

**66 CLEARY COURT
CONDOMINIUMS**

66 Cleary Ct. Condominium Owners Assn.
San Francisco, CA 94109 • (415) 921-5427

“If this document contains any restrictions based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.1 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.”

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AFTER RECORDING RETURN TO:

BOOK 553 PAGE 1

FOUNDERS TITLE COMPANY

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SAN FRANCISCO, CALIF.
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RECORDED

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP
FOR 66 CLEARY COURT, A CONDOMINIUM

[Handwritten signature]
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A. Watt Industries, Inc. (hereinafter "Grantor") is the owner of that certain improved real property (hereinafter "the Property") located in the City and County of San Francisco, State of California, more particularly described as:

All real property within the boundaries shown on the "Map of Laguna-O'Farrell, A Condominium" which was recorded on the 16th day of February, 1978, in the Office of the Recorder of the City and County of San Francisco, in Book 8 of Maps, at pages 1 through 36, and following (hereinafter called "the Map").

B. The Property is a "project" within the meaning of California Civil Code Section 1350(3), is subject to the provisions of the California Condominium Act (Title 6, Part 4, Division Second of the Civil Code), and Grantor desires and intends to divide the Property, together with the improvements located thereon, into Condominiums. As so divided, the Property is referred to herein as the "Condominium Project." The Map constitutes the diagrammatic floor plan, survey and certificate referred to in California Civil Code Section 1351. The Units are shown and described on the Map and the undivided interest in Common Area appurtenant to each Unit is set forth thereon. Grantor intends to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all of said Condominiums and the Owners thereof.

NOW THEREFORE, Grantor declares that the Property is held and shall be held, conveyed, encumbered, leased, rented,

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occupied, improved and used subject to the following covenants, conditions and restrictions, all of which Grantor declares pursuant to a plan for the division of the Property into Condominiums for the purpose of enhancing and perfecting the value and attractiveness of the Property and every part thereof for the benefit of the Property, the Condominium Project, the Units and the future Owners thereof. All of said covenants, conditions and restrictions shall run with the Property and shall be binding on all parties having or acquiring any right, title or interest therein or any part thereof, shall benefit each Owner of any portion of the Property or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest to the Owners thereof. This Declaration is made by Grantor pursuant to California Civil Code Section 1355.

1. DEFINITIONS.

1.1. General. The words defined in the following paragraphs in this Section 1 shall have the meaning specified for all purposes in this Declaration unless the context requires otherwise or unless expressly provided to the contrary.

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

1.3. Association. 66 Cleary Court Owners' Association, a California non-profit corporation, and its successors.

1.4. Board. The Board of Directors of Association. For convenience, this Declaration designates the Board as responsible for performance of certain actions and functions. Where so designated, the Board acts as the responsible governing body of the Association which is the entity bearing ultimate responsibility for management actions and functions.

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1.5. By-Laws. The By-Laws of Association as amended from time to time.

1.6. Common Area. The entire Condominium Project excepting the Units as more fully shown and defined on the Map.

1.7. Condominium. A condominium as defined in California Civil Code Section 783 which shall consist of a Unit as depicted on the Map together with the undivided interest in the Common Area attributed to said Unit on the Map and the easements and other rights appurtenant thereto.

1.8. Condominium Project. The Property, together with the Improvements located thereon, divided into Condominiums as shown and depicted on the Map.

1.9. First Mortgagee. The holder of a recorded first deed of trust or first mortgage on a Unit.

1.10. Improvement. Any building, outbuilding, shed, driveway, parking area, walk, fence, wall, stair, arbor, deck, patio, balcony, pole, sign, tank, ditch, landscaping, court, gate, statue, marker, hole, pipe, and anything deemed to be a "work of improvement" as defined in California Civil Code Section 3106.

1.11. Institutional Mortgagee. Any bank, savings and loan association, insurance company or other financial institution holding a recorded mortgage or deed of trust which constitutes an encumbrance upon a condominium first in priority of lien over all other encumbrances applicable to said Condominium securing payment of money other than these Restrictions and liens for real estate taxes and assessments.

1.12. Member. Any person, firm or other entity who is an Owner and thereby a member of Association as hereinafter provided.

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1.13. Mortgage. "Mortgage" shall mean a deed of trust as well as a mortgage, and the terms may be used interchangeably with the same meaning.

1.14. Mortgagee. "Mortgagee" shall mean a beneficiary under or a holder of a recorded deed of trust as well as a mortgagee, and the terms may be used interchangeably with the same meaning.

1.15. Mortgagor. "Mortgagor" shall mean the trustor of a deed of trust as well as a mortgagor, and the terms may be used interchangeably with the same meaning.

1.16. Owner. Each person, firm or other entity shown by a duly acknowledged instrument recorded in the Office of the Recorder of the City and County of San Francisco to be the owner of a fee interest in a Condominium in the Condominium Project. The term "Owner" shall include contract sellers and exclude contract purchasers. Grantor shall be the Owner of each Condominium until such time as the Condominium is transferred of record by Grantor.

1.17. Property. The real property, together with the Improvements located thereon, described and shown on the Map.

1.18. Regular Assessment. An assessment levied to raise "the estimated cash requirement" pursuant to Section 3.1, hereof, or an "Initial Assessment" as defined in Section 3.2, hereof, levied prior to the first annual Regular Assessment.

1.19. Special Assessment. Any assessment other than a Regular Assessment.

1.20. Unit. A numbered parcel so designated on the Map. The boundaries of each unit are the interior unfinished surface (exclusive of paint, paper, wax, tile,

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enamel) walls, floors, ceilings, windows and window frames, door and door frames and trim, and includes both the portions of a building so described and the air space so encompassed as provided by California Civil Code Section 1350(2).

2. ASSOCIATION.

2.1. Membership in Association.

2.1.1. Status As Owner. Every Owner shall be a Member of the Association. Status as an Owner is the sole qualification for membership.

2.1.2. Sale of Condominium. Rights to a membership and status as a Member terminate upon termination of status as an Owner. Upon conveyance, sale or assignment of the Owner's interest, the selling Owner or Owners shall be relieved of liability for assessments levied from and after the date of such sale.

2.1.3. No Waiver of Membership. No Owner may avoid the obligations of membership during the period when he is an Owner by non-use of Common Area, renunciation or abandonment of his Condominium, or any other act of abandonment or renunciation.

2.2. Voting Rights. There shall be two (2) classes of voting rights:

2.2.1. Class A. All Members other than Grantor shall have Class A voting rights, entitling them to one (1) vote for each Condominium they own. When more than one person holds an interest in a Condominium, the vote for such Condominium shall be exercised as the Owners thereof determine, but the vote attributable to the Condominium shall be cast by only one (1) person.

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2.2.2. Class B. Grantor shall have Class B voting rights entitling it to three (3) votes for each Condominium owned by Grantor.

2.2.3. Termination of Class B. Class B voting rights then existing shall be converted to Class A voting rights upon the first to occur of the following events:

(1) when the total Class A votes then existing equal the total Class B votes then existing;
or

(2) the second (2nd) anniversary date of the original issuance of the final subdivision public report for this Condominium Project.

2.3. Meetings, Elections and Conduct of Association Affairs. The By-Laws shall specify, among other things:

2.3.1. Members' Meetings. The manner and method for calling and holding both regular and special meetings of the Members.

2.3.2. Board Election and Tenure. The manner and method for election, resignation and removal of members of the Board, their regular terms and their duties, except as otherwise provided herein.

2.3.3. Board Meetings. The manner and method for calling and holding both regular and special meetings of the Board.

2.3.4. Proxies, Notices and Miscellaneous. Provisions for casting votes by proxy, providing notice of meetings and other matters pertaining to the procedures whereby the affairs of the Association and the Board shall be conducted.

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2.4. Duties of Association. The Association, for the benefit of the Condominium Project and the Members, shall obtain, and shall pay for out of the assessments hereinafter provided, the following:

2.4.1. Maintenance and Utilities. Maintenance, repair, replacement and administration of the Common Area, including all central services furnished to the Units such as plumbing and centralized heating, and water, sewer, garbage, electrical, telephone, gas and other necessary utility services for the Common Area, and to the extent not separately metered or charged, for the individual Units. However, the Owner of each Unit shall be responsible for the maintenance, repair and replacement of non-central appliances such as dishwashers, garbage disposals and the like, and neither the Association nor the Board shall have any liability or responsibility therefore.

2.4.2. Fire and Casualty. A policy or policies of fire insurance, with extended coverage endorsement and coverage against vandalism and malicious mischief, for the full insurable replacement value (based upon the insurer's appraisal with no deduction for depreciation) of the Units and Common Area exclusive of foundations and excavations, either by direct exclusion or percentage reflecting an assumed valuation (or equivalent coverage under prevailing practice in the area and industry), payable as provided in Section 10, hereof, or such other fire and casualty insurance as the Board shall determine gives substantially equal or greater protection to the Owners, and their Mortgagees, as their respective interests may

appear. Said policy or policies shall provide for a separate loss payable endorsement in favor of the Mortgagee or Mortgagees of each Condominium, shall provide for a full waiver of subrogation against the insureds and a full waiver of all defenses based upon acts of the insureds, and shall further provide that said policy or policies cannot be cancelled or modified without at least ten (10) days prior written notice to the Board, the Owners and their Mortgagees. The policy or policies of insurance required to be obtained hereunder shall meet at least the minimum requirements of Institutional Mortgagees in the Condominium Project.

