AMENDED AND RESTATED

DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

1805 PINE STREET HOMEOWNERS ASSOCIATION

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR 1805 PINE STREET HOMEOWNERS ASSOCIATION

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AMENDED AND RESTATED
DECLARATION
OF
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FOR
1805 PINE STREET HOMEOWNERS ASSOCIATION

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR PINE STREET HOMEOWNERS ASSOCIATION (this "***Restated Declaration***"), effective as of the date of recordation hereof, is made by 1805 Pine Street Homeowners Association (the "***Association***"), with reference to the following:

R E C I T A L S

A. The Association is a California nonprofit mutual benefit corporation created for the purpose of managing the common interest development existing on certain real property located in the City of San Francisco, County of San Francisco, State of California, as more fully described on Exhibit "A" attached hereto and incorporated herein by reference (the "***Property***").

B. The Property has been developed as a "condominium project", as defined in the Davis-Stirling Common Interest Development Act (the "***Davis-Stirling Act***"), and consists of common area and twenty (20) units.

C. The Property is currently subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens, and charges set forth in the following documents:

(1) The *Declaration of Covenants, Conditions and Restrictions 1805 Pine Street* recorded on July 14, 1982 as Document/Instrument No. D221775,

(2) The *First Amendment to the Declaration of Covenants, Conditions and Restrictions of 1805 Pine Street* recorded on November 1, 1999 as Document/Instrument No. 1999-G686847, and

(3) The *Second Amendment to the Declaration of Covenants, Conditions and Restrictions of 1805 Pine Street* recorded on May 26, 2000 as Document/Instrument No. 2000-G780156,

all in the official records of San Francisco County, California (collectively, the "***Original Declaration***").

D. This Restated Declaration is intended to amend, restate, and replace, in its entirety, the Original Declaration, and has been approved in accordance with the requirements of the Original Declaration and the Davis-Stirling Act, as described on Exhibit "D" attached hereto and incorporated herein by reference.

NOW THEREFORE, the Association hereby declares that every portion of the Property is, and shall be, held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to the following covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens, and charges, all of which are hereby established and declared to be in furtherance of condominium ownership and the improvement, protection, maintenance, care, and management of the Property, and every portion thereof, and all of which are hereby further established, declared, and agreed to be for the purpose of uniformly enhancing, maintaining, and protecting the attractiveness of the Property and every part thereof. All of the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens, and charges set forth herein shall run with the Property and be binding upon, and inure to the benefit of, all persons and entities having or acquiring any right, title, or interest in the Property or any part thereof, and their respective grantees, heirs, executors, administrators, devisees, successors, and assigns.

ARTICLE I
DEFINITIONS

Section 1.1. Terms.

Whenever used in this Restated Declaration, the following capitalized terms shall have the following meanings:

"***Annual Budget Report***" shall mean the "annual budget report" prepared by the Association pursuant to the Davis-Stirling Act.

"***Annual Policy Statement***" shall mean the "annual policy statement" prepared by the Association pursuant to the Davis-Stirling Act.

"***Architectural Review Committee***" shall mean the committee formed pursuant to Article VIII of this Restated Declaration to administer and enforce the architectural and design control guidelines contained in the Governing Documents.

"***Articles***" shall mean the *Articles of Incorporation of 1805 Pine Street Homeowners Association* filed with the Secretary of State of the State of California on June 29, 1982, and any duly adopted and filed amendments thereto; the Association is identified as entity number 1116263 by the California Secretary of State.

"***Assessments***" shall mean assessment charges levied against an Owner pursuant to this Restated Declaration, and shall include Regular Assessments, Reimbursement Assessments, and Special Assessments.

"***Association***" shall mean 1805 Pine Street Homeowners Association, a California nonprofit mutual benefit corporation.

"***Board***" or "***Board of Directors***" shall mean the board of directors of the Association.

"***Bylaws***" shall mean the bylaws of the Association, including the *Amended and Restated Bylaws of 1805 Pine Street Homeowners Association* and any duly adopted amendments thereto.

"***City***" shall mean the City of San Francisco in the County of San Francisco in the State of California, in which the Development is located.

"***Common Area***" shall mean the entire Development except the Units. The Common Area includes, but is not limited to, all staircases and light wells, roofs, foundations, pipes, ducts for the mutual use of adjoining Units, flues, chutes,

conduits, wires, front stairs and landing, courtyard, garage, tradesmen's walkway and structure above, exterior walkways, boiler room, lobby, first floor storage closet, bearing walls, columns and girders, to the unfinished surface thereto, all regardless of location within said Units.

"***Condominium***" shall mean an estate in real property consisting of: (1) a separate interest in a Unit, the boundaries of which are described on the Condominium Plan; and (2) an undivided interest as a tenant-in-common in the Common Area, as described in Section 2.2 of this Restated Declaration.

"***Condominium Plan***" shall mean the *Map of 1805 Pine Street, A Condominium, Being a Resubdivision of Lot 30, Portion of Assessor's Block 664, San Francisco, California* recorded against the Property on July 13, 1982 as Document/Instrument No. D221389 in the official records of San Francisco County, California, and any duly adopted amendments thereto. Unless otherwise provided by law, in the event of any inconsistency between the Condominium Plan and this Restated Declaration, this Restated Declaration shall be deemed controlling.

"***County***" shall mean the County of San Francisco in the State of California, in which the Development is located.

"***Davis-Stirling Act***" shall mean the Davis-Stirling Common Interest Development Act, codified as Sections 4000 through 6150 of the California Civil Code.

"***Development***" shall mean the common interest development located at the Property, including the Common Area and the Units.

"***Director***" shall mean a natural person who serves on the Board.

"***Eligible Mortgage Holder***" shall mean any First Mortgagee who has sent the Association a written request for notice, as described in Section 12.7(b) of this Restated Declaration.

"***Exclusive Use Common Area***" shall mean a portion of the Common Area designated for the exclusive use of one or more, but fewer than all, of the Owners

and which is appurtenant to a Unit or Units. The Exclusive Use Common Areas at the Development shall include, without limitation: (1) parking areas designated for the exclusive use of an Owner, as described in the Governing Documents or pursuant to a lease or license between the Association and an Owner; (2) any awnings, window boxes, doorsteps, exterior doors, doorframes, and hardware incident thereto, screens and windows or other fixtures designed to serve a single Unit, but located outside the boundaries of the Unit, to the extent these items exist; and (3) internal and external telephone wiring designed to serve a single Unit, but located outside the boundaries of the Unit.

"***First Mortgagee***" shall mean a Mortgagee holding a mortgage in a first lien position against a Condominium who has priority over all other mortgages, if any, that encumber the same Condominium.

"***General Delivery***" shall mean the delivery of a document by general delivery to the Members pursuant to the requirements of the Davis-Stirling Act and as described in the Bylaws.

"***General Notice***" shall mean the giving of notice by general notice to the Members pursuant to the requirements of the Davis-Stirling Act and as described in the Bylaws.

"***Governing Documents***" shall mean this Restated Declaration and any other documents, such as, without limitation, the Articles, Bylaws, or Rules, which govern the operation of the Development or the Association.

"***Improvements***" shall mean: (1) all structures, additions, and/or appurtenances within the Development of every kind, including, but not limited to, buildings, mechanical, electrical and other equipment, recreational structures and amenities, walkways, vehicular and pedestrian entry gates, parking areas, driveways, walls, fences, antennae, railings, planters, storage areas, common trash receptacles, private utility lines and connections, poles, the exterior surfaces of any visible structures and the paint on such surfaces, landscaping and irrigation systems, and exterior air conditioning equipment; and (2) all additions and/or modifications to the exterior of any building at the Development, including, but not limited to, painting the exterior of any portion of a building or other structure, building, constructing,

installing, or altering shades, awnings, screen doors, exterior doors, skylights, or solar heating panels, and/or altering in any way any portion of Exclusive Use Common Area appurtenant to any Unit.

"***Individual Delivery***" shall mean the delivery of a document by individual delivery to a Member pursuant to the requirements of the Davis-Stirling Act and as described in the Bylaws.

"***Individual Notice***" shall mean the giving of notice by individual notice to a Member pursuant to the requirements of the Davis-Stirling Act and as described in the Bylaws.

"***Invitee***" shall mean a person who is invited to the Development by an Owner or a Resident, including but not limited to family members, social guests, houseguests, servants, employees, agents, and/or contractors of such Owner or Resident.

"***Lease***" shall mean a lease or rental agreement entered into between an Owner and a Tenant for the Tenant's occupancy of the Owner's Unit.

"***Member***" shall mean an Owner of a Unit, each of whom shall be a member of the Association.

"***Mortgagee***" shall mean a Person, including the beneficiary of a deed of trust, holding a mortgage that encumbers a Condominium.

"***Original Declaration***" shall mean the covenants, conditions and restrictions previously recorded against the Property, which are described in Recital C at the beginning of this Restated Declaration and which have been amended, restated and replaced by this Restated Declaration.

"***Owner***" shall mean the record owner(s) of fee simple title to a Condominium within the Development, including contract sellers but excluding those Persons having interest in a Condominium merely as security for the performance of an obligation.

"***Person***" shall mean a natural person, corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership, limited liability company, association, or other entity. When the word "person" is not capitalized in this Restated Declaration, it shall mean and refer only to natural persons.

"***Property***" shall mean the real property described in Exhibit "A" against which this Restated Declaration is recorded.

"***Regular Assessments***" shall mean annual Assessments levied by the Association against each Owner, representing the Owner's share of: (1) the actual and estimated costs of, and reserves for, maintaining, managing, and operating the Common Area; (2) the costs and fees attributable to managing and administering the Association; and (3) all other costs and expenses incurred by the Association for the common benefit of the Development and the Owners, as may be required or allowed under the Governing Documents or law.

"***Reimbursement Assessments***" shall mean Assessments levied by the Association against an individual Owner as a means of reimbursing the Association for costs incurred by the Association, as described in Section 4.10 herein.

"***Reserve Accounts***" shall mean both of the following: (a) moneys that the Board has identified for use to defray the future repair or replacement of, or additions to, those major components that the Association is obligated to maintain; and (b) the funds received, and not yet expended or disposed of, from either a compensatory damage award or settlement to the Association from any person for injuries to property, real or personal, arising from any construction or design defects, which funds shall be separately itemized from the funds described in (a).

"***Reserve Account Requirements***" shall mean the estimated funds that the Board has determined are required to be available at a specified point in time to repair, replace, or restore those major components that the Association is obligated to maintain.

"***Resident***" shall mean a person who occupies a Unit, or a portion of a Unit, at the Development, whether full time or part time, including but not limited to Owners, Tenants, and the family members of each, as may be applicable.

"***Restated Declaration***" shall mean this Amended and Restated Declaration of Covenants, Conditions and Restrictions for 1805 Pine Street Homeowners Association, and any duly adopted and recorded amendments hereto.

"***Rules***" or "***Rules and Regulations***" shall mean any rules, regulations and policies adopted by the Board from time to time that apply generally to the management and operation of the Development or the conduct of the business and affairs of the Association. The adoption, amendment, or repeal of certain Rules is subject to special rule change requirements pursuant to the Davis-Stirling Act and as described in this Restated Declaration.

"***Secret Ballot***" shall mean a ballot used in (1) an Association election which is subject to the secret ballot voting requirements of the Davis-Stirling Act or (2) an election on any topic that is expressly identified in the Governing Documents as required to be held by Secret Ballot, if any.

"***Separate Interest***" shall mean a separately owned Unit.

"***Special Assessments***" shall mean Assessments levied by the Association against each Owner to supplement budgeted Regular Assessments for any fiscal year because the amount to be collected from Regular Assessments for that fiscal year will, for any reason, be inadequate to defray the Association's common expenses.

"***Tenant***" shall mean a person who occupies any portion of a Unit at the Development pursuant to a Lease, irrespective of any rent paid or compensation given to the Owner of the Unit for such occupancy.

"***Unit***" means that portion of a Condominium that consists of a separate interest. Each Unit shall be a separate freehold estate, as separately shown, numbered, and designated on the Condominium Plan. The element(s) and boundaries of the Units are summarized in Section 2.4 of this Restated Declaration.

Section 1.2. Reference to Statute.

Wherever reference is made in this Restated Declaration to a statute or law, such reference shall mean and refer to a State of California statute or law, unless the context clearly indicates otherwise.

ARTICLE II
PROPERTY OWNERSHIP AND EASEMENTS

Section 2.1. Development Subject to Restated Declaration.

The entire Development and the Property shall be subject to this Restated Declaration.

Section 2.2. Description of Land and Improvements; Ownership of Common Area.

The Development consists of the real property described in Exhibit "A", and is divided between the Common Area and the Units. Notwithstanding any percentages indicated on the Condominium Plan, the Common Area is owned by the Owners as tenants-in-common in undivided percentage interests as described on Exhibit "B" as attached hereto and incorporated herein by reference. Each Owner has a nonexclusive right of ingress, egress, use, enjoyment, and general recreational purposes over, on, and upon the Common Area; provided, however, that nonexclusive easement is subordinate to any exclusive easements held by any Owner. Each Unit is owned by an individual Owner(s) as separate property.

Section 2.3. Condominium Ownership.

Ownership of each Condominium within the Development shall include: (1) a separate interest in a Unit, the boundaries of which are described on the Condominium Plan; (2) an undivided interest as a tenant-in-common in a portion of the Common Area, as described in Section 2.2 of this Restated Declaration; (3) all easements appurtenant to such Unit (nonexclusive and exclusive) over, upon, under, and/or through the Common Area and/or other Units within the Development (whether reserved in this Restated Declaration and/or otherwise described on the Condominium Plan and/or in the grant deed transferring title to said Unit to the Owner thereof), including the Exclusive Use Common Areas appurtenant to the Unit; and (4) a membership in the Association.

Section 2.4. Unit Description.

Each Unit consists of the space bounded by and contained within the interior unfinished surfaces (exclusive of paint, paper, wax, tile, enamel or other finishings) of the perimeter walls, bearing walls, floors, ceilings, windows and window frames, doors and door frames and trim of the Unit, and includes both the portions of the building so described and the airspace so encompassed. Unless the Condominium Plan otherwise provides, to the extent walls, floors, or ceilings are designated as boundaries of a Unit, the interior surfaces of the perimeter walls, floors, ceilings, windows, doors, and outlets located within the Unit are part of the Unit and any other portions of the walls, floors, or ceilings are part of the Common Area. Notwithstanding the foregoing, as described in the Condominium Plan and in this Restated Declaration, the following are not a part of a Unit: all staircases and light wells, roofs, foundations, pipes, ducts for the mutual use of adjoining Units, flues, chutes, conduits, wires, bearing walls, columns and girders, to the unfinished surface thereto, all regardless of location within said Units, the undecorated and/or unfinished surfaces of the perimeter walls, basement floors, (upper) top story ceilings, windows and doors bounding the Unit, utilities running through the Unit which are utilized for, or serve more than one Unit, except as a tenant-in-common with other Owners.

Section 2.5. Presumption Regarding Boundaries of Units.

In interpreting deeds and the Condominium Plan, the existing physical boundaries of a Unit, when the boundaries of the Unit are contained within a building, or of a Unit reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in the deed or Condominium Plan, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the Condominium Plan or in the deed and those of the building.

Section 2.6. No Right to Combine Units.

No Owner shall have the right to combine two (2) or more adjoining Units.

Section 2.7. No Separate Conveyance.

No Unit shall be conveyed by any Owner separately from that Owner's interest in the Common Area. Furthermore, no Unit shall be conveyed separately

from the Exclusive Use Common Areas appurtenant thereto, and *vice versa.* The conveyance of a Unit shall automatically transfer the appurtenant interest in the Common Area and in the applicable Exclusive Use Common Areas without the necessity of express reference in the instrument of conveyance. Any conveyance of a Unit shall also automatically include the Owner's membership interest in the Association. Any conveyance in violation of the foregoing provisions shall be void.

Section 2.8. No Restriction of Access to Units.

Except as otherwise provided in law, an order of the court, or an order pursuant to a final and binding arbitration decision, the Association may not deny a Member or Resident physical access to the Member's or Resident's Unit, either by restricting access through the Common Area to the Unit, or by restricting access solely to the Unit.

Section 2.9. Utility Rights, Easements and Duties.

(a) For purposes of this Section 2.9, the term "***Utility Facilities***" shall mean and include all utility facilities, including, without limitation, intake and exhaust systems, storm and sanitary sewer systems, drainage systems, ducting systems for ventilation and utility services, domestic water systems, natural gas systems, heating and air conditioning systems, electrical systems, telephone systems, cable television systems, telecommunications systems, water systems, sump pumps, central utility services and all other utility systems and facilities reasonably necessary to service any Improvement situated in, on, over and under the Development.

(b) The rights and duties of the Owners of Units within the Development with respect to Utility Facilities shall be as follows:

(1) Whenever a Utility Facility, or any portion thereof, installed within the Property lies in or upon a Unit owned other than by the Owner of a Unit served by said Utility Facility, the Owner of any Unit served by said Utility Facility shall have the right, and is hereby granted an easement to the full extent necessary to enter upon the Unit, or to have a utility company enter upon the Unit, in or upon which said Utility Facility, or any portion thereof, lies, to repair, replace and generally maintain said Utility Facility as and when necessary.

(2) Whenever a Utility Facility, or any portion thereof, installed within the Property serves more than one Unit, the Owner of each Unit served by said Utility Facility shall be entitled to the full use and enjoyment of such portions of said Utility Facility that services the Owner's Unit.

(3) In the event of a dispute between Owners with respect to the repair or rebuilding of any Utility Facility, or with respect to the sharing of the cost thereof, then, upon receipt of a written request from one of such Owners addressed to the Association, the matter shall be submitted to the Board, which shall decide the dispute, and the decision of the Board shall be final and conclusive on such Owners.

(c) An easement over and under the Property for the installation, repair, and maintenance of Utility Facilities as may be required or needed to service the Common Area, or items for which the Association is responsible under this Restated Declaration, is hereby reserved for the Association.

(d) Notwithstanding the foregoing, the Association shall maintain all Utility Facilities located in the Common Area, except for those Utility Facilities maintained by utility companies (public, private, or municipal) and those Utility Facilities which may be identified as the responsibility of an Owner under this Restated Declaration. The Association shall pay, as a common expense, all charges for utilities supplied to the Development, except those metered or charged separately to the Units.

(e) The exercise of any right or easement provided for in this Section 2.9 shall be subject to the conditions precedent that such exercise shall be reasonable and in good faith, and that all damage to a Unit or to the Common Area resulting therefrom shall be repaired at the sole cost and expense of the Person exercising such easement.

Section 2.10. Easements for Support, Maintenance, Repair and Other Purposes.

The Association shall have a nonexclusive right and easement appurtenant to the Common Area and to all Units for the support, maintenance, and repair of the Common Area. Each Owner shall have a nonexclusive right and easement appurtenant to the Common Area and to all Units for the support, maintenance, and

repair of the Owner's Unit and any Exclusive Use Common Area designated for the use of the Owner. All governmental subdivisions, agencies, and utilities and their agents shall have a nonexclusive easement over the Common Area (including, but not limited to, Exclusive Use Common Areas) for the purposes of performing their duties within the Development or with respect to the Property, as may be applicable. The Property may be burdened in some cases, and benefitted in other cases, by other easements granted under this Restated Declaration, the Condominium Plan or other documents to the Association, one or more Owners and/or a third party or parties.

Section 2.11. Encroachment Easements.

Each Unit and the Common Area shall have an easement over all adjoining Units and Common Area for the purpose of accommodating any minor encroachment due to engineering errors, errors in original construction, settlement, or shifting. There shall be valid easements for maintenance of said encroachments so long as they shall exist, and the rights and obligations of Unit Owners and the Association shall not be altered in any way by said encroachment, settlement, or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner if said encroachment occurred due to the negligence, willful acts, or omissions of such Owner (or someone for whose acts the Owner is responsible). In the event a structure within the Development is partially or totally destroyed and then rebuilt or repaired, minor encroachments over adjoining Units and Common Area shall be permitted, and there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Section 2.12. Prohibition Against Partition.

Except as provided by the Davis-Stirling Act, the Common Area shall remain undivided, and there shall be no judicial partition thereof.

Section 2.13. Equitable Servitudes.

The covenants and restrictions in this Restated Declaration shall be enforceable equitable servitudes, and shall inure to the benefit of and bind all Owners of Units. These servitudes may be enforced by any Owner of a Unit or by the Association, or by both.

Section 2.14. Notification of Sale of Condominium.

