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**FIRST RESTATED AND AMENDED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTION
FOR
SEA RIDGE CONDOMINIUM ASSOCIATION**

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

TABLE OF CONTENTS

FOR

FIRST RESTATED AND AMENDED DECLARATION OF COVENANTS,

CONDITIONS AND RESTRICTIONS

FOR

SEA RIDGE CONDOMINIUM ASSOCIATION

<u>DESCRIPTION</u>	<u>PAGE</u>
ARTICLE I - DEFINITIONS	2
Section 1.01 Articles	2
Section 1.02 Assessments	2
Section 1.03 Association	2
Section 1.04 Association Rules	2
Section 1.05 Association Common Area	2
Section 1.06 Board of Directors	2
Section 1.07 Bylaws	2
Section 1.08 City	2
Section 1.09 Common Area	2
Section 1.10 Common Expense	2
Section 1.11 Common Facilities	2
Section 1.12 Common Funds	3
Section 1.13 Condominium	3
Section 1.14 Condominium Plan	3
Section 1.15 County	3
Section 1.16 Declarant	3
Section 1.17 Declaration	3
Section 1.18 Exclusive Use Common Areas	3
Section 1.19 Family	3
Section 1.20 Governing Documents	3
Section 1.21 Lease	3
Section 1.22 Majority of a Quorum	3
Section 1.23 Member	3
Section 1.24 Mortgage	4

DESCRIPTION

PAGE

Section 1.25	Owner	4
Section 1.26	Project	4
Section 1.27	Property	4
Section 1.28	Record	4
Section 1.29	Regular Assessment	4
Section 1.30	Single Family Residential Use	4
Section 1.31	Special Assessment	4
Section 1.32	Special Individual Assessment	4
Section 1.33	Unit	4
Section 1.34	Residence	4
Section 1.35	Restrictions	4
Section 1.36	Improvements	5
Section 1.37	Master Association	5
Section 1.38	Master Declaration	5
Section 1.39	Rules and Regulations	5
Section 1.40	Living Area	5
Section 1.41	Balcony Area	5
Section 1.42	Deck Area	5
Section 1.43	Patios, Yards	5
Section 1.44	Garage Area	5
Section 1.45	Architectural Committee	5
Section 1.46	Institutional Holder	5
Section 1.47	Federal Agencies	5
Section 1.48	Secret Ballot	6
ARTICLE II - DECLARATION AND PROPERTY RIGHTS		6
Section 2.01	Ownership of Condominium Easements	6
Section 2.02	Owners' Nonexclusive Easements of Enjoyment	6
Section 2.03	Delegation of Use	7
Section 2.04	Obligations of Owners	7
ARTICLE III - HOMEOWNERS ASSOCIATION		8
Section 3.01	Association Membership	8
Section 3.02	One Class of Membership	9
Section 3.03	Voting Rights of Members	9
Section 3.04	Transfer of Memberships	9
Section 3.05	Assessments	9

<u>DESCRIPTION</u>	<u>PAGE</u>
Section 3.06 Powers and Authority of the Association	9
Section 3.07 Association Action; Board of Directors and Officers	10
Section 3.08 Association Rules	10
Section 3.09 Breach of Rules or Restrictions	11
Section 3.10 Limitation on Liability of the Association's Directors and Officers	11
Section 3.11 Damage by Member	11
 ARTICLE IV - ASSESSMENTS	 12
Section 4.01 Creation of the Lien and Personal Obligation of Assessments	12
Section 4.02 Maintenance Funds of Association	12
Section 4.03 Limitations on Use of Assessments	12
Section 4.04 Determination of Annual Assessments	12
Section 4.05 Regular Assessments	13
Section 4.06 Special Assessments	13
Section 4.07 Special Individual Assessments	14
Section 4.08 Assessments to Address Emergency Situations	15
Section 4.09 Purpose and Reasonableness of Assessments	15
Section 4.10 Exemption of Certain of the Property from Assessments	16
Section 4.11 Notice and Procedure for Member Approval Pursuant to Sections 4.05 and 4.06	16
Section 4.12 Collection of Assessments, Enforcement of Liens	16
Section 4.13 Transfer of Condominium Unit by Sale or Foreclosure	18
Section 4.14 Priorities	18
Section 4.15 Unallocated Taxes	19
Section 4.16 Assignment of Rents	19
 ARTICLE V - ARCHITECTURAL APPROVAL OF IMPROVEMENTS	 19
Section 5.01 Approval of Improvements in General	19
Section 5.02 Definition of Improvements Requiring Approval	19
Section 5.03 Appointment of Architectural Committee	19
Section 5.04(a) Submission of Plans	19
Section 5.04(b) Meetings of the Committee	20
Section 5.04(c) No Waiver of Future Approvals	20
Section 5.04(d) Compensation of Members	20
Section 5.04(e) Inspection of Work	20
Section 5.04(f) Scope of Review	21

<u>DESCRIPTION</u>	<u>PAGE</u>
Section 5.05 Architectural Rules	21
Section 5.06 Variances	21
Section 5.07 Estoppel Certificate	22
Section 5.08 Appeals	22
 ARTICLE VI - ASSOCIATION AND OWNER MAINTENANCE RESPONSIBILITIES	 22
Section 6.01 Repair and Maintenance Duties of Association	22
Section 6.02 Repair and Maintenance by Unit Owner	23
Section 6.03 Association's Right to Recover Certain Maintenance and Repair Costs ..	23
Section 6.04 Water Damage Mold	24
 ARTICLE VII - RESIDENCE AND USE RESTRICTIONS	 24
Section 7.01 Residential Use, Rentals	24
Section 7.02 Parking and Vehicular Restrictions	24
Section 7.03 Antenna	24
Section 7.04 Insurance Rates	24
Section 7.05 Further Subdivision	25
Section 7.06 Signs	25
Section 7.07 View Obstructions	25
Section 7.08 Animal and Insect Restriction	25
Section 7.09 Nuisances	25
Section 7.10 Inside and Outside Installations	26
Section 7.11 Rubbish Removal	26
Section 7.12 Drainage	26
Section 7.13 Water Supply Systems	26
 ARTICLE VIII - PROJECT EASEMENTS	 26
Section 8.01 Easements	26
 ARTICLE IX - INSURANCE	 27
Section 9.01 Duty to Obtain Insurance Types	27
Section 9.02 Waiver of Claims Against Association	28
Section 9.03 Rights and Duty of Unit Owner to Insure	28

<u>DESCRIPTION</u>	<u>PAGE</u>
Section 9.04 Notice of Expiration Requirements	28
Section 9.05 Insurance Premiums	28
Section 9.06 Trustee for Policies	28
Section 9.07 Actions of Trustee	28
Section 9.08 Annual Insurance Review	28
Section 9.09 Required Waiver	29
Section 9.10 Coverage Not Available	29
Section 9.11 Copies of Policies	29
Section 9.12 Insurance Deductible	29
 ARTICLE X - DESTRUCTION OF IMPROVEMENTS	 29
Section 10.01 Restoration of Project	29
Section 10.02 Sale of Project	30
Section 10.03 Right to Partition	30
Section 10.04 Interior Damage	30
Section 10.05 Notice to Unit Owners and Listed Mortgagees	30
 ARTICLE XI - EMINENT DOMAIN	 31
Section 11.01 Definitions: Total Taking, Partial Taking, Special Partial Taking	31
Section 11.02 Awards: Repair; Restoration and Replacement	31
Section 11.03 Awards for Unit Owners' Personal Property and Relocation Allowances	32
Section 11.04 Notice to Unit Owner and Listed Mortgagees	32
 ARTICLE XII - PARTITION OF COMMON AREA	 32
Section 12.01 Suspension or Right of Partition	32
Section 12.02 Distribution of Proceeds Upon Partition	32
Section 12.03 Appraiser	33
 ARTICLE XIII - NONSEVERABILITY OR COMPONENT INTERESTS	 33
Section 13.01 Severance Prohibited	33
Section 13.02 Limitation On Interest Conveyed	33
 ARTICLE XIV - BREACH OF DEFAULT	 33
Section 14.01 Remedy at Law Inadequate	33

<u>DESCRIPTION</u>	<u>PAGE</u>
Section 14.02 Nuisances	33
Section 14.03 Costs and Attorneys' Fees	33
Section 14.04 Cumulative Remedies	33
Section 14.05 Failure Not a Waiver	34
Section 14.06 Enforcement Rights and Remedies of the Association; Limitations Thereon	34
Section 14.07 Court Actions	35
 ARTICLE XV - RIGHTS OF MORTGAGEES	 36
Section 15.01 Rights of Mortgagees	36
 ARTICLE XVI - NOTICES	 37
Section 16.01 Mailing Addresses	37
Section 16.02 Personal Service Upon Co-Owners and Others	37
Section 16.03 Deposit in United States Mails	37
Section 16.04 Electronic Delivery	37
 ARTICLE XVII - NO PUBLIC RIGHTS IN THE PROPERTY	 38
 ARTICLE XVIII - AMENDMENT OF DECLARATION	 38
Section 18.01 Restatements	38
Section 18.02 Amendment	38
 ARTICLE XIX - DURATION AND AMENDMENT	 39
Section 19.01 Duration	39
Section 19.02 Construction	39
 EXHIBIT "A"	 41

**FIRST RESTATED AND AMENDED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
SEA RIDGE CONDOMINIUM ASSOCIATION**

The Declaration of Conditions, Covenants and Restrictions for Sea Ridge Condominium Association, executed by Don Lee, a natural person as Grantor, Orange County, California (the "Original Declaration"), is hereby amended and restated in its entirety to read as follows:

RECITALS

A. Declarant was the original owner of that certain real property located in the County of Orange, State of California, which is more particularly described as follows (the "Property"): lots 1, 2, 3, 4, and 11 through 15 of Tract No. 3884, as shown on a Sub-division Map recorded on August 11, 1977 in Book 413, pages 12-20, inclusive of Miscellaneous Maps, in the Office of the Orange County Recorder.

B. The Property was improved by the construction of a residential condominium project as defined in section 4125 of the California Civil Code, providing for separate title in each Condominium Unit within the Property, with each Unit having an undivided interest in the Common Areas, as defined herein (the "Project"). The Project contains 188 Condominium Units.

C. Declarant deemed it desirable to impose a general plan for the development, maintenance, improvement, protection, use, occupancy and enjoyment of the Property and to establish, adopt and impose covenants, conditions and restrictions upon the Property for the purpose of enforcing, protecting and preserving the value, desirability and attractiveness of the Property and the Improvements erected by the Declarant thereon.

D. Declarant also deemed it desirable for the efficient enforcement, protection and preservation of the value, desirability and attractiveness of the Project to create a nonprofit mutual benefit corporation, then known as the Sea Ridge Condominium Association No.1, which was delegated and assigned the powers of administering and enforcing said covenants, conditions and restrictions.

E. To effectuate the above-described plans and purposes, Declarant acted to establish a plan for the development, maintenance, protection, improvement, use, occupancy and enjoyment of the Property as a Condominium Project. Accordingly, Declarant subjected the Property to that certain Supplemental Declaration of Covenants, Conditions and Restrictions of Easements for Project No.1 of Sea Ridge recorded November 10, 1978 in Book 12918, pages 1254 et seq. in the Official Records of Orange County, and as Supplemented and Amended. Each and all of the covenants, conditions, restrictions, easements, reservations, liens and charges (hereinafter collectively referred to as the "Original Declaration") run with the land and inure to the benefit of and are binding upon Declarant, its successors and assigns, and all subsequent Owners of all or any portion of the Property, together with their grantees, successors, heirs, executors, administrators, devisees and assigns.

F. On September 16, 2014, seventy-five percent of the total voting power of the Association voted by secret written ballot in accordance with California Civil Code Section 5100(a) to amend and restate the Original Declaration, all in accordance with the procedures for amendment set forth in the Original Declaration. It was the intention of the Owners to replace the Original Declaration, in its entirety, with the recordation of this Declaration. The Owners' action to amend and restate the Original Declaration as set forth herein and the fact that the requisite percentage of affirmative votes required in the Original Declaration was achieved, is attested by the execution of this Declaration by duly authorized officers of the Association, as required by section 4270(a) of the California Civil Code. As so amended and restated, these easements, covenants, restrictions and conditions shall run with the Property and shall be binding upon all parties having or acquiring any right, title or interest in the Property or any portion thereof, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

Section 1.01. "Articles" means the Articles of Incorporation of the Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

Section 1.02. "Assessment" means any Regular, Special or Special Individual Assessment made or assessed by the Association against an Owner and the Owner's Condominium in accordance with the provisions of Article IV, below.

Section 1.03. "Association" means Sea Ridge Condominium Association, a California nonprofit corporation (formed pursuant to the Nonprofit Mutual Benefit Corporation Law of the State of California), its successors and assigns. The Association is an "association" as defined in section 4080 of the California Civil Code.

Section 1.04. "Association Rules" means the Rules and Regulations adopted by the Board of Directors of the Association pursuant to Section 3.08, below, as the same may be in effect from time to time.

Section 1.05. "Association Common Area" means the Master Common Area, as defined in the Master Declaration, which the Master Association owned at the time of conveyance of the first Condominium Unit by Declarant, and is described as Lots 1 and 15 of Tract 3884 as shown on a Subdivision Map, filed on August 11, 1977 in Book 413, Pages 12 to 20, inclusive of Miscellaneous Maps, in the Office of the Orange County Recorder. The property, hereinafter referred to as the "Association Common Area," was conveyed by the Master Association to the Association by that certain Corporation Grant Deed, recorded December 4, 1987 as Instrument No. 87-674233 in the Office of the Orange County Recorder. It is the intent of the Owners to ratify and confirm that the Association shall fully administer and maintain the Association Common Areas, and all buildings and improvements constructed thereon, according to the provisions of this Declaration.

Section 1.06. "Board of Directors" or "Board" means the Board of Directors of the Association.

Section 1.07. "Bylaws" means the Amended and Restated Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 1.08. "City" means the incorporated municipal City of Dana Point in the County of Orange, State of California, and its various departments, divisions, employees and representatives.

Section 1.09. "Common Area" means the entire Property other than Units, as defined herein or as shown on the Condominium Plan. Portions of the Common Area are "Exclusive Use Common Area" as defined in Section 1.18, below.

Section 1.10. "Common Expense" means any use of Common Funds authorized by Article IV, below, and Article VII of the Bylaws and includes, without limitation: (a) all expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Property as incurred or as may be estimated from time to time by the Association's Board of Directors; (b) any amounts reasonably required to be set aside as reserves for maintenance, repair and replacement of the Common Facilities and for nonpayment of any Assessments; and (c) the use of such funds to defray costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.

Section 1.11. "Common Facilities" refers to that portion of any residential building structure that is not defined as a Unit herein and to the trees, hedges, plantings, lawns, shrubs, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings, structures, swimming pool, spa, parking areas, and

other facilities constructed or installed, to be constructed or installed, or currently located on or within any portion of the Common Area.

Section 1.12. "Common Funds" means all funds collected or received by the Association: (a) for use in the maintenance, management, administration, insurance, operation, replacement, repair, additions or alterations to, or reconstruction of all or any portion of the Common Area and Common Facilities; and (b) for use in discharging any and all of the Association's duties and responsibilities as provided in the Governing Documents.

Section 1.13. "Condominium" means an estate in real property as defined in California Civil Code section 4125, consisting of an undivided interest as a tenant-in-common in a portion of real property referred to herein as the Common Area, together with a fee interest in space called a Unit, all as shown and described in the Condominium Plan.

Section 1.14. "Condominium Plan" means the plan of Condominium for Lots 2, 3, 4, and 11 through 14 of Tract 3884 and any amendments thereto recorded pursuant to California Civil Code section 4120 and 4285, with respect to the Property. The Condominium Plan is incorporated herein by this reference.

Section 1.15. "County" means the County of Orange, State of California, and its various departments, divisions, employees and representatives.