2.4.3. Liability Insurance. A policy or policies insuring the Board, the Owners, and any Manager appointed hereunder against any liability to the public or to the Owners and their invitees or tenants incident to the ownership and/or use of the Condominium Project, and including the personal liability exposure of the Owners with respect to activities conducted in, upon, or in connection with the Condominium Project. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000.00) for bodily injury or death and One Hundred Thousand Dollars (\$100,000.00) for property damage for each occurrence with comprehensive personal liability coverage of One Million Dollars (\$1,000,000.00), including, without limitation, fire legal liability and water damage legal liability (such limits and coverage to be reviewed at least annually by the Board and increased in its discretion). Said policy or policies shall be issued on a comprehensive liability basis and shall be cross-

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liability endorsed so that the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured. Said policy or policies shall provide for a full waiver of all defenses based upon acts of insureds and shall further provide that said policy or policies cannot be cancelled or modified without at least ten (10) days prior written notice to the Board, the Owners and their Mortgagees.

2.4.4. Fidelity Bond. A fidelity bond in a commercial blanket fidelity bond form, obtained at the discretion of the Board, naming such persons as may be designated by the Board as principals, and the Owners as obligees, in an amount to be determined by the Board.

2.4.5. Minimum Insurance Coverage. Notwithstanding any other provision herein, the Association shall continuously maintain in effect such fire, casualty and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA") or Federal Home Loan Mortgage Corporation ("FHLMC"), so long as any of said agencies is a Mortgagee, Owner of a Condominium, an insurer of any Mortgage or under contract to purchase a Mortgage, except to the extent that such coverage is not available or has been waived in writing by FNMA, GNMA or FHLMC.

2.4.6. Manager. Subject to the provisions of Section 4.1, the services of a person or firm to manage the Condominium Project and the affairs of the Association (herein called "the Manager") to the extent

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deemed advisable by the Board, as well as such other personnel as the Board shall determine shall be necessary or proper for the performance of its functions or operation of the Condominium Project, whether such personnel are employed directly by the Board or are furnished by the Manager.

2.4.7. Legal and Accounting Services. Legal and accounting services necessary or desirable to conduct the affairs of the Condominium Project and the Association or to enforce the provisions hereof.

2.4.8. Workmen's Compensation. Workmen's compensation insurance to the extent required under any applicable law.

2.4.9. Board Member's and Officer's Liability. A policy or policies insuring the Owners, individually or collectively, and the members of the Board and officers of the Association, individually or collectively, against claims arising out of or based upon negligent acts, errors, omissions, or alleged breaches of duty of any member of the Board, or any officer, while acting in his capacity as such, subject to the availability of such coverage, in the amount of Five Hundred Thousand Dollars (\$500,000.00) for each occurrence, such limits to be reviewed by the Board no less often than annually. Said policy or policies shall provide for a full waiver of subrogation against the insureds, a full waiver of all defenses based upon acts of insureds and shall further provide that said policy or policies cannot be cancelled or modified without at least ten (10) days prior written notice to the Board, the Owners and their Mortgagees.

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2.4.10. Common Area Maintenance. Painting, maintenance, repair and landscaping of the Common Area and such furnishings and equipment for the Common Area as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same except as expressly otherwise provided herein; provided, however, that the interior surfaces of each Unit shall be painted, maintained and repaired by the Owners thereof, all such maintenance to be at the sole cost and expense of the particular Owner.

2.4.11. Operating Requirements. Any other material, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Association is required to secure or pay pursuant to the terms of this Declaration or by law or the operation of the Condominium Project in a first class manner or for the enforcement of this Declaration; provided, however, that if any such materials, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments are provided for particular Units, the costs thereof shall be specially assessed to the Owners of such Units.

2.4.12. Discharge of Liens. Any amount necessary to bond or discharge any claim which may be or become a lien or encumbrance levied against the Condominium Project as a whole or any part thereof which constitutes a lien against the Common Area, rather than merely against the interest therein of particular Owners; provided, however, that where one

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or more Owners are responsible for the existence of such lien, they shall jointly and severally be liable for the cost of discharging it and any costs incurred by the Association by reason of said lien or liens shall be specially assessed to said Owner or Owners.

2.4.13. Unit Maintenance. Maintenance and repair of any Unit, if such maintenance or repair is reasonably necessary to protect the Common Area or preserve the appearance and value of the Condominium Project, and the Owner or Owners of said Unit have failed to perform said work within a reasonable time after written notice; provided, however, that the Board shall levy a special assessment against the Condominium of any such Owner for the cost of said maintenance or repairs.

2.4.14. Leases. The Association is authorized to purchase, lease or rent real property and from time to time to lease or rent appropriate living quarters and management office to the Manager or other employees, with or without charge, to enforce, modify and make arrangements with respect to any lease or tenancy of any portion of the Common Area on behalf of the Owners thereof, and to grant easements over portions thereof for all reasonable purposes.

2.4.15. Limitation on Contracts With Grantor. Any Contract providing for services by Grantor shall provide for termination by either party without cause or payment of a termination fee on ninety (90) days written notice.

2.4.16. Limitation on Contracts. The Association shall be prohibited from entering into a contract with a third person wherein the third person will

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furnish goods or services for the Common Area or to the Association for a term longer than one year, except with the vote or written assent of a majority of the voting power of the Association residing in Members other than Grantor, with the following exceptions:

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

(2) Prepaid casualty and/or liability insurance policies of not to exceed three years duration provided that the policy permits for short rate cancellation by the insured. Notwithstanding anything to the contrary herein contained, however, the more restrictive provisions of Sections 2.4.15 and 4.1 shall take precedence over this Section 2.4.16.

2.5. Association Powers To Be Exercised By Board.

2.5.1. Exclusive Power. Except as expressly otherwise provided herein, the rights and duties of the Association shall be exclusively exercised or performed by the Association; and any duty to be performed or right to be exercised by the Association, as enumerated herein, shall not be performed by any Owner individually without the written consent of the Board. The Association, subject to the terms of Section 7.2 hereof, shall have a reasonable right of entry to all Units to determine compliance with and enforce the provisions hereof.

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2.5.2. Board Powers. Without limiting any powers of the Board conferred elsewhere herein, or in the Articles of Incorporation or By-Laws, the Board shall have the following powers:

(1) The Board shall have the exclusive right and obligation to contract for all goods, services and insurance, payment for which is to be made from the assessments hereinafter provided, except as expressly otherwise provided herein.

(2) The Board shall have the power to adopt reasonable rules and regulations not inconsistent with this Declaration relating to the use of the Common Area and all facilities thereon, and the conduct of Owners and their tenants and guests with respect to the Condominium Project and other Owners. The Board may impose monetary penalties, temporary suspensions of an Owner's rights as a Member of the Association or other appropriate discipline for failure to comply with the provisions of this Declaration or the rules and regulations which the Board may adopt from time to time including, without limitation thereto, the suspension of the voting rights and right to use the Common Area of an Owner who is in default in payment of any assessment provided for herein, provided that the accused Owner is given fair notice and the opportunity to be heard by the Board with respect to the alleged violations before a decision to impose discipline is reached.

2.5.3. No Active Business. Nothing contained in this Declaration, however, shall be construed to

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give the Board authority to conduct an active business for profit on behalf of the Association, all of the Owners, or any of them and the Board shall have no such power or authority.

2.6 Owner's Work. Each Owner shall have the right, at his sole cost and expense, to maintain, repair, paint, paper, panel, plaster, tile, and finish the interior surfaces of the ceilings, floors, window frames, door frames, trim and the perimeter walls of the Owner's Unit and the surfaces of the bearing walls located within said Unit. Subject to rules and regulations promulgated by the Board, Owners shall have the right to substitute new finished surfaces for the finished surfaces then existing on said ceilings, floors and walls. Owners have the right to maintain, repair, paint, finish, alter, substitute, add or remove any fixtures attached to said ceilings, floor or walls; provided, however, that this section shall not entitle any Owner to impair the structural integrity of any building, or increase the noise carrying capacity of common floors, walls or ceilings, or interfere with the use and enjoyment of the Common Area or of the other Units or any of them. The provisions of this Section shall not limit the powers or obligations of the Board.

3. ASSESSMENTS AND COLLECTION.

3.1. Maintenance Fund: Assessments. At least sixty (60) days prior to the beginning of each fiscal year the Board shall estimate the operating expenses to be paid during such year by the Association in the performance of its duties (including a reasonable provision for contingencies and replacements and less any expected income and any surplus from the prior year's fund) and shall distribute to the Members a pro forma operating statement ("budget") for said fiscal year. Said amount shall constitute "the

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estimated cash requirement" and shall be assessed to the Condominiums equally. Failure to provide a copy of said budget shall not affect the validity of assessments based thereon so long as an Owner receives reasonable notice before commencement of any action or proceedings to enforce collection thereof. If the sum estimated proves inadequate for any reason, the Board may, at any time, levy a Special Assessment, which shall be assessed in like proportions, unless otherwise provided herein; subject, however, to the provisions of Section 8 hereof. Grantor shall be liable for payment of any assessment against Condominiums owned by Grantor. Each Owner shall pay assessments so levied against his Condominium to the Association in equal monthly installments on or before the first day of each month, or in such other reasonable manner as the Board may designate. Notwithstanding any provision to the contrary herein, the Board may not impose an annual Regular Assessment per Condominium which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year without the vote or written assent of a majority of the voting power of the Association held by Members other than Grantor.

