder (including the type of endorsements, the amount of the deductible, the named insureds, the loss payees, standard mortgage clauses, notices of cancellations, and the insurance company rating) shall satisfy the minimum requirements imposed for this type of project by the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), and FHA/HUD, or any successor to either of those entities [(except for earthquake insurance, the purchase of which shall be within the discretion of the Board, as provided in Section 8.1.A(10) above)]. If the FNMA, FHLMC and FHA requirements conflict, the more stringent requirement shall be met. If FNMA, FHLMC and FHA do not impose requirements on any policy required hereunder, the term, amount and coverage of such policy shall be no less than that which is customary for similar policies on similar projects in the area. The Board shall adopt a policy regarding payment of

deductibles on any insurance coverage. Unless the Board determines otherwise, the Association shall pay deductibles required under any insurance claims from Association funds, unless insufficient funds are available to the Association from the Association's accounts or from funds borrowed by the Association in accordance with this Declaration, in which event the Association shall levy a Special Assessment, in accordance with Sections 4.3B and 4.4 of this Declaration, with respect to the amount of any such deductible which exceeds funds available to the Association from Association funds or from borrowing. Owners responsible for causing damage are responsible for the amount of any deductible as provided in Section 5.1A(2).

C. Representation for Claims. Each Owner appoints the Association or any insurance trustee designated by the Association to act on behalf of the Owners in connection with all insurance matters arising from any insurance policy maintained by the Association, including without limitation, representing the Owners in any proceeding, negotiation, settlement or agreement.

D. Waiver of Subrogation. Any insurance maintained by the Association shall contain "waiver of subrogation" as to the Association and its officers, Directors and Members, the Owners and Occupants of the Units and Mortgagees, and, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured.

All individually owned insurance shall contain a waiver of subrogation as to the Association and its officers, Directors and Members, the Owners and Occupants of the Units and Mortgagees, and all Members are deemed to have waived subrogation rights as to the Association and/or other Members, whether or not their policies so provide.

E. Review of Policies. The Association shall periodically (and not less than annually) review all insurance policies maintained by the Association to determine the adequacy of the coverage and to adjust the policies accordingly.

F. Separate Insurance Limitations. No Owner shall separately insure his or her Unit against loss by fire or other casualty covered by any insurance carried by the Association. If any Owner violates this provision, any diminution in insurance proceeds otherwise payable under the Association's policies that results from the existence of such other insurance will be chargeable to the Owner who acquired other insurance. The insurance maintained by the Association does not cover the personal property in the Units and does not cover personal liability for damages or injuries occurring on the Units. Any Owner can insure his or her personal property and any improvements within the Unit against loss and obtain any personal liability insurance that he or she desires. In addition, any improvements made by an Owner within his or her Unit may be separately insured by the Owner, but the insurance is to be limited to the type and nature of coverage commonly known as "improvements insurance." The Owner shall not obtain such insurance if the policy referred to in Section 8.1.A(1) will provide coverage for such improvements.

G. Copies of Policies; Notice to Members. The Association shall make available to all Members a copy of the Association's policy to enable Members to insure their Units without duplicating insurance carried by the Association and inadvertently triggering a co-insurance clause in the Association's policy referred to in Section 8.1.A(1). The Association shall distribute annually to the Members a summary of the Association's insurance policies as required by California Civil Code §5300(b)(9) and as provided in the Bylaws. The Association, as soon as reasonably practical, shall notify its Members by first-class mail if any of the policies have been cancelled and not immediately renewed or restored or if there is a significant change such as a reduction in coverage or limits or an increase in the deductible for any policy. If the Association receives any notice of non-renewal of a policy, the Association immediately shall notify its Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

To the extent that the information required to be disclosed, as described in California Civil Code §5300(b)(9), is specified in the insurance policy declaration page, the Association may meet its disclosure obligations by making copies of that page and distributing copies to all its Members.

