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**FIRST AMENDMENT TO THE SECOND AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
MONTECITO SHORES HOMEOWNERS ASSOCIATION**

A Condominium Development

IF THIS DOCUMENT CONTAINS ANY RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, GENDER, GENDER IDENTITY, GENDER EXPRESSION, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, VETERAN OR MILITARY STATUS, GENETIC INFORMATION, NATIONAL ORIGIN, SOURCE OF INCOME AS DEFINED IN SUBDIVISION (P) OF SECTION 12955, OR ANCESTRY, THAT RESTRICTION VIOLATES STATE AND FEDERAL FAIR HOUSING LAWS AND IS VOID, AND MAY BE REMOVED PURSUANT TO SECTION 12956.2 OF THE GOVERNMENT CODE. LAWFUL RESTRICTIONS UNDER STATE AND FEDERAL LAW ON THE AGE OF OCCUPANTS IN SENIOR HOUSING OR HOUSING FOR OLDER PERSONS SHALL NOT BE CONSTRUED AS RESTRICTIONS BASED ON FAMILIAL STATUS.

**FIRST AMENDMENT TO THE SECOND AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
MONTECITO SHORES HOMEOWNERS ASSOCIATION**

A Condominium Development

RECITALS

WHEREAS, the Declarants are the Board of Directors ("Board") of the Montecito Shores Homeowners Association, a California non-profit Mutual Benefit Corporation (the "Association");

WHEREAS, the Association is an "Association" as defined by California Civil Code § 4080, created for the purpose of managing the Common Interest Development comprised of that certain real property commonly described as Montecito Shores and more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (hereinafter the "Real Property");

WHEREAS, on November 12, 2014 by Instrument Number 2014 - 0051907, there was recorded with the Santa Barbara County Recorder's Office the *Second Amended and Restated Declaration of Covenants, Conditions and Restrictions For Montecito Shores Homeowners Association* (hereinafter the "CC&R's") against the Real Property;

WHEREAS, notwithstanding the provisions governing amendments set forth in Article 11, Section 11.5 of the CC&R's, pursuant to the provisions of Article XIII of the CC&R's and California Civil Code § 4741 (f), the Board is vested with the unilateral power and obligation to amend the CC&R's by deleting or restating covenants prohibited by California Civil Code § 4741;

WHEREAS Article V, Section 5.3 (t) (1) (B) and Section 5.3 (t) (5) of the CC&R's is in conflict with California Civil Code § 4741 and;

WHEREAS, Declarants desire to amend the CC&R's for purposes of complying with the provisions of California Civil Code § 4741;

NOW, THEREFORE, the Declarants hereby amend the CC&R's as follows:

1. Article V, Section 5.3 (s), last paragraph of subsection ("s"), last phrase, reading "*the minimum term of any Short Term Lease shall be four (4) months, as provided in Section 5.3 (t) below*" is stricken in its entirety. In place thereof nothing is added.
2. Article V, Section 5.3 (t) (1) (B) of the CC&R's is omitted in its entirety. In place thereof the following is added: "*For a term of 31 days or more*".
3. Article V, Section 5.3 (t) (5) of the CC&R's is omitted in its entirety. In place thereof nothing is added:

Except as otherwise stated herein, the CC&R's remain in full force effect according to its terms. To the extent of a conflict between the provisions of this Amendment and the CC&R's, the terms of this Amendment shall prevail.

Montecito Shores Homeowners Association

Dated: July 12, 2022

By: Stephen E. Pickett
Stephen E. Pickett, President

[ATTACH NOTARY ACKNOWLEDGMENT]

CERTIFICATE OF SECRETARY

I certify that:

1. I am the duly qualified and acting Secretary of the Montecito Shores Homeowners Association (hereinafter the "Association").
2. *The First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Montecito Shores Homeowners Association* was properly presented to the Association's Board at a duly noticed and properly called Board meeting held on June 30, 2022.
3. A majority of the Board voted in favor of the *First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Montecito Shores Homeowners Association* which is attached hereto.

Montecito Shores Homeowners Association

Dated: July 5, 2022

By 
Joel Mendelsohn, Secretary

EXHIBIT "A"
PROPERTY LEGAL DESCRIPTION

The Property consists of certain real property located in the County of Santa Barbara, State of California more particularly described as follows:

Lot 1 of Tract 11886 as shown on Maps recorded in Book 90, pages 81 through 91, inclusive, of Maps, in the Office of the County Recorder of Santa Barbara County, California.

An easement for roadway, public utility and sewer purposes over that certain real property beginning at the Southwest corner of the tract of land described in the deed to Mutual Savings and Loan Association, a California corporation, recorded December 13, 1971 as Instrument No. 40304, in Book 2376, Page 140 of Official Records of said County, being a point at the beginning of a curve, concave to the West, having a radius of 292.00 feet, a delta of 7°25'14" and whose radial center bears North 78°31'46" West; thence Northerly along the arc of said curve, 37.82 feet to the end thereof; thence North 4°03' East, 30.03 feet to the Northwest corner of said Mutual Savings and Loan Association tract of land; thence North 69°39'50" West, 17.70 feet; thence South 4°03' West, 74.00 feet; thence North 88°57'10" East, 14.60 feet, more or less, to the point of beginning.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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

State of California)

County of Los Angeles)On July 12, 2022 before me, Yvonne Ruiz, Notary Public

Date

Here Insert Name and Title of the Officer

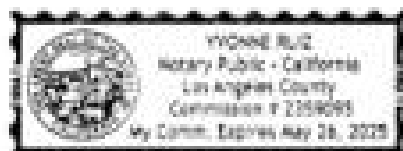
personally appeared Stephen E. Pickett

Name(s) of Signer(s)

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

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

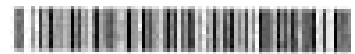
☐ Corporate Officer — Title(s): _____☐ Partner — ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: _____

Signer is Representing: _____

Signer's Name: _____

☐ Corporate Officer — Title(s): _____☐ Partner — ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: _____

Signer is Representing: _____



2014-0051907

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County of	CONFIRMED COPY	2.00
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Joseph E. Holland		
County Clerk Recorder		

03:34PM 12-Nov-2014 88 Page 1 of 120

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**SECOND AMENDED AND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MONTECITO SHORES HOMEOWNERS ASSOCIATION**

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

**SECOND AMENDED AND RESTATED
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MONTECITO SHORES HOMEOWNERS ASSOCIATION**

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**SECOND AMENDED AND RESTATED
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MONTECITO SHORES HOMEOWNERS ASSOCIATION**

This Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Montecito Shores Homeowners Association is made on the day and year shown below, by Montecito Shores Homeowners Association, a California nonprofit corporation (hereinafter "Association"), with reference to the following Recitals.

R E C I T A L S

A. The Association is a corporation whose Members are the Owners of all the Condominiums located within the real property in the County of Santa Barbara, State of California, as described in Exhibit "A" attached hereto and made a part hereof (hereinafter "Property").

B. The Property was developed as a "condominium project", as defined in the Davis-Stirling Act, and consists of ninety-nine (99) Units and related Common Areas.

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

1. *The Amended and Restated Declaration of Covenants, Conditions, and Restrictions for Montecito Shores Homeowners Association* recorded on September 29, 1986 as Instrument No. 1986-062496; and
2. *The Certificate of Amendment to Amended and Restated Declaration of Covenants, Conditions, and Restrictions for Montecito Shores Homeowners Association* recorded on December 9, 2011 as Instrument No. 2011-0072054,

both in the official records of Santa Barbara County, California, hereinafter referred to together as the "First Restated Declaration", unless the context clearly indicates otherwise.

D. The Association now desires to amend and restate the First Restated Declaration and replace it in its entirety with this Second Restated Declaration. The Association further desires that, upon recordation of this Second Restated Declaration, the Property shall be subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges contained herein.

E. The First Restated Declaration, at Article XI, Section 11.2, provides that it may be amended by the vote of fifty percent (50%) of the voting power of the Association. The California Civil Code requires that such consent be obtained by Secret Ballot vote. The undersigned President and Secretary of the Association certify that, to the best of their knowledge, the approval by Secret Ballot vote of at least the required percentage of Association Members has been obtained.

F. The Association hereby declares that all of the Property is and shall continue to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the declarations, limitations, covenants, conditions, restrictions, reservations, rights, and easements set forth in this Second Restated Declaration, and as may be amended from time to time, all of which are declared and agreed to be in furtherance of a plan established for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the Property. All provisions of this Second Restated Declaration shall constitute covenants running with the land and enforceable equitable servitudes upon the Property, and shall be binding on and for the benefit of all of the Property and all parties having or acquiring any right, title, or interest in all or any part of the Property, including the heirs, executors, administrators, and assigns of these parties and all subsequent Owners and lessees of all or any part of a Condominium.

G. Wherever reference is made herein to a California State Statute or other government statute, including, without limitation, the California Civil Code or California Corporations Code, such reference shall continue to apply to such statute as may be amended or renumbered from time to time and/or any successor statute.

ARTICLE I DEFINITIONS

Section 1.1. Annual Budget Report.

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

Section 1.2. Annual Policy Statement.

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

Section 1.3. Articles

"Articles" means the Articles of Incorporation of Montecito Shores Homeowners Association, filed in the Office of the Secretary of State of the State of California on October 3, 1973 as File No. 690566, and any duly adopted and filed amendments thereto.

Section 1.4. Assessments

"Assessments" means charges levied against an Owner for the Owner's share of Association common expenses and/or individual charges levied against an Owner that are reimbursable to the Association. Assessments include the following assessments levied against an Owner:

"Regular Assessments", which means Assessments levied against the Owners and their Condominiums representing the Owners' share of: (i) the actual and estimated costs of and reserves for maintaining, managing and operating the Common Area; (ii) the costs and fees attributable to managing and administering the Association; and (iii) all other costs and expenses incurred by the Association for the common benefit of the Owners, as may be required or allowed under the Governing Documents.

"Reimbursement Assessments", which means Assessments levied against an individual Owner and the Owner's Condominium representing: (i) a monetary charge imposed against the Owner as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Area components and/or facilities for which the Owner or any of the

Owner's family members, cohabitants, tenants, guests and invitees are responsible; (ii) a monetary charge imposed against the Owner as a means of reimbursing the Association for costs incurred by the Association on behalf of and for the benefit of the Owner, whether with the Owner's consent or pursuant to the Association's powers and duties under the Governing Documents, including, without limitation, the performance of maintenance or repairs to the Owner's Unit or Exclusive Use Common Area components for which the Owner is responsible; and/or (iii) any other costs incurred by the Association due to the negligence, willful acts or omissions of the Owner or any of the Owner's family members, cohabitants, tenants, guests and invitees, including, without limitation, an increase in the insurance premiums for any insurance policy purchased or obtained by the Association for the benefit of the Development and the Owners.

"Special Assessments", which means Assessments levied against the Owners and their Condominiums to supplement budgeted Regular Assessments in any given year because the amount to be collected from such Regular Assessments for that year will, for any reason, be inadequate to defray the Association's common expenses. Special Assessments shall be levied against the Owners in the same proportionate share as Regular Assessments.

Section 1.5. Association

"Association" means Montecito Shores Homeowners Association, a California nonprofit corporation, created for the purposes set forth in the Articles, the Bylaws and this Second Restated Declaration.

Section 1.6. Board or Board of Directors

"Board" or **"Board of Directors"** means the board of directors of the Association.

Section 1.7. Bylaws

"Bylaws" means the Amended and Restated Bylaws of the Association and any duly adopted amendments thereto.

Section 1.8. City

"City" means any city in the County of Santa Barbara in the State of California in which the Development may be located from time to time. As of the

recordation of this Second Restated Declaration, the Development is located in an unincorporated area of the County, and not within the boundaries of any city.

Section 1.9. Common Area

"Common Area" means the entire Property and all Improvements thereon except all Units, as defined in this Second Restated Declaration and as shown on the Condominium Plan.

Section 1.10. Condominium

"Condominium" means an estate in real property consisting of: (1) a separate interest in a Unit, the boundaries of which are shown and described on the Condominium Plan; and (2) a fractional undivided interest as a tenant-in-common in the Common Area.

Section 1.11. Condominium Plan

"Condominium Plan" means the *Condominium Plan for Lot 1 of Tract 11,886, According to Map Recorded in Book 90, Pages 88 Through 91 Inclusive, of Maps in the Office of the County Recorder of Said County, Also Known as Montecito Shores, Santa Barbara County, California* recorded on April 23, 1974 in Book 104, Pages 1 through 41, inclusive, in the official records of Santa Barbara County, California, including any amendments to same.

Section 1.12. County

"County" means the County of Santa Barbara in the State of California, in which the Development is located.

Section 1.13. Davis-Stirling Act

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

Section 1.14. Director

"Director" means a member of the Association's Board of Directors.

Section 1.15. Development

"Development" means the common interest development, which is a condominium project as described herein and on the Condominium Plan, including all Improvements thereon.

Section 1.16. Exclusive Use Common Area

"Exclusive Use Common Area" means those portions of the Common Area designated for the exclusive use of one (1) or more, but fewer than all, of the Owners and which is appurtenant to a Unit or Units, as described in the Davis-Stirling Act. The Exclusive Use Common Areas include, without limitation: (i) any parking space designated for the use of an individual Unit; (ii) any storage space designated for the use of an individual Unit in the garage of the building in which the Unit is located; (iii) any overhead locker space designated for the use of an individual Unit in the garage of the building in which the Unit is located; (iv) the surfaces bounding the balcony and patio area elements of an individual Unit, as may be applicable; (v) any doorsteps, stoops, porches, exterior doors, doorframes, and hardware incident thereto, screens and windows or other fixtures designed to serve a single Unit, but located outside the boundaries of the Unit, as may be applicable; (vi) internal and external telephone wiring designed to serve a single Unit, but located outside the boundaries of the Unit; and (vii) any attic space in the Common Area appurtenant to a Unit that is used by the Owner of such Unit, as may be permitted by the Governing Documents and/or the Board.

Section 1.17. General Delivery

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

Section 1.18. General Notice

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

Section 1.19. Governing Documents

"Governing Documents" means this Second Restated Declaration and any other documents, such as the Articles, Bylaws, Condominium Plan and Rules and Regulations that govern the operation of the Association.

Section 1.20. Improvements

"Improvements" means structural and non-structural improvements that have an impact, visual or otherwise, on the Common Area elements of the Development.

Section 1.21. Individual Delivery

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

Section 1.22. Individual Notice

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

Section 1.23. Member

"Member" means every person or entity entitled to membership in the Association as provided in this Second Restated Declaration.

Section 1.24. Mortgagee / First Mortgagee

"Mortgagee" means a Person to whom a mortgage is made and includes the beneficiary of a deed of trust. "First Mortgagee" means a mortgagee that has priority over all other mortgages or holders of mortgages encumbering the same Condominium or other portions of the Development.

Section 1.25. Owner

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

Section 1.26. Person

"Person" means a natural individual, a corporation, or any other entity with the legal right to hold title to real property. When the word "person" is not capitalized herein, it shall mean and refer only to natural persons.

Section 1.27. Property

"Property" means the real property described in Exhibit "A" attached hereto.

Section 1.28. Reserve Accounts

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

Section 1.29. Reserve Account Requirements

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

Section 1.30. Rules / Rules and Regulations

"Rules" or "Rules and Regulations" means any rules and regulations for the Association regulating the use and operation of the Development adopted by the Board pursuant to Section 3.5(b) herein. Some Rules will be considered "operating rules" as defined and more particularly described in Section 3.8 of this Second Restated Declaration, which are subject to special procedures for adoption before such operating rules become effective.

Section 1.31. Second Restated Declaration

"Second Restated Declaration" means this Second Amended and Restated Declaration of Covenants, Conditions and Restrictions and any amendments to same.

Section 1.32. Secret Ballot

"Secret Ballot" means a ballot used in an Association election which is subject to the secret ballot requirements of the California Civil Code applicable to common interest developments.

Section 1.33. Unit

"Unit" means that portion of a Condominium that consists of a separate interest. Each Unit shall be a separate freehold estate, as separately shown, numbered, and designated on the Condominium Plan. Each Unit consists of one or more of the following elements:

(a) One or more "dwelling areas", each comprised of one of the following descriptions:

(i) A dwelling area, the lower vertical boundary of which is the surface of the finished floor thereof, the upper vertical boundary of which is the surface of the finished ceiling thereof, and the lateral boundaries of which are the interior surfaces of the perimeter walls, windows and doors thereof.

(ii) A dwelling area, the lower vertical boundary of which is the surface of the finished floor thereof, the upper vertical boundaries of which are horizontal and inclined planes at the elevations shown on the Condominium Plan, and the lateral boundaries of which are the interior surfaces of the perimeter walls, windows and doors thereof.

Each dwelling area includes such surfaces, the portions of the buildings and improvements lying within said boundaries and the air space so encompassed. In the Condominium Plan, the dwelling area is referred to as an "apartment".

(b) A "balcony", the lower vertical boundary of which is the finished floor thereof, the upper vertical boundary of which is a horizontal plane, the elevation of which is 9.0 feet above the elevation of the finished floor of said balcony, and the lateral boundaries of which are the exterior surfaces of the perimeter walls, windows and doors of the adjacent dwelling area where such surfaces adjoin the balcony, otherwise the lateral boundaries are vertical planes at the limits of the horizontal dimensions shown on the Condominium Plan for such balcony. Each balcony includes only the air space encompassed within said boundaries.

(c) A "patio area", the lower vertical boundary of which is a horizontal plane, the elevation of which coincides with the elevation of the lower vertical boundary of the dwelling area adjacent to said patio area, the upper vertical boundary of which is a horizontal plane, the elevation of which is 9.0 feet above the elevation of the lower vertical boundary of said patio area, and the lateral boundaries of which are the exterior surfaces of the perimeter walls, windows and doors of the adjacent dwelling area where such surfaces adjoin the patio, otherwise the lateral boundaries are vertical planes at the limits of the horizontal dimensions shown on the Condominium Plan for such patio area. Each patio area includes only the air space encompassed within said boundaries.

Notwithstanding the foregoing, the following are not part of a Unit: bearing walls, columns, vertical supports, floors, roofs, foundations, patio walls and balcony walls, fences, steps and railings, fireplaces, chimneys, exterior lighting fixtures, pipes, ducts, flues, conduits, wires and other utility installations, wherever located, except the outlets thereof when located within the Unit.

ARTICLE II THE PROPERTY

Section 2.1. Development Subject to Second Restated Declaration.

The entire Development shall be subject to this Second Restated Declaration.

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

The Development consists of the real property described in Exhibit "A" and is divided between the Common Area and the Units. Each Unit is owned by an individual Owner(s) as property separate from the Common Area. The Common Area is owned by the Owners of the Units as tenants-in-common, in fractional undivided interests, as described in Exhibit "B" attached hereto and incorporated herein by reference. Each Owner has a non-exclusive easement of ingress, egress, use, enjoyment and general recreational purposes over, on and upon the Common Area, other than portions of the Common Area subject to exclusive easements.

Section 2.3. Condominium Ownership.

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

Section 2.4. Equitable Servitudes.

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

Section 2.5. Prohibition Against Partition.

There shall be no judicial partition of the Development or any part of it, nor shall the Association or any person acquiring an interest in the Development or any part of it seek any judicial partition, except pursuant to applicable provisions of the California Civil Code.

Section 2.6. Presumption Regarding Boundaries of Units.

In interpreting deeds, declarations and plans, the existing physical boundaries of a Unit, including any Unit reconstructed in substantial accordance with the Condominium Plan and the original construction plans for the Development, shall be conclusively presumed to be its boundaries, rather than the description in the deed, Condominium Plan, or this Second Restated Declaration. This presumption applies regardless of settling or lateral movement of the building and regardless of minor variances between boundaries shown on the Condominium Plan or described in the deed and those of the building as constructed or reconstructed.

Section 2.7. Prohibition Against Severance of Elements.