Special
Assessment
Document
of Records

3.2. Initial Assessments. Prior to determination of the first "estimated cash requirement" and an annual Regular Assessment based thereon, Owners shall pay initial regular assessments based upon the actual operating expenses of the Association which in no event shall exceed the operating expense budget submitted by Grantor and approved by the Department of Real Estate of the State of California; provided, however, that upon conveyance of Condominiums entitled to exercise more than fifty percent (50%) of the total vot-

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ing power of the Association to Owners other than Grantor, assessments for the "estimated cash requirement" shall be levied as provided in Section 3.1 above, based upon a determination by the Board of said "estimated cash requirement" made within thirty (30) days after fulfillment of said condition precedent. Initial regular assessments based upon actual operating expenses shall be billed to the Owners monthly with an appropriate accounting furnished to the Owners no less often than quarterly. Initial regular assessments against Condominiums shall commence and be due on the date of closing of the first sale of a Condominium. The first such assessments shall be pro-rated on the basis of a thirty (30) day month from said date to the end of the month during which the first such sale closes. Initial regular monthly assessments shall commence on the first (1st) day of the month immediately following the closing of the first sale of a Condominium and shall be due on the first day of each month thereafter.

3.3. Application of Assessments; No Waiver. All funds collected hereunder shall be expended for the purposes designated herein. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his or her Condominium.

3.4. Default in Payment of Assessments. Each Regular Assessment and each Special Assessment shall be separate, distinct and personal debts and obligations of the Owner or Owners against whose Condominium or Condominiums the same are assessed. The amount of any assessment, whether regular or special, assessed to the Owner of any Condominium (plus, in the event of default in the payment thereof, interest at one and one-half percent (1-1/2%) per month or at

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the maximum legal rate, whichever is the lesser, and costs, including reasonable attorneys' fees), shall constitute a lien upon such Condominium upon recordation of a claim of lien by the Board as provided in Section 3.4.2, below. In the event of a default or defaults in payment of any such assessment or assessments, and in addition to any other remedies herein or by law provided, the Association may enforce each such obligation as follows:

3.4.1. Suit. By suit at law. Each such action must be authorized by a majority of the Board. Any judgment rendered in any such action shall include, where permissible under any law, a sum for interest from the date of default and for reasonable attorneys' fees.

3.4.2. Lien. Within ninety (90) days after the occurrence of any such default, the Board may give a notice to the defaulting Owner, stating the date of the delinquency, and the amount of the delinquency, plus interest from the date of delinquency. If such delinquency plus interest is not paid within ten (10) days after delivery of such notice, the Board may file a claim of lien against the Condominium of such delinquent Owner. Such claim of lien shall state (1) the name of the delinquent Owner, (2) a description of the Condominium against which claim of lien is made, and (3) that the claim of lien is made by the Board pursuant to this Declaration in an amount equal to the delinquency plus interest stated in the claim. The lien so claimed shall immediately attach upon recordation of the claim subject only to the limitations hereinafter set forth. Each default shall constitute a separate basis for a

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lien. Any such lien may be foreclosed by appropriate action in court or in the manner provided by law for the foreclosure of a mortgage under power of sale. In the event such foreclosure is by action in court, reasonable attorneys' fees shall be allowed. In the event the foreclosure is under power of sale, the Board, or any person designated by it in writing, shall be deemed to be acting as the agent of the Association for conduct of the sale and shall be entitled to expenses and such fees as may be allowed by law or as may be prevailing at the time the sale is conducted.

3.4.3. Estoppel Certificate. For the purposes of this Section 3, a certificate executed by any two members of the Board shall be conclusive upon the Board, the Association and the Owners in favor of any and all persons who rely thereon in good faith as to the matters therein contained, and any Owner shall be entitled to such a certificate setting forth the amount of any due and unpaid assessments with respect to his Condominium (or the fact that all assessments due are paid if such is the case) within fifteen (15) days after demand therefor and upon payment of a reasonable fee not to exceed the amount charged for a loan statement of condition by any major bank with headquarters in San Francisco, California.

3.5 Mortgage Protection And Mortgagee's Rights.
Notwithstanding any other provision hereof to the contrary:

3.5.1 Subordination. No breach of any of the covenants, conditions and restrictions herein contained nor the enforcement of any lien provisions herein shall render invalid the lien of any Mortgage

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held by an Institutional Mortgagee with respect to any Condominium made in good faith and for value. Without limiting the generality of the foregoing, any loan to facilitate the resale of any Condominium after foreclosure or acquisition by an Institutional Mortgagee of title to the Condominium by deed in lieu of foreclosure shall be deemed to be a loan made in good faith and for value entitled to all of the rights and protections afforded to an Institutional Mortgagee. All of the covenants, conditions and restrictions herein contained shall be binding upon and effective against any Owner whose title is derived through foreclosure, trustee sale or deed in lieu thereof or otherwise. Any Institutional Mortgagee who comes into possession of a Condominium pursuant to the remedies provided in the Mortgage, foreclosure of the Mortgage or deed or assignment in lieu of foreclosure or any purchaser at a foreclosure sale shall take the Condominium free of any claims for unpaid assessments or charges against the encumbered Condominium which accrue prior to the time such Mortgagee or purchaser comes into possession; provided, however, that after such Mortgagee or purchaser comes into possession, a lien may be created pursuant to Section 3.4 hereof on the Condominium to secure all assessments assessed hereunder to such Mortgagee or purchaser as an Owner after such Mortgagee or purchaser comes into possession, including, but without limitation, a Special Assessment resulting from or required by a pro-rata reallocation of any such unpaid assessments or charges. Notwithstanding the foregoing, however, nothing herein contained shall be deemed to require an Institutional

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Mortgagee to cure any breach of these restrictions or defaults hereunder which cannot be cured or which is of a type not practical or feasible to cure.

3.5.2. Notice Of Default. All Institutional Mortgagees that have filed with the Association a request for notice of default shall be entitled to receive written notice from the Association of any default by the Mortgagor on a Condominium (the beneficial interest in which is held by said Institutional Mortgagee) in the performance of such Mortgagor's obligations under this Declaration which is not cured within sixty (60) days. The Association shall discharge its obligation to notify Institutional Mortgagees by sending written notices required herein to the Institutional Mortgagee or Mortgagees requesting notice at the address given on the current request by United States Mail, first class postage prepaid.

3.5.3. Right of First Refusal. The Declaration and other condominium documents contain no provisions creating a "right of first refusal," but should any such rights be created in the future, any Institutional Mortgagee coming into possession of a Condominium pursuant to the remedies provided in a Mortgage, foreclosure, or deed or assignment in lieu of foreclosure, shall be exempt from any such right of first refusal.

3.5.4. Liens Under Local Law. All taxes, assessments and charges which may become liens prior to that of a first Mortgage under local law shall constitute liens against the individual Condominiums only and not to the Condominium Project as a whole.

3.5.5. Insurance or Condemnation Distributions: Notice. Notwithstanding any language to the

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contrary contained herein, no Owner and no other party shall have priority over any rights of Institutional Mortgagees pursuant to their Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of Units and/or Common Area. The Association shall give FHLMC and FNMA notice in writing of (i) any loss to or taking of the Common Area if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00), or of (ii) damage to a Condominium encumbered by a Mortgage purchased in whole or in part by FHLMC or FNMA, if such loss or taking exceeds One Thousand Dollars (\$1,000.00). Any Institutional Mortgagee shall be entitled to such notice upon written request therefor to Association. The notice required hereunder shall be given by Association within ten (10) days of the occurrence of any such loss or taking.

3.5.6. Restriction on Amendments to Condominium Documents Or Change In Relationship. Notwithstanding anything to the contrary herein contained, without the prior written approval of seventy-five percent (75%) of the Institutional Mortgagees, this Declaration, the Articles and By-Laws shall not be amended so as to:

- (1) Change the undivided interest in the Common Area, or the share of assessments charged to any Condominium.
- (2) Terminate or abandon the condominium status of the Condominium Project.
- (3) Allow partition except as provided by Section 5.1.
- (4) Change the interest of any Owner or Condominium in the allocation or distribution of insurance proceeds or condemnation awards.

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(5) Permit or allow the Owners or the Association by act or omission to abandon, partition, subdivide, encumber, sell or transfer the Common Area (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Property shall not be deemed a transfer within the meaning of this clause).

(6) Permit the use of hazard insurance proceeds payable by reason of loss to or damage of any portion of the Property to be used for other than the repair, replacement or reconstruction thereof, except as provided by California Civil Code Section 1354.

(7) Change the provisions of this Declaration, the Articles or By-Laws so as to give an Owner, or any other party, priority over any rights of Institutional Mortgagees pursuant to their Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of Units and/or Common Area.

(8) Materially change the Declaration, Articles or By-Laws or permit termination of professional management of the Condominium Project.

(9) Change the provisions of any part of Section 3.5.