Section 1.16. "Declarant" means the original developer of the Project, namely Don Lee, a natural person as Grantor.

Section 1.17. "Declaration" means this instrument, as it may be amended from time to time. The "Original Declaration" means the Declaration of Conditions, Covenants and Restrictions amended by this document and described in the preamble to this Declaration.

Section 1.18. "Exclusive Use Common Areas" or "Restricted Common Areas" (these terms are used interchangeably) means those portions of the Common Area (including, without limitation, shutters, awnings, door steps, porches, exterior doors, door frames and hardware incidental thereto, screens, windows, and air conditioning units wherever located which are set aside and allocated for the exclusive use of one or more, but fewer than all of the Owners and which is appurtenant to the Units owned by said Owners, all as more particularly designated on the Condominium Plan. The Exclusive Use Common Area shall also include the yards and patios identified as Restricted Common Areas in Exhibit "G" to the Original Declaration, and all amendments or supplements thereto, which are herein incorporated by this reference.

Section 1.19. "Family" means one or more persons each related to the other by blood, marriage or legal adoption, or a group of persons not so related who maintain a common household in a Condominium Unit.

Section 1.20. "Governing Documents" refers collectively to this Declaration and to the Articles, the Bylaws and the Association Rules, as the same may be amended from time to time.

Section 1.21. "Lease" means any agreement (written or verbal) under which a person is permitted to occupy a Unit for compensation of any kind including, without limitation, any fee, service, gratuity or other consideration while the Owner is not in residence. The verb "leasing" shall include renting or otherwise permitting a person other than an Owner to occupy a Unit for compensation of any kind including any fee, service, gratuity or other compensation while the Owner is not in residence.

Section 1.22. "Majority of a Quorum" means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the meeting in person or casting written ballots equals or exceeds the minimum quorum requirement for Member action, as specified in the Bylaws or by statute.

Section 1.23. "Member" means every person or entity who holds a membership in the Association and whose rights as a Member are not suspended pursuant to Section 14.06, below.

Section 1.24. "Mortgage" means any security device, including any deed of trust, encumbering all or any portion of the Property. "Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a Mortgagee in the conventional sense.

Section 1.25. "Owner" means the record Owner, whether one or more persons or entities, of fee simple title of any Unit, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.26. "Project" means the entire common interest development including the Condominiums which are constructed on the Property.

Section 1.27. "Property" or "Community" means that certain real property described in Recital A, above, including all structures and Improvements located thereon. The Property is a statutory "condominium project" as defined in California Civil Code section 4125.

Section 1.28. "Record" means, with respect to any document, the recordation or filing of such document in the Office of the Orange County Recorder.

Section 1.29. "Regular Assessment", sometimes hereinafter referred to as the Annual Assessment, means an Assessment levied against an Owner and the Owner's Condominium in accordance with Section 4.05, below.

Section 1.30. "Single Family Residential Use" means occupancy and use of a Unit for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other state or municipal laws, ordinances, rules and regulations. In no event shall any Unit be occupied by more individuals than permitted by applicable law, zoning or regulation.

Section 1.31. "Special Assessment" means an Assessment levied against an Owner and the Owner's Condominium in accordance with Section 4.06, below.

Section 1.32. "Special Individual Assessment" means an Assessment levied against an Owner and the Owner's Condominium in accordance with Section 4.07 hereof.

Section 1.33. "Unit" shall mean the elements of a Condominium not owned in common with the Unit Owners of other Condominiums in the Project. Each of the Units in the multi-family structures shall be a separate freehold estate, as separately shown, numbered and designated in the Condominium Plan. The Units consist of living area spaces, together with separate areas of space for garages, and in some cases, decks and balconies, as they may be assigned and are described particularly in the Condominium Plan. The boundaries of the living area of each Unit are the interior surfaces of the roof, the base of the cement slab and the exterior surfaces of the vertical walls including without limitation the perimeter walls, windows and doors thereof, and the Unit includes the air spaces encompassed therein. In interpreting deeds, declarations and plans, the existing physical boundaries of the Unit or a Unit constructed or reconstructed in substantial accordance with the Condominium Plan and the original plans thereof, if such plans are available, shall be conclusively presumed to be its boundaries, rather than the description expressed in the deed, Condominium Plan or Declaration, regardless of settling or lateral movement of the building and regardless of minor variances between boundaries, as shown on the Condominium Plan or defined in the deed and Declaration, and the boundaries of a building as constructed or reconstructed.

Whenever reference is made to a "Unit," whether in this Declaration, the Condominium Plan, any deed or elsewhere, it shall be assumed that such reference is made to the Unit as a whole, including each of its component elements (including the airspace so encompassed), and to any and all Exclusive Use Common Areas, if any, appurtenant to the Unit. The term "Unit" does not include those areas of the Property that are defined herein as Common Area or Common Facilities (other than Exclusive Use Common Areas).

Section 1.34. Residence. "Residence" shall mean a Unit, intended for use by a single Family, and its corresponding assigned Exclusive Use Common Areas.

Section 1.35. Restrictions. "Restrictions" shall mean this Declaration and the Rules and

Regulations of the Sea Ridge Association from time to time in effect.

Section 1.36. Improvements. "Improvements" shall mean all structures and appurtenances thereto of every type and kind, including but not limited to, buildings, out buildings, walkways, sprinkler pipes, garages, swimming pools, roads, driveways, parking areas, fences, screening walls, retaining walls, patio covers, awnings, stairs, the exterior surfaces of any visible structure, planted trees and shrubs, poles, signs, exterior air conditioning and water softener fixtures or equipment.

Section 1.37. Master Association. "Master Association" shall mean the Sea Ridge Community Association, a California nonprofit mutual benefit corporation, its successors and assigns. As of the date of adoption of this First Restated Declaration of Covenants, Conditions and Restrictions, the Master Association was suspended and not in good standing, and did not maintain incumbent officers or directors.

Section 1.38. Master Declaration. "Master Declaration" shall mean that certain Master Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Sea Ridge, recorded on November 10, 1978 at Book 12918, pages 1054 et seq. in the Official Records of Orange County. As of the date of adoption of this First Restated Declaration of Covenants, Conditions and Restrictions for Sea Ridge Condominium Association, the Master Association as defined herein was suspended and not in good standing. Further, there were no incumbent officers or directors of the Master Association. By adoption of this Declaration, it is the intent of the Owners to fully administer and govern the Project and all property subject to the Master Declaration and this Declaration, solely in accordance with the terms and conditions of this Declaration and as administered, interpreted, and applied by the Board of Directors.

Section 1.39. Rules and Regulations. "Rules and Regulations" or "Association Rules" shall mean the Rules and Regulations adopted by the Board pursuant to the terms of this Declaration, as such Rules and Regulations may be amended from time to time.

Section 1.40. Living Area. The term "Living Area" as used herein shall mean and refer to that portion of a Unit designed for use as a Residence, and shall be identified on the Condominium Plan by a Unit number only.

Section 1.41. Balcony Area. The term "Balcony Area" as used herein shall mean and refer to that portion of some Units which are designed for use as a balcony. The Balcony Areas for the Project are identified on the Condominium Plan.

Section 1.42. Deck Area. The term "Deck Area" as used herein shall mean and refer to that portion of some of the Units designed for use as deck. The Deck Areas for the Project are identified on the Condominium Plan.

Section 1.43. Patios, Yards. The term "Patio or "Yard shall mean and refer to those areas identified as Restricted Common Areas in Exhibit "G" to the Original Declaration, and all amendments or supplements thereto, which are incorporated herein by this reference.

Section 1.44. Garage Area. The term "Garage Area" as used herein shall mean and refer to the fee ownership in a garage area which shall be appurtenant to each Unit and which are specifically shown and defined on the Condominium Plan.

Section 1.45. Architectural Committee. The term "Architectural Committee" or "Committee" shall mean and refer to the Architectural Committee created pursuant to the Article of this Declaration entitled "Architectural Approval of Improvements."

Section 1.46. Institutional Holder. The term "Institutional Holder" as used herein shall mean and refer to any holder (beneficiary) of a deed of trust or mortgage which encumbers a Condominium and which is a bank or savings and loan association or established mortgage company or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 1.47. Federal Agencies. The term "Federal Agencies" as used herein shall mean and refer

to collectively one or more of the following agencies and the following letter designation for such agencies shall mean and refer to respectively the agency specified within the parentheses following such letter designation: FHA (Federal Housing Administration), FHLMC (Federal Home Loan Mortgage Corporation), FNMA (Federal National Mortgage Association), GNMA (Government National Mortgage Association), VA (Veterans Administration).

Section 1.48. Secret Ballot. "Secret Ballot" means that form of ballot and envelope system required by California Civil Code Sections 5100(a), and 5115, governing elections regarding assessments, election and removal of directors, amendments to the governing documents, the grant of exclusive use of common area, or any topic that is expressly identified in the Rules and Regulations as requiring use of a Secret Ballot.

ARTICLE II

DECLARATION AND PROPERTY RIGHTS

Section 2.01. Ownership of Condominium Easements. The interest of every Owner of a Condominium within the Property shall include the Owner's Unit, the respective undivided interest in the Common Area appurtenant to such Unit, a membership in the Association, any Exclusive Use Common Area allocated to such Unit and any nonexclusive easements appurtenant to such Unit over the Common Area as described in this Declaration or the Condominium Plan. The common interest portion of a Condominium appurtenant to each Unit is declared to be permanent in character and cannot be altered or severed from other interests in the Project, except as otherwise provided in Articles XII and XIII below. An Owner's undivided interest in his or her Condominium shall be deemed to be conveyed or encumbered together with its respective Unit even though the instrument of conveyance or encumbrance may refer only to the fee title to the Unit.

Section 2.02. Owners' Nonexclusive Easements of Enjoyment. Every Owner of a Condominium shall have a nonexclusive right and easement of enjoyment in and to the Project's Common Area, including ingress and egress to and from the Owner's Unit. However, such nonexclusive easements shall be subordinate to and shall not interfere with the Exclusive Use Common Areas appurtenant to a Unit. Each such nonexclusive easement shall be appurtenant to and shall pass with the title to every Condominium, subject to the following provisions.

(a) The right of the Association to assign, rent, license, lease, charge reasonable fees for, and to otherwise designate and control the use of any unassigned parking situated within the Common Area and to reasonably limit the number of guests of Owners who may use any recreational Common Facilities located with the Common Area.

(b) The right of the Association to adopt rules and regulations as provided in Section 3.08, below, (the "Association Rules") and, in the event of a breach of the Association Rules or of any other provision of the Governing Documents to initiate disciplinary action against the violating Owner or tenant in accordance with Section 14.06 below. Such action may include the levying of fines, and/or the temporary suspension of an Owner's voting rights or the right of an Owner, the Owner's tenants and guests to use any recreational Common Facilities.

(c) The right of the Association in accordance with the Governing Documents, to borrow money for the purpose of improving the Common Areas or Common Facilities, provided, however, that any such indebtedness shall be considered an expense of the Association for purposes of determining whether membership approval is required pursuant to the Special Assessment provisions of Section 4.06, below.

(d) The right of the Association to consent to or join in the grant or conveyance of easements, leases, licenses or right-of-way in, on or over the Common Areas, however, such grants or conveyances must be consistent with the intended use of the Property as a residential Condominium project and shall not impair the ingress and egress to or from any Unit.

(e) The right of each Owner to the exclusive use and enjoyment of the Exclusive Use Common Areas appurtenant to the Owner's Unit.

- (f) All easements affecting the Common Area which are described in Article VIII, below.

Section 2.03. Delegation of Use.

(a) Delegation of Use and Leasing of Units, Generally. Any Owner may delegate, in accordance with and subject to the Governing Documents, his or her rights to use and enjoy the Common Area and Common Facilities to his or her Family members, tenants or contract purchasers who reside in the Unit, provided that any Lease of the Owner's Unit may be only for Single Family Residential Use and for a minimum lease term of six (6) months. An Owner who is selling his or her Unit pursuant to a contract of sale must delegate, in accordance with the Governing Documents, the Owner's membership rights and rights of enjoyment to the Common Area and Common Facilities to the Owner's contract purchaser/vendee. An Owner who leases or rents his or her Unit shall retain the right to enter the Property and the Owner's Unit to perform all the functions and responsibilities common of landlords.

Any Lease of a Unit shall be subject to the provisions of the Governing Documents, all of which shall be deemed incorporated by reference in the Lease. The Lessor-Owner shall provide each tenant or lessee with a copy of the Declaration and any Association Rules applicable to leasing, and shall be responsible for compliance by the Owner's tenant or lessee with all applicable Governing Document provision during the tenant's lessee's occupancy and use of the Unit.

(b) Discipline of Lessees. Subject to Subparagraph (c) below, in the event that any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action as it deems appropriate under the circumstances in order to preserve the quiet enjoyment of the other Owners and residents within the Project. Without limiting the foregoing, the Association's actions may include suspension of the tenant's privileges to use the Common Area and/or Common Facilities, or the imposition of fines and penalties against such Owner.

Section 2.04. Obligations of Owners. Owners of Condominium Units shall be subject to the following:

(a) Owner's Duty to Notify Association of Tenants and Contract Purchasers. Each Owner shall notify the Association or the Association's property manager of the names of any contract purchaser or lessee residing in the Owner's Condominium. Each Owner, contract purchaser or lessee shall also notify the Association of the names of all persons to whom such Owner, contract purchaser or lessee has delegated any rights to use and enjoy the Property and the relationship that each such person bears to the Owner, contract purchaser or lessee.

(b) Contract Purchasers. A contract seller of a Condominium must delegate his or her voting rights as a Member of the Association and his or her right to use or enjoy the Common Area and Common Facilities to any contract purchaser in possession of the Property. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the Condominium which is the subject of the contract has been transferred to the purchaser.

(c) Notification Regarding Governing Documents.

(i) Delivery of Governing Documents and Financial Information By Owner. As more particularly provided in section 4525-4545 of the California Civil Code, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Condominium Unit, the Owner thereof must give the prospective purchaser:

(A) A copy of the Governing Documents;

(B) A copy of the Association's most recent documents distributed by the Association pursuant to California Civil Code section 5300-5320, 5810; including the Annual Budget Report, Policy of Insurance and information regarding the Association Insurance Policies.

(C) A true statement in writing from an authorized representative of the Association as to (1) the amount of any unpaid Assessments, penalties, attorneys' fees and other charges due and unpaid with respect to the Condominium as of the date the statement is issued ("delinquency statement"); (2) the amount

of the Association's current Regular and Special Assessments and fees; and (3) any monetary fines or penalties levied upon the owner's interest and unpaid on the date of the statement;

(D) A copy or summary of any notice previously sent to the Owner pursuant to Civil Code section 5855 that sets forth any alleged violations of the governing documents that remains unresolved at the time of the request; and

(E) A statement identifying any change in the Association's current Regular and Special Assessments and fees which have been approved by the Board but have not become due and payable as of the date the information is provided.

(F) Copies of any other documents pertaining to Owners maintenance responsibilities, including but not limited to recorded Covenant Agreements or other non-recorded documents relating to Owner installed improvements which are not the maintenance responsibility of the Association.

(ii) Association's Obligation to Provide Information Charges. In order to carry out the intent and purpose of this statutory provision, the Association shall, within ten (10) days of the mailing or delivery of a request therefor, provide the Owner with a copy of the documents specified in subparagraph (c)(i) above. The Association shall be entitled to impose a reasonable fee for this service, which shall not exceed the Association's reasonable cost to prepare and reproduce the requested items.

(d) Payment of Assessments and Compliance with Restrictions and Rules. Each Owner shall pay, when due, each Regular, Special and Special Individual Assessment levied against the Owner and his or her Condominium and shall observe, comply with and abide by any and all rules, regulations and restrictions set forth in, or promulgated pursuant to, any Governing Document for the purpose of protecting the interests of all Owners or protecting the Common Area and Common Facilities.