Within five (5) business days after a Person assumes title to a Unit and becomes the Owner of such Unit, whether by sale, foreclosure, or other transfer, such Person shall be required to notify the Board in writing of his or her assumption of title to the Unit. Such notification shall include, at a minimum: (1) the full name of such Person; (2) the street address and number of the Unit transferred to such Person; (3) the mailing address of such Person; and (4) the date of transfer of the Unit. Prior to the receipt of such notification, any notice or communication given by the Association, Board, Architectural Review Committee, or a representative of same, shall be deemed to be duly made and given to such Person if and when given to the transferor/prior Owner of the Unit.

ARTICLE III
THE ASSOCIATION – ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

Section 3.1. Duties and Powers of the Association.

The Association shall be charged with the duties and vested with the powers set forth in the Articles, the Bylaws, and this Restated Declaration. The Association shall have the authority to do all lawful things which are necessary or proper in operating the Development for the peace, health, comfort, safety, and general welfare of the Owners, subject to the limitations on the powers of the Association set forth in the Governing Documents.

Section 3.2. Membership.

Ownership of a Condominium is the sole qualification for membership in the Association. Every Person, upon becoming an Owner, shall automatically become a Member of the Association, and shall remain a Member of the Association until such time as such Person's ownership of a Condominium ceases for any reason, at which time such Person's membership in the Association shall automatically cease. Membership in the Association shall be held in accordance with the provisions of the Articles, the Bylaws, and this Restated Declaration.

Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the sale of the Condominium to which it is appurtenant, and

then only to the purchaser of such Condominium. A Mortgagee shall not have membership rights in the Association unless and until the Mortgagee becomes an Owner by foreclosure or deed in lieu of foreclosure. Any attempt to make a prohibited transfer of membership in the Association shall be null and void.

Section 3.3. Classes of Membership; Voting Rights.

The Association shall have one (1) class of membership. Each Member shall be entitled to cast one (1) vote for each Unit owned. The voting rights of the Members shall be subject to the provisions of the Bylaws and this Restated Declaration.

Section 3.4. Board of Directors.

The rights, powers, duties, and obligations of the Association shall be exercised by the Board, subject to any limitations contained in the Articles, the Bylaws, or this Restated Declaration. Such rights, powers, duties, and obligations shall be discharged when and in such manner as the Board determines in its judgment to be appropriate.

Section 3.5. Specific Powers and Duties.

In addition to its general powers and duties, the Association has the specific powers and duties set forth in this Section 3.5.

(a) Common Area.

The Association shall have the sole and exclusive right, power and duty to manage, operate, control, insure, repair, maintain, rebuild, replace, and/or restore all of the Common Area (and all Improvements forming a part thereof) in good condition and repair, except to the extent such right and duty is otherwise provided to any Owner in this Restated Declaration.

(b) Assessments.

The Association shall have the right and power to establish, fix, levy, collect, and enforce the payment of Assessments in accordance with the provisions of Article IV of this Restated Declaration and the Davis-Stirling Act.

(c) Rules and Regulations.

The Association, through the Board, shall have the right and power to promulgate, adopt, and enforce Rules and Regulations for the Development and the Association, consistent with Section 3.7 of this Restated Declaration and the Davis-Stirling Act. The Association, through the Board, shall have the power and authority to amend the Rules and Regulations from time to time, in the Board's sole discretion. The Rules and Regulations may, among other things, establish reasonable fees for the use of any recreational facility or amenity in the Common Area and/or limit the number of persons that may utilize any recreational facility or amenity in the Common Area at any one time.

(d) Enforcement of Governing Documents.

The Association shall have the right and power to enforce the provisions of the Governing Documents; provided, however, nothing contained in this Restated Declaration shall be construed to prohibit enforcement of the Governing Documents by any Owner.

(e) Member Discipline.

The Association shall have the right and power to impose disciplinary measures against a Member for a violation of the Governing Documents by the Member, a Resident of the Member's Unit, or an Invitee of either, through the imposition of monetary penalties and/or the suspension of membership privileges (such as the suspension of voting privileges and/or the suspension of Common Area recreational facility or amenity use privileges). The Association, through the Board, also has the power to impose a Reimbursement Assessment against a Member as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Area caused by the Member, a Resident of the Member's Unit, or an Invitee of either. When imposing disciplinary measures against a Member, the Association shall adhere to the procedures prescribed in the Bylaws and the law. A monetary penalty for a violation of the Governing Documents shall not exceed the monetary penalty stated in the schedule of monetary penalties or supplement that is in effect at the time of the violation.

(f) Entry Into Units.

The Association shall have the right and power, but not the duty, to enter each Unit and Exclusive Use Common Area to: (1) inspect the Property; (2)

perform any maintenance, repairs, landscaping, or construction work for which the Association is responsible; (3) abate any nuisance, or any dangerous, unauthorized, prohibited or unlawful activity, being conducted or maintained in such Unit or Exclusive Use Common Area; (4) effect necessary maintenance or repairs which the Owner has failed to perform; (5) protect the property rights and welfare of the other Owners; or (6) for any other purpose reasonably related to the performance by the Association of its responsibilities under this Restated Declaration. Such entry shall be made after three (3) or more days' advance written notice to the Owner by Individual Delivery, except for emergency situations, for which advance notice is not required, and with as little inconvenience to the Owner as is practical. Any verifiable damage to the Unit or Exclusive Use Common Area caused by entry under this subsection shall be repaired by the Association at its sole expense. No person entering a Unit or Exclusive Use Common Area on behalf of or at the direction of the Association pursuant to this subsection shall be guilty of trespass.

(g) Borrow Money.

The Association shall have the right and power, but not the duty, to borrow money as may be needed in connection with the discharge by the Association of its powers and duties, and the right and power, but not the duty, to cause to be executed and delivered, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities for same, subject to any restrictions set forth in the Articles, Bylaws, or this Restated Declaration.

(h) Goods and Services.

The Association shall have the right and power to contract and pay for: (1) maintenance, repair, and replacement of Improvements in the Common Area in accordance with the Association's responsibility for same as set forth in this Restated Declaration, including, but not limited to, Common Area building components, landscaping, and utility facilities; (2) materials, supplies, and services relating to the Common Area, including, but not limited to, utility services and laundry machines for Common Area facilities; (3) materials, supplies, and services relating to the Units, as may be applicable and subject to any limitations set forth in the Governing Documents; (4) employment of personnel as necessary to provide for proper operation of the Property; (5) professional management services for the Development and the Association, subject to the provisions of the Bylaws; and (6)

legal, accounting, and consulting services necessary or proper in the operation of the Development and the Association or the enforcement of the Governing Documents.

(i) Grant of Exclusive Use Common Area.

The Association shall have the right and power to grant Exclusive Use Common Area, subject to the requirements of the Davis-Stirling Act.

(j) Vehicle and Parking Enforcement.

The Association shall have the right and power to remove any vehicle within the Development parked in violation of this Restated Declaration or the Rules, in accordance with the provisions of Section 22658 of the Vehicle Code.

(k) Legal Actions.

The Association shall have standing to institute, defend, settle, or intervene in litigation, alternative dispute resolution, or administrative proceedings in its own name as the real party in interest and without joining the Owners, in matters pertaining to: (1) enforcement of the Governing Documents, including, but not limited to, the collection of delinquent Assessments in accordance with this Restated Declaration; (2) damage to the Common Area; (3) damage to portions of the Units which the Association is obligated to maintain or repair; (4) damage to portions of the Units which arises out of, or is integrally related to, damage to the Common Area or portions of the Units which the Association is obligated to maintain or repair; or (5) any other matters in which the Association is a party, including, but not limited to, contract disputes.

Section 3.6. Prohibited Acts.

In addition to the other limitations set forth in the Governing Documents, the Association shall not engage in any of the activities set forth in this Section 3.6.

(a) Off-Site Nuisances.

The Association shall not use any Association funds or resources to abate any annoyance or nuisance emanating from outside the physical boundaries of the Property.

(b) Political Activities.

The Association shall not conduct, sponsor, participate in, or expend funds or resources on any activity, campaign, or event, including, but not limited to, any social or political campaign, event, or activity, which does not directly and exclusively pertain to the authorized activities of the Association.

Section 3.7. Adoption of Rules and Regulations.

The Board may adopt Rules and Regulations in accordance with the provisions of this Section 3.7. For purposes of this Section 3.7, a Rule change is commenced when the Board takes its first official action leading to adoption of the Rule change.

(a) Validity of Rules.

A Rule is valid and enforceable only if all of the following requirements are satisfied:

(1) The Rule is in writing.

(2) The Rule is within the authority of the Board conferred by law or by this Restated Declaration, the Articles, or the Bylaws.

(3) The Rule is not in conflict with governing law and this Restated Declaration, the Articles, or the Bylaws.

(4) The Rule is adopted, amended, or repealed in good faith and in substantial compliance with the requirements of this Section 3.7 and the Davis-Stirling Act.

(5) The Rule is reasonable.

(b) Application of Rule Change Requirements.

(1) The Rule change requirements set forth in subsection (c) of this Section 3.7 apply to Rules that relate to one or more of the following subjects:

(A) Use of the Common Area or of an Exclusive Use Common Area.

(B) Use of a Unit, including any aesthetic or architectural standards that govern alteration of a Unit.

(C) Member discipline, including any schedule of monetary penalties for violation of the Governing Documents and any procedure for the imposition of penalties.

(D) Any standards for delinquent Assessment payment plans.

(E) Any procedures adopted by the Association for resolution of disputes.

(F) Any procedures for reviewing and approving or disapproving a proposed physical change to a Member's Unit or to the Common Area.

(G) Procedures for elections.

(2) The Rule change requirements set forth in subsection (c) of this Section 3.7 do not apply to the following actions of the Board:

(A) A decision regarding maintenance of the Common Area.

(B) A decision on a specific matter that is not intended to apply generally.

(C) A decision setting the amount of an Assessment.

(D) A Rule change that is required by law, if the Board has no discretion as to the substantive effect of the Rule change.

(E) Issuance of a document that merely repeats existing law or the Governing Documents.

(c) Rule Change Requirements.

The Board shall provide General Notice of a proposed Rule change at least twenty-eight (28) days before making the Rule change. The notice shall include the text of the proposed Rule change and a description of the purpose and effect of the proposed Rule change. Notwithstanding the foregoing, notice is not required if the Board determines that an immediate Rule change is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Association.

A decision on a proposed Rule change shall be made at a Board meeting, after consideration of any comments made by Association Members. As soon as possible after making a Rule change, but not more than fifteen (15) days after making the Rule change, the Board shall deliver General Notice of the Rule change. If the Rule change was an emergency Rule change, the notice shall include the text of the Rule change, a description of the purpose and effect of the Rule change, and the date that the Rule change expires. An emergency Rule change is effective for one hundred twenty (120) days, unless the Rule change provides for a shorter effective period; an emergency Rule change may not be readopted as an emergency Rule change.

(d) Reversal of a Rule Change.

Members of the Association owning five percent (5%) or more of the Units may call a special Secret Ballot vote of the Members to reverse a Rule change. A Rule change may be reversed by the affirmative vote of a majority of all Members, in accordance with the provisions of the Davis-Stirling Act.

Section 3.8. Indemnification.

To the fullest extent authorized by law, the Association shall indemnify all Board members, Association officers, Architectural Review Committee members, and all other Association committee members for all damages, pay all expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action brought because of performance of an act or omission which such person reasonably believed to be within the scope of his or her duties (each, an "***Official Act***"). Board members, Association officers, Architectural Review Committee members, and all other Association committee members are deemed to

be agents of the Association when they are performing Official Acts for purposes of obtaining indemnification from the Association pursuant to this Section 3.8. The entitlement to indemnification under this Section 3.8 shall inure to the benefit of the estate, executor, administrator, and heirs of any person entitled to such indemnification. Notwithstanding the foregoing, the Association shall not be required to provide the foregoing indemnification to any Board member, Association officer, Architectural Review Committee member, or any other Association committee member who is determined: (1) not to have acted in accordance with the requirements of Section 7231 of the Corporations Code (the provisions of which are commonly referred to as the "business judgment rule"); (2) under Section 7237 of the Corporations Code to have acted in bad faith in the performance of such person's duties and, in the case of a criminal proceeding, to have had reasonable cause to believe such person's conduct was unlawful; or (3) to have acted with willful or malicious misconduct.

The Association has the power, but not the duty, to the fullest extent authorized by law, to indemnify any other Person acting as an agent of the Association for damages incurred, pay expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action because of an Official Act.

Section 3.9. Limitation of Liability.

(a) Limited Obligation to Act.

The rights and powers conferred upon the Board, the Architectural Review Committee or other committees of the Association, or the members thereof, or any other representatives of the Association by the Governing Documents are not duties, obligations, or liabilities charged upon those Persons unless such rights and powers are explicitly identified as including duties or obligations in the Governing Documents or law. Unless a duty to act is imposed upon the Board, the Architectural Review Committee or other committees of the Association, or the members thereof, and/or any other representatives of the Association by the Governing Documents or law, such Persons shall have the right to decide to act or not act. Any decision not to act by such Persons shall not be a waiver of the right to act in the future.

(b) Liability for Injuries and Damage.

No Person shall be liable to any other Person (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries result from the Person's willful or malicious misconduct. No Person is liable to the Association (or any party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent such injuries or damage result from such Person's negligence or willful or malicious misconduct. The Association shall not be liable for damage to a Unit, unless such damage was caused by the willful misconduct or gross negligence of the Association or any of its Directors, officers, agents, representatives, or employees.

(c) Personal Liability of Directors and Officers.

A volunteer Director or volunteer officer of the Association shall not be personally liable to any Person who suffers injury, including, but not limited to, bodily injury, emotional distress, wrongful death, or property damage or loss, as a result of the tortious act or omission of the volunteer Director or volunteer officer of the Association if all of the following criteria are met: (1) the act or omission was performed within the scope of the Director's or officer's Association duties; (2) the act or omission was performed in good faith; (3) the act or omission was not willful, wanton, or grossly negligent; and (4) the Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made one or more policies of insurance including coverage for (A) general liability of the Association and (B) individual liability of Directors and officers of the Association for negligent acts or omissions in that capacity, in the types of coverage and in the minimum amounts prescribed under the Davis-Stirling Act. The payment of actual expenses incurred by a Director or officer of the Association in the execution of the duties of that position does not affect the Director's or officer's status as a volunteer within the meaning of this subsection. Notwithstanding the foregoing, the limitation of liability set forth in this subsection shall only apply to a volunteer Director or officer of the Association who is an Owner of no more than two (2) Units in the Development.

ARTICLE IV
ASSESSMENTS

Section 4.1. Establishment and Imposition of Assessments.

The Association shall levy Regular Assessments and Special Assessments sufficient to perform its obligations under the Governing Documents and the Davis-Stirling Act. The Association shall not impose or collect an Assessment or fee that exceeds the amount necessary to defray the costs for which it is levied.

Section 4.2. Covenant to Pay.

Each Owner shall pay to the Association all Assessments and other charges established and levied by the Association pursuant to this Restated Declaration. Assessments and any late charges, reasonable fees and costs of collection, if any, and interest, if any, assessed in accordance with the provisions of this Restated Declaration shall be a debt of the Owner of the Unit at the time the Assessment or other sums are levied. No Owner may waive or otherwise escape liability for Assessments by nonuse of the Common Area and/or abandonment of the Owner's Unit.

Section 4.3. Payment of Assessments.

(a) Assessments shall be paid by such method or methods as may be established by the Board.

(b) Any Assessment payments made by an Owner 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, attorney's fees, late charges, and/or interest. Notwithstanding the foregoing, unless otherwise limited by law, the terms of a payment plan entered into between an Owner and the Association may provide for a different application of payments.

(c) When an Owner makes an Assessment 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.

(d) The Association shall provide a mailing address for overnight payment of Assessments. The address shall be provided in the Annual Policy Statement.

(e) If a dispute exists between an Owner and the Association regarding any disputed charge or sum levied by the Association, including, but not limited to, an Assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, the Owner may, in addition to pursuing dispute resolution pursuant to applicable provisions of the Davis-Stirling Act, pay under protest the disputed amount and all other amounts levied, including any fees and reasonable costs of collection, reasonable attorney's fees, late charges, and interest, if any. The foregoing right of an Owner shall not impede the Association's ability to collect delinquent Assessments as provided in this Restated Declaration.

(f) All Assessments shall be payable in the amount specified and no offset against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Governing Documents or a claim that the Association owes money, for any reason, to the Owner.

Section 4.4. Maintenance Funds of Association.

The Association shall establish no fewer than two (2) separate cash deposit accounts (the "***Maintenance Fund Accounts***"), into which shall be deposited all monies paid to the Association and from which disbursements shall be made, as provided in this Restated Declaration. The Maintenance Fund Accounts may be established as trust accounts at one (1) or more banking and/or savings institutions whose accounts are insured by the Federal Deposit Insurance Corporation, and shall include both of the following:

(a) One (1) or more "operating accounts", into which shall be deposited the operating portion of all Assessments, as fixed and determined for all Members in accordance with this Restated Declaration. Disbursements from the operating account shall be for the general need of the operation of the Association and the Development, including, but not limited to, wages, repairs, payment of vendors, betterments, maintenance, utilities, and other operating expenses of the Development, as may be applicable.

(b) One (1) or more Reserve Accounts. The Board shall not expend funds from the Reserve Accounts for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. Notwithstanding the foregoing, the Board may authorize the temporary transfer of moneys from a Reserve Account to the Association's operating accounts to meet short-term cash flow requirements or other expenses, pursuant to the provisions of the Davis-Stirling Act. The signatures of at least two (2) Directors shall be required for the withdrawal of moneys from the Association's Reserve Accounts. Moneys received by the Association, whether from Assessments or otherwise, shall not be deemed reserve funds until deposited into a Reserve Account.

Section 4.5. Regular Assessments.

(a) Regular Assessments are to be levied and collected for: (1) the actual and estimated costs of, and reserves for, maintaining, managing, and operating the Common Area; (2) the costs and fees attributable to managing and administering the Association; and (3) all other costs and expenses incurred by the Association for the common benefit of the Development and the Owners, as may be required or allowed under the Governing Documents or law.

(b) Regular Assessments shall be estimated on an annual basis by the Board and documented in the Annual Budget Report for each fiscal year of the Association. Each Owner shall pay Regular Assessments for the Owner's Unit to the Association in equal monthly installments on or before the first (1st) day of each calendar month, unless the Board adopts an alternative method for payment, regardless of whether any monthly invoice, statement, or notice of the Regular Assessment is provided to the Owner. Annual Regular Assessments for fractions of any month shall be prorated on the basis of a thirty (30) day month.

(c) Annual increases in Regular Assessments for any fiscal year shall not be imposed unless the Board has complied with the requirements of the Davis-Stirling Act regarding the distribution of the Annual Budget Report with respect to that fiscal year, or has obtained the approval of a majority of a quorum of the Members at a Member meeting or election to increase Regular Assessments. For the

purposes of this subsection (c), and notwithstanding any contrary provision in the Governing Documents, "quorum" shall be more than fifty percent (50%) of the Members.

(d) The failure of the Board to fix Regular Assessments prior to the commencement of any fiscal year shall not be deemed a waiver or modification of any provision of this Restated Declaration or a release of any Owner from the obligation to pay Regular Assessments, and the Regular Assessments for such fiscal year shall continue in the same amount and at the same rate as in the immediately previous fiscal year.

Section 4.6. Special Assessments.

If the Board determines that the amount to be collected from Regular Assessments for a fiscal year will, for any reason, be inadequate to defray the Association's common expenses for such fiscal year, the Board shall levy a Special Assessment for the additional amount needed to supplement the Regular Assessments, subject to any limitations imposed by this Restated Declaration or the Davis-Stirling Act.

Section 4.7. Limitation on Assessment Increases.

(a) The Board may not impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the Association's preceding fiscal year, or impose Special Assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for the then current fiscal year, without the approval of a majority of a quorum of the Members at a Member meeting or election. For the purposes of this subsection (a), and notwithstanding any contrary provision in the Governing Documents, "quorum" shall be more than fifty percent (50%) of the Members.

(b) Subsection (a) of this Section 4.7 does not limit Assessment increases necessary for emergency situations. For purposes of this subsection (b), an emergency situation is any 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 Development or any part of it for which the Association is responsible where a threat to personal safety on the property is discovered.

(3) An extraordinary expense necessary to repair or maintain the Development 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 Annual Budget Report. However, prior to the imposition or collection of an Assessment under this provision, 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 Assessment.

Section 4.8. Notice of Assessment Increases.