3.5.7 Miscellaneous Rights Of Institutional Mortgagees. In addition to the foregoing, each Institutional Mortgagee shall have the right to:

(1) Be represented at any meetings of the Owners and Board and participate therein by calling to the attention of the Owners and/or the

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Board violations of these restrictions and by referring to other matters affecting the interests of the Institutional Mortgagee;

(2) Furnish information to the Board concerning the status of any Mortgage affecting any Condominium;

(3) Be the beneficiary of loss payable endorsements with respect to any policy or policies of insurance maintained at any time with respect to the Condominium Project;

(4) Have its representatives inspect the books and records of the Association during reasonable hours and upon reasonable notice and make copies thereof or abstracts therefrom;

(5) Receive copies of any or all of the financial statements concerning the Condominium Project sent to Owners, including without limitation, the annual audited financial statements, balance sheets and operating statements described in Section 9 at the same time and in the same manner as Owners upon written request therefor to the Association;

(6) Receive written notice of all meetings of the Owners and of the Board upon written request to the Association.

3.5.8. Subordination Agreements. By subordination agreement authorized by the Board, the benefits of Sections 3.5.1 through 3.5.7 above may be extended to Mortgages not otherwise entitled thereto.

4. MANAGER.

4.1. Limitations Upon Delegation To Manager. The Association may employ or contract for the services of

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professional management of the Condominium Project. No such employment shall be by contract having a term of more than one (1) year, but may be renewable by the parties for successive one (1) year periods. Each such contract shall be subject to all the other provisions hereof, shall be terminable by the Association for cause upon thirty (30) days written notice, and shall be terminable by either party without cause or payment of a termination fee on ninety (90) days written notice. The Association may delegate to a Manager any of its duties, powers or functions, including, but not limited to, the authority to give the certificate provided for in Section 3.4.3 hereof, and the authority to give the subordination agreements provided for in Section 3.5.8 hereof. Any such delegation shall be revocable by the Board at any time, and the Board may not delegate to the Manager the authority to make expenditures for capital additions or Improvements chargeable against the maintenance fund. Any such Manager may be either a person or firm. The members of the Board, individually or collectively, shall not be liable for any omission or improper exercise by the Manager of any such duty, power or function so delegated by written instrument executed by a majority of the Board.

5. PARTITION.

5.1. No Partition. Except as permitted in Sections 10.6, 11.2 and 11.3, hereof, there shall be no partition of the Condominium Project or any part thereof; provided, however, that if any Condominium shall be owned by two or more co-tenants as tenants-in-common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition of the Condominium as between co-tenants as provided in Section 1354(a) of the Civil Code of the State of California;

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provided further, however, that any such judicial partition shall require the prior written consent of any Institutional Mortgagee holding a Mortgage on such Condominium.

6. USE OF UNITS AND COMMON AREA.

6.1. Residential Use. Each Condominium shall be used exclusively for the residential purposes of a single family; provided, however, that certain Condominiums may be used as sales models as provided in Section 6.18, hereof. A single family shall include a husband and wife, their children and other persons related to them by blood or marriage, or no more than 4 unmarried and unrelated adults. Casual guests and domestic employees and servants shall be deemed part of a single family. No more persons over the age of 18 may reside in any Unit than the sum of the numbers of rooms in said Unit exclusive of kitchen and bath rooms.

6.2. Leases. As used in Section 6.1, "residential purposes" shall be construed to include lease or rental of a Unit for a minimum period of at least one (1) month, but in no event shall include use of the Unit as a hotel, motel, boarding house or the like, nor shall any lessee of a Unit be furnished by the Owner or lessor of the Unit with meals, periodic fresh bed linen or towels, eating utensils and the like. Any permitted lease must be in writing. Any permitted lease shall provide that its terms are subject in all respects to this Declaration and the By-Laws of Association and that any failure of the lessee to comply with the terms of this Declaration and the By-Laws shall be a default under the lease. No Owner may lease less than the entire Unit. As further restrictions on the leasing of any Unit, each Owner who leases his Unit shall (i) immediately notify the Board of such lease and provide the Board with a copy of the

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lease; (ii) provide the Board with the full names and previous residence addresses of all persons residing in a Unit leased by such Owner; and (iii) within ten (10) days after the commencement of any such lease, submit to the Board a statement signed by the lessee or lessees of such Unit, on a form provided by the Board, in which each such lessee agrees to abide by all the provisions of this Declaration as well as all rules and regulations promulgated by the Board affecting the Condominium Project. Any breach by such a lessee of this Declaration, the Articles, the By-Laws or rules and regulations promulgated hereunder by the Board shall be considered to be a breach by the Owner of the Unit which such lessee is leasing.

6.3. Maintenance By Owner. Each Owner, at his sole cost and expense, shall maintain his Unit so that the same does not deteriorate so as to be dangerous or to present a hazard to any other Unit or to the Condominium Project. Subject to the restrictions contained in this Declaration, each Owner may paint, decorate, furnish and remodel his Unit as he may see fit, provided, of course, that this right refers only to interior surfaces and to the air space within his Unit, and specifically does not include the exterior surface of doors or other portions of the Common Area.

6.4. No Insurance Burden. Nothing shall be done or kept in any Unit or in the Common Area which will increase the rate of insurance on the Common Area or any part of the Condominium Project without the prior written consent of the Board. No Owner shall permit anything to be done or kept in his Unit or in the Common Area which will result in the cancellation of insurance on any Unit or any part of the Common Area or on the Condominium Project, or which would be

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in violation of any law. No waste will be committed in the Common Area.

6.5. Storage. There shall be no obstruction of the Common Area. Nothing shall be stored in the Common Area without the prior consent of the Board except in designated storage or parking areas. The Board shall have the right to allocate use of parking and storage areas not otherwise assigned by Grantor.

6.6. Alterations and Improvements. Nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Board. Nothing shall be done in, on, or to the Condominium Project which will impair the structural integrity of any building or Improvement, or which would structurally change any building or improvement or which would affect the common utility services or installations or increase the noise carrying capacity of common floors, ceilings or walls, without the prior written consent of the Board.

6.7. Signs. No sign of any kind shall be displayed to the public view on or from any Unit or the Common Area without the prior consent of the Board, subject to the following exceptions:

- (1) Project identification signs;
- (2) A single sign indicating the number of the Unit and the name of the Owner which has been approved as to design, size and location by the Board.
- (3) Signs of customary and reasonable dimensions advertising any Unit for sale or lease and placed in locations designated by the Board; and
- (4) Signs maintained by Grantor in connection with its sales activities.

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6.8. Pets and Animals. No animals, livestock or poultry of any kind shall be raised, bred, or kept in any Unit or in the Common Area, except that dogs, cats or other household pets may be kept in Units, subject to rules and regulations adopted by the Board, so long as they are not kept, bred, or maintained for any commercial purpose; and provided further that any such pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Condominium Project upon three (3) days written notice from the Manager or the Board.

6.9. No Nuisance. No noxious or offensive activity shall be carried on in any Unit or in the Common Area, nor shall anything be done therein which may be or become an annoyance or nuisance to the other Owners including, by way of example and without limitation thereto, maintenance of flashing lights or noise audible outside the Units during evening and night hours, or accumulation of rubbish or debris of any kind in any Unit or the Common Area so as to permit odors to arise therefrom or so as to render any Unit or the Common Area unsightly, unsanitary, offensive or detrimental to any other Unit or the Common Area. All rubbish or debris shall be deposited immediately by an Owner in the proper receptacles for that purpose provided by the Association.

6.10. No Obstruction. There shall be no obstruction of the public corridors, lobbies, elevators, entranceways, sidewalks, stairways, or vehicular driveways located upon the Property or any interference with free use thereof, except such obstruction as may be reasonably required in connection with repairs, nor any use thereof except for ingress and egress from the Units.

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6.11. Shortwave or Other Radio Operation. No shortwave or any other kind of radio station shall operate from any Unit or the Common Area without the prior approval of the Association, which approval shall not be given and, if given, shall be revoked, if any such radio operation in any way disturbs the quiet enjoyment of his Unit or the Common Area by any other Owner.

6.12. Rules. There shall be no violation of rules for the use of the Units and Common Area (not inconsistent with these restrictions) adopted by the Board and furnished in writing to the Owners, and the Board is authorized to adopt such rules from time to time as it sees fit.

6.13. Parking Areas. In the grant deed to each Condominium, Grantor shall convey an exclusive easement to a parking area designated on the Map which shall be appurtenant to the Unit so conveyed. Parking Areas constitute Common Area and shall be used pursuant to exclusive easements appurtenant to the Units solely for parking and storage of non-commercial passenger motor vehicles, and shall not be used for repair, construction or reconstruction of any vehicle, boat or any other item or thing.

6.14. Patios and Balconies. Patios and Balconies shall be used pursuant to an exclusive easement appurtenant to the Unit and shall not be used, decorated, landscaped, furnished or embellished, nor shall balcony or patio windows be draped, except in accordance with rules and regulations adopted by the Board which control the use and exterior appearance of the Improvements. The Owners acknowledge that use, decoration, landscaping, furnishing or embellishing of patios and balconies in any manner affecting or visible from neighboring Units, the Common Area, or other property, could critically affect the common enjoyment or

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appearance of the Condominium Project and must therefore be subject to close control.

6.15. Guests and Lessees. Each Project Owner shall be responsible for compliance with the provisions hereof by his guests or lessees. Noxious and repeatedly noisy behavior or repeated violations hereof by lessee shall be made grounds for default under all leases.

6.16. Drilling. No drilling, mineral or hydrocarbon development, operation, refining, quarrying or mining operations of any kind shall be conducted or permitted to be conducted on, nor shall wells, tanks, tunnels, mineral excavations, shafts, derricks, pumps used to mine, or drill for water, oil or other hydrocarbons be located on the Property.