H. Limitation on Liability. The Association, and its directors and officers, shall have no liability to any Owner or Mortgagee if, after a good faith effort, it is unable to obtain the insurance required hereunder, because the insurance is no longer available or, if available, can be obtained only at a cost that the Board in its sole discretion determines is unreasonable under the circumstances, or the Members fail to approve any Assessment increase needed to fund the insurance premiums. In such event, the Board immediately shall notify each Member and any Mortgagee entitled to notice that the insurance will not be obtained or renewed.

I. Policies and Procedures Regarding the Filing and Processing of Claims. The Board shall adopt policies and procedures regarding the filing and processing of claims for damage and destruction of Common Area improvements or any other matters covered by insurance maintained by the Association.

8.2. Damage or Destruction: If Project improvements (including a Residence) are damaged or destroyed by fire or other casualty, the improvements shall be repaired or reconstructed substantially in accordance with the original as-built plans and specifications, modified as may be required by applicable building codes and regulations in force at the time of such repair or reconstruction and subject to such alterations or upgrades as may be approved by the Architectural Control Committee, unless either of the following occurs: (1) the cost of repair or reconstruction is more than fifty percent (50%) of the current replacement costs of all Project improvements, available insurance proceeds are not sufficient to pay for at least eighty-five percent (85%) of the cost of such repairs or reconstruction, and three-fourths (3/4) of the total voting power of the Association residing in Members and their First Lenders vote against such repair and reconstruction; or (2) available insurance proceeds are not sufficient to substantially repair or reconstruct the improvements within a reasonable time as determined by the Board, a Special Assessment levied to supplement the insurance fails to receive the requisite approval (if such approval is required) as provided in Section 4.4, and the Board, without such approval by

the Owners, is unable to supplement the insurance by borrowing on behalf of the Association sufficient monies to enable the improvements to be substantially repaired or reconstructed within a reasonable time.

A. Costs of Damage – Individual Units. In the case of damage or destruction of a Unit, the Owner of that Unit shall be responsible for the costs of repair or reconstruction that is not covered by the Association's insurance policies or is within the deductible amount. If an Owner fails to pay the costs of such repair or reconstruction, the Association may elect to pay for the uninsured portion of the cost or deductible amount and shall have the right to assess the Owner(s) for the cost thereof as a Reimbursement Charge and to enforce the Reimbursement Charge as provided in this Declaration. In any case where insurance proceeds are pre-empted by any Owner's lender for application to said Owner's debt, the Association shall immediately impose an individual Assessment upon said Owner's Unit equal in amount to such preemption pursuant to Section 4.3, and shall enforce such Assessment in accordance with Sections 4.3 and 5.2.F hereof. The proceeds of such Assessment or lien shall then be substituted for the pre-empted insurance proceeds.

B. Process for Repair or Reconstruction. If the improvement is to be repaired or reconstructed and the cost for repair or reconstruction is in excess of twenty-five percent (25%) of the current replacement cost of all the Project improvements, the Board shall designate a construction consultant, a general contractor, and an architect for the repair or reconstruction. All insurance proceeds, Association monies allocated for the repair or reconstruction, and any borrowings by the Association for the repair or reconstruction shall be deposited with a commercial lending institution experienced in the disbursement of construction loan funds (the "Depository") as selected by the Board. Funds shall be disbursed in accordance with the normal construction loan practices of the Depository that require as a minimum that the construction consultant, general contractor and architect certify within ten (10) days prior to any disbursement substantially the following:

(1) that all of the work completed as of the date of such request for disbursement has been done in compliance with the approved plans and specifications;

(2) that such disbursement request represents monies which either have been paid by or on behalf of the construction consultant, the general contractor or the architect and/or are justly due to contractors, subcontractors, materialmen, engineers, or other persons (whose name and address shall be stated) who have rendered or furnished certain services or materials for the work and giving a brief description of such services and materials and the principal subdivisions or categories thereof and the respective amounts paid or due to each of those persons in respect of such services and stating the progress of the work up to the date of the certificate;

(3) that the sum then requested to be disbursed plus all sums previously disbursed does not exceed the cost of the work insofar as actually accomplished up to the date of such certificate;

(4) that no part of the cost of the repair or reconstruction has been or is being made the basis for the disbursement of any funds in any previous or then pending application;

(5) that the amount held by the Depository, after payment of the amount requested in the pending disbursement request, will be sufficient to pay in full the costs necessary to complete the repair or reconstruction; and,

(6) that mechanics' lien releases have been obtained from those eligible to file lien claims.