Any conveyance, judicial sale, or other transfer of a Condominium shall include (1) all interests and appurtenances as shown in the original deed of conveyance and (2) the Owner's membership interest in the Association, as provided in Article III below. Any transfer that attempts to sever those component interests shall be void.

Section 2.8. Utility Rights.

The rights and duties of the Owners with respect to sanitary sewer, water, electricity, gas, television receiving and telephone lines and facilities, and heating and air-conditioning facilities, within the Development shall be governed by the following, subject to the maintenance, repair and replacement responsibilities and rights of the Owners and the Association set forth in Article VI below:

(a) Whenever sanitary sewer, water, electricity, gas, television receiving and telephone lines or connections, or heating or air-conditioning conduits, ducts or flues, are installed with in the Property, which connections, or any portion of such connections, lie in or upon portions of the Property owned by other than the Owner of a Unit served by said connections, the Owners of any Unit served by said connections, and the Association, shall have the right, and are hereby granted an easement to the full extent necessary therefore, to enter upon such portions of the Property upon which said connections, or any portion thereof, lie, or have a utility company enter thereupon, to repair, replace and generally maintain said connections as and when necessary.

(b) Whenever sanitary sewer, water, electricity, gas, television receiving and telephone lines or connections, or heating or air-conditioning conduits, ducts or flues, are installed with in the Property, which connections serve more than one Unit, the Owner of each Unit served by said connection shall be entitled to the full use and enjoyment of such portions of said connections that service the Owner's Unit.

(c) In the event any portion of said lines or connections is damaged or destroyed through the negligent act or failure to act, or willful misconduct, of one Owner, or any of the Owner's employees, agents, invitees, tenants, guests or family members, so as to deprive the other Owners of the full use and enjoyment of said lines or connections, then such lines or connections shall be repaired and

restored by the Association, but the expense thereof shall be levied as a Reimbursement Assessment against the Unit Owner who commits, or whose employees, agents, invitees, tenants, guests or family members commit, such act or acts.

(d) In the event any portion of said lines or connections is damaged or destroyed by some cause other than the negligence or willful misconduct of one of the Owners, or an Owner's employees, agents, invitees, tenants, guests or family members, including ordinary wear and tear and deterioration from lapse of time, then such lines or connections shall be repaired and restored by the Association, with the expense thereof to be paid for as a common expense of the Association.

(e) In the event of a dispute between Owners with respect to the repair or rebuilding of said lines or connections, or with respect to the sharing of the cost thereof, then upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board, who shall decide the dispute, and the decision of the Board shall be final and binding on the parties.

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

Section 2.9. Combination of Units.

Subject to prior written approval of the Board, which approval shall not be unreasonably withheld, the Owner of two or more adjoining Units may combine the Units by creating internal access from one Unit to another through the walls or other portions of the Common Area which separate and divide the individual Units, or which separate and divide two or more Units previously combined, so long as such work does not impair the structural integrity of the building in which the Units are located. All plans and specifications for the Unit combination must be approved by the Board prior to the commencement of the work to combine the Units. All such work shall be done at the sole expense of the Owner and shall be performed in accordance with all permits which may be required by any governmental subdivision or agency.

Any Owner combining Units in accordance with this Section 2.9 shall indemnify all other Owners and the Association against and hold them harmless

from any cost, expense, loss, liability, damage, or injury to property or persons arising from or caused by such work. As a condition to granting its approval of the combination of the Units, the Board may impose reasonable terms and conditions, including, without limitation, a requirement that the Owner obtain lien and completion bonds to assure lien-free completion of the work. Assessments shall continue to be levied by the Association individually to each Unit irrespective of the Unit combination, in accordance with the provisions of this Second Restated Declaration, and the Owner shall hold one (1) vote for each Unit irrespective of the Unit combination, in accordance with this Second Restated Declaration and the Bylaws.

Section 2.10. Parking, Storage and Overhead Locker Spaces.

No parking space, storage space and/or overhead locker space designated for the exclusive use of an Owner may be assigned, transferred, rented, leased, hypothecated or encumbered separate from the Owner's Condominium to which it was originally assigned without the prior written consent of the Association. The Association has the exclusive right, power and authority to assign or license unassigned parking, storage and overhead locker spaces to Owners upon such terms and conditions as the Association shall establish from time to time, subject to any applicable Owner approval requirements set forth under the Civil Code.

**ARTICLE III
ASSOCIATION**

Section 3.1. Organization of the Association.

The Association is incorporated as a nonprofit corporation organized under the California Nonprofit Corporation Law. The Association is created for the purpose of managing the Development and is charged with the duties and granted the powers prescribed by law and set forth in the Governing Documents.

Section 3.2. Membership.

Every Owner, upon becoming an Owner, shall automatically become a Member of the Association. Ownership of a Condominium is the sole qualification for membership. Each Member shall have the rights, duties, privileges, and obligations set forth in the Governing Documents. Membership shall automatically cease when the Owner no longer holds an ownership interest in a Condominium.

All memberships shall be appurtenant to the Condominium conveyed, and cannot be transferred, assigned, conveyed, hypothecated, pledged, or alienated except as part of a transfer of the Owner's entire ownership interest, and then only to the transferee. Any transfer of the Owner's title to such Owner's Condominium shall automatically transfer the appurtenant membership to the transferee.

Section 3.3. Membership Class; Voting Rights.

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. Each Member shall be entitled to cast one (1) vote for each Unit owned, subject to the provisions of the Bylaws and this Second Restated Declaration.

Section 3.4. Membership Meetings.

Meetings of the Members shall be held according to the provisions of the Bylaws and prevailing state statute.

Section 3.5. General Powers and Authority.

The Association shall have all the powers of a nonprofit corporation organized under the California Nonprofit Corporation Law, subject to any limitations set forth in the Governing Documents. It may perform all acts that may be necessary for or incidental to the performance of the obligations and duties imposed upon it. Its powers shall include, but are not limited to, the following:

(a) Assessments.

The power to establish, fix, levy, collect, and enforce the payment of Assessments against the Owners in accordance with the procedures set forth in Article IV, below.

(b) Rules and Regulations.

The power to adopt reasonable Rules and Regulations governing the use of the Units, the Common Area, any common facilities and Association owned property. The Rules and Regulations may include, but are not limited to: reasonable restrictions on use of the Common Area and Units by the Owners and their families, guests, employees, tenants, and invitees; rules of conduct for persons using and traversing the Common Area; and the setting of reasonable hearing procedures and monetary penalties and fines in the event of a violation of any provisions of the Governing Documents. A copy of the current Rules and

Regulations, if any, shall be given to each Owner. If any provision of the Rules and Regulations conflicts with any provision of this Second Restated Declaration, the Articles, or the Bylaws, this Second Restated Declaration, Articles, or Bylaws shall control to the extent of the inconsistency, unless the Rule was adopted in compliance with the law.

(c) Claims.

The right to institute, defend, settle, or intervene in litigation, arbitration, mediation, or administrative proceedings in its own name as the real party in interest and without joining with it the Owners, in matters pertaining to the following:

- (1) Enforcement of the Governing Documents;
- (2) Damage to the Common Area;
- (3) Damage to any Unit components that the Association is obligated to maintain or repair;
- (4) Damage to the Units that arises out of, or is integrally related to, damage to the Common Area or Units that the Association is obligated to maintain or repair;
- (5) Enforcement of payment of Assessments in accordance with the provisions of Section 4.12 below;
- (6) The development of real property which, in the reasonable business judgment of the Board, could impair the purposes and intentions of the provisions of the Governing Documents, including interference with the plan established by this Second Restated Declaration to enhance and preserve the value, desirability, and attractiveness of the Development and the preservation and promotion of the current lifestyle of the community. Notwithstanding the foregoing, however, before fees and expenses exceeding five percent (5%) of the budgeted gross expenses of the Association for the fiscal year in which a claim under this subsection will be pursued are actually incurred, the Board shall obtain the requisite approval of the Members to pursue such claim in the same manner that the approval of the Members is obtained under Section 4.9 herein, regarding "Limitations on Assessments"; and

(7) Any other matter(s) in which the Association is a party, including, but not limited to, contract disputes.

(d) Owner Discipline.

The right to discipline Owners for violation of any of the provisions of the Governing Documents by (i) suspending the Member's membership rights, including the Member's voting rights and the rights and privileges to use the Common Area and facilities, except that no Member shall be denied access to their Unit, and (ii) imposing monetary fines.

(e) Entry Into Units.

The right for its agents and employees to enter any Unit when necessary in connection with (i) any maintenance, landscaping, or construction work for which the Association is responsible; (ii) abating any nuisance, or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such Unit; (iii) effecting necessary repairs which the Owner has failed to perform; (iv) protecting the property rights and welfare of the other Owners; or (v) for any other purpose reasonably related to the performance by the Association of its responsibilities under the terms of this Second Restated Declaration as amended from time to time. This entry shall be made only upon at least forty-eight (48) hours advance notice to the Owner (except in the case of an emergency) and with as little inconvenience to the Owner as is practicable; in the event of an emergency, the Association need not give such advance notice. Any damage, which can be verified by the Association, caused by this entry shall be repaired by the Association at its own expense. No person entering a Unit pursuant to this provision shall be guilty of trespass.

(f) Loans.

The power but not the duty to borrow money as may be needed in connection with the discharge by the Association of its powers and duties, and the power but not the duty to cause to be executed and delivered, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities, as applicable.

(g) Exclusive Use of Common Area.

Notwithstanding any nonexclusive easements to the Common Area granted herein or by any deed or other conveyance, the Board shall have the right to allow one or more Owners to exclusively use portions of the Common Area, so long as the Board obtains the approval by Secret Ballot vote of not less than sixty-

seven percent (67%) of the voting power of the Association, provided that such portions of the Common Area are nominal in area and adjacent to the Owner's Unit, and provided further that such use does not unreasonably interfere with any other Owner's use or enjoyment of the Development. Notwithstanding the foregoing, the Association shall have the ability to grant exclusive easements to the Common Area without the approval of Owners under those circumstances set forth in the Civil Code.

(h) Parking Enforcement.

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

Section 3.6. Improvements to the Common Area.

Except as otherwise provided in this Second Restated Declaration, the Association may construct new Improvements or additions to the Common Area or demolish existing Improvements, provided that: (1) in the case of any Improvement, addition or demolition involving a total expenditure in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, the written consent or vote of a majority of the Owners in the Development as to the maximum total cost for same shall first be obtained, and (2) no Condominium shall be altered or damaged by such demolition or construction without the prior written consent of the Owner of such Condominium and the Owner's respective Mortgagee. The Board shall levy a Special Assessment on all Owners in the Development for the cost of such work.

Section 3.7. Duties of the Association.

In addition to the duties of the Association and its agents and employees, as set forth elsewhere in the Governing Documents, the Association shall be responsible for the following:

(a) Maintenance.

The Association, acting through the Board, shall operate, maintain, repair, and replace those components described in Section 6.3(d) or contract for the performance of that work, subject to the provisions of the Governing Documents.

(b) Goods and Services.

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

Section 3.8. Adoption of Operating Rules.

(a) Definitions.

(1) Some Rules and Regulations are considered "operating rules" and are subject to the following procedures for adoption before such operating rules may become effective under law. An "operating rule" means a regulation adopted by the Board of Directors of the Association that applies generally to the management and operation of the Development or the conduct of the business and affairs of the Association.

(2) "Rule change" means the adoption, amendment, or repeal of an operating rule by the Board of Directors.

(b) Validity of Operating Rules.

An operating rule is valid and enforceable only if all of the following requirements are satisfied:

(1) The rule is in writing.

(2) The rule is within the authority of the Association's Board of Directors conferred by law or by this Second Restated Declaration, the Articles, or the Bylaws.

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

(4) The rule is adopted, amended, or repealed in good faith and in substantial compliance with the requirements of this Section.

(5) The rule is reasonable.

(c) Applicability.

Section 3.8(d) and Section 3.8(e) below shall only apply to an operating rule that relates to one or more of the following subjects:

(1) Use of the Common Area or of Exclusive Use Common Area.

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

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

(4) Any standards for delinquent Assessment payment plans.

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

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

(7) Procedures for elections.

Section 3.8(d) and Section 3.8(e) below shall not apply to the following actions by the Board:

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

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

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

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

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

(d) Procedure for Adoption of Rule; Emergency Rules.

(1) The Board of Directors shall provide written notice of a proposed rule change to the Members at least thirty (30) days before making the rule change. The notice shall include the text of the proposed rule change and a description of the purpose and effect of the proposed rule change. Notice is not required under this subdivision if the Board of Directors determines that an immediate rule change is necessary to address an imminent threat to public health or safety, or imminent risk of substantial economic loss to the Association.

(2) A decision on a proposed rule change shall be made at a meeting of the Board of Directors, after consideration of any comments made by Association Members.

(3) As soon as possible after making a rule change, but not more than fifteen (15) days after making the rule change, the Board of Directors shall deliver notice of the rule change to every Association Member. If the rule change was an emergency rule change made under subdivision (4) below, the notice shall include the text of the rule change, a description of the purpose and effect of the rule change, and the date that the rule change expires.

(4) If the Board determines that an immediate rule change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Association, it may make an emergency rule change; no notice for such rule change is required, as specified in subdivision (1) above. An emergency rule change is effective for one hundred twenty (120)

days, unless the rule change provides for a shorter effective period. A rule change made under this subdivision may not be readopted under this subdivision.

(5) Notice required by this subsection is subject to applicable Civil Code requirements and Section 14.12 of this Second Restated Declaration.

(e) Procedure for Reversal of Rule Change.

Members owning five percent (5%) or more of the Units may call a special meeting of the Members to reverse a rule change, in accordance with applicable Civil Code requirements.

Section 3.9. Board of Directors.

The affairs of the Association shall be managed, and its duties and obligations performed, by an elected Board of Directors, as provided in the Bylaws.

Section 3.10. Inspection of Accounting Books and Records.

The rights of Owners and Directors to obtain and inspect the accounting books and records of the Association shall be in accordance with the Bylaws, the Civil Code and the Corporations Code.

Section 3.11. Limitation of Liability.

Neither the Board of Directors, any individual Director, any officer of the Association, any member of a committee of the Association, or any agent of the Association (each such individual, an "Association Representative"), nor the Association, shall be liable for any failure to provide any service or perform any duty, function or responsibility designated or provided in this Second Restated Declaration or in any other Governing Document to be performed by the Association or an Association Representative, as the case may be, or for injury or damage to Persons or property caused by fire, explosion, the elements or by another Owner or Person in the Development, in excess of the insurance coverage maintained by the Association if: (1) the act or omission of the Association or the Association Representative, as the case may be, was performed within the scope of the Association's or Association Representative's duties for the Association; (2) the act or omission of the Association or the Association Representative, as the case may be, was performed in good faith; (3) the act or omission of the Association or the Association Representative, as the case may be, was not willful,

wanton or grossly negligent; and (4) the Association maintained and had in effect at the time the Association's or the Association Representative's act or omission occurred and at the time a claim is made one or more policies of insurance covering (i) general liability of the Association and (ii) individual liability of officers and directors of the Association for negligent acts or omissions in that capacity, in types of coverage and in minimum amounts as prescribed under the Civil Code.

Section 3.12. Indemnification.

The Association shall and does hereby indemnify the Board of Directors, each individual Director, each officer of the Association, and the Association's agents against all expenses and liabilities, including but not limited to attorneys' fees and costs, reasonably incurred by such person or persons in connection with any proceeding to which that person may be a party, by reason of that person being or having been a Director, officer or agent of the Association, except in such cases where such person is determined: (i) not to have acted in accordance with the requirements of Corporations Code Section 7231(a) (the provisions of which are commonly referred to as the "Business Judgment Rule"); and/or (ii) under Corporations Code Section 7237 to have acted in bad faith in the performance of such person's duties and, in the case of a criminal proceeding, to have had reasonable cause to believe such person's conduct was unlawful.

ARTICLE IV ASSESSMENTS AND COLLECTION PROCEDURES

Section 4.1. Covenant to Pay.

Each Owner, by acceptance of the deed to the Owner's Unit, covenants and agrees to pay to the Association Assessments and all other charges levied by the Association pursuant to this Second Restated Declaration. Assessments and any late charges, reasonable costs of collection, and interest assessed in accordance with the provisions of this Article shall also be a personal debt of the Owner of the Unit at the time the Assessment or other sums are levied, and shall be a continuing lien upon the Owner's Unit, such lien to become effective after the recordation of a Notice of Delinquent Assessment as described in Section 4.12 herein. The Owner may not waive or otherwise escape liability for these Assessments by nonuse of the Common Area or abandonment of the Owner's Unit. An Owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the

Association, including, but not limited to, an Assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

Section 4.2. Purpose of Assessments.

Except as provided herein, the Association shall levy Assessments sufficient to perform its obligations. The Assessments levied by the Association shall be used exclusively to promote the recreation and welfare of the Owners; for the operation, replacement, improvement, and maintenance of the Development; to preserve and protect the integrity and current lifestyle of the Association; and to discharge any other obligation of the Association under this Second Restated Declaration. All Assessments collected from the Owners shall be put into general operating fund accounts and Reserve Accounts to be used for the foregoing purposes.

Section 4.3. 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 the Governing Documents. The Maintenance Funds may be established as trust accounts at one (1) or more banking and/or savings institutions whose accounts are insured by the Federal Deposit Insurance Corporation. The Maintenance Funds shall include both of the following:

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

(b) One (1) or more Reserve Accounts. The Board shall not expend funds from the Reserve Accounts for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the Association is

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

Section 4.4. Regular Assessments.

When preparing the Association's Annual Budget Report, the Board shall estimate the net charges to be paid during that next fiscal year, including a reasonable provision for contingencies, replacements and reserves, with adjustments made for any expected income and surplus from the prior year's fund. The resulting amount shall constitute the annual Regular Assessment for the budgeted year. If an annual Regular Assessment is not made as required for a new fiscal year, the annual Regular Assessment for the prior fiscal year shall apply and govern each Owner's payments until changed by a new Regular Assessment. Annual Regular Assessments shall be levied against each Unit in the proportionate shares set forth in Exhibit "C" attached hereto and incorporated herein by reference. To the extent permitted by law, failure of the Board to estimate the net charges within the time period stated herein shall not void any annual Regular Assessment imposed by the Board. Each Owner is obligated to pay the annual Regular Assessment for their Unit(s) to the Association in equal monthly installments on or before the first day of each month, regardless of whether any monthly invoice, statement or notice thereof is provided to the Owner, unless the Board adopts an alternative method for payment. Annual Regular Assessments for fractions of any month shall be prorated on the basis of a thirty (30) day month.

Section 4.5. Special Assessments.

If the Board determines that the amount to be collected from Regular Assessments will be inadequate to defray the common expenses for the year for any reason, the Board shall levy a Special Assessment for the additional amount needed, subject to any limitations imposed by the Davis-Stirling Act or the Governing Documents. The Board shall also be empowered to levy a Special Assessment for the repair, restoration, replacement, or maintenance of major components that the Association is obligated to repair, restore, replace, or maintain

pursuant to this Second Restated Declaration. Special Assessments shall be levied against each Unit in the proportionate shares set forth in Exhibit "C" attached hereto and incorporated herein by reference; provided, however, a Special Assessment levied to fund the repair or reconstruction of damage or destruction to the Development pursuant to Article IX of this Second Restated Declaration shall be levied on the basis described in Section 9.1.

Section 4.6. Reimbursement Assessment.

Whenever the Association (i) performs any service or completes any item of repair or maintenance which is the duty of any Owner to complete, but which has not been completed by such Owner, (ii) preempts the performance of a specific Owner of a given act of maintenance or repair for which that Owner is responsible, or (iii) incurs any costs which by law or as required by the Governing Documents must be reimbursed by an Owner (including, without limitation, repair of damage to the Common Area caused by an Owner, or an increase in the insurance premiums for any insurance policy purchased or obtained by the Association for the benefit of the Development and the Owners caused by an act of an Owner), the Association shall specifically charge such cost, together with any financing, accounting, legal, administrative and other costs incurred by the Association, to the Owner for whom such work was done, and such additional cost shall be levied against the Owner(s) as a Reimbursement Assessment. Such Reimbursement Assessments are due and payable thirty (30) days from the date written notice of the Reimbursement Assessment is given by the Board.