6.17. No Commercial Activity. No commercial enterprise, trade or activity shall be carried on upon the Property, either directly or indirectly.

6.18. Sales Models. Notwithstanding any provision to the contrary herein contained, Grantor, its successors or assigns, shall be allowed to use certain Units as sales and lease models, conducting therein through agents or employees, sales activities usually associated with model units until all of the Condominiums have been sold by Grantor or for a period of five (5) years from the date hereof, whichever is shorter. In addition, Grantor may maintain in the Common Area for said period, signs and sales displays as may be required to advertise Condominiums for sale and to direct prospective purchasers and lessees to the sales models. Prospective customers coming to view said sale and lease models shall be guests of Grantor and shall be entitled to use the Common Area for the purpose of obtaining access thereto as required.

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7. EASEMENTS.

7.1. Encroachments. None of the rights and obligations of the Owners created herein, or by the Deeds creating the Condominiums, shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; but 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 conduct of said Owner or Owners.

7.2. Association. There is reserved to the Association an easement for the benefit of the Common Area and the Owners in common, of entry and of access for the performance by the Association, and persons and organizations authorized by it, of its rights and duties as provided in this Declaration to which each and every part of the Property, including each Unit, shall be subject. Entry to a Unit pursuant to this easement shall be restricted to reasonable times and must be preceded by reasonable notice to the occupant unless entry is required by an emergency.

7.3. Ingress, Egress, and Other Purposes. The Owner of each Condominium served by a sanitary sewer, water, gas, telephone line or connection, heating conduit, duct or flue, or similar utility connection shall be entitled to the full use and enjoyment of such portions of said connections as service his Condominium. Each Owner of a Condominium shall have an easement of ingress and egress on, over, under, across and through adjacent Condominiums for the purpose of repair, replacement and maintenance of his Condominium, as and when necessary, including any such connection, provided that, except in an emergency, entry into

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the Condominium of an adjacent Owner pursuant hereto shall be preceded by notice to said Owner or by written authorization of the Association and at a time which shall cause the least inconvenience to said Owner; provided, however, that the Owner for whose benefit such entry is obtained, or the Association, as the case may be, shall indemnify the Owner to whose Condominium access is had of and from any and all loss, cost, damage, injury or expense arising out of or in any way related to such entry or activity conducted as a result thereof. In the event of a dispute between Owners with respect to the maintenance, repair, replacement or rebuilding of said 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 conclusive on the parties.

7.4. Utilities. Easements on, over, under and across the Property for the installation, repair, maintenance and replacement of electric, telephone, water, gas, sanitary sewer lines and facilities, heating and air-conditioning facilities, cable or master television antenna lines, drainage facilities, or similar utilities, walk-ways, drives, and landscaping as shown on the Map, and as may be hereafter required or needed to service the Property, are reserved to the Association together with the right to grant and transfer the same for the benefit of the Condominium Project and the Owners of Condominiums therein.

8. ADDITIONS, ALTERATIONS AND EXTRAORDINARY EXPENDITURES.

8.1. Alterations, Additions and Improvements of Common Area. There shall be no structural alterations,

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capital additions to, or capital improvements of the Common Area, or other expenses to defray the costs of any action or undertaking on behalf of the Association in any one (1) fiscal year, requiring expenditures which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that year, nor during any one (1) fiscal year shall there be any sale or sales of property of the Association having an aggregate fair market value in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, without the prior vote or written approval of a majority of the voting power of the Association residing in Members other than Grantor.

9. ACCOUNTING.

9.1. Audit and Inspection of Books and Records.

Any Member or his duly appointed representative, or an Institutional Mortgagee, may, at any reasonable time, at his own expense and for a purpose reasonably related to his interest as a Member or Institutional Mortgagee, cause an audit or inspection to be made of the Membership register, books of account and minutes of meetings of the Association, the Board, the Members, and of Committees of the Board; and the Association, at the expense of the maintenance fund, shall furnish to each Member a copy of an audit of its books and records performed by a certified public accountant, including a balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year, within ninety (90) days after the end of each fiscal year.

9.2. Interim Audit. The Board shall procure and furnish to each Owner within sixty (60) days of the "accounting date" as hereinafter defined a balance sheet - as of an

accounting date which is the last day of the month closest in time to six (6) months from the date of the closing of the first sale of a Condominium in this Project - and an operating statement for the period from the date of the first closing to said accounting date which shall include a schedule of assessments received and receivable identified by the Unit number of the Condominium and the name of the Owner assessed.

10. DISPOSITION OF INSURANCE PROCEEDS FOR DAMAGE TO OR DESTRUCTION OF THE PROPERTY.

10.1 Limited To One Unit. In the event of damage by fire or other casualty limited to a single Unit, all insurance proceeds payable by reason thereof shall be paid to the Owner or Owners or Mortgagee or Mortgagees of the Owner or Owners of such Unit, as their respective interests may appear, or as the Mortgage may require. Such Owner or Owners shall be obligated to rebuild or repair such Unit in accordance with the condition prior to the damage, or changed as said Owner may elect, to the extent of the Owner's rights to alter his Unit pursuant to the terms of these Restrictions. In the event that the insurance proceeds are insufficient for such repair and restoration for any reason including, but without limitation, appropriation of all or portions of said insurance proceeds by the Mortgagee or Mortgagees for application to reduce or repay the Mortgage or Mortgages, and in the event that the Owner fails or refuses to perform the work of repair and/or restoration, then and in that event, the Board shall levy a special assessment against the Owner or Owners of the Unit in order to obtain sufficient funds to perform such work in the Unit as may be required to secure the same, and preserve the integrity of the Condominium Project.

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10.2 Two Or More Units Or Common Area. If damage by fire or other casualty extends to two or more Units, or extends to any part of the Common Area, the following procedures shall be employed for disposition of insurance proceeds and guidance in reconstruction:

10.2.1. Minor Casualty. If the available insurance proceeds, initially offered or paid by the insurer (and not appropriated by a Mortgagee or Mortgagees for application against or to reduce the obligation secured by a Mortgage or Mortgages against any Unit or Units) do not exceed the sum of Fifty Thousand Dollars (\$50,000.00) and the cost of repairing or rebuilding does not exceed the amount of available insurance proceeds by more than Five Thousand Dollars (\$5,000.00), such insurance proceeds shall be paid to an insurance trustee to be designated as hereinafter provided. The Board shall thereupon contract to repair or rebuild the damaged portions of the Common Area and of all Units where the insurance proceeds with respect to damage of the Units have not been appropriated by the Mortgagee or Mortgagees thereof. The work of repair and rebuilding shall be done in accordance with the conditions which existed prior to the event of damage or destruction (subject to the right of alteration provided for in these Restrictions) and the funds held in the insurance trust fund shall be used for that purpose. If the insurance proceeds are insufficient to pay all of the costs of repairing or rebuilding, then and in that event, the Board shall obtain the additional proceeds required to complete the work in the following manner:

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(1) Any additional proceeds required to perform work with respect to a Unit in order to preserve the integrity of the entire Condominium Project, shall be obtained by special assessment levied against the Owner or Owners of such Unit;

(2) Any deficiency required to repair or restore Common Area shall be obtained by a special assessment levied against all of the Owners in proportion to their interests in the common area in order to obtain funds sufficient to perform such work of repair and restoration, except that,

(3) if all or any part of the deficiency in insurance proceeds available to perform work in the Common Area is attributable to appropriation of insurance proceeds attributable to a Condominium by a Mortgagee or Mortgagees of any Condominium for application against or reduction of the Mortgage encumbering such Condominium, then the amount of the insurance proceeds so appropriated or assessed shall be and become a Special Assessment against the Owner of the Condominium the Mortgagee of which appropriated the insurance proceeds.

10.2.2. Major Casualty. If subsection 10.2.1 is inapplicable, then:

(1) The Board shall appoint a bank or trust company duly qualified to carry on a trust business in the State of California to act as an insurance trustee (herein called the "Insurance Trustee") who shall receive insurance proceeds for the benefit of the Owners and their Mortgagees as

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their respective interests may appear. The Board, on behalf of the Association, the Owners and Mortgagees, is authorized to enter into such agreement, consistent with this Declaration, with such bank or trust company to act as Insurance Trustee, relating to its powers, duties and compensation as the Board may approve consistent with the provisions hereof.

(2) Insurance proceeds initially paid to or for the account of the Insurance Trustee shall be subject to the right of any Mortgagee or Mortgagees to appropriate all or portions of the insurance proceeds payable with respect to the Condominium encumbered by each such Mortgagee to be applied against and reduce the obligation secured thereby. As diligently as possible, the Insurance Trustee shall determine the total amount of insurance proceeds payable by reason of such damage or destruction which will be available for performance of the work of repair and rebuilding and will not be so appropriated by a Mortgagee or Mortgagees.

(3) (i) The Board shall obtain firm bids from two or more responsible contractors to rebuild the Condominium Project in accordance with its condition prior to damage and destruction, modified at the direction of the Board to comply with building codes and construction standards in effect at the time of the rebuilding. The Board may also obtain an estimate from the insurance carrier of the

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work it will perform for the amount of the insurance coverage. To be considered, any contractor's bid shall include the premium payable for a performance, labor and material payment bond from a reputable bonding company. As soon as reasonably possible thereafter, the Board shall call a special meeting of the Owners to consider such bids.