If the cost of repair or reconstruction is less than twenty-five percent (25%) of the current replacement cost of all the Project improvements, the Board shall disburse the available funds for the repair and reconstruction under such procedures as the Board deems appropriate under the circumstances.

The repair or reconstruction shall commence as soon as reasonably practicable after the date of such damage or destruction and shall be completed as quickly as is reasonably practicable after commencement of reconstruction, subject to delays that are beyond the control of the party responsible for making the repairs. The Owner of the damaged or destroyed improvement (and the Board, in the case of damage to the Common Area) immediately shall take such steps as may be reasonably necessary to secure any hazardous condition and to screen any unsightly views resulting from the damage or destruction.

In the event the work required to repair or restore damage or destruction involves work that is the responsibility of Owner and the Association as provided in Sections 7.19 and 5.1.A, then all of such work shall be directed by the Board, with the expense to be allocated between the Owner and the Association pursuant to Sections 7.19 and 5.1.A. If more than one Owner is involved, the expense to be paid by each Owner shall be apportioned by the Board. If the Association is involved in a dispute over the apportionment of such expenses, then the dispute shall be settled by arbitration pursuant to Section 9.10.E.

If the Association undertakes any work which Section 7.19 requires an Owner to undertake, or any work which the Association is required to undertake at the expense of the Owner, the Board shall assess the Unit of the Owner for such work and shall so inform the Owner thereof in writing; provided, however, that the Assessment shall be reduced by the amount of any insurance proceeds paid to the Association as a result of damage to or destruction of the Unit. Such Assessment shall be a lien upon the Unit of the Owner and may be foreclosed, as set forth in Section 4.9.

C. Process if Repair or Reconstruction Not Undertaken. If the improvements are not required to be repaired or reconstructed in accordance with the foregoing, all available insurance proceeds shall be disbursed among the Owners of the damaged Units and their respective Mortgagees in proportion to the respective fair market values of their Units as of the date immediately preceding the date of damage or destruction as determined by a qualified independent appraiser selected by the Board, after first applying the proceeds to the cost of mitigating hazardous conditions on the Project, making provision for the continuance

of public liability insurance to protect the interests of the Owners until the Project can be sold, and complying with all other applicable requirements of governmental agencies. In the event of a failure to agree upon an appraiser, the appraiser shall be appointed by the then President of the Bar Association of the County.

If the failure to repair or reconstruct results in a material alteration of the use of the Project from its use immediately preceding the damage or destruction as determined by the Board (a material alteration shall be conclusively presumed if repair or reconstruction costs exceed twenty-five percent (25%) of the current replacement cost of all Project improvements), the Project shall be sold in its entirety under such terms and conditions as the Board deems appropriate. If any Owner or First Lender disputes the Board's determination as to a material alteration, the dispute shall be submitted to arbitration pursuant to Section 9.[17].E, and the decision of the arbitrator shall be conclusive and binding on all Owners and their Mortgagees.

If, as a result of the destruction or partial destruction of the Project, and a decision is made not to repair or reconstruct the Project, the Project is sold, the sales proceeds shall be distributed to all Owners and their respective Mortgagees in proportion to their respective fair market values of their Units as of the date immediately preceding the date of damage or destruction as determined by the independent appraisal procedure described above. For the purpose of effecting a sale under this Section 8.2.C, each Owner grants to the Association an irrevocable power of attorney to sell the entire Project for the benefit of the Owners, to terminate the Declaration and to dissolve the Association. In the event the Association fails to take the necessary steps to sell the entire Project as required under this Article within sixty (60) days following the date of a determination by the Board or arbitrator of a material alteration, or if within one hundred twenty (120) days following the date of damage or destruction the Board has failed to make a determination as to a material alteration, any Owner may file a partition action as to the entire Project under California Civil Code §4610, or any successor statute, and the court shall order partition by sale of the entire Project and distribution of the sale proceeds as provided in this Declaration.