Section 4.7. Monetary Penalties.

In the event the Board of Directors imposes a monetary penalty (fine) against an Owner, that monetary penalty shall be subject to costs of collection, including without limitation attorneys' fees, late charges and interest as described in Section 4.11 for delinquent payment, to the extent allowed by law. Prior to imposing a penalty on an Owner, the Board shall invite the Owner to a hearing before the Board consistent with procedures set forth in the Bylaws and the Civil Code.

Section 4.8. Units Not Subject to Assessment.

Assessments which would normally become due on Units, but which Units are owned by the Association, shall be deemed to be common expenses collectible from all of the remaining Units in the same proportion that each Unit bears to the others less the number of Units owned by the Association.

Section 4.9. Limitations on Assessments; Emergency Assessments.

(a) Annual increases in Regular Assessments for any fiscal year shall not be imposed unless the Board has distributed a copy of the Association's Annual Budget Report for that fiscal year in compliance with the Davis-Stirling Act, or has obtained the approval of Owners, constituting a quorum, casting a majority of the votes at a lawfully conducted meeting or election of the Association. For the purposes of this Section, "quorum" means more than fifty percent (50%) of the Owners of the Association.

(b) Except in emergency situations, and unless otherwise superseded by applicable law, the Board may not, without the approval of Owners constituting a quorum of the Owners and casting a majority of the votes at a lawfully conducted meeting or election of the Association, impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the preceding fiscal year, or levy Special Assessments that in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. For purposes of this Section, a "quorum" means more than fifty percent (50%) of the Owners of the Association. These limitations shall not apply to Assessment increases that are necessary for emergency situations. An emergency situation is an extraordinary expense that is:

- (1) Required by a court order;
- (2) Necessary to repair or maintain the Development or any part of it for which the Association is responsible where a threat to personal safety in the Development is discovered; or
- (3) Necessary to repair or maintain the Development or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the then current Annual Budget Report. Before the Board may impose or collect an Assessment in this emergency situation, it shall pass a resolution containing written findings as to the necessity of the extraordinary expense and why the expense was not or could not have been reasonably foreseen in the budgeting process, and shall distribute the resolution to the Owners with the notice of Assessment.

Section 4.10. Notice of Assessments.

The Association shall provide notice by Individual Notice to the Owners of any increase in the Regular Assessments or the imposition of a Special Assessment or Reimbursement Assessment at least thirty (30) but not more than sixty (60) days prior to the Assessment becoming due.

Section 4.11. Costs, Late Charges and Interest.

An Assessment, including any installment payment, is delinquent fifteen (15) days after its due date. Late charges may be levied by the Association against an Owner for the delinquent payment of Assessments, and monetary penalties. If any of these charges is delinquent, the Association may recover all of the following from the Owner:

(a) Reasonable costs incurred in collecting the delinquent charge, including actual attorneys' fees.

(b) A late charge not exceeding ten percent (10%) of the delinquent Assessment or ten dollars (\$10.00), whichever is greater, or the maximum amount allowed by applicable law. Late charges may be imposed on each delinquent payment, but no late charge may be imposed more than once for the delinquency of the same payment.

(c) Interest on the foregoing sums, at an annual percentage rate of twelve percent (12%) or the maximum amount allowed by applicable law, commencing thirty (30) days after the charge becomes due.

Section 4.12. Enforcement of Assessments and Late Charges.

(a) Prior to recording a lien upon the Unit of an Owner of record to collect a debt to the Association that is past due, the Association shall comply with the requirements of the Davis-Stirling Act and the Governing Documents. For liens recorded on or after January 1, 2006, the decision to record a lien for delinquent Assessments shall be made only by the Board and may not be delegated to an agent of the Association; the Board shall approve the decision to record a lien by a majority vote of the directors in an open meeting, and the Board shall record the vote in the minutes of that meeting.

(b) The amount of any Assessment, plus any costs of collection, late charges, and interest assessed in accordance with this Second Restated Declaration, shall be a lien on the Owner's Unit from and after the time the Association causes to be recorded with the county recorder of the County a notice of delinquent assessment (a "Notice of Delinquent Assessment").

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

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

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

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

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

(c) A lien created pursuant to subsection (b) of this Section 4.12 shall be prior to all other liens recorded subsequent to the Notice of Delinquent Assessment, except as may otherwise be provided under this Second Restated Declaration with respect to the subordination thereof to any other liens and encumbrances.

(d) Within twenty one (21) days of the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall record or cause to be recorded in the office of the county recorder in which the Notice of Delinquent Assessment is recorded a lien release or notice of rescission and provide the Owner

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

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

Section 4.13. Payment Plans for Delinquent Assessments.

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

(b) The Board shall meet with the Owner in executive session within forty five (45) days of the postmark of the request, if the request is mailed within fifteen (15) days of the date of the postmark of the notice, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one (1) or more Directors to meet with the Owner.

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

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

(e) In the event of a default on any payment plan, the Association may resume its efforts to collect the delinquent Assessments from the time prior to entering into the payment plan.

Section 4.14. Assessment Collection.

(a) Except as otherwise provided in this Section 4.14, after the expiration of thirty (30) days following the recording of a lien created pursuant to this Second Restated Declaration, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted pursuant to Section 2934a of the Civil Code. Nothing in this Second Restated Declaration shall prohibit actions against the Owner of a Unit to recover sums for which a lien is created pursuant to this Second Restated Declaration or prohibit the Association from taking a deed in lieu of foreclosure.

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

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

(d) A nonjudicial foreclosure by the Association to collect upon a debt for delinquent Assessments shall be subject to a right of redemption. The redemption period within which the Unit may be redeemed from a foreclosure sale ends ninety (90) days after the sale. In addition to the requirements of Section 2924f of the Civil Code, a notice of sale in connection with the Association's foreclosure of a Unit in the Development shall include a statement that the property is being sold subject to this right of redemption.

(e) If the Association seeks to collect delinquent Assessments of an amount less than one thousand eight hundred dollars (\$1,800), not including any accelerated Assessments, late charges, fees and costs of collection, attorneys' fees, or interest, the Association may not collect that debt through judicial or nonjudicial foreclosure, but may attempt to collect or secure that debt in any of the manners prescribed in the Davis-Stirling Act; provided, however, the foregoing limitation on the foreclosure of Assessment liens shall not apply to Assessments secured by a

lien that are more than twelve (12) months delinquent. The foregoing limitation does not preclude the Association from commencing the judicial or nonjudicial foreclosure process prior to such time as judicial or nonjudicial foreclosure may lawfully occur.

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

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

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

Section 4.15. Priority of Assessment Lien.

Unless applicable law otherwise provides, the Association's Assessment lien shall be superior or prior to all other liens recorded subsequent to the Notice of Delinquent Assessment, except all taxes, bonds and governmental assessments that, by law, would be superior to such Assessment lien.

Neither the transfer of a Condominium pursuant to a foreclosure of any mortgage, nor an election by the Association to proceed against any new Owner for payment, shall serve to cancel the personal obligation of the prior Owner for payment of the delinquent Assessments and charges which accrued during such Owner's period of ownership. The personal obligation of any prior Owner for payment of delinquent Assessments and charges may only be satisfied and therefore discharged, by payment of the entire amount of the delinquent

Assessments and charges, whether or not such Owner remains in possession of that Condominium.

Section 4.16. No Offsets.

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

Section 4.17. Statement of Delinquent Assessment.

Upon receipt of a written request from an Owner, the Association shall provide that Owner with the amounts of any delinquent Assessments and related late charges, interest, and collection costs, which, as of the date of the statement, are or may be made a lien against the Owner's Condominium.

Section 4.18. Waiver of Homestead.

Each Owner waives to the fullest extent permitted by law, with respect only to liens created pursuant to this Article, the benefit of any homestead or exemption of redemption laws of the State of California in effect at the time any payment of any Assessment becomes delinquent, and such Owner shall be deemed to be estopped to raise homestead or other exemptions or redemptions in any action or proceeding to enforce or foreclose such liens.

Section 4.19. Acceleration of Assessments.

In the event of a delinquency by an Owner in the payment of any installment of the annual Regular Assessment or Special Assessment equivalent to two (2) months of Regular Assessments, the Board, at its option, may declare the entire remaining balance of such Owner's annual Regular Assessment or Special Assessment, including any outstanding interest, late fees and penalties (collectively, the "Accelerated Assessments") for the current fiscal year immediately due and payable by delivering written notice at least thirty (30) days prior to the due date to the Owner. Such Accelerated Assessments may be collected in any manner provided for by this Second Restated Declaration or by law. The Board may, in its sole discretion, unilaterally reverse its prior action to accelerate Assessments as to an Owner under this Section and return to the original installment payment schedule, upon which the Owner's annual Regular

Assessment or Special Assessment shall no longer be accelerated, but must be paid in accordance with the terms of a payment plan approved by the Board.

Section 4.20. Assignment of Rents When Assessments Become Delinquent.

(a) Assignment.

Subject to the requirements of Civil Code Section 2938, including without limitation requirements for notice in the form set forth therein, upon an Owner's failure to pay any Assessment within thirty (30) days after the due date, and under no other circumstances, each Owner who is renting a Unit to a tenant or tenants hereby assigns to the Association, if the Association accepts such assignment, the following:

(1) all the right, title and interest of such Owner in and to any lease(s) or rental agreement(s) (the "Lease"); and

(2) all of the rents and any other income now due or which may become due from the lease or rental of the Unit, including monies for supplying services, materials or installations (the "Rents"), together with any and all rights and remedies which the Owner may have against any tenant under the Lease or others in possession of the Unit for the collection or recovery of monies so assigned.

(b) Process to Effectuate Assignment.

All of the steps required to record a Notice of Delinquent Assessment against the Owner, as described in Section 4.12 above and as otherwise required under the Civil Code, shall be met by the Association. Then, the demand to pay rent to party other than landlord, in the form required under Civil Code Section 2938, signed under penalty of perjury by a Director or the Board's designee, shall be sent by first class mail to both the Owner and the tenant in the Owner's Unit.

(c) Association Not a Landlord.

The enforcement and/or exercise of the Association's rights under this Section shall in no way constitute the Association as a "landlord" under any lease or sublease with a tenant in an Owner's Unit. Each Owner hereby acknowledges that the Association shall have no such responsibility and each Owner hereby agrees to indemnify, defend and hold the Association, its officers, Directors, agents, representatives, employees and attorneys harmless from any and all claims

by an Owner's tenant or any third party that the Association acted as the landlord and that tenant or any third party has a claim against the Association for failing to fulfill such duties in any manner.

(d) Payment of Rents to Association.

Each Owner irrevocably consents that the tenant under the Lease, upon receiving from the Association notice of the Owner's default and demand for payment, shall pay the Rents to the Association without incurring any liability for the failure to determine the actual existence of any default claimed by the Association. Each Owner further agrees that the tenant under the Lease shall not be liable to the Owner for nonpayment of Rents to the Owner for Rents paid to the Association by such tenant pursuant to this Section. The full amount of the Rents received by the Association shall be applied to the Owner's account. Application of the Rents to particular charges within the Owner's account shall be at the Association's discretion to the extent not dictated by California law.

(e) Termination of Payment of Rents to Association.

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

(f) Association Powers.

The Association may, at any time, upon ten (10) days' written notice to the Owner, either in person, by agent or by a receiver appointed by a court of competent jurisdiction, and regardless of the adequacy of any security for the Owner's indebtedness, in its own name sue for or otherwise collect the Rents, including those past due and unpaid. The Association shall apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, in payment of any indebtedness to the Association or in performance of any agreement hereunder.

(g) Mortgage Holder Rights.

The assignment of rents and powers described in this Section shall not affect, and shall in all respects be subordinate to, the execution of the rights and powers of the holder of any first or senior mortgage on any Unit to do the same or similar acts.

ARTICLE V USE RESTRICTIONS AND COVENANTS

Section 5.1. General.

The use and enjoyment of the Development by Owners and their cohabitants, tenants, guests, and invitees shall be subject to the Governing Documents. Each such person shall comply with the provisions of the Governing Documents and be subject to any enforcement action in the event of a violation. Unless otherwise stated in the Governing Documents, the Association, through the Board of Directors, and each Owner shall have the right to enforce the provisions of this Second Restated Declaration.

Section 5.2. Common Area.

(a) Association Easement.

The Association shall have a non-exclusive easement in, to, and throughout the Common Area and its Improvements to perform its duties and exercise its powers.

(b) No Judicial Partition.

Except as provided in this Second Restated Declaration, there shall be no judicial partition of the Common Area. Neither the Association nor any Person with an interest in all or any part of the Development shall seek any judicial partition.

(c) Owners' Rights of Access.

Subject to this Second Restated Declaration, each Owner has non-exclusive rights of access and support through the Common Area. These rights shall be appurtenant to any deed of conveyance. However, these rights shall not interfere with, and shall be subordinate to, any exclusive right to use any portion of the Common Area.

(d) Limitations on Owners' Use of Common Area.

The Owners' rights of use and enjoyment in, to, and of the Common Area shall be subject to the Governing Documents and the right of the Association (subject to the limitations of any laws or the Governing Documents) to:

(1) Adopt and enforce reasonable Rules and Regulations governing the use of the Common Area and the Development, the installation and use of satellite dish antennae and other telecommunications equipment, and the effect of any noise or odors emanating from any Unit onto the Common Area;

(2) Assign or otherwise control the use of any unassigned parking spaces within the Common Area;

(3) Remove any vehicle within the Development parked in violation of this Second Restated Declaration or the Rules and Regulations in accordance with the provisions of California Vehicle Code Section 22658;

(4) Cause the construction of additional Improvements in the Common Area or the alteration or removal of existing Improvements on the Common Area, subject to Section 3.6 herein;

(5) Grant, dedicate, consent to, or join in the grant or conveyance of easements, licenses, or rights-of-way in, on, or over the Common Area, including a grant or consent to allow one or more Owners to exclusively use portions of the Common Area, as set forth in Section 3.5(g) herein.

(6) Reasonably restrict access to roofs, maintenance facilities, landscaped areas, and similar portions of the Development; and

(7) Approve any proposed alteration of or modification to the Common Area.

Each Owner and resident of the Development is responsible for the safety and security of themselves, their family members, cohabitants, guests and invitees, and the personal property of each, when in the Common Area or any Unit.

(e) Third Party Easements.

The Association may grant to third parties easements in, on, and over the Common Area for the purpose of constructing, installing, or maintaining necessary utilities and services, or other purposes reasonably related to the operation of the Development. Each Owner, in accepting a deed to a Unit, expressly consents to these easements. However, no such easement may be granted if it would unreasonably interfere with any exclusive easement, or with any Owner's use, occupancy, or enjoyment of any Unit or the Common Area.

(f) Delegation of Owners' Rights.

Notwithstanding the easement rights or other rights contained herein, an Owner not living in such Owner's Condominium shall be deemed to have delegated that Owner's rights to use and enjoy the Common Area to the Condominium's occupant(s), subject to reasonable regulation by the Board. The Owner and the Owner's family members and guests shall not be entitled to use and enjoy the Common Area for so long as the Owner's delegation of rights remains effective.

(g) Telephone Wiring.

All telephone wiring designed to serve a single Unit, but located outside the boundaries of the Unit, is allocated exclusively to that Unit. The Owner of the Unit shall be entitled to reasonable access to the Common Area for the purpose of maintaining and repairing this wiring, subject to the conditions reasonably imposed by the Association. The Association's consent to access telephone wiring shall not be unreasonably withheld.

(h) Security and Privacy Disclaimer.

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

Section 5.3. General Restrictions on Use.

In exercising the right to occupy or use a Unit or the Common Area and its Improvements, the Owner and the Owner's family members, guests, employees, tenants, invitees, and licensees shall comply with the following:

(a) Subdivision of Units.

No Owner shall subdivide a Unit.

(b) Residential Purposes.

No Owner shall occupy or use a Unit, or permit all or any part of a Unit to be occupied or used, for any purpose other than as a private residence for a

single household. Notwithstanding the foregoing, the use of any portion of any Unit as a "home office" shall not be considered to be a violation of the restrictions set forth in this Section, provided that:

(1) no products, goods or services are produced, manufactured, stored, marketed or sold from or in the Unit in any manner which is visible from any point not located in the Unit;

(2) all applicable federal, state and local laws, ordinances and rules are complied with by the Owner and the Owner's tenants, invitees and licensees;

(3) no employees work in the Unit;

(4) no clients, customers, patrons, employees, messengers, delivery personnel, or other individuals regularly visit the Unit or any portion of the Development in relation to any business conducted from the Unit in a way which causes a nuisance, unreasonable disturbance, or additional traffic throughout the Property; and

(5) the Owner obtains and maintains appropriate and adequate insurance coverage, naming the Association as an additional insured, including, but not limited to, comprehensive general liability insurance in order to insure against any type of injury, such as property damage or personal injury occurring within the Owner's Unit or Common Area, and against any cause of action whatsoever arising or relating to the use of the Unit as a "home office."

(c) Common Area Storage and Obstructions.

Exclusive Use Common Area storage spaces and overhead locker spaces assigned to an Owner may be used for the storage of the Owner's personal property. No item of any kind may be stored, placed or located by an Owner (or the Owner's family members, tenants, guests or invitees) in any other portion of the Common Area, except as permitted under this Second Restated Declaration and/or the Rules and Regulations; provided, however, the Association may store supplies, equipment and other items in the Common Area for the Association's use in connection with the management, maintenance and operation of the Common Area. No Owner shall permit anything to obstruct the Common Area. Any items stored, placed or located in the Common Area in violation of the foregoing provisions may be removed, discarded and/or donated by the Association, and the costs related to same that are incurred by the Association may be levied against the

applicable Owner as a Reimbursement Assessment. The use of Exclusive Use Common Area storage spaces and overhead lockers subject to any reasonable Rules adopted regulating same.

(d) Rate of Insurance.

No Owner shall perform any act or keep anything on or in any Unit or in the Common Area that will increase the rate of insurance on the Common Area without the Board's prior written consent. No Owner shall permit anything to be done or kept in the Owner's Unit or in the Common Area that would result in the cancellation of insurance on any Unit or on any part of the Common Area or that would violate any law. Each Owner shall reimburse the Association, upon demand, for any damages, losses, costs, judgments, liabilities, claims, or assertions (including, but not limited to, reasonable attorneys' fees, costs and expenses, and experts' fees and costs), and all increased insurance costs to the Association resulting from Owner's failure to comply with this provision.

(e) Flammable, Toxic and Hazardous Substances.

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

(f) Real Estate Signs; Noncommercial Signs, Posters, Flags, or Banners.

No Owner shall erect, post or display any sign on the Common Area, except those signs allowed by applicable state and/or federal laws. Signs advertising the sale, exchange or lease of a Unit shall conform with Sections 712 and 713 of the California Civil Code. No Owner shall post or display commercial signs, posters, flags or banners on or within the Owner's Unit. Noncommercial signs, posters, flags and/or banners may not be displayed on or within an Owner's Unit, except as may be permitted by the Civil Code.

(g) Antennas.

The installation and use of a video or television antenna, including a satellite dish, or the attachment of an antenna to a structure within the Common Area, shall be prohibited, except as may be permitted by law and approved by the Board in writing, in advance. The Association may impose reasonable restrictions on the installation and use of any permitted or approved video or television

antenna, including a satellite dish, within the Development, pursuant to applicable state and federal laws.

(h) Electrical Equipment.