(ii) If the Board fails to do so within sixty (60) days after the casualty occurs, any Owner may obtain such contractors' bids or insurance estimate and call and conduct such meeting as herein provided. Failure to call such meeting, or to repair such casualty damage within twelve (12) months from the date such damage occurred, shall be deemed, for all purposes, a decision not to rebuild the damaged or destroyed Improvements.

(iii) At such meeting, the Owners may elect to reject all such bids or estimates and thus not to rebuild. A vote in excess of sixty-six and two-thirds percent (66 2/3%) of the total voting power of the Association shall be required to reject all such bids or estimates; provided, however, that a vote in excess of fifty percent (50%) shall be sufficient to elect to reject any such bid or estimate requiring more than Fifteen Thousand Dollars (\$15,000.00) over and above insurance proceeds for such reconstruction, repair or rebuilding.

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(iv) Failure to reject all bids and estimates shall authorize the Board to accept the unrejected bid it considers most favorable; provided, however, that if acceptance of any such bid would require the levy of a Special Assessment pursuant to Section 10.2.2(4) which would result in aggregate Special Assessments in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, such acceptance shall require affirmative approval in the form of the prior vote or written consent of a majority of the total voting power of the Association held by Owners other than Grantor pursuant to Section 8 hereof. If such Special Assessments are necessary and the required prior vote or written approval is not obtained, no bid shall be deemed to have been accepted.

(4) If a bid or estimate is accepted, the Board shall levy a Special Assessment to make up any deficiency between the total insurance proceeds or insurance work and the cost for such repair or rebuilding, and such assessment shall be paid to the Insurance Trustee to be used in connection with the work of rebuilding. Special assessments shall be levied in accordance with the percentage interests of the Owners in the Common Area; provided, however, that if any insurance proceeds are appropriated by a Mortgagee of any particular Condominium for application against the

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obligation secured by the Mortgage and said proceeds are, as a result of such appropriation, not available for payment of the cost of restoration or rebuilding, then and in that event, the amount so appropriated and applied to reduction of an obligation secured by a Mortgage shall be specially assessed against the Condominium encumbered by such Mortgage. If any Owner shall fail to pay a Special Assessment within thirty (30) days after the levy thereof, the Board shall make up the deficiency by payment from the maintenance fund, exhausting the contingency reserve first. Upon payment of the Special Assessments, the Board shall let the contract to the successful bidder, or, if applicable, authorize the insurance carrier to proceed with performance of the work.

10.3 Full Insurance Settlement. Notwithstanding any provision of this Section 10 to the contrary, if the insurance carrier offers the full amount required to repair fully and restore all of the damage and the insurance proceeds are available for that purpose by virtue of the fact that no Mortgagee of any Condominium exercises a right to appropriate all or any portion of the insurance proceeds to be applied against the obligation secured by any such Mortgage, then the Board shall contract to repair or rebuild the damaged portions of all Units and the Common Area in the manner provided in Section 10.2.1 for a minor casualty.

10.4. Emergency Repairs. Without waiting to obtain insurance settlements or bids, the Board may undertake such emergency repair work after a casualty as it may deem necessary or desirable under the circumstances, and the

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Board may charge the maintenance fund for the costs thereof. In the event of a casualty, there is a substantial possibility that immediate emergency repairs will be required to eliminate defective or dangerous conditions and to comply with applicable laws, ordinances and regulations, pending settlement of insurance claims and prior to procuring bids for performance of restoration work.

10.5. Notice. Within sixty (60) days after any damage or destruction occurs which invokes the provisions of this Section, the Manager, the Board, or if they do not, any Owner, the insurer, the insurance trustee or any Mortgagee of any Owner shall record a sworn declaration stating that such damage has occurred, describing it, the name of any insurer against whom claim is or may be made, and the name of any insurance trustee, reciting that the sworn declaration is recorded pursuant to this Section of this Declaration, and that a copy of such sworn declaration has been served on the Owners pursuant to the provisions of Section 10 hereof.

10.6. Termination of Partition Waiver. If the Owners decide not to rebuild, either by calling a meeting and rejecting all bids and estimates presented, or by failing to call such a meeting, or by failing to repair such damage within twelve (12) months after the damage occurs, then the Manager or the Board, or if they do not, any Owner or Mortgagee of any Owner, shall record a sworn declaration setting forth such decision and reciting that under the provisions of this Declaration the prohibition against judicial partition provided for herein has terminated. Upon such a partition, these restrictions shall terminate.

10.7. Excusable Delay. The time limits set forth in this Section 10 shall be extended for the period during

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which the act required to be performed hereunder is delayed as the result of strikes, lock-outs, boycotts or other labor disturbances, riot, civil commotion or disorders, governmental interference with or unavailability of any essential material or service or required transportation, fire, inclement weather, earthquake or other act of God. In no event, however, shall the time for performance of any action required to be performed pursuant to this Section 10 be extended beyond an additional period of twelve (12) months.

10.8. No Amendment. The provisions of this Section 10 cannot be amended without the consent of Owners entitled to exercise seventy-five percent (75%) of the voting power of the Association, said consent to be evidenced as provided in Section 12.1 below.

11. CONDEMNATION.

11.1. Payment Of Award. If at any time all or any portion of the Condominium Project or any interest therein be taken or damaged for any public or quasi-public use under any statute, by right of eminent domain, or by private purchase in lieu of eminent domain, the award in condemnation shall be paid to the holder or holders of fee title to the area or interest damaged or condemned as their respective interests may appear subject to the rights of any Institutional Mortgagee.

11.2. Total And Partial Condemnations. A damage to or taking of all or substantially all of the Condominium Project shall result in a termination of these Restrictions. A partial condemnation in the form of damage to or taking of a portion of the Condominium Project such that the remainder may be rebuilt or reconstructed shall be treated as a major casualty pursuant to Section 10.2.2 above with the condemnation proceeds payable to or for the benefit of the Owners of

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that portion of the Condominium to be rebuilt to be treated in the same manner as is provided for treatment of insurance proceeds in said Section; provided, however, that the holder of fee title in and to any Unit which cannot be rebuilt or reconstructed shall receive the condemnation award, or purchase payment in lieu thereof, payable by reason of the damage to or taking of the Condominium of which said Unit is a part; and said Owner shall have no obligation to apply the proceeds thereof to any of the work of reconstruction or rebuilding. In determining the amount of condemnation award available for such reconstruction and rebuilding, the Association shall deduct therefrom (i) amounts appropriated by Institutional Mortgagees, and (ii) amounts payable to Owners of Condominiums which cannot be rebuilt or restored in view of the condemnation.

11.3. Partial Termination. In the event that Section 11.2 applies, the Owner or Owners of Units not rebuilt shall no longer be deemed Owners for any purpose hereof, the Condominiums which include Units so condemned shall be deemed terminated, the provisions hereof shall no longer be applicable thereto and the percentage interest of the other Units in and to the Common Area shall be determined in proportion which they bear each to the other, taking into account the elimination of the Condominiums so condemned.

12. MISCELLANEOUS.

12.1. Amendment. The provisions of this Declaration may be amended by an instrument in writing signed and acknowledged by the majority of the Members of the Board certifying under penalty of perjury that the amendment set forth therein was duly adopted with the written consent of Members entitled to exercise sixty-six and two-thirds percent (66 2/3%) of each class of the total voting power of

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the Association (except that where a greater percentage or different vote is required with respect to any Section hereunder, amendment of any such Section shall require the written consent of at least the prescribed percentage of affirmative votes of each class required for action to be taken under that Section), which amendment shall be effective upon recordation of the aforementioned instrument in the Office of the Recorder of the City and County of San Francisco. Upon the conversion of Grantor's Class B voting rights to Class A voting rights as provided in Section 2.2.3, hereof, amendment of the provisions of this Declaration shall also require the written consent of Members entitled to exercise fifty percent (50%) of the total voting power of the Association attributable to Members other than Grantor.

12.2. Enforcement By Grantor, the Association or an Owner. The provisions hereof and any amendments hereto shall be enforceable by Grantor, the Association, and each Owner, by any proceeding at law or in equity.

12.3. Attorneys' Fees. In any action brought by Grantor, the Association, or an Owner to enforce the provisions hereof, whether legal or equitable, Grantor, the Association, or the Owner shall be entitled to a reasonable attorneys' fee as fixed by Court if it is the prevailing party to the action.

12.4. Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

12.5. Interpretation. The provisions hereof shall be liberally construed to effectuate their purposes of

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creating a uniform plan for development and operation of the Condominium Project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

12.6. Limitation of Liability. The liability of any Owner for performance of any one or more of the provisions hereof with respect to any Condominium shall terminate upon sale, transfer, assignment or other divestiture of said Owner's entire interest in that Condominium with respect to obligations arising hereunder from and after the date of such divestiture.

12.7. Original Subdivision and Development Work. Grantor, or its designated successors, their contractors, employees, materialmen or assigns shall have the right to enter upon all or any portion of the Property for the purposes of conducting therein and thereon such work of subdivision, improvement, construction and development as Grantor may deem necessary or desirable to complete the conversion of the Property, together with the Improvements located thereon, into Condominiums as shown and depicted on the Map. Upon such completion, or within five (5) years from the date this Declaration is recorded, whichever is earlier, said right shall automatically terminate.

