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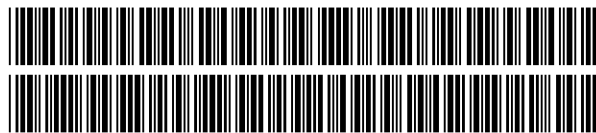
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AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

for

VILLA SIXTEENTH STREET CONDOMINIUMS

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AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

for

VILLA SIXTEENTH STREET CONDOMINIUMS

The following Amended and Restated Declaration of Covenants, Conditions and Restrictions ("Declaration") by the Villa Sixteenth Street Condominiums ("Association") is made to amend and restate in full that certain former Declaration of Covenants, Conditions and Restrictions recorded on December 22, 1978, as Instrument No. 78-1420880, and any other amendments of record (collectively, the "Original Declaration") in the Office of the County Recorder of Los Angeles County, State of California, which Original Declaration is hereby canceled and revoked in its entirety, effective as of the date of recordation of this Declaration in the Los Angeles County Recorder's Office:

A. The real property (the "Property") which is the subject of this Declaration is described as follows:

Lot 1 of Tract 34628 as per map recorded in Book 907, pages 53 through 54, inclusive of Maps, in the Office of the County Recorder of Los Angeles, State of California.

B. The Property has been improved by the construction thereon of five (5) Condominiums (as such term is defined in Article I below) and appurtenances which Condominiums and appurtenances have been sold and conveyed to various individuals subject to the basic protective restrictions, conditions, covenants, reservations, liens and charges set forth in the Original Declaration.

NOW, THEREFORE, it is hereby declared that all of the Property is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, covenants, conditions, restrictions, reservations, liens and charges, all of which are hereby declared and established and agreed to be in furtherance of a general plan and scheme for the subdivision, development, improvement and sale of Condominiums in a Condominium project, as those terms are defined in Sections 783 and 4125 of the Civil Code of California (the "Civil Code"), and all of which are declared, established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and every part and portion thereof. All of said limitations, covenants, conditions, reservations, liens, charges and restrictions are hereby established and imposed upon the Condominiums, and each of them, and upon the Property, for the benefit of the Property and each and every individual Condominium hereinafter described and of each Owner (as such term is defined in Article I below) of one (1) or more Condominiums, and the owners of an interest of any kind or character in the Property or any portion thereof. All of said limitations, covenants, conditions, reservations, liens, charges and restrictions shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, whether

as sole owners, joint owners, lessees, tenants, occupants, or otherwise. Each and all of said limitations, covenants, conditions, restrictions, reservations, liens and charges shall be deemed to be, and shall be construed as equitable servitudes, enforceable by any of the Owners of any of the Condominiums or any interest in the Property against any person bound thereby or subject thereto, and shall be enforceable by the Board (as such term is defined in Article I below), or its duly appointed representatives, against any such person.

ARTICLE I. DEFINITIONS

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

Section 1.1 Act. "Act" shall mean the Davis-Stirling Common Interest Development Act as the same may be amended, renumbered, restated, modified or superseded from time to time.

Section 1.2 Articles. "Articles" shall mean the Articles of Incorporation of the Association, as the same may be adopted, amended, restated, modified or superseded from time to time.

Section 1.3 Assessment or Assessments. "Assessment" or "Assessments" shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the Project (as such term is defined in this Article I below) and the cost of enforcing the Association's governing documents that is to be paid by each Owner as determined by the Association, and includes Regular and Special Assessments.

(a) Regular Assessment. "Regular Assessment" shall mean an Assessment duly made and levied by the Association against an Owner and such Owner's Condominium, representing such Owner's share of the total common expenses which are to be levied among all the Owners and their Condominiums in the Project in the manner and proportions specified herein.

(b) Special Assessment. "Special Assessment" shall mean an Assessment, other than a Regular Assessment, from time to time duly made and levied by the Association against all Owners and their Condominiums, or against a particular Owner and such Owner's Condominium, in the manner and proportions specified herein.

Section 1.4 Association. "Association" shall mean an unincorporated organization, consisting of all Owners of Condominiums in the Project, and known as Villa Sixteenth Street Condominiums. Each Owner shall be and become a Member of the Association contemporaneously with upon becoming an Owner of a Condominium. To the extent that the Association incorporates, "Association" shall mean a California nonprofit mutual benefit corporation.

Section 1.5 Board of Directors. "Board" or "Board of Directors" shall mean the governing body of the Association.

Section 1.6 Bylaws. "Bylaws" shall mean the duly adopted bylaws of the Association as the same may be amended, restated, modified or superseded from time to time.

Section 1.7 Common Area. "Common Area" shall mean the entire Project excepting the Units.

Section 1.8 Condominium. A "Condominium" shall mean a condominium as defined in Civil Code Section 783 and the Act, consisting of an undivided interest in a common portion of the Project, a separate interest in a space called a Unit, and a non-exclusive easement for access to, use and enjoyment of, and ingress and egress through the Common Area of the entire Project.

Section 1.9 Condominium Plan. "Condominium Plan" shall mean the plan prepared and recorded with respect to the Project as required by the Act and pursuant to Civil Code Section 783.

Section 1.10 Declaration. "Declaration" shall mean this Declaration as the same may be amended, restated, modified or superseded from time to time.

Section 1.11 Exclusive Use Common Area. "Exclusive Use Common Area" shall mean those portions of the Common Area set aside for exclusive use of an Owner or Owners of the Condominium to which they are attached or appurtenant.

Section 1.12 Manager. "Manager" shall mean the managing agent, if any, whether an individual or an entity, retained by the Board, on contract, to whom the Board may delegate the management activities related to the Project.

Section 1.13 Member. "Member" means every person or entity who holds a membership interest in the Association as provided in this Declaration.

Section 1.14 Mortgage. "Mortgage" shall mean a deed of trust or a mortgage encumbering a Condominium of record in the Los Angeles County Recorder's Office.

Section 1.15 Mortgagee. "Mortgagee" shall mean a holder of, or the beneficiary under, as the case may be, a Mortgage encumbering a Condominium.

Section 1.16 Owner or Owners. "Owner" or "Owners" shall mean the owner or owners, if more than one (1), of record in the Los Angeles County Recorder's Office of a Condominium in the Project, excluding those persons or entities having such interest merely as security for the performance of an obligation.

Section 1.17 Prior Architectural Approval. "Prior Architectural Approval" shall mean the prior written approval of an Application (as defined in Article XII) by the Board in accordance with Section 12.3 of this Declaration.

Section 1.18 Project. "Project" shall mean the entire Property as divided into Condominiums, including all structures and improvements thereon, the Units, and the Common Area.

Section 1.19 Rules and Regulations. "Rules and Regulations" shall mean the rules and regulations adopted by the Board, by a majority vote thereof, pertaining to the Project, including, without limitation, the use of the Common Area, Exclusive Use Common Area and Units, in accordance with the Act, as the same may be amended, restated, modified or superseded from time to time.

Section 1.20 Unit. "Unit" in said Property shall mean and refer to the elements of a Condominium which are not owned in common with the other Owners of other Condominiums. The boundaries of a Unit shall be as shown and defined on the Condominium Plan. The Unit shall include both the portions of the building so described and the airspace so encompassed. In interpreting deeds and plans, the existing physical boundaries of a Unit reconstructed in substantial accordance with the original plans, shall be conclusively presumed to be its boundaries, rather than metes and bounds, or other description, expressed in the deed or plan, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the plan or in the deed and those of a building.

ARTICLE II. HOMEOWNERS ASSOCIATION; MEMBERSHIP; VOTING

Section 2.1 Management of Project. The common business affairs and management of the Project shall be conducted by the Association.

Section 2.2 Qualifications for Membership. Each Owner of a Condominium shall be a Member of the Association. If a given Condominium is owned by more than one (1) Owner, all such Owners shall be Members of the Association. Ownership of a Condominium within the Project shall be the sole qualification for membership in the Association.

Section 2.3 Transfer of Membership. The Association membership of each Owner shall be appurtenant to the Condominium giving rise to such membership, and shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon the transfer of title to said Condominium, and then only to the transferee of title to said Condominium. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Condominium shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

Section 2.4 Voting Classes. The Association shall have one (1) class of voting membership, consisting of all the Owners. All Members shall be entitled to one (1) vote for each Condominium in which they hold the interest required for membership. When more than one (1) person holds such interest in any Condominium, all such persons shall be Members and all such persons may attend any meeting of the Association; however, regardless of the number of Owners of a Condominium, the vote for each Condominium may be cast only as a unit, and fractional votes shall not be allowed.

ARTICLE III.
RIGHTS IN THE COMMON AREA

Section 3.1 Percentage and Transfer of Undivided Interests in Common Area. The undivided interest in the Common Area hereby established and which shall be conveyed with each respective Unit in the Property, is a one-fifth (1/5th) interest.

Section 3.2 Owners' Easement of Enjoyment. For the benefit of the Property, and for the benefit of all of the Owners in the Project, there shall be non-exclusive reciprocal easements of access to, use and enjoyment of, and ingress and egress through all of the Common Areas of the Project. Such easements may be used by all Owners and the members of their families, their staff members, guests, tenants and invitees, for pedestrian walkways, vehicular access and such other purposes reasonably necessary to the use and enjoyment of the Units and the Common Areas in the Project. Such easements shall be appurtenant to and shall pass with the title to every Condominium, subject to the following provisions:

(a) Rules and Regulations. The right of the Board, pursuant to Article VII, Section 7.5(c) below, to establish uniform Rules and Regulations pertaining to the use of the Units, Exclusive Use Common Area and Common Area, including, but not limited to, noise levels, parking, pets, storage, and the number of guests, the hours of use and other matters relating to the use and enjoyment of such areas and the facilities thereon.

(b) Borrow Money. The right of the Board, in accordance with Article VII, Section 7.5(h) below, to borrow money and pledge Assessments for the purpose of improving, repairing, and/or rebuilding the Common Area and facilities thereon.

(c) Discipline for Breach. The right of the Board, in accordance with the provisions of Article XIII, Section 13.5 below, to suspend any Owner's Common Area privileges (other than the right of ingress and egress to the Owner's Unit) for the period during which any Assessment, including any monetary penalty against such Owner's Condominium, remains unpaid and delinquent, and, for a period not to exceed thirty (30) days, or for as long as the violation continues for any other infraction of this Declaration, the Bylaws or the published Rules or Regulations of the Association committed by any Owner and/or such Owner's guests, servants, family members, tenants or invitees.

(d) Access. Access to Common Areas within the Project may be controlled through the use of locks on entry doors keyed to the locks on the individual Units within such building, or other means, so that only the residents of the building and the Manager and staff will have free access to the Common Areas of such building.

(e) Improvements. The right of the Association to consent to or otherwise cause the construction of additional improvements on the Common Area and to consent to or otherwise cause the alteration or removal of any existing improvements on the Common Area.

(f) Unassigned Parking and Storage Spaces. The right to assign, rent, license or otherwise designate and control the use of unassigned parking and storage spaces.

Section 3.3 Waiver of Use. No Owner may waive or otherwise escape liability for the Assessments provided for by this Declaration or otherwise duly and properly levied by the Board in accordance with this Declaration, nor release the Condominium owned by such Owner from the liens and charges hereof, by non-use of the Common Area and the facilities thereon, or any part thereof, or by abandonment of such Owner's Condominium.

Section 3.4 Additional Provisions Relating to Common Areas. The Owners covenant and agree as follows:

(a) Suspension of Right for Partition. The Common Area shall remain undivided; and no Owner shall bring any action for partition except as provided below, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project. In accordance with the foregoing, except as otherwise set forth in Articles X and XI of this Declaration, the provisions of the Act relating to partition are hereby waived and the right to partition the Common Area is hereby suspended until the later of: (i) fifty (50) years from the date of this Declaration; or (ii) at such time as sixty-six and two-thirds percent (66-2/3%) of Members of the Association entitled to vote, in person or by proxy (if allowed in the Bylaws), determine to partition the Project.

(b) Minor Encroachments. In the event the improved part of the Project is partially or totally destroyed and then rebuilt, the Owners agree that minor encroachments of parts of the Common Area due to construction shall be permitted and that valid easements for said encroachments and the maintenance thereof shall exist. If any part of the Common Area encroaches upon a Unit, a valid easement exists for the encroachment and the maintenance of same, so long as the encroachment exists. If any part of a Unit encroaches upon the Common Area, or upon another Unit, a valid easement exists for the encroachment so long as the encroachment exists. If minor variances exist between physical boundaries and boundaries shown on a deed or plan, it shall be conclusively presumed that the physical boundaries are the correct boundaries.

(c) Ingress/Egress. A non-exclusive easement for ingress, egress and support through the Common Area is appurtenant to each Unit, and the Common Area is subject to such easements.

(d) Management and Maintenance of Common Area. Except as otherwise set forth in this Declaration, the Association shall have the responsibility to manage and maintain all of the Common Area within the Project, and such maintenance shall be of a high quality so as to keep the entire Project in an attractive condition and in a good state of repair.

(e) Utility Easements. Each Condominium shall be, by its Owner(s), subject to any and all easements of record at the time of the initial conveyance of such Condominium to an Owner for the use and benefit of the several authorized public and/or other utilities which may include, but are not limited to, easements for cable television, sanitary sewers, water, gas, electrical and drainage facilities, and no Owner shall damage or interfere with the installation and maintenance of such utilities, or in any manner change the direction or flow of drainage channels in any such easements, or in any manner obstruct or retard the flow of water through drainage channels in any such easements. Easements on, over and under the Project for the

installation and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities, and for drainage facilities as shown on the recorded map of the Project, and as may be hereafter required or needed to service the Project, are hereby reserved by the Association, together with the right to grant and transfer such easements.

(f) Delegation of Rights. Any Owner may delegate such Owner's rights of enjoyment in the Project, including the Common Area, to the members of such Owner's family, or the Owner's tenants, guests, and invitees, and to such other persons as may be permitted by this Declaration, the Bylaws and the Rules and Regulations, subject, however, to this Declaration, the Bylaws and the Rules and Regulations. Notwithstanding the foregoing, neither an Owner of a Condominium who has sold same to a contract purchaser thereof or has leased the same or delegated such Owner's rights to another person, nor members of such Owner's family, or the Owner's tenants, guests and invitees, shall be entitled to use and enjoy the Common Area while such Owner's Condominium is occupied by such contract purchaser, lessee or delegatee, but, instead, such contract purchaser, lessee or delegatee, while occupying such Unit, shall be entitled to use and enjoy the Common Area and to delegate the rights of enjoyment in the same manner as if such contract purchaser, lessee or delegatee were the Owner of such Condominium during the period of such person's occupancy thereof. Each Owner shall notify the Association in writing of the names of any contract purchasers, lessees of such Owner's Condominium, or any other person to whom the Owner's rights have been delegated. Any rights of enjoyment delegated pursuant hereto are subject to suspension and monetary penalties to the same extent that the rights of Owners are subject thereto.

Section 3.5 Prohibition Against Severability Of Component Interest in Condominium. No Owner shall be entitled to sever such Owner's Unit from such Owner's undivided interest in the Common Area, nor shall the respective undivided interests established with each respective Unit be changed. The undivided interests in the Common Area established and the fee title to the respective Units conveyed therewith shall not be separated, severed or separately conveyed, encumbered or otherwise transferred, and each such undivided interest in the Common Area shall conclusively be deemed to be conveyed, transferred or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit. It is intended hereby to restrict severability of the various components of a Condominium in the manner provided by the Act. Nothing herein contained shall be construed to preclude an Owner of any Condominium from creating a co-tenancy in the ownership of a Condominium with any other person or persons.

ARTICLE IV. COVENANT FOR ASSESSMENTS AND LIENS

Section 4.1 Creation of Lien and Personal Obligation of Assessments.

(a) Covenant to Pay. Each present or future Owner of any Condominium within the Project, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: Regular Assessments or charges and Special Assessments for the purposes permitted in this Declaration, such Assessments to be fixed, established, and collected from time to time as hereinafter provided.

(b) Obligation of Owner. The Regular and Special Assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the real property and shall be a continuing lien and said lien shall be deemed to include subsequent delinquent Assessments and amounts due on account thereof, upon the Condominium against which each such Assessment is made, the lien to become effective upon the recordation with the Los Angeles County Recorder of a notice of delinquent assessment as provided in the Act . Each such Assessment, together with such interest, costs, penalties, and attorneys' fees, shall also be the personal obligation of the person who is the Owner of such Condominium at the time the Assessment is made. The Owner's personal obligation for delinquent Assessments shall not pass to such Owner's successors in the title unless expressly assumed by them. No Owner shall be exempt from liability for payment of Assessments by waiver of the use or enjoyment of any Common Area or by the abandonment of the Owner's Condominium. If there is more than one (1) Owner of a Unit, all such Owners are jointly and severally liable for the payment of Assessments imposed against such Unit.