(e) Discharge of Assessment Liens. Each Owner shall promptly discharge any Assessment lien that may hereinafter become a charge against his or her Condominium.

(f) Joint Ownership of Condominiums. In the event of joint ownership of any Condominium, the obligations and liabilities of the multiple Owners shall be joint and several. Without limiting the foregoing, this subparagraph (f) shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments.

(g) Prohibition on Avoidance of Obligations. No Owner, by non-use of the Common Area or Common Facilities, abandonment of the Owner's Condominium or otherwise, may avoid the burdens and obligations imposed on such Owner by the Governing Documents, including, without limitation, the payment of all Assessments duly levied against the Owner and his or her Condominium Unit pursuant to Article IV, below.

(h) Termination of Obligations. Upon the conveyance, sale, assignment or other transfer of a Condominium to a new Owner, the transferor-Owner shall not be liable for any Assessments levied with respect to such Condominium after the date of recording of the deed evidencing said transfer. Upon such recording, all Association membership rights possessed by the transferor by virtue of the ownership of said Condominium shall automatically cease.

ARTICLE III

HOMEOWNERS ASSOCIATION

Section 3.01. Association Membership. Every Owner of a Condominium shall be a Member of the Association. An Owner shall hold one membership in the Association for each Condominium owned and the membership shall be appurtenant to such Condominium. Sole or joint ownership of a Condominium shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until the Owner's ownership interest in all Condominiums in the Property ceases, at which time the Owner's membership in the Association shall automatically cease.

Section 3.02. One Class of Membership. The Association shall have one class of membership and the rights, duties, obligations and privileges of the Members shall be as set forth in the Governing Documents.

Section 3.03. Voting Rights of Members. Each Member of the Association shall be entitled to one vote for each Condominium Unit owned by said Member. When more than one person holds an interest in any Unit, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Unit. An Owner's voting rights may be temporarily suspended under those circumstances described in Article XIV, Section 14.06, below.

Section 3.04. Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale of the Condominium to which it is appurtenant, and then, only to the purchaser. In the case of a sale, the membership appurtenant to the transferred Unit shall pass automatically to the purchaser upon Recordation of a deed evidencing the transfer of title. A Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Any attempt to make a prohibited transfer of a membership is void. If any Owner fails or refuses to transfer the membership registered in his or her name to the purchaser of the Condominium, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

Section 3.05. Assessments. The Association shall have the power to establish, fix and levy Assessments and to enforce payment of such Assessments as more particularly provided in Article IV, below. Any Assessments levied by the Association against its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

Section 3.06. Powers and Authority of the Association.

(a) General Statement of Association Powers. The Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in operating and managing the Property and the Project and in otherwise discharging its responsibilities for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association and its Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Governing Documents and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Members in common. The specific powers of the Association and the limitations thereon shall be as set forth in Article VII of the Bylaws. The additional powers and rights described in subparagraphs (b) through (d) of this section are not intended to limit the general statement of Association authority set forth in this subparagraph (a).

(b) Association's Limited Right of Entry.

(i) Right of Entry, Generally. It is expressly agreed that the right of the Association, or its agents, when necessary, shall have the right to enter any Unit in order to:

(A) perform the Association's obligations under this Declaration, including its obligation to enforce the covenants and restrictions set forth herein, to construct, maintain and repair Common Facilities as necessary for the benefit of the Common Areas or the Owners in common;

(B) to remove any Improvement which is erected or constructed by an Owner or tenant contrary to Article V, "Architectural Approval of Improvements"; or

(C) to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat or nuisance to, or cause an unreasonable interference with the Owners in common or any portions of the Project which the Association is obligated to repair or maintain.

(ii) Limitations on Exercise of Right. The Association's right of entry pursuant to this subparagraph (b) shall be subject to the following:

(A) The right of entry may be exercised immediately and without prior notice to the Owner or resident in case of an emergency originating in or threatening the Unit where entry is required or any adjoining Units or Common Area. The Association's work may be performed under such circumstances whether or not the Owner or his or her lessee is present.

(B) In all non-emergency situations involving routine repair and/or maintenance activities, the Association, or its agents, shall furnish the Owner or his or her lessee with at least 24 hours prior written notice of its intent to enter the Unit, specifying the purpose and scheduled time of such entry, and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing in the Unit.

(C) In all non-emergency situations involving access by the Association for purposes of enforcing the Governing Documents against an Owner in default, the Association's entry shall be subject to observance of the notice and hearing requirements imposed by Section 14.06, below.

(c) Designation of Association as Attorney-in-Fact. The Association is hereby irrevocably appointed as the attorney-in-fact for the Owners of each and every Unit to (i) manage, control and deal with the interest of such Owners in the Common Area so as to permit the Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder; (ii) institute, defend, settle or intervene in litigation, arbitration, mediation or administrative proceedings on behalf of the Owners; (iii) deal with the Property upon its destruction or obsolescence as hereinafter provided; and (iv) to deal with and handle insurance and insurance proceeds, as provided in Article IX, below, and condemnation and condemnation awards, as provided in Article XI, below. The acceptance by any person or entity of any interest in any Unit shall constitute an appointment of the Association as the Owner's attorney-in-fact as provided above.

(d) Management Contracts. The Association shall have the authority to contract with a Manager for the performance of bookkeeping, maintenance and repair and for conducting other activities on behalf of the Association as may be determined by the Board, provided that the term of such contract shall not exceed one (1) year.

Section 3.07. Association Action: Board of Directors and Officers. Except as to matters which under the Governing Documents require the approval of Members, the affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint. Such election or appointment shall be in accordance with this Declaration and the Bylaws.

Section 3.08. Association Rules.

(a) Rule Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations of general application to the Owners ("Association Rules"). The Association Rules may concern, but need not be limited to: (i) matters pertaining to use of the Common Area and Common Facilities; (ii) regulation of pet ownership, parking, signs, collection and disposal of refuse, and any other subject or matter that is subject to regulation or restriction under Article VII, below; (iii) collection of delinquent Assessments; (iv) the conduct of disciplinary hearings and enforcement proceedings pursuant to Section 14.06, below; (v) any other matter within the jurisdiction of the Association under the Governing Documents.

Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the other Governing Documents or the rights, preferences and privileges of the Owners thereunder. In the event of any material conflict between any Association Rule and any provision of any other Governing Document, the conflicting provision contained in the other Governing Document shall prevail.

(b) Distribution of Rules. A copy of the Association Rules, and any amendments thereto, shall be mailed or otherwise delivered to each Owner anytime a rule is amended or a new Rule is added to the Association Rules. A copy of the Rule or Rule amendment shall be provided to each Member.

(c) Adoption and Amendment of Rules. Association Rules may be adopted, amended or supplemented by a majority vote of the Board; provided, however, that the Board shall distribute to the Members a copy of the text of any proposed new rule or rule amendment at least thirty (30) days prior to the

scheduled date of the Board meeting at which the Board is scheduled to act on the matter. Amendments to the Association Rules and any new Rules shall be distributed to each Member either by mail, by personal delivery, or by such other method of Notice authorized by Civil Code Section 4360. Association Rules shall become effective immediately after their adoption by the Board or at such later date as the Board may fix considering the nature of the rule and the circumstances attendant to its adoption.

Section 3.09. Breach of Rules or Restrictions. Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in Section 14.06, below.

Section 3.10. Limitation on Liability of the Association's Directors and Officers.

(a) Claims Regarding Breach of Duty. No director or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Members or to any other person, for any error or omission in the discharge of his or her duties and responsibilities or for his or her failure to provide any service required under the Governing Documents; provided that such Released Party has, upon the basis of such information as he or she possessed, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and Common Facilities and enforcement of the Governing Documents.

(b) Other Claims Involving Tortious Acts and Property Damage. No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of the tortious act or omission of a volunteer director or volunteer officer of the Association shall recover damages from such director or officer if all of the following conditions are satisfied:

- (i) The director or officer owns no more than two Units;
- (ii) The act or omission was performed within the scope of the volunteer director's or officer's Association duties;
- (iii) The act or omission was performed in good faith;
- (iv) The act or omission was not willful, wanton, or grossly negligent;
- (v) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made general liability insurance with coverage of at least one million dollars (\$1,000,000).

The payment of actual expenses incurred by a Board member or officer in the execution of such person's Association duties shall not affect such person's status as a volunteer Board member or officer for the purposes of this section. The provisions of this subparagraph (b) are intended to reflect the protections accorded to volunteer directors and officers of community associations pursuant to California Civil Code section 5800. In the event said Civil Code section is amended or superseded by another, similar provision of the California statutes, this subparagraph (b) shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor Civil Code provision.

Section 3.11. Damage by Member. Each Member shall be liable to the Association for any damage to the Common Areas not fully reimbursed to the Association by insurance which may be sustained by reason of the negligence or willful misconduct of said Member, or the Person deriving their right and easement of use and enjoyment of the Common Areas from said Member, or his or their respective Family and guests, both minor and adult. However, the Association reserves the right, acting through the Board, to determine whether any claim shall be made upon the insurance maintained by the Association; and the Association further reserves the right, after Notice and Hearing as provided in the By-Laws, to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused

by such Member or the Persons for whom such Member may be liable as described above. In the case of joint Unit Ownership of a Condominium, the liability shall be joint and several. After Notice and Hearing as provided in the By-Laws, the cost of correcting such damage to the extent not reimbursed to the Association by insurance shall be a Special Assessment against the Condominium, and may be enforced as provided herein for the enforcement of other Assessments.

ARTICLE IV

ASSESSMENTS

Section 4.01. Creation of the Lien and Personal Obligation of Assessments. Each Unit Owner, by acceptance of a deed of a Condominium whether or not it shall be so expressed in any such deed, is deemed to covenant and agree to pay to the Association all Annual Assessments for Common Expenses and all applicable Special Assessments, Reconstruction Assessments and Capital Improvement Assessments. All such assessments, together with interest, costs, and reasonable attorneys' fees, shall be a separate, distinct and personal obligation of the Person who was the Unit Owner of such Condominium at the time when the assessments fell due, and shall bind his heirs, devisees, personal representatives and assigns. This personal obligation cannot be avoided by the abandonment of the Condominium or by an offer to waive use of the Common Areas.

Section 4.02. Maintenance Funds of Association. The Board of Directors shall establish no fewer than two (2) separate accounts (the "Maintenance Funds"), into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under this Declaration. Each of the Maintenance Funds shall be established as separate trust savings or trust checking accounts at a banking or savings institution. The Maintenance Funds shall include: (1) an Operating Fund for current Common Expenses of the Association, (2) a Reserve Fund for capital improvements, replacements, painting and repairs of the Common Areas (which cannot normally be expected to occur on an annual basis, and (3) any other funds which the Board of Directors may establish to the extent necessary under the provisions of this Declaration. The Board of Directors shall not commingle any amounts deposited into any of the Maintenance Funds with one another. Nothing contained herein shall limit, preclude or impair the establishment of additional Maintenance Funds by the Association, so long as the amounts assessed to, deposited into, and disbursed from any such Fund are earmarked for specified purposes authorized by this Declaration

Section 4.03. Limitations on Use of Assessments. All amounts deposited into the Operating Fund must be used solely for the common benefit of all of the Unit Owners for purposes authorized by this Declaration, as may be amended from time to time. Disbursements from the Operating Fund shall be made by the Board of Directors for such purposes as may be necessary for the discharge of its responsibilities herein for the common benefit of all of the Unit Owners, other than those purposes for which disbursements from the Reserve Fund are to be used. Disbursements from the Reserve Fund shall be made by the Board of Directors for the respective purposes specified in this Article IV. Nothing in this Declaration shall be construed in such a way as to permit the Association to use any assessments to abate any annoyance or nuisance emanating from outside the physical boundaries of the Project.

Section 4.04. Determination of Annual Assessments. The Board of Directors shall authorize and levy the amount of the Annual Assessment upon each Unit, as provided herein by majority vote of the Board. With the exception of those portions of the Annual Assessments attributable to insurance and reserves, which Annual Assessments shall be assessed against the Members and their Condominium determined by the relative interior square footage floor areas of the living elements of the Units located in the Project, the Annual Assessments shall be assessed against the Members and their Condominium uniformly based upon the number of Condominiums owned by such Member. The relative interior square footage floor areas of the Units (by reference to Unit plan type) for purposes of this Declaration are set forth in the schedule attached hereto as Exhibit "A" and incorporated herein by this reference. Such schedule shall be effective with respect to the insurance and reserves portions of the Annual Assessments. The Board may set such Annual Assessment of any amount, subject to the limitations on increases in the Regular Annual Assessments set forth in Section 4.05(b), below.

Section 4.05. Regular Assessments.

(a) Preparation of Annual Budget Establishment of Regular Assessments. Not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated Common Expense for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities) by preparing and distributing to all Members a budget satisfying the requirements of Civil Code Section 5300. If the Board fails to distribute the budget for a fiscal year within the time period specified in the first sentence of this section, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the Board first obtains an affirmative vote of a majority of the Members in accordance with Section 4.11, below.

(b) Establishment of Regular Assessment by Board/Membership Approval Requirements. The total annual expenses estimated in the Association's budget (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year; provided, however, that except as provided in Section 4.08 below, the Board of Directors may not impose a Regular Assessment that is more than twenty per-cent (20%) greater than the Regular Assessment for the Association's immediately preceding fiscal year without the Members' prior approval in accordance with Section 4.11, below.

(c) Mailing Notice of Assessment. Within the time requirements specified in subparagraph (a), above, the Board of Directors shall mail to each Owner, (or send by E-mail, facsimile or other means of electronic delivery to those Owners who have consented in writing to that method of delivery pursuant to Civil Code Section 4040(a)) at the street address of the Owner's Unit, or at such other address as the Owner may from time to time designate in writing to the Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year.

(d) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year; together with any Special Assessment made pursuant to Section 4.06(a)(i), below, for that year, shall be assessed against each Owner and his or her Condominium Unit on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Board.

(e) Installment Payment of Assessments. The Regular Assessment levied against each Owner and his or her Unit shall be due and payable in advance to the Association in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Association's Board of Directors. Installments of Regular Assessments shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board.

Section 4.06. Special Assessments.

(a) Purposes for Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth in subparagraph (b) below, the Board of Directors shall have the authority to levy Special Assessments against the Owners and their Condominium Units for the following purposes.

(i) Regular Assessment Insufficient in Amount. If, at any time, the Regular Assessment for any fiscal year is insufficient in amount due to extraordinary expenses not contemplated in budget prepared for said fiscal year then, except as prohibited by Section 4.05(a), above, the Board of Directors shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Association may incur in the performance of its duties and the discharge of its obligations hereunder.

(ii) New Capital Improvements. The Board may levy Special Assessments for additional capital improvements within the Common Area (i.e., improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, the existing Common Facilities). The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance, and replacement repair of the Common Area or existing Common Facilities through Regular Assessments (including the funding of reasonable reserves) and to maintain

adequate insurance on the Common Area and existing Common Facilities in accordance with Article IX, below.

(iii) Major Capital Repair and Reconstruction Projects. As more specifically provided in Section 10.01, below, the Board shall be entitled to levy a Special Assessment to fund uninsured major repairs or reconstruction of the Common Areas, subject to the membership approval requirements of said Section 10.01.

(b) Special Assessments Requiring Membership Approval. The following Special Assessments require prior membership approval in accordance with Section 4.11, below: (i) any Special Assessments which, in the aggregate, exceed five percent (5%) of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied; and (ii) any Special Assessments imposed pursuant to subparagraph (a)(i) of the section when the Board has failed to distribute a budget to the Members within the time specified in Section 4.05(a), above. The foregoing Member approval requirements shall not apply, however, to any Special Assessment imposed to address any "emergency situation" as defined in Section 4.08, below.

(c) Allocation and Payment of Special Assessments.

