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**RESTATED DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
ESTABLISHING A PLAN OF
CONDOMINIUM OWNERSHIP
FOR
THE STRATFORD,
SAN MATEO, CALIFORNIA**

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**RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP**

for

THE STRATFORD, SAN MATEO, CALIFORNIA

This Restated Declaration is made on FEBRUARY 2, 2016 by Sunrise Stratford, L.P.
("Sunrise").

RECITALS

A. The Stratford is a common interest development situated on real property in the City of San Mateo, California, consisting of all of the real property shown on the final subdivision map for The Stratford filed for record on April 3, 1991, as Volume 122, Pages 29 to 30, in the Official Records of the County of San Mateo, State of California.

B. The Stratford consists of condominium units and certain appurtenant common areas and easements owned by residents, subject and subordinate to various exclusive and nonexclusive easements owned by Sunrise. The Stratford is also a Continuing Care Retirement Community and a Residential Care Facility for the Elderly licensed by the California Department of Social Services to provide accommodations, care, and services to its residents. As the owner of the easements and holder of the licenses, Sunrise provides such accommodations, care, and services under a Continuing Care Residence Agreement with each resident.

C. The Stratford is subject to perpetual "Service Easements" reserved by Sunrise, as described more fully in the Declaration Establishing Easements, Covenants and Restrictions Running With the Land for The Stratford (the "Easement Declaration"). The Service Easements include (1) exclusive easements over certain areas; (2) utility easements; and (3) non-exclusive easements on, over, across and through the common area of The Stratford and owners' units, as necessary to deliver services, respond to emergencies, comply with all applicable laws and regulations, and for all other purposes set forth in this Restated Declaration or the Easement Declaration. As a condition of ownership, each owner of a condominium at The Stratford is required to enter into a Continuing Care Residence Agreement with Sunrise and shall have certain continuing duties and obligations to pay for facilities and services provided at The Stratford, in accordance with the owner's Continuing Care Residence Agreement. In addition, owners of condominiums and appurtenant interests at The Stratford will be required to transfer their ownership interests in strict accordance with the Continuing Care Residence Agreement and all other governing documents, including Sunrise's approval of transferees and owners' payment of a transfer fee to Sunrise.

D. This Restated Declaration supersedes (1) the Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership for The Stratford of

San Mateo, California made by the JHR Trust (under trust agreement dated October 2, 1969, as amended with John A. Raiser as trustee) and recorded on July 31, 1992 with the County Recorder of the County of San Mateo with Recorder Serial Number 1992-122800, and (2) the Amendment to Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership for The Stratford, San Mateo, California made by Sunrise and The Stratford of San Mateo Homeowners' Association and recorded on February 6, 2012 with the County Recorder of the County of San Mateo with Recorder Serial Number 2012-015341.

DECLARATION

Sunrise declares that The Stratford is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to the following limitations, restrictions, easements, covenants, conditions, servitudes, liens and charges, all of which are declared and agreed to be in furtherance of a plan of condominium ownership as described in the Davis-Stirling Common Interest Development Act for the subdivision, improvement, protection, maintenance and sale of condominiums within the real property, and all of which are declared and agreed to be for the purposes of enhancing, maintaining and protecting the value and attractiveness of the real property, and providing housing, services and care specially designed for the elderly. All of the limitations, restrictions, easements, reservations, covenants, conditions, servitudes, liens and charges shall run with the land, shall be binding on and inure to the benefit of all parties having or acquiring any right, title, or interest in the real property, shall be for the benefit of the real property, and shall be binding on and inure to the benefit of the successors-in-interest of such parties. It is Sunrise's express intent that this Restated Declaration satisfy the requirements of the Davis-Stirling Common Interest Development Act.

ARTICLE 1

DEFINITIONS

Section 1.1. **"Articles"** means the Articles of Incorporation of The Stratford of San Mateo Homeowners' Association, which were filed in the Office of the Secretary of State of the State of California in 1992, and any amendments thereto.

Section 1.2. **"Association"** means The Stratford of San Mateo Homeowners' Association, a California nonprofit mutual benefit corporation, and its successors and assigns. The purpose of the Association is to maintain certain insurance policies, levy and enforce assessments, approve certain capital purchases, and manage other specific aspects of the operation of The Stratford, as explicitly set forth in Article 3 below. **The Association's powers and duties are strictly subject and subordinate to all Service Easements reserved by Sunrise (as described in the Easement Declaration, which is expressly incorporated herein by reference), and all managerial and operational responsibilities reserved to Sunrise in the Governing Documents.**

Section 1.3. **"Association Rules"** means the rules and regulations regulating the use and enjoyment of The Stratford, as adopted by the Board from time to time pursuant to the Bylaws. The Association Rules shall be subject and subordinate to all other Governing Documents, including, without limitation, the Continuing Care Residence Agreement, this Restated Declaration, the Easement Declaration and The Stratford Rules.