Section 4.2 Regular Assessment. The Board shall establish and levy Regular Assessments in the amount that the Board estimates will be sufficient to raise the funds needed to perform the duties of the Association during each fiscal year and, in the Board's discretion, may include contributions to a reserve fund to help meet the costs of future repair, restoration, replacement, or maintenance of the major components that the Association is obligated to repair, restore, replace or maintain. The total estimated common expenses of the Association shall be divided among, assessed and charged to and against the individual Owners and their Condominiums as stated in Article IV, Section 4.5 below. Until changed as herein provided, the Regular Assessment per Condominium per month shall be the amount having been assessed on the date of recordation of this Declaration.

Section 4.3 Special Assessments. The Board may at any time levy a Special Assessment in order to raise funds for unexpected operation or other costs, insufficient operating or reserve funds, or other purposes as the Board in its discretion considers appropriate, including, without limitation, the following:

(a) Special Assessments for Capital Improvements, Emergency, Maintenance and Other Needs. The Board may levy during any fiscal year Special Assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement or existing component upon the Common Area and personal property related thereto.

(b) Special Assessment When Insurance Proceeds Unavailable. In the event the proceeds of insurance obtained by the Association are paid to any Mortgagee of a Condominium and by reason of such payment, said insurance proceeds are not made available to the Association as trustee or otherwise to effect any repair, reconstruction or restoration of any damage and/or destruction to all or any portion of the Project as provided herein, then the amount of such proceeds not made available shall be assessed and charged solely to and against the Owner and such Owner's Condominium as a Special Assessment.

(c) Special Assessment for Owner's Failure to Maintain Unit or Exclusive Use Common Area. In the event any Owner fails to maintain such Owner's Condominium or Exclusive Use Common Area and make repairs thereto as required by this Declaration, and the Board causes such maintenance and/or repair to be performed in accordance with the provisions hereof, all costs and expenses incurred in connection with such work, maintenance and/or repairs shall be immediately assessed and charged solely to and against such Owner and such Owner's Condominium as a Special Assessment.

(d) Special Assessment for Act Increasing Insurance Premiums. In the event any act or omission of any Owner, any member of such Owner's family, or any of such Owner's guests, tenants, staff members, employees, licensees, agents or invitees, shall increase the premiums for any insurance policy purchased or obtained by the Association for the benefit of the Project and the residents thereof, the amount of said increase shall be assessed and charged solely to and against such Owner and such Owner's Condominium as a Special Assessment.

(e) Special Assessment For Damage and to Bring Owner into Compliance With Governing Documents. The Board may levy a Special Assessment against an Owner and such Owner's Condominium for the cost to repair damage to the Common Area caused by a component which the Owner is responsible to maintain and/or repair. The Board may also levy a Special Assessment against an Owner and such Owner's Condominium for such other purposes as may be set forth in this Declaration as well as to reimburse the Association for costs incurred in bringing the Owner into compliance with the Association's governing documents. Additionally, any monetary penalty levied against an Owner pursuant to this Declaration shall be considered a Special Assessment.

Section 4.4 Restrictions on Increases in Regular or Special Assessments.

(a) Increases Without Owner Vote. Except as provided in the Act with regard to the failure to provide certain reports and/or statements to the Owners at the end of the fiscal year, the Board may increase Regular Assessments up to twenty percent (20%) above the Regular Assessment for the immediately preceding fiscal year without the vote of the Members. The Board may also levy Special Assessments which in the aggregate do not exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the vote of the Members.

(b) Increases With Owner Vote. The Board may not impose on any Condominium a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year or levy a Special Assessment to defray the cost of any action or undertaking on behalf of the Association that in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the vote or written consent of Members casting a majority of the votes at a meeting of the Association at which a quorum is present. For purposes of this Section, a "quorum" shall mean Members constituting more than fifty percent (50%) of the voting power of the Association.

(c) Increases Without Owner Vote - Emergencies. Notwithstanding the foregoing, the Board, without membership approval, may increase Regular Assessments or levy Special Assessments necessary for an emergency situation. For purposes of this Section, an emergency situation is one of the following:

(i) Court Order. An extraordinary expense required by an order of a court;

(ii) Threat to Personal Safety. An extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible when a threat to personal safety on the Project is discovered; or

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

(d) Notice of Increases. The Association shall provide to the Owners by individual notice as provided in the Act notice of any increase in the Regular Assessments or the imposition of any Special Assessments of the Association not less than thirty (30) nor more than sixty (60) days prior to the increased Assessment becoming due.

Section 4.5 Rate of Assessment. Except for Special Assessments that relate only to an individual Owner and such Owner's Condominium, and except as may be set forth in Article X, Section 10.3 below, Regular and Special Assessments shall be fixed at an equal rate for all Condominiums.

Section 4.6 Due Dates. Regular Assessments shall be due and payable in advance on the first (1st) day of each month regardless of the lack of any monthly notice thereof. Special Assessments shall be due and payable within thirty (30) days from the date written notice thereof is given by the Board or within such extended period as the Board shall determine to be appropriate.

Section 4.7 Operating and Reserve Funds.

(a) Bank Accounts; Investment. All charges collected for an Assessment shall be properly deposited in two (2) or more separate commercial and/or savings accounts in a bank, savings association, or credit union in this state that is insured by the Federal Deposit Insurance Corporation, National Credit Union Administration Insurance Fund, or a guaranty corporation subject to Section 14858 of the Financial Code. Said accounts shall be clearly designated in the name of the Association, with at least one (1) account designated as an operating fund and another account designated as a reserve fund. Those funds may only be deposited in accounts that protect the principal. In no event may those funds be invested in stocks or high-risk investment options.

(b) Withdrawals from Operating Account. The signature of at least one (1) person who shall be a member of the Board shall be required to withdraw monies from the Association's operating accounts; provided, however, in the event that the Board retains a Manager, the Board may delegate the authority to deposit or withdraw funds from the operating account to responsible representatives of the Manager so retained. Subject to subsection (e) below, in the event that the Board retains a Manager, the Board may delegate the authority to deposit or withdraw funds from the operation account only to responsible representatives of the Manager so retained. Said Manager may additionally be authorized to establish a common trustee account for deposit of Assessments as collected; provided that such funds are not commingled with the funds from any other person or entity. Any funds deposited in such an account shall be allocated as previously specified herein.

(c) Interest. Any interest payable with respect to any funds deposited by the Association or the Board shall become a part of that account to be used for the purposes intended. No Owner shall have the right to receive any interest on such funds deposited.

(d) Allocation of Funds to Reserves; Withdrawals from Reserves. The Board may allocate a portion of the funds collected as reserves for the future repair, restoration, replacement, or maintenance of the major components that the Association is obligated to repair, restore, replace or maintain. The expenditure of reserve funds shall be in accordance with the Act. Reserve funds shall be deposited in a separate account and the signatures of at least two (2) persons, who shall be Board members, or one officer who is not a Board member and one who is a Board member, shall be required for the withdrawal of moneys from the Association's reserve accounts. The Board may authorize the Manager to electronically transfer funds from the Association's reserve account(s) to the Association's operating accounts if such transfer has been approved by a majority of a quorum of directors a Board meeting or electronically by a majority of the directors (e.g., through the Manager's website portal). Such electronic approval shall constitute "signatures" within the meaning of Civil Code Section 5510(a).

(e) Restrictions on All Transfers. Pursuant to Section 5502 of the Act, notwithstanding any law to the contrary, transfers shall not be authorized from the Association's reserve or operating accounts by without prior written approval from the Board unless the amount of the transfer is the lesser of five thousand dollars (\$5,000) or 5 percent of the estimated income in the annual operating budget. "Prior written approval of the Board" shall mean that such transfer has been approved by a majority of a quorum of directors at a Board meeting or electronically by a majority of the directors (e.g., through the Manager's website portal).

(f) Sale or Transfer of Condominium. All Assessments inure to the benefit of the Association and not to the benefit of any Member. No Owner is entitled to a refund for monies paid in as Assessments when such Owner ceases to be a Member of the Association.

Section 4.8 Effect of Nonpayment of Assessments; Lien Rights; Remedies of Association. Every Owner shall be deemed to covenant and agree to pay the Assessments provided for in this Declaration, and to further agree to the enforcement of such Assessments in the manner provided for in this Declaration.

(a) Delinquency. Any Assessment provided for in this Declaration which is not paid when due shall become delinquent fifteen (15) days thereafter (the "date of delinquency"). A late charge of Ten Dollars (\$10.00) or ten percent (10%) whichever is greater, per each delinquent Assessment shall be payable with respect to each Assessment not paid by the date of delinquency. Also, Assessments not paid by the date of delinquency shall bear interest at the lesser of the following rates, accrued from the date of delinquency: twelve percent (12%) per annum or the maximum rate allowed by law. The Board, its attorney or other authorized representative may, at its option, at any time after the date of delinquency, and in addition to any other remedies provided herein or by law or in equity, enforce the obligation to pay Assessments in any manner provided by law or in equity, and without limiting the generality of the foregoing, by any or all of the following procedures:

(i) Enforcement by Suit. The Board may cause a suit at law to be commenced and maintained in the name of the Association against any Owner or Owners, or any of them, personally obligated to pay Assessments for such delinquent Assessments as to which they are personally obligated. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon at the rate of twelve percent (12%) per annum from and after the date of delinquency (or if less, the maximum rate allowed to be charged by law), late charges as provided for by this Declaration, court costs and reasonable attorneys' fees in such amount as the court may award. Suit to recover a money judgment for unpaid Assessments shall be maintainable by the Board, or its authorized agent, without foreclosing or waiving the lien hereinafter provided for.

(ii) Enforcement of Lien.

(1) Notice of Delinquent Assessment. The Board may proceed to record, or cause to be recorded, a notice of delinquent assessment with respect to the Condominium as to which Assessments are delinquent as provided by, and subject to the requirements of, the Act.

(2) Recording of Notice of Delinquent Assessment. Such notice of delinquent assessment shall be recorded in the office of the County Recorder of the county in which such Condominium is located and shall set forth all Assessments which have become delinquent as of the date of recordation thereof, together with all costs (including reasonable attorneys' fees), an itemized statement of the charges and all late charges and interest accrued thereon. The notice of delinquent assessment shall also set forth a description of the Condominium with respect to which it is recorded, the name of the record Owner thereof and, if the lien is to be enforced by power of sale under non-judicial foreclosure proceedings, the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice of delinquent assessment shall be signed by any officer of the Association, or by any authorized representative of the Board.

(3) Assessment Becomes Lien. Immediately upon recordation of a notice of delinquent assessment pursuant to the provisions of this subparagraph, the amounts set forth in said notice of delinquent assessment shall be and become a lien upon the Condominium described in the notice of delinquent assessment, which lien shall also secure all other Assessments which shall become due and payable with respect to the Condominium as to

which the notice of delinquent assessment was recorded following the date of recordation of the notice of delinquent assessment, together with all costs (including reasonable attorneys' fees), and all late charges and interest whether accruing thereon, or accruing on the delinquent Assessments set forth in the notice of delinquent assessment.

(4) Foreclosure. Except as set forth in sub-section (5) below and subject to the requirements of the Act, as the same may be amended modified or superseded from time to time, the lien so created may thereafter be enforced by sale of the Condominium as to which the lien is created by the Board, its attorney, or other person authorized by the Board to make the sale, such sale to be conducted in accordance with the provisions of Sections 2924, 2924b, 2924c, 2924f, 2924g, and 2924h of the Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner which may be permitted by law. The Board, or its duly authorized representative, on behalf of the Association, shall have the power to bid on and purchase the Condominium at foreclosure sale and hold, use, lease, encumber and convey the same.

(5) Monetary Penalties. A monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Declaration, Bylaws or the Rules and Regulations may become a lien against the Member's Condominium enforceable by judicial foreclosure. Such lien may not be enforceable by sale of the interest under Civil Code Sections 2924, 2924b, and 2924c. If the Act is amended to permit monetary penalties imposed by the Association as a disciplinary measure for failure of an Owner to comply with this Declaration, Bylaws or the Rules and Regulations to be enforceable by the sale of the interest under Civil Code Sections 2924, 2924b, and 2924c, then this provision shall be deemed amended to conform to any such amendment of the Act. A Special Assessment imposed by the Association as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Areas and facilities for which the Member or the Member's guests or tenants were responsible may become a lien against the Member's separate interest enforceable by the sale of the interest under Civil Code Sections 2924, 2924b, and 2924c as well as by court proceedings.

(b) Curing of Default. Upon the timely payment, or other satisfaction, of all delinquent Assessments set forth in the notice of delinquent assessment recorded in accordance with this Article IV and all other Assessments which have become due and payable with respect to the Condominium as to which such notice of delinquent assessment was recorded following the date of such recordation, together with all costs (including reasonable attorneys' fees), and all late charges and interest which have accrued thereon, the Board shall cause to be recorded a further notice stating the satisfaction and release of the lien created by the notice of delinquent assessment. A fee covering the cost of preparation and recordation of the notice of release and satisfaction shall be paid to the Association prior to the execution and recordation of such notice of release by the Board. The notice of release and satisfaction of the lien created by the notice of delinquent assessment shall be executed by any officer of the Association or by any authorized representative of the Board. For the purposes of this paragraph (b) and the provisions of Article IV, Section 4.8(a)(ii) of this Declaration, the term "costs" shall include costs and expenses actually incurred or expended by the Association in connection with the cost of preparation and recordation of the notice of delinquent assessment and in efforts to collect the delinquent

Assessments secured by the lien created by the notice of delinquent assessment, and shall also include a reasonable sum for attorneys' fees actually incurred.

(c) Additional Costs Secured by Lien. In the event the lien created is foreclosed judicially by action in Court, reasonable attorneys' fees and court costs as the Court may award, title search fees, interest at the rate of twelve percent (12%) per annum from the date of delinquency (or if less, the maximum rate allowed by law), late charges as provided for by this Declaration, and all other costs and expenses shall be allowed to the extent permitted by law.

(d) Notice of Creation of Assessment Lien. Notwithstanding anything contained in this Declaration, no action shall be brought to foreclose any lien created pursuant to the recordation of a notice of delinquent assessment, whether judicially, by power of sale, or otherwise, less than ten (10) days after the date that a copy of the notice of delinquent assessment is deposited in the United States mail, postage and fees prepaid, addressed to each of the Owners of the Condominium as to which the notice of delinquent assessment relates at the address provided for by this Declaration for the giving of notice to an Owner.

(e) Priority of Lien. The lien created pursuant to this Declaration upon the recordation of a notice of delinquent assessment shall be prior and superior to all liens except (i) all taxes, bonds, Assessments and other similar devices which by law would be superior thereto, and (ii) the lien or charge of the holder of any deed of trust to the extent that such rights are set forth in Section 4.9 of this Article IV.

(f) Rights of Board; Waiver by Owners. Each Owner hereby vests in and delegates to the Board or its duly authorized representatives the right and power to bring all actions at law or lien foreclosures, whether judicially or by power of sale, or otherwise, against any Owner or Owners for the collection of delinquent Assessments in accordance herewith and hereby expressly waives any objection to the enforcement in accordance with this Declaration of the obligation to pay Assessments as set forth in this Declaration.

Section 4.9 Priority of Assessment Lien. The lien of the Assessments, interest thereon and costs of collection (including attorneys' fees) as provided for herein, shall be subordinate to the lien of any Mortgage upon any Condominium. The sale or transfer of any Condominium shall not affect the Assessment lien; however, the sale or transfer of any Condominium pursuant to judicial or nonjudicial foreclosure of a Mortgage shall extinguish the lien of such Assessment as to payments which became due prior to such sale or transfer except as set forth below in this Section. No sale or transfer shall relieve such Condominium from lien rights for any Assessments thereafter becoming due. Where the beneficiary of a Mortgage or other purchaser of a Condominium obtains title through judicial or nonjudicial foreclosure of the Mortgage, the person who acquires title and such person's successors and assigns shall not be liable for the share of the common expenses or Assessments by the Association chargeable to such Condominium which became due prior to the acquisition of title to such Condominium by such person, except for Assessments as to which a notice of delinquent assessment has been recorded prior to the Mortgage. Such unpaid share of common expenses and Assessments shall be deemed to become common expenses collectible from all of the Condominiums, including the Condominium belonging to such person and such person's successors and assigns.

Section 4.10 Homestead Waiver. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, and to the extent of any Mortgages, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of California now in effect, or in effect from time to time hereafter.

Section 4.11 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the members of the Association, their guests and invitees, and in particular shall be used for the purpose of improving, protecting, operating and maintaining the Common Area and the facilities, improvements, landscaping and structures located thereon, and providing for the acquisition and maintenance of property, services and facilities devoted to this purpose and directly related to the use and enjoyment of the Common Area and the Units, and otherwise providing for the performance by the Board of each and every of the powers and duties of the Board.