(i) When levied by the Board or approved by the Members as provided above, Special Assessments shall be divided among, assessed against and charged to each Owner and his or her Condominium Unit in the same manner prescribed for the allocation of Regular Assessments pursuant to subparagraph 4.04 above.

(ii) Any Special Assessment duly levied hereunder shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner. Special Assessments for purposes described in subparagraph (a)(i) of this section shall be due as a separate debt of the Owner and a lien against his or her Condominium Unit, and shall be payable to the Association in equal monthly installments during the remainder of the then current fiscal year. Special Assessments for purposes described in subparagraph (a)(ii) shall be due as a separate debt of the Owner and a lien against his or her unit, and shall be payable in full to the Association within thirty (30) days after the mailing of such notice or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment. Special Assessments levied pursuant to subparagraph (a)(iii), above, and Section 10.01 below, shall be due as a separate debt of each Owner and a lien against the Owner's Units at such time as required by the repair or reconstruction project, but in no event sooner than thirty (30) days following receipt of the Association's notice of levy of Assessment.

Section 4.07. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 4.06, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii) below; provided, however, that no Special Individual Assessments may be imposed against an Owner pursuant to this section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Section 14.06, below, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments, include the following:

(i) Damage to Common Area or Common Facilities. In the event that any damage to, or destruction of any portion of the Common Area or the Common Facilities is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred by the Association in connection therewith (to the extent not compensated by insurance proceeds available from either the Owner's or the Association's policies of insurance) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(ii) Expenses Incurred in Gaining Member Compliance. In the event that the Association incurs any costs or expenses to: (A) accomplish the payment of delinquent Assessments; (B)

perform any repair, maintenance or replacement to any portion of the Property that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion; or (C) otherwise bring the Owner and/or his or her Condominium Unit into compliance with any provision of the Governing Documents, the amount incurred by the Association (including title company fees, accounting fees, court costs and reasonable attorneys fees) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment. The Association's Special Individual Assessment authority hereunder shall extend to the collection of any reasonable fines or penalties imposed against an Owner pursuant to Article XIV, below.

(iii) Required Maintenance of Condominium Units. If any Unit is maintained so as to become a nuisance, structural, fire or safety hazard for any reason, including without limitation, the accumulation of trash, the Association shall have the right to enter said Unit, correct the condition and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry of a Unit by Association agents shall be undertaken in strict compliance with Section 3.06(b), above.

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and Subject to the conditions imposed in subparagraph (a) of this section, such Special Individual Assessment shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to the affected Owner. The Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Association within thirty (30) days after the mailing of notice of the Assessment. As more particularly provided in Section 4.12(b)(x), below, only certain Special Individual Assessments may be collected through the use of lien and foreclosure remedies.

Section 4.08. Assessments to Address Emergency Situations. Pursuant to Civil Code Section 5605(b), the requirement of a membership vote to approve by a majority of a quorum of members (Civil Code Section 4070):

(a) Regular Assessment increases in excess of twenty percent (20%) of the previous year's Regular Assessment; or

(b) Special Assessments which, in the aggregate, exceed five percent (5%) of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied, shall not apply to Assessments which are necessary to address emergency situations.

For purposes of this section, an emergency situation is any of the following:

(i) An extraordinary expense required by order of a court.

(ii) An extraordinary expense necessary to repair or maintain the Common Areas, Common Facilities or any portion of the Units which the Association is obligated to maintain where a threat to personal safety is discovered.

(iii) An extraordinary expense necessary to repair or maintain the Common Areas, Common Facilities or any portion of the Units which the Association is obligated to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the budget pursuant to Section 4.05(a); provided, however, that prior to the imposition or collection of an assessment under this subparagraph ((iii)), the Board shall pass a resolution containing written finding 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. The Board's resolution shall be distributed to the Members together with the notice of assessment.

Section 4.09. Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively:

(a) to promote the recreation, health, safety and welfare of individuals residing within the Property.

(b) to promote the enjoyment and use of the Property by the Owners and their families, tenants, invitees, licensees, guests and employees; and

(c) to provide for the repair, maintenance, replacement and protection of the Common Area and Common Facilities.

Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created hereby) of the Owner of the Unit against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns; provided, however, that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 4.10. Exemption of Certain of the Property From Assessments. The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

- (a) Any portion of the Property dedicated and accepted by a local public authority;
- (b) The Common Area and Common Facilities; and
- (c) Any Condominium Unit owned by the Association.

Section 4.11. Notice and Procedure for Member Approval Pursuant to Sections 4.05 and 4.06. If Member approval is required in connection with any increase or imposition of Assessments pursuant to Section 4.05 and 4.06, above, the affirmative vote required to approve the increase shall be a Majority of a Quorum of the Members.

Section 4.12. Collection of Assessments, Enforcement of Liens. The Association may elect to pursue one or both of the following remedies in the event of a delinquent assessment:

(a) Personal Obligation. The Association may bring a legal action directly against the Owner for breach of the Owner's personal obligation to pay the assessment and in such action shall be entitled to recover the delinquent assessment or assessments, accompanying late charges interest, costs and reasonable attorneys' fees. Commencement of a legal action shall not constitute a waiver of any lien rights as described in subparagraph (b), below.

(b) Assessment Lien. Except as otherwise provided in Section 4.07(b) above, with respect to the limitation on the imposition of liens for Special Individual Assessments, the Association may impose a lien against the Owner's Unit for the amount of the delinquent assessment or assessments, plus any reasonable costs of collection (including reasonable attorneys' fees), late charges and interest by taking the following steps:

(i) At least thirty (30) days prior to recording a lien upon the Owner's Unit to collect a delinquent assessment, the Association shall notify the Owner in writing by certified mail of the following (the "Delinquency Notice"):

(A) A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount, a statement that the Owner of the Unit has the right to inspect the Association records, pursuant to Section 8333 of the Corporations Code, and the following statement in 14-point boldface type, if printed, or in capital letter, if typed: **IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.**"

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

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

(D) The right of the notified Owner to request a meeting with the Board as Civil Code Section 5665.

(E) The right to dispute the assessment debt by submitting a written request to dispute resolution to the Association pursuant to the Association's "Meet and Confer" program required in Article 2 (commencing with Section 5900) of Chapter 10 of the Civil Code.

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

(ii) Any payments made by the Unit Owner toward the delinquent assessment shall first be applied to the assessments owed; and only after the assessments owed are paid in full shall the payments be applied to the fees and the costs of collection, attorneys' fees late charges or interest. When an Owner makes a payment, the Owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the Person who received it. The Association shall provide its Members with a mailing address for overnight payment of Assessments.

(iii) An Owner may dispute the amounts claimed as due and owing in the Delinquency Notice by submitting to the Board a written explanation of the reasons for his or her dispute. If the Owner wishes to submit an explanation, it must be mailed to the Association within fifteen (15) days of the postmark of the Delinquency Notice. The Board shall respond in writing to the Owner within fifteen (15) days of the date of the postmark of the Owner's explanation.

(iv) An Owner may also submit a written request to meet with the Board to discuss a payment plan for the delinquent assessment. This request must also be made within fifteen (15) days of the postmark of the Delinquency Notice. The Association shall provide the Owners with the standards for payment plans, if such standards have been adopted. So long as a timely request for a meeting has been tendered, the Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request for a meeting, unless there is no regularly-scheduled Board meeting within that period, in which case the Board may designate a committee of one or more Members to meet with the Owner.

(v) The amount of the Assessment plus any costs of collection, late charges, and interest assessed in accordance with Civil Code Sections 5600-5650 shall be a lien on the Owner's Unit from and after the time the Association causes to be recorded with the County Recorder a Notice of Delinquent Assessment, which shall state the amount of the Assessment, and other sums imposed in accordance with Civil Code Sections 5600-5650, a legal description of the Owner's Unit against which the Assessment and other sums are levied, the name of the record owner of the Owner's Unit against which the lien is imposed. In order for the lien to be imposed by non-judicial foreclosure as provided in subparagraph (vii) below, the Notice of Delinquent Assessment shall state 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 the person designated by the Association for that purpose and mailed in the manner set forth in Civil Code Section 2824b to all record owners of the Owner's Unit no later than ten (10) calendar days after recordation. Within twenty-one (21) days of the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall record or cause to be recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Unit Owner a copy of the lien release or notice that the delinquent assessment has been satisfied.

(vi) A lien created pursuant to subparagraph (v), above, shall be prior to all other liens recorded against the Owner's Unit subsequent to the Notice of Delinquent Assessment except as described in Section 4.14, below.

(vii) Subject to the limitations of the Section 4.12(b), after the expiration of thirty (30) days following the recording of a Notice of Delinquent Assessment, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent

assessment, or sale by a trustee substituted pursuant to Civil Code section 2934a. Any sale by the trustee shall be conducted in accordance with Civil Code sections 2924, 2924b and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trusts. The fees of a trustee may not exceed the amounts prescribed in Civil Code sections 2924c and 2924d.

(viii) if it is determined that a lien previously recorded against a Unit was recorded in error, the party who recorded the lien, within twenty-one (21) calendar days, shall record or cause to be recorded in the Office of the County a lien release or notice of rescission and provide the Unit Owner with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission.

(ix) If the Association fails to comply with the procedures set forth in this Section 4.12(b) prior to recording a lien, the Association shall recommence the required notice process. Any costs associated with recommencing the notice process shall be borne by the Association and not by the Unit Owner.

(x) A Special Individual Assessment or other monetary charges imposed by the Association as a means of reimbursing the Association for the costs incurred in the repair of damage to Common Areas for which the Member or the Member's guests or tenants were responsible may become a lien against the Member's Unit that is enforceable by sale of the Unit in a judicial foreclosure pursuant to Civil Code Sections 2924, 2924b and 2924c.

Section 4.13. Transfer of Condominium Unit by Sale or Foreclosure. The following rules, shall govern the right of the Association to enforce its Assessment collection remedies following the sale or foreclosure of a Condominium Unit:

(a) Except as provided in subparagraph (b) below, the sale or transfer of any Condominium Unit shall not affect any Assessment lien which has been duly Recorded against the Unit prior to the sale or transfer, and the Association can continue to foreclose its lien in spite of the change in ownership.

(b) The Association's Assessment lien shall be extinguished as to all delinquent sums, late charges, interest and costs of collection incurred prior to the sale or transfer of a Condominium Unit pursuant to a foreclosure or exercise of a power of sale by the holder of a prior encumbrance (but not pursuant to a deed-in-lieu of foreclosure). A "prior encumbrance" means any first Mortgage or other Mortgage or lien Recorded against the Unit at any time prior to Recordation of the Association's Assessment lien (see Section 4.14, below).

(c) No sale or transfer of a Unit as the result of foreclosure, exercise of a power of sale, or otherwise, shall relieve the new Owner of such Unit (whether it be the former beneficiary of the first Mortgage or other prior encumbrance or a third party acquiring an interest in the Unit) from liability for any Assessments which thereafter becomes due with respect to the Unit or from the lien thereof.

(d) Any Assessments, late charges, interest and associated costs of collection which are lost as a result of a sale or transfer of a Unit covered by subparagraph (b), above, shall be deemed to be a Common Expense collectible from the Owners of all of the Units, including the person who acquires the Unit and his or her successors and assigns.

(e) No sale or transfer of a Unit as the result of foreclosure, exercise of a power of sale, or otherwise, shall affect the Association's right to maintain an action against the foreclosed previous Owner personally to collect the delinquent Assessments, late charges, interest and associated costs of collection incurred prior to and/or in connection with the sale or transfer.

Section 4.14. Priorities. When a Notice of Delinquent Assessment has been recorded, such notice shall constitute a lien on the Unit prior and superior to all other liens or encumbrances recorded subsequent thereto except: (a) all taxes, bonds, assessments and other levies which by law, would be subsequent thereto; and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of a power of sale or a judicial foreclosure involving a default under such first Mortgage or other prior encumbrance.

Section 4.15 Unallocated Taxes. In the event that any taxes are assessed against the common Area, or the personal property of the Association, rather than being assessed to the individual Units, such taxes shall be included in the Regular Assessment imposed pursuant to Section 4.05 above, and, if necessary, a Special Assessment may be levied against the Units in an amount equal to such taxes to be paid in two installments, thirty days prior to the due date of each tax installment.

Section 4.16. Assignment of Rents. Each Owner does hereby presently assign to the Association, absolutely and regardless of possession of the property, all rents and other monies now due or hereafter to become due under any lease or agreement or otherwise for the use or occupancy of any or all parts of any Unit owned by the Owner, now existing or hereafter made for purpose of collecting all Assessments due the Association pursuant to this Declaration which are in default. The Association hereby confers on each Owner the authority to collect and retain the rents and other monies derived from any such lease or agreement as they become due and payable, provided, however, that the Association at its sole discretion, may revoke such authority at any time, upon written notice to the Owner of a default in the payment of any Assessment due hereunder. Upon revocation of such authority the Association may, pursuant to court order or by court appointed receiver, collect and retain such monies, whether past due and unpaid or current.

ARTICLE V

ARCHITECTURAL APPROVAL OF IMPROVEMENTS

Section 5.01. Approval of Improvements in General. No "Improvement" (as defined in Section 5.02 below) of any kind shall be commenced, erected or maintained on the Property, nor shall any exterior addition to or change or alteration be made in or to any Unit or Common Facility until the plans and specifications showing the nature, color, kind, shape, height (including front, side and rear elevations), materials, and location of the same shall have been submitted to and approved in writing by the Association's Board of Directors or its duly appointed Architectural Committee as to quality of workmanship and materials, harmony of external design and location in relation to surrounding structures, setback lines and topography and finish grade elevation.

Section 5.02. Definition of Improvements Requiring Approval. As used herein, the term "Improvement" shall include, without limitation, any building, structural improvement, exterior landscaping, fence, wall, exterior modification of existing structures, internal modification of any Unit involving any roof, bearing wall or other structural component thereof, any change in exterior color of any building improvement or landscape structure, or the installation of awnings, antennas, television satellite reception dishes or patio covers.

The term "Improvement" shall not include any work or improvement located exclusively within the interior airspace comprising an Owner's Unit so long as the project does not involve any load bearing wall or breach or entry into the roof of the Unit. Accordingly, each Owner shall have the exclusive right to paint, plaster, panel, tile, wallpaper or otherwise finish, refinish or decorate the inner surfaces of the walls, ceiling, floors, windows or doors of the Owner's Unit. Such projects shall not be subject to this Article.

Section 5.03. Appointment of Architectural Committee. The Board of Directors may, but shall not be obligated to, appoint an Architectural Committee in accordance with Article VIII of the Association Bylaws. If such a Committee is appointed, it shall be composed of not less than three members. Committee members appointed shall be from the membership of the Association. Members of the Committee shall serve for a term of one year subject to the power of the Board to remove any Committee Members and appoint their replacement. In the event of the death or resignation of any member of the Architectural Committee, a successor shall be appointed by the Board. Neither the members of the Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto. If an Architectural Committee is appointed, any references in this Article to the Board shall be deemed to be a reference to the Committee unless the context clearly indicates a contrary intent.

Section 5.04(a). Submission of Plans. Plans and specifications shall be submitted to the Board or Chair of the Architectural Committee by personal delivery or first-class mail to the Property Management Company. The Committee shall consider and act upon all plans and specifications submitted for its approval under this Declaration and perform such other duties as the Board assigns to it, including inspection of

construction in progress to assure conformance with plans approved by the Committee. No construction, installation or alteration of an Improvement, including Landscaping, in the Project may be commenced or maintained until the plans and specifications therefore showing the nature, kind, shape, height, width, color, materials and location thereof have been submitted to and approved in writing by the Committee; provided, however, that any Improvement may be repainted without Committee approval so long as the Improvement is repainted the identical color which it was last painted. Without limiting the generality of the foregoing, the provisions of this Article V apply to the construction, installation and alteration of solar energy systems, as defined in the California Civil Code, subject to the provisions of California Civil Code Section 714 and 714.1, the City Building Code, applicable zoning regulations, and associated City ordinances. The Owner submitting the plans and specifications ("Applicant") shall obtain a written, dated receipt therefore from an authorized agent of the Committee. Until changed by the Board, the address for the submission of such plans and specifications is the Association's principal office. The Committee shall approve plans and specifications submitted for its approval only if it determines that (a) the installation, construction or alterations contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Project as a whole, (b) the appearance of any structure affected thereby will be in harmony with the surrounding structures, (c) the installation, construction or alteration thereof will not detract from the beauty, wholesomeness and attractiveness of the Common Areas or the enjoyment thereof by the Members, and (d) the maintenance thereof will not become a burden on the Association.