No Owner shall install, attach or hang, or cause to be installed, attached or hung, any equipment or wiring for electrical installation, machines or air-conditioning units or other like equipment or wiring in or on any portion of the Common Area, or that protrudes from any Unit, patio or balcony or through any Common Area wall, floor, ceiling, window or door, except as approved by the Association in advance and in writing. The Board's approval may include its approval of telephone wiring upon the exterior of the Common Area and other conditions as the Board of Directors determines.

All radio, television, air-conditioning units, or other electrical equipment or appliances of any kind or nature or wiring for same installed or used in a Unit shall fully comply with all rules, regulations and requirements of all state and local public authorities having jurisdiction over same, and the Owner alone shall be liable for any damage or injury caused by any such equipment or appliance installed or used in the Owner's Unit.

(i) Pets.

No Owner shall keep livestock, reptiles, rodents, poultry or undomesticated animals (collectively, "Prohibited Pets") in any Unit or the Common Area. A domesticated bird, cat, dog, or aquatic animal kept within an aquarium (each, a "Permitted Pet"), shall be permitted in the Development subject to the limitations set forth herein. The maximum number of Permitted Pets that may be kept in a Unit at any one time shall be two (2); provided, however, no more than one (1) dog may be kept in any Unit at any one time, and a reasonable number of fish may be kept in a Unit. Notwithstanding the foregoing, an Owner may keep more than the maximum number of Permitted Pets set forth above in a Unit if each of those animals is trained for specific handicapped use and is required to assist persons who are entitled to such trained animals under Federal and/or State laws. No dog shall be brought into the Development or kept in a Unit that has been listed as "potentially dangerous" or an "aggressive breed" (or any approximately equivalent designations) with any state or local government agency.

No pets or other animals shall be permitted in the Common Area, except as specifically provided herein or permitted by regulations adopted by the Board. No Owner and/or resident who possesses a dog or other animal shall

permit, allow or cause the dog or other animal to run, stray, be uncontrolled or in any manner be in, upon or at large upon the Common Area. All cats kept in a Unit must be kept indoors at all times. All dogs must be kept on a leash no more than sixteen (16) feet in length while being transported through the Common Area, and the owner or handler of a dog must maintain control over the dog at all times; provided, however, the Board may adopt a Rule which requires a shorter leash length for dogs, and such Rule shall control over the foregoing leash length provision. No pet or other animal shall be left outside of a Unit on a patio/balcony or otherwise when the resident(s) of the Unit are not present in the Unit.

No Owner may raise or keep animals anywhere within the Development for commercial purposes. The ownership of all Permitted Pets must comply with local governmental agency guidelines, including but not limited to pet registration and sanitation laws. No Owner or other occupant of a Unit may raise or keep pets that interfere with, or have a reasonable likelihood of interfering with, the rights of any Owner or other occupant of a Unit to the peaceful and quiet enjoyment of the Unit; such pet must be removed from the Development within a reasonable time after the Board determines, after a hearing duly noticed to the Owner, that the pet creates an unreasonable annoyance or nuisance to any Owner or other occupant of a Unit.

The Association, its Board, officers, employees and agents shall have no liability to any Owner, their family members, guests, invitees, tenants and contract purchasers, or any other Person in the Development, for any damage or injury to persons or property caused by any pet or other animal, absent any willful or wanton negligence on the part of the Association, or its Board, officers, employees and agents. Every Owner shall be liable to each and all remaining Owners, their family members, guests and invitees, for any unreasonable noise, injury to person or damage to property caused by any pet brought or kept within the Development, by any Owner, member of such Owner's family, or guests.

Any animal that is permanently residing in a Unit at the Association on the date that this Second Restated Declaration is recorded with the County Recorder that would render the Owner in violation of this provision may continue to reside in the Unit until the Unit's occupants move away from the Development or the animal(s) die. However, the Unit's occupants may not acquire or keep any other animal(s) in their Unit subsequent to the recordation of this Second Restated Declaration if acquiring or keeping such animal(s) would render the Owner to be in further violation of this provision. The Board of Directors may adopt such Rules

and Regulations as may be necessary concerning the registration of pets and to enforce the provisions of this Section.

(j) Nuisance.

No Owner shall engage in any nuisance or any illegal, noxious, or offensive activity in any part of the Development, or do any act which unreasonably threatens the health, safety and welfare of other residents of the Development, or which is or may become a nuisance or cause unreasonable embarrassment, disturbance or annoyance to other Owners in the use and enjoyment of their Units or of the Common Area, including disturbing or annoying actions and behaviors of pets. Each Owner shall comply with all applicable ordinances and statutes and with all requirements of local and/or state boards of health with respect to the occupancy and use of such Owner's Unit. Notwithstanding the foregoing, the Association shall not use any Association funds or resources to abate any annoyance or nuisance emanating from outside the physical boundaries of the Development.

In the event a complaint is made regarding non-compliance with the foregoing nuisance provisions, the Owners involved shall endeavor to resolve the dispute without involvement of the Association. If the Owners are unable to resolve the dispute between themselves, upon request the Board will evaluate the complaint and determine the appropriate level of Association participation in the dispute resolution process, if any; it shall be incumbent upon the complaining Owner to provide substantial evidence of the alleged nuisance violation to the Board. In no event shall the Association be obligated to resolve a nuisance complaint to the satisfaction of a complaining Owner or other person if the Board determines that the nuisance complaint: (1) is a neighbor-to-neighbor dispute; or (2) involves a high level of sensitivity on the part of the complaining Owner or other person to physical stimuli (such as, without limitation, sounds, sights or smells) and/or emotional stimuli. Any mitigation of a nuisance which is required of an Owner by the Association shall be the sole responsibility and at the sole cost of such Owner.

(k) Common Area Alterations.

No Owner shall alter, attach, construct, or remove anything on or from the Common Area, except upon the prior written consent of the Board or as permitted by the Association's Rules.

(I) Parking.

No Owner shall park any automobile or other motor vehicle in the Common Area or in any parking space, except in a parking space designated for the Owner by the Board, Condominium Plan, or a deed of conveyance, such as a grant deed. The use of any guest or unassigned parking spaces in the Development shall be subject to any Rules adopted by the Board relating to same. All parking spaces shall be used for the parking of operable motor vehicles designed as passenger vehicles only, provided that such vehicles do not exceed the dimensions of the Owner's parking space and do not contain any trade equipment or tools that are visible from the Common Area. Notwithstanding the foregoing, an Owner shall be permitted to store bicycles, kayaks, surfboards and firewood in the Owner's designated parking space in front of the Owner's parked vehicle and/or under the built-in storage cabinet located in the parking space, so long as such storage complies with local codes, ordinances and regulations (including, but not limited to, local fire marshal requirements).

No trailer, camper, mobile home, commercial vehicle, truck (other than a standard size pickup truck or sport utility vehicle), boat or similar equipment, recreational vehicle, or inoperative automobile shall be permitted to park or be stored anywhere within the Development, other than temporarily, unless placed or maintained in an area specifically designated for such purposes by the Board; commercial vehicles shall not include sedans or standard size pickup trucks that are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No noisy or smoky vehicles shall be operated on the Development. No off-road, unlicensed motor vehicles shall be maintained or operated upon the Development, except as reasonably necessary to the execution of the rights or duties of the Association under this Second Restated Declaration.

An Owner shall keep their parking space in a neat and clean condition, free of oil, grease and other debris. No Owner shall construct, repair, service or maintain any motor vehicle within any portion of the Development, except for emergency repairs, to the extent necessary to remove the vehicle to a proper repair facility or minor repairs requiring less than one (1) day's work. No Owner, nor any of the Owner's guests or tenants shall park, cause to be parked, left or abandoned any vehicle in such a manner as to impede or prevent ready ingress, egress or passage to, from, over, across or through any parking space or garage

within the Development. The temporary parking of delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of goods and services to the Association or to the Owners and occupants, and the parking of vehicles belonging to and being used by Owners, occupants and invitees for such loading and unloading purposes shall be permitted.

The Board, in its discretion, may adopt reasonable Rules and Regulations consistent with this provision, including without limitation a requirement that parking permits, stickers, passes and/or decals be used by Owners, residents and their guests while parking within the Development, and any vehicles violating the Rules may be removed, as provided in Section 3.5(h).

(m) Storage on Patio or Balcony.

No Owner shall keep or maintain any fixture, personal property or other object upon a patio or balcony which interferes with the enjoyment by other Owners of their Unit, their patios or balconies, or which may violate any Rule adopted by the Board. The storage of parcels, boxes, crates, trash, bicycles, motorcycles, machinery, exercising and weightlifting equipment, laundry, clotheslines, barbecues (of any kind or type), heaters, scuba gear, beach umbrellas, surfboards, boogie boards, skim boards, kayaks, water skis, inflatable items (including, without limitation, inflatable pools, beach balls, decorations and mattresses), rugs, floor mats or mops on a patio or balcony shall be deemed to unreasonably interfere with the peaceful and quiet enjoyment by other Owners of their Units and shall be prohibited from being stored or placed on any patio or balcony at any time. The foregoing shall not restrict an Owner from keeping a reasonable amount of outdoor furniture on such Owner's patio or balcony that is designed for patio or balcony use and harmonious with the architecture and aesthetics within the Development. Nor shall the foregoing restrict an Owner from storing firewood on a patio or balcony, so long as such storage complies with local codes, ordinances and regulations (including, but not limited to, local fire marshal requirements).

(n) Occupancy Limits.

The number of persons residing in a Unit shall comply with all City and County codes, regulations and ordinances regarding the occupancy of residential dwellings, and may not exceed such codes, regulations and ordinances.

(o) Power Tools.

No Owner shall use or maintain power tools other than ordinary household tools. Welding, carpentry or other power tools and equipment that can be heard from the Common Area or another Unit shall not be allowed within the Development without the prior written consent of the Board.

(p) Fires; Barbecues.

No open flames of any kind are permitted within any Unit, other than the following: (i) candles and other open-flame decorative lighting in the dwelling area of a Unit that are well secured to prevent overturning, placed on noncombustible bases, and kept away from drapes, curtains and other combustible items and materials; and (ii) within a fireplace in the dwelling area of a Unit. No outdoor fires are permitted within the Property, and no barbecue grills, fireplaces or fire pits may be used within the Property (including on a patio or balcony of a Unit), except for barbecue grills installed in the Common Area by the Association for the use of all Owners and residents of the Development, subject to any Rules adopted by the Board regarding such use.

(q) Trash and Other Visible Items.

No Owner shall keep or maintain unconcealed trash or rubbish containers or similar items visible from public or private streets, other Units, patios and/or balconies, or recreational areas within the Development. No trash or refuse cans or other articles shall be placed in the Common Area halls, lobbies or staircases, nor shall any cloth, clothing, beach towels, laundry, wetsuits, curtains, rugs, mops, or other items or articles be hung, shaken, swept or thrown from, on or into any Common Area hallway, staircase, door, window, patio and/or balcony. However, nothing contained in this Section shall prohibit the placing of normal deliveries for an Owner of articles such as packages or newspapers in the Common Area, provided, however, that an Owner shall not permit such items to accumulate in the Common Areas in unreasonable numbers or for an unreasonable time, as determined by the Board pursuant to the Association's Rules and Regulations. The use of any Common Area trash, trash containers and recycling bins shall be subject to any Rules regulating same.

(r) Roof.

No Owners, the members of their families and their tenants, guests, employees, agents and invitees shall at any time or for any reason whatsoever enter

upon or attempt to enter upon the roof of any building at the Property without the prior written approval of the Board.

(s) Restriction on Number of Units Leased.

An Owner shall be permitted to lease his/her/its Unit subject to the following provisions and subject to the provisions of Section 5.3(t) below.

No more than forty-nine (49) of the Units shall be rented or leased at any time (the "Leasing Cap Restriction"). Each Owner desiring to lease his/her/its Unit must submit to the Board a written request for prior written approval to lease. No Owner shall lease his/her/its Unit at the Development prior to receiving said written approval. The Board of Directors shall respond to any Owner's written request for approval within ten (10) days. If such response is not provided to the Owner at the Owner's last known address of record within this time period, permission shall be deemed to have been granted.

The Board shall deny an Owner's request for approval to lease if the number of leased or rented Units, plus the number of Units for which other Owners have received Board approval to lease but which are not yet leased, plus the Owner's Unit (the "Lease Calculation") exceeds forty-nine (49) of the Units at the Development. If the Lease Calculation does not exceed forty-nine (49) of the Units at the Development, the Board shall grant an Owner's request for leasing approval. In the event an Owner's request for approval to lease is denied, the Owner shall be placed on a waiting list maintained by the Board, and the Owner shall be given an opportunity to lease his/her/its Unit when such Owner's name is first on the waiting list and the Lease Calculation no longer exceeds forty-nine (49) of the Units at the Development. An Owner's name shall be removed from the waiting list and the Owner shall be required to submit a new written request to lease his/her/its Unit in the event the Owner has received written approval from the Board to lease his/her/its Unit and has not done so within ninety (90) days of the date of leasing approval. If an Owner who has been approved to lease his/her/its Unit leases his/her/its Unit within the aforementioned ninety (90) day period, the Owner's written approval to lease from the Board shall expire if a lease for such Owner's Unit expires or terminates and the Owner does not re-lease his/her/its Unit within ninety (90) days of the expiration or termination of such lease; in such event, the Owner shall be required to submit a new written request to lease his/her/its Unit.

The Board shall be authorized and empowered to grant a hardship exemption from application of the Leasing Cap Restriction to an Owner, in the reasonable discretion of the Board; for the purpose of this provision, a "hardship" shall be defined as the need of an Owner to lease his/her/its Unit as a result of an unforeseeable event (such as, for example only, a job transfer or death in the family), and/or because enforcement of the Leasing Cap Restriction against the Owner could reasonably subject the Owner to suffer a severe financial hardship.

If an Owner rents or leases the Owner's Unit without advance written approval or permission, as described above, the Owner shall be subject to (i) a Reimbursement Assessment in the amount of any costs incurred by the Association in responding to such violation (which could include the filing of an application for injunctive relief) and/or (ii) a monetary penalty on daily basis, in addition to any other rights and remedies available to the Association under this Second Restated Declaration, at law or in equity.

Notwithstanding the foregoing, the Leasing Cap Restriction shall not apply to: (i) any Owner exempted from compliance with the Leasing Cap Restriction under the Davis-Stirling Act; and (ii) the Association. Further, the Leasing Cap Restriction shall not apply to any Owner who leases his/her/its Unit for a period less than seven (7) months (a "Short Term Lease"), provided that the Owner has not leased his/her/its Unit at any time during the six (6) month period immediately preceding the commencement of a Short Term Lease; the minimum term of any Short Term Lease shall be four (4) months, as provided in Section 5.3(t) below.

(t) Lease Restrictions.

(1) Subject to Section 5.3(n) and Section 5.3(s) above, and the provisions of this Section 5.3(t), an Owner may rent or lease the Owner's Unit, provided that no less than the entire Unit (and not separate rooms or facilities) is rented pursuant to a lease or rental agreement that is:

(A) In writing.

(B) For an initial term of at least four (4) months (the "Minimum Lease Term"), subject to the restrictions of subsection (5) of this subsection (t).

(C) Subject in all respects to the Governing Documents, and includes a statement that any failure by the lessee to comply with the Governing Documents shall constitute a default under the lease. Following is a sample paragraph that may be used for this purpose:

"In accepting this lease, Lessee acknowledges that Lessee has received, read, understood and agrees to be bound by the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Montecito Shores Homeowners Association and the Rules and Regulations of the Association (collectively, the "Governing Documents"). Lessee agrees to comply with and be bound by the terms of the Governing Documents. Lessee also agrees and understands that any failure by Lessee to comply with the terms of the Governing Documents, subject to notice to the Lessor and an opportunity for the Lessor to be heard before the Association's Board of Directors, shall constitute a default under this Lease."

(D) Compliant with the requirement for the lessee to purchase renter's insurance, as set forth in Section 8.7 herein.

(2) A copy of the written lease that complies with the above requirements must be provided to the Association prior to the lessee's move-in date.

(3) In the event a Unit is owned by a corporation, limited liability company, partnership or other business entity, such Unit shall not be used for housing such entity's employees or customers, either on a permanent or on a rotating/temporary basis.

(4) Prior to a lessee or tenant taking possession of a Unit, the Unit Owner shall: (i) complete a tenant information form (provided by the Association) and deliver the complete form to the Association's community/property manager; (ii) have the tenant sign an acknowledgement/abidance agreement regarding the tenant's receipt of the Governing Documents and agreement to comply with same (provided by the Association) and delivered the signed form to the Association's community/property manager; (iii) permit the Association to inspect the Unit for compliance with this Second Restated Declaration and the Rules and Regulations, including but not limited to the soundproofing requirements for second or third

floor Units, as may be reasonable under the circumstances; and (iv) pay a transfer fee to cover the Association's actual costs to change its records.

(5) Notwithstanding anything to the contrary contained herein, a Unit shall only be leased or rented once in any twelve (12) month period; provided, however, once the Minimum Lease Term of a lease or rental agreement expires, the lessee may renew the lease or rental agreement for another minimum term of no less than four (4) months without violating the terms of this subsection.

(6) Each Owner leasing or renting their Unit shall be deemed to have agreed to save, hold harmless, indemnify and defend the Association from and against any and all claims, demands, actions, causes of action, liabilities, damages and expenses arising out of, or incurred as a result of, the leasing or renting by such Owner of the Owner's Unit, and/or the acts, omissions and negligence of the Owner's lessees or tenants, together with all costs, expenses and attorneys' fees resulting therefrom. Such Owner shall also be absolutely liable to every other Owner and their families, guests, tenants and invitees for any liability arising from the acts, omissions and negligence of the Owner's lessees or tenants.

(7) Owners shall be responsible for ensuring compliance by their lessees with the Governing Documents, and the Association shall hold the Owners, and not the lessees, responsible if there is a violation. If any lessee violates the Governing Documents, subject to notice to the Owner of lessee's Unit and an opportunity for the Owner to be heard before the Association's Board of Directors, the Association may bring an action in its own name and/or in the name of the Owner to have the lessee evicted and/or to recover damages. If the court finds that the lessee is violating, or has violated the Governing Documents, the court may find the lessee guilty of unlawful detainer notwithstanding the fact that the Owner may not be the plaintiff in the action and/or the lessee is not otherwise in violation of the lease. For purposes of granting an unlawful detainer against the lessee, the court may assume that the Owner, or Person in whose name the lease was made on behalf of the Owner, was acting for the benefit of the Association. The remedy provided by this Section is not exclusive and is in addition to any other remedy or remedies that the Association has at law, in equity or pursuant to the Governing Documents. If permitted by present or future law, the Association may recover all of its costs, including court costs and actual attorneys' fees, incurred in prosecuting an unlawful detainer action against a lessee.

(8) If an Owner leases or rents the Owner's Unit in violation of this Section 5.3(t), the Owner shall be subject to (i) a Reimbursement Assessment in the amount of any costs incurred by the Association in responding to such violation (which could include the filing of an application for injunctive relief) and/or (ii) a monetary penalty on daily basis, in addition to any other rights and remedies available to the Association under this Second Restated Declaration, at law or in equity.

(u) Fences.

No fences, awnings, ornamental screens, sunshades or walls of any nature shall be erected or maintained anywhere in the Development, except that which is installed in accordance with the original construction of the Development, and replacements of same, or as are authorized and approved in advance and in writing by the Board.

(v) Sound Systems.

Sound system loudspeakers shall not be rigidly attached to ceilings, walls, shelves or cabinets so as to introduce vibrational energy into the structures of the Development. Suitable mounting and/or vibration isolation shall be incorporated to preclude such occurrence.

(w) Noise.