Section 1.4. **"Board"** means the Board of Directors of the Association.

Section 1.5. **"Building"** means all improvements built on the real property described in the Map.

Section 1.6. **"Bylaws"** means the Bylaws of the Association and any amendments thereto.

Section 1.7. **"Civil Code"** means the California Civil Code and all amendments and successor statutes thereto.

Section 1.8. **"Code of Civil Procedure"** means the California Code of Civil Procedure and all amendments and successor statutes thereto.

Section 1.9. **"Common Area"** means all of the real property comprising The Stratford, except the Units, as defined in this Restated Declaration and as shown on the Condominium Plan.

Section 1.10. **"Common Interest Personal Property"** means all of the personal property now owned or hereafter acquired by Sunrise for the operation of The Stratford, and all replacements thereof, excluding any personal property owned exclusively by Sunrise. The Common Interest Personal Property shall be located in the Common Area and shall be owned in undivided interests by all Owners as tenants-in-common. The Common Interest Personal Property shall include, without limitation, equipment, furniture, furnishings, freestanding appliances, artwork and decorative items.

Section 1.11. **"Common Interest Personal Property Interest"** means each Owner's undivided one sixty-seventh (1/67th) interest in the Common Interest Personal Property held in tenancy-in-common with the other Owners. Each Common Interest Personal Property Interest shall be appurtenant to a Condominium and may not be assigned, transferred, conveyed, or alienated in any way separately from the Condominium.

Section 1.12. **"Condominium"** means an estate in real property as defined in Sections 783 and 4125 of the Civil Code, consisting of two interests in The Stratford: (i) a separate interest in the Unit, as shown on and described in the Condominium Plan; and (ii) an undivided one sixty-seventh (1/67th) interest as a tenant-in-common in the Common Area (defined below) and in appurtenant easements.

Section 1.13. **"Condominium Plan"** means the condominium plan with respect to The Stratford, recorded pursuant to Section 4285 of the Civil Code, and any amendments to such plan. The Condominium Plan is expressly incorporated herein by reference.

Section 1.14. **"Condominium Purchase Price"** means the price that the Owner originally paid for his Condominium, not reduced by any escrow fees, real estate commissions, transfer taxes or other closing costs paid by the Owner.

Section 1.15. **"Construction Lender"** means Sumitomo Bank of California, a California banking corporation, and its successors and assigns.

Section 1.16. **"Continuing Care Residence Agreement"** means the Continuing Care Residence Agreement that each prospective Owner must sign with Sunrise or Sunrise's designee before he obtains title to a Unit or a Common Interest Personal Property Interest. The rights, duties and obligations of each Owner and Sunrise or Sunrise's designee under

this Restated Declaration shall be subject to the Continuing Care Residence Agreement entered into between that Owner and Sunrise or Sunrise's designee. The Continuing Care Residence Agreement between each Owner and Sunrise or Sunrise's designee shall neither bind nor inure to the benefit of any Owner who is not a party to the Agreement.

Section 1.17. **"Corporations Code"** means the California Corporations Code and all amendments and successor statutes thereto.

Section 1.18. **"Easement Declaration"** means the "Declaration Establishing Easements, Covenants and Restrictions Running With the Land For The Stratford" recorded on July 31, 1992 with the County Recorder of the County of San Mateo with Recorder Serial Number 1992-122799 and all its amendments, modifications, attachments, appendices and supplements. The Easement Declaration is expressly incorporated into this Restated Declaration by reference.

Section 1.19. **"Exclusive Use Common Area"** means that portion of the Common Area that is reserved for the exclusive use of one or more, but fewer than all Owners and that is appurtenant to such Owner's or Owners' Unit(s).

Section 1.20. **"Gain on Transfer"** means the excess, if any, of the Transfer Proceeds upon the transfer of a Condominium over the Condominium Purchase Price.

Section 1.21. **"Governing Documents"** means this Restated Declaration, the Easement Declaration, the Continuing Care Residence Agreement entered into between each Owner and Sunrise, The Stratford Rules, the Articles and Bylaws of the Association, the Association Rules, any other documents that may govern the operation of or delivery of services to The Stratford, and all amendments, modifications and supplements to any such documents.

Section 1.22. **"Map"** means the final subdivision map for The Stratford, recorded on April 3, 1991 as Vol. 122, Pages 29 to 30 in the Official Records of San Mateo County, California (Appendix).