The Committee may condition its approval of proposals or plans and specifications for any Improvement upon any of the following: (1) the Applicant's furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be recorded against the Project as a result of such work, (2) such changes therein as it deems appropriate, (3) the Applicant's agreement to grant appropriate easements to the Association for the maintenance of the Improvements, (4) the Applicant's agreement to install (at its sole cost) water, gas, electrical or other utility meters to measure any increased consumption, (5) the Applicant's agreement to reimburse the Association for the cost of such maintenance, or (6) the Applicant's agreement to complete the proposed work within a stated period of time, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee to accompany each application for approval, or stating additional factors which it will consider in reviewing submissions. The Committee may provide that the amount of the fee be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or installations contemplated. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior material and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plans submitted for approval. The Committee shall transmit its decision and the reasons therefore to the Applicant at the address set forth in the application for approval within forty-five (45) days after the Committee receives all required materials. Any application submitted pursuant to this Section 5.04(a) shall be deemed approved unless the Committee transmits written disapproval or a request for additional information or materials to the Applicant within forty-five (45) days after the date the Committee receives all required materials. The Applicant shall meet any review or permit requirements of the City prior to making any construction, installation or alterations permitted hereunder.

Section 5.04(b). Meetings of the Committee. The Committee shall meet as necessary to perform its duties. The Committee may, by resolution unanimously adopted in writing, designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Committee. In the absence of such designation, the vote or written consent of a majority of the Committee constitutes an act of the Committee.

Section 5.04(c). No Waiver of Future Approvals. The Committee's approval of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the Committee's approval does not waive any right to withhold approval of any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval.

Section 5.04(d). Compensation of Members. The Committee's members shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in performing their duties.

Section 5.04(e). Inspection of Work. The Committee or its duly authorized representative may

inspect any work for which approval of plans is required under this Article V ("Work"). The right to inspect includes the right to require any Owner to take such action as may be necessary to remedy any noncompliance with the Committee approved plans for the Work or with the requirements of this Declaration.

(i) Time Limit. The Committee's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate sixty (60) days after the Work has been completed and the Committee has received written notice from the Owner that the Work has been completed. If the Committee fails to send a notice of Noncompliance to an Owner before this time limit expires, the Work shall be deemed to comply with the approved plans.

(ii) Remedy. If an Owner fails to remedy any Noncompliance within sixty (60) days from the date of notification from the Committee, the Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, the Board shall determine whether there is a Noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a Noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Board may record a Notice of Noncompliance and commence a lawsuit for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

Section 5.04(f). Scope of Review. The Architectural Committee shall review and approve, conditionally approve or disapprove all plans submitted to it for any proposed construction, installation or alteration solely on the basis of aesthetic considerations, consistency with this Declaration, and the overall benefit or detriment which would result to the immediate vicinity and the Project generally. The Committee shall consider the aesthetic aspects of the architectural designs, placement of buildings, Landscaping, color schemes, exterior finishes and materials and similar features. The Committee's approval or disapproval shall be based solely on the considerations set forth in this Article V. The Committee is not responsible for reviewing, nor may its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes. The Architectural Committee may, but need not, consider the impact of views from other Residences or Condominiums and reasonable privacy right claims as factors in reviewing, approving or disapproving any proposed landscaping, construction or other Improvement.

Section 5.05. Architectural Rules. The Board of Directors, may from time to time adopt, amend and repeal rules and regulations to be known as "Architectural Rules." The Architectural Rules shall interpret and implement the provisions of this Declaration by setting forth the standards and procedures for review of plans and specifications and guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended or required for use in connection with particular Improvement projects within the Property; provided, however, that said rules shall not be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Architectural Rules and this Declaration, the provisions of the Declaration shall prevail. If an Architectural Committee is appointed, the Committee may recommend Architectural Rules for adoption by the Board.

Section 5.06. Variances. The Board of Directors shall be entitled to allow reasonable variances with respect to this Article or any restrictions specified in Article VII in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships, provided the following conditions are met:

(a) All requests for variances shall be submitted to the Association in writing. The Board reserves authority to grant variances and requests shall be submitted to the Property Management Company.

(b) If the requested variance will necessitate deviation from, or modification of, a property use restriction that would otherwise apply under this Declaration, the Board must conduct a hearing on the proposed variance after giving at least ten (10) days' prior written notice to the Board and to all Owners of Units located in the same building structure as the Unit affected by the variance or located within 100 feet of the Unit for which the variance applies. The Owners receiving notice of the proposed variance shall have thirty (30) days in which to submit to the Board written comments or objections with respect to the variance. No decision shall be made with respect to the proposed variance until the 30-day comment period has expired.

(c) The Board must make a good faith determination that: (i) the requested variance, if granted, will not constitute a material deviation from the overall plan and scheme of development within the Property or from any restriction contained herein or that the variance proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or (ii) the variance relates to a requirement hereunder that it is unnecessary or burdensome under the circumstances; or (iii) the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance, with respect to any other Unit, Common Area or Owner within the Property.

Section 5.07. Estoppel Certificate. Within thirty (30) days after written demand is delivered to the Board by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Board), the Board shall execute an estoppel certificate, executed by any two of its members, certifying (with respect to any Unit owned by the applicant Owner) that as of the date thereof, either: (i) all improvements made and other work completed by said Owner with respect to the Unit(s) comply with this Declaration; or (ii) that such Improvements or work do not so comply, in which event the certificate shall also identify the noncomplying Improvements or work and set forth with particularity the bases of such noncompliance. Any purchaser from the Owner, or anyone deriving any interest in said Unit through the Owner, shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, all Owners and any persons deriving any interest through them.

Section 5.08. Appeals. If a Committee is appointed pursuant to Section 5.03, and disapproves any proposed change or Improvement, the Owner shall be entitled to reconsideration by the Board as required by Civil Code Section 4765(a)(5).

ARTICLE VI

ASSOCIATION AND OWNER MAINTENANCE RESPONSIBILITIES

Section 6.01. Repair and Maintenance Duties of Association. No Improvement, excavation or work which in any way alters any portion of the Common Area devoted to open space, recreation uses, parking or landscaping from its condition or appearance as constructed, improved, or installed by the Association shall be made or done except upon strict compliance with, and within the restrictions and limitations of, the following provisions of this section:

(a) No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement upon, or shall make or create any excavation or fill upon, or shall change the natural or existing drainage of the Common Area, except as follows.

The Association may, as part of the Association Rules, permit the addition of annual color (Annuals) to be maintained by the requesting Owner in the Common Area in front of a Unit without the prior written permission of the Association's Landscape Committee. Existing landscaping, shrubs and ground cover may not be removed for this purpose. All other plantings requested by an Owner shall require Landscape Committee approval. If approved, such other plantings shall be maintained and controlled (e.g., trimming, topping, removal or replacement) by the Association.

(b) The Association shall paint, maintain, repair and make necessary Improvements to the Common Areas, or shall contract for such maintenance, repair and Improvements, to assure the maintenance of the Common Areas, as well as the exteriors of the garage, deck, and balcony elements of the Units, in good condition and repair. Such maintenance, repairs and Improvements shall include, without limitation, the right, without obligation, to perform all corrective architectural, janitorial, landscaping and repair work within any Residence if the Unit Owner fails to repair such Residence which is subject to his duty to maintain. Such maintenance shall also include repair and payment for all central metered utilities, water charges, and mechanical and electrical equipment in the Common Areas; payment of all Common Expenses; and repair and maintenance of all walks, private streets and other means of ingress and egress within the Project. If determined by the Board to be economically feasible, the Association may also provide a periodic inspection and preventative program for the prevention and eradication of infestation by wood destroying or other pests and organisms in the Common Areas.

The Association shall maintain and repair, without limitation, roof drains, storm drains and appurtenances in the Project in good working condition at all times. All such maintenance, repairs and

Improvements to the Common Areas shall be paid for as Common Expenses out of the Maintenance Funds as provided in this Declaration. To the extent not assessed to or paid by the Unit Owners, the Association shall pay all real and personal property taxes and assessments levied upon any portion of the Common Areas. It shall further be the affirmative duty of the Board of Directors to require strict compliance with all provisions of this Declaration and to cause the Project to be inspected for any violations thereof.

(c) The Association shall be responsible for the repair and painting of both the exterior and interior surfaces of fences and entry gates (but not including custom/owner installed gates) as well as those located adjacent to the Restricted Common Area Patios and Yards; the exterior elements of garages, including pedestrian doors (but excluding roll up garage doors); utility doors; and roofs, including the flashing around skylights (but not the skylights themselves). The Association shall also be responsible for the repair and maintenance of water service valves and regulators, and related plumbing fixtures when located outside of a Unit (but excluding the hosebibs located outside of the Units); and slab, such pipe leaks and related repairs, including pin hole leaks, when located inside a building slab. In the event of a slab leak or other form of water damage (including mold remediation) where the repair is the responsibility of the Association, each Owner shall bear their costs of temporary relocation, if any.

Section 6.02. Repair and Maintenance by Unit Owner.

(a) Each Unit Owner shall maintain, repair, replace, paint, paper, plaster, tile, and restore, at his sale cost and expense, his Exclusive Use Common Areas appurtenant to or serving his Unit, the interior living elements of his Unit, including the interior surfaces of the walls, ceilings, windows, floors, doors and permanent fixtures, all pipes, ducts, chutes, and hoses located within his Unit, including the outlets thereof, in a clean, sanitary and attractive condition, in accordance with the Condominium Plan and the original construction design of the Improvements in the Project. Notwithstanding the foregoing, no interior walls, ceilings, floors or other structural or utility bearing portions of the Improvements housing the Units shall be altered or repaired without the prior written approval of the plans for such alteration or repair by the Architectural Committee. It shall further be the duty of each Unit Owner to keep those portions of the Unit and his Restricted Common Areas, if any, which are visible from the Common Areas free from debris. No Unit Owner shall be responsible for the resurfacing or structural repairing of his Unit so long as the damage is not caused by the willful or negligent acts of the Unit Owner or his Family. It shall further be the duty of each Unit Owner to pay when due any and all charges for all utility services which services are not centrally metered but are separately metered to his Unit. Each Unit Owner shall be responsible for maintaining those portions of any heating and cooling equipment and other utilities which are located within his respective Unit, or serving his Unit, including air conditioning equipment located outside of a Unit.

Within one hundred twenty (120) days after conveyance of the title to a Condominium, including a patio Restricted Common Area, to a Unit Owner, such Unit Owner shall install with the prior approval of the Architectural Committee and shall thereafter maintain the landscaping on his patio in a neat and attractive condition, including all necessary irrigating and gardening to properly maintain and periodically replace when necessary the trees, plants, grass and other vegetation thereon. The Board of Directors shall adopt standards proposed by the Architectural Committee to regulate landscaping permitted and required in the Patio Areas. In the event that any Unit Owner shall fail to install and maintain landscaping in conformance with such standards, or shall allow his landscaping to deteriorate to a dangerous, unsafe, unsightly or unattractive condition, the Board upon thirty (30) days prior written notice to such Unit Owner shall have the right to correct such condition and to enter upon such Unit Owner's property for the purpose of doing so, and such Unit Owner shall promptly reimburse the Association for the cost thereof. Such cost shall be a Special Assessment and shall create a lien enforceable in the same manner as Annual Assessments as set forth in this Declaration.

(b) Each Owner shall also be responsible for the repair and maintenance of water heaters, refrigerators, ice machines, dishwashers, disposals, washers and dryers, sinks, bath tubs, toilets and similar fixtures and appliances serving their Unit; water faucets, sink drains and hose bibs located on the exterior of any Unit; interior painting, replacement and maintenance of floor/wall coverings and all appliances; replacement of glass, screens, doors and windows (including the hardware and door/window sills), exterior lights and lighting fixtures, and non-communal mail boxes; wood or metal gates installed by Owners; front entry doors and overhead garage doors (and related hardware); and skylights.

Section 6.03. Association's Right to Recover Certain Maintenance and Repair Costs.

(a) Association Maintenance Necessitated by Owner Negligence. If the need for maintenance or repair which would otherwise be the Association's responsibility hereunder is caused through the willful or negligent act(s) of an Owner, or the Owner's family, guests, tenants or invitees, and is not covered or paid for by the Association insurance policies maintained by the Association or any personal liability insurance held by the responsible Owner, the cost of such maintenance or repairs shall be subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with Section 4.07, above.

(b) Owner Defaults in Maintenance Responsibilities. If an Owner fails to undertake any maintenance, repair, replacement or restoration project enumerated herein in a timely fashion, the Association, its agents, contractors or delegates shall have the right to enter the Unit, at reasonable times, to effect such maintenance, repair, replacement or restoration and the cost thereof shall be charged to the Owner of the Unit and, if not paid in a timely fashion, shall be collected as a Special Individual Assessment. Any Association action hereunder shall be undertaken in strict compliance with the requirements and procedures regarding the Association's right to enter Units set forth in Section 3.06(b), above.

Section 6.04. Water Damage, Mold. In the event of any water damage, mold infestation, or related damage arising from the negligent act of any Owner, their tenants, or guests, or arising from any pipe leak, hose bib failure, or similar failure of any other Improvement for which this Owner has the maintenance responsibility pursuant to Section 6.02, above, the Owner shall be responsible for all repairs and resulting damage to any Improvements, wherever located, including any portion of said damages not covered by insurance.

ARTICLE VII

RESIDENCE AND USE RESTRICTIONS

Section 7.01. Residential Use; Rentals. No living element of any Residence shall be used for any purpose other than single family residential purposes. No gainful occupation, profession, trade or other non-residential use shall be conducted within the Community or the Common Areas; provided, however, that nothing in this Declaration shall prevent the rental of a Condominium by the Owner thereof for Residential purposes and for a term of at least six (6) months, subject to all the provisions of the Sea Ridge Restrictions. Use of a living element of any Residence as a home office, where there are no external signs of business activity (e.g., commercial signage, customer/client traffic and parking, or similar activity) shall be permitted.

Section 7.02. Parking and Vehicular Restrictions. No large commercial-type vehicle (including but not limited to, any dump truck, cement mixer truck, oil or gas truck or delivery truck), no recreational vehicle (including, but not limited to, any camper unit, house car or motor home), no bus, trailer, trailer coach, camp trailer, boat, aircraft, mobile home, inoperable vehicle or any other similar vehicle or any vehicular equipment, mobile or otherwise, deemed to be a nuisance by the Board, shall be kept or maintained anywhere in the Community including any street in such a manner as to be visible from neighboring property. Motor homes, campers and boats may be Safe-Listed and parked for up to 15 hours in designated parking spaces to prepare for use by residents and guests only. No vehicle or boat shall be constructed or repaired in the Community, including any street. No inoperable vehicle shall be stored or allowed to remain in the Community, including any street, in such a manner as to be visible from neighboring property. Garages shall be used for garage purposes only and shall not be converted to living, recreational or business purposes. Vehicles owned, operated or within the control of any Owner shall be parked in the garage of such Owner, and to the extent necessary, each Owner shall ensure that his garage is maintained so as to be capable of accommodating at least two (2) full size automobiles.