Section 4.12 Excess Assessment Funds. If the proceeds of any Special Assessment exceed the amount to accomplish the purpose for which any such Assessment was levied, such surplus may, in the Board's discretion, be returned proportionately to the contributors thereof, reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded, or credited proportionately on account of the Owner's future Regular Assessments. Furthermore, in the event that the amount budgeted to meet common expenses for the current year proves to be excessive in light of the actual common expenses, the Board in its discretion may abate collection of such Assessments to the extent it deems appropriate.

ARTICLE V. USE RESTRICTIONS

In addition to all other covenants contained herein, the use of the Project and each Unit therein and the Common Area is subject to the following restrictions. For purposes of this Article, except when the context otherwise requires, "Owner" shall include the family (and each member thereof), guests, tenants, licensees, staff members, employees and invitees of such Owner.

Section 5.1 Residential Use; Business Usage Prohibited.

(a) Residential Purposes. No Condominium shall be occupied and used except for residential purposes. No part of the Project or Units therein shall ever be used or caused to be used, or allowed or authorized in any way, directly or indirectly, to be used for any business, commercial, manufacturing, mercantile, vending, transient, hotel or other such nonresidential purposes; provided, that the foregoing restriction shall not apply to the activities or signs of the Association in the discharge of its responsibilities under this Declaration. "Hotel or other such nonresidential purposes," as used in the immediately preceding sentence shall mean: (i) rental for any period less than as provided in Section 5.13; (ii) any rental if the occupants of the Unit are provided customary hotel services, such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service; (iii) any rental of rooms to multiple persons where such persons do not form a single household and (iv) any "home swap" or time share arrangements.

(b) Exceptions. Notwithstanding subsection (a), no restrictions shall be construed in such a manner so as to prohibit any Owner from (i) keeping such Owner's personal business records or accounts therein; (ii) handling such Owner's personal or professional telephone calls or correspondence therefrom; (iii) leasing or renting such Owner's Unit in accordance with the Section in this Article entitled "Leasing Restrictions"; or, (iv) having a "home office" or "home business," provided that such "home office" or "home business" is incidental to the principal residential use of the Unit, complies with the Rules and Regulations established by the Board from time to time and applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific government authorization, does not interfere with the quiet enjoyment of the other Owners, and does not produce or generate any external evidence thereof from outside the Unit.

Section 5.2 Signs; Decorations; Flags.

(a) Common Area. Except as otherwise required by law, no sign, poster, banner, flag, notice, nameplate, card or advertisement of any kind shall be installed, posted or displayed to the public view in or on any Common Area, without the approval of the Board, provided that a sign of customary and reasonable dimensions advertising the sale or rental of a Condominium, which sign is of a professional type and dignified appearance, may be placed in such location in the Common Area as designated by the Board, and open to public view. The Board shall have the sole authority to determine whether said sign is of a professional type and dignified appearance.

(b) Unit. Non-commercial signs, posters, flags or banners are prohibited except as provided in the Act. No commercial signs, posters, flags or banners may be posted or displayed from a Unit (other than a for sale or for lease sign of the type and size described in accordance with sub-section (a), above).

Section 5.3 Owner Structural Changes; Improvements. No Alteration (as defined in Article XII, Section 12.2(a) below) which involves a structural alteration or modification to the interior of a Unit or installations located therein, or which will impair the structural integrity of a Unit, the Exclusive Use Common Area, the Common Area or the building, and no Alteration affecting the Common Area, and no improvement visible from the Common Area, Exclusive Use Common Area or another Unit shall be commenced or maintained except with Prior Architectural Approval in accordance with Article XII of this Declaration.

Section 5.4 Storage; Use of Balconies and Decks. There shall be no storage of any kind in or upon a Unit (including the balcony and/or deck) or Exclusive Use Common Area, which is visible from adjoining streets, the Common Area, or other Units. No item of any kind may be stored by Owners in the Common Area except in areas, if any, specifically designated for such purposes by the Board. Balconies and decks shall be kept in a neat and orderly fashion with only those articles pertinent to outdoor living be placed thereon, such as patio furniture, gas barbecues (if allowed) and potted plants. The Board may adopt Rules and Regulations regarding personal property on balconies and decks, including, without limitation, a limit on the number, types and weights of pots permitted.

Section 5.5 Pets. The following restrictions regarding the care and maintenance of pets within the Project shall be observed by each Owner:

(a) Number. Not more than one (1) usual and ordinary household pet (exclusive of caged birds and tropical fish) not exceeding 20 pounds in weight may be kept in any Unit, provided the same is not kept, bred, or maintained for any commercial purposes and are kept under control at all times. No other animals, livestock, or poultry of any kind shall be kept, bred or raised within any Unit.

(b) Rules and Regulations. The Board of Directors shall have the right to establish and enforce additional Rules and Regulations imposing standards for the reasonable control and keeping of household pets in, upon and around the Project to ensure that the same do not interfere with the quiet and peaceful enjoyment of the Project by the other Owners and residents.

(c) Pets in the Common Area. Subject to the Rules and Regulations adopted by the Board, pets shall be allowed on the Common Area only when they are leashed or held and are otherwise under the supervision and restraint of someone capable of restraining such pet. No pet shall be left chained or otherwise tethered in front of a Unit or in the Common Area. A pet on the Common Area unaccompanied by its owner may be subject to immediate pick up by the Humane Society or similar organization without liability to the Association if the pet's owner cannot be readily ascertained or if in the Board's reasonable determination the pet poses a threat to the other residents or is found unsupervised in the Common Area an unreasonable number of times within any year.

(d) Responsibility for Conduct of Pets. Each person bringing or keeping a pet on the Project shall be solely responsible for the conduct of that person's pets. Each Owner shall be liable to each and all remaining Owners, their families, staff members, guests, tenants and invitees for any damage to person or property caused by any pets or animals brought up or on, kept upon or in the Project by an Owner or by members of such Owner's family, guests, tenants or invitees. The Association, its Board, officers, employees and agents shall have no liability (whether by virtue of this Declaration or otherwise) to any Owners, their family members, guests, invitees, tenants for any damage or injury to persons or property caused by any pet.

(e) Nuisance/Danger. Any pet causing or creating a nuisance, obnoxious odors or unreasonable disturbance or exhibiting dangerous behavior shall be permanently removed from the Project, after notice and hearing is afforded to the Owner, upon twenty (20) days' written notice from the Association after the hearing is held.

(f) Clean-Up. All pets must be taken off of the Common Area when walked and not allowed to defecate/urinate on the Common Area. Owners must immediately remove all excrement left by their pet.

Section 5.6 Offensive Activities.

(a) Acts Increasing Insurance Rate or Causing Cancellation. No Owner shall permit or suffer anything to be done or kept upon or in such Owner's Unit or the Common Area which will increase the rate of insurance thereon or result in the cancellation of any such

insurance or cause the Project or any part thereof to be uninsurable against loss by fire or the perils of the extended coverage endorsement to the California Standard Fire Policy Form or loss on account of bodily injury or property damage. If an Owner's acts causes an increase in the Association's insurance rates, then such Owner will be liable for such increase and after notice and a hearing is afforded to the Owner shall be assessed the cost thereof as a Special Assessment.

(b) General Provisions. No Owner shall permit or suffer anything to be done or kept upon or in such Owner's Unit or the Common Area which will obstruct or interfere with the rights of other Owners, their families, guests, tenants, staff members and invitees, nor annoy them by unreasonable noises or otherwise, nor which shall in any way interfere with the quiet enjoyment by each Owner of such Owner's respective Condominium, nor shall any Owner commit or permit any nuisance, noxious or offensive activity, or any illegal act to be committed thereon or therein. Each Owner shall comply with all of the requirements of the local and State Board of Health and with all other governmental authorities and any and all applicable zoning laws, rules, ordinances, statutes, regulations and requirements of any governmental agency or authority with respect to the occupancy and use of such Owner's Condominium.

Section 5.7 Exploration for Minerals. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in the Project or any portion thereof, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any portion of the Project or within five hundred (500) feet below the surface of the Property, and no derrick or other structure designed for use in boring for water, oil, natural gas or other minerals shall be erected, maintained or permitted upon any portion of the Project.

Section 5.8 Rubbish. No Owner shall sweep or throw, or permit to be swept or thrown from such Owner's Unit, any dirt or other substance onto the Common Area or another Owner's Unit. All rubbish, trash and garbage shall be properly packaged and regularly removed from the Units by the Owners thereof and placed in proper receptacles at the collection site for the refuse pick-up service arranged by the Association pursuant to this Declaration, and shall not be allowed to be stored or to accumulate thereon or on the Common Area. Trash, garbage, and other waste shall not be kept except in sanitary containers. No toxic or hazardous materials shall be disposed of within the Project by dumping in the garbage containers, down the drains or otherwise. In addition, no construction rubbish may be dumped in the Association's trash bins.

Section 5.9 Parking and Vehicle Restrictions.

(a) Park in Assigned Spaces. Owners shall park their vehicles only in their assigned parking spaces. Said parking spaces are to be used for the parking of standard passenger vehicles, including sports utility vehicles, and shall not be converted to living quarters or workshops or used for the storage of boats, trailers, campers, recreation vehicles.

(b) Maintenance of Parking Spaces. Each Owner shall maintain such Owner's assigned parking space(s) in a neat and orderly condition and free of oil, brake fluid, power steering fluid or other fluid leaks, at all times. If an Owner fails to comply with this subsection, after being given notice to clean such parking space and after notice and a hearing is afforded to the Owner, such Owner shall be assessed by the Board for the cost of cleaning the

parking space, together with any other costs and attorneys' fees as a Special Assessment. No personal property may be stored in parking spaces unless expressly permitted in the Rules and Regulations.

(c) Guest Parking. There is no guest parking within the Project. An Owner's guests must park in that Owner's assigned parking space or on the street. In no event shall an Owner's guest be allowed to park in another Owner's parking space without the permission of the Owner to whom such parking space is assigned.

(d) Condition of Vehicle; Repairs. No motor vehicle shall be constructed, reconstructed or repaired within the Project and no dilapidated, unregistered or inoperable vehicle, including vehicles without wheel(s) or an engine, shall be stored on the Project; provided, however, that the provisions of this Section shall not apply to emergency vehicle repairs to the extent necessary for the movement thereof to a proper repair facility.

(e) Towing. The Board shall have the authority to tow, at the Owner's expense, any vehicle parked or stored in violation of this Section, including, without limitation, any vehicle parked in another Owner's parking space without permission, in a "no parking" area or blocking ingress or egress from the Project. The Board shall post such notices or signs within the Common Area as may be required by law to effectuate this towing provision.

(f) Non-Severance. No parking space or assigned garage may be sold or assigned to, or retained in the ownership of, any person not an Owner, and no parking space may be rented or leased to a non-Owner except in connection with the lease of a Condominium.

(g) Electric Vehicle Charging Stations. No electric vehicle charging station may be installed without the Prior Architectural Approval. The Association may impose reasonable restrictions on such installation in accordance with the Act.

(h) Additional Rules. The Board shall have the authority to promulgate further reasonable Rules and Regulations of uniform application regarding parking and vehicles within the Project as may be deemed prudent and appropriate, including, without limitation, the right to register vehicles, the right to establish guest parking areas and temporary parking areas for loading and unloading, parking of delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of goods and services to the Association and/or to the Owners and residents, the right to regulate parking in driveways within the Project, and the right to impose monetary penalties against Owners for parking violations.

Section 5.10 Antenna and Other Exterior Items.

(a) General Provisions. Except as installed at the time of the construction of the Project, and except as provided below in subsection (b), no rotors, banners, buntings, poles, wires, machines, equipment (including air conditioning equipment) or similar objects or unsightly objects of any kind shall be allowed on, or permitted to protrude through, the exterior walls, windows, doors or roof of any building within the Project, or any part thereof, without Prior Architectural Approval in accordance with Article XII below.

(b) Authorized Antennae.

(i) Defined. For purposes hereof, an "Authorized Antenna" shall mean (1) a "dish" antenna designed to receive direct broadcast satellite service, including direct-to-home satellite service, or to receive or transmit fixed wireless signals via satellite; (2) an antenna designed to receive video programming services via broadband radio service (wireless cable) or to receive or transmit fixed wireless signals other than via satellite; and/or (3) an antenna that is designed to receive local television broadcast signals.

(ii) Only Authorized Antenna Permitted. All antenna or other signal transmitting or receiving devices other than an Authorized Antennae are prohibited. Authorized Antennae in excess of one (1) meter in diameter are prohibited in the Project. Authorized Antennae one (1) meter or less in diameter may be installed in a Unit or other exclusive use area provided the installation (i) complies with the Association's Rules and Regulations, (ii) does not violate any ordinances or building codes, (iii) does not void any Association warranties; and (iv) does not pose a safety hazard. Members shall indemnify and hold harmless the Association as well as its officers, Directors, Committee members, employees, and agents against any liability, loss or damage caused by the installation, maintenance or use of such equipment. This indemnity shall apply to all subsequent Owners for as long as the equipment is installed, regardless of their use of such equipment. Owners are prohibited from installing an Authorized Antennae in the Association's Common Area without first obtaining Prior Architectural Approval in accordance with Article XII below.

Section 5.11 Occupancy. No Unit may be occupied by more persons than allowed by applicable city or county ordinance or law. Each Owner shall disclose in writing to the Association, the identity of each person who is permanently residing in such Owner's Unit (to the extent not already provided pursuant to the terms of Article V, Section 5.13 below). All changes in occupancy shall be disclosed in writing to the Association at least within forty-eight (48) hours prior to the change. For purposes of this Section, "permanently reside" shall mean the use, residency, or occupancy of any Unit, by any Owner, member of an Owner's family, lessee, tenant, occupant, or other resident thereof for more than thirty (30) consecutive days or more than sixty (60) aggregate days, whether or not consecutive, in any one (1) calendar year. This Section shall not prohibit an Owner or a resident from having temporary guests occupy or visit the Unit; provided, however, no Unit shall be used on an ongoing basis as a temporary lodging for guests, clients, or customers.

Section 5.12 Diseases and Pests. No Owner shall permit any thing or condition to exist in such Owner's Unit which shall induce, breed or harbor infectious diseases, rodents or noxious insects.

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Section 5.13 Leasing Restrictions. Notwithstanding anything to the contrary contained in this Declaration, the following restrictions govern how, and under what terms, an Owner may lease his or her Unit:

(a) Definitions. For purposes of this Section, the following terms shall apply:

(i) "Existing Owner" shall mean and refer to an Owner of record prior to the recordation of this Declaration.

(ii) "Immediate Family Member" shall mean and refer to a child, parent or sibling of the Owner.

(iii) "Leasing Ratio" shall mean two (2) out of the five (5) Units in the Project.

(iv) "New Owner" shall mean a person/entity who became the Owner of a Unit after the recordation of this Declaration.

(b) Cap on Number of Units Leased by New Owners; New Owners Must Apply for Approval to Lease Units. Subject to an approved hardship exemption issued by the Board in writing, from and after the date of this Declaration, no New Owner may rent or lease his or her Unit if the number of all Owner's Units leased, plus the New Owner's Unit would exceed the Leasing Ratio. For purposes of this subsection, a Unit shall not be considered rented or leased if the Unit is being occupied by an Owner with a roommate or by an Immediate Family Member. Such leasing system shall be implemented as follows:

(i) Prior Approval to Lease Required; Wait List. Except as provided in the last sentence of Section 5.13(b)(ii), all New Owners who desire to lease their Units shall submit an application to lease to the Board prior to entering into any Lease. At the time a New Owner submits the application to lease to the Board, the Board shall determine the number of Units which are currently being leased. If the number of Units at the Association then leased, plus the New Owner's Unit, does not exceed the Leasing Ratio, and there is no person on the waiting list, the Association shall permit such New Owner to lease his or her Unit. If the number of Units at the Association then leased, plus the New Owner's Unit, exceeds the Leasing Ratio, the New Owner shall not be allowed to lease his or her Unit. Instead, the New Owner's name shall be placed on the leasing waiting list maintained by the Board. A New Owner who is placed on the waiting list shall not be entitled to lease such New Owner's Unit until he or she is notified in writing by the Board that the New Owner is at the top of the waiting list and the number of Units at the Association then leased, plus the New Owner's Unit, would not exceed the Leasing Ratio.

(ii) Continued Right To Lease. Once a New Owner is granted approval to lease his Unit, and does so in accordance with this Section and any Rules adopted by the Board, such New Owner shall have the right to continue to lease his or her Unit until such time as the Unit is re-occupied or transferred by the Owner, whichever occurs first.