The Association shall provide Individual Notice to the Members 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.

Section 4.9. Rate of Assessments.

The total Annual Regular Assessments and all Special Assessments shall be levied against each Unit on a variable basis as described on Exhibit "C" attached hereto and incorporated herein by reference.

Section 4.10. Reimbursement Assessments.

(a) The Association may levy a Reimbursement Assessment against an individual Owner as a means of reimbursing the Association for costs incurred by the Association: (1) in the repair of damage to Common Area caused by the Owner, a Resident of the Owner's Unit, or an Invitee of either; (2) on behalf of and for the benefit of the Owner, whether with the Owner's consent or pursuant to the Association's powers under the Governing Documents or law, including, without limitation, the performance of maintenance or repairs to the Owner's Unit or Exclusive Use Common Area components for which the Owner is responsible; (3) due to the negligence, willful acts, or omissions of the Owner, a Resident of the Owner's Unit, or an Invitee of either, including, without limitation, an increase in

the insurance premiums for any insurance policy purchased or obtained by the Association for the benefit of the Development and the Owners; and/or (4) to address a violation of the Governing Documents by the Owner (or a Resident of or Invitee to the Owner's Unit), including, without limitation, attorneys' fees and costs.

(b) Prior to levying a Reimbursement Assessment against an Owner, the Board shall notify the Owner in writing of the Board's intent to meet to consider or impose the Reimbursement Assessment, by either personal delivery or Individual Delivery at least ten (10) days prior to the meeting. The notification shall contain, at a minimum, the date, time and place of the meeting, the nature of the costs incurred by the Association for which the Reimbursement Assessment may be imposed against the Owner, and a statement that the Owner has a right to attend and may address the Board at the meeting. The Board shall meet in executive session to consider or impose the Reimbursement Assessment, unless the Owner requests that the Board meet in open session. The decision of the Board to impose a Reimbursement Assessment shall be final and binding on the Owner.

(c) If the Board determines to impose a Reimbursement Assessment against an Owner, the Board shall provide the Owner a written notification of the decision, by either personal delivery or Individual Delivery, within fifteen (15) days following the action. Reimbursement Assessments shall be due and payable thirty (30) days from the date Individual Notice of the Reimbursement Assessment is given by the Board to the Owner.

Section 4.11. Units Owned by Association.

The portion of any Assessments attributable to any Unit owned by the Association, if any, shall be deemed to be a common expense payable by all of the remaining Unit Owners through Regular Assessments and/or Special Assessments. Such Assessments shall be allocated among each of the remaining Unit Owners based on the rate of Assessments described in Section 4.9 of this Restated Declaration.

Section 4.12. Taxes and Utilities.

Each Owner shall be obligated to pay the taxes and assessments assessed by the City, County, and/or other municipal authority against the Owner's Unit, interest in the Common Area, and/or personal property. Each Owner shall also be obligated

to pay any and all assessments and charges for water, sewage, gas, electricity, and other utilities assessed or charged individually against such Owner's Unit.

ARTICLE V
ASSESSMENT DELINQUENCIES AND COLLECTION

Section 5.1. Assessment Delinquency.

(a) Assessments levied pursuant to the Governing Documents shall be delinquent fifteen (15) days after they become due.

(b) If an Assessment is delinquent, the Association may recover all of the following:

(1) Reasonable costs incurred in collecting the delinquent Assessment, including reasonable attorneys' fees.

(2) A late charge not exceeding ten percent (10%) of the delinquent Assessment or ten dollars ($10), whichever is greater.

(3) Interest on all sums imposed in accordance with this Section 5.1, including the delinquent Assessments, reasonable fees and costs of collection, and reasonable attorney's fees, at an annual interest rate not to exceed twelve percent (12%), commencing thirty (30) days after the Assessment becomes due.

(c) Prior to recording a lien upon the Unit of an Owner of record to collect a debt to the Association that is past due, the Association shall comply with the requirements of the Davis-Stirling Act and the Governing Documents. The decision to record a lien for delinquent Assessments shall be made only by the Board and may not be delegated to an agent of the Association; the Board shall approve the decision to record a lien by a majority vote of the directors in an open meeting, and the Board shall record the vote in the minutes of that meeting.

(d) The amount of any Assessment, plus any costs of collection, late charges, and interest assessed in accordance with this Restated Declaration, shall be

a lien on the Owner's Unit from and after the time the Association causes to be recorded with the county recorder of the County a notice of delinquent assessment (a "***Notice of Delinquent Assessment***").

(1) The Notice of Delinquent Assessment shall state the amount of the Assessment and other sums imposed in accordance with this Restated Declaration, a legal description of the Owner's Unit in the Development against which the Assessment and other sums are levied, and the name of the record Owner of the Unit in the Development against which the lien is imposed.

(2) The itemized statement of the charges owed by the Owner shall be recorded together with the Notice of Delinquent Assessment.

(3) In order for the lien to be enforced by nonjudicial foreclosure as provided in the Davis-Stirling Act, the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale.

(4) The Notice of Delinquent Assessment shall be signed by the person designated by the Association for that purpose, which may include an agent of the Association, or if no one is designated, by the President of the Association.

(5) A copy of the recorded Notice of Delinquent Assessment shall be mailed by certified mail to every Person whose name is shown as an Owner of the Unit in the Association's records, and the notice shall be mailed no later than ten (10) calendar days after recordation.

(e) A lien created pursuant to subsection (d) of this Section 5.1 shall be prior to all other liens recorded subsequent to the Notice of Delinquent Assessment, except as may otherwise be provided under this Restated Declaration with respect to the subordination thereof to any other liens and encumbrances.

(f) Within twenty one (21) days of the 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

of the Unit a copy of the lien release or notice that the delinquent Assessment has been satisfied.

(g) If it is determined that a lien previously recorded against a Unit by the Association was recorded in error, the Association shall: (1) within twenty one (21) calendar days, 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 of the Unit with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission; and (2) promptly reverse all late charges, fees, interest, attorney's fees, costs of collection, costs imposed in relation to the lien, and costs of recordation and release of the lien, and pay all costs related to any related dispute resolution or alternative dispute resolution.

Section 5.2. Payment Plans for Delinquent Assessments.

(a) An Owner may submit a written request to meet with the Board to discuss a payment plan for the debt noticed pursuant to the Davis-Stirling Act. The Association shall provide the Owner the standards for payment plans, if any exist.

(b) The Board shall meet with the Owner in 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 (1) or more Directors to meet with the Owner.

(c) Payment plans may incorporate any Assessments that accrue during the payment plan period. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan.

(d) Payment plans shall not impede an Association's ability to record a lien on the Owner's Unit to secure payment of delinquent Assessments.

(e) 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.

Section 5.3. Assessment Collection.

(a) Except as otherwise provided in this Section 5.3, after the expiration of thirty (30) days following the recording of a lien created pursuant to this Restated Declaration, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted pursuant to Section 2934a of the Civil Code. Nothing in this Restated Declaration shall prohibit actions against the Owner of a Unit to recover sums for which a lien is created pursuant to this Restated Declaration or prohibit the Association from taking a deed in lieu of foreclosure.

(b) Prior to initiating a foreclosure on an Owner's Unit, the Association shall comply with the requirements of the Davis-Stirling Act.

(c) Any foreclosure sale by the trustee shall be conducted in accordance with Sections 2924, 2924b, and 2924c of the Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust. In addition to the requirements of Section 2924 of the Civil Code, the Association shall serve a notice of default on the Person named as the Owner of the Unit in the Association's records or, if that Person has designated a legal representative, on that legal representative, in accordance with the requirements of the Davis-Stirling Act.

(d) A nonjudicial 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 ends ninety (90) days after the sale. In addition to the requirements of Section 2924f of the Civil Code, a notice of sale in connection with the Association's foreclosure of a Unit in the Development shall include a statement that the property is being sold subject to this right of redemption.

(e) If the Association seeks to collect delinquent 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, the Association may not collect that debt through judicial or nonjudicial foreclosure, but may attempt to collect or secure that debt in any of the manners prescribed in the Davis-Stirling Act; provided, however, the foregoing limitation on the foreclosure

of Assessment liens shall not apply to Assessments secured by a lien that are more than twelve (12) months delinquent. The foregoing limitation does not preclude the Association from commencing the judicial or nonjudicial foreclosure process prior to such time as judicial or nonjudicial foreclosure may lawfully occur.

(f) A monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Documents, except for late payments, may not be characterized or treated as an Assessment that may become a lien against the Member's Unit enforceable by the sale of the Unit under Sections 2924, 2924b, and 2924c of the Civil Code.

(g) The Annual Policy Statement shall include the notice regarding Assessments and foreclosure, payments, and meetings and payment plans required by the Davis-Stirling Act.

(h) The Association may not voluntarily assign or pledge the Association's right to collect payments or Assessments, or to enforce or foreclose a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association. Notwithstanding the foregoing, the Association shall have the right and ability to assign any unpaid obligations of a former Member to a third party for purposes of collection.

(i) Except as otherwise provided under the Davis-Stirling Act, this Section 5.3 applies to a lien created on or after January 1, 2003. A lien created before January 1, 2003, is governed by the law in existence at the time the lien was created.

Section 5.4. Priority of Assessment Liens.

(a) The Association's lien for Assessments provided by this Restated Declaration shall be prior and superior to: (1) any declaration of homestead recorded after the recordation of this Restated Declaration; (2) any other liens, except (A) taxes, bonds, assessments, and other levies which, by law, would be superior thereto, and (B) the lien or charge of any Mortgagee for a mortgage made in good faith and value that encumbers a Condominium and which was recorded before the date on

which a Notice of Delinquent Assessment was recorded against the same Condominium by the Association.

(b) Neither the sale nor transfer of a Condominium shall affect an Assessment lien, except that the sale or transfer of a Condominium pursuant to judicial or nonjudicial foreclosure by a First Mortgagee extinguishes the lien of such Assessments as to payments which became due before such sale or transfer. No sale or transfer relieves such Condominium from liens for any Assessments thereafter becoming due. No Person who obtains title to a Condominium pursuant to judicial or nonjudicial foreclosure by a First Mortgagee shall be liable for the share of Assessments chargeable to such Condominium which became due before the acquisition of title to the Condominium by such Person; such unpaid Assessments shall be a common expense collectible from all Owners, including, but not limited to, such Person.

(c) No sale or transfer of a Condominium pursuant to judicial or nonjudicial foreclosure by a First Mortgagee, or otherwise, shall serve to cancel the personal obligation of the prior Owner for payment of the delinquent Assessments and charges which accrued during such Owner's period of ownership. The personal obligation of any prior Owner for payment of delinquent Assessments and charges may only be satisfied and therefore discharged by payment of said amounts, whether or not such Owner remains in possession of that Condominium.

Section 5.5. Waiver of Homestead.

Each Owner hereby waives, to the extent of any liens created pursuant to this Article V, the benefit of any homestead or exemption law in effect at the time any Assessment or installment thereof becomes delinquent or any lien for delinquent Assessments is imposed pursuant to the provisions of this Restated Declaration.

Section 5.6. Assignment of Rents When Assessments Become Delinquent.

(a) Assignment of Rents.

Each Owner who is leasing or renting his or her Unit to a Tenant or Tenants hereby assigns to the Association all of the rents and any other income now due or which may become due to Owner pursuant to the Lease for the Owner’s Unit

(the "***Rents***"), together with any and all rights and remedies which the Owner may have against the Tenant or Tenants, or others in possession of the Unit, for the collection or recovery of the Rents so assigned. Such assignment shall be effective only upon the Owner's failure to pay any Assessment within thirty (30) days after the due date, and under no other circumstances, if the Association accepts such assignment.

(b) Process to Effectuate Assignment of Rents.

An assignment of rents pursuant to this Section 5.6 shall only be effective if it complies with the requirements of Section 2938 of the Civil Code and any other applicable law. Any costs incurred by the Association in effectuating an assignment of rents pursuant to this Section 5.6 shall be considered a cost of collection of delinquent Assessments, for which the applicable Owner shall be responsible.

(c) Association Not a Landlord.

The exercise and enforcement of the Association's rights under this Section 5.6 shall in no way constitute the Association as a landlord or lessee under any Lease, and the Association shall have no such responsibility. Each Owner hereby agrees to indemnify, defend, and hold harmless the Association and its Directors, officers, agents, representatives, employees, and attorneys, as may be applicable, from and against any and all claims by a Tenant or any third party that the Association failed to fulfill the duties of landlord or lessee under any Lease for the Owner's Unit.

(d) Payment of Rents to Association.

Each Owner irrevocably consents that the Tenant or Tenants under a Lease for the Owner's Unit, upon receiving from the Association notice of an assignment of rents pursuant to this Section 5.6, shall pay the Rents to the Association without incurring any liability for the failure to determine the actual existence of any Assessment delinquency claimed by the Association. Each Owner further agrees that such Tenant or Tenants shall not be liable to the Owner for nonpayment of the Rents to the Owner for Rents paid to the Association pursuant to this Section 5.6. The full amount of the Rents received by the Association shall be applied to the Owner's account; however, application of the Rents to particular

Assessments and charges owed by the Owner to the Association shall be at the Association's discretion to the extent not dictated by law.

(e) Association Powers Upon Default.

The Association may at any time pursue legal action against an Owner and/or the Owner's Tenant or Tenants for, or otherwise seek collection of, any Rents not paid to the Association pursuant to this Section 5.6. The Association shall deduct from the Rents received in any such action the costs and expenses of collection, including, but not limited to, reasonable attorney's fees.

(f) Termination of Payment of Rents to Association.

The Association may continue receiving Rents assigned directly from the Tenant or Tenants of an Owner's Unit until any foreclosure action against the subject Unit is completed by the Association or a First Mortgagee or until the amount of money owed to the Association by the Owner, including Assessments, late charges, interest, and collection costs, including reasonable attorney's fees, is paid in full, whichever occurs first.

(g) Mortgage Holder Rights.

The assignment of rents and powers described in this Section 5.6 shall not affect, and shall in all respects be subordinate to, the execution of the rights and powers of any First Mortgagee to do the same or similar acts.

ARTICLE VI
USE RESTRICTIONS AND COVENANTS

Section 6.1. Compliance and Enforcement.

The occupancy, use, and enjoyment of the Development by Owners, Residents, and their Invitees shall be subject to, and shall at all times comply with, the provisions of this Restated Declaration and the other Governing Documents. Unless otherwise provided in this Restated Declaration, the Association, through the Board, and each Owner shall have the right to enforce the provisions of this Restated Declaration and the other Governing Documents.

Section 6.2. Common Area.

(a) Association Easement.

The Association shall have a non-exclusive easement in, on, over, and throughout the Common Area, including any Improvements thereon or therein, to perform its duties and exercise its powers provided under the Governing Documents or by law.

(b) Third Party Easements.

The Association may grant to a third party or parties easements in, on, over, and throughout the Common Area for the purpose of constructing, installing, or maintaining utilities and/or services for the benefit of the Development, or for other purposes reasonably related to the operation of the Development. Each Owner, in obtaining an ownership interest in a Unit, expressly consents to any such easements. Notwithstanding the foregoing, no such easement may be granted if it would unreasonably interfere with the occupancy, use, or enjoyment of any Unit, Exclusive Use Common Area or portions of the Common Area not subject to exclusive easements.

(c) Delegation of Owners' Rights.

Notwithstanding the easement and other rights of Owners provided in this Restated Declaration, an Owner whose Unit is subject to a Lease shall be deemed to have delegated that Owner's right to use and enjoy the Common Area to the Tenants of the Owner's Unit. In such case, neither the Owner nor any Invitee of the Owner (including, but not limited to, any family members of the Owner) shall be entitled to use and enjoy the Common Area for so long as a Lease for the Owner's Unit is in effect. Notwithstanding the foregoing, such Owner may take ingress, egress, and access to and through the Common Area for the purpose of visiting the Unit or attending Member and Board meetings.

(d) Maintenance and Repairs.

Labor performed or services or materials furnished for the Common Area, if duly authorized by the Association, shall be deemed to be performed or furnished with the express consent of each Owner.

(e) Common Area Obstructions and Storage.

No Owner or Resident shall permit anything to obstruct the Common Area. No item of any kind may be stored, placed or located by an Owner, Resident or Invitee of either in the Common Area, except as permitted under this Restated Declaration and/or the Rules with respect to Exclusive Use Common Areas, or in portions of the Common Area specifically designated for such purpose by the Board, if any; provided, however, the Association may store supplies, equipment and other items in the Common Area for the Association's use in connection with the management, maintenance, and operation of the Common Area. Any items stored, placed, or located in the Common Area in violation of the foregoing provision may be removed, discarded, or donated by the Association, in the Board's sole discretion, and the costs related to same that are incurred by the Association may be levied against the applicable Owner as a Reimbursement Assessment.

(f) Change in Occupancy of a Unit.

The Board has the power to adopt Rules requiring an Owner to pay to the Association: (1) a non-refundable administrative fee to fund the Association's cost of readying the Common Area for the move-in or move-out of a Resident from the Owner's Unit prior to such move-in or move-out, if such preparation is deemed reasonably necessary by the Association; (2) a non-refundable administrative fee to defray costs incurred by the Association as a result of the move-in or move-out of a Resident from the Owner's Unit; and/or (3) a refundable damage deposit as security against any damage to the Common Area which may occur as a result of a Resident moving into or out of the Owner's Unit prior to such move-in or move-out.

(g) Damage Liability.

Each Owner shall be liable to the Association for any damage to the Common Area or to any property owned by the Association which is caused by the Owner, a Resident of the Owner's Unit, or an Invitee of either, regardless of how the damage is sustained, whether due to the negligence, acts, omissions, or willful misconduct of such Person; in the case of joint ownership of a Unit, the liability of the co-Owners shall be joint and several. The costs and expenses incurred by the Association to correct or repair such damage shall be levied against the Owner(s) as a Reimbursement Assessment.

(h) Association Not Responsible for Loss.

Neither the Association nor any of its Directors, officers, agents, representatives, employees, or attorneys shall be responsible to any Owner, Resident, or Invitee for any theft of, or loss, damage, or vandalism to, any personal property of such Person, including, without limitation, automobiles, bicycles, plants, decorations, clothing, or sports equipment, which may be stored, placed, or located in the Common Area, whether or not such storage, placement, or location of personal property is in compliance with the provisions of this Restated Declaration and the other Governing Documents.

(i) Security and Privacy Disclaimer.

The Association does not undertake to provide security or privacy for the Property, the Owners, the Residents, any Invitees, or any persons or property located within the Development, nor does the Association make any representations or warranties concerning the security, privacy and/or safety of the Property, the Owners, the Residents, any Invitees, or any persons or property located within the Development, irrespective of whether there are any access control devices installed and operated in the Common Area of the Development or access control personnel employed or engaged by the Association.

(j) Access to Common Area Facilities.

The Board may restrict access to portions of the Common Area to the Board, certain Directors and other personnel engaged by the Association, such as storage facilities, workrooms, boiler room, roof, and offices located in the Common Area.

Section 6.3. Mechanic's Liens.

(a) No labor performed or services or materials furnished with the consent of, or at the request of, an Owner or the Owners' agent or contractor within the Development shall be the basis for the filing of a mechanic's lien against the Condominium of another Owner unless that other Owner has expressly consented to or requested the performance of the labor or furnishing of the materials or services; provided, however, express consent shall be deemed to have been given by the Owner of any Condominium in the case of emergency repairs thereto.

(b) The Owner of any Condominium may remove that Owner's Condominium from a mechanic's lien against two (2) or more Condominiums or any part thereof by payment to the holder of the mechanic's lien of the fraction of the total sum secured by the mechanic's lien that is attributable to the Owner's Condominium.

Section 6.4. General Use Restrictions.

In exercising the right to occupy, use and/or enjoy a Unit or the Common Area, Owners, Residents, and their Invitees shall comply with the following restrictions.

(a) Residential Purpose.

(1) Each Unit shall be used only as a residential dwelling unit for a single household. An Owner may rent/lease his or her Unit for such residential purpose under a Lease, pursuant to Section 6.5 of this Restated Declaration. The number of persons residing in a Unit at any time shall comply with all City and County codes, regulations, and ordinances regarding the occupancy of residential dwellings, and may not exceed any occupancy limits established under such codes, regulations, or ordinances.

(2) In addition to the foregoing residential use, a Unit may be used for home office use, so long as such home office use is incidental to the residential use of the Unit. The use of any portion of a Unit as a home office shall comply with the following provisions:

(A) The home office use is not apparent or detectable by sight, sound, or smell from outside of the Unit.