Notwithstanding anything in this Declaration to the contrary, any Owner or group of Owners shall have a right of first refusal to match the terms and conditions of any offer made to the Association in the event of a sale of the Project under this Section 8.2.C, provided this right is exercised within thirty (30) days of receipt by the Owners of a notice from the Association containing the terms and conditions of any offer it has received. Such notice shall be given by the Board to all Owners, in writing, within thirty (30) days of receipt by the Association of such offer. If the Owner or group of Owners subsequently default on their offer to purchase, they shall be liable to the other Owners and their respective Mortgagees for any damages resulting from the default. If more than one (1) Owner or group elects to exercise this right, the Board shall accept the offer that in its determination is the best offer.

8.3. Condemnation. The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Area(s), or part of the Common Area(s). In the event of a taking or acquisition of part or all of the Common Area(s) by a condemning authority, the award or proceeds of settlement shall be

payable to the Association, or any trustee appointed by the Association, for the use and benefit of the Owners and their Mortgagees as their interests may appear. In the event of an award for the taking of any Unit in the Project by eminent domain, the Owner(s) of such Unit shall be entitled to receive the award for such taking and, after acceptance of the award, the Owner(s) and Mortgagee shall be divested of all interest in the Project if such Owner(s) shall vacate his or her Unit as a result of such taking. The remaining Owners shall decide by majority vote whether to rebuild or repair the Project, or take other action. The remaining portion of the Project shall be resurveyed, if necessary, and the Declaration shall be amended to reflect such taking and to readjust proportionately the percentages of undivided interest of the remaining Owners in the Project. In the event of a taking by eminent domain of any part of the Common Area, the Association shall participate in the negotiations, and shall propose the method of division of the proceeds of condemnation, where Units are not valued separately by the condemning authority or by the court. Proceeds of condemnation shall be distributed among Owners of Units and their respective Mortgagees according to the relative values of the Units affected by the condemnation, said values to be determined by the method provided in Section 8.2. Owners shall be represented by themselves or their attorneys in any condemnation actions involving Units.

If there is a substantial taking of the Project (more than fifty percent (50%)), the Owners may terminate the legal status of the Project and, if necessary, bring a partition action under California Civil Code §4610 or any successor statute, on the election to terminate by fifty-one percent (51%) of the total voting power of the Association and the approval of Eligible Mortgage Holders holding Mortgages on Units which have at least fifty-one percent (51%) of the votes of Units subject to Eligible Mortgages. The proceeds from the partition sale shall be distributed to the Owners and their respective Mortgagees in proportion to the fair market values of their Units as determined under the method described in Section 8.2.

ARTICLE IX. GENERAL PROVISIONS

9.1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of the Governing Documents, and in such action shall be entitled to recover reasonable attorneys' fees as are ordered by the Court. Failure by the Association or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter. Failure by the Association to enforce the Governing Documents shall not be deemed to constitute approval of or consent to any violation or failure to comply with the Governing Documents.

9.2. Invalidity of Any Provision. Should any provision or portion of this Declaration be declared invalid or in conflict with any law of the jurisdiction where this Project is situated, the validity of all other provisions and portions hereof shall remain unaffected and in full force and effect.

9.3. Term. The covenants and restrictions of this Declaration shall run with and bind the Project, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any property subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in

writing, signed by a majority of the then Owners of the Units, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change the covenants and restrictions in whole or in part, or to terminate the same.