Section 7.03. Antenna. A master antenna or cable television antenna or antenna may, but need not, be provided for use of all Owners, and the Board may grant easements for such purposes. Antennas or satellite dishes may be permitted, but only on property over which the resident has exclusive use or control. Plans and specifications for installation must be submitted for approval by the Architectural Committee.

Section 7.04. Insurance Rates. Nothing shall be done or kept in the Community which will increase the rate of insurance on any property insured by the Association without the approval of the Board, nor shall anything be done or kept in the Community which would result in the cancellation of insurance or any property maintained by the Association or which would be in violation of any law.

Section 7.05. Further Subdivision. No Owner shall further subdivide his Condominium Unit (physically or legally), without the prior written consent of a majority of the voting power of the Association and without first having complied with all applicable laws and regulations. This provision shall not be construed to limit the right of an Owner to rent or lease all of his Condominium Unit by means of a written lease or rental agreement for a term of at least six (6) months subject to the restrictions of this Declaration. No Owner shall be permitted to lease or rent his Condominium Unit for transient or hotel purposes. The terms of any such lease or rental agreement shall be subject in all respects to the provisions of the Sea Ridge Restrictions. Any failure by the lessee of such Condominium Unit to comply with the terms of the Sea Ridge Restrictions shall constitute a default under the lease or rental agreement. Notwithstanding the foregoing, no Condominium in the Community may be partitioned or subdivided without the prior written approval of the holder of any first Mortgage lien on such Condominium; and this Section may not be amended without the prior written approval of at least seventy-five percent (75%) of the first Mortgagees of Condominiums in the Community.

Section 7.06. Signs. No sign, poster, billboard, advertising device or other display of any kind shall be displayed to the public view without the approval of the Architectural Committee, except such signs of customary and reasonable dimensions as prescribed by the Architectural Committee as may be displayed on or from a Condominium advertising the residence for sale. Any "for sale" or "for lease" signs not more than six (6) square feet shall not require Architectural Committee approval. The Board of Directors may erect within the Common Area a master directory of Condominium Units which are for lease or rent. Address, identification signs and communal mailboxes shall be maintained by the Association.

Section 7.07. View Obstructions. No vegetation or other obstruction shall be planted or maintained upon any balcony or patio in such location or of such height as to unreasonably obstruct the view from any other Residence in the vicinity thereof. In the event of a dispute between Owners as to the obstruction of a view from a Residence, such dispute shall be submitted to the Board, whose decision in such matters shall be binding. Any such obstruction shall, upon request of the Board, be removed or otherwise altered to the satisfaction of the Board, by the Owner of the Residence upon which said obstruction is located. Any item or vegetation maintained upon any balcony or patio which item or vegetation is exposed to the view of any Owner, shall be removed or otherwise altered to the satisfaction of the Board, if such Committee determines that the maintenance of such item or vegetation in its then existing state is contrary to the purpose or provisions of this Declaration. The Board shall ensure that the vegetation on the Common Area is cut frequently, so that the view of any Owner is not unreasonably obstructed.

Section 7.08. Animal and Insect Restriction. No livestock, reptiles, insects, poultry or other animals of any kind shall be raised, bred or kept anywhere in the Community, except domestic dogs, cats, fish, birds and other household pets may be kept within any Residence, provided that they are not kept, bred or maintained for commercial purposes or in unreasonable quantities or sizes. As used in this Declaration, "unreasonable quantities" shall ordinarily mean no more than two (2) pets per Residence; provided, however, that the Board may determine that a reasonable number in any instance may be more or less. The Board may adopt rules governing the maximum height and weight of animals which may be maintained in the Community. The Board shall have the right to prohibit maintenance of any animal which in its opinion constitutes a nuisance to any other Owner. Animals belonging to Owners, occupants or their licensees, tenants or invitees within the Community must be kept within an enclosure, an enclosed patio or on a leash being held by a person capable of controlling the animal. Furthermore, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Community by an Owner or by members of his family, his tenants or his guests. It shall be the duty and responsibility of each such Owner to clean up after such animals which have used any portion of the Common Areas or any other portion of the Community.

Section 7.09. Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere within the Community, and no odor shall be permitted to arise therefrom so as to render the Community or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No activity shall be permitted to exist or operate upon any portion of the Community, so as to be offensive, hazardous or detrimental to any other property in the vicinity thereof or to its occupants, and the Board shall have the right to determine if any noise, odor or activity producing same constitutes a nuisance. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off road motor vehicles or other items which may unreasonably interfere with television or radio reception of any

Owner in the Community, shall be located, used or placed on any portion of the Community, without the prior written approval of the Architectural Committee. Each Owner shall be accountable to the Association and other Owners for the conduct and behavior of children. Any damage to the Common Area or property of another Owner, caused by children or other family members, shall be replaced at the sole expenses of the owner with whom said children or other Family members or Persons are residing or visiting.

Section 7.10. Inside and Outside Installations. No outside installation of any type, including but not limited to a television or radio pole, antenna or clothesline shall be constructed, erected or maintained on any Residence, or the Common Area, except as may be installed by, or with the prior consent of the Architectural Committee. No patio or balcony covers, wiring, or installation of air conditioning, water softeners, or other machines shall be installed on the exterior of the buildings of the Community, or the Common Area or be allowed to protrude through the walls or roof of the buildings, unless the prior written approval of the Architectural Committee is secured. Outdoor patio or lounge furniture, plants and barbecue equipment may be maintained pursuant to the Rules and Regulations. No basketball standards or fixed sports apparatus shall be attached to any Residences. Notwithstanding the specificity of the foregoing, no exterior addition, change or alteration to any Residence or the Common Area shall be commenced without the prior written approval of the Architectural Committee. Nothing shall be done in any Condominium Unit or in, on or to the Common Area which will or may tend to impair the structural integrity of any building in the Community or which would structurally alter any such building except as otherwise expressly provided herein. There shall be no alteration, repair or replacement of wall coverings within Condominium Units which may diminish the effectiveness of the sound control engineering within the buildings in the Community. There shall be no destruction of any part of the Common Area except by the Association in accordance with the Sea Ridge Restrictions. No utility bearing or structural interior wall in any of the Improvements of any Project shall be placed or otherwise altered in any way, without the prior approval of the Architectural Committee and a structural engineering analysis. No Owner shall cause or permit any mechanic's lien to be filed against any portion of any Project of the Common Area for labor or materials alleged to have been furnished or delivered to the Project. Any such Owner shall immediately cause such lien to be discharged within five (5) days after notice to the Owner from the Board; the Board may discharge the lien and charge the Owner a Special Individual Assessment for such cost of discharge after Notice and Hearing.

Section 7.11. Rubbish Removal. Trash, garbage or other waste shall be disposed of only by depositing same into a designated trash container. No portion of the Community shall be used for the storage of building materials, refuse or any other materials, other than in connection with approved construction. There shall be no exterior fires except barbecue fires contained within receptacles and outdoor firepits that have been granted Architectural Committee approval. No clothing, household fabrics or other unsightly articles shall be hung, dried or aired in any Residence nor inside Residences in such a way as to be visible from other Residences. No lumber, grass, shrub or tree clippings or plant waste, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulate in any Residence or the Common Area except within an enclosed structure or appropriately screened from view.

Section 7.12. Drainage. There shall be no interferences with the established drainage pattern over the Community, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Architectural Committee. For the purpose hereof, "established" drainage is defined as the drainage, which existed at the time the overall grading of any Project was completed by Grantor, or that which is shown on any plans approved by the Architectural Committee.

Section 7.13. Water Supply Systems. No individual water supply or water softener system shall be permitted in any Condominium Unit unless such system is designed, located, constructed and equipped in accordance with the requirements, standards, and recommendations of any applicable water district, the Orange County Health Department, and all other applicable governmental authorities. Any sewage disposal system shall be installed only after approval by the Architectural committee and any governmental health authority having jurisdiction.

ARTICLE VIII

PROJECT EASEMENTS

Section 8.01. Easements.

(a) Access. Each Unit Owner shall own an undivided fee simple interest in the Common Areas located within the Phase of Development in which his Condominium is located, as a tenant-in-common with the other Unit Owners whose Condominium are also located in such Phase of Development together with appurtenant easements described herein. The Declaration expressly reserves for the benefit of the Unit Owners in the Project reciprocal, non-exclusive easements for access, ingress and egress over all of the Common Areas. Subject to the provisions of this Declaration governing use and enjoyment thereof, such easements may be used by purchasers and all Unit Owners, their guest, tenants and invitees, residing on or temporarily visiting the Project, for walkways, vehicular access and such other purposes reasonably necessary for use and enjoyment of a Condominium in the Project. The Board with a vote or written consent of a majority of the Members, shall have the right to grant easements and rights-of-way over the Common Areas to any Person.

(b) Maintenance and Repair. The Declaration has expressly reserved for the benefit of the Board and all agents, officers and employees of the Association nonexclusive easements over the Common Areas as necessary to maintain and repair the Common Areas and to perform all other tasks in accordance with the provisions of this Declaration. Such easements over the Common Areas shall be appurtenant to and shall pass with the title to every Condominium conveyed. There are specifically reserved for the benefit of the Unit Owners easements and reciprocal negative easements for utility services and repairs, replacement and maintenance of the same over all of the Common Areas. Such easements shall be as not to unreasonably interfere with the use and enjoyment by the Unit Owners of adjoining Residences.

(c) Restricted Common Areas. The Original Declaration, as amended and supplemented, has expressly reserved for the benefit of certain Unit Owners exclusive easements for the use of those Exclusive Use (Restricted) Common Areas designated as Patios and Yards, as shown on Exhibit "G" attached to the Original Declaration, and as assigned to Units in the individual grant deeds of the respective Condominiums, the terms and location of which are herein incorporated by this reference.

(d) Encroachments. The Association and Unit Owners of contiguous Residences shall have a reciprocal Easement appurtenant to each of the Residences over the Residences and the Common Areas for purpose of (1) accommodating any existing encroachment of any wall of the building; (2) maintaining the same and accommodating authorized construction, reconstruction, repair, shifting, movement or natural settling of the Improvements, or any portion thereof, housing their respective Units; and (3) maintaining drainage in accordance with the drainage pattern existing at the time of conveyance of the respective Residence to a purchaser from Grantor or in accordance with such drainage pattern as altered with the prior consent of the Board of Directors of the Association.

ARTICLE IX

INSURANCE

Section 9.01 Duty to Obtain Insurance Types. The Board shall obtain and continue in effect adequate blanket public liability insurance (including medical payments), with such limits as may be considered acceptable to the Federal National Mortgage Association (not less than \$1 million covering all claims for personal injury and property damage arising out of a single occurrence), insuring against liability for body injury, death and property damage arising from the activities of the Association and its Members, with respect to the Common Areas and any other property under its jurisdiction. The Board shall also obtain and continue in effect fire and casualty insurance with extended coverage, without deduction for depreciation, in an amount as near as possible to the full replacement value of the Common Areas and those portions of the Units consisting of all improvements, built-in or set-in appliances, cabinets and initial basic floor coverings, all as provided in the plans and specifications for the Project. Such insurance shall be maintained by the Board for the benefit of the Association, the Unit Owners, and the Mortgagees, as their interests may appear as named insureds, subject, however, to loss payment requirements as set forth herein. The Board shall purchase such other insurance, as necessary, including but not limited to, errors and omissions, plate glass insurance, medical payments, malicious mischief, liquor liability and vandalism insurance, fidelity bonds and worker's compensation, and such other risks as shall customarily be covered with respect to condominium projects similar in construction, location and use. Fidelity bond coverage must be obtained by the Association for any Person or entity handling funds of the Association, including, but not limited to, officers, directors, trustees and employees of the Association and employees of the professional managing agent of the Association. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for

condominium projects established by Federal National Mortgage Association ("FNMA"), the Government National Mortgage Association ("GNMA") and The Mortgage Corporation ("FHLMC"), so long as any of which is a Mortgagee or Unit Owner within the Project, except to the extent such coverage is not available or has been waived in writing by the FNMA, GNMA and FHLMC, as applicable.

Section 9.02. Waiver of Claims Against Association. As to all policies of insurance maintained by the Association and the Unit Owners, which policies will not be voided or impaired thereby, the Association and the Unit Owners hereby waive and release all claims against one another and the Board to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said Persons.

Section 9.03. Rights and Duty of Unit Owner to Insure. Each Unit Owner shall provide insurance on his personal property and upon all other property within his Unit which is not insured by the Association's blanket policy. Nothing herein shall preclude any Unit Owner from carrying any public liability insurance as he may deem desirable to cover his individual liability for damage to Person or property occurring inside his individual Unit or elsewhere upon the Project. All such other policies as may be carried by Unit Owners shall contain waivers of subrogation of claims against the Association, the Board, the officers of the Association and other Unit Owners. Such other policies shall not adversely affect or diminish any liability under any insurance obtained by the Association, and duplicate copies of such other policies shall be deposited with the Board. If any loss intended to be covered by insurance carried by the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Unit Owner, such Unit Owner shall assign the proceeds of such insurance carried by him to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

Section 9.04. Notice of Expiration Requirements. All of the policies of insurance described herein shall contain a provision that said policy or policies shall not be cancelled or terminated, or expired by their terms, without thirty (30) days prior written notice to the Board, Unit Owners and their respective Mortgagees and every other Person in interest who shall have requested such notice of the insurer.

Section 9.05. Insurance Premiums. Insurance premiums for any such blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Directors shall be a Common Expense to be included in the Annual Assessments levied by the Association and collected from the Unit Owners.

Section 9.06. Trustee for Policies. The Association, acting through its Board of Directors, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Section 9.01 of this Article shall be paid to the Board of Directors as Trustees. The Board shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in Article X of this Declaration. The Board is hereby granted the authority to negotiate loss settlement with the appropriate insurance carriers, with participation, to the extent they desire, by first Mortgagees who have filed written request within ten (10) days of receipt of notice of any damage or destruction as provided in Article X, Section 10.05 of this Declaration. Any two Directors of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds

Section 9.07. Actions of Trustee. Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Unit Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to seventy-five percent (75%) of the Mortgagees of Condominiums who have filed requests under Section 15.01 (a), below, to the extent such Mortgagees desire to participate. Duplicate originals or certificates of all policies of fire and casualty insurance carried by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Mortgagees who have requested the same in writing.

Section 9.08. Annual Insurance Review. The Board shall review the insurance carried by the Association at least annually for the purpose of determining the amount of the casualty and fire insurance referred to in Section 9.01, above.

Section 9.09. Required Waiver. All policies of physical damage insurance shall provide if reasonably possible, for waiver of the following rights to the extent that the respective insurers would have the rights without such waiver.

- (a) subrogation of claims against the tenants of Unit Owners;
- (b) any defense based on co-insurance;
- (c) any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association;
- (d) any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Unit Owner or any tenants of any Unit Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors and employees of any insured;
- (e) any right of the insurer to repair, rebuild or replace, and in the event the building is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured;
- (f) notice of the assignment of any Unit Owner of his interest in the insurance by virtue of a conveyance of any Condominium; and
- (g) any right to require any assignment of any mortgage to the insurer.

Section 9.10. Coverage Not Available. In the event any insurance policy, or any endorsement thereof, required by Section 9.01 is for any reason unavailable, then the Association shall obtain such other or substitute policy or endorsement as may be available which, at the discretion of the Board provides as nearly as possible, the coverage hereinabove described.

Section 9.11. Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon to have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time.

Section 9.12. Insurance Deductible. The amount of the deductible portion of any insurance coverage maintained by the Association shall be established in the reasonable discretion of the Board. In the event that a loss is not the result of the negligent or willful misconduct of a particular Owner or a particular guest, tenant or invitee of an Owner, or if responsibility cannot clearly be established, the cost of the deductible shall be defrayed by the Association and, if necessary the deductible shall be recovered from the Owners through levy of a Special Assessment pursuant to Section 4.06(c)(ii), above. However, if a loss is established to be the result of the negligent or willful misconduct of a particular Owner or his or her guest, tenant or invitee, that Owner shall be charged with the deductible amount as a Special Individual Assessment pursuant to Section 4.07(a)(i), above. Before such a Special Individual Assessment may be imposed the Owner who is alleged to be responsible for the loss shall be entitled to notice and a hearing in accordance with Article XIV, below.