(B) The home office use complies with applicable laws and zoning ordinances.

(C) No employees, clients, customers, patrons, messengers, or delivery personnel regularly visit the Unit or any portion of the Development in relation to the home office use.

(D) The home office use does not increase the liability or casualty insurance obligations or premiums of the Association.

(E) The home office use is consistent with the residential character of the Development and conforms with the provisions of the Governing Documents.

(3) No Unit or Exclusive Use Common Area shall be used or allowed to be used for any business, commercial, manufacturing, mercantile, storing, vending, or other non-residential purposes, except for home office use as permitted under this Restated Declaration.

(b) Nuisance.

Noxious and offensive activities are prohibited in the Development. The Board is entitled to determine, in its sole and reasonable discretion, if any device, noise, odor, or activity constitutes a nuisance.

(1) Devices that create or constitute a nuisance may not be kept or operated within the Development. Such devices include, without limitation, the following:

(A) Horns, whistles, bells and other sound devices that create or emit loud noises; provided, however, security devices/systems may be installed and used within a Unit or a vehicle to protect the security of such Unit or vehicle and its contents, so long as reasonable care is taken to prevent consistently false alarms of, and annoying and disturbing noise from, such devices/systems.

(B) Devices that create or emit loud noises or noxious odors (except equipment reasonably used by the Association in connection with its maintenance and repair responsibilities pursuant to this Restated Declaration).

(C) Devices that unreasonably interfere with television or radio, cellular and/or wireless internet reception, and the reception of similar electronic transmissions, to another Unit.

(D) Mechanical equipment installed in any Unit or Exclusive Use Common Area, including, but not limited to, HVAC equipment, that is not insulated and installed so as to prevent unreasonable noise or vibration.

(2) Activities that create or constitute a nuisance may not be undertaken or conducted within the Development. Such activities include, without limitation, the following:

(A) Hanging, drying, or airing clothing, fabrics, or unsightly articles in any place visible from another Unit, the Common Area, or public streets abutting the Development.

(B) The creation of unreasonable levels of noise from parties, recorded music, radios, television, or related devices.

(C) Any activity which is a serious annoyance or nuisance to any Owner or Resident, or which may in any way interfere with any Owner's or Resident's quiet enjoyment and peaceful possession of such Owner's or Resident's Unit or Exclusive Use Common Area.

(D) Any activity which may (i) increase the rate of insurance for the Association, the Common Area, or any Unit, (ii) result in cancellation of the insurance for the Association, the Common Area, or any Unit, (iii) obstruct or interfere with the rights of any Owners or Residents, (iv) violate any law or provision of this Restated Declaration or the other Governing Documents, or (v) constitute a nuisance or other threat to the health, safety, or welfare or any Owners or Residents of the Development.

(c) Pets.

(1) Pets may be kept within the Development, subject to the provisions of this subsection (c) and any reasonable Rules of the Association. This subsection (c) shall not be construed to affect any other rights provided by law to an Owner or Resident of a Unit to keep a pet within the Development. For purposes of this subsection (c), "***pet***" means any domesticated bird, cat, dog, aquatic animal kept

within an aquarium, or other animal as agreed to between the Association and an Owner; no Owner or Resident shall keep any other animal within the Development.

(2) The maximum number of pets that may be kept in, or brought into, a Unit at any one time is three (3); provided, however, a reasonable number of fish may be kept in an aquarium in a Unit provided such aquarium has a maximum capacity of thirty (30) gallons or less. Notwithstanding the foregoing, an Owner or Resident may keep animals in excess of the maximum number of permitted pets within the Owner's or Resident's Unit if each such animal is licensed, trained, or serves as a service, companion or therapy animal that the Association is required to allow under state or federal fair housing laws. Any Owner claiming a need for a service, companion, or therapy animal in excess of the maximum number of permitted pets within the Owner's Unit, whether for the Owner or any Resident of the Owner's Unit, shall be required to provide evidence of the need for such animal to the Association, in the form of a prescription, letter, or other documentation from a licensed medical doctor who serves as the Owner's or Resident's treating medical doctor.

(3) No dog shall be brought into the Development that has been listed as "potentially dangerous" or an "aggressive breed" (or any approximately equivalent designation) with any state or local governmental agency. The Board shall have the power to adopt Rules banning specific breeds of dogs that meet such classification(s).

(4) No owner of a pet shall permit, allow, or cause the pet to run, stray, or be uncontrolled in or upon the Common Area. Owners, Residents and their Invitees shall be required to properly handle and control any pet being transported through the Common Area between a Unit and outside of the Development (and vice versa), via the use of a leash or carrier, to comply with the foregoing provision. No pets shall be permitted in the Common Area, except as specifically permitted by Rules of the Association or by law. Any waste left in the Common Area by a pet shall be immediately removed and cleaned by the owner of such pet.

(5) No Owner or Resident may raise or keep animals anywhere within the Development for commercial purposes. The ownership of all pets must comply with local governmental agency guidelines, including, but not limited to, pet

registration and sanitation laws. No Owner or Resident may keep a pet within his or her Unit that interferes with, or has a reasonable likelihood of interfering with, the rights of any Owner or Resident to the peaceful and quiet enjoyment of his or her Unit; any pet in violation of this provision shall be deemed a nuisance, and such pet must be removed from the Development within a reasonable time after the Board determines, after a hearing duly noticed by Individual Delivery to the Owner of the Unit, that the pet creates an unreasonable annoyance or nuisance within the Development.

(6) Neither the Association nor its Directors, officers, agents, representatives, or employees shall have any liability to any Owner, Resident, Invitee, or other person for any injury to persons or damage to property caused by any pet or other animal kept in, or brought into, the Development by any Owner, Resident, or Invitee. Each Owner shall be liable to all other Owners, all Residents, their Invitees, and other persons for any unreasonable noise, injury to person, or damage to property caused by any pet kept in, or brought into, the Development by the Owner or a Resident of or Invitee to the Owner's Unit.

(7) Notwithstanding the foregoing limitations on pets, an Owner shall be permitted to keep in his or her Unit any pet that is currently kept in the Owner's Unit as of the recordation date of this Restated Declaration if the pet otherwise conforms with the provisions of the Original Declaration relating to pets. If required by the Association, the Owner shall register such pet(s) with the Association, on such forms and with such information as the Association may require.

(8) The Board shall have the power to adopt Rules regulating pets and animals within the Development, to the extent such Rules are not inconsistent with the provisions of this subsection (c) or applicable law.

(d) Vehicles and Parking.

(1) No Owner or Resident shall park any automobile or other motor vehicle in the Development, except in a parking space designated for the exclusive use of the Owner or Resident by the Governing Documents or pursuant to a lease or license agreement with the Association. Parking spaces in the Common Area shall

be assigned for the use of Unit Owners by the Association, which may be subject to a monthly fee. No Unit shall have more than one (1) parking space; provided, however, a Unit may have both parking spaces within a tandem parking space. The use of any unassigned parking spaces in the Common Area shall be subject to Rules relating to same, and such Rules may prohibit or restrict Owners and Residents from parking in such spaces. All parking spaces in the Development shall be used for the parking of operable motor vehicles designed as passenger vehicles only, provided that such vehicles do not exceed the dimensions of the Owner's or Resident's parking space. Each Owner and Resident shall keep his or her parking space in a neat and clean condition, free of oil, grease, and other debris.

(2) No trailer, camper, mobile home, commercial vehicle, truck (other than a standard size pickup truck or sport utility vehicle), boat, or similar equipment, or recreational vehicle, shall be permitted to park or be stored anywhere within the Development, other than temporarily, unless placed or maintained in an area specifically designated for such purposes by the Board. Notwithstanding the foregoing, sedans or standard size pickup trucks that are used both for business and personal use may be parked within the Development, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive, as determined by the Board, and such vehicles do not contain any trade equipment or tools that are visible from the Common Area.

(3) No motor vehicles that are inoperable, unlicensed, noisy or smoky shall be maintained or operated within the Development. Further, no off-road vehicles shall be maintained or operated in the Development.

(4) No person shall construct, repair, service or maintain any motor vehicle within any portion of the Development, except for emergency repairs, to the extent necessary to remove the vehicle to a proper repair facility, or minor repairs requiring less than one (1) day's work. The washing of vehicles is prohibited within the Development

(5) No person shall park, leave, or abandon any vehicle in a manner that impedes or prevents ready ingress, egress, or passage through the Development, or in a manner that impedes or prevents access to or from any parking space within the Development (not including the inside space within a tandem parking space).

Notwithstanding the foregoing, the temporary parking of delivery trucks, service vehicles, and other commercial vehicles being used in the furnishing of goods or services to the Association, Owners or Residents, and the parking of vehicles belonging to and being used by Owners, Residents, and their Invitees for such loading and unloading purposes, shall be permitted.

(6) The Board, in its discretion, may adopt reasonable Rules consistent with the provisions of this subsection (d). The Association shall have the right and power to remove any vehicle within the Development parked in violation of this Restated Declaration or the Rules, in accordance with the provisions of Section 22658 of the Vehicle Code.

(e) Noise and Sound Reduction.

(1) Noise transmission between adjacent Units is to be expected. Such noise transmission may include, but is not limited to, sounds generated by: footfall; moving of furniture; plumbing and other utility systems; opening and closing of cabinets and drawers; the impact of closing doors; the use of appliances, stereos, radios, televisions, and other electronics; permitted musical instruments; and voices and conversations within a Unit.

(2) No loudspeakers shall be affixed to any wall, ceiling, shelving, or cabinets in a Unit in a manner that causes vibrations discernable in another Unit. Flat screen televisions and similar type devices affixed to walls shall be acoustically isolated to minimize sound transmission to any adjacent Unit. The use of stereo equipment, televisions radios, musical instruments, and other sound producing or amplifying devices shall not unreasonably disturb the peace and quiet within the Development for persons of ordinary sensitivities.

(3) All Owners and Residents shall take all reasonable precautions to lower noise transference between Units and abide by any noise reduction ordinance or regulation of the City and/or County. Each Owner shall also abide by the flooring and floor covering restrictions set forth in subsection (c) of Section 6.7 of this Restated Declaration. No modification or alteration of a Unit shall be permitted that may increase noise transference.

(4) In the event a complaint is made regarding non-compliance with the foregoing noise and sound reduction provisions, the Owners involved shall endeavor to resolve the dispute without involvement of the Association. If the Owners are unable to resolve the dispute between themselves, upon request, the Board will evaluate the complaint and determine the appropriate level of Association participation in the dispute resolution process, if any; it shall be incumbent upon the complaining Owner to provide substantial evidence of the alleged noise violation to the Board. In no event shall the Association be obligated to resolve a noise complaint to the satisfaction of a complaining Owner or other person, if the Board determines the noise complaint is a neighbor-to-neighbor dispute and/or involves a hyper-sensitivity to noise. Any mitigation of noise transference which is required of an Owner by the Association shall be the sole responsibility and at the sole cost of such Owner.

(f) Smoking.

No smoking of tobacco or any other substances shall be permitted in any portion of the Common Area (including, but not limited to, any Exclusive Use Common Area). If the City, County, or State of California adopts an ordinance or law allowing the Association to prohibit smoking in Units, the Board may, in its sole discretion, adopt and enforce a Rule prohibiting smoking in Units. If the City, County, or State of California adopts an ordinance or law that would prohibit or ban smoking in Units, all Owners, Residents, and their Invitees shall be required to comply with such ordinance or law, and the failure to do so shall be deemed a violation of this Restated Declaration.

In the event a complaint is made regarding smoking of tobacco or any other substance within a Unit, the parties involved shall endeavor to resolve the dispute without involvement of the Association. However, upon request, the Board will evaluate the complaint and determine the appropriate level of Association participation in the dispute resolution process, if any. Notwithstanding the foregoing, in no event shall the Association be obligated to resolve a complaint regarding smoking within a Unit to the satisfaction of a complaining party if the Board determines such complaint is a neighbor-to-neighbor dispute and/or involves a hyper-sensitivity to smoke.

(g) Flammable, Toxic and Hazardous Substances.

No Owner shall store gasoline, kerosene, cleaning solvents, or other flammable liquids or substances, or any toxic or hazardous materials, in any Unit or in the Common Area; provided, however, that reasonable amounts of these liquids, substances, or materials placed in appropriate containers and packaged for normal household use, such as for cleaning purposes, may be stored by an Owner within his or her Unit.

(h) Garbage and Recycling Disposal.

All rubbish, trash, garbage, and recycling materials shall be regularly removed from a Unit, and shall not be allowed to accumulate on the Property. Trash, garbage, recycling materials, and other waste shall be kept only in containers designed for such items, and such containers shall be kept in a clean and sanitary condition at all times; the Board may adopt Rules regulating the placement of such containers within the Common Area. No toxic or hazardous materials may be disposed of within the Property by dumping in garbage containers or down drains, or otherwise, other than those required, in limited quantities, for the normal cleaning of a Unit or Exclusive Use Common Area.

(i) Machinery, Equipment and Tools.

No machinery or equipment of any kind shall be maintained or operated within the Development, except as is customary and necessary in connection with the residential use of the Units. Exercise equipment that creates noise capable of being heard in other Units may not be operated in any Unit. No Owner shall use power tools in the Development, other than ordinary household tools; welding, carpentry, and other power tools and equipment that can be heard from the Common Area or another Unit may not be used within the Development.

(j) Structural Integrity.

No Owner may install, place, or store items within his or her Unit that exceed, individually or collectively, the maximum load that the Unit floor is designed to carry. Nothing may be done in any Unit or the Common Area that will impair the structural (including, but not limited to, the water seal or water tight condition) or acoustical integrity of any structure in the Development, or that may alter the plumbing, electricity, natural gas, or other facilities serving any other Unit or the Common Area.

(k) Roof.

No Owners, Residents, or their Invitees shall at any time for any reason whatsoever enter upon or attempt to enter upon the roof of any building at the Property without the prior written approval of the Association.

(*l*) Fires.

No open flames of any kind are permitted within any Unit, other than candles, standard gas cooking ranges, and other open-flame decorative lighting that are well secured to prevent overturning, placed on noncombustible bases, and kept away from drapes, curtains and other combustible items and materials.

(m) No Washers or Dryers in Units.

No washers, dryers, or other laundry machines may be installed or used in any Unit at any time.

(n) Marketing of Units.

The Association may not arbitrarily or unreasonably restrict an Owner's ability to market the Owner's Unit. The Association may not adopt, enforce, or otherwise impose any Rule that does either of the following: (1) imposes an Assessment or fee in connection with the marketing of an Owner's Unit in an amount that exceeds the Association's actual or direct costs; or (2) establishes an exclusive relationship with a real estate broker through which the sale or marketing of Units in the Development is required to occur. The limitation set forth in this subsection does not apply to the sale or marketing of Units owned by the Association. For purposes of this subsection, "market" and "marketing" mean listing, advertising, or obtaining or providing access to show an Owner's Unit. This subsection does not apply to Rules made in accordance with Sections 712 or 713 of the Civil Code regarding "for sale" signs.

(o) Filming Activities.

The provisions of subsection (a) of this Section 6.4 shall not preclude the use of any Unit for the filming of motion pictures, television programs, and/or commercials, provided that all of the following conditions are fulfilled: (1) all filming activities must be conducted in conformance with all applicable laws; (2) all filming activities must be restricted to the confines of the Owner's Unit; (3) no

filming activities may use the name, image, or likeness of any persons within the Development without such person's consent, or identify the Development; (4) no filming activities may interfere with the traffic flow, parking, or use of the Development, create excessive noise, light, or glare, or unreasonably interfere with the rights of any persons within the Development; (5) no filming activities may increase the liability or casualty insurance obligations or premiums of the Association; (6) all filming activities must be consistent with any Rules established by the Board for filming and conform with the provisions of this Restated Declaration; (7) the Owner of the Unit agrees to pay to the Association any fees established by the Board from time to time for filming in Units to offset the impact of the filming on the Common Area; (8) the Owner of the Unit completes and executes any forms (including but not limited to film scheduling forms and/or film indemnity agreements) required by the Board prior to the filming occurring; and (9) no portion of the Common Area is used for filming activities, other than to transport cast, crew, and equipment to and from the Unit.

The Association may allow the use of the Common Area for the filming of motion pictures, television programs, and/or commercials by third party production companies contracting with the Association, pursuant to such terms and conditions as the Board deems reasonable.

Section 6.5. Leasing of Units.

(a) General.

The rental or leasing of any Unit shall be subject to the provisions of this Section 6.5. When the term "***rent***" is used in this Section 6.5, it shall be deemed to mean and include the rental and/or leasing of a Unit.

(b) Lease Waiting Period.

No Owner may rent his or her Unit during the two (2) year period immediately following the Owner's purchase or assumption of title to the Unit (the "***Lease Waiting Period***").

(c) Lease Requirements.

(1) Subject to the Lease Waiting Period and the provisions of this subsection (c) of Section 6.5, an Owner may rent his or her Unit pursuant to a Lease that is: (A) in writing; (B) for a term of at least six (6) months (the "***Minimum Lease Term***"); and (C) subject in all respects to the Governing Documents, including, but not limited to, this Restated Declaration. A copy of any fully executed Lease for a Unit shall be provided to the Association by the Owner prior to a Tenant moving into the Owner's Unit, and upon request by the Association.

(2) The Lease shall include a statement that any failure by the Tenant to comply with the Governing Documents will constitute a default under the Lease. The following paragraph, or a substantially similar paragraph, shall be included in each Lease:

> *In accepting this Lease, Tenant acknowledges that Tenant has received, read, and understands the Amended and Restated Declaration of Covenants, Conditions and Restrictions for 1805 Pine Street Homeowners Association and the rules, regulations, and policies of 1805 Pine Street Homeowners Association (the "Governing Documents"). Tenant agrees to comply with the terms of the Governing Documents, and acknowledges that any failure by Tenant, or Tenant's family members, social guests, houseguests, servants, employees, or agents, to comply with the terms of the Governing Documents shall constitute a default under this Lease and may result in the early termination of this Lease.*

(3) No less than the entirety of a Unit may be rented under a Lease, or otherwise. Notwithstanding the foregoing, one (1) roommate paying rent to an Owner may reside simultaneously with an Owner in the Owner's Unit.

(4) No sub-rental of a Unit shall be permitted, and no Unit may be used for vacation rentals (for example only, listed on airbnb, VRBO or a similar website) or rented to a corporate housing company.

(5) Each Owner shall be responsible for any and all violations of the Governing Documents committed by any Tenant of the Owner's Unit. If any Tenant of a Unit violates the Governing Documents, the Association may bring an action in its own name and/or in the name of the Unit Owner to have the Tenant evicted and/or to recover damages; a court may find a Tenant guilty of unlawful detainer despite the fact that an Owner may not be the plaintiff in the action and/or the Tenant is not otherwise in violation of the Lease. If permitted by law, the Association may recover all costs, including, without limitation, attorneys' fees and costs, in prosecuting any unlawful detainer action against a Tenant of a Unit pursuant to the foregoing provisions. The remedies described in this subsection (c) are not exclusive and are in addition to any other remedies available to the Association by law, in equity, and/or by the authority of the Governing Documents, including, but not limited to, this Restated Declaration.

(6) Each Owner shall be deemed to have agreed to save, hold harmless, indemnify, and defend the Association and its Directors, officers, agents, representatives, and employees from and against any and all claims, demands, actions, causes of action, liabilities, damages, and expenses arising out of, or incurred as a result of, the rental/leasing of the Owner's Unit, together with all costs, expenses, and attorneys' fees resulting therefrom.

(e) Exemptions; Enforcement.

(1) Upon application by an Owner to rent his or her Unit, the Board shall be authorized and empowered, in its sole and reasonable discretion, to grant a hardship exemption for the Owner with respect to the Lease Waiting Period and/or the Minimum Lease Term. For purposes of this subsection, a "hardship" shall be defined as the need of an Owner to rent his or her Unit as a result of an unforeseeable event and/or because enforcement of the Lease Waiting Period and/or Minimum Lease Term against the Owner could reasonably subject the Owner to suffer a severe financial difficulty.

(2) If an Owner rents his or her Unit without approval from the Board, or otherwise in violation of the provisions of this Section 6.5, the Owner shall be subject to disciplinary measures, including, but not limited to: (A) a monetary penalty in an amount to be determined by the Board; (B) other disciplinary measures;

and/or (C) a Reimbursement Assessment in an amount equal to the costs incurred by the Association related to addressing such violation, including, without limitation, attorneys' fees and costs, irrespective of whether the Association is able to obtain a court order to evict the Tenant or otherwise effectuate the legal eviction of the non-compliant Tenant from the Owner's Unit.