It is mandatory, for the mutual interest and protection of all Owners, lessees and other occupants within the Development, to recognize that acoustical privacy is achieved only through understanding and compliance with certain limitations and restrictions. The design and construction of this Development likely attempted to meet the standards and criteria imposed by the City related to sound insulation as much as permitted by the state-of-the-arts in construction practice when the Development was constructed. It is recognized that total isolation from an adjacent occupancy in a manner comparable to a single-family residence is difficult to attain and that there will usually be some residential awareness of one's neighbors, depending upon the situation. Modification of design of the structures or related components by any Unit Owner could alter the resultant expected isolation. Owners shall comply with all City and County ordinances and codes which establish requirements related to noise.

No Owner shall cause, allow or permit the emission or transmission of any loud or raucous noise from any sound making or sound amplifying device in his possession or under his control. The words "loud and raucous noise" as used

herein shall mean any sound or recording thereof when amplified or increased by any electrical, mechanical, or other device to such volume, intensity or carrying power as to unreasonably interfere with the peace and quiet of other persons within or upon the Development, or as to unreasonably annoy, disturb, impair or endanger the comfort, repose, health or safety of other persons within the Development. Notwithstanding the foregoing and in addition thereto, no Owner shall make or continue, or cause to be made or continued, any loud, unnecessary or unusual noise which disturbs the peace or quiet of the Development or which causes discomfort or annoyance to any reasonable person of normal sensitivity residing in the Development, including but not limited to any loud, unnecessary or unusual noise made while in and using the Common Area swimming pool or tennis court. The Board may adopt Rules establishing "quiet" hours in the Development during the night and early morning hours to avoid the creation of unreasonable levels of noise when residents are likely to be sleeping.

In the event a complaint is made for non-compliance with these noise restrictions, the parties involved shall endeavor to resolve the dispute without involvement of the Association. However, upon request, the Board of Directors will evaluate the complaint and determine the appropriate level of Association participation in the dispute resolution process, if at all. Notwithstanding the foregoing, in no event shall the Association be obligated to enforce the restrictions set forth in this subsection (w), or resolve a noise complaint to the satisfaction of a complaining party, if the Board determines the noise complaint is a neighbor-to-neighbor dispute and/or involves a hyper-sensitivity to noise.

(x) Oil and Mineral Rights.

No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon the surface of the Development, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be installed upon the surface of the Development within five hundred (500) feet below the surface of the Development. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the Development.

(y) No Smoking in Common Area; Smoking in Units.

No smoking of tobacco or any other substances shall be permitted in any portion of the Common Area (including but not limited to any Exclusive Use Common Areas).

If the City, County or State of California adopts an ordinance or law allowing the Association to prohibit smoking in Units, the Board may, in its sole discretion, adopt and enforce an operating rule prohibiting smoking in Units. If the City, County or State of California adopts an ordinance or law that would prohibit/ban smoking in Units, all Owners and residents of Units shall be required to comply with such ordinance or law, and failure to do so shall be deemed a violation of this Second Restated Declaration. No smoking in a Unit, to the extent permitted under applicable law and the Governing Documents, may create a disturbance or annoyance to any residents of the Development that are persons of average and ordinary sensitivities.

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

(x) Washers and Dryers in Units.

Washers, dryers and other laundry machines may be installed and used in a Unit, subject to prior written Board approval and compliance with applicable Rules and guidelines adopted by the Board from time to time.

(aa) Attic Spaces.

The use of attic spaces above third floor Units that are located within the Common Area shall be subject to Rules adopted by the Board relating to same, which may, include, without limitation, a Rule requiring an Owner of a third floor Unit desiring to use an attic space to sign a license agreement on a form prepared by the Association governing such use and/or a Rule limiting the use of attic spaces to the storage of certain types of personal property. No alteration or modification of an attic space shall be permitted, except upon the prior written consent of the Board.

Section 5.4. Unit Modification.

Subject to other applicable restrictions contained in the Governing Documents, Owners may modify their Units subject to the following:

(a) Modifications or alterations of the exterior of any Unit must have the prior written consent of the Board, including any modifications to facilitate handicapped access as provided by the California Civil Code. Any approval of such handicapped access modification may be conditioned on satisfaction of applicable provisions of the Association's Governing Documents pertaining to safety and/or aesthetics. The Board shall not deny approval of the proposed modifications or alterations under this provision without good cause.

(b) In order to minimize noise disturbance within the condominium building, any flooring installed in a Unit must include a proper underlayment of sound attenuating materials.

(1) Carpeting is required in all areas of a Unit above the first floor/ground level, other than the bathrooms, dressing rooms, kitchen and entry area (the "permitted floor areas"), which may have flooring materials other than carpeting (referred to in this subsection (b) as "alternative flooring materials"), such as hardwood or tile, subject to Board approval as provided herein. Notwithstanding the foregoing provisions, if floor areas of a Unit other than the permitted floor areas have alternative flooring materials installed as of the date of recordation of this Second Restated Declaration that are otherwise compliant with both the First Restated Declaration and the then current Rules of the Association regarding Unit flooring, those alternative flooring materials may remain in such permitted floor areas so long as they otherwise comply with the requirements of this subsection (b). If those alternative flooring materials are not otherwise compliant with the requirements of this subsection (b), as determined by the Board, the Owner shall be required to replace those alternative flooring materials outside of the permitted floor areas with carpeting and padding that meet the requirements of this subsection (b). If and when any grandfathered alternative flooring materials outside of the permitted floor areas of a Unit are removed or replaced within that Unit, for any reason, they must be replaced with carpeting and padding that meet the requirements of this subsection (b).

(2) All flooring materials must be underlain with a sound attenuating material that, if installed pursuant to manufacturer's recommendations, will minimize impact noise to a reasonable level that does not cause a noise disturbance to other Owners. In deciding upon floor coverings, Owners shall take all reasonable measures to choose floor coverings that mitigate sound transfer between Units.

(3) An Owner desiring to install alternative flooring materials shall obtain the prior written approval of the Board of Directors, both as to the type of the proposed flooring surface to be installed and the proposed underlayment of such flooring surface. Replacement or installation of any alternative flooring materials (including the surface of the floor and/or the underlayment) must have the prior written approval of the Board. The Board's review and approval shall be limited to a review of the potential sound transfer between Units. In making its decision on granting such approval, the Board may consider, without limitation and in its sole discretion, sound attenuation standards of applicable local government agencies/bodies, building code standards, any potentially adverse noise and structural effects the proposed installation and/or maintenance of such alternative flooring materials may have on other Owners and/or the condominium building, and medical needs of the Owner (to the extent the Owner provides information regarding such medical needs to the Association). Plans that do not adequately mitigate sound transfer, in the sole discretion of the Board, shall be denied.

(4) The Board shall have the power to require an Owner who has not complied with the foregoing provisions to remove any floor covering which does not adequately mitigate sound transfer between Units and replace such floor coverings with compliant materials.

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

(6) The Board shall be empowered to adopt Rules regulating flooring that are not inconsistent with the provisions of this subsection (b), including, but not limited to, reasonable Rules requiring a certain thickness of carpet padding, specified types of floor underlayment or a minimum Impact Insulation Class (IIC) or other rating for flooring.

(c) No Owner may install any shutter, screen, blind, curtain, drape or other appurtenance in or on any window or sliding glass door except those items that are in conformance with standards established by the Board; the exterior lining or surface of draperies, shades and other items covering windows and sliding glass doors shall be white or another neutral color. No Owner may install blankets, sheets, towels, newspaper, cardboard, or any other materials not designed as a window or door accessory on any window or sliding glass door of the Owner's Unit. The non-glass portions of exterior doors of each Unit shall remain their original color (brown) or such other color(s) as may be approved by the Board from time to time.

(d) No Owner may enclose their Unit's patio or balcony, except with prior written Board approval and compliance with applicable Rules and guidelines adopted by the Board from time to time.

(e) The upgrade of the electrical load for a Unit (including the upgrade of the electric panel serving the Owner's Unit) shall be subject to any Rules regulating same, including, but not limited to, a Rule requiring that the Association perform the necessary electrical upgrade work in the Common Area and that the Owner reimburse the Association, as a Reimbursement Assessment, the costs incurred by the Association to perform such electrical upgrade work (including without limitation costs necessary to relocate and/or upgrade the main electrical panel, individual electric meters and panels, electrical conduit and wiring, and telephone wiring in the building in which the Owner's Unit is located) in order to update building infrastructure to accommodate the upgraded electrical load for the Owner's Unit and that the Owner sign an agreement related to same.

(f) If any alteration, modification, addition, construction, or repair of an Owner's Unit shall affect the Common Area or have an impact on the structural integrity of the condominium building containing the Owner's Unit, such Owner shall not commence such alteration, modification, addition, construction, or repair without first complying with the architectural control provisions contained in

Article VII hereof. As a condition of approval of such alteration, modification, addition, construction, or repair, the Board may require an Owner to execute a covenant running with the land or other similar document to be recorded against the Owner's Unit to document the maintenance, insurance, liability and other responsibilities of the Owner related to same.

(g) Except as provided by the Governing Documents, Owners shall not have the right to paint, decorate, remodel or alter any Exclusive Use Common Area or the Common Area without the prior written consent of the Board and, if applicable, the required percentage of Owners.

Section 5.5. Grandfathering Preexisting Conditions.

The following conditions within any Unit or other portion of the Development, as applicable, which existed prior to the recording of this Second Restated Declaration, which would violate the provisions of this Second Restated Declaration, are grandfathered and excepted from compliance herewith, but only if in compliance with the First Restated Declaration as of the date of recordation of this Second Restated Declaration and, as may be required under the First Restated Declaration, approved by the Association prior to the recordation date of this Second Restated Declaration: (i) pets; and (ii) architectural modifications, including without limitation hard surface flooring, as may be applicable. Further, if an Owner was previously granted by the Association the exclusive use of a portion of the Common Area not designated under the Condominium Plan or a grant deed for such Owner's use, and such use was granted by the Association in accordance with the First Restated Declaration and applicable state statute, such Owner may continue to use said portion of the Common Area as long as the Owner owns the Owner's Unit.

Nothing contained in this Section shall be deemed or construed to be approval or acceptance by the Association of any condition (preexisting or otherwise) which constitutes a violation of any governmental law, rule, or regulation. In any dispute over whether a condition which violates this Second Restated Declaration predated this Second Restated Declaration, the burden of proof will be on the Owner who is violating this Second Restated Declaration. Any covenant running with the land recorded against a Unit with respect to a grandfathered condition described herein shall not be deemed to be modified or amended by this Second Restated Declaration, and shall continue to be effective and enforceable pursuant to the terms and conditions of said covenant running with the land.

Section 5.6. Security Deposit on Change of Occupancy.

The Board has the power to adopt, amend and repeal operating rules requiring an Owner to pay the Association: (i) a non-refundable administrative fee to fund the Association's cost of readying the Common Area for the move-in or move-out (*e.g.*, protecting elevator doors, carpeting, *etc.*) of an occupant from the Owner's Unit prior to such move-in or move-out and/or to reimburse the Association for other administrative costs incurred by the Association related to the move-in or move-out of a resident from the Owner's Unit; and/or (ii) a security deposit before any occupant of the Owner's Unit moves into or out of the Unit, as security against any damage to the Common Areas which may take place as a result of the move.

Section 5.7. Damage Liability.

Each Owner shall be liable to the Association for any damage to the Common Area or to Association-owned property caused by the Owner or the Owner's family, guests, lessees, contract purchasers, or invitees, regardless of how the damage is sustained, whether due to the negligence, willful misconduct, or unauthorized or improper installment or maintenance of any Improvement by the Owner or the Owner's family, guests, lessees, contract purchasers, or invitees. In the case of joint ownership of a Unit, the liability of the co-Owners shall be joint and several.

**ARTICLE VI
REPAIR AND MAINTENANCE**

Section 6.1. General.

For purposes of this Article, "maintenance" shall include, without limitation, cleaning, in a manner that keeps a clean, safe and sanitary condition necessary to preserve the attractive appearance of each Condominium and the Development and to protect their fair market values. The Board shall have the power to establish maintenance standards for Units and Exclusive Use Common Area.

Section 6.2. Failure to Maintain.

If an Owner fails to maintain the areas described in this Article according to the standards set by the Board, the Board may notify the Owner of the specific

work required and request that it be done within a reasonable time, based on the exigency of the circumstances. If the Owner fails to carry out such maintenance within that time period, the Board may, after notice and a hearing, cause such work to be done and shall levy the charge to the Owner as a Reimbursement Assessment, subject to the rights provided pursuant to state statute, with the full authority to lien on such amount in the event of non-payment.

Section 6.3. Maintenance.

(a) Maintenance of Units.

Each Owner shall be responsible, at the Owner's sole cost and expense, for the maintenance, repair and replacement of items within the Owner's Unit, as described on Exhibit "D" attached hereto and incorporated herein by reference, in accordance with the requirements of this Second Restated Declaration. To the extent any item within and a part of an Owner's Unit is not described on Exhibit "D", the Owner shall be responsible for the maintenance, repair and replacement of such item, unless otherwise expressly provided in this Second Restated Declaration.

(b) Maintenance of Exclusive Use Common Areas.

Each Owner shall be responsible, at the Owner's sole cost and expense, for the maintenance of items within the Owner's Exclusive Use Common Areas, as described on Exhibit "D" attached hereto, in accordance with the requirements of this Second Restated Declaration. An Owner shall only be responsible for the repair and/or replacement of items within the Owner's Exclusive Use if expressly provided on Exhibit "D" attached hereto or otherwise under this Second Restated Declaration. To the extent an item within an Owner's Exclusive Use Common Area is not described on Exhibit "D", the Owner shall be responsible for the maintenance only (and not the repair or replacement) of such item, unless otherwise expressly provided in this Second Restated Declaration.

(c) Failure to Maintain.

If an Owner fails to maintain, repair or replaced any Improvement or other item the Owner is obligated to maintain, repair or replace, the Association has the power, but not the duty, to perform the maintenance, repair or replacement, including corrective janitorial and repair work. In a situation that the Association determines to be an emergency, the Association may perform the maintenance, repair or replacement immediately; in all other cases, the Association may perform the maintenance, repair or replacement after notice and a disciplinary hearing in

accordance with the provisions of the Bylaws. For purposes of the foregoing sentence, an "emergency" is any situation where there is an imminent risk of injury to Persons or damage to property within the Development. The cost of any such corrective work shall be levied against the Owner as a Reimbursement Assessment.

(d) Association Maintenance Obligations.

The Association shall be responsible for the maintenance, repair and replacement of those items for which the maintenance, repair or replacement is not allocated to the Owners in this Second Restated Declaration, subject to an Owner's obligation to reimburse the Association for costs incurred by the Association for such maintenance, repair or replacement due to damage caused by or resulting from the negligence, acts, omissions, or willful misconduct of the Owner, a resident of the Owner's Unit, or an invitee of either. A summary of certain maintenance responsibilities of the Association is described on Exhibit "D".

Section 6.4. Termite Control.

The responsibility for control of wood destroying pests or organisms shall be as follows:

(a) The Association shall be responsible to control the presence of wood destroying pests or organisms in the Development, including without limitation all Units. Each Owner shall be responsible to repair any damage to the Owner's Unit caused by wood destroying pests or organisms, and the Association shall be responsible to repair any damage to the Common Area caused by wood destroying pests or organisms.

(b) The Association shall have the power to temporarily remove any resident of a Unit, as needed for prompt, effective treatment of such pests or organisms. The costs of any temporary relocation during such maintenance or repair shall be paid by the Unit Owner affected. The Association shall give notice of the need to temporarily vacate a Unit to the record Owners and occupants not less than fifteen (15) days nor more than thirty (30) days prior to the date of the temporary relocation. The notice shall state the reason for the relocation, the date and time of the beginning of treatment, the anticipated date and time of termination of treatment and that the occupants will be responsible for all necessary accommodations during the relocation.

(c) Neither the Association, the Board, officers, agents or employees shall have any liability, absent willful or wanton negligence, to any Owner, family member, guest, invitee or lessee for any damage caused by the treatment.

(d) Notwithstanding anything else herein, in the event that an Owner wishes to obtain a termite clearance certificate for any purpose, the Owner shall be solely responsible for any and all costs associated with obtaining the certificate, including, without limitation, the costs of maintenance and repair of the Unit, Exclusive Use Common Area, or Common Area which may be necessary to obtain the termite clearance certificate.

Section 6.5. Damage Caused by Owner or Item Under Control of Owner.

Each Owner shall be liable to the Association and to every other Owner for any damage caused or contributed to by such Owner to the extent set forth in Section 5.7 above. The Association shall be responsible for performing the repair of any such damage which relates to the Common Area, the Association's personal property or items over which the Association has control at the responsible Owner's expense and the Association may charge the cost of such repair to the responsible Owner as a Reimbursement Assessment, with the full authority to lien, subject to state statute, on such amount in the event of non-payment. If the damage is such as may be covered by insurance carried by the Association, the Board may, in its sole discretion, elect to submit the claim for the cost of repairs to its insurance carrier. Provided the submitted claim is covered by the Association's insurance, the responsible Owner shall bear the cost of any deductible applicable to the covered claim. If the submitted claim is not covered by the Association's insurance, the Owner shall be responsible for the total cost of repair.

The responsible Owner shall be obligated to repair any damage to such Owner's Unit for which such Owner is responsible pursuant to this Second Restated Declaration and the other Governing Documents. The Owner of any other Unit that sustains damage attributable to another Owner shall be responsible for performing the repair of any such damage, and may seek reimbursement for the cost of repair from the responsible Owner. In any event, the responsible Owner shall indemnify, hold harmless, and defend the Association, its Board of Directors and each individual Director, the officers of the Association and each of them, and the Association's agents and employees against all expenses and liabilities, including, but not limited to, reasonable attorneys' fees and costs incurred by such person or persons in connection with any claim, loss, or expense of any other

Owner arising from or relating to personal injury or property damage for which the responsible Owner is liable.

All repairs performed to correct any damage shall be sufficient to return the damaged property only to its condition prior to the damage, with upgrades to conform with any applicable building codes in effect at the time the damage is repaired as may be required.

Section 6.6. Water Intrusion and Other Damage.

(a) Owner Responsibility.

Notwithstanding any other provision in the Governing Documents, each Owner shall be solely responsible for repairing or replacing, and paying for the cost of, any damage caused by water intrusion, including the abatement of mold, from whatever source to any and all interior items of such Owner's Unit, including, but not limited to, any personal property, decorations, interior surfaces, floor and wall coverings, appliances, fixtures or other items.

(b) Association Liability.

The Association shall not be liable for damage, including mold, to Units resulting from water which may leak or flow from outside of any Unit, including water from any pipes, drains, conduits, appliances or equipment located within the Common Area or other Units, or from any other place or cause, or for any damage resulting from electrical sources or from other commonly provided utilities, in excess of the amount of insurance proceeds recovered from the Association's insurance policy, if any, unless caused by the gross negligence of the Association, its Board, officers, agents or employees.

(c) Owner Insurance.

An Owner may obtain and maintain insurance, at such Owner's sole expense, to protect against any damage or loss of property due to water intrusion (including mold), or the cost of repair or replacement of damaged items for which such Owner is responsible.

(d) Owner-to-Owner Disputes.

Nothing contained in this Section shall be construed to limit an Owner's ability to recover from a second Owner or Owners any and all damages resulting from water which may leak or flow from a source inside such second

Owner's or Owners' Unit or Units, or for which such second Owner or Owners are otherwise responsible, into the first and/or damaged Owner's Unit.

Section 6.7. Mechanic's Liens.

No labor performed or materials furnished for use in connection with any Unit shall create any right to file a statement of mechanic's lien against the Unit or any other Unit not expressly consenting to or requesting such labor or materials or against any interest in the Common Area except the undivided percentage interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed and such materials shall have been furnished. Each Owner shall indemnify and hold harmless each of the other Owners from and against liability or loss arising from the claim of any lien against the Unit of the Owner, or any part of same, for labor performed or for materials furnished in work on such Owner's Unit.

**ARTICLE VII
ARCHITECTURAL AND DESIGN CONTROL**

Section 7.1. Improvements in General.