12.8. Special Provisions Relating To Enforcement of Grantor's Obligations to Complete Common Area Improvements. If Common Area Improvements have not been completed prior to the issuance of the Final Public Report for the Condominium Project by the Department of Real Estate of the State of California, and if the Association is obligee under a bond or other arrangement (hereinafter called either alternatively or collectively "bond") to secure performance of the commitment of Grantor to complete said Improvements, the Board

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shall consider and vote on action by the Association to enforce obligations under the bond with respect to any Improvement for which a notice of completion has not been filed within sixty (60) days after the completion date specified for that Improvement in the planned construction statement appended to the bond. If the Association has given an extension in writing for the completion of any Common Area Improvement, the Board shall consider and vote on the aforesaid question if a notice of completion has not been filed within thirty (30) days after the expiration of the extension. A special meeting of Members of the Association for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the bond or on the failure of the Board to consider and vote on the question shall be held not less than fifteen (15) days nor more than thirty (30) days after receipt by the Board of a petition for such a meeting signed by Members representing ten (10) percent or more of the total voting power of the Association. At such special meeting a vote of a majority of the voting power of the Association residing in Members other than Grantor to enforce Grantor's obligations under the bond shall be deemed to be the decision of the Association, and the Board shall thereafter implement that

93913

decision by initiating and pursuing appropriate action in the name of the Association.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 31st day of MARCH, 1978.

WATT INDUSTRIES, INC.

By Donald L. Katell
Its VICE. PRESIDENT

By [Signature]
Its SECRETARY

83913

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On March 31, 1978, before me, the undersigned, a notary public in and for said State and County, personally appeared GERALD L. KOTELL and HOWARD GOLDSTEIN, known to me to be the VICE PRESIDENT and SECRETARY of Watt Industries, Inc., a corporation, and acknowledged to me that they executed the within instrument on behalf of said corporation and further acknowledged to me that said corporation executed the within instrument.

WITNESS my hand and official seal.



[Signature]
NOTARY PUBLIC
R. W. LEEDS, JR.

93913

IV.6.8. Pets and Animals. No animals, birds, reptiles or pets of any kind shall be raised, bred, or kept in any unit or in the Common Area; provided, however, that an owner or tenant who at present has a domesticated dog, cat, or other usual and customary household pet, and who has kept such pet in this unit prior to May 1, 1982 may continue to keep such pet in his Unit subject to such rules and regulations as the Board may adopt with respect thereto; no owner or tenant may replace a household pet upon its loss or demise. Notwithstanding anything to the contrary contained herein, however, no owner or tenant may raise, breed, or keep any pet for commercial purposes. Further, any pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the building upon three (3) days written notice from the Management or the Board.

IV.6.8. Pets and Animals. No animals, birds, reptiles or pets of any kind shall be raised, bred, or kept in any unit or in the Common Area; provided, however, that an owner or tenant who at present has a domesticated dog, cat, or other usual and customary household pet, and who has kept such pet in this unit prior to May 1, 1982 may continue to keep such pet in his Unit subject to such rules and regulations as the Board may adopt with respect thereto; no owner or tenant may replace a household pet upon its loss or demise. Notwithstanding anything to the contrary contained herein, however, no owner or tenant may raise, breed, or keep any pet for commercial purposes. Further, any pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the building upon three (3) days written notice from the Management or the Board.

Recording Requested By:

Harry E. Browning, Esq.
Browning, Wholey & McLoughlin
414 Gough Street, Suite 6
San Francisco, California 94102

FIRST AMENDMENT
TO THE
DECLARATION
OF
CONDITIONS, COVENANTS AND RESTRICTIONS
ESTABLISHING A PLAN OF OWNERSHIP
FOR
66 CLEARY COURT,
A CONDOMINIUM

WHEREAS, this Amendment has been approved by at least sixty-six and two-thirds percent (66-2/3%) of the Owners of the Condominium Units in that certain condominium project known as 66 Cleary Court ("Project") which Project and Owners are defined in that certain "Declaration of Conditions, Covenants, and Restrictions Establishing A Plan of Condominium Ownership for 66 Cleary Court, a Condominium" ("Declaration"), recorded April 17, 1978, in the Office of the Recorder of San Francisco County, State of California, in Book C553, Page 1 and following; and

WHEREAS, the Project is more particularly defined and delineated on that certain map entitled "Map of Laguna-O'Farrell, a Condominium ("Map"), recorded on February 16, 1978, in the Office of the Recorder of San Francisco County, State of California, in Book 8 of Maps, Pages 1 through 36; and

WHEREAS, the Owners of Units are empowered by Section 12.1 of the Declaration to amend the Declaration pursuant to the terms thereof; and

WHEREAS, the Owners desire, among other things, to amend the Declaration to comply with certain provisions of the

Davis-Stirling Common Interest subdivision Act (California Civil Code Section 1350, et seq.); and

WHEREAS, it is the intention of at least sixty-six and two-thirds percent (66-2/3%) of all Owners of Units to amend the Declaration.

THEREFORE, the Declaration is amended as follows:

1. Section 1.3 is hereby deleted and the following Section 1.3 is substituted in its place:

Section 1.3 "Association" Shall mean and refer to the 66 Cleary Court Condominium Owners' Association, a California nonprofit mutual benefit corporation, the members of which shall be owners of condominiums in the Project.

2. Section 3.4 of the Declaration is hereby deleted and the following Section 3.4 is substituted in its place:

Section 4.3 Regular Annual Assessment. The Board shall have authority to impose annual assessments, subject to the following:

(a) Not less than forty-five (45) days before the beginning of each fiscal year the Board shall estimate the total amount of funds necessary to defray the common expenses of the Association for the next fiscal year. If the amount is approved by a majority vote of the Board, without a vote of the members of the Association, the estimates shall become the regular assessment for such year.

(b) The Board, however, may not increase the amount of the regular assessment for any fiscal year of the Association by more than twenty percent (20%) above the amount of the prior year's regular assessment (except the first such year if it should be less than twelve (12) months) without the approval of fifty-one percent (51%) of the total voting power of the Association.

(c) Notwithstanding anything to the contrary contained in Section 4.3(b) above, the Board may not impose a regular assessment that is more than ten percent (10%) greater than the regular assessment for the prior fiscal year or impose special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the approval of Owners casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code. This Section shall not limit assessment increases for the following purposes:

(1) The maintenance or repair of the Common Area or any other areas the Association is obligated to maintain or repair, including, but not limited to, the payment of insurance premiums, the payment of utility bills, the costs incurred in maintaining or repairing structures or improvements, and funding reserves; and

(2) Addressing emergency situations.

(d) The regular assessment shall be payable in regular installments as provided in this Declaration and shall include adequate reserve funds for contingencies and for maintenance, repairs and replacement of the Common Area improvements that must be replaced on a periodic basis, sufficient to satisfy the requirements of any mortgagee.

(e) Unless the Association is exempt from Federal or State taxes, all reserves shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulation of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income to the Association.

(f) The annual assessment may not be decreased by the Board or by the Members by more than ten percent (10%) in any one (1) year without the approval of a majority of the voting power of the Association.

(g) Failure of the Board to set assessments shall not be deemed a waiver of assessments but, rather, the prior fiscal year's assessment shall remain in full force and effect.

(h) If the Board determines that the estimated total amount of funds necessary to defray the common expenses of the Association for a given fiscal year is, or will become, inadequate to meet expenses for any reason (including, but not limited to, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvements on the Common Area) the Board shall determine the approximate amount necessary to defray such expenses, and if the amount is approved by a majority vote of the Board, it shall become a special assessment. The Board may, in its discretion, prorate such special assessment over the remaining months of the fiscal year or levy the assessment immediately against each condominium. Unless exempt from Federal or State income taxation, all proceeds from any special assessment shall be segregated and deposited into a special account and shall be used solely for the purpose or purposes for which it was levied or it otherwise shall be handled and used in a manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board in

order to avoid, if possible, its taxation as income to the Association.

An aggregate of special assessments in excess of five percent (5%) of the budgeted gross expenses of the Association for the fiscal year in which a special assessment is levied shall require approval by vote or the written consent of a majority of the voting power of the Association residing in members other than Declarant, except in case of a special assessment against an Owner as a remedy utilized by the Board to reimburse the Association for costs incurred in bringing the member and his condominium into compliance with the provisions of this Declaration.

3. Section 3.4 is hereby deleted and the following Section 3.4 is substituted in its place:

Section 3.4 Notice and Assessment Installment Due Dates; Delinquent Assessment. A single ten (10) day prior written notice of each annual regular assessment and each special assessment shall be given to each Owner of every condominium subject to assessment in which the due dates for the payments of installments shall be specified. The due dates for the payment of installments normally shall be the first day of each month unless some other due date is established by the Board. Each installment of regular assessments and special assessments shall become delinquent if not paid in fifteen (15) days after its due date.

If an assessment is delinquent the Association may recover the following:

(a) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorneys' fees;

(b) A late charge not exceeding ten percent (10%) of the delinquent assessment, or ten dollars (\$10.00), whichever is greater;

(c) Interest on all sums imposed in accordance with this section, including the delinquent assessment, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed twelve percent (12%) interest, commencing thirty (30) days after the Assessment becomes due.