(3) Notwithstanding anything to the contrary contained in this Section 6.5, the Lease Waiting Period shall not apply to: (A) any Owner of record as of the recordation date of this Restated Declaration; (B) any Owner exempted from the Lease Waiting Period under the Davis-Stirling Act; and (C) the Association. Further, the Minimum Lease Term shall not apply to any Lease in effect as of the recordation date of this Restated Declaration.

Section 6.6. Specified Architectural and Design Restrictions.

This Section 6.6 includes provisions relating to certain architectural and design restrictions within the Development. The following provisions shall be subordinate to the architectural and design control provisions of Article VIII of this Restated Declaration, unless otherwise provided in this Section 6.6.

(a) Subdivision of Units.

No Unit may be physically or legally subdivided.

(b) Window Coverings.

Window coverings on windows visible from another Unit, the Common Area, or public streets abutting the Property shall be restricted to drapes, curtains, shutters, or blinds of a white or off-white color, unless the Association's Rules provide otherwise. No film, tint, paper, foil, paint, or reflective substances may be applied to the glass portion of any window. Window coverings shall not interfere with any fire sprinklers installed in or adjacent to a Unit.

(c) Owner-Installed Improvements.

No Owner may install outdoors any awnings, screen doors, sunshades, wiring, air conditioning equipment, heating units, water softeners, other similar Improvements, or other exterior additions, nor may any Owner make alterations to the exterior surfaces of any building or other portion of the Common Area, except pursuant to the provisions of this Restated Declaration and subject to the advance

written approval of the Architectural Review Committee (in accordance with the provisions of Article VIII of this Restated Declaration).

(d) Right to Display the American Flag.

Except as required for the protection of the public health or safety, an Owner may display the flag of the United States on or in the Owner's Unit or within the Owner's Exclusive Use Common Area. For purposes of this provision, "display the flag of the United States" means a flag of the United States made of fabric, cloth, or paper displayed from a staff or pole or in a window, and does not mean a depiction or emblem of the flag of the United States made of lights, paint, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component.

(e) Displaying of Signs.

(1) An Owner may post or display noncommercial signs, posters, flags, or banners on or in the Owner's Unit, unless prohibited by the Association for the protection of public health or safety or if the posting or display would violate a local, state, or federal law. For purposes of this provision, a noncommercial sign, poster, flag, or banner may be made of paper, cardboard, cloth, plastic, or fabric, and may be posted or displayed from the yard, window, door, balcony, or outside wall of the Unit, as may be applicable, but may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component, or include the painting of architectural surfaces. The Association may adopt Rules not inconsistent with the Davis-Stirling Act regulating the posting or display of noncommercial signs, posters, flags, or banners on or in Owners' Units. Noncommercial signs and posters that are more than nine (9) square feet in size and noncommercial flags or banners that are more than fifteen (15) square feet in size are prohibited within the Development. No Owner shall post noncommercial signs, posters, flags or banners within the Common Area, except as permitted under this subsection (e) or by law.

(2) No commercial signs, posters, flags, or banners may posted or displayed on or in any Unit or any portion of the Common Area. Notwithstanding the foregoing, an Owner or his or her agent may display or have displayed on or in the Owner's Unit "for sale" signs, so long as such signs are reasonably located, in

plain view of the public, of reasonable dimensions and design, and do not adversely affect public safety (including traffic safety), advertising the following: (A) that the Unit is for sale, lease, or exchange by the Owner or his or her agent; (B) directions to the Unit; (C) the Owner's or agent's name; and/or (D) the Owner's or agent's physical address, email address, and telephone number. "For sale" signs may not be posted on or in the Common Area.

(f) Installation of Video and Television Antenna.

(1) The installation and use of a video or television antenna (an "***Antenna***"), including a satellite dish, that has a diameter or diagonal measurement of thirty-six (36) inches or less, and the attachment of that Antenna to a structure within the Development where the Antenna is not visible from any street or Common Area, shall be permitted, subject to the provisions of this subsection (f) and applicable state and federal law. The installation and use of an Antenna that has a diameter or diagonal measurement in excess of thirty-six (36) inches shall be prohibited within the Development. No Owner shall have the right to install an Antenna in the Common Area, except with the prior written approval of the Association. Unless prohibited by law, Antennas may not be attached to the Association's building, nor may Antennas be visible from the street; all cables and lines serving an Antenna must be situated so as not to be visible from the street. If any cable or line is not attached or run appropriately, the Board may require that such cable or line be re-installed so as to conform to the Association's Rules standards for same.

(2) The installation of a permitted Antenna shall require advance written approval of the Association. The application for approval of such installation or use shall be processed by the Association in the same manner as an application for approval of an architectural modification to the Property (in accordance with Article VIII of this Restated Declaration), and the issuance of a decision on the application shall not be willfully delayed.

(3) The Association may impose reasonable restrictions on the installation or use of an Antenna that has a diameter or diagonal measurement of thirty-six (36) inches or less. For purposes of this provision, "reasonable restrictions" means those restrictions that do not significantly increase the cost of the Antenna

system, including all related equipment, or significantly decrease its efficiency or performance, and include, without limitation, the following: (A) a provision for the maintenance, repair, or replacement of roofs or other building components; and (B) requirements for installers of a video or television antenna to indemnify or reimburse the Association or its Members for loss or damage caused by the installation, maintenance, or use of the video or television antenna.

(g) Electric Vehicle Charging Stations.

(1) An Owner may install and use an electric vehicle charging station (a "***Charging Station***") in the Owner's designated parking space, including, but not limited to, a deeded parking space, a parking space in an Owner's Exclusive Use Common Area, or a parking space that is specifically designated for use by a particular Owner, as may be applicable, subject to applicable provisions of the Davis-Stirling Act and any reasonable restrictions imposed by the Association. The installation or use of any Charging Station that would alter or modify the Common Area must first be approved by the Architectural Review Committee, in accordance with the provisions of Article VIII of this Restated Declaration. An Owner using a Charging Station shall be responsible for the electricity used by the Charging Station, and shall reimburse the Association for same if the Charging Station is not separately metered to the Owner's Unit.

(2) The Association shall have no obligation to resolve any disputes related to allegations or claims that any Owner or other person has used another Owner's Charging Station without permission, or that any Owner or other person has damaged another Owner's Charging Station. A Charging Station installed and/or used by an Owner at the Development, as permitted under this subsection (g), shall be considered an Owner's personal property for which the Owner is solely responsible.

(h) Solar Energy Systems.

The installation and use of solar energy systems within the Development shall be subject to the provisions of Sections 714 and 714.1 of the Civil Code. No Owner shall have the right to install a solar energy system in the Common Area, except with the prior written approval of the Association. The Association may impose reasonable restrictions on the installation and use of solar energy systems on

or in Units; for purposes of this provision, reasonable restrictions are those restrictions that do not significantly increase the cost of the solar energy system or significantly decrease its efficiency or specified performance, or that allow for an alternative system of comparable cost, efficiency, and energy conservation benefits.

(i) No Right to Light, View or Air.

There is no protected light, view or air in the Development, and no Unit is assured the existence or unobstructed continuation of any particular light, view, or air. Any construction, the growth of landscaping, or other installation of Improvements by the Association, an Owner or the owners of other property in the vicinity of the Development may impair the light, view or air from any Unit, and each Owner shall be deemed to have consented to any such view impairment.

Section 6.7. Restrictions on Unit Modification.

This Section 6.7 includes provisions relating to certain restrictions related to the modification of Units. The following provisions shall be subordinate to the architectural and design control provisions of Article VIII of this Restated Declaration, unless otherwise provided in this Section 6.7.

(a) Modifications in General.

Subject to the Governing Documents and applicable law, an Owner may make any Improvement or alteration within the boundaries of the Owner's Unit that does not impair the structural integrity or mechanical systems, or lessen the support, of any portions of the Development. Any change in the exterior appearance of a Unit shall be in accordance with the Governing Documents and applicable provisions of law.

(b) Access for Disabled Persons.

(1) Subject to the Governing Documents and applicable law, an Owner may modify the Owner's Unit, at the Owner's expense, to facilitate access for persons who are blind, visually handicapped, deaf, or physically disabled, or to alter conditions which could be hazardous to these persons. These modifications may also include, without limitation, modifications of the route from the public way to the door of the Unit if the Unit is on the ground floor or already accessible by an existing ramp or elevator.

(2) The modification rights granted in this subsection (b) are subject to the following conditions:

(A) The modifications shall be consistent with applicable building code requirements.

(B) The modifications shall be consistent with the intent of otherwise applicable provisions of the Governing Documents pertaining to safety or aesthetics.

(C) Modifications external to the Unit shall: (i) not prevent reasonable passage by other Owners, Residents, or their Invitees; and (ii) shall be removed by the Owner when his or her Unit is no longer occupied by persons requiring those modifications who are blind, visually handicapped, deaf, or physically disabled, and in no event later than the day when title to the Unit is no longer held in the name of such Owner.

(D) Any Owner who intends to modify his or her Unit to facilitate such access shall submit plans and specifications to the Association for review to determine whether the modifications will comply with the foregoing provisions. The Association shall not deny approval of the proposed modifications without good cause.

(c) Flooring in Units.

The following provisions apply to the installation and maintenance of flooring in Units. Flooring materials other than carpeting and padding shall be referred to collectively in this subsection (c) as "***Hard Surface Flooring***".

(1) In order to minimize noise disturbance within the condominium building, Owners are permitted to have and/or install Hard Surface Flooring if such Hard Surface Flooring is approved by the Architectural Review Committee (in accordance with the provisions of Article VIII of this Restated Declaration). Prior to the installation of Hard Surface Flooring in a Unit, the Architectural Review Committee may inspect and approve the sound attenuation standards and other potential adverse noise and structural effects of the installation and maintenance of

such Hard Surface Flooring. Any Hard Surface Flooring installed in a Unit shall have the maximum thickness of underlayment or sound-proof materials (such as cork, rubber or such other material) that may be required under applicable California or local guidelines at the time of installation, or pursuant to the Association's Rules setting forth such standards, if any, at the time of installation. Such Rules may also set forth minimum standards or requirements for the use or coverage of area rugs on or over various portions of the Unit (including but not limited to high foot traffic areas such as the bedrooms, living rooms and entry areas). Each Owner acknowledges that any such Rules pertaining to Hard Surface Flooring may exist and shall be binding as to each Owner as if fully set forth in this Restated Declaration.

(2) In deciding upon floor coverings, whether Hard Surface Flooring or otherwise, Owners shall take all reasonable measures to choose floor coverings that mitigate sound transfer between Units.

(3) All floor coverings within a Unit, whether Hard Surface Flooring or otherwise, must be underlain with a sound attenuating material that, if installed pursuant to manufacturer's recommendations, will minimize impact noise to a reasonable level that does not cause a noise disturbance to the Residents of any other Units, and in all events meet noise level standards established by the City and/or County.

(4) Owners with Hard Surface Flooring in their Units shall take steps to help minimize noise transfer to other Units. Such steps may include, without limitation and as appropriate, (A) placing area rugs with padding underneath in the foot traffic areas of such floors and (B) placing felt or rubber pads (or similar items) underneath the legs of furniture on such floors.

(5) It is recognized that even with compliance with the requirements of this subsection (c), some noise from footfall, moving of furniture, and other activities within a Unit may be noticeable in other Units to a certain degree.

(A) In the event an issue arises between two or more Owners regarding floor noise or sound allegedly emanating from one of the Owner's Units,

the Owners involved shall initially endeavor to resolve the dispute without involvement of the Association.

(B) If the Owners involved in such dispute are unable to resolve the alleged floor noise/sound issues, the complaining Owner may advise the Board of the complaint and shall be required to provide evidence of the floor noise/sound issue to the Board; such evidence may be required to include a sound test obtained by the complaining Owner, at his or her own cost, and any other information reasonably requested by the Board. The Board shall evaluate the complaint and the evidence submitted, and, if the Board determines, in its reasonable discretion, that an Owner may have installed flooring in his or her Unit in violation of this subsection (c), the Board may further investigate such allegation. If the Board determines that an inspection of a Unit is required as a part of the investigation of such allegation, each Owner party to the dispute shall grant access to his or her Unit for such inspection. Should the Board determine that an Owner has installed flooring in his or her Unit that is not in compliance with this subsection (c), any expenses and costs incurred by the Association as a part of the inspection of such flooring shall be levied against the non-compliant Owner as a Reimbursement Assessment.

(C) The Board shall have the power to require an Owner to remove floor covering from his or her Unit which does not adequately mitigate sound transfer and reduce noise in compliance with this subsection (c), and replace such floor covering with compliant materials at the Owner's sole cost. The expenses and costs incurred by the Association to enforce such compliance by an Owner may be levied against the Owner as a Reimbursement Assessment.

(6) Notwithstanding the foregoing, in no event shall the Association be obligated to enforce the restrictions set forth in this subsection (c), or resolve a floor noise or sound complaint to the satisfaction of a complaining Owner, if the Board determines the noise or sound complaint is a neighbor-to-neighbor dispute and/or involves a hyper-sensitivity to noise.

(7) The Board, in its discretion, may adopt reasonable Rules regarding the installation and maintenance of Hard Surface Flooring and other floor coverings within Units, consistent with this subsection (c).

(d) Exclusive Use Common Area.

Except as provided by the Governing Documents, no Owner shall have the right to paint, decorate, remodel, alter, or otherwise modify any portion of any Exclusive Use Common Area.

Section 6.8. Grandfathering of Pre-Existing Conditions.

The following conditions within any Unit or other portion of the Development are grandfathered and excepted from compliance with this Restated Declaration if such conditions were in compliance with both the Original Declaration as of the date of recordation of this Restated Declaration and the then current Rules of the Association: (1) the number, size, and type of pets; and (2) existing architectural and design modifications. Such grandfathered conditions must otherwise comply with the requirements of this Restated Declaration. There shall be no grandfathering of any other conditions occurring or arising, after the date of recordation of this Restated Declaration.

Nothing contained in this Section 6.8 shall be deemed or construed to be approval or acceptance by the Association of any condition (pre-existing or otherwise) which constitutes a violation of the Original Declaration, the Governing Documents, or any law. In any dispute over whether a condition which violates this Restated Declaration was pre-existing and/or is grandfathered under this Section 6.8, the burden of proof will be on the Owner who is in violation of this Restated Declaration. Conditions which violate this Restated Declaration and are not grandfathered under this Section 6.8 shall be required to be corrected by the Owner in violation.

ARTICLE VII
MAINTENANCE AND REPAIR

Section 7.1. Maintenance Standards.

The Association shall maintain everything it is obligated to maintain in a clean, sanitary, and attractive condition. The Board shall determine, in its sole discretion, the level and frequency of maintenance of those portions of the Common Area and Improvements thereon for which the Association is responsible. Each Owner shall maintain everything the Owner is obligated to maintain in a clean,

sanitary, and attractive condition. For purposes of this Article VII, "***maintain***" shall mean maintain, repair, and replace, unless the context clearly indicates otherwise.

Section 7.2. General Maintenance Obligations.

Except to the extent provided otherwise in this Restated Declaration, the Association shall maintain the Common Area and the Owners shall maintain their respective Units. Each Owner shall immediately notify the Association of any dangerous, defective, or other condition in the Owner's Unit which could cause injury to persons or property within the Development. Unless other arrangements are entered into with the Association, all Owner-installed Improvements in the Common Area must be maintained by the Owner who installed the Improvements; if the Owner fails to maintain those Improvements, or those Improvements were not installed in compliance with the requirements of this Restated Declaration, the Association may, in the Board's discretion, remove part or all of the Improvements, and levy the cost of such removal as a Reimbursement Assessment against the Owner.

Section 7.3. Owner Maintenance Obligations.

(a) Maintenance of Units.

Each Owner shall be responsible, at the Owner's sole cost and expense, for the maintenance of items within the Owner's Unit, except as may be otherwise expressly provided in this Restated Declaration, in accordance with the requirements of this Restated Declaration. The Owner's maintenance responsibility for certain specific items within and/or serving the Owner's Unit shall include the following (this is not an all-inclusive list of the items within and serving the Owner's Unit for which the Owner has maintenance responsibility):

(1) The interior surfaces of the walls, partitions, ceilings, floors, windows, doors, interior door frames, and moldings within the Owner's Unit.

(2) All window panes and glass exclusively serving the Owner's Unit.

(3) All plumbing fixtures, lighting fixtures, heating and air conditioning equipment (including radiators and radiator pipes, valves and vents),

fire/life/safety equipment, cabinets, and appliances within the Owner's Unit and exclusively serving same.

(4) All telephone wiring, television, audio, video internet cables, wiring, connections and equipment exclusively serving the Owners' Unit wherever located.

(b) Maintenance of Exclusive Use Common Areas.

Each Owner shall generally be responsible, at the Owner's sole cost and expense, for the maintenance only (and not the repair or replacement) of items within the Owner's Exclusive Use Common Areas, in accordance with the requirements of this Restated Declaration. An Owner shall only be responsible for the maintenance, repair and replacement of items within and a part of the Owner's Exclusive Use Common Areas if so provided in this Restated Declaration. Each Owner shall be responsible for the replacement of light bulbs located in and exclusively serving the Owner's Exclusive Use Common Areas that are actuated from a light switch located within the Owner's Unit.

(c) Failure to Maintain.

If an Owner fails to maintain any Improvement or other item the Owner is obligated to maintain, the Association has the power, but not the duty, to perform the maintenance, including corrective janitorial and repair work. In a situation that the Association determines to be an emergency, the Association may perform the maintenance immediately; in all other cases, the Association may perform the maintenance after notice and a disciplinary hearing in accordance with the provisions of the Bylaws. For purposes of the foregoing sentence, an "emergency" is any situation where there is an imminent risk of injury to Persons or damage to property within the Development. The cost of any such corrective work shall be levied against the Owner as a Reimbursement Assessment.

(d) Notification of Defective Conditions to Association.

Owners are obligated to promptly notify the Association of any defective condition that is the responsibility of the Association to maintain or repair which is evident from within the Owner's Unit or any Exclusive Use Common Area serving the Owner's Unit. The Association may, in the Board's sole discretion, hold an Owner responsible for any costs incurred by the Association, or for any damage

to the Owner's Unit, other Units or the Common Area, resulting from the Owner's delay in reporting evidence of such defective condition to the Association.

(e) Adoption of Specific Maintenance Requirements.

The Board shall have the power to adopt, as Rules, specific guidelines and requirements for the maintenance of items within and a part of the elements of the Units in order to help ensure for the proper preservation and protection of the Common Area and/or the Development as a whole.

Section 7.4. Association Maintenance Obligations.

The Association shall be responsible for the maintenance of those items for which the maintenance is not allocated to the Owners in this Restated Declaration, subject to an Owner's obligation to reimburse the Association for costs incurred by the Association for such maintenance due to damage caused by or resulting from the negligence, acts, omissions, or willful misconduct of the Owner, a Resident of the Owner's Unit, or an Invitee of either. That responsibility includes, without limitation, the foregoing items: (1) foundation and structural components of building; (2) outdoor surfaces of building walls; stairways, light wells, handrails, and gates that are not inside the Units; building entry doors, access control systems, hallways, lobby, garage door, boiler, water heater, water storage tanks, electrical and gas systems; (3) roof, gutters, and downspouts; (4) doors, door frames, and door hardware for front entry doors serving each Unit (except for interior door painting which shall be an Owner's responsibility); (5) windows enclosing the Owner's Unit, wherever located, including the parts, equipment, screens, but not including the window panes or glass; (6) lighting fixtures serving the Common Areas, including the exclusive parking area easement; (7) driveway and walkways; (8) landscaping; (9) recreational facilities; and (10) utilities running through the Unit which are utilized for, or serve more than one Unit.

Section 7.5. Eradication of Wood-Destroying Pests.

The Association shall be responsible for the prevention and eradication of infestation by wood-destroying pests and organisms (collectively, "***Pests***") in the Common Area. The Association may, if determined by the Board to be economically feasible, adopt an inspection and prevention program for the prevention and eradication of infestation by Pests within the entire Development, including both the Common Area and the Units. If the Association does not adopt such program, each

Owner shall be responsible for the prevention and eradication of infestation by Pests within his or her Unit.