(iii) Rules and Regulations. The Board shall have the right to establish and enforce additional Rules and Regulations to implement the rental restrictions contained in this Section including, without limitation, imposing standards for the keeping of a wait list, setting reasonable deadlines for renting Units after which time the next New Owner on the waiting list shall be given an opportunity to rent his or her Unit, defining what constitutes a transfer, and authorizing the Board to grant limited hardship exemptions from compliance with the Leasing Ratio (e.g., hardships for a death in the family, transfers for jobs, the calling up of someone for active military duty, or one or more significant medical treatments for an Owner or an Immediate Family Member of the Owner) and establishing the criteria therefor. No hardship exemption may exceed six (6) months, after which time the Owner's tenant must immediately vacate the Unit.

(c) Inapplicability to Existing Owners. The restrictions on leasing set forth in Section 5.13(b) shall not apply to Existing Owners. Existing Owners shall have the right to lease their Units without regard to Section 5.13(b) until such time as the Existing Owner transfers the Unit.

(d) Additional Leasing Restrictions Applicable to All Owners.

(i) General Provisions. Units may be leased for residential purposes only, as such purposes are more fully described in Article V, Section 5.1 above. For purposes of this Section, a Unit shall be considered to be "leased" if the Unit is no longer occupied by the Owner(s) of such Unit, whether or not the person occupying or intending to occupy such Unit is paying the Owner any form of consideration in exchange for the right to occupy such Unit. No Unit (or any room therein) may be leased or advertised for lease for hotel or transient purposes including, but not limited to, on peer-to-peer rentals on platforms such as AIRBNB and VRBO.

(i) Lease Term. No lease for a Unit or any room therein is permitted for a term of less than thirty (30) days.

(ii) Lease Provisions. Any agreement for the leasing of a Unit shall be in writing and shall contain at a minimum, the following terms, which terms shall be binding upon the Owner and the Owner's lessee regardless of whether Owner breaches his obligation to include them in said lease: (A) lessee shall abide by and be subject to the terms and provisions of this Declaration, the Articles, the Bylaws and any other governing documents and failure to comply with the terms of the foregoing documents shall be a default under the Lease, (B) there shall be no right of assignment or sublease, (C) lessee understands and agrees to pay rents to the Association in the event the Owner becomes delinquent in the payment of Assessments to Association, and (D) lessee acknowledges the Association's right to initiate an unlawful detainer action against the lessee in the event the lessee fails to abide by the terms of the Association's governing documents.

(iii) Notice to Association. Within fifteen (15) days after leasing a Unit, an Owner shall furnish the Board (1) with a copy of such lease, (2) with the telephone number of the lessee and any change in the address or telephone number of the Unit Owner, and (3) with written advice as to the make, color and license number of all motor vehicles owned by such lessee.

(iv) Duty to Provide Copy of Governing Documents to Tenant. It shall be the Owner's duty to provide a copy of this Declaration, the Rules and Regulations and any other relevant governing documents to the Owner's tenant prior to such tenant occupying the Unit.

(v) Entire Unit. No Owner may lease less than his or her entire Unit. Owners may have roommates, and Units may be leased by an Owner to roommates as part of a common household; however, in no event shall a Unit be divided into spaces or occupied in a manner where the occupants do not form a common household.

(vi) No Sublease or Assignment. No Unit may be subleased and no lease may be assigned to another lessee.

(vii) Association May Enforce Governing Documents Against Lessees.

(1) Responsibility for Actions of Lessee. Any Owner who shall lease such Owner's Unit shall be responsible for assuring compliance by such Owner's lessee with this Declaration, the Articles, the Bylaws and the Rules and Regulations. Such Owner shall be absolutely liable to the Association and other Owners and their families, staff members, guests, tenants, and invitees for any liability arising from the acts and/or omissions of such Owner's lessee. Each Owner who chooses to lease such Owner's Unit agrees to be held liable for all acts, whether negligent or non-negligent of such Owner's lessee.

(2) Unlawful Detainer. Failure by an Owner to take legal action, including the institution of proceedings in unlawful detainer against such Owner's lessee who is in violation of this Declaration, the Articles, the Bylaws or the Rules and Regulations, within ten (10) days after receipt of written demand so to do from the Board, shall entitle the Association, through the Board, to take any and all such action, including the institution of proceedings in unlawful detainer on behalf of such Owner against such Owner's lessee. Any expenses incurred by the Association, including attorneys' fees and costs of suit, shall be repaid to it by such Owner. Failure by such Owner to make such repayment within ten (10) days after receipt of a written demand therefor shall entitle the Board to levy a Special Assessment against such Owner and such Owner's Unit for all such expenses incurred by the Association. The authority granted by this Section shall be cumulative with all other rights and remedies of the Association in enforcing its governing documents.

(3) Assignment of Rents. As security for the payment of assessments, upon any default or delinquency by an Owner to pay any assessment for more than three (3) months after it becomes due, each Owner assigns to the Association all of such Owner's rights as lessor, i.e., the right, power and authority to: (A) collect the rents, issues and profits (collectively, 'Rent') of said Owner's Unit, including Rent due and unpaid, (B) initiate an unlawful detainer action against the lessee, (C) enter upon and take possession of the Unit, (D) re-rent the Unit in the Association's name and collect Rent therefrom without liability to the Owner except for any Rent which may be collected over and above the assessments owed to the Association by the Owner, and (E) avail itself of any other remedies permitted by law. Upon ten (10) days written demand to such Owner and to the Owner's lessee in a form consistent with Civil Code Section 2938(k), as the same may be amended, the Association may direct the lessee

to make all Rent payments to the Association until such time as the Owner's delinquency is cured. The Association's rights to collect Rents is without regard to the adequacy of any other security for such indebtedness. In the event proceedings are brought by the Association to enforce any of the provisions in this Section, the prevailing party shall be entitled to recover all costs and reasonable attorneys' fees. The assignment of Rents and powers described in this Section shall not effect, and shall in all respects be subordinate to, the rights and powers of the holder of a first Mortgage on any Unit.

(e) Enforcement. If an Owner leases such Owner's Unit in violation of this Section, the Association is authorized to pursue all of its available legal rights and remedies against the Owner to enforce such violation, including, without limitation, the imposition of monetary penalties on a daily basis and/or the filing of an application for injunctive relief.

Section 5.14 Exterior Fires; Barbecues. There shall be no fires within the Project whatsoever except fires confined to fireplaces (if any) within the Units and, to the extent not prohibited by law or the Association's insurance carrier, barbecue fires in receptacles adequately designed for such purposes on balconies or decks.

Section 5.15 Flammable, Corrosive or Explosive Materials. No Owner nor any member of such Owner's family, tenant, agent, employee, licensee or guests shall at any time bring into, keep, store or maintain in or on any portion of the Project any inflammable or highly corrosive or explosive solid, liquid, gas, chemical substance or other material (except for cleaning or similar materials or supplies in quantities consistent with normal household use) without in each case obtaining the consent of the Board of Directors.

Section 5.16 Water; Unreasonable Use. No Owner shall cause or permit hot and/or cold water to be left running any unreasonable or unnecessary length of time. Normal household use of water is excepted.

Section 5.17 Move-In/Move-Out Cleaning Deposit. An Owner shall be liable to the Association for any damage caused to the Common Area by the Owner and/or the Owner's lessees moving in and out of the Project or otherwise. The Association may require Owners to provide the Association with a cleaning fee deposit prior to any move in or move out to help cover the cost of repairing any damage to the Common Area.

Section 5.18 Yard Sales, etc. No rummage sales, garage sales, estate sales, or flea markets of any kind are permitted in a Unit or on the Common Area without the prior written approval of the Board.

Section 5.19 Decorating Authority. Subject to the restrictions set forth in this Article V (Use Restrictions) and Article XII (Architectural Review) below, each Owner shall have the following rights and obligations:

(a) General Provisions. Each Owner shall have the exclusive right, at such Owner's sole cost and expense, to paint, repaint, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors and doors bounding such Owner's Unit, and at such Owner's sole cost and expense, to substitute new finished interior surfaces in place of those existing on said walls, ceilings, floors and doors; provided, however, that an Owner

shall not do anything with respect to such Owner's Unit that might have the effect of increasing the level of noise or sounds that can be heard outside of such Owner's Unit during normal use and occupancy of such Unit.

(b) Balcony and Deck Floor Coverings. No Owner may alter the surface of such Owner's balcony or deck without Prior Architectural Approval.

(c) Window Coverings. The use and the covering of the interior surfaces of the glass doors and windows appurtenant to any Unit in the Project whether by draperies, shades, tinting or other items visible from the exterior of the building shall be subject to the Rules and Regulations of the Association; provided, however, that the color of window coverings shall be in harmony with the exterior of the structure and no window shall be covered by paint, foil, sheets or similar items. Furthermore, no window guards or bars shall be installed on any of the windows or doors of a Unit. The Board may adopt Rules and Regulations regarding the type, color and design of window covers.

(d) Doors. The replacement of any exterior front, balcony or deck doors, including all knobs, hardware and handles thereto shall be subject to Prior Architectural Approval with regard to type, color and design. Owners shall obtain Prior Architectural Approval pursuant to the provisions of Article XII below.

(e) Noise Mitigation. In the event an Owner shall do anything with respect to his Unit that might have the effect of increasing the level of noise or sounds that can be heard outside of his Unit during normal use and occupancy of his Unit, the Owner shall be required to take all reasonable measures to deaden, insulate and otherwise decrease the level of such noise or sounds to the minimum level reasonably possible.

Section 5.20 Solar Energy Systems.

(a) Prior Architectural Approval Required. An Owner may not install any kind of solar energy system on the roof above such Owner's Unit or exclusive use area without Prior Architectural Approval pursuant to Article XII of this Declaration. In accordance with Civil Code Sections 714, 714.1 and 4746, the Board may not withhold its approval of an Owner's request to install a solar energy system on an Owner's Unit, however, the Board may impose reasonable restrictions relating to the installation of such solar energy system including, but not limited to, those restrictions set forth in such statutes such as insurance, indemnification, maintenance, repair, solar site surveys and equitable sharing of roof space. The approval or disapproval of an Owner's application shall be in writing. If an application is not denied in writing within forty-five (45) days in writing, the application shall be deemed approved, unless that delay is the result of a reasonable request for additional information. The available roof space shall be divided equally among the Units for solar energy system installation.

(b) Rules and Regulations. The Board may adopt Rules and Regulations concerning solar energy systems including, but not limited to, the color of such system, the method of attachment, screening, etc.

ARTICLE VI.
OBLIGATIONS OF OWNERS

Section 6.1 Maintenance and Repair. Subject to the architectural restrictions in Article XII, each Owner shall have the following rights and obligations:

(a) General Provisions. Each Owner shall maintain and repair such Owner's Unit and keep such Owner's Unit in a clean, sanitary, safe and attractive condition, and except as otherwise expressly set forth herein, shall also be responsible for the maintenance of all Exclusive Use Common Area property allocated to such Owner's Unit. Except as otherwise expressly set forth herein, each Owner shall also be responsible for the maintenance, repair and replacement of any additions or alterations made to the Unit structure or to the Exclusive Use Common Area property allocated to this Unit by such Owner or any previous Owner of such Unit. Each Owner shall also be responsible for the maintenance, repair and/or replacement, as the case may be, of the items designated as an Owner's responsibility in Exhibit "A" attached hereto and made a part hereof, and, to the extent that Exhibit "A" conflicts with any other provision of this Declaration, the repair allocations set forth in Exhibit "A" shall control.

(b) Wood Destroying Pests. Each Owner must notify the Association as soon as possible if such Owner is aware that there is an infestation of insects and/or wood-destroying pests or organisms inside such Owner's Unit.

(c) Mold. In order to reduce the presence of mold, fungi, spores, pollens and other botanical substances, or other allergens (collectively "Mold") within the Unit, the Owners shall inspect the interior of their dwellings not less frequently than once each quarter to check for water leaks or other breaches of the watertight integrity of the improvements, and for the presence of Mold. If any water leaks and/or Mold are detected within the Unit, the Owner shall immediately take appropriate corrective steps to repair the leak, and/or remove the Mold and to maintain proper ventilation within enclosed areas, and to maintain humidity levels to reduce the risk of Mold growth, and take such other prudent steps as may be appropriate to prevent Mold growth, or eliminate any existing Mold.

(d) Failure to Maintain - Non Emergency. If an Owner fails to maintain such Owner's Unit, Exclusive Use Common Area or any other components which are the Owner's responsibility in accordance with this Section, or make repairs thereto in such manner as may be deemed necessary in the judgment of the Board to preserve and protect the attractive appearance and value of the Project, the Board shall give written notice to such Owner, stating with particularity the work of maintenance or repair which the Board finds to be required, and requesting that the same be carried out within a period of thirty (30) days from the giving of such notice, or sooner if the circumstances, require. If such Owner fails to carry out such maintenance or repair within the period specified by the notice, the Board shall have the right to enter the Unit (as provided in Article VI, Section 6.2(c) below) and cause such work to be done after notice and a hearing and shall assess the cost thereof to such Owner, such Assessment to be due and payable within thirty (30) days after the Board gives written notice thereof and shall be deemed to be a Special Assessment.

(e) Failure to Maintain - Emergency. If an Owner fails to effect emergency repairs to such Owner's Unit, Exclusive Use Common Area or any other components which are the Owner's responsibility in accordance with this Section, the Association shall have the right to enter the Unit (as provided in Article VI, Section 6.2(c) below) and effect the repairs at the expense of the Owner, without the requirement of notice and a hearing. An emergency repair is one which, if not made, could potentially affect the safety of occupants; integrity of the structure; or damage to Common Area property or adjacent Units. The cost of such emergency repairs shall be assessed to such Owner, such Assessment to be due and payable within thirty (30) days after the Board gives written notice thereof and shall be deemed to be a Special Assessment.

(f) Assessments. The provisions of Article IV hereof relative to the creation of a lien for Assessments and the enforcement of payment of Assessments shall apply to all Assessments levied pursuant to this Article.

Section 6.2 Right of Entry. The Board, or its authorized agents may enter any Unit when necessary, as follows:

(a) To Make Common Area Repairs. In connection with any maintenance or repair for which the Association is responsible to perform, whether such access is needed to inspect the Common Area or to perform the maintenance and repair. Such entry shall be made with as little inconvenience to the Owners as practicable and shall be preceded by reasonable notice wherever the circumstances permit (unless there is an emergency originating in or threatening the Unit, in which case entry can be immediate, without notice and without the presence of the Owner), and any damage caused thereby shall be repaired by the Board out of the common Assessments. If necessary, upon receipt of reasonable notice from the Association (which shall in no event be less than fifteen (15) days nor more than thirty (30) days), each Owner shall vacate such Owner's Unit in order to accommodate efforts by the Association to perform the Association's maintenance or repair obligations pursuant to the Declaration. The cost of performing any such maintenance or repairs shall be a common expense of the Association; however, each Owner shall bear such Owner's own costs of temporary relocation. In addition, an Owner shall be responsible to ensure that the occupants of the Owner's Unit will in fact vacate as prescribed in the aforementioned notice. In the event that any Owner shall fail to cause such vacation by the occupants of such Owner's Unit, the Association shall have the right to assess the cost or expense to the Association and to other Owners (including but not limited to construction costs and attorneys' fees) incurred as a result of such failure to vacate against the Owner and such Owner's Unit as a Special Assessment.

(b) Performance of Other Board Duties; To Ascertain Compliance. For any purpose reasonably related to the performance by the Board of its powers or responsibilities, including for the purpose of ascertaining whether the condition of a Unit is in compliance with the governing documents. Such entry shall be made with as little inconvenience to the Owners as practicable and shall be preceded by reasonable notice wherever the circumstances permit, (unless there is an emergency originating in or threatening the Unit, in which case entry can be immediate, without notice and without the presence of the Owner), and any damage caused thereby shall be repaired by the Board out of the common Assessments.

(c) To Cure Upon Owner's Failure to Maintain. To effect repairs, if an Owner fails to maintain such Owner's Unit, Exclusive Use Common Area or any other components which are the Owner's responsibility in accordance with Section 6.1 of this Article VI, or if an Owner fails to make repairs thereto in such manner as may be deemed necessary in the judgment of the Board to preserve and protect the attractive appearance and value of the Project. Entry shall take place as provided in Article VI, Sections 6.1(d) and (e) above, as applicable, and any damage caused thereby shall be assessed to the Owner as provided therein.

(d) To Determine Source of Damage. To determine the source of damage. The right of entry shall include the right to open up walls, ceilings and floors, as may be necessary to identify the component causing the damage. If the source of the damage is a component for which an Owner is responsible to maintain, then, after notice and a hearing, the Board shall have the authority to assess as a Special Assessment to the Owner responsible for maintaining such component, the costs incurred by the Association in gaining access, identifying and (if necessary) repairing the source of the damage

Section 6.3 Owner's Compliance. Each Owner, tenant or occupant of a Condominium shall comply with the provisions of this Declaration, the Rules and Regulations, the Articles (if any), and Bylaws, and the decisions and resolutions of the Association or the Board, as lawfully amended from time to time. Furthermore, each Owner, tenant or other occupant of a Condominium shall ensure that such person's family members and such person's guests, employees, staff members, licensees, representatives, agents, and invitees shall abide by the Association's governing documents, which include this Declaration, the Rules and Regulations, the Articles (if any), and Bylaws, and the decisions and resolutions of the Association or the Board. Failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action: (i) to recover sums due, (ii) for damages, (iii) for injunctive relief, (iv) for costs and attorneys' fees, or (iv) any combination of the foregoing.