4. The following is added to the Declaration as Section 3.5:

Section 3.5 Creation of Lien. If there is a delinquency in the payment of any assessment or installment thereof on a condominium, as described in Section 4.3, any amounts that are delinquent together with any late charges, interest and all costs that are incurred by the Board or its authorized representative in the collection of the amounts, including

reasonable attorneys' fees, shall be a lien against such condominium upon the recordation in the Office of the County Recorder of the County of San Francisco of a notice of delinquent assessment as provided in California Civil Code Section 1367. The assessment lien created by this Section shall be prior to all other liens recorded subsequent to the notice of delinquent assessment, except for taxes, bonds, assessments and other levies which by law would be superior thereto and the lien of any first mortgage made in good faith and for value. The notice of delinquent assessment shall state the amount of the assessment, collection costs, attorneys' fees, late charges, and interest, a description of the condominium against which the assessment and other sums are levied, the name of the record owner, and the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice shall be signed by the President of the Association or such other person designated by the Association for that purpose.

Fines and penalties levied by the Association to reimburse the Association for costs incurred in the repair of damage to common areas and facilities for which the Owner was allegedly responsible, or in bringing the Owner and his or her Unit into compliance with the governing instruments, are not assessments which may become a lien against the Unit owner's subdivision interest enforceable by a sale of the interest in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) of the Civil Code.

4. The following is added to the Declaration as Section 3.6:

Section 3.6 Enforcement of Assessment Lien. The lien created pursuant to Section 3.5 above 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 California Civil Code Section 2934(a). Any sale by a trustee shall be conducted in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) applicable to the exercise of powers of sale in mortgages and deeds of trust.

6. Sections 2.4.3., 2.4.4., and 2.4.5 are hereby deleted and the following Section 2.4.3 is substituted in its place:

Section 2.4.3 Insurance. The Association shall maintain the following policies of insurance:

i. A policy or policies of fire and casualty insurance, with extended coverage endorsement and coverage against vandalism and malicious mischief, for the full insurable value of the units, and the Common Area, or such other fire and casualty insurance as the Board shall determine

gives substantially equal or greater protection to the Owners and their mortgagees, as their respective interests appear. Each policy shall provide that it shall not be cancelled without at least thirty (30) days prior written notice to the Association. The Board shall review the limits of such insurance at least every year and shall increase or adjust the same, if necessary, to provide such coverage and protection as is customarily carried by prudent owners of similar property in the County in which the Project is located. Such policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees of each condominium, if any.

ii. A policy or policies of comprehensive public liability insurance insuring the Association, Declarant, the Board, Owners and any appointed manager, against any liability to the public or to the Owners incident to the ownership and/or use of the Project and to protect against any liability to the public or to any Owner incident to the use of, or resulting from any accident or intentional act occurring in or about, any Unit or the Common Area. The minimum limits of such insurance shall be determined by the Board and established to provide such coverage and protection as is customarily carried by prudent owners of similar property in the County in which the Project is situated. The Board shall review the limits and coverage of such insurance at least every year and shall increase or adjust the same, if necessary, to provide adequate coverage and protection to the Association, Declarant, the Board, Owners, and any appointed manager. Such policy or policies shall provide cross liability endorsements or severability of interest endorsements insuring each insured against the liability of each other insured.

iii. Worker's Compensation Insurance to the extent necessary to comply with all applicable laws of the State of California or the regulations of any governmental body or authority having jurisdiction over the Project.

iv. A fidelity bond in a commercial blanket fidelity bond form, obtained at the discretion of the Board naming such persons as may be designated by the Board as principals, and the Owners as obligees, in an amount to be determined by the Board in its absolute discretion.

Nothing in this Section 2.4.3 shall restrict or prohibit the Board from maintaining such additional policies of insurance as it, in its absolute discretion, shall deem reasonable and necessary. Any insurance acquired by the Board may be taken in the name of the Board as trustee, for the use and benefit of the Board and all Owners.

7. Section 9.2 is hereby deleted and the following Section 9.2 is substituted in its place:

Section 9.2 "Financial Information". The following financial information shall be regularly prepared and distributed by the Board to all members of the Association regardless of the number of members or the amount of assets of the Association:

(a) A pro forma operating budget for each fiscal year consisting of at least the following information shall be distributed not less than 45 days nor more than 60 days prior to the beginning of the Association's fiscal year. The budget shall include all of the following:

i. The estimated revenue and expenses on an accrual basis.

ii. The identification of the total cash reserves currently set aside.

iii. The identification of the estimated remaining life of, and the methods of funding used to defray the future repair, replacement, or additions to, those major components that the Association is obligated to maintain.

iv. A general statement addressing the procedures used for the calculation and establishment of reserves to defray the future costs of repair, replacement, or additions to, those major components that the Association is obligated to maintain.

(b) A copy of a review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income of the Association exceeds seventy-five thousand dollars (\$75,000.00). The review of the financial statement shall be distributed within one hundred twenty (120) days after the close of each fiscal year.

(c) A report consisting of the following shall be distributed within 120 days after the close of the fiscal year.

i. A balance sheet as of the end of the fiscal year.

ii. An operating (income) statement for the fiscal year.

iii. A statement of changes in financial position for the fiscal year.

iv. For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

v. Any information required to be reported under California Corporations Code Section 8322.

vi. If the report referred to in (c) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

(c) "Statement Regarding Member Defaults". In addition to financial statements, the Board shall annually distribute within 60 days prior to the beginning of the fiscal year a statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against members' units, and a statement of the place where names and addresses of the current members are located.

IN WITNESS WHEREOF, the attached resolution was approved by at least sixty-six and two-thirds percent (66-2/3%) of Owners of all of the Units in the Project and have executed this Amendment.

Dated: _____, 1987

66 CLEAR COURT CONDOMINIUM
OWNERS ASSOCIATION

By: _____

By: _____

② SCCC.01
Orig Documents

Recording Requested By
and When Recorded Return To:

Jack Wholey, Esq.
BROWNING, WHOLEY & LENVIN
1388 Sutter Street, Suite 900
San Francisco, CA 94109
TEL: (415) 771-3800

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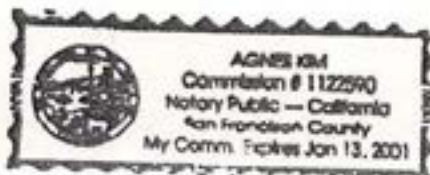
**FIRST AMENDMENT
TO THE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP
FOR
66 CLEARY COURT, A CONDOMINIUM**

WHEREAS, that certain condominium project known as 66 Cleary Court (the "Project") has been established pursuant to that certain Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership for 66 Cleary Court, a Condominium, ("Original Declaration") executed by Watt Industries, Inc. and recorded April 17, 1978, in Book C553, page 1 and following of the Official Records of the City and County of San Francisco, California, which Original Declaration more particularly describes and defines the Project, the Owners and the Condominiums; and

WHEREAS, the Project is more particularly defined and delineated on that certain subdivision map and condominium plan entitled "Map of Laguna-O'Farrell, A Condominium," recorded February 16, 1978, in Book 8 of Maps, pages 1 through 36, inclusive, in the Official Records of the City and County of San Francisco, California (the "Map"); and

WHEREAS, the Owners are empowered by Section 12.1 of the Declaration to amend the Declaration pursuant to the terms thereof; and

WHEREAS, pursuant to Sections 7513 and 7514 of the California Corporations Code, the Owners representing at least sixty-six and two-thirds percent (66-2/3%) of the Owners of all of the



Condominiums consented to the amendment of the Declaration as hereinafter set forth.

THEREFORE, the Declaration is amended as follows:

1. Section 6.8 of the Declaration is hereby deleted in its entirety, and the following is substituted therefor:

6.8. Pets and Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept in any Unit or in the Common Area, except that cats or other household pets (but not including dogs) may be kept in Units, subject to rules and regulations adopted by the Board, so long as they are not kept, bred, or maintained for any commercial purpose; and provided further that any such pet causing or creating a nuisance or unreasonable disturbance shall be removed from the Condominium Project upon three (3) days' written notice from the Management or the Board of Directors. Seeing-eye dogs are exempted from these provisions. Dogs in residence at 66 Cleary Court on November 15, 1983, are exempted from these provisions, but may not be replaced."

2. Except as specifically amended hereby, the Declaration is unmodified and in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the President of the Association has executed this Amendment effective as of the date of its recording in the Official Records of the City and County of San Francisco, California.

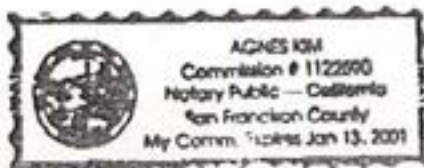
66 CLEARY COURT CONDOMINIUM
OWNERS ASSOCIATION

By: Ruth Vallorani
President

I hereby certify and declare, under penalty of perjury, that the foregoing Amendment has been approved by the percentage of Owners required by the Declaration.

Executed at San Francisco, California, on the 15 day of April, 1998.

By: Ruth Vallorani
President



STATE OF CALIFORNIA)
)
COUNTY OF SAN FRANCISCO) ss.

On 11-15, 1998, before me, the undersigned, a Notary Public in and for said State, personally appeared

Ralph Joseph Vallovani

personally known to me (or 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.

WITNESS my hand and official seal.

Signature [Handwritten Signature]

Name AGNES KIM
(typed or printed)

(This area for official notarial seal)