The Association may cause the temporary, summary removal of any Owner, Resident, or Invitee from a Unit for such periods and at such times as may be necessary for prompt, effective treatment of Pests. The Association shall give notice of the need to temporarily vacate a Unit to the Residents and Owners of such Unit not less than fifteen (15) days nor more than thirty (30) days prior to the date of the temporary relocation. The notice shall state the reason for the temporary relocation, the date and time of the beginning of treatment, the anticipated date and time of termination of treatment, and that the Residents will be responsible for their own accommodations during the temporary relocation. Notice by the Association shall be deemed complete upon either: (1) personal delivery of a copy of the notice to the Residents of the Unit, and if the Owner of the Unit is not one of the Residents, Individual Delivery of a copy of the notice to the Owner; or (2) Individual Delivery to the Residents of the Unit at the address of the Unit, and if the Owner is not one of the Residents of the Unit, Individual Delivery of a copy of the notice to the Owner.

Section 7.6. Damage to Units.

(a) Owner Responsibility.

Each Owner shall be responsible for repairing and restoring any damage to the Owner's Unit, whether such damage is caused by fire, water intrusion, or other casualty, including, but not limited to, the abatement of mold. This obligation shall apply no matter the cause or source of the damage, including, but not limited to, an Improvement or item located within the Common Area or another Unit, and whether or not an insurance policy carried by the Association may cover any portion of the cost to repair or restore such damage.

(b) Association Liability.

The Association shall not be financially liable for any costs incurred by an Owner to repair or restore any damage to the Owner's Unit (including but not limited to any costs incurred by an Owner to perform the remediation of mold within the Owner's Unit), caused by or resulting from pipes, drains, conduits, appliances, equipment, electrical sources, roofs, or any other Improvement or item located within and a part of the Common Area, unless such damage was caused by the willful

misconduct or gross negligence of the Association or any of its Directors, officers, agents, representatives, or employees. In no event shall the Association be liable for damage to a Unit caused by an Owner, Resident, or Invitee, or resulting from an Improvement or item which is located within another Unit and/or the responsibility of an Owner. Notwithstanding the foregoing, if the Association performs any maintenance, repair, or remediation work within a Unit to abate water or other substances, or damage, within the Unit in order to protect and preserve the Common Area or other items for which the Association is responsible, such action by the Association shall not be deemed to be an admission or acceptance of liability for any damage to an Owner's Unit.

(c) Insurance.

Each Owner shall maintain the insurance coverage and policies required of Owners under Section 9.3 of this Restated Declaration. An Owner shall be required to submit a claim against his or her personal insurance policy for any damage to his or her Unit, to the extent such damage is not covered by an insurance policy maintained by the Association pursuant to Section 9.1 of this Restated Declaration and/or the cost to repair or restore such damage is less than the deductible amount under the insurance policy or policies maintained by the Association pursuant to Section 9.1 of this Restated Declaration. There is no guarantee that any insurance policy maintained by the Association pursuant to this Restated Declaration will cover any damage to a Unit, and each Owner should presume that there will be no such coverage.

(d) Owner-to-Owner Disputes.

Nothing contained in this Section 7.6 shall be construed to limit the ability of an Owner to recover from any other Person (Owner, Resident, Invitee, or otherwise) costs incurred by such Owner in the repair and restoration of damage to the Owner's Unit caused by and/or the responsibility of such Person.

(e) Personal Property.

Each Owner and Resident shall be responsible, at his or her sole cost, to repair, restore, and replace any personal property located within the Owner's or Resident's Unit or Exclusive Use Common Area that is damaged, no matter the cause or source of such damage, including, but not limited to, furniture, rugs, light fixtures, appliances, electronics, clothing, art work, and all other items, belongings,

and possessions of the Owner or Resident. Under no circumstance shall the Association have any liability for damage to the personal property of any Owner, Resident or Invitee.

Section 7.7. Temporary Relocation Costs.

The costs of temporary relocation of an Owner or Resident during the repair and/or maintenance of (1) any portion of the Common Area or other areas of the Development within the responsibility of the Association, by the Association, or (2) any portion of a Unit due to damage to the Unit, from any cause or source, shall be borne solely by the Owner and Residents of the Unit affected. The Association shall have no responsibility for any lodging, food, transportation, parking, loss of use, or other costs or expenses incurred by an Owner or Resident related to such temporary relocation.

ARTICLE VIII
ARCHITECTURAL AND DESIGN CONTROL

Section 8.1. Architectural Review Committee.

The Board of Directors has the discretion to appoint a committee to oversee architectural and design modifications within the Development (the "***Architectural Review Committee***"). The Architectural Review Committee, if formed, shall be comprised of three (3) persons, who must be Members but who do not need to be Directors. Architectural Review Committee members shall be appointed by, and serve at the pleasure of, the Board. Architectural Review Committee members shall not receive any compensation for their services, however an Architectural Review Committee member may be reimbursed for actual expenses that he or she incurs in the performance of his or her duties as a member of the Architectural Review Committee, subject to any reimbursement requirements established by the Board. If the Board does not appoint an Architectural Review Committee, for the purposes of this Restated Declaration the Board shall be deemed to be the Architectural Review Committee, with the number of Architectural Review Committee members to be equal to the number of Board members then serving, notwithstanding any other limitation or requirement set forth herein.

Section 8.2. Design Guidelines.

The Architectural Review Committee may, from time to time, promulgate architectural and design control guidelines (the "***Design Guidelines***"). The Design Guidelines shall be subject to Board review and approval, shall be considered Rules of the Association, and must be adopted by the Board in the same manner as the other Rules and Regulations of the Association. The Design Guidelines may describe aesthetic and design requirements, procedures for the review of plans and specifications for proposed Improvements, and approval standards. The Design Guidelines may, among other things, require: a fee to accompany each application for approval (such fees may be uniform, or may be determined in any other reasonable matter); and/or an applicant to obtain signatures of adjacent Owners, evidencing that such Owners have been notified of the proposed Improvement (provided, however, this shall not create any power to approve or disapprove an application by such Owners).

Section 8.3. Review of Plans and Specifications.

(a) No Improvement of any kind shall be commenced, installed, erected, painted, or maintained within the Common Area, including, without limitation, any Exclusive Use Common Area, nor shall any exterior or structural alteration be made to any Unit, until the plans and specifications for such Improvement have been approved in writing by the Architectural Review Committee. Plans and specifications showing the nature, kind, shape, color, size, materials, and location of a proposed Improvement shall be submitted to the Architectural Review Committee for approval as to quality of workmanship and design and harmony of external design with existing structures and as to location in relation to surrounding structures. In addition to the plans and specifications submitted, the Architectural Review Committee may identify additional factors which it will consider in reviewing submissions, and may require the applicant to provide detailed information such as floor plans, elevation drawings, descriptions of materials, and samples of colors.

(b) The Architectural Review Committee also has the power, but not the duty, to retain Persons to advise it in connection with review of applications, including paid professional consultants, and may collect from the applicant a review

fee to cover the amount paid to a professional consultant in the review of the applicant's application.

(c) The Architectural Review Committee may approve an application only if it determines that: (1) the proposed Improvement in the location proposed will not be detrimental to the appearance of the Development as a whole; (2) the appearance of the proposed Improvement will be in harmony with the existing Improvements and the overall design theme in the Development; (3) the proposed Improvement will not detract from the beauty, wholesomeness, and attractiveness of the Development, or the enjoyment of the Development by the Owners; (4) maintenance of the proposed Improvement will not become a burden on the Association; (5) the proposed Improvement is consistent with the Governing Documents; and (6) the proposed Improvement does not violate any known governing provision of law, including, but not limited to state and federal fair housing laws, building codes, or other applicable laws governing land use or public safety.

(d) In the event the Architectural Review Committee fails to approve or disapprove plans and specifications for a proposed Improvement within sixty (60) days after the plans and specifications have been submitted to it, the plans and specifications shall be deemed to be disapproved; provided, however, those plans and specifications shall be subject to reconsideration as provided in subsection (d) of Section 8.4. Notwithstanding the foregoing, if an application for the installation and use of an electric vehicle charging station is not denied in writing within sixty (60) days from the date of receipt of the application by the Architectural Review Committee, the application shall be deemed approved, and/or if an application for the installation and use of a solar energy system is not denied in writing within forty-five (45) days from the date of receipt of the application, the application shall be deemed approved, unless that delay is the result of a reasonable request by the Architectural Review Committee for additional information from the Owner. The affirmative vote of a majority of the members of the Architectural Review Committee shall be required for the approval or disapproval of a proposed Improvement.

(e) The Architectural Review Committee may condition its approval of an application for any proposed Improvement on any one or more of the following: (1) the applicant's agreement to furnish the Association with security acceptable to the

Association against any mechanic's lien or other encumbrance which may be recorded against the Common Area or another Owner's Unit as a result of such work; (2) such changes to the application as the Architectural Review Committee deems appropriate; (3) the applicant's agreement to install water, gas, electrical, or other utility meters to measure any increased utility consumption; (4) the applicant's agreement to reimburse the Association for the cost of maintaining the Improvement (should the Association agree to accept maintenance responsibility for the Improvement as built); (5) the applicant's agreement to complete the proposed work within a stated period of time; and/or (6) the applicant depositing with the Association a refundable security deposit in an amount the Architectural Review Committee determines to be appropriate to cover the cost of repairing or restoring damage to the Common Area that is reasonably foreseeable.

(f) The Architectural Review Committee may authorize pre-approval of specified types of construction activities if, in the exercise of the Architectural Review Committee's judgment, such pre-approval is appropriate in carrying out the purposes of the Governing Documents.

Section 8.4. Approval Standards.

(a) A decision by the Architectural Review Committee on a proposed Improvement shall be made in good faith and may not be unreasonable, arbitrary, or capricious.

(b) Notwithstanding any contrary provision of the Governing Documents, a decision on a proposed Improvement may not violate 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), or a building code or other applicable law governing land use or public safety.

(c) A decision on a proposed Improvement shall be in writing. If a proposed Improvement is disapproved, the written decision of the Architectural Review Committee shall include both an explanation of why the proposed Improvement is disapproved and a description of the procedure for reconsideration of the decision by the Board.

(d) If a proposed Improvement is disapproved by the Architectural Review Committee, the applicant is entitled to reconsideration by the Board.

(1) A written request for reconsideration must be received by the Board not more than thirty (30) days following notice of the decision of the Architectural Review Committee. Within thirty (30) days following receipt of the request for reconsideration, the Board shall reconsider the proposed Improvement at an open meeting of the Board. The Board shall render its written decision to the applicant within thirty (30) days after the Board meeting. The failure of the Board to render a decision within said thirty (30) day period shall be deemed approval of the proposed Improvement.

(2) The foregoing provision does not require reconsideration of a decision that is made by the Board.

(3) Reconsideration by the Board does not constitute "dispute resolution" as described in the provisions of the Davis-Stirling Act relating to internal dispute resolution.

(e) Decisions of the Architectural Review Committee and the Board, as applicable, shall comply with the requirements of the Governing Documents and be consistent with the notice of requirements for Association approval of physical changes to the Property provided to the Members on an annual basis pursuant to the Davis-Stirling Act.

(f) Approval by the Architectural Review Committee or the Board of any Improvement shall not be construed by any Person to constitute a finding that the Improvement: (1) incorporates good engineering practices; (2) complies with applicable laws, ordinances, codes, or regulations, including zoning laws or building and safety codes; (3) complies with the requirements of any public utility; or (4) is permissible under the terms of any easement, license, permit, mortgage, deed of trust, or other recorded or unrecorded instrument (other than the Governing Documents) that affects the Property.

Section 8.5. Work Requirements.

(a) The installation, erection, painting, and maintenance of any Improvement approved by the Architectural Review Committee that is performed by an Owner shall:

(1) Comply with all applicable laws, ordinances, codes, or regulations, including zoning laws and building and safety codes, and the requirements of any public utility.

(2) Be performed by a contractor that (A) is licensed with the California Contractors State License Board, as may be required by the State of California for the type and dollar amount of work the contractor has been engaged to perform, and (B) maintains workers compensation insurance with limits no less than those required of the contractor by the State of California; proof of a contractor's license status and worker's compensation insurance coverage shall be provided by the Owner to the Association upon the Architectural Review Committee's request.

(3) Commence within ninety (90) days from the date of approval of the work, unless the Architectural Review Committee approves a longer commencement period in writing, and thereafter be diligently pursued to completion; if an Owner fails to commence the approved work within such ninety (90) day period (or such longer commencement period approved by the Architectural Review Committee, as may be applicable), the approval of the Architectural Review Committee shall be null and void, and the Owner may resubmit an application with the Architectural Review Committee for consideration of the Owner's proposed Improvement, in accordance with the provisions of this Article VIII.

(b) The Architectural Review Committee shall have the right and power to approve work in progress to assure conformity with approved plans and specifications. This right to inspect includes the right to require any Owner to take such action as may be necessary to remedy (including removal of) any noncompliance with the plans and specifications approved for the work or with the requirements of this Restated Declaration (a "***Noncompliance***").

(c) When the work is complete, the Owner shall immediately provide the Architectural Review Committee with written notice of completion of the work, pursuant to such process and on such forms as may be prescribed by the Architectural Review Committee. The right of the Architectural Review Committee to inspect the work and notify the responsible Owner of any Noncompliance shall terminate on the date that is sixty (60) days after the date on which the Architectural Review Committee has received written notice from the Owner that the work is complete. If the Architectural Review Committee fails to send a written notice of Noncompliance to an Owner before this time limit expires, the work shall be deemed to comply with the approved plans and specifications.

Section 8.6. Noncompliance.

A Noncompliance shall be deemed to exist if an Improvement that requires the approval of the Architectural Review Committee is: (1) commenced or completed without prior written approval by the Architectural Review Committee; (2) an Improvement is not completed within the time limit established by the Architectural Review Committee in its approval; (3) an Improvement is not completed in substantial conformity with the approved plans and specifications; or (4) if no time limit is established by the Architectural Review Committee, the Owner fails to complete the work within one (1) year after the date on which the application was approved. In the event of a Noncompliance, the Architectural Review Committee has the right, but not the obligation, to deliver a written notice of Noncompliance to the violating Owner, and the Association may, but is not required to, pursue the remedies set forth in this Section 8.6.

The Architectural Review Committee shall notify the Board in writing when an Owner fails to remedy any Noncompliance within thirty (30) days after the date of the notice of the Noncompliance. After notice and a disciplinary hearing before the Board, the Board shall determine whether there is a Noncompliance, and, if so, the nature thereof and the estimated cost of correcting or removing same. If a Noncompliance is determined to exist, the Owner shall remedy or remove the Noncompliance within a period of not more than thirty (30) days from the date that notice of the Board ruling regarding the Noncompliance is given to the Owner. If the Owner does not comply with the Board's ruling within that period, the Association may record a "Notice of Noncompliance" (if allowed by law), correct the Noncompliance, and levy a Reimbursement Assessment against the Owner for

the costs incurred by the Association related to same, or commence an action for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

Section 8.7. Variances.

The Architectural Review Committee may authorize variances from compliance with any of the architectural and design control provisions of this Restated Declaration, the Design Guidelines, or the other Governing Documents, including restrictions on height, size, floor area, placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental considerations require. Variances must be evidenced in writing and must be signed by a majority of the Board. If variances are granted, no violation of this Restated Declaration shall be deemed to have occurred concerning the matter for which the variances were granted. The granting of a variance does not waive any of the provisions of this Restated Declaration for any purpose except as to the particular property and particular provision of this Restated Declaration covered by the variance, nor does it affect the Owner's obligation to comply with all laws affecting the use of that Owner's Unit. Any costs incurred by the Association in relation to the granting of a variance shall be levied against the Owner as a Reimbursement Assessment. No variance shall conflict with local ordinances or any specific plan of development for the Property.

Section 8.8. Exculpation of Architectural Review Committee.

Each Owner is deemed to agree that neither the Architectural Review Committee, nor the Board, nor the members thereof, nor the Association shall be liable to any Person for: (1) any matter outside the scope of approval of the Architectural Review Committee; (2) any defect in any Improvement constructed by or on behalf of the Owner pursuant to an approved application; (3) any loss, damage, or injury to Persons or property arising out of or in any way connected with work performed by or on behalf of an Owner pursuant to an approved application; or (4) any loss, damage, or injury to Persons or property arising out of or in any way connected with the performance of the duties of the Architectural Review Committee under this Article VIII, unless due to the willful misconduct or gross negligence of such person. All Architectural Review Committee members shall be covered by the directors and officers liability insurance policy maintained by the Association.

ARTICLE IX
INSURANCE

Section 9.1. Association Insurance Requirement.

The Association shall obtain and maintain the policies of insurance described in this Section 9.1.

(a) Fire and Casualty Insurance.

The Association shall obtain and maintain a policy or policies of fire and casualty insurance with extended coverage, special form, without deduction for depreciation, for the full replacement value of insurable Improvements in the Common Area and property owned by the Association. The Association may, but is not required, to purchase earthquake insurance and other types of casualty insurance, in the Board's discretion, as described in this Restated Declaration.

(b) General Liability Insurance.

The Association shall obtain and maintain a policy or policies of commercial general liability insurance, including coverage for bodily injury, emotional distress, wrongful death, and property damage. Such insurance shall insure the Association, the Board, the Directors, the officers of the Association, the Owners, and any appointed manager, managing agent or management company of the Association against any liability to the public or to any Owner, Resident, or Invitee arising from the activities of the Association and the Owners on the Common Area and in any Unit owned by the Association. The general liability insurance required by this subsection (b) shall be in an amount of not less than two million dollars ($2,000,000) per occurrence, or such other minimum coverage amount as may be required by the Davis-Stirling Act to offer civil liability protection to the Owners from causes of action in tort arising solely by reason of an Owner's ownership interest in the Common Area.

(c) Directors and Officers Liability Insurance.

The Association shall obtain and maintain a policy or policies of insurance covering Directors and officers of the Association for negligent acts or omissions in that capacity. The insurance required by this subsection (c) shall be in an amount of not less than five hundred thousand dollars ($500,000) per occurrence, or such other minimum coverage amount as may be required by the Davis-Stirling

Act to offer individual liability protection to volunteer Directors and officers of the Association. Members of the Architectural Review Committee and other members of Association committees shall also be covered under the insurance required by this subsection (c).

(d) Fidelity Insurance.

The Association shall obtain and maintain a policy or policies of fidelity insurance coverage for any Person handling funds of the Association, whether or not such Persons are compensated for their services, in an amount no less than the estimated maximum of funds, including Reserve Accounts, in the custody of the Person during the term of the insurance. The aggregate amount of the fidelity insurance coverage may not be less than the sum equal to three (3) months of Regular Assessments plus the Reserve Accounts.

(e) Other Insurance.

The Association may obtain and maintain such other insurance policy or policies as the Board, in its sole discretion, deems reasonable and/or necessary. Such other insurance coverage may include, without limitation: (1) worker's compensation insurance, to the extent necessary to comply with applicable laws; (2) flood insurance, if the Development is, or becomes, located in an area designated by an appropriate governmental agency as a special flood hazard area; (3) earthquake insurance; (4) demolition insurance, in an amount that is sufficient to cover any demolition that occurs following the total or partial destruction of the Development and a decision not to rebuild; (5) increased cost of construction and contingent liability insurance; and (6) insurance that meets the requirements for condominium developments established by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Association, during such time that any of these entities is known by the Board to be a Mortgagee or Owner of a Condominium in the Development.

(f) Insurance Policy Review.

The Board shall periodically, but not less than once each fiscal year, review the Association's insurance policies and make adjustments to the terms and conditions of such policies as the Board considers to be in the best interests of the Association. That review shall include an appraisal by a qualified appraiser of the current replacement costs of all Improvements and property covered under the

Association's fire and casualty insurance policy, unless the Board is satisfied that the current dollar limit of such policy, coupled with the balance of the then current Reserve Accounts, is equal to or greater than the current replacement costs.

(g) Failure to Acquire Insurance.

The Association and its Directors and officers shall have no liability to any Owner or Mortgagee if, after a good faith effort, the Association is unable to obtain any insurance required under this Section 9.1 because: (1) the insurance is no longer commercially available; (2) the insurance, if commercially available, can be obtained only at a cost that the Board, in its sole discretion, determines to be unreasonable under the circumstances; or (3) the Members fail to approve any Regular Assessment increase or Special Assessment necessary to fund the premium for the insurance. In such event, the Board shall, as soon as is practicable, notify each Member and Mortgagee that the specific insurance will not be obtained or maintained.

Section 9.2. Specific Association Insurance Provisions.

The policies of insurance obtained and maintained by the Association shall be subject to the provisions of this Section 9.2.

(a) Insurance Premiums.