Section 6.4 Mechanic's Liens. Owners shall ensure that no lien is placed against any other Unit or against the Common Areas for labor or materials furnished to their Units except the undivided percentage interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed and such materials shall have been furnished. If a lien is placed against the Common Areas or other Owners' Units and the responsible Owner does not immediately cause the removal of the lien, the Association may, after written notice to the responsible Owner, pay the amounts necessary to have the lien removed and levy a Special Assessment against the responsible Owner for the costs thereof.

Section 6.5 Taxes and Utilities. Each Owner shall pay any real and personal property taxes separately assessed against such Owner's respective Unit and all utility charges separately metered or charged against such Owner's Unit. Such payments shall be made by each such Owner in addition to, and separately from, Assessments otherwise payable by each such Owner to the Association. All such taxes, charges and assessments and liens arising therefrom shall relate only to the Units to which they pertain and not to the Project as a whole.

Section 6.6 Owner Liability For Damage.

(a) Damage to Common Area. Each Owner shall be liable to the Association for any damage to the Common Area or any improvements thereon and Exclusive Use Common Area, which may be sustained by reason of the negligence or willful misconduct of said Owner, such Owner's family, guests, tenants, staff members, licensees, agents, representatives or invitees, and after notice and a hearing is afforded to the Owner, shall be assessed by the Board for the cost of repair or replacement thereof as a Special Assessment, together with costs and attorneys' fees.

(b) Damage Within a Unit. In the event that the Board determines that the walls, ceilings, floors, doors, windows, or any other portion of the Common Area forming the boundaries of a Unit have been damaged by an act or omission committed inside the Unit, notwithstanding that such damage affects the Common Area, the Owner of the Unit shall pay for the cost of repairing such damage in a timely fashion.

(c) Damage to Other Owners. Each Owner shall be liable for any loss or damage to the improvements and personal property of another Unit caused by the acts, omissions or willful misconduct of that Owner or by the members of such Owner's family, or the Owner's tenants, social guests, employees, staff members, agents or invitees.

Section 6.7 Notice of Danger; Security. In the event any Owner observes any equipment, furniture, structure, vehicle, conduct or activity within any portion of the Project which said Owner deems likely to cause or result in serious injury to the health or safety of any resident or occupant within the Project unless immediate corrective action is taken, said Owner shall immediately notify the Manager, a member of the Manager's staff, a security guard, an officer of the Association or a member of the Board so that the appropriate action can be taken. The Association may provide a measure of security to the residents of the building but does not guarantee the safety and security of any resident or Owner. Each Owner and each resident shall take all reasonable measures to ensure such person's safety and not jeopardize the safety and security of others. In the event any Owner observes any situation or activity which will likely result in a breach of security within the Project, said Owner shall immediately notify the Manager, a member of the Manager's staff, a security guard, an officer of the Association or a member of the Board so that the appropriate action can be taken.

Section 6.8 Notification of Sale of Condominium. Concurrently with consummation of the sale of any Condominium under circumstances whereby the transferee becomes an Owner thereof or within five (5) business days thereafter, the transferee shall notify the Board in writing of such sale. Such notification shall set forth: (i) the name of the transferee and the transferor; (ii) the unit number of the Condominium purchased by the transferee; (iii) the transferee's mailing address; and (iv) the date of sale. Prior to receipt of such notification, any and all communications required or permitted to be given shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor.

Section 6.9 Notification Regarding Mortgagees. Upon request, each Owner whose Condominium is encumbered by a Mortgage shall notify the Association through its secretary of the name and address of such Mortgagee or beneficiary, and the Association shall maintain a

record of such encumbrancers. The Owner shall likewise notify the Association as to the release or discharge of any such Mortgage.

Section 6.10 Indemnification by Owner. Each Owner shall indemnify, defend and hold harmless the Association and its Board, officers, employees and agents and other Owners, and their families, staff members, tenants and invitees: (i) from the acts and/or omissions of (A) such Owner, and/or (B) such Owner's lessees and other persons residing in an Owner's Unit, guests, invitees, employees, agents, and independent contractors which occur within the Project, which acts and/or omissions cause damage to property or injury to persons, (ii) from any liability arising out of the existence and operation of a day care in the Owner's Unit as may be required to be allowed by law, (iii) from any damage to person or property caused by any pets or animals brought up or on, kept upon or in the Project by an Owner or by members of such Owner's family, guests, tenants or invitees, (iv) from and against liability of loss arising from the claim of any lien against the Unit of the Owner or the Common Area, or any part hereof, for labor performed or for materials furnished in work on such Owner's Unit, (v) from any liability arising out of the approval by the Board of an Application (as defined in Article XII below), and (vi) from a claim or suit in the event any personal injury or property damage is sustained by any person while physically within or on such Owner's Unit or any balcony or deck attached thereto or any Exclusive Use Common Area serving such Owner's Unit and shall result in a claim or suit against any other Owner or the Association, any of its officers, members of its Board of Directors, the Manager or the Manager's staff; provided that no such obligation shall exist with respect to such other Owner or other person whose negligence or willful misconduct caused or contributed to the cause of any such injury or damage. In the event of joint ownership of any Condominium within the Project, the liability of such Owners shall be joint and several.

ARTICLE VII. DUTIES AND POWERS OF ASSOCIATION

Section 7.1 Administration of Project. The Owners and each of them, together with all parties bound by this Declaration covenant and agree that the administration of the Project should be in accordance with the provisions of this Declaration, the Articles (if any), the Bylaws and such Rules and Regulations as may be adopted by the Board and amendments, changes and modifications thereto as come into effect from time to time.

Section 7.2 Meetings. Annual and Special Meetings of the Members of the Association shall be held as provided for by the Bylaws.

Section 7.3 Board Authority. The Board of Directors as constituted from time to time, shall at all times be responsible for the day-to-day operation and management of the affairs of the Association and shall have the sole power and duty to perform and carry out the powers and duties of the Association as set forth in this Declaration and the Bylaws, together with the powers and duties otherwise expressly delegated to the Board by this Declaration or the Bylaws, except for action or activity expressly set forth herein, in the Bylaws, or the California Corporations Code as requiring the vote or assent of the Members of the Association or a given percentage thereof. Without limiting the generality of the foregoing, the Board shall have the duties and powers set forth in Article VII, Section 7.4 and 7.5, respectively, of this Declaration.

Section 7.4 Board Duties. In addition to the duties enumerated in the Bylaws (if any), or elsewhere provided for in this Declaration, and without limiting the generality of those duties, the Association shall have the following duties:

(a) Payment of Expenses. The Association shall pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association. In addition, the Board shall acquire and pay for out of the Assessments levied and collected in accordance herewith, water, telephone, gas, electric powers, gardening service, refuse collection, cable television and/or satellite service and other necessary utility services for the Common Area (and to the extent not separately metered or charged, for the Units).

(b) Perform Maintenance and Repair.

(i) General Provisions. The Board shall maintain, or cause to be maintained, the Common Area, and the improvements thereon other than certain Exclusive Use Common Areas appurtenant to a Unit (as provided in Article VI, Section 6.1 above), and other than as set forth in Exhibit "A" hereto, and pay for out of Assessments such services, furnishings, equipment, maintenance and repair it may determine are necessary in order to keep and at all times maintain such components for which the Association is responsible in an attractive condition and in a good state of repair.

(ii) Owner Cooperation. No Owner shall interfere with the Association's maintenance and repair obligations. Each Owner shall cooperate with the Association's maintenance and repair activities, including, without limitation, providing the Association timely access to their Units to accommodate such maintenance and repair. If an Owner fails to so cooperate, the Association may assess the cost or expense to the Association of obtaining the Owner's cooperation to such Owner as a Special Assessment.

(iii) Wood Destroying Pests. The Association shall have the Common Area periodically inspected for wood-destroying pests and organisms and shall take appropriate corrective measures. The Association shall have the authority to require the temporary removal of occupants of a Unit as may be necessary in connection with the treatment of wood-destroying pests or organisms, pursuant to the procedures described in the Act. The costs of any temporary relocation shall be borne by each Owner who is required to move.

(c) Discharge of Liens. The Association shall discharge by payment, if necessary, any lien against the Common Area and, if such lien was caused by the actions of a Member or Members, the Association shall charge the cost to the Member or Members responsible for the existence of the lien (after notice and a hearing, as provided in Article XIII below).

(d) Levy Assessments. The Association shall fix, levy, and collect Assessments as set forth in Article IV of this Declaration.

(e) Maintain Insurance. The Association shall maintain the policy or policies of insurance required by Article IX of this Declaration.

(f) Reporting of Financial Matters. The Board shall cause financial statements and other disclosures for the Association required pursuant to the Act to be annually prepared and copies thereof to be distributed to each Owner, and to each Mortgagee who makes a written request for same as provided in Article VI of the Bylaws.

(g) Corporate Records. The Board shall cause to be kept a complete record of all of its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of the Members or at any duly called special meeting of the Members; keep adequate and correct books and records of account, minutes of proceedings of its Members, Board, and committees, and a record of its Members giving their names and addresses.

(h) Enforce Governing Documents. The Board shall enforce the provisions of the Association's governing documents in accordance with the terms thereof.

Section 7.5 Board Powers. In addition to the powers enumerated in the Articles (if any) and Bylaws or elsewhere provided for in this Declaration, and without limiting their generality, the Association shall have the following powers:

(a) Employ Manager and Others. The Board may employ a professional Manager, and may employ such other agents and employees as it deems necessary and prescribe their duties and supervise the performance of such duties, fix their compensation for the purpose of providing for the performance of the business powers, duties and/or obligations of the Board or any portion thereof. Such Manager, if any, and all employees shall have the right of ingress and egress over and across to such portions of the Project as may be necessary in order for them to perform their obligations. Under any management agreement entered into by the Board, the Association shall have the right to terminate such agreement without the payment of a termination fee (i) with cause on thirty (30) days' written notice or (ii) without cause on sixty (60) days' written notice. In addition, the Board shall have the power to appoint and remove at its discretion, all officers of the Association, prescribe their duties and supervise the performance of such duties, subject to the limitations on compensation to directors, as it may deem necessary or appropriate. The Board may further delegate any of its powers to such persons or entities as the Board may determine, provided that such persons act at the direction and under the supervision of the Board.

(b) Retain Services of Other Professionals. The Board may retain legal and accounting services for the Association, the Board, officers and the Manager and the Manager's staff provided that such services are engaged solely in connection with the (i) management, operation and maintenance of the Project, (ii) the performance or enforcement (including the collection of Assessments) of the provisions of this Declaration, the Articles (if any), the Bylaws, and/or the Rules and Regulations, or (iii) litigation in which the Association is a party.

(c) Adopt Rules and Regulations. The Board, at any time, and from time to time, may establish and amend such uniform Rules and Regulations as the Board may deem reasonable in connection with the use, occupancy and maintenance of the Units, Exclusive Use Common Area and the Common Area by Owners and their family members, staff members, licensees, agents, representatives, tenants, guests and invitees, and the conduct of such persons with respect to vehicles, parking, bicycle use, use of recreational facilities, control of pets and

other activities which if not so regulated might detract from the appearance of the Project or offend or be offensive to or cause inconvenience, noise or danger to persons residing in or visiting the Project. Such Rules and Regulations shall be distributed to the Owners upon adoption, and, to the extent the same may be amended, a copy of such amendment shall be distributed to the Owners. Upon compliance with such notice requirements, the Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding upon the Owners and their successors in interest whether or not actually received thereby. In addition, the Board shall have the power to adopt rules regarding elections, and voting by secret ballot in accordance with the Act.

(d) Discipline for Breach. The Board has the right to impose any or all of the sanctions for a breach of the Association's governing documents as set forth in Article XIII below.

(e) Licenses, Permits and Easements. The Board may grant permits, licenses, and easements over the Common Area for utilities, roads and other purposes necessary for the proper operation of the Project.

(f) Acquisitions and Transfers. Subject to Article VII, Section 7.6 below, the Board shall have the power to acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, or otherwise dispose of real or personal property.

(g) Contracts. The Board shall have the power to contract for goods and services, subject to the provisions of Article VII, Section 7.6 below, to fulfill the Association's obligations pursuant to this Declaration; provided, however, that the Association shall not enter into a contract with a third party in which a Board member, the Manager or any other employee, has a direct or indirect economic interest without full disclosure to the Board and approval by the Board and abstention from voting by any Board member receiving benefit therefrom.

(h) Borrow Money. The Board shall have the power to borrow money and pledge Assessments as may be needed in connection with the discharge of the Association's duties, including, but not limited to, for the purpose of improving, repairing and rebuilding the Common Area and the facilities thereon.

(i) Litigation. The Association shall have the authority to institute, defend, settle, intervene on behalf of the Association in litigation, arbitration, mediation or administrative proceedings in any capacity necessary to represent the interests of the Association.

(j) Charge Deposits and Fees. The Association shall have the authority to charge reasonable security deposits prior to any move-in or move-out of the Project to help cover the cost of repairing any damage to the Common Area. The Association shall also have the authority to charge fees (i) for the reservation and use of any recreational facility situated on the Common Areas; (ii) when it is necessary to shut-down the main water line leading to a particular building; (iii) for a transfer fee to cover the Association's actual costs to change its records (to the extent permitted by the Civil Code); and (iv) for such other matters related to the use of the Common Area. For purposes herein, transfer' shall mean the sale of a Unit.

(k) Other Powers. The Board shall have the power to perform such other acts, whether expressly authorized by this Declaration or the Bylaws, as may be reasonably necessary (including the imposition of monetary penalties) to: (i) enforce any of the provisions of this Declaration, the Bylaws, or the Rules and Regulations duly adopted by the Board; or (ii) carry out and perform its powers and responsibilities.

Section 7.6 Limitation on Board Powers. Notwithstanding anything contained in this Declaration or the Bylaws to the contrary, the Board and the Association are prohibited from taking any of the following actions, except with the vote or written assent of a majority of the voting power of the Association:

(a) Contracts. Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year. Notwithstanding the foregoing, the Association may enter into the following contracts for a period longer than one (1) year, as follows:

(i) FHA/VA Approval. A management agreement, the terms of which have been approved by the Federal Housing Administration or Veterans Administration; or

(ii) Public Utility Contract. A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; or

(iii) Prepaid Insurance. Prepaid casualty and/or liability insurance policies of not to exceed three (3) years' duration provided that the policy permits for short rate cancellation by the insured; or

(iv) Cable/Satellite TV. Agreements for cable or satellite television services and equipment not exceeding five (5) years in duration to provide cable or satellite television service to the Project for the benefit of the Owners.

(b) Certain Expenditures. Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross operating expenses of the Association for that fiscal year.

(c) Sale of Common Area. Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(d) Compensation to Board/Officers. Paying compensation to any member of the Board or any officer of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member of the Board or an officer to be reimbursed for expenses incurred in carrying on the business of the Association.

Section 7.7 Limitation of Liability.

(a) Acts or Omissions. Neither the Board (or any member thereof), any committee appointed by the Board (or any member of such committee), any officer, employee or agent of the Association, nor any Manager or the Manager's staff (collectively, an "Official Person"), shall be liable to any person (including the Association or a person claiming in the name of the Association) for injuries or damage resulting from such Official Person's acts or omissions within what such Official Person reasonably believed to be the scope of his or her Association duties, except to the extent that such injuries or damage result from such Official Person's gross negligence or willful misconduct. The Association shall not be liable for injuries or damage resulting from any failure to provide any service or perform any duty, function or responsibility designated herein to be performed by the Association, except to the extent that such injuries or damage result from the gross negligence or willful misconduct of the Association.

(b) Events. Neither the Association nor any Official Person shall be liable for injury and/or damage to persons or property in the Project caused by fire, explosion, the elements or by an Owner or any other person or resulting from electricity, water, mold, rain, dust, sand, insect or rodent infestation which may leak, flow or intrude from outside of any Unit or from any pipes, drains, conduits, appliances or equipment, or from any other source or cause, unless caused by the gross negligence or willful misconduct of the Association or any such Official Person.

(c) Association Not Responsible for Loss. Neither the Association nor any Official Person shall be responsible to any Owner nor to any member of such Owner's family, guests, staff members, employees or invitees for any loss or damage suffered by reason of theft or otherwise of any article, vehicle or thing which may be stored by such Owner or other person in or on any portion of the Common Area, unless caused by the gross negligence or willful misconduct of the Association or any such Official Person.