No Improvement of any kind shall be commenced, erected or maintained within the Common Area (including without limitation any Exclusive Use Common Area), nor shall any addition, change or alteration be made to any Unit that may impact the Common Area (visually, structurally or otherwise), until the plans and specifications showing its nature, color, kind, shape, height (including front, side and rear elevations), materials, and location shall have been submitted to and approved in writing by the Association's Board as to quality of workmanship and materials, harmony of external design and location in relation to surrounding structures, setback lines, topography and finish grade elevation.

Section 7.2. Submission of Plans; Action by Board.

Plans and specifications for a proposed Improvement which require Board approval pursuant to Section 7.1 herein shall be submitted to the Board by personal delivery or certified mail to the Association's managing agent/management company. If the Board fails to approve or disapprove the Improvement in writing within sixty (60) days after said plans and specifications have been submitted to it, the request shall be deemed denied, subject to the requirements set forth in Section 7.4 herein. Under such circumstances, the written request may be resubmitted.

Notwithstanding the foregoing, if the Owner submits plans in an application for approval of the installation or use of (1) a solar energy system or (2) an electric vehicle charging station, and the application is not denied in writing within sixty (60) days from the date of the Association's receipt of the application, the application shall be deemed approved, unless that delay is the result of a reasonable request by the Association for additional information.

Approval of the Board may contain conditions or requests for modification of particular aspects of the Owner's plans and specifications. In reviewing plans and specifications, the Board shall be entitled to retain outside consultants, including, but not limited to, architects, engineers, soils experts, and/or contractors to review architectural or landscaping applications, drawings, plans, and specifications in cases where the Board determines that such expert consultation is necessary. In such event, the Owner seeking the Association's approval under this provision shall reimburse the Association for any consulting fees incurred. The applicant shall meet any review or permit requirements of the City and/or the County prior to making any alterations or Improvements permitted hereunder.

The Owner submitting the plans and specifications ("Applicant") shall obtain a written, dated receipt for the plans and specifications from the Board. Until changed by the Board, the address for the submission of such plans and specifications shall be the principal office of the Association. The Board shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the construction of same will not detract from the beauty, wholesomeness and attractiveness of the Common Area or the enjoyment of same by the Members, and that the upkeep and maintenance of same will not become a burden on the Association.

The Board may condition its approval of proposals or plans and specifications for any Improvement (1) upon 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 Property as a result of such work, (2) on such changes therein as it deems appropriate, (3) upon the Applicant's agreement to grant appropriate easements to the Association for the maintenance of the Improvements, (4) upon the Applicant's agreement to install (at its sole cost) water, gas, electrical or other utility meters to measure any increased

consumption, (5) upon the Applicant's agreement to reimburse the Association for the cost of maintenance, or (6) upon the Applicant's agreement to complete the proposed work within a stated period of time, or some or all of the above, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted.

The Board 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, electrical load calculations, structural engineer plans, elevation drawings, and description or samples of exterior material and colors. Until receipt by the Board of any required plans and specifications, the Board may postpone review of any plans and specifications submitted for approval.

Section 7.3. Architectural Rules.

The Board may, from time to time, adopt, amend and repeal architectural Rules and Regulations. Those Rules shall set forth the standards and procedures for the review and approval, completion, and inspection of proposed Improvements and guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended for use within the Property, or additional factors which the Board will take into consideration in reviewing submissions, provided that said Rules shall meet the minimum standards required by this Second Restated Declaration. The Rules and Regulations may also require a fee to accompany each application for approval. The architectural Rules and Regulations may provide that the amount of the fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. In the event of any conflict between the architectural Rules and this Second Restated Declaration, this Second Restated Declaration shall prevail. The Association shall provide to the Members no less frequently than annually the Rules, standards and procedures required to obtain architectural approval of an application. Such disclosure shall contain a description of the types of changes that require Association approval and shall contain a copy of the procedures used by the Association to review and approve or disapprove an application.

Section 7.4. Standards of Decisions.

Any decision made by the Board of Directors shall be made in a fair and reasonable manner and may not be arbitrary or capricious and shall be:

(a) Consistent with any governing provision of law, including, but not limited to Civil Code requirements regarding the use of low-water using plants, and the Fair Employment and Housing Act, commencing with Section 12900, of Division 3 of Title 2 of the California Government Code.

(b) In writing, and if such decision is a denial, the written decision must include both an explanation of why the proposed change is disapproved.

Board decisions are final and not subject to appeal.

Section 7.5. Compliance with Legal Requirements; Contractors.

No approval by the Board shall be deemed to excuse an Owner from compliance with any and all applicable laws, ordinances, rules, codes, or regulations of all governmental agencies having jurisdiction. Approval by the Board shall not constitute a representation by the Board that the proposed Improvements comply with any laws, ordinances, rules, codes or regulations, and it shall be the responsibility of each Owner to determine such compliance and take all steps and acquire all permits at the Owner's sole expense as may be required to properly and legally complete such Improvements.

All persons or entities who perform or supervise construction, remodeling and/or renovation work at the Development, subject to the approval of the Board for such construction, remodeling and/or renovation work as required hereunder, shall (i) be licensed with the California Contractors State License Board, as may be required by the State of California for the type and dollar amount of work the contractor has been engaged to perform, and (ii) maintain workers compensation insurance with limits no less than those required of the contractor by the State of California. Proof of a contractor's license status and worker's compensation insurance coverage, as well as commercial general liability insurance in an amount no less than One Million Dollars (\$1,000,000), shall be provided by the Owner to the Association upon the Board's request; the contractor's general liability insurance shall name the Owner and the Association as an additional insured for the work to be performed that affects the Common Area.

Section 7.6. Compliance with Second Restated Declaration.

In addition to the rights of the Association under this Second Restated Declaration, the Board may, in its own name or on behalf of the Association, exercise all available legal and equitable remedies to prevent or remove any

unauthorized or unapproved construction or alteration of Improvements within the Development, including but not limited to remedies provided to the Association under a covenant running with the land recorded against a Unit.

Section 7.7. Commencement of Construction.

Upon approval by the Board of the Owner's submitted plans and specifications, the Owner shall commence construction of the approved Improvements within ninety (90) days from the date of such approval and shall thereafter diligently pursue the same to completion. If an Owner fails to commence construction within such ninety (90) day period, the Board's approval shall be null and void, and the Owner can resubmit an application with the Board for consideration of the Owner's proposed work. Unless otherwise approved by the Board, the construction of the approved Improvements shall be completed within one (1) year of the date of approval.

Section 7.8. Liability.

Neither the Board, nor the members or designated representatives of same, nor the Association shall have any liability for any damages to anyone submitting plans or specifications to them for approval, or to any Owner, by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval, or failure to approve or disapprove, any such plans or specifications, or for any defect in any structure constructed from such plans and specifications. Neither the Association, the Board, nor the members or designated representatives of same shall have any responsibility for approval or disapproval of plans or specifications with respect to engineering or structural design, integrity or accuracy.

Section 7.9. Variances.

The Board of Directors shall be entitled to allow reasonable variances with respect to this Article or any restrictions specified in this Second Restated Declaration in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardship, provided that the Board makes a good faith determination that:

- (a) the requested variance does not constitute a material deviation from the overall plan and scheme of development within the Development or from any

restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or

(b) the variance relates to a requirement under this Second Restated Declaration that is unnecessary or burdensome under the circumstances; or

(c) the variance, if granted, will not create an unreasonable nuisance with respect to the Common Area or result in a material detriment to any other Owner within the Development.

Section 7.10. Correction of Defects.

The Board or its duly authorized representative may at any time inspect any work for which approval of plans and specifications is required under this Article VII ("Work"), which right to inspect shall include the right to require any Owner to take such action as may be necessary to remedy any noncompliance with the Board's approved plans and specifications for the Work, as applicable, or with the requirements of this Second Restated Declaration ("Noncompliance").

(a) Time Limits.

The Board's right to inspect Work and notify the responsible Owner of any Noncompliance shall terminate sixty (60) days after the Board has received written notice from the Owner that the Work has been completed in accordance with the plans and specifications approved by the Board. If the Board fails to send a notice of Noncompliance to an Owner before this time limit expires, the Work shall be deemed to comply with the plans and specifications approved by the Board. The foregoing provisions shall apply only to Work that has been approved in advance by the Board in accordance with the provisions of this Article VII, not Work that is performed by an Owner without prior written Board approval.

(b) Remedy.

If the Board is made aware of any Noncompliance by any source, the Board shall, upon notice and hearing, as provided in the Bylaws, determine whether there is a Noncompliance and, if so, the nature of same and the estimated cost of correcting or removing same. If a Noncompliance exists, the Owner shall remedy or remove the Noncompliance within a period of not more than thirty (30) days from the date that notice of the Board ruling regarding the Noncompliance is given to the Owner. If the Owner does not comply with the Board's ruling within that period, the Board, at its option, may commence a lawsuit for damages or

injunctive relief, as appropriate, to remedy the Noncompliance. This subsection (b) shall be subject to the provisions of subsection (a) of this Section 7.10.

Section 7.11. Encroachment Easement.

Each Condominium is hereby declared to have an easement not exceeding one foot (1') in width over all adjoining Condominiums for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Condominium agree that minor encroachments over adjoining Condominiums shall be permitted and there shall be valid easements for the maintenance of said encroachments as long as they shall exist.

Section 7.12. Electric Vehicle Charging Stations.

(a) An Owner may install and use an electric vehicle charging station (a "Charging Station") in the Owner's Exclusive Use Common Area parking space only upon the prior written approval of the Board. The Board may adopt reasonable restrictions on the installation and use of Charging Stations, in accordance with applicable statutory requirements. A Charging Station approved by the Association for installation and use by an Owner must meet applicable health and safety standards and requirements imposed by state and local authorities, as well as all other applicable zoning, land use and other ordinances. An Owner's application for the installation or use of a Charging Station shall be processed in accordance with applicable statutory timeframes and requirements, and any applicable Charging Station Rules adopted by the Board from time to time.

(b) If an Association-approved Charging Station is installed and used by an Owner in the Owner's Exclusive Use Common Area parking space, the following provisions shall apply:

(1) The installation shall comply with the Association's architectural standards for the installation of Charging Stations, which standards shall not significantly increase the cost of the Charging Station or significantly decrease its efficiency or specified performance;

(2) The Owner shall engage a licensed contractor to install the Charging Station;

(3) Within fourteen (14) days of the Association's approval of the Charging Station, the Owner shall provide to the Association a certificate of insurance that names the Association as an additional insured under the Owner's homeowner's liability insurance coverage policy, which policy must be in a minimum amount of One Million Dollars (\$1,000,000), or such other higher amount that may be required under state statute, and include a right to notice of cancellation of such policy to the Association, and the Owner shall be required to maintain that policy at all times that the Charging Station is installed and used at the Development. Notwithstanding the foregoing, an Owner shall not be required to maintain a homeowner liability coverage policy for an existing National Electrical Manufacturers Association standard alternating current power plug;

(4) The Owner shall pay for the electricity usage associated with the Charging Station, and the Association can adopt reasonable standards for the calculation of such usage if the Charging Station is not separately sub-metered;

(5) The Owner shall be responsible for all costs of installation, maintenance, repair, removal and replacement of the Charging Station, as well as all costs to repair any damage to the Common Area (including but not limited to any Exclusive Use Common Area) and/or any Unit resulting from the installation, maintenance, repair, removal or replacement of the Charging Station;

(6) The Owner must agree that each successive owner of the Owner's Unit and the Charging Station shall be responsible for complying with the above requirements;

(7) The Owner, and not the Association, shall be responsible for disclosing to prospective purchasers of the Owner's Condominium the existence of any Charging Station of the Owner and the related responsibilities related to the Charging Station under this subsection (b); and

(8) The Owner shall be required to sign a covenant running with the land to be recorded against the Owner's Unit documenting the above Charging Station requirements and any other additional requirements the Board deems reasonable, and the Owner shall be responsible for reimbursing the Association, as a Reimbursement Assessment, the costs incurred by the Association in the preparation and recordation of said covenant, including but not limited to reasonable attorneys' fees and costs.

(c) The installation of a Charging Station for the exclusive use of an Owner in a portion of the Common Area that is not the Owner's designated Exclusive Use Common Area parking space shall be authorized by the Association only if:

(1) The installation and use of a Charging Station in the Owner's designated Exclusive Use Common Area parking space is impossible or unreasonably expensive;

(2) There is a Common Area parking space that is not Exclusive Use Common Area, that is not required by the City, County or State of California to be designated as a handicap parking space and that is available for the installation and use of a Charging Station; and

(3) The Owner agrees to comply with the requirements of subsection (b) of this Section 7.12.

In such case, as may be applicable, the Association shall enter into a license agreement with the Owner for the installation, maintenance, repair, removal and replacement of the Charging Station in an unassigned parking space in the Common Area, and the Owner shall be required to comply with all of the requirements of subsection (b) of this Section 7.12. The Association shall not be required to seek approval of the Members for such license/grant of an Exclusive Use Common Area parking space, except as required under the Civil Code, and such license/grant of Exclusive Use Common Area shall be limited to the time period that the Association-approved Charging Station is installed and used in the applicable parking space by the Owner.

(d) The Association shall have no obligation to resolve any disputes related to allegations or claims that any Owner or other person has used another Owner's Charging Station without permission, or that any Owner or other person

has damaged another Owner's Charging Station. A Charging Station installed and/or used by an Owner at the Development shall be considered an Owner's personal property for which the Owner is solely responsible.

(e) The Association may install a Charging Station in the Common Area for the use of all Members of the Association. In such event, the Association shall develop appropriate Rules of use for the Charging Station, including but not limited to, in the Board's sole discretion, Rules that require Owners to pay a fee to the Association for the use of the Charging Station. Notwithstanding the foregoing, the Association shall have no obligation to install a Charging Station in the Common Area, except as otherwise provided under applicable laws, and the decision of whether and where to install such Charging Station shall be in the Board's sole discretion.

(f) Subject to applicable City and County codes and ordinances, the Association may, in the Board's sole discretion, create a new parking space where one did not previously exist in the Common Area to facilitate the installation of a Charging Station by an Owner or the Association; provided, however, the installation and use of such Charging Station will be subject to the requirements and provisions contained in this Section 7.12.

ARTICLE VIII INSURANCE

Section 8.1. Fire and Casualty Insurance.

The Association shall obtain and maintain a direct physical loss policy or policies for the full insurable replacement value of the Improvements in the Common Area. The amount of any deductible for such insurance policy or policies shall be determined by the Board, and this insurance shall be maintained for the benefit of the Association, the Owners, and their Mortgagees, as their interests may appear as named insured, subject, however, to any loss payment requirements set forth in this Second Restated Declaration. Notwithstanding the foregoing, the Association is only responsible for maintaining a direct physical loss policy that covers the Common Area and Improvements up to the bare walls, floors and ceilings of the Units, such policy being commonly known as a "bare walls" policy. Each Owner is required to insure the Owner's Unit components, betterments and improvements against physical loss and casualty, as described in Section 8.7, below.

Section 8.2. General Liability Insurance.

The Association shall obtain and maintain a policy or policies insuring the Association, its officers, Directors, agents and employees, and the Owners against any liability for bodily injury, death, and property damage arising from the maintenance, ownership and/or repair of the Common Area. Limits of liability under such insurance shall not be less than Two Million Dollars (\$2,000,000.00), or as otherwise mandated by current statute, covering all claims for death, personal injury, and property damage arising out of a single occurrence. The limits of coverage shall be reviewed at least annually by the Board and increased in its discretion.

Section 8.3. Errors and Omissions Insurance.

Subject to Section 8.5 below, the Association shall also obtain and maintain a policy of insurance covering the individual liability of officers and Directors of the Association for negligent acts or omissions in that capacity in the minimum amount of Five Hundred Thousand Dollars (\$500,000.00), or as otherwise mandated by current statute; the Association's managing agent/property manager shall also be covered under this insurance policy if such coverage is commercially available. The limits and coverage shall be reviewed at least annually by the Board and increased or decreased in its discretion.

Section 8.4. Other Association Insurance.

The Association shall purchase and maintain workers' compensation insurance to the extent necessary to comply with any applicable laws. The Association may also purchase and maintain fidelity bond coverage which names the Association as an obligee, for any person or entity handling funds of the Association, whether or not such persons or entities are compensated for their services. This coverage may be in an amount that is at least equal to the estimated maximum of funds, including Reserve Accounts, in the custody of the Association or its managing agent at any given time during the term of each bond. The aggregate amount of these bonds must be in an amount the Board determines in its best business judgment is adequate. The Association also may purchase and maintain a blanket policy of flood insurance, earthquake insurance and demolition insurance in an amount that is sufficient to cover any demolition that occurs following the total or partial destruction of the Development and a decision not to rebuild, as well as increased cost of construction and contingent liability insurance.

The Association may purchase such other insurance as the Board in its discretion considers necessary or advisable.

Section 8.5. Failure to Acquire Insurance.

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

Section 8.6. Trustee for Policies.

The Association, acting through its Board, is appointed and shall be deemed trustee of the interests of all named insureds under all insurance policies purchased and maintained by the Association. All insurance proceeds under any of those policies shall be paid to the Board as trustee. The Board shall use the proceeds for the repair or replacement of the property for which the insurance was carried or for the purposes described in Article IX, below. The Board also is authorized to negotiate loss settlements with the appropriate insurance carriers, to compromise and settle any claim or enforce any claim by any lawful action, and to execute loss claim forms and release forms in connection with such settlements.

Section 8.7. Individual Insurance.

Each Owner shall separately insure the Owner's real and personal property, including, without limitation, Unit components, betterments and improvements, and shall obtain and maintain personal liability and property damage liability insurance for the Owner's Unit, as well as loss of use and loss assessment coverage. Each Owner is responsible for integrating the Owner's personal insurance with the Association's insurance to confirm that such Owner's property will be protected in the event of a loss. Such Owner's policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign

the proceeds of such insurance carried by Owner 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.

Each Owner who rents or leases their Unit, as provided herein, shall require as a term in the applicable rental agreement or lease for their Unit that the tenant is required at all times during their tenancy and occupancy of the Owner's Unit to obtain and maintain renter's insurance covering the replacement value of the tenant's personal property and belongings located at the Development from loss, theft and damage.

Notwithstanding anything to the contrary contained herein, although the Owner is obligated to purchase insurance as required herein, the Association shall not have the obligation to confirm that the Owners purchase the required insurance and/or to confirm the terms of any insurance purchased. The Association shall not be responsible to an Owner if the Owner sustains damage to the Owner's Unit and/or collateral damage to other Units and/or the Common Area for which the Owner could be responsible for the cost to remediate or repair same and the Owner does not have or does not maintain the insurances required herein.

Section 8.8. Insurance Premiums.

Insurance premiums for any insurance coverage obtained by the Association shall be included in the Regular or Special Assessments. That portion of the Assessments necessary for the required insurance premiums shall be used solely for the payment of the premiums when due.

Section 8.9. Insurance Policy Deductibles.

Subject to statutory insurance requirements, the Board of Directors shall have the power, in its sole discretion, to determine the amount of any deductible applicable to any insurance policy carried by the Association. In the event of a loss for which Association insurance coverage is used, the responsibility for payment of any deductible shall be as follows:

(a) Owners shall be responsible for the cost of any deductible if the damage or loss occurs to any item owned by the Owner, or for which the Owner is responsible, including, but not limited to, the Owner's Unit components.

(b) The Association shall be responsible for the cost of any deductible if the damage or loss occurs to any item owned or controlled by the Association, or for which the Association is responsible, including, but not limited to Common Area Improvements.

(c) The foregoing notwithstanding, if the damage or loss is caused by the negligence, willful acts, omissions or other misconduct of any Owner or resident, guest, tenant or invitee of an Owner, the responsible Owner shall be liable for the cost of the deductible.