Premiums for insurance policies obtained and maintained by the Association shall be common expenses paid from Regular Assessments and, as applicable, Special Assessments. Notwithstanding the foregoing, if there is an increase in the premium for any insurance policy obtained or maintained by the Association due to the negligence, willful acts, or omissions of an Owner, a Resident of the Owner's Unit, or an Invitee of either, such Owner shall be responsible for the increase in that premium, the cost of which shall be levied as a Reimbursement Assessment against the Owner after notice and a hearing before the Board.

(b) Notice of Change in Coverage.

The Association shall, as soon as reasonably practicable, provide Individual Notice to all Members if any of the policies described in the Annual Budget Report have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, as to any of those policies. If the

Association receives any notice of nonrenewal of a policy described in the Annual Budget Report, the Association shall immediately notify its Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

(c) Beneficiaries.

The Association's insurance policies shall be kept for the benefit of the Association, the Owners, and the Mortgagees, as their interests may appear of record, subject, however, to any loss payment requirements set forth in this Restated Declaration.

(d) Trustee for Policies.

The Association, acting through the Board, shall be the trustee of the interests of all named insureds under the insurance policies obtained and maintained by the Association. All insurance proceeds under any of those policies shall be paid to the Board as trustee. The Board has the authority to negotiate loss settlements with insurance carriers; the Board is authorized to make a settlement with any insurer for less than full coverage for any damage, so long as the Board acts in accordance with the standard of care for the Board and Directors established in the Bylaws and this Restated Declaration. Except as otherwise specifically provided in this Restated Declaration, the Board has the exclusive right to bind the Association and the Owners with respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of such insurance. The Board shall use proceeds received from any insurance policy carried by the Association for the repair, replacement, or restoration of the property for which the insurance was carried, or for such other purpose as may be permitted by this Restated Declaration.

(e) Filing of Claims.

Unless otherwise provided by law, no Owner may claim damage or loss against any insurance policy carried by the Association if such damage or loss would have been covered by an insurance policy required to be carried by the Owner pursuant to Section 9.3 of this Article IX and the Owner failed to purchase such insurance.

(f) Deductibles.

In the event of a property damage or loss claim for which proceeds are made available under an insurance policy carried by the Association, the responsibility for payment of any deductible applicable to such claim shall be as follows:

(1) An Owner shall be responsible for the cost of any deductible if the damage or loss covered under the claim relates solely to items owned by the Owner, or for which the Owner is responsible, including but not limited to items within the Owner's Unit. If the claim involves damage or loss to multiple Units, each of the affected Owners shall be responsible for a proportionate share of the cost of the deductible equal to the proportionate share that the value of the items owned by the Owner, or for which the Owner is responsible, included in the claim bears to the total claim amount.

(2) The Association shall be responsible for the cost of any deductible if the damage or loss covered under the claim relates solely to items owned or controlled by the Association, or for which the Association is responsible, including but not limited to Improvements in the Common Area.

(3) If the claim involves damage or loss to one (1) or more Units and the Common Area, then the following shall occur: each of the affected Owners shall be responsible for a proportionate share of the cost of the deductible equal to the proportionate share that the value of the items owned by the Owner, or for which the Owner is responsible, included in the claim bears to the total claim amount; and the Association shall be responsible for a proportionate share of the cost of the deductible equal to the proportionate share that the value of the items owned or controlled by the Association, or for which the Association is responsible, included in the claim bears to the total claim amount.

(4) Notwithstanding the foregoing, if any Common Area damage or loss (including, but not limited to, any damage or loss to any Exclusive Use Common Area) is caused by the negligence, willful acts, or omissions of an Owner, a Resident of the Owner's Unit, or an Invitee of either, such Owner shall be liable for the cost of the deductible. In such case, the cost of the deductible shall be levied against the Owner as a Reimbursement Assessment, after notice and a hearing before the Board.

(5) The Board may deviate from the procedures set forth in this subsection (f) if, in the Board's sole discretion, such deviation is reasonable under the circumstances and compliant with the law.

(g) Waiver of Subrogation.

Any insurance maintained by the Association shall contain "waiver of subrogation" as to the Association and its Directors, officers, the Owners and Residents and Mortgagees, and, if obtainable, cross liability endorsements or severability of endorsements insuring each insured against the liability of each other insured.

Section 9.3. Owner Insurance Requirements.

(a) Property Damage and General Liability Insurance.

Each Owner is responsible for insuring his or her personal property located within the Development. Each Owner is also responsible for insuring all finishes, fixtures and Improvements in and comprising the Owner's Unit against fire and other casualty, including, but not limited to: interior walls and doors; ceiling, floor and wall surface materials; utility fixtures; cabinets; built-in appliances; heating and air-conditioning systems; and any equivalent replacements to the foregoing. Nothing in this Restated Declaration precludes any Owner from carrying public liability insurance as he or she may deem reasonable, however, such insurance coverage may not adversely affect or diminish any coverage under any of the Association's insurance policies. If any loss intended to be covered by insurance carried by or on behalf of the Association occurs and the proceeds payable are reduced due to insurance carried by an Owner, such Owner shall assign the proceeds of the Owner's insurance to the Association, to the extent of such reduction, for application to the same purposes as the reduced proceeds are to be applied.

(b) Renter's and Landlord's Insurance.

An Owner whose Unit is subject to a Lease shall require as a term of the Lease that the Tenant is required, at all times during the Tenant's tenancy and occupancy of the Owner's Unit, to obtain and maintain "renter's insurance" covering the replacement value of the Tenant's personal property and belongings located in the Unit from damage and loss. Such Owner shall also be required to maintain

"landlord's insurance" during the period of the Lease, under an insurance policy that covers the Owner's Unit from financial losses connected with the Unit; such policy shall cover standard perils such as fire, and, to the extent commercially available, include coverage for accidental damage, malicious damage by tenants, and rent guarantee insurance.

(c) Proof of Insurance.

Duplicate copies of the insurance policies required under this Section 9.3 shall be submitted by an Owner to the Board upon request. Notwithstanding the foregoing, the Association shall not have the obligation to confirm that any Owner or Tenant carries the insurance required under this Section 9.3 and/or confirm the terms of any insurance purchased by an Owner or Tenant.

(d) Lack of Insurance.

The Association shall not be responsible for any damage or loss to an Owner's Unit, another Unit, or the Common Area for which the Owner is responsible and the Owner does not maintain sufficient insurance coverage for the cost of repair and restoration of such damage or loss.

Section 9.4. Injury or Damage Sustained Within a Unit.

In the event any personal injury or property damage is sustained by any Person while physically within a Unit, the Owner who owns such Unit shall be liable for that injury or damage. Such Owner shall be required to indemnify, defend, and hold harmless the Association, the Association's Directors, officers, agents, representatives and employees, and the other Owners from and against any and all claims, actions, causes of action, expenses, costs, and liabilities resulting from or in connection with the personal injury or property damage, except to the extent that the negligence or willful misconduct of any of the foregoing indemnitees caused, or contributed to, the injury or damage. In the event of joint ownership of a Unit, the liability of the Owners of the Unit for such bodily injury and property damage shall be joint and several.

ARTICLE X
DAMAGE OR DESTRUCTION

Section 10.1. Restoration Defined.

As used in this Article X, the term "***restore***" shall mean repairing, rebuilding and/or reconstructing Improvements damaged or destroyed as a result of a fire or other casualty to substantially the same condition and appearance in which they existed prior to such fire or other casualty damage.

Section 10.2. Insured Casualty.

If any Improvement is damaged or destroyed from a risk covered by insurance maintained by the Association and the insurance proceeds are sufficient to cover the loss, then the Association, to the extent permitted under existing laws and except as otherwise provided under this Article X, shall restore the Improvement to the same condition as it was in immediately prior to the damage or destruction. The Association shall proceed with the filing and adjustment of all claims related to the damage or destruction which arise under the Association's existing insurance policies. The insurance proceeds shall be paid to and held by either the Association or an insurance trustee designated by the Board, which shall be a commercial bank or other financial institution with trust powers in the County that agrees in writing to accept such trust. Said insurance proceeds shall be held and expended for the benefit of the Owners and their Mortgagees, as their respective interests appear on record.

Section 10.3. Inadequate Insurance Proceeds or Uninsured Loss.

If the insurance proceeds are insufficient to restore the damaged Improvement or the loss is uninsured, the Board shall add to any available insurance proceeds all Reserve Account funds designated for the repair or replacement of the damaged Improvement. If the total funds then available are sufficient to restore the damaged Improvement, the Improvement shall be restored. If the aggregate amount of insurance proceeds and such Reserve Account funds are insufficient to pay the total costs of restoration, a Special Assessment shall be levied by the Board up to the maximum amount permitted without the approval of the Members in accordance with the limitations set forth in this Restated Declaration and by law. If the total funds then available are sufficient to restore the damaged Improvement, the Improvement shall be restored. However, if the total funds available to the

Association are still insufficient to restore the damaged Improvement, then the Board first shall attempt to impose a "Restoration Assessment" pursuant to Section 10.4, and, second, use a plan of alternative reconstruction pursuant to Section 10.5. If the Members do not approve such actions, then the provisions of Section 10.6 shall apply.

Section 10.4. Restoration Assessment.

If the total funds available to restore the damaged Improvement as provided in Section 10.3 are insufficient, then a meeting of the Members shall be called for the purpose of approving a Special Assessment to make up all or a part of the deficiency (the "***Restoration Assessment***"). If the amount of the Restoration Assessment approved by the Members and the amounts available pursuant to Section 10.3 are insufficient to restore the damaged Improvement, or if no Restoration Assessment is approved, the Association shall consider a plan of alternative reconstruction in accordance with Section 10.5. Any Restoration Assessment levied to cover a shortfall in available repair proceeds shall be allocated to each Owner based upon the rate of Assessments set forth in Section 4.9 of this Restated Declaration.

Section 10.5. Alternative Reconstruction.

The Board shall consider and propose plans to reconstruct the damaged Improvement making use of whatever funds are available to the Association pursuant to Section 10.3 and Section 10.4 (the "***Alternative Reconstruction***"). All proposals shall be presented to the Owners. If two-thirds (2/3) of the voting power of the Owners whose Units were materially damaged as determined by the Board (the "***Affected Owners***") and a majority of the voting power of the Members, including the Affected Owners, agree to any plan of Alternative Reconstruction, then the Board shall contract for the reconstruction of the damaged Improvement in accordance with the plan of Alternative Reconstruction, making use of whatever funds are then available to it. If no plan of Alternative Reconstruction is agreed to, then the provisions of Section 10.6 shall apply.

Section 10.6. Sale of All Units.

If the damage renders one or more of the Units uninhabitable, and the Improvements will not be restored in accordance with the provisions of Sections 10.3, 10.4, and/or 10.5, the Board, as the attorney-in-fact for each Owner of a Unit,

shall be empowered to sell the Units in their then present condition on terms to be determined by the Board. The proceeds from the sale, together with the insurance proceeds received and any Reserve Account funds, after deducting therefrom the Association's sale expenses, including commissions, title and recording fees, legal costs, a contingency fund for dissolution of the Association, and payment of its debts and contingent liabilities, and that portion of the proceeds allocated for the removal of the damaged building(s), shall be distributed among the Owners and their respective Mortgagees in proportion to the respective fair market values of the Condominiums immediately prior to the date of the event causing the damage, as determined by an independent appraisal made by a qualified real estate appraiser selected by the Board. Thereafter, the Board shall wind-up and dissolve the Association.

Section 10.7. Restoration of Partition Rights.

Notwithstanding anything to the contrary contained herein, if the damage has rendered any Unit uninhabitable and (1) within one year of the date of the occurrence of the damage, the Association has either not elected to repair the damage under the provisions of Sections 10.2, 10.3, 10.4, or 10.5 or has elected to repair the damage but has not commenced and diligently pursued the repair work or (2) the Association has not commenced and diligently pursued the sale of the Development as authorized under Section 10.6, the restriction against partition described in Section 2.12 of this Restated Declaration shall be null and void and any Owner may bring a partition action under the authority of the Davis-Stirling Act.

Section 10.8. Rebuilding Contract.

If there is a determination to restore, the Board or its authorized representative shall obtain bids from at least two (2) licensed and reputable contractors, and shall contract for the repair and reconstruction work with whomever the Board determines to be in the best interests of the Members. The Board shall have the authority to enter into a written contract with the contractor for such repair and reconstruction, and the repair and reconstruction funds shall be disbursed to the contractor according to the terms of the contract and in accordance with standard construction industry procedures. The Board shall take all steps necessary to assure the commencement and completion of the authorized repair and reconstruction at the earliest possible date. Such construction shall be commenced no later than one hundred eighty (180) days after the event requiring reconstruction, subject to delay due to extenuating

circumstances outside of the Board's reasonable control, and shall thereafter be diligently prosecuted to completion. Such construction shall return the Development to substantially the same condition and appearance in which it existed prior to the damage or destruction.

Section 10.9. Interior Unit Repairs.

Notwithstanding the foregoing provisions of this Article X, with the exception of any casualty or damage covered by insurance maintained by the Association, repair and restoration of any damage to the interior of any individual Unit, including, but not limited to, all fixtures, cabinets, and Improvements therein, together with the restoration and repair of all interior paint, wall coverings, and floor coverings, must be made by and at the sole expense of the Owner of the Unit so damaged, in a good and workmanlike manner. Notwithstanding the foregoing sentence, in the event that insurance proceeds are available under any fire and casualty insurance, earthquake insurance, and/or other insurance policy maintained by the Association after all of the Common Area damage has been repaired and reconstructed, the Association shall be responsible to use such proceeds for the repair and restoration of the interior items within a damaged Unit or Units, including, but not limited to, the fixtures, Improvements, and alterations that are a part of the building's structure, and appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security, or housekeeping, to the extent applicable.

ARTICLE XI
EMINENT DOMAIN

Section 11.1. Total Sale or Taking.

If there is a total sale or taking of the Development, meaning a sale or taking that (1) renders more than fifty percent (50%) of the Units uninhabitable (such determination to be made by the Board in the case of a sale, and by the court in the case of a taking) or (2) that renders the Development as a whole uneconomical as determined by the vote or written consent of seventy-five percent (75%) of the Owners and their respective First Mortgagees whose Units will remain habitable after the taking, the right of any Owner to partition through legal action as described in Section 2.12 of this Restated Declaration shall revive immediately. However, the determination that there is a total sale or taking must be made before the proceeds

from any sale or award are distributed. The proceeds of any such total sale or taking of the Development, together with the proceeds of any sale pursuant to any partition action, after payment of all expenses relating to the sale, taking or partition action, shall be paid to all Owners and to their respective 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.

Section 11.2. Partial Sale or Taking.

In the case of a partial sale or taking of the Development, meaning a sale or taking that is not a total taking as described in Section 11.1, the proceeds from the sale or taking shall be paid or applied in the following order of priority and any judgment of condemnation shall include the following provisions as part of its terms:

(a) To the payment of the expenses of the Association in effecting the sale or to any prevailing party in any condemnation action to whom such expenses are awarded by the court to be paid from the amount awarded; then

(b) To Owners and their respective Mortgagees as their interests may appear of record whose Units have been sold or taken in an amount up to the fair market value of such Units, as determined by the Court in the condemnation proceeding or by an independent qualified appraiser selected by the Board, less such Owner's share of expenses paid pursuant to the preceding subsection (a) (which share shall be in allocated on the basis of the fair market value of the Condominium); after such payment, the recipient shall no longer be considered an Owner, and the Board or individuals authorized by the Board acting as attorney-in-fact of all Owners shall amend the Condominium Plan, the subdivision map (if necessary), and this Restated Declaration to eliminate from the Development the Unit so sold or taken and to adjust the undivided ownership interests of the remaining Owners in the Common Area based on the ratio that each remaining Owner's undivided interest bears to all of the remaining Owners' undivided interest in the Common Area; then

(c) To any remaining Owner and to his or her Mortgagees, as their interests may appear, whose Unit has been diminished in fair market value as a result of the sale or taking disproportionately to any diminution in value of all remaining Units but, as of a date immediately after any announcement of condemnation, in an amount up to the disproportionate portion of the total diminution in value; then

(d) To all remaining Owners and to their respective Mortgagees, as their interests may appear of record, the balance of the sale proceeds or award in proportion to the ratio that the fair market value of each remaining Owner's Unit bears to the fair market value of all remaining Owners' Units, as determined by the court in the condemnation proceeding or by an independent qualified appraiser selected by the Board.

Section 11.3. Representation by Association.

The Association shall represent the Owners and their respective Mortgagees in any condemnation proceedings involving the Development, and the Board may engage in negotiations, settlements, and agreements with the condemning authority for acquisition of all or part of the Common Area. Each Owner, by acceptance of a deed to a Unit, irrevocably appoints the Association as his or her attorney-in-fact to represent the Owners in any such proceedings.

ARTICLE XII
RIGHTS OF MORTGAGEES

Section 12.1. Mortgages Permitted.

Any Owner may encumber his or her Condominium with a mortgage.

Section 12.2. Subordination.

Any Assessment lien established under the provisions of this Restated Declaration is expressly made subject to and subordinate to the rights of any first mortgage that encumbers any Unit, made in good faith and for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such mortgage, unless the Mortgagee expressly subordinates its interest in writing to such lien. The transfer of ownership of a Unit and its appurtenant percentage interest in the Common Area, as the result of the exercise of a power of sale or a judicial foreclosure involving a default under the first mortgage, shall extinguish the lien of Assessments which were due and payable prior to the transfer of the ownership interest. No transfer of an ownership interest, as the result of a foreclosure or exercise of a power of sale, shall relieve the new Owner, whether it be the former mortgagee or beneficiary of the first mortgage or another Person, from liability for Assessments

thereafter becoming due or from the lien thereof. Notwithstanding the foregoing, if state statute requires the First Mortgagee or senior encumberer of a Unit to bear responsibility for a percentage and/or number of specific months of Assessments due and payable prior to the transfer of an ownership interest as the result of a foreclosure or exercise of a power of sale, such controlling statute shall obligate the First Mortgagee or senior encumberer to pay such Assessments in spite of any contrary provisions of this Section 12.2. All taxes, Assessments, and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Condominiums and not to the Property as a whole.

Section 12.3. Amendments.

(a) No amendment to this Restated Declaration shall affect the rights of any Mortgagee under any mortgage made in good faith and for value and recorded before the recordation of any such amendment, unless a Mortgagee either joins in the execution of the amendment or approves it in writing as a part of such amendment.

(b) Unless a higher percentage is required by a specific provision of this Restated Declaration, the consent of Eligible Mortgage Holders who represent at least fifty-one percent (51%) of the votes of Condominiums that are subject to mortgages held by Eligible Mortgage Holders must be obtained prior to adoption of any amendment of a material nature affecting any of the following matters:

(1) Voting rights;

(2) Assessment liens or the priority of Assessment liens;

(3) Reserves for maintenance, repair, or replacement of the Common Area Improvements;

(4) Responsibility for maintenance and repairs;

(5) Allocation of interests in the Common Area or Exclusive Use Common Areas, or the right to their use;

(6) Insurance requirements;

(7) Definition of any Unit boundary;

(8) Convertibility of Units into Common Area or vice versa;

(9) Expansion or contraction of the Development or the addition, annexation, or withdrawal of property to or from the Development;

(10) Restrictions on the leasing of Units;

(11) Restrictions on a Unit Owner's right to sell or transfer his or her Unit;

(12) Restoration or repair of the Development after damage or partial condemnation in a manner other than that specified in this Restated Declaration;

(13) Any provisions that expressly benefit Mortgagees or any insurers or guarantors of mortgages affecting Units; or

(14) Any action to terminate the legal status of the Development after substantial destruction or condemnation occurs.

(c) An Eligible Mortgage Holder who receives a written request to approve an amendment to this Restated Declaration pursuant to subsection (b) of this Section 12.3 and fails to submit a response to that request within thirty (30) days after receiving notice of the proposal shall be deemed to have approved the amendment in accordance with subsection (a) of this Section 12.3, provided the notice was delivered by certified or registered mail with a return receipt requested.

Section 12.4. Restriction on Certain Changes

Unless at least two-thirds (2/3) of the Eligible Mortgage Holders and two-thirds (2/3) of the Owners have given their prior written approval, neither the Association nor the Owners shall be entitled:

(a) By act or omission, to seek to abandon or terminate the Development as a condominium project, except for abandonment provided by statute in case of substantial loss to the Units and Common Area.

(b) To change the pro rata interest or obligations of any Condominium for purposes of levying Assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or for determining the pro rata share of ownership of each Condominium in the Common Area.

(c) To partition or subdivide any Condominium.