ARTICLE X

DESTRUCTION OF IMPROVEMENTS

The "Destruction of Improvements" Article from the original Declaration has not been substantively amended by this Declaration]

Section 10.01. Restoration of Project. Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Project, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article IX hereof shall be used for such purpose, unless otherwise provided herein. The Board shall be authorized to have prepared the necessary documents to effect each reconstruction as promptly as practical.

The Project shall be reconstructed or rebuilt substantially in accordance with the Condominium Plan and the original construction plans if they are available, unless changes recommended by the Architectural Committee of the Association shall have been approved in writing by seventy-five percent (75%) of the Unit Owners and by all of the holders of record of first Mortgages upon the Condominium of the approving Unit Owners. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be at least eighty-five percent (85%) of the estimated cost of restoration and repair, a Reconstruction Assessment of the Unit Owners, with each Unit Owner contributing in the same proportion that Annual Assessments are levied among the Unit Owners, shall be levied by the Board to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be less than eighty-five percent (85%) of the estimated cost of restoration and repair, the Unit Owners by the vote of not less than seventy-five percent (75%) of the Unit Owners present and entitled to vote, at a duly constituted meeting of the Member of the Association, together with the approval of at least seventy-five percent (75%) of the first Mortgagees of record of the Condominiums in the Project, shall determine whether the Association shall be authorized to levy a Special (Reconstruction) Assessment and proceed with such restoration and repair. In the event of a determination by the Unit Owners and their Mortgagees as provided above that the cost of such restoration and repair would be substantial and that it would not be in their best interest to proceed with the same, the Unit Owners may, at their discretion, proceed as provided in Section 10.02 below.

Section 10.02. Sale of Project. In the event that the amount available from the proceeds of the insurance policies maintained by the Association shall be less than eighty-five percent (85%) of the cost of reconstruction, a certificate of the resolution authorizing such reconstruction shall be filed with the Orange County Recorder within six (6) months from the date of such destruction and in the event of a failure to record such certificate within said period, it shall be conclusively presumed that the Unit Owners have determined not to rebuild said Improvements. In the event of a determination not to rebuild, the Association, acting through the Board of Directors as provided in Section 4610 of the California Civil Code, shall be authorized to have prepared, executed and recorded as promptly as practical, the certificate and such other documents and instruments as may be necessary for the Association to consummate the sale of the Project at the highest and best price obtainable, either in its damaged condition, or after damaged structures have been razed. The net proceeds of such sale and the proceeds of any insurance carried by the Association shall be divided proportionately among Unit Owners, such proportions to be determined as follows: The proceeds shall be distributed among the affected Owners and the respective Mortgagees according to the relative fair market value of the Units immediately prior to the event of damage or destruction as determined by an M.A.I. Appraiser selected by the Board. Notwithstanding the foregoing, the balance then due on any valid encumbrance of record shall be first paid in order of priority, before the distribution of any proceeds to a Unit Owner whose Condominium is so encumbered.

Section 10.03. Right to Partition. No Unit Owner shall have the right to partition his interest in the Condominium and there shall be no judicial partition of the Project, or any part thereof; except that in the event that a certificate of a resolution to rebuild or restore has not been recorded as provided above, within six (6) months from the date of any partial or total destruction, or if restoration has not actually commenced within said period, then conditions for partition as set forth Section 4610 of the California Civil Code shall be deemed to have been satisfied. Nothing herein shall be deemed to prevent partition of a cotenancy in any Condominium. Except as provided above, each Unit Owner and the successors of each Unit Owner, whether by deed, gift, devise, or by operation of law, for their own benefit and for the Units and for the benefit of all other Unit Owners, specifically waive and abandon all rights, interests and causes of action for a judicial partition of the tenancy in common ownership of the Project and do further covenant that no action for such judicial partition shall be instituted, prosecuted, or reduced to judgment.

Section 10.04. Interior Damage. With the exception of any casualty or damage insured against by the Association pursuant to Article IX of this Declaration, restoration and repair of any damage to the interior of any individual Residence, including without limitation all fixtures, cabinets and improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, shall be made by and at the individual expense of the unit Owner of the Residence so damaged. In the event of a determination to rebuild the Project after partial or total destruction, as provided in this Article X, such interior repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Architectural Committee.

Section 10.05. Notice to Unit Owners and Listed Mortgagees. The Board, immediately upon

having knowledge of any damage or destruction (1) to the Common Areas, or any portion thereof, which damage or destruction is substantial or may be restored only at a cost exceeding Ten Thousand Dollars (\$10,000), or (2) to any individual Unit which damage or destruction may only be restored at a cost exceeding One Thousand Dollars (\$1,000), shall promptly notify all Unit Owners, all institutional holders of first Mortgages on Condominiums in the Project, and all other Mortgagees who have filed a written request for such notice with the Board.

ARTICLE XI

EMINENT DOMAIN

[The "Eminent Domain" Article from the Original Declaration has not been substantively amended this by Declaration]

Section 11.01. Definitions: Total Taking, Partial Taking, Special Partial Taking. The term "taking" as used in this Article shall mean condemnation by exercise of the power of eminent domain or by sale under threat of the exercise of the power of eminent domain. A "Total Taking" shall occur if there is a permanent taking by eminent domain of an interest in all or part of the Common Areas or of all or part of one or more Units, such that the ownership, operation and use of the Project in accordance with the provisions of this Declaration is substantially and adversely affected, and within one hundred twenty (120) days after the effective date of the taking the Unit Owners of any Units (i) not taken, or (ii) only partially taken and capable of being restored to at least ninety-five percent (95%) of their floor area and to substantially their condition prior to the taking (collectively the "Remaining Units") do not by affirmative vote of a majority of their entire voting interest (without adjustment among such Units for relative voting rights because of such partial taking) approve the continuation of the Project and the repair, restoration and replacement to the extent feasible of the Common Areas and the Remaining units. A "Partial Taking" shall occur if there is any other permanent taking of the Property. A Partial Taking shall include, without limitation, a "Special Partial Taking" which is described herein as a taking of all or part of one or more Units, as Units, subject to all of the provisions of this Declaration, without involving any taking of the Common Areas except to the extent of the proportionate interest therein of the Units taken, so that the taking authority becomes a successor in title to Unit Owner or Unit Owners of the Condominium or Condominiums so taken with the same effect as if such Units were purchased by the taking authority. Following any taking which in the opinion of the Board of Directors would constitute a Total Taking in the absence of the affirmative vote of the Remaining Unit Owners as required by the foregoing provisions, the Board of Directors shall call a special meeting of the Remaining Unit Owners to be held promptly, and in any event within sixty (60) days after the effective date of such taking, to determine if such Remaining Unit Owners will, or will not, decide to continue the Project as provided herein.

Section 11.02. Awards: Repair, Restoration and Replacement.

(a) In the event of a Total Taking, the Board of Directors shall: (i) except as provided in Section 11.03 of this Article, represent all of the Unit Owners in an action to recover any and all awards, subject to the right of all first Mortgagees of record upon request, to join in the condemnation proceedings and distribution of the net proceeds of such sale and any condemnation award, after deducting any incidental fees and expenses, in the same proportion and in the same manner as provided in Article X, Section 10.02.

(b) In the event of a Partial Taking, other than a Special Partial Taking, the provisions of Section 11.02(a)(i) of this Article shall be applicable. The net proceeds of the Partial Taking awards shall be held by the Board of Directors, after deducting related fees and expenses and the portions of the awards allotted in the taking proceedings or, failing such allotment, allotted by the Board of Directors in the same manner provided in Article X, Section 10.02, to (i) Units totally taken or partially taken and not capable of being restored to at least ninety-five percent (95%) of their floor area and substantially their condition prior to the taking, and (ii) Units taken in the same manner as in a Special Partial Taking except that the taking is made subject to only some or to none of the By-Laws and Rules and Regulations (collectively the "Taken Units").

The proceeds of the Partial Taking award allotted to the Taken Units shall be paid to the Unit Owners respectively entitled thereto; provided, however, that such proceeds shall be first applied to the balance then due on any Mortgages of Record in order of priority before the distribution of any such proceeds to any Unit Owner whose Condominium is subject to any such Mortgage. First Mortgagees of Record with respect to the Remaining Units affected by such Partial Taking shall be entitled to severance damages payable out of the

award proceeds held by the Board of Directors to the extent that such Mortgagees can prove that their security has been impaired by such taking. The balance of the net proceeds shall then be applied to the repair, restoration and replacement of the Common Areas and the Remaining Units (but not Unit Owners' personal property nor those portions of the Units which the Unit Owners are obligated to restore) to as nearly their condition prior to the taking as may be feasible, in the same manner and under the same provisions applicable to the proceeds of insurance as set forth in Article X, Section 10.02 hereof, except for any provisions relating to Unit Owners personal property. Any funds held for restoration by the Board of Directors following completion thereof shall be disposed of, in each case in the same manner as provided in Article X, Section 10.02, except that the total amount of the award payable to any Member and his Mortgagee or Mortgagees for a destroyed Unit or Units shall not exceed the value of said Member's Condominium Interest.

In the event that the funds held for restoration by the Board of Directors are less than the cost of restoration and repair, a Special (Reconstruction) Assessment of the Remaining Unit Owners, with each Remaining Unit Owner contributing a sum in the same proportion as Annual Assessments paid by such Unit Owner, may be levied by the Board of Directors to provide the necessary additional funds for such reconstruction. In no event shall the Board of Directors be required to undertake any repair or restoration work or make any payment with respect to any Unit in excess of that portion of the awards reasonably attributable to the loss to that Unit. Following any Partial Taking, the Association and the Project shall continue, subject to and with the benefit of all the provisions of this Declaration, so far as applicable to the Remaining Units, and the voting interests of the Unit Owners shall be the same.

(c) In the event of a Special Partial Taking or a temporary taking of any Condominium, the Unit Owner of the Condominium taken, together with his Mortgagees, shall have exclusive rights to prosecute the proceedings for the respective taking awards and to retain the proceeds thereof. In the event of a temporary taking of Common Areas, the Board of Directors shall have exclusive rights to prosecute the proceedings for the respective taking awards and shall apply the proceeds thereof to reduce Common Expenses.

Section 11.03. Awards for Unit Owners' Personal Property and Relocation Allowances. Where all or part of the Project is taken by eminent domain, each Unit Owner shall have the exclusive right to claim all of the awards made for such Unit Owner's personal property, and any relocation, moving expense, or other allowance of a similar nature, designed to facilitate relocation. Notwithstanding the foregoing provisions, however, or the provisions of Section 11.01 and 11.02, the Board of Directors, except in the case of a Special Partial Taking, shall represent each Unit Owner in an action to recover all awards with respect to such portion, if any, of a Unit Owner's personal property which is at the time of any taking, as a matter of law, part of the real estate comprising any Unit, and shall allocate to such Unit Owner so much of any awards as is allotted in the taking proceedings or, failing such allotment, allotted by the Board of Directors to such Unit Owners' personal property. The amount so allocated shall be paid to the Unit Owner, entitled thereto, whether or not the Unit in which such Unit Owner's personal property was located is to be restored by the Board of Directors. Notwithstanding restoration of the Unit, the Board of Directors shall have no responsibility for restoration of such Unit Owner's personal property.

Section 11.04. Notice to Unit Owner and Listed Mortgagees. The Board of Directors immediately upon having knowledge of any taking by eminent domain of the Project, the Association Properties, or any portion thereof, or any threat thereof, shall promptly notify all Unit Owners, all institutional holders of first Mortgages on Condominiums in the Project and those Mortgagees who have filed a written request for such notice with the Board.

ARTICLE XII

PARTITION OF COMMON AREA

Section 12.01. Suspension or Right of Partition. Except as expressly provided in this Article, an Owner shall have no right to partition or divide his or her ownership of the Common Area. Partition of the Common Area can be had on a showing that the conditions to such partition as stated in Section 10.03, (relating to damage or destruction) or in Article XI (relating to condemnation) or in California Civil Code section 4610 have been met. Nothing in this Declaration shall prevent partition of a cotenancy in a Condominium.

Section 12.02. Distribution of Proceeds Upon Partition. Proceeds of the sale of property resulting

from a partition shall be distributed to and among the respective Owners and their Mortgagees as their interests appear in proportion to the ratio that the fair market value of each Owner's Condominium bears to the fair market value of all Owners' Condominiums determined by appraisal as provided in Section 12.03, but as of a date immediately prior to the event giving rise to the right of Owners to partition the Common Area.

Section 12.03. Appraiser. Whenever in this Article or Article X (Destruction of Improvements) it shall be necessary to make a determination of the value or fair market value of one or more Condominiums by an appraiser, this shall mean an appraisal by an independent appraiser selected by the Board, who shall be a member of the Society of Real Estate Appraiser (SREA) or other nationally recognized appraiser organization and who shall apply its or such other organization's standards in determining the value or fair market value of each Condominium. The costs of such appraisals shall be paid from the sale or insurance proceeds, as the case may be.

ARTICLE XIII

NONSEVERABILITY OR COMPONENT INTERESTS

Section 13.01. Severance Prohibited. An Owner shall not be entitled to sever his or her Unit in any Condominium from his or her membership in the Association, and shall not be entitled to sever his or her Unit and his or her membership from the Owner's undivided interest in the Common Area for any purpose. None of the component interests in a Condominium can be severally sold, conveyed, encumbered, hypothecated, or otherwise dealt with; and any violation or attempted violation of this provision shall be void. Similarly, no Owner can sever any exclusive easement appurtenant to his or her Unit over the Common Area from the Owner's condominium, and any attempt to do so shall be void. The suspension of such right of severability will not extend beyond the period set forth in Article XII respecting the suspension of partition.

Section 13.02. Limitation On Interests Conveyed. After the initial sales of the Condominiums, unless otherwise expressly stated, any conveyance of a Unit or any portion of it by an Owner shall be presumed to convey the entire Condominium. However, nothing contained in this section shall preclude the Owner of any Condominium estate, such as by creating an estate for life or an estate for years, or from creating a cotenancy or joint tenancy in the ownership of the Condominium with any other person or persons.

ARTICLE XIV

BREACH OR DEFAULT

Section 14.01. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration is inadequate and that the failure of any Owner, tenant, occupant or user of any Condominium Unit or any portion of the Common Area or Common Facilities, to comply with any provision of any of the Governing Documents, as amended from time to time, may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board of Directors, or by their respective successors in interest.

Section 14.02. Nuisances. Without limiting the generality of the foregoing Section 14.01, above, the result of every act or omission whereby any of the land use regulations contained in Article VII, above, 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 every such act or omission.

Section 14.03. Costs and Attorneys' Fees. In any action initiated on account of any alleged breach or default of any Owner or other party hereto under this Declaration, the court may award to the prevailing party in any such action such attorneys' fees and other costs of suit as the court may deem just and reasonable.

Section 14.04. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others

to perform or observe any provision of this Declaration.

Section 14.05. Failure Not a Waiver. The failure of any Owner or of the Association or its Board of Directors, officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon the Association or the Board, or any of its officers or agents.

Section 14.06. Enforcement Rights and Remedies of the Association; Limitations Thereon.

(a) Rights Generally. In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, the Owner's Family, guests, employees, invitees, licensees or tenants, the Board, for and on behalf of all other Owners, shall enforce the obligations of each Owner to obey such Rules or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited to appropriate hiring of legal counsel, the imposition of fines and monetary penalties in accordance with subparagraph (b) below, the pursuit of legal action, the suspension of the Owner's right to use recreational Common Facilities or the suspension of the Owner's voting rights as a Member of the Association; provided, however, the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this section.