ARTICLE IX DAMAGE OR DESTRUCTION

Section 9.1. Duty to Repair or Reconstruct.

Common Area Improvements damaged or destroyed by fire or other casualty shall be repaired or reconstructed substantially in accordance with the original as-built plans and specifications, modified as may be required by applicable building codes and regulations in force at the time of such repair or reconstruction unless any of the following occurs:

(a) The cost of repair or reconstruction is more than fifty percent (50%) of the current replacement costs of all Development Improvements, available insurance proceeds are not sufficient to pay for at least eighty-five percent (85%) of the cost of such repairs or reconstruction, and seventy-five percent (75%) of the total voting power of the Association residing in Members vote against such repair and reconstruction;

(b) Repair or replacement would be illegal under a state statute or municipal ordinance; or

(c) Available insurance proceeds are not sufficient to substantially repair or reconstruct the Improvements within a reasonable time as determined by the Board, a Special Assessment levied to supplement the insurance fails to receive the requisite approval (if such approval is required) as provided in Section 4.9, and the Board, without the Owners' approval, is unable to supplement the insurance by borrowing on behalf of the Association sufficient monies to enable the Improvements to be substantially repaired or reconstructed within a reasonable time. Notwithstanding anything to the contrary contained herein, any Special

Assessment levied on the Members to fund the cost of reconstruction that is in excess of the insurance proceeds received by the Association shall be levied against each Owner based upon assessment schedule described in Exhibit "C".

Section 9.2. Process For Repair or Reconstruction.

(a) If the Improvements are to be repaired or reconstructed and the cost for repair or reconstruction is in excess of fifty percent (50%) of the current replacement cost of all Common Area Improvements, the Board shall designate a construction consultant, a general contractor, and an architect for the repair or reconstruction. All insurance proceeds, Association monies allocated for the repair or reconstruction, and any borrowings by the Association for the repair or reconstruction shall be deposited with a commercial lending institution experienced in the disbursement of construction loan funds (the "Depository") as selected by the Board. Funds shall be disbursed in accordance with the normal construction loan practices of the Depository that require as a minimum that the construction consultant, general contractor and architect certify within ten (10) days prior to any disbursement substantially all of the following:

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

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

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

(4) That no part of the cost of the services and materials described in the foregoing Section 9.2(a)(2) has been or is being made the basis for the disbursement of any funds in any previous or then pending application.

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

(b) If the cost of repair or reconstruction is less than fifty percent (50%) of the current replacement cost of all the Improvements, the Board shall disburse the available funds for the repair and reconstruction under such procedures as the Board deems appropriate under the circumstances.

(c) The repair or reconstruction shall commence as soon as reasonably practicable after the date of such damage or destruction and shall be completed as quickly as is reasonably practicable after commencement of reconstruction, subject to delays that are beyond the control of the party responsible for making the repairs.

Section 9.3. Process if Repair or Reconstruction Not Undertaken.

If the Common Area Improvements are not required to be repaired or reconstructed in accordance with the foregoing, all available insurance proceeds shall be disbursed among all Owners and their respective Mortgagees in proportion to the respective fair market values of their Condominiums as of the date immediately preceding the date of damage or destruction as determined by a qualified independent appraiser selected by the Board, after first applying the proceeds to the cost of mitigating hazardous conditions on the Development, making provision for the continuance of public liability insurance to protect the interests of the Owners until the Development can be sold, and complying with all other applicable requirements of governmental agencies. In the event of a failure to agree upon an appraiser, the appraiser shall be appointed by the then President of the County Bar Association. In the event that the President of the County Bar Association is unable to appoint an appraiser, the Association shall refer the matter to the arbitration and mediation service, JAMS.

If the failure to repair or reconstruct results in a material alteration of the use of the Development from its use immediately preceding the damage or destruction as determined by the Board (a material alteration shall be conclusively presumed if

repair or reconstruction costs exceed twenty-five percent (25%) of the current replacement cost of all Development Improvements), the Development shall be sold in its entirety under such terms and conditions as the Board deems appropriate.

If the Development is sold, the sales proceeds shall be distributed to all Owners and their respective Mortgagees in proportion to the respective fair market values of their Condominiums as of the date immediately preceding the date of damage or destruction as determined by the independent appraisal procedure described above. For the purpose of effecting a sale under this Section, each Owner grants to the Association an irrevocable power of attorney to sell the entire Development for the benefit of the Owners, to terminate this Second Restated Declaration and to dissolve the Association.

Notwithstanding anything herein to the contrary, any Owner or group of Owners shall have a right of first refusal to match the terms and conditions of any offer made to the Association in the event of a sale of the Development under this Section, provided this right is exercised within ten (10) days of receipt by the Owners of a notice from the Association containing the terms and conditions of any offer it has received. If the Owner or group of Owners subsequently default on their offer to purchase, they shall be liable to the other Owners and their respective Mortgagees for any damages resulting from the default. If more than one (1) Owner or group elects to exercise this right, the Board shall accept the offer that in its determination is the best offer.

Section 9.4. Interior Repairs.

Any repair, rebuilding or reconstruction undertaken pursuant to the foregoing provisions shall cover only the exterior and structural components of the damaged or destroyed Condominiums and such other damage to such Condominiums as may be covered by insurance maintained by the Association. Except to the extent that the Association has obtained earthquake and/or fire and casualty insurance, and to the extent such insurance provides such coverages, if a destroyed Condominium is so repaired, rebuilt, or reconstructed, the Owner of such Condominium shall be obligated to repair and rebuild the damaged portions of the interior of the Owner's Unit in a good and workmanlike manner at the Owner's expense. However, in the event that the Association has obtained and maintained earthquake insurance and/or fire and casualty insurance, and only to the extent that such insurance proceeds are available after all of the Common Area has been repaired or reconstructed, the Association shall be responsible for the

betterments and improvements within a Unit, including, but not limited to, the fixtures, improvements and alterations that are a part of the building's structure, and appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

Section 9.5. Revival of Right to Partition.

Within sixty (60) days following the date of a determination by the Board or arbitrator of a material alteration, or within one hundred twenty (120) days following the date of damage or destruction if the Board has failed to make a determination as to a material alteration, then the Association shall have the duty to execute, acknowledge, and record in the office of the County Recorder, a certificate declaring the Association's intention not to rebuild. Upon recordation of said certificate, the right of any Owner to partition as to the entire Development under the California Civil Code shall revive immediately.

**ARTICLE X
EMINENT DOMAIN**

Section 10.1. Representation by Association.

The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of all or part of the Common Area. Each Owner, by acceptance of a deed to a Condominium, irrevocably appoints the Association as their attorney-in-fact to represent the Owners in any such condemnation proceeding(s). In the event of a taking or acquisition of part or all of the Common Area by a condemning authority, the award or proceeds of settlement, less any fees or costs incurred, shall be payable to the Association, or any trustee appointed by the Association, for the use and benefit of the Owners and their Mortgagees as such obligations are stated in the applicable trust documents.

Section 10.2. Common Area Taking.

In the event of a taking by eminent domain of any part of the Common Area, the Association shall participate in the negotiations, and shall propose the method of division of the proceeds of condemnation, where Condominiums are not valued separately by the condemning authority or by the court. Proceeds of condemnation, less any costs and fees incurred, including legal fees, shall be distributed among Owners of Condominiums and their respective Mortgagees.

according to the fair market values of the Condominiums affected by the condemnation as of the date immediately preceding the date of the taking.

Section 10.3. Condominium Unit Taking.

In the event of an award for the taking of any Condominium in the Development by eminent domain, the Owner of such Condominium shall be entitled to receive the award for such taking, less any fees and costs incurred in collecting such amount and only up to the fair market value of that Owner's Condominium. If the Owner vacates the Owner's Condominium as a result of the taking, after acceptance of the award, such Owner and the Mortgagee shall be divested of all interest in the Development. The remaining Owners shall decide by majority vote whether to rebuild or repair the Development, or take other action. The remaining portion of the Development shall be resurveyed, if necessary, and the Board shall submit to the Members for their approval amendments to this Second Restated Declaration to reflect the taking and to readjust proportionately the percentages of undivided interest of the remaining Owners in the remaining Common Area.

Section 10.4. Substantial Taking.

If there is a substantial taking of the Development (more than fifty percent (50%)), the Owners may terminate the legal status of the Development and, if necessary, bring a partition action under the California Civil Code on the election to terminate by fifty-one percent (51%) of the total voting power of the Association. The proceeds from the partition sale, less any costs or fees incurred in collection of same, shall be distributed to the Owners and their respective Mortgagees in proportion to the fair market values of the Condominiums.

ARTICLE XI RIGHTS OF MORTGAGEES

Section 11.1. Warranty.

The Association warrants that Mortgagees of Units in the Development shall be entitled to the rights and guaranties set forth in this Article. No amendment of this Article shall affect the rights of any First Mortgagee which are set forth in an instrument recorded prior to the recordation of the amendment who does not consent to the amendment, as provided in Section 11.5 below.

Section 11.2. Protection of First Mortgagees.

No breach of any of the covenants, conditions and restrictions contained in this Second Restated Declaration, nor the enforcement of any lien provision herein, shall render invalid the lien of any First Mortgagee on any Unit made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through judicial or non-judicial foreclosure, or otherwise.

Section 11.3. Possession by Foreclosure.

Unless otherwise provided by law, each First Mortgagee that comes into possession of a Unit by virtue of foreclosure of the First Mortgagee's lien on such Unit, or any purchaser at a sale pursuant to such foreclosure, will take the Unit free of any claims against the Unit for unpaid Assessments and fees which accrue before such holder or purchaser takes title to the Unit, except for claims for a pro rata share of such Assessments or charges to all Units including the mortgaged Unit, and except for Assessment liens recorded prior to the First Mortgagee's lien.

Section 11.4. Right to Furnish Mortgage Information.

Each Owner authorizes a First Mortgagee with a recorded interest in the Owner's Unit to furnish information to the Board concerning the status of the First Mortgagee's lien and the loan that it secures.

Section 11.5. Amendment.

The prior consent of two-thirds (2/3) of the Eligible Mortgage Holders shall be required for any material amendment to this Second Restated Declaration. The term "Eligible Mortgage Holder" shall mean any First Mortgagee who has requested notice of any material amendment to this Second Restated Declaration. As used herein, the term "material amendment" is defined to mean amendments to provisions of this Second Restated Declaration governing the following subjects:

- (a) The purpose for which the Development may be used;
- (b) Voting rights;
- (c) Assessments, collection of Assessments, creation and subordination of Assessment liens;

- (d) Reserves for repair and replacement of Common Area or Improvements thereon or therein;
- (e) Maintenance of Common Area and Improvements thereon;
- (f) Casualty and liability insurance;
- (g) Rebuilding or reconstruction of Common Area and Improvements thereon, in the event of damage or destruction;
- (h) Rights of use to and in the Common Area; and
- (i) Any provision, which by its terms, is specifically for the benefit of First Mortgagees, or specifically confers rights on First Mortgagees.

An Eligible Mortgage Holder who receives a written request to approve a material amendment to this Second Restated Declaration who does not deliver or post to the requesting party a negative response within thirty (30) days after the date of notice of the proposed material amendment shall be deemed to have approved the material amendment, provided that notice has been delivered to the Eligible Mortgage Holder by first class, certified or registered mail.

Section 11.6. Notice to Lenders.

- (a) Association shall give notice in writing to any First Mortgagee requesting such notice of any default by the Owner of the Unit encumbered by such mortgagee in the performance of such Owner's obligations under the condominium documents which default remains uncured for a period of thirty (30) days.
- (b) Association shall give written notice to each First Mortgagee of any loss to, or taking of, the Common Areas of the Development if such loss or taking exceeds \$100,000.00.

Section 11.7. Inspection of Books.

Each First Mortgagee shall have the right to examine the books and records of the Association during reasonable business hours.

Section 11.8. Restriction on Certain Changes.

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

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

(b) Change the pro-rata interest or obligations of any Unit for (i) purposes of levying Assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (ii) determining the pro-rata share of ownership of each Unit, appurtenant real estate and any Improvements thereon which are owned by the Unit Owners in the Development in undivided pro rata interests.

(c) Partition or subdivide any Condominium.

(d) By act or omission, to seek to abandon, partition, subdivide, encumber, sell, or transfer the common elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the condominium project shall not be deemed to be a transfer within the meaning of this clause.

(e) To use hazard insurance proceeds for losses to the Development (whether to Units or to Common Area) for other than the repair, replacement or reconstruction of such Improvements except in the case of a partition, as provided by Civil Code Section 752(b) in case of substantial loss to the Units and/or Common Area of the Development.

(f) By act or omission, to change, waive or abandon the provisions of this Second Restated Declaration, or the enforcement of same, pertaining to architectural design or control of the exterior appearance of structures in the Development, the maintenance of the Common Area and Improvements thereon.

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

An Eligible Mortgage Holder who receives a written request to approve any of the proposed actions under this Section 11.8 who does not deliver or post to the requesting party a negative response within thirty (30) days after the date of notice of the proposed action(s) shall be deemed to have approved such action, provided that notice has been delivered to the Eligible Mortgage Holder by first class, certified or registered mail.

Section 11.9. Reserve for Replacements.

The monthly Regular Assessment and capital contributions provided for in Article IV hereof shall include an adequate reserve fund for maintenance, repair and replacement of those portions of the Common Area, and the facilities thereon, which must be replaced on a periodic basis.

**ARTICLE XII
ENFORCEMENT**

Section 12.1. Right to Enforce.

The Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the Governing Documents. Each Owner of a Condominium shall have a right of action against the Association or any Owner for failure to comply with the provisions of the Governing Documents.

Section 12.2. Nuisance.

Every act or omission by which any provision, condition, restriction, covenants, easements, or reservation contained in the Governing Documents is violated in whole or in part, is declared to be and constitute a nuisance. Every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such act or omission and may be exercised by any Owner and the Association. Each remedy provided herein shall be cumulative and not exclusive.

Section 12.3. Failure to Enforce.

Failure by the Association or any Owner to enforce any provisions of the Governing Documents shall in no event be deemed a waiver of the right to do so thereafter.

Section 12.4. Violation of Law.

Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any Condominium within the Development is declared to be a violation of the Governing Documents and subject to any or all of the enforcement procedures herein set forth.

Section 12.5. Dispute Resolution.

(a) Notwithstanding any provision in this Second Restated Declaration to the contrary, in the event of a tie vote of the Owners, or if the Association or any Member has any claim, grievance, demand, cause of action, or dispute of any kind whatsoever (the "Dispute"), which relates to enforcement of the Governing Documents and which arises between said Member and the Association, any of its officers, Directors, or agents, prior to the initiation of any other alternative dispute resolution ("ADR") as permitted herein or by law, the Dispute shall first be submitted for resolution pursuant to the internal dispute resolution ("IDR") procedure set forth below. In the event the Dispute cannot be resolved or settled within a reasonable time by negotiation, pursuant to Section 12.5(b) below, then the Dispute shall be subject to ADR, such as mediation, conciliation or arbitration. If a Dispute cannot be resolved by these forms of ADR, then it shall be decided by judicial reference, as provided for in Section 12.6 below.

(b) Internal Dispute Resolution:

(1) Either party may request, in writing, that the other party meet and confer in an effort to resolve the Dispute.

(2) Upon receipt of a written request, the party receiving such request shall respond in writing within thirty (30) days. If the party receiving the request fails to respond within thirty (30) days, the request to meet shall be deemed denied. Only a Member of the Association may refuse a request to meet and

confer. The Association shall not be permitted to refuse such a request and shall meet with the Member requesting such meeting.

(3) A written request shall be served upon the other party pursuant to the notice requirements contained in Section 14.12 below.

(4) A written request shall contain the following:

(A) a brief description of the Dispute between the parties;

(B) a request for IDR pursuant to this Section 12.5;

(C) a copy of this Section 12.5; and

(D) a notice that the party receiving the written request is required to respond within thirty (30) days of receipt or the request will be deemed rejected.

(5) Upon receipt of a written request by the Association, the Association's Board of Directors shall designate one member with whom the Member may meet.

(6) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the Dispute.

(7) Any resolution of the Dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the Board designee on behalf of the Association.

(8) Any agreement reached under this Section 12.5 shall be binding upon the Member and the Association and is judicially enforceable if both of the following conditions are satisfied:

(A) The agreement is not in conflict with any applicable law or the Association's Governing Documents; and

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

(9) The Association may not charge a fee to the Member to participate in the above described resolution process.

Section 12.6. Judicial Reference.

(a) Disputes Subject to Judicial Reference.

Notwithstanding any provision in this Second Restated Declaration to the contrary, in the event of a tie vote of the Owners, or if the Association or any Member has any claim, grievance, demand, cause of action, or dispute of any kind whatsoever, other than those described under Section 12.5 above and Section 12.6(h) below, which relates to enforcement of the Governing Documents and applicable state statute, and which arises between said Member and the Association or any of its officers, Directors, or agents, which Dispute cannot be resolved or settled within a reasonable time by IDR, ADR or negotiation, the Dispute shall be subject to and decided by judicial reference, to try any or all of the issues in the action or proceeding, whether of fact or of law.

(b) Appointment of Referee.

Within ten (10) days after either party demands that the Dispute be determined by judicial reference in the manner specified under the Davis-Stirling Act, and if mediation is attempted and is unsuccessful, the parties shall attempt to agree to the appointment of a retired judge of the local Superior Court as referee. If the parties are unable to agree, either party may, upon ten (10) days' notice, apply to the presiding judge of the local Superior Court to appoint a referee.

(c) Discovery.

Per California Code of Civil Procedure Section 1283.05, discovery shall be permitted in such proceedings, subject to restrictions imposed by the referee if requested by any party. Hearings shall be held in the County, at such time and place and for such periods as the referee shall designate.

(d) Trial.

The trial of the Dispute shall be commenced within ninety (90) days of the appointment of the referee unless the referee declares an extension of such time. Hearings shall be continuously conducted and diligently completed and the

parties shall require that the referee's statement of decision be reported to the parties within twenty (20) days of completion of the hearings. Prior to the rendering of the referee's decision, the total cost of said judicial reference, including referee and court reporter's fees and all costs of administration, shall be borne equally by both parties. The prevailing party shall be awarded recovery of reasonable attorney's fees, costs of suit, and all other incurred costs in addition to any other award made by the referee as part of any judgment decision.

(e) Entry of Judgment.

Judgment upon the award of the Referee may be entered, in accordance with applicable law, in any court having jurisdiction over same, and shall be final and binding upon the parties.

(f) Survival of This Section.

The provisions for judicial reference which are contained in this Section shall survive any termination of ownership interest on behalf of a Member of the Association who is a party to a Dispute.

(g) Mediation.

As part of the judicial reference process, and unless otherwise provided by California law, any party to the Dispute may request in writing that the issues in contention first be submitted for mediation to the Referee, who will attempt to mediate and settle the dispute. If the parties are not able to settle their dispute, the Referee will set a trial date for the judicial reference, and will rule on any requests for discovery by any of the parties, which discovery must be completed prior to trial.

(h) Claims and Disputes Exempt from Judicial Reference.

The following types of claims and/or disputes arising under the Governing Documents of the Association shall be exempt from the judicial reference provisions set forth in this Section:

(1) Claims and disputes arising solely between Members of the Association, not involving the Association and for which no claim or relief is sought against the Association, its officers, Directors, or agents;

(2) Any claim or dispute where the applicable time limitation for commencing an action would run within 120 days;

(3) Any claim or dispute solely for damages;

(4) Any claim or dispute involving declaratory or injunctive relief in conjunction with a claim for damages of more than \$5,000;

(5) Any claim or dispute wherein the Association or any Member must obtain preliminary or temporary injunctive relief from a court of competent jurisdiction. By way of illustration, and not by way of limitation, any application to enjoin the construction, alteration or modification of any Improvement within the Development which is deemed to be in violation of this Second Restated Declaration shall be exempt from the judicial reference provisions of this Section. Subsequent to the court's ruling on any application for such remedies, and upon issuance of a court order compelling arbitration pursuant to California Code of Civil Procedure Section 1281.2, the Dispute shall be submitted for final and binding arbitration in accordance with the judicial reference procedures set forth in Section 12.6(a) above; or

(6) Any action for collection of Assessments arising under Article IV of this Second Restated Declaration, except that any claim arising over a disputed Assessment for which a request for ADR is properly made under the Davis-Stirling Act shall be subject to this Section 12.6.