ARTICLE VIII.
UTILITIES

Section 8.1 Utility Rights. The rights and duties of the Owners with respect to connections, lines, ducts, valves for sanitary sewer, water, electricity, gas, air conditioning, telephone and television cables, shall be governed by the following:

(a) Access for Repair. Whenever sanitary sewer house connections, ducts, valves and lines, facilities and/or water house connections, ducts, valves and lines, or electricity, gas, air conditioning, telephone lines, or television cables are installed within the Property, which connections, ducts, valves, lines or any portion thereof, lie in or upon portions of the Property owned by others, then the Owners of the Units served by said connection, duct, valve, or line shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon such portions of the Property or to have the utility companies enter thereupon to repair, replace and generally maintain said connection, duct, valve or line as and when the same may be necessary as set forth below.

(b) Right to Service. Whenever sanitary sewer house connections, ducts, valves, and lines, facilities and/or water house connections, ducts, valves and lines or electricity, gas, air conditioning, telephone lines, or television cables are installed within the Property, which connections, ducts, valves, or lines serve more than one (1) Unit, the Owners of each Unit served by said connection, duct, valve, or line shall be entitled to the full use and enjoyment of such portions of said connections, ducts, valves or lines as service such Owner's Unit.

(c) Owner Liability for Damage. In the event any portion of said connection, duct, valve, or line is damaged or destroyed through the negligent act or acts or failure to act, or willful misconduct of one (1) Owner or any of such Owner's agents, invitees, tenants, staff members, guests or members of such Owner's family so as to deprive other Owners of the full use and enjoyment of said connection, duct, valve, or line, then such connection, duct, valve, or line shall be repaired and restored by the Association, but at the expense of the Owner who commits or whose agents, invitees, tenants, staff members, guests or family members commit such act or acts.

(d) Association Liability for Repair. Except as otherwise provided in Article VI, Section 6.1 of this Declaration, in the event any portion of such connection, duct, valve, or line is damaged or destroyed by some cause other than the negligence or willful misconduct of one (1) of the Owners, such Owner's agents, guests, staff members, tenants, invitees or members of such Owner's family (including ordinary wear and tear and deterioration from lapse of time), then in such event such connection, duct, valve, or line shall be repaired and restored by the Association, such repair and restoration to be paid out of the Assessments levied in accordance with this Declaration equally against all Owners.

(e) Maintenance of Common Area Utilities. The Association shall maintain all utility facilities located in the Common Area except for those facilities maintained by utility companies, public, private, or municipal, and those maintained by the Owners as described in Article VI, Section 6.1 of this Declaration.

(f) Dispute. In the event of a dispute between Owners with respect to the repair or rebuilding of any connection, duct, valve, or line described in this Section 8.1, or with respect to the sharing of the cost thereof, then upon written request of one (1) of such Owners addressed to the Association, the matter shall be submitted to the Board for a final and binding determination.

Section 8.2 Easements. Easements through the Units and Common Area for all facilities furnishing utility services, television cable service and heating and air conditioning lines, ducts, valves, and/or connections to any Unit, which facilities shall include, but not be limited to, conduits, ducts, plumbing and wiring, shall be appurtenant to each Unit, and all other Units and the Common Area shall be subject thereto; provided, however, that the easements for such facilities shall at all times be and remain substantially in accordance with the initial construction of the Project, or the Project as reconstructed upon damage or destruction pursuant to Article X hereof.

Section 8.3 Submeters. The Association reserves the right to install submeters for any utility usage (e.g., water usage), in which case the cost of such utility shall be responsibility of the Owners of the Unit(s) using said submeter(s). The Association reserves the right to install electrical submeters in connection with an electrical vehicle charging station installation in the Common Areas, in which case the cost of electricity for such submeter shall be responsibility of the Owners of the Unit(s) using said submeter(s). If any submeter charges are not paid when due, the Association may, after notice and hearing, impose a Special Assessment against an Owner to recover such costs.

ARTICLE IX.
INSURANCE

Section 9.1 Insurance. The Association shall obtain and maintain the following insurance:

(a) Hazard.

(i) General Provisions. A master hazard policy insuring the whole of the Property including both the Common Areas and the individual Units against loss or damage by fire or other risks covered by the standard "Special Form-Direct Physical Loss" policy excluding earthquake and flood but including, without limitation, loss or damage as a result of theft, vandalism or malicious mischief and loss or damage to or as a result of boilers, pressure vessels, pressure pipes or sprinkler leakage and such other risks, perils or coverage as the Board in its discretions determines is necessary or advisable. Such policy shall name the Board as insured as trustee for the benefit of all the Owners. Such policy shall provide for the issuance of certificates of such endorsements evidencing the insurance as may be required by any insured. The Board may select such deductible, franchise, or franchise deductible provisions which, in its opinion, are consistent with good business practices in connection with the purchase of such policy.

(ii) Policy Limits. Such hazard insurance shall have policy limits of not less than one hundred percent (100%) of the full insurable replacement cost value thereof (as determined annually by the Board in conjunction with the insurance company issuing such policy).

(iii) Additional Endorsements. The following endorsements should be included in any such master hazard policy, if commercially reasonable to obtain: (A) changes in building codes ("ordinance or law endorsement"); (B) inflation guard coverage; (C) demolition coverage; (D) "agreed-amount" endorsement (to eliminate a coinsurance problem); (E) replacement cost endorsement; and (F) primary coverage endorsement; and (G) "maintenance fees receivable" endorsement to cover unpaid Assessments which are not collected by the Association as a result of a covered peril which renders a Unit uninhabitable.

(b) Commercial General Liability.

(i) General Provisions. A commercial general liability policy insuring the Association, the Board, its agents, the Owners, occupants and such other persons as the Board may determine, against liability for bodily injury, death, or property damage arising from

the activities of the Association and its Members or from activities of the directors and officers of the Association acting in their capacity as representatives of the Association, incident to the ownership or use of the Common Area or any other Association-owned or maintained real or personal property, and if obtainable, such policy shall be written on an occurrence basis.

(ii) Desired Inclusions. If obtainable, such insurance shall include a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured and insurance against water damage, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location and use.

(iii) Policy Amount. The amount of general liability insurance that the Association shall carry at all times shall be not less than the minimum amounts required by the Act.

(c) Workers' Compensation. Workers' compensation insurance to the extent required by law (or such greater amount as the Board deems necessary) and employer's liability insurance to the extent necessary to comply with applicable laws;

(d) Flood. Flood insurance if the Project is located in an area designated by an appropriate governmental agency as a special flood hazard area;

(e) Directors and Officers. Directors and officers liability insurance in the minimum amounts required by the Act. Such directors and officers liability coverage shall: (1) be written on an "claims-made" basis with no retro date to cover prior acts, errors or omissions; (2) include coverage for committee members, volunteers and the manager, and (3) provide coverage for both monetary and non-monetary claims;

(f) Fidelity Insurance. Crime insurance, employee dishonesty coverage, fidelity bond coverage, or their equivalent, for its directors, officers, and employees in an amount that is equal to or more than the combined amount of the reserves of the Association and total Assessments for three months. The coverage maintained by the Association shall also include protection in an equal amount against computer fraud and funds transfer fraud. If the Association uses a Manager, the Association's crime insurance, employee dishonesty coverage, fidelity bond coverage, or their equivalent, shall additionally include coverage for, or otherwise be endorsed to provide coverage for, dishonest acts by that person or entity and its employees. Self-insurance does not meet the requirements of this Section; and,

(g) Other Insurance. Such other insurance as the Board in its discretion considers necessary or advisable, including, without limitation, demolition insurance in adequate amounts to cover demolition in the event of destruction and the decision not to rebuild, and earthquake insurance.

Section 9.2 Amount, Term and Coverage; Review of Policies; Carriers. The amount, term and coverage of any policy required hereunder (including the type of endorsements, the amount of the deductible, the named insureds, the loss payees, standard mortgage clauses, notices of changes or cancellations, and the insurance company rating) shall satisfy the minimum requirements imposed for this type of project by the Federal National Mortgage Association

("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC") or any successor to either of those entities (except for earthquake insurance, the purchase of which shall be within the discretion of the Board). If the FNMA or FHLMC requirements conflict, the more stringent requirement shall be met. If FNMA and FHLMC do not impose requirements on any policy required hereunder, the term, amount and coverage of such policy shall be no less than that which is customary for similar policies on similar projects in the area. The Association shall periodically (and not less than once every three (3) years) review all insurance policies maintained by the Association to determine the adequacy of the coverage and to adjust the policies accordingly. Such insurance as required or desired hereunder shall be obtained from reputable insurance companies qualified to do business in the State of California and holding a rating of "A" (or such other comparable rating if Best uses a different standard in rating insurance companies) or better in Best's Insurance Reports and may be obtained from one or more companies.

Section 9.3 Payment of Deductible; Processing of Claims.

(a) Payment of Premiums/Deductible. The premiums for the insurance purchased pursuant to this Article IX shall be paid for out of the common Assessments levied and collected pursuant to this Declaration. Subject to the provisions of Article IX, Section 9.2 above, the Board may select such deductibles, which, in its opinion, are consistent with good practices in connection with the purchase of such insurance policies. The Board may adopt a policy regarding payment of deductibles on any insurance coverage and such policy shall be set forth in the Rules and Regulations. Unless the Board determines otherwise, the Association shall not pay deductibles required under any insurance claims from Association funds if the damage is the result of the negligence or willful misconduct of an Owner, their families, guests, tenants, staff members and invitees or the failure of any component for which the Owner is responsible to maintain and repair, in which case the Owner shall be responsible to pay such deductible, and, if necessary, the Association shall levy a Special Assessment against the Owner in such amount in accordance with Article IV of this Declaration.

(b) Processing of Claims. The Board may adopt such policies and procedures regarding the filing and processing of claims for damage and destruction to the Common Area improvements or any other matters covered by the insurance maintained by the Association, as the Board in its discretion, shall deem advisable.

Section 9.4 Authority of Board. Each of the Owners, and every other person named or covered as an insured in connection with any of the policies purchased by the Board, hereby irrevocably delegates to the Board any authority which such Owner may otherwise have to negotiate loss settlements with the appropriate insurance carriers. The Board shall have the sole and exclusive authority and right to negotiate any such loss claim form, release form and/or settlement agreement in connection with the settlement of a loss claim, which shall be binding on all of the Owners, and upon any other person named as an insured on any such policy or policies, but only upon the execution thereof by a majority of the members of the Board. The Owners and every other person named or insured hereby appoints the Association, by and through the Board, as its attorney-in-fact for the purpose of executing any necessary claim form, release form or settlement agreements on their behalf.

Section 9.5 Owner Insurance Required. The insurance maintained by the Association does not cover, among other things, the personal property in the Units, personal liability for damages or injuries occurring in the Units, or additional living expenses if it is necessary for an Owner to vacate such Owner's Unit to accommodate maintenance and/or repairs. Each Owner shall carry fire insurance on such Owner's personal property and public liability insurance on his individual Unit. In addition, each Owner shall maintain any other policy of insurance which such Owner feels is reasonably necessary to protect such Owner's separate interest.

Section 9.6 Additional Provisions Regarding Insurance Policies. . To the extent economically practical and available at reasonable premiums, any insurance maintained by the Association should:

- (a) Waiver of Subrogation. Contain a waiver of subrogation as to the Association and its officers, directors and Members, the Owners and occupants of the Condominiums and Mortgagees.
- (b) Cross-Liability. Contain a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured;
- (c) Decision to Repair. Provide that the insurer issuing such insurance policy agrees to abide by the decision of the Association whether or not to repair, reconstruct or restore all or any damaged or destroyed portion of the Common Area.
- (d) No Escape Clause. Contain no "escape" or "other insurance" clause that would cause such policy to become void in whole or in part or cause any proceeds payable thereunder to be reduced, setoff, apportioned, prorated or otherwise brought into contribution with or by reason of separate insurance obtained by any Owner or such Owner's Mortgagee.
- (e) Valuation of Improvements. Provide that only improvements made or installed by the Association shall affect the valuation of the building or improvements on the Property for co-insurance purposes.
- (f) Power to Adjust Losses. Provide that the Board or its authorized agent or representative shall have the exclusive authority to adjust any and all losses covered by said policy.
- (g) Vacancy. Provide that the insurance obtained pursuant to this Article shall not be prejudiced by reason of the vacancy or non-occupancy of any one or more Units within the Project, provided that this Declaration (as the same may be amended from time to time) is in force and the Project is operating as a condominium project.
- (h) Association as Trustee. Provide that all insurance proceeds obtained pursuant to the Association's master insurance policy be payable to the Association as trustee to be held and expended as provided in this Declaration for the benefit of the Owners and their respective Mortgagees as their interests may appear.

Section 9.7 Limitation of Liability Regarding Insurance. The Association, and its directors and officers, shall have no liability to any Owner or Mortgagee if, after a good faith effort, it is unable to obtain the insurance required hereunder, because the insurance is no longer available or, if available, can be obtained only at a cost that the Board in its sole discretion determines is unreasonable under the circumstances, or the Members fail to approve any Assessment increase needed to fund the insurance premiums. In such event, the Board shall immediately notify each Owner and any Mortgagee entitled to notice that the insurance will not be obtained or renewed. Furthermore, as to any insurance to be maintained/obtained by the Association hereunder, provided that such policies will not be voided or impaired thereby, the Owners hereby waive and release all claims against the Association, the Board, Association employees, and other Owners with respect to any loss covered by such insurance.

ARTICLE X.
DESTRUCTION OF IMPROVEMENTS

Section 10.1 Repair or Reconstruction Without Election by Owners. In the event of a total or partial destruction of any improvements in the Project, if the available proceeds of the insurance carried pursuant to Article IX of this Declaration are sufficient to cover not less than eighty-five percent (85%) of the cost of repair or reconstruction thereof, the same shall be promptly repaired and rebuilt unless such destruction renders the entire project or some material portion thereof unfit for habitation and within ninety (90) days from (i) the date of such destruction or (ii) the date of determination of the insurance proceeds available for rebuilding, whichever is greater, not less than seventy-five percent (75%) of the Members entitled to vote, in person or by proxy (if allowed in the Bylaws), at a duly constituted and called annual or special meeting of the Members at which a quorum is present, determine that such reconstruction shall not take place. The Board shall be required to cause to be executed, acknowledged and recorded a certificate declaring the intention of the Owners to rebuild or not to rebuild (a "Certificate of Intention"), such certificate to be executed by any officer of the Association duly authorized to execute the same by the Board.

Section 10.2 Repair or Reconstruction by Consent of Owners. If the proceeds of such insurance are less than eighty-five percent (85%) of the costs of repair or reconstruction, such repair or reconstruction may nevertheless take place if fifty-one percent (51%) of the Members entitled to vote elect to rebuild. A Certificate of Intention shall be executed, acknowledged and recorded as provided for in such Article X, Section 10.1 hereof.

Section 10.3 Assessments. In the event of a determination to rebuild pursuant to either Article X, Sections 10.1 or 10.2 above, the Board, without a vote of the membership, shall have the authority to levy a Special Assessment against the Owners in an amount equal to such funds as shall be necessary to pay for the costs of rebuilding which exceed the insurance proceeds received. Such Special Assessment shall be computed at an equal rate for all Condominiums, and shall be due and payable in full within thirty (30) days after written notice thereof unless otherwise determined by the Board.

Section 10.4 Obligation of Board When Rebuilding.

(a) Obtaining Bids. The Board shall obtain bids from at least two (2) reputable contractors, and if a determination to rebuild is made in accordance with either Sections 10.1 or 10.2 of this Article X, the Board shall award reconstruction work to the bidder the Board believes is best qualified to perform the work at a reasonable price; provided, however, that the Board shall not be required or authorized to award such contract until it has sufficient monies, whether from insurance or the collection of Special Assessments levied in accordance with this Article with which to pay the cost of reconstruction as reflected by the bid to be accepted by the Board. The Board, upon awarding said contract shall thereafter be authorized to disburse monies to the contractor in accordance with said contract out of the insurance proceeds held by the Board and the Special Assessments levied and collected by the Board in accordance with this Article. First Mortgagees, if any, shall disburse insurance proceeds held by them in accordance with their respective standard practices for repair and reconstruction.

(b) Time Period for Reconstruction. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of such reconstruction at the earliest possible date.

(c) Manner of Reconstruction; Assessment of Damage. All reconstruction shall be in accordance with the Condominium Plan and the original plans of construction of the Project (if available) subject to any increased building standards then in effect, unless an alternative plan is approved by a majority of Members entitled to vote. In addition, in determining whether the plans for a reconstructed building are in substantial compliance with the Condominium Plan, the Board may take into consideration the availability and expense of labor and materials in the original construction of the building. If such labor or materials are not available or is prohibitively expensive at the time of reconstruction, the Board may permit the substitution of other labor and materials as it reasonably deems proper. Furthermore, the Association may enter into any Unit to make repairs and/or to assess damage in the manner described in Article VI, Section 6.2 above.