The decision of whether it is appropriate or necessary for the Association to initiate enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement as exist by virtue of section 5975 of the California Civil Code or otherwise by law.

(b) Schedule of Fines. The Board may implement schedules of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment.

(c) Definition of "Violation". A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of discipline. The Association shall take reasonable and prompt action to repair or avoid the continuing damaging effects of a violation or nuisance occurring within the Common Area at the cost of the responsible Owner.

(d) Limitations of Disciplinary Rights.

(i) The Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his or her Unit due to the failure by the Owner (or his or her family members, tenants, guests or invitees) to comply with any provision of the Governing Documents or of any duly enacted Association Rule except where the loss or forfeiture is the result of the judgment of a court of competent jurisdiction, a decision arising out of arbitration or a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association, or where the loss or forfeiture is limited to a temporary suspension of an Owner's rights as a Member of the Association or the imposition of monetary penalties for failure to pay Assessments or otherwise comply with any Governing Documents so long as the Association's actions satisfy the due process requirements of subparagraph (iii), below.

(ii) Monetary penalties imposed by the Association: (A) for failure of a Member to comply with the Governing Documents; (B) as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Area or Common Facilities allegedly caused by a Member; or (C) in bringing the Member and his or her Unit into compliance with the Governing Documents, may not be characterized nor treated as an Assessment which may become a lien against the Member's Unit enforceable by a sale of the Unit in nonjudicial foreclosure; provided, however, that this limitation on the Association's lien rights shall not apply to charges imposed against an Owner consisting of reasonable late payment penalties to reimburse the Association for the loss of interest and for costs reasonably incurred

(including attorneys' fees) in the Association's efforts to collect delinquent Assessments.

(iii) No disciplinary action, penalty or temporary suspension of rights shall be imposed pursuant to this Article unless the Owner alleged to be in violation is given at least ten (10) days prior notice by personal delivery or first-class mail, that the Board of Directors will be meeting to consider imposing such discipline. The notice shall contain at a minimum, the date, time, and place of the meeting, the nature of the alleged violations for which the Owner may be disciplined, and a statement that the Owner has a right to attend and address the Board at the hearing. The Board shall meet in executive session if requested by the Owner.

If disciplinary action is taken, the Board shall notify the accused Owner, in writing, either by personal delivery or first-class mail, of the Board's decision within fifteen (15) days following conclusion of the hearing.

In accordance with Civil Code section 5855, disciplinary action shall not be effective against an Owner unless the Board fulfills the requirements of this section.

Notwithstanding the foregoing, under circumstances involving conduct that constitutes: (A) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (B) a traffic or fire hazard; (C) a threat of material damage to, or destruction of, the Common Area or Common Facilities; or (D) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Board of Directors, or its duly authorized agents, may undertake immediate corrective or disciplinary action and, upon request of the offending Owner (which request must be received by the Association, in writing, within five (5) days following the Association's disciplinary action), or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

If the Association acts on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Association no later than five (5) days following the date when the fine is levied.

The hearing shall be held no more than fifteen (15) days following the date of the disciplinary action or fifteen (15) days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.

At the hearing, the accused shall be given the opportunity to be heard, including the right to present evidence and to present or question witnesses. The Board shall notify the accused Owner, in writing, of the Board's decision within fifteen (15) days following conclusion of the hearing. In no event shall the effective date of any disciplinary action commence sooner than five (5) days following conclusion of the hearing unless: (i) the hearing merely affirms summary disciplinary action initiated pursuant to the immediately preceding paragraph; or (ii) earlier commencement is necessary to preserve the quiet enjoyment of other residents or to prevent further damage to, or destruction of, the Properties or any portion thereof.

(iv) The notice and hearing procedures set forth in this Section 14.06 shall not apply to any actions by the Association or its duly authorized agents to collect delinquent assessments. Assessment collections shall be subject to Article IV, above, and any other notice, hearing and/or dispute resolution requirements or procedures as may be specifically applicable by law to Association assessment collection.

(e) Rules Regarding Disciplinary Proceedings. The Board shall be entitled to adopt rules to elaborate further on the procedures and forms to be utilized in the disciplinary hearing process. Such rules shall form a part of the Association Rules.

Section 14.07. Court Actions. Court actions to enforce the Governing Documents may only be initiated on behalf of the Association by resolution of the Board. Prior to the filing of any court action seeking declaratory or injunctive relief to interpret or enforce the Governing Documents (including either such action coupled with a claim for monetary damages not in excess of \$5,000), the Association shall first comply with the provisions of Civil Code sections 5925-5965 relating to alternative dispute resolution. The Association's own notice and hearing procedures may be drafted to satisfy these statutory requirements.

ARTICLE XV

RIGHTS OF MORTGAGEES

[The "Rights of Mortgagees" Article from the Original Declaration has not been substantively amended by this Declaration]

Section 15.01. Rights of Mortgagees. Notwithstanding any other provisions of this Declaration, no amendment or violation of this Declaration shall operate to defeat or render invalid the rights of the Beneficiary under any Deed of Trust upon a Condominium made in good faith and for value, provided that after the foreclosure of any such Deed of Trust such Condominium shall remain subject to this Declaration, as amended. Notwithstanding any and all provisions of this Declaration to the contrary, in order to induce The Mortgage Corporation ("FHLMC"), The Government National Mortgage Association ("GNMA") and the Federal National Mortgage Association ("FNMA") to participate in the financing of the sale of Condominiums within the Project, the following provisions are added hereto (and to the extent these added provisions, pertaining to the rights of Mortgagees, FHLMC, FNMA, GNMA, VA and FHA, conflict with any other provisions of this Declaration or any other of the Restrictions, these added restrictions shall control):

(a) Each Mortgagee of a Mortgage encumbering any Condominium upon filing a written request for notification with the Board, is entitled to written notification from the Association of any default by the Mortgagor of such Condominium in the performance of such Mortgagor's obligations under the Restrictions, the Articles or the By-Laws (collectively referred to as the "Project Documents"), which default is not cured within thirty (30) days after the Association learns of such default. For purposes of this Declaration, a "first Mortgagee" shall mean a Mortgagee of a Mortgage with first priority over other Mortgages.

(b) Every Unit Owner, including every Mortgagee of a Mortgage encumbering any Condominium, which obtains title to such Condominium pursuant to the remedies provided in such Mortgage, or pursuant to foreclosure of the Mortgage, or by deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal".

(c) Each institutional first Mortgagee of a Mortgage encumbering any Condominium, which obtains title to such Condominium, pursuant to judicial foreclosure or the powers provided in such Mortgage, shall take title to such Condominium free and clear of any claims for unpaid assessments or charges against such Condominium which accrued prior to the time such Mortgagee acquired title to such Condominium.

(d) Unless at least seventy-five percent (75%) of the Mortgagees (based upon one vote for each Mortgage owned), or seventy-five percent (75%) of the Unit Owners have given their prior written approval, neither the Association nor the Unit Owners shall:

(1) change the method of determining the obligations, assessment dues or charges [other than Special Assessments or late charge imposed by the Board in accordance with the provisions of this Declaration] which may be levied against any Unit Owner, or the method of allocating distributions of hazard insurance proceeds or condemnation awards;

(2) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of the Common Areas of the Project;

(3) fail to maintain Fire and Extended Coverage on insurable Common Areas as provided in Article IX of this Declaration; or

(4) use hazard insurance proceeds for leases to improvements on any Common Areas for other than the repair, replacement or reconstruction of such Improvements, subject to the provisions of Article IX of this Declaration.

(e) First Mortgagees, upon written request, shall have the right to (1) examine the books and records of the Association during normal business hours, (2) require from the Association the submission of audited annual financial reports and other financial data, (3) receive written notice of all meetings of the Unit Owners, and (4) designate in writing a representative to attend all such meetings.

(f) All institutional first Mortgagees shall be given thirty (30) days' written notice prior to the effective date of any proposed, material amendment to the Restrictions or the Articles or ByLaws, and prior to the effective date of any termination of an agreement for professional management of the Project following any decision of the unit Owners to assume self management of the Project.

(g) The Reserve Fund described in Article IV of this Declaration must be funded by regular scheduled monthly, quarterly, semi-annual or annual payments rather than by large Special Assessments.

(h) The Board shall secure and cause to be maintained in force at all times a fidelity bond for any Person handling funds of the Association, including but not limited to, employees of the professional Manager.

(i) In addition to the foregoing, the Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the VA, the FHA, the FHLMC, the FNMA or the GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of Mortgages encumbering Condominiums. Each Unit Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential Mortgage borrowers and potential sellers of their residential Condominiums, if such agencies approve the Project as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any Mortgage encumbering a Condominium.

(j) Each Unit Owner hereby authorizes the Mortgagee of a Mortgage on his Condominium to furnish information to the Board concerning the status of such Mortgage and the loan which it secures.

ARTICLE XVI

NOTICES

Section 16.01. Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to any Owner: To the street address of his or her Condominium or to such other address as the Owner may from time to time designate in writing to the Association as the Owner's mailing address.

If to the Association: Sea Ridge Condominium Association, at the principal office of the Association or to such other address as the Association may from time to time designate in writing to the Owner.

Section 16.02. Personal Service Upon Co-Owners and Others. Personal service of a notice or demand to one of the co-Owners of any Condominium, to any general partner of a partnership which is the Owner of Record of any Condominium, or to any officer or agent for service of process of a corporation which is the Owner of Record of any Condominium, shall be deemed delivered to all such Co-Owners, to such partnership, or to such corporation, as the case may be.

Section 16.03. Deposit in United States Mails. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered 72 hours after deposit in the United States mail in the County.

Section 16.04. Electronic Delivery. If a Member has consented in writing to receive information or documents by electronic delivery, notice or delivery of the information/document shall be effective, if provided in an electronic record capable of retention by the recipient at the time of receipt as provided in Civil Code Sections 4050 and 4055

ARTICLE XVII

NO PUBLIC RIGHTS IN THE PROPERTY

Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any portion of the Property to the general public or for any public use or purpose whatsoever.

ARTICLE XVIII

AMENDMENT OF DECLARATION

Section 18.01. Restatements. This section describes the methods for restating the Declaration after an amendment.

(a) General. The Board has the right, by resolution without the necessity of consent by the Owners, to restate this Declaration when it has been properly amended pursuant to its requirements for amendment. Such restatement shall be effective upon execution of the restatement by any two (2) officers of the Association and its Recordation. Upon Recordation of the restatement, the restatement shall supersede the prior declaration and its amendments in their entirety, without, however, affecting the priority of the Declaration in the chain of title to all properties that are subject to the Declaration as established by the Declaration's initial date of Recordation.

(b) Form of Restatement. The restatement shall restate the entire text of the original document, with these exceptions: (i) changes incorporating all amendments approved by the Owners; (ii) changes made to rearrange or delete the text for consistency with the approved amendments; (iii) changes made to delete material no longer legally effective or legally required, such as the provisions that are for the exclusive benefit of the Declarant; (iv) the addition of a statement that the Board has authorized the restatement pursuant to this section; (v) changes made to delete any provision declared illegal by constitutional or statutory enactment, by regulation, or by controlling judicial opinion; and (vi) changes needed to distinguish the restatement from the original document, such as title, section, or subsection numbering changes.

Section 18.02. Amendment. Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by a Unit Owner at a meeting of Member of the Association. The resolution shall be adopted by the vote, or written consent of seventy-five percent (75%) of the voting power of the Members. A copy of each amendment shall be certified by at least two (2) officers of the Association and the amendment shall be effective when the Certificate of Amendment is recorded in the public records, Orange County, California. Notwithstanding the foregoing, any of the following amendments, to be effective, must be approved in writing by the record holders of seventy-five percent (75%) of the first Mortgages on all of the Condominiums in the Project at the time of such amendment, based upon one vote for each Mortgage owned:

(a) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Mortgagees as provided in Article IV, IX, X, XI, XV, XVIII and XIX

(b) Any amendment which would necessitate an encumbrancer after it has acquired a Condominium through foreclosure to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure.

(c) Any amendment which would or could result in an encumbrance being cancelled by forfeiture, or in the individual Condominium not being separately assessed for tax purposes.

(d) Any amendment which would or could result in termination or abandonment of the Project or partition or subdivision of a Condominium Unit, in any manner inconsistent with the provisions of this Declaration.

(e) Any amendment which would subject any Unit Owner to a right of first refusal or other such restriction in favor of the Association, in the event such Unit Owner exercises his right to sell, transfer or

otherwise convey his Condominium.

A Certificate, signed and sworn to by two (2) officers of the Association that the record owners of seventy-five percent (75%) of the Condominiums have either voted for or consented in writing to any amendment adopted as above provided, when recorded, shall be conclusive evidence of such fact. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years. The Certificates reflecting any amendment which requires the written consent of any of the record holders and Mortgages shall be signed and sworn on by such Mortgagees. When such Certificate is recorded, it shall be noted that such amendment has been so approved.

(f) Right of Amendment of Requested by Governmental Mortgage Agency or Federally Chartered Lending Institutions. Anything in this Article to the contrary notwithstanding, the Board of Directors, without the vote or consent of the Members, reserves the right to amend all or any part of this Declaration to such an extent and with such language as may be requested by Governmental Mortgage Agencies which require such an amendment as a condition precedent to such agency's approval of this Declaration, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Unit(s) or Parcel(s) or any portions thereof. Any such amendment shall be effectuated by the recordation, by Association, of a Certificate of Amendment duly signed by or on behalf of the authorized agents, or authorized officers of Association, as applicable, with their signatures acknowledged, specifying the Governmental Mortgage Agency, or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such a Certificate shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Certificate, when recorded, shall be binding upon all of the Properties and all persons having an interest therein.

ARTICLE XIX

DURATION AND AMENDMENT

Section 19.01. Duration. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration shall run with, and shall benefit and burden the Condominiums and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors, officers and agents, and their respective successors in interest, for the term of fifty (50) years from the date of recordation of the Original Declaration. After the expiration of the initial term, the term of this Declaration shall be automatically extended for successive periods of ten (10) years each unless a Declaration of Termination is recorded in the public records, Orange County, California, meeting the requirements of an amendment to this Declaration as set forth in Article XVIII, above.

Section 19.02. Construction.

(a) Restrictions Construed Together. All of the covenants, conditions and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Property as set forth in the recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

(b) Restrictions Severable. Notwithstanding the provisions of subparagraph (a) above, the covenants, conditions and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c) Gender and Number. As used in this Declaration, the singular shall include the plural and the plural the singular, unless the context requires the contrary, and the masculine, feminine or neuter gender shall each be deemed to include the others whenever the context so indicates.

(d) Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.

(e) Exhibits. All exhibits attached hereto, to the Original Declaration and all amendments or supplements thereto, and to the Condominium Plan recorded together with the Original Declaration, shall be deemed to be incorporated herein by reference.

DATED: Oct 6, , 2014.

SEA RIDGE CONDOMINIUM ASSOCIATION, a California nonprofit mutual benefit corporation

By *Rayd Smith*, President

By *Hail Sembrone*, Secretary

EXHIBIT "A"

RELATIVE UNIT SQUARE FOOTAGE ALLOCATION BY UNIT PLAN TYPE

Assessment Schedule

Plan Unit Square Footage

A	1,145
B	1,389
C	1,418
C1	1,660
D	1,812
D1	1,840
E	2,065
E1	2,205
Total Square Footage	326,224

ACKNOWLEDGMENT

State of California
County of ORANGE)

On OCTOBER 6, 2014 before me, CAROL G. HOBAUGH
(insert name and title of the officer)

personally appeared LLOYD SMITH
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 Carol G. Hobough (Seal)

ACKNOWLEDGMENT

State of California
County of ORANGE)

On OCTOBER 6, 2014 before me, CAROL G. HOBAUGH
(insert name and title of the officer)

personally appeared GAIL SUNSHINE
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 Carol G. Hobough (Seal)