9.4. Amendments.

A. Amendments. This Declaration may be amended only by the affirmative written vote of Members representing a majority of the total voting power of the Association. However, the percentage of voting power necessary to amend a specific Section shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that Section. Any amendment must be certified in writing executed and acknowledged by an authorized representative of the Association and recorded in the Recorder's Office of the County of San Francisco. Civil Code §4270(a).

9.5. Encroachment Rights. If any portion of the Common Area encroaches on any Unit or any part of a Unit, or any portion of a Unit encroaches on any Common Area due to engineering errors, errors or adjustments in original construction, reconstruction, repair, settlement, shifting, or movement of the building, or any other cause, the Owner of the encroachment shall have the right to maintain, repair or replace the encroachment, as long as it exists, and the rights and obligations of Owners shall not be altered in any way by that encroachment, settlement or shifting; provided, however, that no right shall be created in favor of an Owner or Owners if that encroachment occurred due to the intentional conduct of such Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners agree that minor encroachments over adjoining Units or Common Area shall be permitted and that there shall be appropriate rights for the maintenance of those encroachments so long as they shall exist.

9.6. Rights of First Lender. No breach of any of the covenants, conditions and restrictions contained in this Declaration, nor the enforcement of any of its lien provisions, shall render invalid the lien of any First Lender on any Unit made in good faith and for value, but all of those covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through Foreclosure or trustee's sale, or otherwise.

A. Notice of Action. Upon written request to the Association, identifying the name and address of the Eligible Mortgage Holder or Eligible Insurer or Guarantor, and the Unit number or address, such Eligible Mortgage Holder or Eligible Insurer or Guarantor will be entitled to timely written notice of:

(1) Any condemnation loss or any casualty loss that affects either a material portion of the Project or any Unit on which there is a First Mortgage held, insured, or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, as applicable;

(2) any default in performance of obligations under the Governing Documents or delinquency in the payment of Assessments or charges owed by an Owner of a Unit subject to a First Mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, which remains uncured for a period of sixty (60) days;

(3) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

(4) any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders.

The Association shall discharge its obligation to notify Eligible Mortgage Holders or Eligible Insurers or Guarantors by sending written notices required by this Declaration to such parties, at the address given on the current request for notice, in the manner prescribed by Section 9.10.

B. Distribution of Proceeds of Insurance, Condemnation or Termination. No provision of the Governing Documents gives an Owner, or any other party, priority over any rights of First Lenders in the case of a distribution to Owners of proceeds of termination or any insurance proceeds or condemnation awards for losses to or taking of Units and/or Common Area.

9.7. Owners' Compliance. Each Owner or Occupant of a Unit shall comply with the provisions of this Declaration, and (to the extent they are not in conflict with the Governing Documents, and the decisions and resolutions of the Association or the Board, as lawfully amended from time to time. Failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action (1) to recover sums due, (2) for damages, (3) for injunctive relief, (4) for costs and attorneys' fees, or (5) any combination of the foregoing.

In the event of a violation of the Governing Documents, the Association may, if permitted by applicable law, record a Notice of Violation against the Unit of the non-complying Owner. Upon recording a Notice of Violation, the Association shall have complete discretion in deciding whether, when and how to proceed with enforcement, and any delay after recording a Notice of Violation shall not give rise to a defense of waiver or estoppels in favor of a non-complying Owner. The Association may take action to enforce compliance against a subsequent Owner who acquires a Unit with a recorded Notice of Violation. The right of the Association to record a Notice of Violation shall be in addition to all other rights and remedies the Association may have at law or under the Governing Documents.

All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in the Governing Documents shall be deemed to be binding on all Owners, their successors and assigns.

9.8. Notice. Any notice permitted or required by the Declaration or Bylaws may be delivered either personally or by mail. If delivery is by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, first class or registered, postage prepaid, addressed to the person to be notified at the current address given by such person to the Secretary of the Board or addressed to the Unit of such person if no address has been given to the Secretary.

9.9. **Fair Housing.** No Owner shall, either directly or indirectly, forbid or restrict the conveyance, encumbrance, leasing, or mortgaging, or occupancy of his Unit to any person of a specified race, sex, sexual orientation, gender, gender identity, gender expression, age, marital status, color, religion, ancestry, national origin, familial status, source of income or disability of that person.