(d) By act or omission, to seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Association or the Owners shall not be deemed to be a transfer within the meaning of the foregoing provision.

(e) To use hazard insurance proceeds for losses to Units or the Common Area for other than the repair, replacement, or reconstruction of Improvements, except as provided by statute in case of substantial loss to the Units or Common Area.

(f) By act or omission, to change, waive, or abandon the provisions of this Restated Declaration, or the enforcement thereof, pertaining to architectural design or the exterior maintenance of the Common Area.

(g) To fail to maintain fire and extended coverage on insurable Improvements in the Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost).

Section 12.5. Right to Examine Books and Records.

The Association shall make available to First Mortgagees (and insurers and guarantors of any first mortgage), current copies of the Governing Documents and the books, records, and financial statements of the Association during normal business hours or under other reasonable circumstances. The Association may

impose a fee for providing the foregoing, which may not exceed the reasonable cost to prepare and reproduce the requested documents. On receipt of a written request from a First Mortgagee, the Association shall provide the First Mortgagee with the review of the financial statement of the Association for the immediately preceding fiscal year, within a reasonable time frame.

Section 12.6. Distribution of Insurance and Condemnation Proceeds.

No Owner, or any other party, shall have priority over any right of any First Mortgagees pursuant to their mortgages in case of distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of any Units or Common Area. Any provision to the contrary in this Restated Declaration, the Bylaws or other Governing Documents is to such extent void.

Section 12.7. Notice to Mortgagees.

(a) If any Owner is in default under any provision of this Restated Declaration or under any provision of the other Governing Documents and the default is not cured within sixty (60) days after written notice to that Owner, the Association, upon request, shall give to any First Mortgagee of such Owner a written notice of such default and of the fact that the sixty (60) day period has expired.

(b) Any mortgage holder, insurer, or guarantor may send a written request by certified mail to the Association stating both its name and address, and the address of the Condominium of which it holds, insures, or guarantees a mortgage, to receive timely written notice of any of the following:

(1) Any condemnation or casualty loss that affects either a material portion of the Development or the Condominium securing the mortgage;

(2) Any sixty (60) day delinquency in the payment of Assessments or charges owed by the Owner of any Unit encumbered by the holder's, insurer's, or guarantor's mortgage;

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

(4) Any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders.

Section 12.8. Breaches of Restated Declaration.

No breach of any provision of this Restated Declaration shall invalidate the lien of any mortgage made in good faith or for value, but all of the covenants, conditions, and restrictions contained in this Restated Declaration shall be binding on any Owner whose title is derived through foreclosure sale, trustee sale, or otherwise. Any Mortgagee shall have the right, but not the obligation, to cure any default or violation of this Restated Declaration by an Owner.

Section 12.9. Foreclosure.

If any Condominium is encumbered by a first mortgage made in good faith and for value, the foreclosure of any Assessment lien shall not operate to affect or impair the lien of the first mortgage. On foreclosure of the first mortgage, any lien for delinquent Assessments shall be subordinate to the lien of the first mortgage, and the purchaser at the foreclosure sale shall take title free of responsibility for the Assessment lien, unless the then current law provides otherwise. On taking title, the purchaser of the Condominium shall only be obligated to pay Assessments or other charges that are levied or assessed by the Association on or after the date the purchaser acquires title to the Condominium. Any subsequently levied Assessments or other charges against the Condominium may include previously unpaid Assessments, provided that all Owners, including the purchaser and his or her successors and assigns, are required to pay their proportionate share of such unpaid Assessments, at the rates provided in this Restated Declaration. Any mortgagee who acquires title to a Condominium by foreclosure, by deed in lieu of foreclosure, or by assignment in lieu of foreclosure shall not be required to cure any breach of this Restated Declaration that is non-curable or of a type that is not reasonably practical or feasible to cure.

Section 12.10. Right to Furnish Information

Any mortgagee may furnish information to the Association concerning the status of any mortgage.

Section 12.11. No Right of First Refusal.

No right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey the Owner's Condominium is imposed by this Restated Declaration.

ARTICLE XIII
ENFORCEMENT AND DISPUTE RESOLUTION

Section 13.1. Right to Enforce.

The Association and any Owner may enforce the provisions of the Governing Documents in any legal or equitable action, pursuant to the procedures described in this Article XIII. Each Owner has a right of action against the Association for the Association's failure to comply with the Governing Documents. All actions taken to enforce the provisions of the Governing Documents, whether by the Association or an Owner, shall be conducted in accordance with applicable law.

Section 13.2. Equitable Relief.

Each Owner acknowledges and agrees that if any Person breaches any of the provisions of the Governing Documents, money damages may not be adequate compensation. As a result, each Owner agrees that in the event of a breach of the Governing Documents, the non-breaching party, in addition to any other remedy available at law or equity, shall be entitled to equitable relief, including, but not limited to, an order (1) compelling the breaching party to perform an act which the party is required to perform under the Governing Documents or which is necessary to bring the breaching party or the breaching party's Condominium into compliance with the Governing Documents or (2) prohibiting the breaching party from performing any act that violates the Governing Documents.

Section 13.3. No Enforcement Waiver.

The failure to enforce any provision of the Governing Documents against an Owner shall not constitute a defense for any subsequent enforcement action brought against such Owner, even if such failure is for an extended period of time, and shall not in any manner restrict or estop the right of the Association or any Owner to enforce the provisions of the Governing Documents at any future time.

Section 13.4. Violations Constitute a Nuisance.

Any violation of the Governing Documents, as well as a violation of any law within the Development, is declared to be and shall constitute a nuisance.

Section 13.5. Internal Dispute Resolution.

(a) General Provisions.

This Section 13.5 applies to a dispute between the Association and a Member involving their respective rights, duties, or liabilities under the Davis-Stirling Act, the Nonprofit Mutual Benefit Corporation Law, or the Governing Documents. This Section 13.5 supplements, and does not replace, the requirements of the Davis-Stirling Act relating to alternative dispute resolution as a prerequisite to an enforcement action.

(b) Basic Procedures.

The following procedure shall apply to resolving a dispute by internal dispute resolution ("***IDR***"):

(1) IDR may be invoked by either the Association or an Owner.

(2) A request invoking IDR shall be in writing. The written request for IDR shall contain the following:

(A) A request for IDR pursuant to this Section 13.5.

(B) A brief description of the dispute between the parties.

(3) Upon receipt of a written request for IDR, the party receiving the request shall respond in writing to the other party within thirty (30) days, indicating whether such party agrees to engage in the IDR process. If the party receiving the request fails to respond within such thirty (30) day period, the request for IDR shall be deemed to be denied.

(A) If IDR is invoked by a Member, the Association shall be required to participate in the IDR process.

(B) If IDR is invoked by the Association, the Member may elect not to participate in the IDR process.

(4) Upon receipt of a written request for IDR, the Board shall designate at least one (1) Director with whom the Member may meet and confer.

(5) The Association and the Member shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. Each party may be assisted by an attorney or another person at their own cost when conferring.

(c) Additional Procedures.

The Board may adopt additional procedures for the IDR process, so long as such procedures are fair, reasonable, and expeditious. Such procedures may include the use of available local dispute resolution programs involving a neutral third party, including low-cost mediation programs such as those listed on the Internet Web sites of the Department of Consumer Affairs and the United States Department of Housing and Urban Development.

(d) Resolution Requirements.

(1) A resolution of the dispute agreed to by the Association and the Member shall be memorialized in writing and signed by the parties, including the Board designee on behalf of the Association.

(2) A written agreement reached in the IDR process binds the parties and is judicially enforceable if it is signed by both parties and both of the following conditions are satisfied:

(A) The agreement is not in conflict with law or the Governing Documents.

(B) The agreement is either consistent with the authority granted by the Board to its designee or the agreement is ratified by the Board.

(3) If the dispute is resolved other than by agreement of the Member, the Member shall have a right of appeal to the board.

(e) No Fee.

A Member of the Association shall not be charged a fee to participate in the IDR process.

Section 13.6. Alternative Dispute Resolution.

(a) General Provisions.

This Section 13.6 applies to alternative dispute resolution ("***ADR***"). ADR shall mean and include mediation, arbitration, conciliation, and any other nonjudicial procedure that involves a neutral party. ADR shall be a prerequisite to the commencement of a civil action or proceeding, other than a cross-complaint, to enforce the Davis-Stirling Act, the Nonprofit Mutual Benefit Corporation Law, or the Governing Documents. The Association or a Member may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to ADR pursuant to the requirements of the Davis-Stirling Act.

(b) Applicability.

This Section 13.6 applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure. This Section 13.6 does not apply to a small claims action. Except as otherwise provided by law, this Section 13.6 does not apply to an Assessment dispute.

(c) Request for Resolution.

(1) Any party to a dispute may initiate the ADR process by serving on all other parties to the dispute a request for resolution (a "***Request for Resolution***"). The Request for Resolution shall include all of the following:

(A) A brief description of the dispute between the parties.

(B) A request for ADR.

(C) A notice that the party receiving the Request for Resolution is required to respond within thirty (30) days of receipt or the request will be deemed rejected.

(D) If the party on whom the request is served is the Member, a copy of the article of the Davis-Stirling Act regarding ADR.

(2) Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.

(3) A party on whom a Request for Resolution is served has thirty (30) days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

(4) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the ADR process within ninety (90) days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.

(5) The form of ADR chosen may be binding or nonbinding, with the voluntary consent of the parties. If the parties cannot agree on a form of ADR, then the form of ADR to be utilized shall be judicial reference, as described in Section 13.7.

(d) Costs.

The costs of the ADR shall be borne equally by the parties.

(e) Failure to Participate in ADR.

Failure of a Member of the Association to comply with the ADR requirements of the Davis-Stirling Act may result in the loss of the Member's right to sue the Association or another Member of the Association regarding enforcement of the Governing Documents or applicable law.

Section 13.7. Judicial Reference.

(a) Disputes Subject to Judicial Reference.

If the parties to a dispute who have agreed to use an ADR process pursuant to Section 13.6 cannot agree on a form of ADR, then the form of ADR to be utilized shall be judicial reference.

(b) Appointment of Referee.

Within thirty (30) days after it is determined that judicial reference will be used for the ADR process, the parties to the dispute shall select the referee. The referee shall be an attorney or retired judge, unless the parties agree otherwise. Any dispute regarding the selection of the referee shall be resolved by the entity providing the reference services or, if no entity is involved, by the court with appropriate jurisdiction.

(c) Proceedings.

The judicial reference shall be conducted in accordance with the applicable provisions of Sections 638 through 645.2 of the Code of Civil Procedure, and any successor statutes thereto. The parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. The referee shall have the authority to try all issues, whether of fact or law, and to report a statement of decision. The parties shall use the procedures adopted by the American Arbitration Association for judicial reference or any other entity offering judicial reference dispute resolution procedures as may be mutually acceptable to the parties. The parties shall complete the judicial reference process within ninety (90) days after the acceptance of the Request for Resolution, unless this period is extended by written stipulation signed by both parties.

(d) Rules and Procedures.

The following rules and procedures shall apply in all cases, unless the parties agree otherwise:

(1) The proceedings shall be heard in the County.

(2) The referee may require one or more pre-hearing conferences.

(3) The parties shall be entitled to discovery, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

(4) The referee shall have the power to hear and dispose of motions in the same manner as a trial court judge.

(5) The referee shall apply the rules of law, including the rules of evidence, unless expressly waived by both parties.

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

(7) The referee's statement of decision shall contain findings of fact and conclusions of law to the extent applicable.

(8) The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

(e) Costs.

The costs of the judicial reference shall be borne equally by the parties.

(f) Failure to Participate.

If either party elects not to participate in the judicial reference proceeding because all necessary and appropriate parties will not participate, the Association or any Owner may bring an action in any court of competent jurisdiction to resolve the dispute.

(g) Claims and Disputes Exempt from Judicial Reference.

The following types of claims and disputes shall be exempt from the judicial reference provisions set forth in this Section 13.7:

(1) An enforcement action that is not solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary

damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure.

(2) A small claims action.

(3) An Assessment dispute, except as otherwise provided by law.

(4) An action unrelated to the enforcement of the Davis-Stirling Act, the Nonprofit Mutual Benefit Corporation Law, or the Governing Documents against the Association or a Member.

ARTICLE XIV
AMENDMENTS

This Restated Declaration may be amended by the Secret Ballot vote of Members representing at least a majority of the voting power of the Association; provided, however, that the specified percentage of Members necessary to amend a specific provision of this Restated Declaration shall not be less than the percentage of affirmative votes required for action to be taken under that provision.

Notwithstanding the foregoing, the Board shall have the power to amend this Restated Declaration without Member approval, upon adoption of a Board resolution authorizing such amendment, if such amendment is: (1) permitted by the law to be adopted by the Board without Member approval; (2) required under any law; and/or (3) to correct a cross-reference in this Restated Declaration to the Davis-Stirling Act or another law that was repealed and continued in a new provision. Such Board resolution shall be recorded with the amendment.

An amendment to this Restated Declaration becomes effective after all of the following requirements are met: (1) the amendment has been approved by the percentage of Members required by this Restated Declaration and any other Person whose approval is required by this Restated Declaration (including but not limited to, as may be applicable, any Eligible Mortgage Holders); (2) that fact has been certified in a writing executed and acknowledged by the officer or officers designated by the Association for that purpose (if no one is designated, by the

President of the Association); and (3) the amendment has been recorded in the County in which the Development is located. Within a reasonable time after an amendment to this Restated Declaration is recorded, the Association shall deliver to each Member, by Individual Delivery, a copy of the amendment, together with a statement that the amendment has been recorded.

ARTICLE XV
MISCELLANEOUS PROVISIONS

Section 15.1. Term.

The covenants, conditions, and restrictions of this Restated Declaration shall run with and bind the Property and shall inure to the benefit of and shall be enforceable by the Association and the Owner of any Unit, and their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date of recordation of this Restated Declaration. Thereafter, these covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10) years, unless this Restated Declaration is rescinded by the written consent of Owners holding a majority of the then total voting power of the Association (and approved by Eligible Mortgage Holders in accordance with Section 12.4 of this Restated Declaration). The rescission shall be effective on recordation of a notice of rescission in the records of the County.

Section 15.2. Headings, Number and Gender.

The subject headings of the articles, sections, and subsections of this Restated Declaration are included for purposes of convenience and reference only, and shall not affect the construction or interpretation of any of the provisions of this Restated Declaration. In this Restated Declaration, where applicable, references to the singular shall include the plural and references to the plural shall include the singular. References to the male, female, or neuter gender in this Restated Declaration shall include reference to all other such genders where the context so requires.

Section 15.3. Liberal Construction.

The provisions of this Restated Declaration shall be liberally construed and interpreted to effectuate its purpose of creating a uniform plan for the management, operation, and administration of a condominium project.

Section 15.4. Severability.

The provisions of this Restated Declaration shall be deemed independent and severable. In the event any provision contained in this Restated Declaration is held to be invalid, void, or unenforceable by any court of competent jurisdiction, the remaining provisions of this Restated Declaration shall be and remain in full force and effect.

Section 15.5. Cumulative Remedies.

Each remedy provided for in this Restated Declaration shall be cumulative and nonexclusive. Failure to exercise any remedy provided for in this Restated Declaration shall not, under any circumstances, be construed as a waiver of such remedy.

Section 15.6. No Discrimination.

No Owner shall execute or cause to be recorded any instrument that imposes a restriction on the sale, rental, or occupancy of the Owner's Unit on the basis of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information, nor shall any Owner discriminate against or harass any prospective purchaser, Tenant, or Resident of the Owner's Unit because of such bases. Notwithstanding the foregoing, selection preferences based on age in the sale or rental of an Owner's Unit, imposed in accordance with Section 51 of the Civil Code or a federally approved housing program, as may be applicable, shall not constitute age discrimination.

Section 15.7. Attorneys' Fees.

Except as otherwise provided in this Restated Declaration, in the event of any litigation or alternative dispute resolution procedure regarding the rights or obligations of the Association or any Person subject to this Restated Declaration, the prevailing party in such proceeding, in the discretion of the judge or decision-maker, shall be entitled to recover its reasonable attorneys' fees and costs. The foregoing

provision shall also apply to attorneys' fees and costs incurred to collect upon any judgment entered as a result of such litigation or alternative dispute resolution procedure.

Section 15.8. Delivery of Documents and Information.

Documents, notices, and other information to be delivered (1) to the Association by a Member, (2) to an individual Member by the Association, or (3) to all Members by the Association, pursuant to the Governing Documents or the Davis-Stirling Act, shall be delivered in accordance with the methods permitted under, and the requirements of, the Bylaws and the Davis-Stirling Act.

ARTICLE XVI
CONFLICTING PROVISIONS

To the extent of any conflict between this Restated Declaration and the law, the law shall prevail. To the extent of any conflict between this Restated Declaration and the Condominium Plan, Articles or Bylaws, this Restated Declaration shall prevail. To the extent of any conflict between this Restated Declaration and a Rule, this Restated Declaration shall prevail, unless the Rule was adopted in compliance with the law.

[END OF DOCUMENT]

EXHIBIT "A"
LEGAL DESCRIPTION OF THE PROPERTY

The Property consists of certain real property in the City of San Francisco, County of San Francisco, State of California, more particularly described as follows:

> All that real property as shown on the map entitled "Map of 1805 Pine Street, A Condominium, Being a Resubdivision of Lot 30, Portion of Assessor's Block 664, San Francisco, California" filed July 13, 1982, in Book 19 of Condominium Maps, Pages 160 through 163, inclusive, in the Office of the Recorder of the City and County of San Francisco, State of California.

EXHIBIT "B"
PERCENTAGE INTEREST IN COMMON AREA

The following schedule describes the undivided percentage interest that the Owner of each Unit holds in the Common Area.

Unit	Percentage Interest
1	3.865
2	4.117
3	5.250
4	6.276
5	4.259
6	4.055
21	3.865
22	4.117
23	4.781
24	3.761
25	5.189
26	16.302
27	4.055
31	3.865
32	4.117
33	4.781
34	3.761
35	5.189
36	4.339
37	4.055

- Notwithstanding the Condominium Plan or any other Governing Documents, the percentage interests set forth in this Exhibit "B" (and any corresponding Assessment schedules based on such percentage interests) shall be deemed controlling and prevail over any conflict with the Condominium Plan or any other Governing Documents, unless otherwise provided or determined by law. Particularly, due to a purported error in the Condominium Plan, the percentage interests for Units 4 and 26 have been corrected in this Restated Declaration to reflect the correct ownership and percentage interests for each Unit.

EXHIBIT "C"
ASSESSMENT SCHEDULE

(a) Each Unit shall bear an equal and uniform share of all common expenses and budget items, except for those common expenses and budget items set forth in subsection (b) of this Exhibit "C"

(b) Each Unit shall bear a variable and proportionate share of the following common expenses and budget items: (1) insurance costs of premiums paid by the Association; (2) gas and water bills paid by the Association; (3) heater maintenance; and (4) all costs to the Association for painting, roofing and water heaters, or reserves therefor. These common expenses and budget items shall be shared by each Unit based on the following percentages:

Unit	Percentage Interest
1	3.865
2	4.117
3	5.250
4	6.276
5	4.259
6	4.055
21	3.865
22	4.117
23	4.781
24	3.761
25	5.189
26	16.302
27	4.055
31	3.865
32	4.117
33	4.781
34	3.761
35	5.189
36	4.339
37	4.055

CERTIFICATE OF PRESIDENT AND SECRETARY
OF
1805 PINE STREET HOMEOWNERS ASSOCIATION

We, the undersigned, do hereby certify that:

1. We are the duly appointed and acting President and Secretary of 1805 Pine Street Homeowners Association (the "***Association***"), a California nonprofit mutual benefit corporation.

2. The foregoing *Amended and Restated Declaration of Covenants, Conditions and Restrictions for 1805 Pine Street Homeowners Association* (the *"**Restated Declaration**"*) was approved by at least a majority of the Members of the Association on _____, 20__, in accordance with the requirements of the Original Declaration and the Davis-Stirling Act.

3. Capitalized terms not defined herein shall have the meanings given to them in the Restated Declaration.

IN WITNESS WHEREOF, we have executed this Certificate of President and Secretary.

1805 Pine Street Homeowners Association	**1805 Pine Street Homeowners Association**
By:_____	By:_____
Name:_____	Name:_____
Title: President	Title: Secretary
Date:_____	Date:_____

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 _____)

On _____, before me, _____, Notary Public, personally appeared _____, 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

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 _____)

On _____, before me, _____, Notary Public, personally appeared _____, 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