Section 10.5 Determination Not to Rebuild. If a Certificate of Intention to rebuild has not been executed, acknowledged and recorded in accordance with either Article X, Section 10.1 or Section 10.2 hereof within ninety (90) days from (i) the date of such destruction or (ii) the date of determination of the insurance proceeds available for rebuilding, whichever is greater, or if reconstruction and rebuilding has not actually commenced within nine (9) months thereafter:

(a) Distribution of Proceeds. Any insurance proceeds available for such rebuilding shall be divided equally among Owners, subject to (i) the rights of Mortgagees holding Mortgages covering each such Owner's Condominium and (ii) all unpaid Assessments of such Owner together with any interest charges attributable thereto. Notwithstanding the foregoing, the balance then due on any valid encumbrance of record shall be first paid in order of priority, and thereafter any unpaid Assessments of an Owner together with interest charges attributable thereto shall be paid to the Association, before the distribution of any proceeds to an Owner whose Condominium is so encumbered.

(b) Partition. The conditions for partition as set forth in the Act shall be deemed to have been satisfied and the right of any Owner to partition such Owner's Condominium through legal action shall forthwith revive.

(c) Preparation of Documents. The Board shall, as soon as practicable, cause to be prepared, filed and/or recorded any revised subdivision map, Condominium Plan or other documents, reports, schedules or exhibits necessary to show the changed or altered status of the Project, including without limitation, the elimination of all or part of one (1) or more Units as a result of such damage.

Section 10.6 Interior Damage.

(a) General Provisions. Restoration and repair of any damage occurring under the conditions addressed in this Article X to the betterments and improvements of any individual Unit shall be made by and at the individual expense of the Owner of that Unit (unless the Association's insurance covers such item, and the Board, in its sole discretion, makes such funds available for the repair of the Unit interior), and, in the event of a determination to rebuild after partial or total destruction, shall be completed as promptly as practical and in a lawful and workmanlike manner, and in accordance with an Application which has obtained Prior Architectural Approval to the extent such approval is required under Article XII below.

(b) Specific Provisions - Earthquake Damage to Drywall. In the event of earthquake damage to the plaster and drywall in a Unit:

(i) Replacement. The Association shall only be liable for the replacement of the drywall on load bearing walls of the Unit which, in the estimation of the Board, suffered sufficient damage to require replacement. The Association shall not be liable for repainting the walls or replacing wall coverings of any kind. The restoration and repair of all other interior walls shall be at the sole expense of the Owner.

(ii) Re-Taping. Damage to load bearing walls which does not require replacement of the drywall (i.e., bucked joint tape, hairline fractures of the drywall, etc.) shall be the responsibility of the individual Owner. The Owner shall be responsible for the restoration and repair of all finished surfaces which includes, but is not limited to, re-taping, painting, plastering, wallpapering, etc.

Section 10.7 Negotiations with Insurer. The Board shall have full authority to negotiate in good faith with representatives of the insurer of the building or any other portion of the Common Area, and to make a settlement with the insurer for less than full insurance coverage on the damage to the building or any other portion of the Common Area. Any settlement made by the Board in good faith shall be binding upon all Owners.

Section 10.8 Elimination of Units. In the event of the elimination of all of a Unit, the Condominium containing that Unit shall cease to be a part of the Project, the Owner of the Unit shall cease to be a Member of the Association and such Owner shall not be liable for any Assessments under this Declaration which accrue thereafter, and the undivided interest in the Common Area appurtenant to that Unit shall automatically become vested in the Owners of the

remaining Condominiums in proportion to their respective undivided interests in the Common Area.

Section 10.9 Notice to Owners. The Board immediately upon having knowledge of any damage or destruction affecting the Project, or any portion thereof, or any threat thereof, shall promptly give written notice to all Owners.

ARTICLE XI. EMINENT DOMAIN

Section 11.1 Definition. The term "taking" as used in this Article shall mean condemnation by exercise of power of eminent domain or by sale under threat of the exercise of the power of eminent domain.

Section 11.2 Common Area Award. In the event of a taking of all or any portion of the Common Area within the Project, the Association shall represent the Owners in any proceedings, negotiations or settlements and the award made for such taking shall be payable as follows:

(a) Entire Common Area. If the award is for the acquisition of the entire Common Area, the amount payable shall be paid to the Board, as trustee, for distribution to the Owners, to each Owner in equal proportions, subject to (i) the rights of Mortgagees holding Mortgages covering each such Owner's Condominium and (ii) all unpaid Assessments of such Owner together with any interest charges attributable thereto.

(b) Part of Common Area; Award is less than \$50,000. If the award is for the acquisition of only part of the Common Area and is less than Fifty Thousand Dollars (\$50,000.00), the entire amount thereof shall be payable to the Board, as trustee, (subject to the rights of Mortgagees holding Mortgages on Condominiums within the Project) and such an amount, together with any interest earned thereon, shall be held by the Board to reduce the common expenses for the next succeeding fiscal year or to fund the Association's reserves, as the Board shall determine.

(c) Part of Common Area; Award is More than \$50,000. If the award is for the acquisition of only part of the Common Area and is in excess of Fifty Thousand Dollars (\$50,000.00), it shall be distributed to the Owners, as set forth in Article X, Section 10.5(a) of this Declaration, subject to (i) the rights of Mortgagees holding Mortgages covering such Owner's Condominium and (ii) all unpaid Assessments of such Owner together with any interest charges attributable thereto.

Section 11.3 Unit Awards. In the event of a taking of all or any portion of one (1) or more Units within the Project, the award made for such taking shall be payable to the respective Owners of the Units so taken each in the proportion as set forth in Article X, Section 10.5(a) of this Declaration, where Condominiums are not valued separately by the condemning authority or by the court, subject to (i) the rights of Mortgagees holding Mortgages covering such Units and (ii) all unpaid Assessments of each Owner taken together with interest charges attributable thereto.

Section 11.4 Partition. If there is a substantial taking of the Project (more than fifty percent (50%)), the Owners may terminate the legal status of the Project and, if necessary, bring a partition action under the Act, on the election to terminate by fifty-one percent (51%) of the total voting power of the Association and the approval of at least fifty-one percent (51%) of the First Mortgagees. The proceeds from the partition sale shall be distributed to the Owners and their respective Mortgagees proportionally as determined under the method described in Article X, Section 10.5(a) above, subject to (i) the rights of Mortgagees holding Mortgages covering such Units and (ii) all unpaid Assessments of each Owner taken together with interest charges attributable thereto.

Section 11.5 Revision of Governing Documents; Reorganization. In the event of any condemnation of a part of the Project, the Board shall, as soon as practicable, cause to be prepared, filed and/or recorded any revised subdivision map, condominium plan or other documents, reports, schedules or exhibits necessary to show the changed or altered status of the Project, including, without limitation, the elimination of all or part of one (1) or more of the Units as a result of such condemnation.

Section 11.6 Elimination of Units. In the event all of a Unit is taken in condemnation, the Condominium containing that Unit shall cease to be part of the Project, the Owner thereof shall cease to be a Member of the Association, and the undivided interest in Common Area appurtenant to that Unit shall automatically become vested in the Owners of the remaining Condominiums in proportion to their respective undivided interests in the Common Area.

Section 11.7 Notice to Owners. The Board immediately upon having knowledge of any taking by eminent domain of the Project, or any portion thereof, or any threat thereof, shall promptly give written notice to all Owners.

ARTICLE XII. ARCHITECTURAL REVIEW

Section 12.1 Board Action. The Board shall conduct all architectural reviews required or authorized by this Declaration. The Board may designate and appoint a representative who is a licensed architect to assist the Board in its evaluation of an Owner's application; however, the decision of the Board with respect to the approval or disapproval thereof shall be final.

Section 12.2 Alterations Requiring Prior Architectural Approval.

(a) General Provisions. None of the following additions, alterations, or modifications (collectively, "Alterations") shall be commenced, made, or maintained by an Owner without the prior written approval of the Board following the procedures set forth below in this Article XII, Section 12.3:

(i) Alterations requiring Prior Architectural Approval as set forth in this Declaration or the Rules and Regulations;

(ii) Structural additions, alterations or modifications to the interior of a Unit or installations located therein, including, but not limited to, interior non-load bearing walls;

(iii) Additions, alterations or modifications in any Unit, Exclusive Use Common Area or in, on or to the Common Area which will impair the structural integrity of any Unit, Exclusive Use Common Area, Common Area or the building(s) or which would structurally change the building(s). Without limiting the generality of the foregoing, any modification which affects the floor plan of any Unit, including the creation or removal of windows, doorways or portals or the combination of Units (whether the Units are next door to each other or one Unit is located on the floor above another Unit) shall be deemed to be a structural modification for the purposes of this subsection;

(iv) Enclosures of balconies and/or decks;

(v) Other additions, alterations or modifications in or to the Common Area or the Exclusive Use Common Area;

(vi) Electrical, HVAC, and plumbing work to the interior of a Unit;

(vii) Any addition, alteration or modification which may affect the building's resistance to water intrusion or noise or which may affect the right to privacy and quiet enjoyment of any other Owner, or

(viii) Any construction, alteration, removal, relocation, repainting, demolition, addition, modification, decoration, redecoration or reconstruction of any improvement visible from the Common Area, Exclusive Use Common Area or another Unit.

(b) Exclusions. Notwithstanding the foregoing, without the prior written consent of the Board, an Owner may make an Alteration within the interior boundaries of the Unit, provided that such Alteration does not impair the structural or acoustical integrity of the Common Area, utilities, or other systems servicing the Common Area or other Units, and does not involve altering any Common Area (including bearing walls, electrical wiring and plumbing lines) or Exclusive Use Common Area.

Section 12.3 Approval Process.

(a) Procedures for Obtaining Approval. Prior to making an Alteration, an Owner must submit to the Manager (or, if none, the Board), for the Board's review and written approval or disapproval detailed plans and specifications for the Alteration showing the nature, kind, shape, height, width, color, materials, and location of same and such other documents, information and/or fees and deposits as may be required by the Rules and Regulations. In addition to the foregoing, if the Alteration will affect the Common Area and/or the Exclusive Use Common Area in any manner, the Owner submitting the application shall provide the Board with a certificate executed by a structural engineer duly licensed in the State of California stating that any portion of the Common Area and/or the Exclusive Use Common Area to be affected by the Alteration is not required for the structural support of the Unit, any other Unit or any other part of the Project. The Owner shall obtain a written, dated receipt for the application from the Manager (or, if none, the Board). If requested by the Board, an application shall be prepared by an architect, engineer or landscape designer, landscape architect or other design or construction professional, said person to be employed by the Owner at such Owner's sole expense.

(b) Review Period. Applications and resubmittals thereof shall be approved or disapproved by the Board, as applicable, in writing within thirty (30) days after the date of submission of the application (the "Review Period"). No member of the Board may vote on an application that pertains only to his or her own Unit. If the application or resubmittals are disapproved, the reasons therefor shall be indicated in such disapproval. If the Board fails to approve or disapprove any such plans and specifications within the Review Period, then the Owner requesting approval may submit a written notice to the Board via both certified mail return receipt requested and regular U.S. mail advising the Board of its failure to act. If the Board fails to approve or disapprove any such plans and specifications within twenty (20) days after receipt of said written notice from such Owner, such approval will not be required.

(c) Approval and Disapproval. The Board may from time to time adopt, promulgate, and amend rules and guidelines (to be incorporated into the Rules and Regulations) which, among other matters, may set forth design and architectural standards, procedures for the submission of applications for approval, requirements for a fee to accompany each application for approval or for a construction deposit, and/or additional factors which it will take into consideration in reviewing applications. The restrictions set forth in this Article XII, are not intended to empower the Board to act arbitrarily, capriciously, or whimsically in the process of reviewing applications. Standards should be established which are both reasonable and objective, and which are reasonably ascertainable, and are uniformly and fairly applied to all, and in all cases. The Board shall base their decisions on what is in the best interests of the Project as a whole, and not upon what will appease a particular Member or group of Members. The Board may condition its written approval of the application for an Alteration upon such terms and conditions which the Board, in its reasonable judgment, believes is necessary to protect the interests of the Association. Approval of an application may be withheld not only because of non-compliance with any of the specific conditions, covenants and restrictions contained in this Declaration, but also by reason of the reasonable dissatisfaction of the Board, with the location, elevation, color scheme, finish, design, proportions, architecture, shape, height, style and appropriateness of the proposed Alteration, the materials used therein, the kind, pitch or type of roof proposed to be placed thereon, the planting, landscaping, size, height or location of the Alteration, or because of its reasonable dissatisfaction with any or all other matters or things which, in the reasonable judgment of the Board will render the proposed Alteration inharmonious or out of keeping with the general plan of improvements of the Project or with the improvements erected on other Units.

(d) Record Keeping. The Board shall prepare and retain a written record of all applications made for its approval together with all actions of the Board with respect thereto.

Section 12.4 Inspection; Compliance.

(a) Inspections. Any member or agent of the Board may from time to time, at any reasonable hour or hours and upon reasonable notice, enter and inspect any property subject to the jurisdiction of the Board as to its improvement or maintenance in compliance with the provisions of this Article.

(b) Failure to Comply. If, after an application has been approved, (i) the Alteration is altered, erected, or maintained otherwise than as approved by the Board, or (ii) if

such Alteration is constructed without obtaining approval at all, or (iii) such Alteration is constructed with defects which are observed by the Board during an inspection, such Alteration shall be deemed to have been undertaken without the approval of the Board having been obtained as required by this Declaration. Upon notice of any non-compliance the Board shall take such actions as it deems necessary in accordance with the provisions of this Declaration, including, without limitation, and in its sole discretion, any or all of the following: (A) require that the Owner remove and/or remedy the non-complying or defective Alteration, (B) remove and/or remedy the non-compliance itself, after notice and hearing, (C) impose monetary penalties against the Owner, after notice and hearing, until such non-compliance is corrected, and/or (D) institute legal proceedings to enforce compliance or completion.

Section 12.5 Waiver. The approval of the Board of any application submitted for approval as herein specified shall not be deemed to be a waiver by the Board of its right to object to any of the same features or elements embodied in subsequent Applications submitted for approval as herein provided for use on the same or other Alterations.

Section 12.6 No Liability. Applications are not approved for engineering design or for compliance with governmental code specifications. The Board shall have no liability therefor; each Owner submitting an application shall be responsible for ensuring compliance with engineering design and building code specifications. Neither the Association, the Board, nor the members or designated representatives thereof shall be liable in damages to anyone submitting an application to them for approval, or to any Owner by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such application, or for any defect in any structure constructed from such application. Every Owner and other person or entity who submits an application to the Board for approval agrees that such person or entity will not bring any action or suit against the Association, the Board, or the members or designated representatives thereof to recover any such damages.

Section 12.7 Diligent Prosecution of Work. The approval of any Alteration, shall be deemed conditional upon the commencement of said work within ninety (90) days after the approval of Board for the same shall have been obtained, or within such other period as shall have been specified by the Board at the time of its approval. If the work is not commenced within ninety (90) days after the approval date, or such later time as the Board has granted, then the approval shall be deemed canceled, and the Owner must reapply to the Board before undertaking any such work. All work must be prosecuted diligently to completion within a reasonable time and in any event before the expiration of such period as may be specified by the Board. Each Owner shall, upon completion of an approved Alteration, promptly notify the Board that such Alteration has been completed.

ARTICLE XIII. ENFORCEMENT

Section 13.1 Enforcement of Governing Documents.

(a) Generally. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens

and charges now or hereafter imposed by the provisions of this Declaration, the Articles (if any), the Bylaws and/or the Rules and Regulations and shall be entitled to recover from any Owner against whom such restrictions, conditions, covenants, rules, reservations, liens and charges are enforced, all costs and reasonable attorneys' fees incurred thereby.

(b) Internal Dispute Resolution. The Association shall provide a fair, reasonable, and expeditious procedure for resolving a dispute between the Association and a Member involving their rights, duties, or liabilities under the Act, under the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code), or under the governing documents of the Association. Unless a different procedure is otherwise set forth in the Rules and Regulations, the Association and the Members shall follow the internal dispute resolution procedure set forth in Section 5900 et seq. of the Act.

(c) Alternative Dispute Resolution. The Association or a Member may not file an enforcement action in the Superior Court 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, unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant as may be required in Section 5925 et seq. of the Act. This Section does not apply to a Small Claims action, or, except as otherwise provided by law, to an Assessment dispute.

(d) De Minimis Violation. Notwithstanding anything to the contrary, the Board, in the exercise of its business judgment, may elect not to enforce the Association's governing documents in situations where the alleged violation(s) arise out of a dispute between neighbors, and, based on the facts surrounding such dispute the Board determines: (1) the alleged violation cannot be objectively verified, or is de minimis; (2) the alleged violation does not affect more than a single Owner; and (3) it is economically imprudent for the Association to pursue the enforcement of the alleged violation(s) in such instance. In no event shall the Board's decision not to become involved in a particular dispute between two neighbors constitute a waiver of the right to enforce thereafter any or all the provisions of the Association's governing documents.