9.10. **Dispute Resolution.** Subject to the provisions of this Section 9.10, the Board is authorized to resolve any civil claim or action through alternative dispute resolution proceedings such as mediation, binding arbitration, or non-binding arbitration proceedings.

Claims for Declaratory Relief or Enforcement of Governing Documents. Prior to the filing of an enforcement action as defined in Civil Code §5925, for declaratory, injunctive, or writ relief in conjunction with a claim for monetary damages, the Board, or any Owner who seeks such relief, shall first endeavor to submit the matter to alternative dispute resolution in compliance with the provisions of California Civil Code §§5925 to 5960. The Board shall comply with the requirements of California Civil Code §5965 by providing Members of the Association annually with a summary of the provisions of Article 3 (commencing with Section 5925) of Chapter 10 of the California Civil Code), including the following language: "Failure of a Member of the Association to comply with the alternative dispute resolution requirements of Section 5930 of the California Civil Code may result in the loss of your right to sue the Association or another Member of the Association regarding enforcement of the Governing Documents or the applicable law".

9.11. **Statutory References.** If and to the extent that the statutory references made in this Declaration are amended, revised, superseded, then the references to specific statutes in this Declaration shall be deemed to have been modified to conform to any such amendments or revisions to those statutes. Where an amendment or revision to a statute eliminates a requirement that was imposed on the Project, the Association or upon the Owners, then the Board shall be entitled to elect to either have the requirements continue or not to be continued as the Board deems to be appropriate.

IN WITNESS WHEREOF, the undersigned, being the Declarant, has executed this Declaration this 10TH day of AUGUST, 2016.

GOODMAN2 HOMEOWNERS ASSOCIATION

By DAVE HOLSANBACK

Its HOA BOARD PRESIDENT

- SEE ATTACHMENT -



STATE OF CALIFORNIA)

COUNTY OF SF) ss.

On this 10 day of August, 2016, before me, T.D.H., a Notary Public, personally appeared DAVE HOLSON BACIS who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

— SEE ATTACHED —
Notary Public, State of California

Y:\GOODMAN2.Gov. Docs\CC&Rs new codes.3.30.15

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of SAN FRANCISCO }

On 08.10.2016 before me, Troy Donovan Henry, Notary Public
(Here insert name and title of the officer)

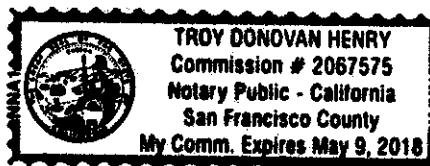
personally appeared DAVE HOLSON BACK
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity(ies), and that by ~~his/her/their~~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

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

WITNESS my hand and official seal.

Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages 122 Document Date _____

CAPACITY CLAIMED BY THE SIGNER

- ☐ Individual (s)
☐ Corporate Officer

(Title)

- ☐ Partner(s)
☐ Attorney-in-Fact
☐ Trustee(s)
☐ Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression is judged to be a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

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EXHIBIT A

Percentage of Proratable Items of Budget
to be Assessed Against Each Unit

<u>Unit #</u>	<u>Percentage</u>
205	4.44%
310	2.39%
302	4.36%
303	2.58%
304	2.81%
305	4.02%
306	2.57%
307	2.88%
308	2.88%
309	2.88%
310	2.88%
311	2.81%
312	2.23%
313	2.20%
314	2.20%
315	2.20%
316	2.25%
317	2.75%
407	2.88%
408	2.88%
409	2.88%
410	2.88%
411	2.81%
412	2.23%
413	2.20%
414	2.20%
415	2.20%
416	2.25%
417	2.75%
C-101	20.55%