Section 12.7. Compliance with Statute.

All activities to enforce the provisions of the Governing Documents shall be conducted in accordance with all applicable laws, statutes and ordinances. This Section shall apply to both the Association and to all Owners.

ARTICLE XIII AMENDMENTS

This Second Restated Declaration may be amended by the Secret Ballot vote of Owners representing not less than fifty percent (50%) of the voting power of the Association; provided, however, the percentage of the voting power necessary to amend a specific clause or provision of this Second Restated Declaration shall not be less than the percentage of affirmative votes required for action to be taken under that clause or provision. Notwithstanding the foregoing, the Board shall have the power to amend this Second Restated Declaration without Member approval if such amendment is: (i) permitted by the Civil and/or Corporations Codes to be

adopted by the Board without Member approval; (ii) required under any state or federal law; and/or (iii) an update of specific statutory citations or references in this Second Restated Declaration for statutes cited or referenced herein that have been amended, renumbered or replaced with alternate statutes.

An amendment becomes effective after (a) the approval of the required percentage of Owners has been given, (b) the approval of the required percentage of Eligible Mortgage Holders has been given (as described in Section 11.5 herein), as may be applicable, (c) such approvals have been certified in the form of a written document executed and acknowledged by an officer designated by the Association for that purpose or, if no such designation is made, by the President of the Association and (d) the document has been recorded in the official records of the County.

ARTICLE XIV GENERAL PROVISIONS

Section 14.1. Term.

The provisions of this Second Restated Declaration shall continue in effect for a term of fifty (50) years from the date of execution. Thereafter, it shall be automatically extended for successive periods of ten (10) years, until the Members of the Association decide to terminate it by the vote or written consent of Owners representing not less than two thirds (2/3) of the voting power of the Association.

Section 14.2. Nonwaiver of Remedies.

Each remedy provided for in this Second Restated Declaration is separate, distinct, and nonexclusive. Failure to exercise a particular remedy shall not be construed as a waiver of the remedy.

Section 14.3. Severability.

The provisions of this Second Restated Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one (1) provision shall not affect the validity or enforceability of any other provision.

Section 14.4. Binding.

This Second Restated Declaration, as well as any amendment to this Second Restated Declaration and any valid action or directive made pursuant to it, shall be binding on the Owners and their heirs, grantees, tenants, successors, and assigns.

Section 14.5. Interpretation.

The provisions of this Second Restated Declaration shall be liberally construed and interpreted to effectuate its purpose of creating a uniform plan for the development and operation of a condominium project. Failure to enforce any provision of this Second Restated Declaration is not a waiver of the right to enforce that provision or any other provision of this Second Restated Declaration.

Section 14.6. Limitation of Liability.

No Owner shall be responsible for the performance of any obligation under this Second Restated Declaration, which arises after the sale, transfer, or other divestment of the Owner's entire interest in the Owner's Unit.

Section 14.7. Fair Housing.

Neither the Association nor any Owner shall, either directly or indirectly, forbid the conveyance, encumbrance, renting, leasing, or occupancy of the Owner's Unit to any person on the basis of race, color, sex, sexual orientation or preference, religion, ancestry, national origin, physical handicap, or marital or familial status.

Section 14.8. Number and Headings.

As used in this Second Restated Declaration, the singular shall include the plural, and the plural shall include the singular, unless the context requires otherwise. The headings are not a part of this Second Restated Declaration, and shall not affect the interpretation of any provision.

Section 14.9. Attorneys' Fees.

In the event an attorney is engaged by the Board to enforce the Governing Documents, the Owner covenants and agrees to reimburse the Association any costs or fees incurred, including attorneys' fees, regardless of whether legal proceedings are instituted. In the event litigation is commenced to enforce the

Governing Documents, the prevailing party shall be entitled to its attorneys' fees and costs. This Section shall also apply to actual attorneys' fees incurred to collect any post-judgment costs. All such costs and attorneys' fees described in this Section shall constitute a Reimbursement Assessment against the Condominium, which is enforceable pursuant to Article IV herein.

Section 14.10. Personal Injury or Property Damage Sustained Within a Unit.

In the event any personal injury or property damage is sustained by any person while physically within or on a Unit or any portion of Exclusive Use Common Area appurtenant to a Unit, and such injury or damage results in a claim or suit against any other Owner, the Association, or any of the Association's officers, Directors, agents or employees, the Owner who owns such Unit or has an exclusive easement over such Exclusive Use Common Area within which such injury or damage occurred (i) shall and does hereby agree to fully indemnify and hold harmless such other Owner, the Association and the Association's officers, Directors, agents and employees, against whom such claim or suit is brought, and (ii) does hereby agree to defend at the Owner's own cost and expense any litigation resulting therefrom in which such other Owner, the Association and/or the Association's officers, Directors, agents or employees have been made a party; provided, however, that no such obligation shall exist with respect to such other Owner or other person/entity to the extent such Owner's or other person's/entity's negligence or willful misconduct caused or contributed to such injury or damage. In the event of joint ownership of any Unit within the Development, the liability of such Owners shall be joint and several.

Section 14.11. Association Not Responsible for Loss.

Neither the Association nor any Director, officer, agent or employee of the Association shall be responsible to any Owner nor to any member of such Owner's family, social guests, employees or invitees for any loss or damage suffered by reason of theft or otherwise of any article, vehicle or thing which may be stored by such Owner or other Person in or on any portion of the Common Area.

Section 14.12. Delivery of Documents and Information.

Documents, notices, and other information to be delivered (1) to the Association by a Member, (2) to an individual Member by the Association, or (3) to all Members by the Association pursuant to the Governing Documents or the

Davis-Stirling Act shall be delivered in accordance with the methods permitted under, and the requirements of, the Bylaws and the Davis-Stirling Act.

Section 14.13. Conflicting Provisions.

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

[END OF DOCUMENT]

IN WITNESS WHEREOF, the undersigned have executed this Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Montecito Shores Homeowners Association this 20 day of October, 2014.

Montecito Shores Homeowners Association
a California nonprofit corporation

By: Paul B. Dinkel
Name: Paul B. Dinkel

Title: President

By: Barbara C. Dangleis
Name: Barbara C. Dangleis

Title: Secretary

EXHIBIT "A"
PROPERTY LEGAL DESCRIPTION

The Property consists of certain real property located in the County of Santa Barbara, State of California more particularly described as follows:

Lot 1 of Tract 11886 as shown on Maps recorded in Book 90, pages 81 through 91, inclusive, of Maps, in the Office of the County Recorder of Santa Barbara County, California.

An easement for roadway, public utility and sewer purposes over that certain real property beginning at the Southwest corner of the tract of land described in the deed to Mutual Savings and Loan Association, a California corporation, recorded December 13, 1971 as Instrument No. 40304, in Book 2376, Page 140 of Official Records of said County, being a point at the beginning of a curve, concave to the West, having a radius of 292.00 feet, a delta of 7°25'14" and whose radial center bears North 78°31'46" West; thence Northerly along the arc of said curve, 37.82 feet to the end thereof; thence North 4°03' East, 30.03 feet to the Northwest corner of said Mutual Savings and Loan Association tract of land; thence North 69°39'50" West, 17.70 feet; thence South 4°03' West, 74.00 feet; thence North 88°57'10" East, 14.60 feet, more or less, to the point of beginning.

EXHIBIT "B"
OWNERSHIP OF COMMON AREA

The undivided interest in the Common Area shall be conveyed with each Unit as follows:

Condominium Unit No.	Undivided Interest In Common Area (%)
1	1.6630
2	1.6630
3	1.6014
4	1.2072
5	1.1456
6	1.6876
7	1.6260
8	1.6260
9	1.5644
10	1.1702
11	1.1086
12	1.6383
13	1.6630
14	1.6630
15	1.6014
16	1.2072
17	1.1456
18	1.6876
19	0.9731
20	1.0717
21	1.2934
22	1.1333
23	1.0471
24	1.4166
25	0.9362
26	1.0471
27	1.2565
28	1.1086
29	1.0101
30	1.3796

Condominium Unit No.	Undivided Interest In Common Area (%)
31	0.9855
32	1.0963
33	1.2934
34	1.1579
35	1.0594
36	1.4783
37	0.9239
38	1.0101
39	0.9239
40	0.9731
41	0.9239
42	0.9855
43	0.8869
44	0.9608
45	0.8869
46	0.9485
47	0.8869
48	0.9362
49	0.9362
50	1.0717
51	0.9239
52	0.9978
53	0.9239
54	1.0224
55	0.8007
56	0.7637
57	0.7637
58	0.8253
59	0.7884
60	0.8869
61	0.7761
62	0.7391
63	0.7514
64	0.8007
65	0.7637
66	0.8500

Condominium Unit No.	Undivided Interest In Common Area (%)
67	0.8253
68	0.7884
69	0.7884
70	0.8376
71	0.8130
72	0.9116
73	0.7145
74	0.7391
75	0.7268
76	0.7637
77	0.7637
78	1.1702
79	0.7021
80	0.7145
81	0.7021
82	0.7391
83	0.7514
84	1.1333
85	0.7637
86	0.7637
87	0.7514
88	0.7761
89	0.7885
90	1.1702
91	0.6775
92	0.6898
93	0.7637
94	0.6529
95	0.6652
96	0.7391
97	0.6898
98	0.7021
99	0.7761

EXHIBIT "C"
ASSESSMENT SCHEDULE

Except as provided otherwise in this Second Restated Declaration, Regular Assessments and Special Assessments shall be payable by the Owner of each Unit in the following proportionate shares:

Condominium Unit No.	Percentage of Total Assessments
1	1.1442
2	1.1442
3	1.1442
4	0.9740
5	0.9740
6	1.1442
7	1.1442
8	1.1442
9	1.1442
10	0.9740
11	0.9740
12	1.1442
13	1.1442
14	1.1442
15	1.1442
16	0.9740
17	0.9740
18	1.1442
19	0.9740
20	0.9740
21	1.1442
22	0.9740
23	0.9740
24	1.1442
25	0.9740
26	0.9740
27	1.1442
28	0.9740
29	0.9740

Condominium Unit No.	Percentage of Total Assessments
30	1.1442
31	0.9740
32	0.9740
33	1.1442
34	0.9740
35	0.9740
36	1.1442
37	0.9740
38	0.9740
39	0.9740
40	0.9740
41	0.9740
42	0.9740
43	0.9740
44	0.9740
45	0.9740
46	0.9740
47	0.9740
48	0.9740
49	0.9740
50	0.9740
51	0.9740
52	0.9740
53	0.9740
54	0.9740
55	0.9740
56	0.9740
57	0.9740
58	0.9740
59	0.9740
60	0.9740
61	0.9740
62	0.9740
63	0.9740
64	0.9740
65	0.9740

Condominium Unit No.	Percentage of Total Assessments
66	0.9740
67	0.9740
68	0.9740
69	0.9740
70	0.9740
71	0.9740
72	0.9740
73	0.9740
74	0.9740
75	0.9740
76	0.9740
77	0.9740
78	1.1441
79	0.9740
80	0.9740
81	0.9740
82	0.9740
83	0.9740
84	1.1441
85	0.9740
86	0.9740
87	0.9740
88	0.9740
89	0.9740
90	1.1442
91	0.9740
92	0.9740
93	0.9740
94	0.9740
95	0.9740
96	0.9740
97	0.9740
98	0.9740
99	0.9740

EXHIBIT "D"

MAINTENANCE SCHEDULE

In this Exhibit "D", the word "maintain", capitalized or not, means "maintain, repair and replace". This schedule is not an exhaustive list of Association and Owner maintenance obligations, but is meant to supplement relevant provisions of this Second Restated Declaration.

COMPONENT	OWNER	ASSOCIATION
Interior of Unit		
Floor coverings (<i>including, but not limited to, carpeting, hardwood, linoleum, and tile</i>)	Maintain.	
Indoor wall surfaces (<i>including, but not limited to, paint, wallpaper, paneling, and mirrors</i>)	Maintain.	
Ceiling surfaces	Maintain.	
Cabinets and their hardware, counters and mantles	Maintain.	
Interior doors, doorways, doorframes and their hardware	Maintain.	
Built-in appliances (<i>including, but not limited to, microwave, range, dishwasher, and oven</i>)	Maintain.	
Plumbing fixtures (<i>including, but not limited to, sinks, toilets, bath, shower, faucets, sink hardware, and supply hoses</i>)	Maintain.	
Electrical (<i>including, but not limited to, lighting fixtures, outlets, and switch wiring and distribution</i>)	Maintain.	
Elements of Unit dwelling area or within the boundaries of the dwelling area not designated for maintenance by Association.	Maintain.	

COMPONENT	OWNER	ASSOCIATION
Entry Door of Unit		
Door hardware and accessories <i>(including, but not limited to, lock, strike plate, doorknob, hinges, and openers)</i>	Maintain.	
Door bell (all components)	Maintain.	
Weather-stripping	Maintain.	
Frame	Maintain interior surfaces.	Maintain exterior surfaces and structural components.
Replacement of door		Replace.
Indoor paint or other finish	Maintain.	
Exterior paint or other finish		Maintain.
Windows and Sliding Glass Doors Serving Unit		
Decorations and hardware <i>(including, but not limited to, locks, sashes, tracks, fittings, glazes, stops, gaskets, and knobs)</i>	Maintain.	
Weather-stripping and caulking	Maintain.	
Frame	Maintain.	
Replacement of window or sliding glass door	Replace.	
Glass	Maintain and regularly clean the surfaces of the glass. Replace broken glass.	
Screens	Maintain.	
Flashing	Maintain.	

COMPONENT	OWNER	ASSOCIATION
Fireplace		
Firebox	Maintain interior surfaces and airspace.	Maintain structural components.
Flue and chimney	Perform periodic cleaning.	Maintain structural and exterior components.
Fire/Life/Safety Equipment		
Smoke detector	Maintain (including periodic testing and replacement of batteries)	
Carbon monoxide detector	Maintain (including periodic testing and replacement of batteries)	
Fire sprinkler system	Keep sprinkler heads clear of debris and cover.	Maintain sprinkler heads, pipes, valves, and pressure gauges. Test all systems.
Utility Systems		
Plumbing (water and sewer), furnaces, ducts, air handler, electrical wiring, circuit breakers, and other utility service facilities	Maintain portions that exclusively serve the Unit when located within the Unit.	Maintain portions that service the Common Area or two (2) or more Units, or which are located in the Common Area (even when exclusively serving an individual Unit).

COMPONENT	OWNER	ASSOCIATION
Air conditioning compressor and related equipment serving an individual Unit	Maintain (wherever located), including compressor and ductwork.	
Dryer vent and related equipment exclusively serving an individual Unit	Maintain portions within Unit.	Maintain portions located in the Common Area.
Telephone wiring exclusively serving an individual Unit	Maintain (wherever located).	
Television, audio, video, and internet cables, wiring, connections, and equipment serving an individual Unit	Maintain (wherever located).	
Balcony / Patio		
Balcony	Keep free of debris and trash (including the balcony floor, scuppers, and drain surfaces) and regularly clean the interior surfaces. Regularly inspect the floor/deck and promptly report any deficiencies or repair issues to the Association.	Maintain structural elements, exterior surfaces, and surface finishes of wall and railing. Conduct waterproofing of floor/deck.
Patio	Keep free of debris and trash (including the floor and drain surfaces) and regularly clean the interior surfaces.	Maintain structural components, exterior surfaces, and surface finishes of wall and fence.
Lighting fixtures	Maintain fixtures and related wiring. Replace light bulbs as necessary.	
Landscaping and plants	Maintain.	

COMPONENT	OWNER	ASSOCIATION
Unit Attic Space	Keep free of debris and trash, and regularly clean interior surfaces of walls, floor and ceiling. Replace light bulbs as necessary. Maintain Owner-installed lighting fixtures.	Maintain structural components and surfaces of walls, floor and ceiling.
Unit Storage Space	Keep free of debris and trash, and regularly clean interior surfaces of walls, floor and ceiling. Replace light bulbs as necessary.	Maintain structural element and surfaces of walls, floor and ceiling. Maintain lighting fixtures.
Unit Parking Spaces	Keep free of debris and trash. Regularly clean floor surface, including the removal of any oil and other vehicle fluids.	Maintain structural components and surfaces of walls, floor, and ceiling.
Unit Mailbox	Replace lost key or broken lock as necessary.	Maintain structure.
Common Area Improvements, Facilities and Amenities		
Foundation and structural components of building		Maintain.
Roof, gutters and downspouts		Maintain.
Outdoor surfaces of building walls		Maintain.
Stairways, handrails, and gates that are not inside the Units		Maintain.

COMPONENT	OWNER	ASSOCIATION
Building entry doors, access control systems and hallways		Maintain.
Lighting fixtures serving the Common Area (other than lighting fixtures serving a Unit balcony or patio)		Maintain.
Recreational facilities and amenities		Maintain.
Driveways and walkways		Maintain.
Landscaping (other than plants located with a Unit balcony or patio)		Maintain.
Open spaces		Maintain.
Common area components not designated for maintenance by an Owner.		Maintain.

Owner maintenance responsibilities set forth in this Exhibit "D" are subject to applicable architectural/design control and approval provisions of this Restated Declaration (such as any requirement that an Owner be responsible for the maintenance, repair and replacement of Improvements installed by the Owner in the Common Area), as well as other provisions of this Restated Declaration (such as provisions requiring an Owner to reimburse the Association for costs incurred by the Association to repair damage to the Common Area for which the Owner is responsible) and any applicable Rules and Regulations adopted by the Board from time to time.

**CERTIFICATE OF PRESIDENT AND SECRETARY
OF
MONTECITO SHORES HOMEOWNERS ASSOCIATION**

We, Paul B. Dinkel, President of Montecito Shores Homeowners Association, ("Association"), and Barbara Dangleis, Secretary of the Association, hereby certify that:

The Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Montecito Shores Homeowners Association ("Second Restated Declaration"), attached hereto, was approved by the Secret Ballot vote of the holders of not less than fifty percent (50%) of the voting power of the Association.

IN WITNESS WHEREOF, we, as President and Secretary, respectively, of the Association, have executed this Certificate and the attached Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Montecito Shores Homeowners Association, on 20 October, 2014.

By: Paul B. Dinkel

Name: Paul B. Dinkel

Title: President

By: Barbara C. Dangleis

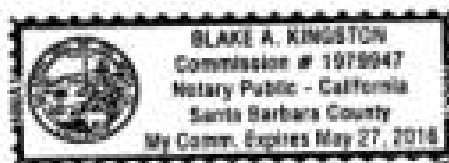
Name: Barbara C. Dangleis

Title: Secretary

STATE OF CALIFORNIA)
)
COUNTY OF Santa Barbara)

On 2nd October 2014, before me, Blake A. Kingston, Notary Public, Notary Public, personally appeared Blake Kingston, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person 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.



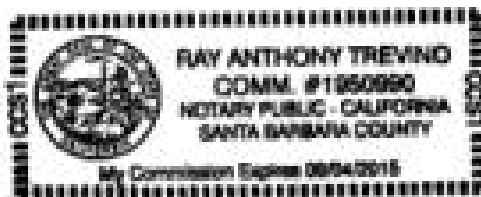
WITNESS my hand and official seal.

[Signature]
Notary Public

STATE OF CALIFORNIA)
)
COUNTY OF Santa Barbara)

On October 20, 2014, before me, Ray Trevino, Notary Public, personally appeared Paul B. Dinkel, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person 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]
Notary Public