Section 13.2 Notice of Violation. Unless prohibited by law, in the event of a violation of the Association's governing documents, the Association may, if permitted by applicable law, record a Notice of Violation against the Condominium of the non-complying Owner and/or the noncomplying lessees, other residents of a Unit, or guests of the occupant of a Unit etc. Upon recording a Notice of Violation, the Association shall have complete discretion in deciding whether, when and how to proceed with enforcement, and any delay after recording a Notice of Violation shall not give rise to a defense of waiver or estoppel in favor of a non-complying Owner. The Association may take action to enforce compliance against a subsequent Owner who acquires a Condominium with a recorded Notice of Violation. The right of the Association to record a Notice of Violation shall be in addition to all other rights and remedies the Association may have at law or under the Association's governing documents.

Section 13.3 Failure Not a Waiver. The failure of any Owner, the Board, the Association or its officers or agents to enforce any of the Association's governing documents shall not constitute a waiver of the right to enforce the same thereafter, and no such failure shall result in or impose any liability upon the Board, or any of its officers or agents. Waiver or

attempted waiver of any provision of this Declaration or the Association's other governing documents with respect to any Unit shall not be deemed a waiver thereof as to any other Unit, nor shall the violation of any provision hereof or thereof in respect to any Unit or Units affect the applicability or enforceability of any provision of this Declaration in respect of any other Unit. A waiver of any enforcement right shall be only pursuant to an instrument in writing signed by the party to be charged with such waiver and shall be limited to the particular covenant, condition or restriction contained herein which is expressly set forth as being waived in such writing.

Section 13.4 Nuisance. Without limiting the generality of this Section, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against such act or omission.

Section 13.5 Discipline for Breach. In addition to any other rights and remedies with the Association may have, the Board may do any of the following:

(a) Suspend Rights; Impose Penalties. After notice and a hearing, the Board may:

(i) Suspend Rights. Suspend an Owner's Common Area privileges (other than the right of ingress and egress to the Owner's Unit): (i) for the period during which any Assessment, including any monetary penalty against such Owner's Condominium, remains unpaid and delinquent, and (ii) for a period not to exceed thirty (30) days, or for as long as the violation continues for any other infraction of this Declaration, the Bylaws or the published Rules and Regulations of the Association committed by any Owner, or such Owner's guests, staff members, family members, tenants or invitees. To the extent not prohibited by California law, after notice and a hearing, the Board shall have the right to suspend an Owner's voting rights for the same purposes as a suspension of Common Area privileges.

(ii) Impose Monetary Penalties. Impose a monetary penalty on any Owner in such amounts as determined by the Board and as more fully described in a schedule of monetary penalties set forth in the Rules and Regulations adopted and amended by the Board from time to time, for the failure to comply with and/or for any violation of the Association's governing documents committed by such Owner, or such Owner's guests, staff members, family members, tenants or invitees. The Board shall distribute to the Members, by personal delivery or first class mail, a copy of the schedule of monetary penalties adopted by the Board, and any amendments thereto. Subject to the provisions of Article IV, Section 4.8(a)(ii)(5) above, the Association and the Board shall have the same rights and remedies, including lien, foreclosure, late charge and interest rights, or seeking judicial enforcement for the enforcement and collection of monetary penalties as they have for the enforcement and collection of Assessments and any monetary penalty provided for herein shall be deemed to be a Special Assessment. Any infraction or violation of an ongoing nature shall subject the violating Owner to a continuing monetary penalty which may be assessed on a daily basis until the infraction or violation in question has been remedied.

(b) Judicial Relief. Seek judicial relief for the failure to comply with and/or for any violation of the Association's governing documents committed by such Owner, or such Owner's guests, staff members, family members, tenants or invitees.

Section 13.6 Notice and Hearing.

(a) General Provisions. The Board shall have the right to establish and from time to time to modify the Rules and Regulations for allowing an Owner a hearing for an alleged violation of this Declaration, the Bylaws or the Association's Rules and Regulations where such Owner may have such Owner's Common Area privileges suspended and/or have a monetary penalty imposed. Such rules or regulations established and maintained by the Board shall be fair and reasonable, as required pursuant to California Corporations Code Section 7341 or any successor section thereto, and shall comply with the Act. The foregoing rules and regulations may be enforced against any Owner or such Owner's tenants and the Owner's and tenant's privileges may be suspended for any violations as provided herein and/or the Board may impose a reasonable monetary penalty.

(b) Procedures. Notice and a hearing regarding monetary penalties, suspension of privileges, and any other disciplinary measures taken under this Declaration or the Association's other governing documents shall be accomplished as follows:

(i) Right to be Heard. The Owner being penalized shall be given an opportunity to be heard, either orally or in writing, at an executive session Board meeting.

(ii) Notice. Notice of the hearing shall be given either by personal delivery or first-class mail to the most recent address of the Owner as shown on the Association's records at least ten (10) days prior to the hearing. The notice shall contain, at a minimum, the date, time and place of the hearing, the nature of the alleged violation, the proposed monetary penalty or sanction, and a statement that the Owner has the right to attend the hearing and to address the Board at the hearing.

(iii) Procedure for Hearing. At the hearing, the Owner so charged shall have the right to be heard by the presentation of oral or written evidence and arguments. If the Owner fails or refuses to attend the hearing, the Board may decide the matter in such Owner's absence.

(iv) Decision of Board. Following the hearing, the Board shall decide whether the Owner shall in fact be penalized or sanctioned or assessed for damages, as applicable.

(v) Notice of Decision. Within fifteen (15) days of its decision, the Board shall notify the Owner of its decision and the reasons therefor, either by personal delivery or first-class mail to the most recent address of the Owner as shown on the Association's records.

Section 13.7 Remedies Cumulative. Each remedy provided for by this Declaration for breach of any of the covenants, conditions, restrictions, reservations, liens or charges contained herein shall be in addition to any other available remedy, whether provided for by law or in equity, and all of such remedies whether provided for by this Declaration or otherwise shall be

cumulative and not exclusive. In addition, except for the nonpayment of any Assessments provided for herein, it is hereby expressly stipulated that the remedy at law to recover damages for the breach or violation of this Declaration and/or the Association's other governing documents is inadequate and that appropriate relief shall be awarded to enjoin any such breach or violation.

Section 13.8 Joint and Several Liability. In the case of joint ownership of a Unit, the liability of each of the Owners thereof in connection with the liabilities and obligations of Owners set forth in or imposed by this Declaration shall be joint and several.

Section 13.9 Attorneys' Fees. In the event that the Association takes action to enforce or interpret the Association's governing documents, to restrain violations or to determine the rights and duties of any person under this Declaration, whether or not such action is in the form of a formal court proceeding or by involvement of the Association's legal counsel, the Association shall be entitled to actual attorneys' fees and costs plus, in the case of a proceeding, any other relief awarded.

ARTICLE XIV. GENERAL INFORMATION

Section 14.1 Term. This Declaration shall run with and bind the Association and the Project, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any property subject to the Declaration, his or her respective legal representatives, heirs, successors and assigns, in perpetuity, unless an instrument in writing, signed by at least seventy-five percent (75%) of the then Owners of the Condominiums, is recorded agreeing to change the term of or terminate the same.

Section 14.2 Amendments. Each and all of the provisions hereof may be modified, amended, added to or deleted only by the affirmative vote or written consent of at least seventy-five percent (75%) of the voting power, and if required by this Declaration by the appropriate percentage of Mortgagees as required hereby, and by such other approvals, if any, as may be required by law or any prior agreements of record. Said amendments shall be effective upon recordation in the Office of the Recorder of Los Angeles County.

Section 14.3 General Mortgage Provisions.

(a) Power to Encumber. Any Owner may encumber such Owner's Condominium by a Mortgage.

(b) No Obligation by Mortgagee to Cure Breach. A Mortgagee who acquires title by foreclosure or deed in lieu of foreclosure shall not be obligated to cure any breach of this Declaration which is non-curable or of a type which is not feasible to cure or which is not practical to cure and does not materially affect the Association or any other Owners.

(c) Loan made in Good Faith. It is intended that any loan to facilitate the resale of any Condominium after foreclosure or deed in lieu of foreclosure is a loan made in good faith and for value and entitled to all of the rights and protections afforded to Mortgagees hereunder.

(d) Amendments. No amendment to this Section shall affect the rights of the Mortgagee under any Mortgage recorded prior to recordation of such amendment who does not join in the execution thereof.

(e) Attendance at Meetings. Because of its financial interest in a Condominium, a Mortgagee may appear (but may not vote) at meetings of the Owners and the Board to draw attention to violations of this Declaration which have not been corrected or made the subject of remedial proceedings or Assessments.

(f) Information Provided to Association. A Mortgagee is authorized to furnish information to the Board concerning the status of any loan encumbering a Condominium.

Section 14.4 Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a Condominium Project, and this Declaration shall be construed and governed in accordance with California law.

Section 14.5 Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any of the provisions hereof shall not affect the validity of the remaining provisions.

Section 14.6 Successors and Assigns. This Declaration shall inure to the benefit of and be binding upon the heirs, personal representatives, grantees, lessees, successors and assigns of the Owners.

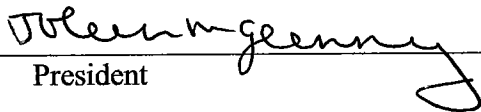
Section 14.7 Delivery of Notices and Documents. Any written notice or other documents relating to or required by this Declaration may be delivered personally or by mail. If by mail, such notice, unless expressly provided herein, or in the Bylaws to the contrary with regard to the type of notice being given, shall be deemed to have been delivered and received forty- eight (48) hours after a copy thereof is deposited in the United States mail, postage prepaid, and fees prepaid, addressed to each Owner at the address of any Unit in the Project owned by such Owner, in whole or in part, or to the address last furnished by such Owner for the purpose of giving notice and delivering documents from the Board. Each Owner shall file in writing with the Board promptly upon becoming an Owner such person's address for the purpose of giving notice and delivering documents, and shall promptly notify the Board in writing of any subsequent change of address.

Section 14.8 Conflicting Provisions. In the case of any conflict between this Declaration and the Articles (if any), the Declaration shall control. In the case of any conflict between this Declaration and the Bylaws and/or the Rules and Regulations, this Declaration shall control.

Section 14.9 Statute References. Wherever reference is made herein to a California statute, including without limitation the California Civil Code or California Corporations Code, such reference shall continue to apply to such statute as it may amended, restated, modified or superseded from time to time.

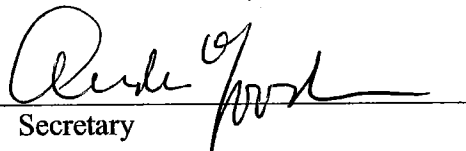
IN WITNESS WHEREOF, the undersigned have executed this Declaration this 21st day of July, 2022, at Santa Monica, California.

VILLA SIXTEENTH STREET CONDOMINIUMS

By: 
Its: President

I hereby certify and declare that the foregoing Declaration has been approved by the percentage of Owners required by the Original Declaration.

Executed at Santa Monica, California, on the 21st day of July, 2022.

By: 
Its: Secretary

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.

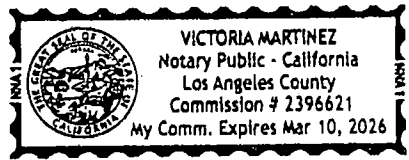
STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

On July 22, 2022, before me, Victoria Martinez, a Notary Public, personally appeared Andrea Goodman, 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.

Signature *Victoria Martinez* (Seal)



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.

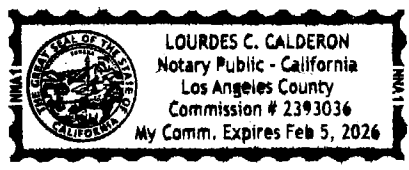
STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

On July 30th 2022, before me, Lourdes C Calderon, a Notary Public, personally appeared Glennay Joleen, 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.

Signature *Lourdes C Calderon* (Seal)



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.

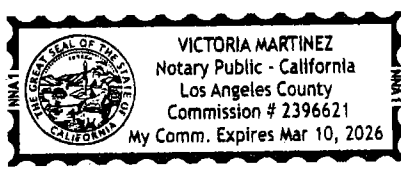
STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

On July 22, 2022, before me, Victoria Martinez, a Notary Public, personally appeared Andrea Goodman, 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.

Signature *Victoria Martinez* (Seal)



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)
) SS
COUNTY OF LOS ANGELES)

On _____, before me, _____, a 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.

Signature _____ (Seal)

EXHIBIT "A" - ALLOCATION OF ASSESSMENTS

USE ONLY IF UNEQUAL ASSESSMENTS

EXHIBIT "B" - REPAIR AND MAINTENANCE SCHEDULE

^ The cost of any maintenance, repair or replacement to a component which is the Association's responsibility caused by an Owner may be assessed to an Owner as a Special Assessment as provided in this Declaration. The Board shall, in its discretion, determine the frequency of maintenance, repair and replacement for components for which the Association is responsible.

^^ An Owner's duty to maintain, repair and replace shall be subject to the architectural provisions in Article XII of this Declaration.

Component	Association Responsibility[^]	Owner Responsibility^{^^}
Appliances inside a Unit (including, but not limited to, refrigerators, dishwashers, ranges, ovens, washers and dryers, and garbage disposals)		
Balconies		
Balcony Floor Surfaces		
Balcony Railings/Walls		
Chimneys/Fireplaces		
Chimney Flues		
Fire Boxes		
Spark Arrestors		
Doors		
Front Door		
Front Door - Exterior Surface		
Front Door - Interior Surface		
Front Door Casing		
Garage Door		
Garage Door - Exterior Surface		
Garage Door - Interior		

Component	Association Responsibility[^]	Owner Responsibility^{^^}
Surface		
Garage Door Casing		
Garage Door Opening Mechanism and related hardware		
Balcony/Deck Doors and Door Frames		
Balcony/Deck Door - Exterior Surface		
Balcony/Deck Door - Interior Surface		
Balcony/Deck Door Casing		
All Exterior Door Hardware		
All Door Weatherstripping		
Doorbell exterior panels, buttons and circuits		
Doorbell chimes inside the Unit		
Dryer Duct Work		
Exterior Light Fixtures		
Front door light fixture		
Front door light bulb		
Balcony/Deck Light Fixture		
Balcony/Deck Light bulb		
Exterior stucco, molding and trim		
Exterior vents for plumbing and appliances		

Component	Association Responsibility[^]	Owner Responsibility^{^^}
Gas pipes from gas main to Unit shutoff valve, including the valve		
Gas Pipes from exterior shutoff valve to and serving Unit		
Heating and Air Conditioning Equipment Serving Unit (including lines, wires, vents, pipes, duct work, over flow pans, platforms, pads and any other related equipment related thereto serving individual Unit regardless of location)		
Interior Surfaces		
Ceiling Surfaces (including any paint, wall paper and acoustical coatings)		
Floor Surfaces		
Wall Surfaces (including any paint, wallpaper and other finishes)		
Restoration of Drywall and Wall, Ceiling and Flooring Finishes After Association Repairs	Restore to "paint-ready" condition	Restore ceiling, floor and wall finish (e.g., painting, wall paper, etc.)
Interior wood trim, cabinets and shelves		
Mailboxes		
Parking Spaces		
Decks		
Deck fences		
Deck floor surfaces		
Deck floor structure (e.g., cement slab)		

Component	Association Responsibility[^]	Owner Responsibility^{^^}
Pipes, Drains and Plumbing Fixtures		
Pipes and Drains Serving Only Individual Unit		
Pipes and Drains Serving More than One Unit		
Plumbing fixtures inside a Unit (including, but not limited to, fixtures, toilets, faucets, bathtubs, tub and shower valves, shower pans, drain lines, and angle stops which exclusively service a Unit, wherever located)		
Roofs		
Rain Gutters and Downspouts		
Security Equipment – any locks, intercom and security systems installed by an Owner		
Smoke Detectors and Carbon Monoxide Detectors inside Unit		
Water Heaters	Maintain, Repair and Replace Water Heaters Serving Common Area or more than one Unit	Maintain, Repair and Replace Water Heaters Serving Individual Unit
Windows		
Glass, Frames, Hardware and Rollers		
Window Casing		
Locks and Latches		
Screens and Frames		
Interior Caulking		
Wiring and Other Electrical		

Component	Association Responsibility^	Owner Responsibility^^
Components		
Electrical Wiring in Walls Serving Individual Units		
Electrical Panels and Circuit Breakers serving One Unit		
Electrical Panels and Circuit Breakers Serving More than One Unit		
Switches and outlets inside a Unit		
Cable TV Wiring in Walls Serving Individual Units		
Telephone wiring (including jacks and outlets)		