Exhibit A

DEEDED GARAGE
SPACES TO THE
INDIVIDUAL OWNER

8/11/1997

JERRY H. VOSEN
ESQ

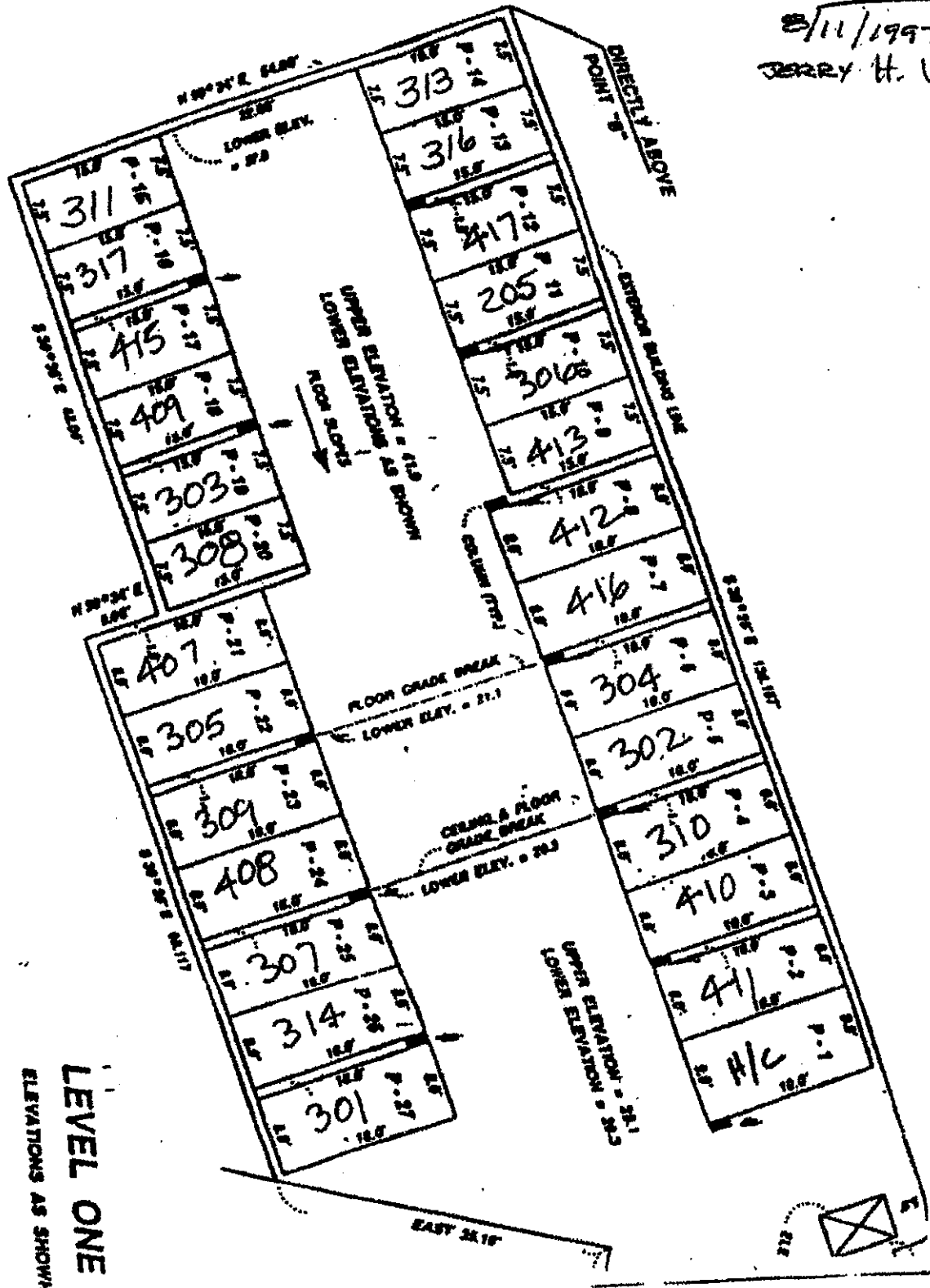


Exhibit B

AUG 22 2016

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