Section 1.23. **"Member"** means each person or entity holding a membership in the Association. Only Owners can be Members of the Association, and Membership cannot be separated from Ownership.

Section 1.24. **"Monthly Fee"** means the fee that each Owner will be required to pay each month for the services, care and amenities provided by Sunrise at The Stratford, and for each Owner's share of the cost to fulfill Sunrise's responsibilities under this Restated Declaration. "Monthly Fees" are distinct from and in addition to Optional Fees levied by Sunrise and Regular Assessments and Special Assessments levied by the Association.

Section 1.25. **"Optional Fee"** means the fee that each Owner will be required to pay for any optional services, care or amenities provided to him or on his behalf by Sunrise pursuant to the Continuing Care Residence Agreement. "Optional fees" are distinct from and in addition to Monthly Fees levied by Sunrise and Regular Assessments and Special Assessments levied by the Association.

Section 1.26. **"Owner"** means any person or entity, including a trust, who: (i) holds a record ownership interest in a Condominium and all appurtenant easements; (ii) owns a Common Interest Personal Property Interest; and (iii) has entered into a Continuing Care

Residence Agreement with Sunrise. If the Owner is a trust, the beneficiary of the trust shall be the recipient of residence, care and services under the Continuing Care Residence Agreement. "Ownership" shall include Membership in the Association. "Owner" shall not include any person or entity holding an interest in a Condominium or in a Common Interest Personal Property Interest merely as a security for performance of an obligation. **In this Restated Declaration, "Owner" shall exclude Sunrise, unless it specifically includes Sunrise.**

Section 1.27. **"Property"** means the real property described in the Recitals section of this Restated Declaration and any additional real property that may later be annexed to The Stratford and become subject to this Restated Declaration.

Section 1.28. **"Regular Assessment"** means the levy by the Association against each Condominium for such Condominium's share of the cost to fulfill the Association's responsibilities under this Restated Declaration.

Section 1.29. **"Restated Declaration"** means this Restated Declaration of Covenants, Conditions and Restrictions and all its amendments, modifications, attachments, appendices and supplements.

Section 1.30. **"Service Easements"** means all easements reserved by Sunrise at The Stratford in order to provide for the operation, management, repair, rebuilding, or maintenance of The Stratford, for the delivery of continuing care services to residents, or for any related purpose. Service Easements shall include: (a) exclusive easements, as described in the Easement Declaration; (b) non-exclusive easements on, over, across, or through the Common Area (including the Exclusive Use Common Area) to use or gain access to certain areas of The Stratford; and (c) utility easements (to gain access to service lines, electrical systems, etc.). The Service Easements are described in detail in the Easement Declaration, which is expressly incorporated into this Restated Declaration by reference.

Section 1.31. **"Special Assessment"** means the levy against the Units by the Association, in addition to Regular Assessments, to meet any unexpected need of the Association for an extraordinary expenditure, to rebuild or repair The Stratford after an uninsured loss or partial taking, to replenish the reserves of the Association, to pay property taxes that are assessed against the Association until the county tax assessor segregates the property taxes applicable to each Unit into separate assessments, or to pay any property taxes that are assessed against the Common Area or the property of the Association rather than against the Units.

Section 1.32. **"Sunrise"** means Sunrise Stratford, L.P., a Delaware limited partnership, and its successors or assigns.

Section 1.33. **"The Stratford"** means the Property and all improvements on the Property, as described in the Map and Condominium Plan or as may later be built, as well as the easements (including the Service Easements) and the Common Interest Personal Property. "The Stratford" also refers to the licensed residential care facility for the elderly and continuing care retirement community located on the Property.

Section 1.34. **"The Stratford Rules"** means the rules promulgated by Sunrise from time to time to govern the use and enjoyment of The Stratford, the delivery of services to The Stratford, and the conduct of Owners and their licensees, invitees and guests at The Stratford.

The Stratford Rules shall supersede the Association Rules in the event of any conflict between the two documents.

Section 1.35. "Transfer" means any change in the legal or equitable ownership of a Condominium and the appurtenant Common Interest Personal Property Interest, other than "excluded transfers" (defined below), and shall include any sale, exchange, involuntary conversion on account of condemnation or casualty loss, termination of a joint tenancy, inter vivos gift, or gift by will. The following transfers shall be "excluded transfers": a transfer to a co-habitant occupying the Unit (including a spouse or partner) or to a trust for the benefit of a co-habitant, as long as such co-habitant continues to occupy the Unit; a transfer to a revocable inter vivos trust for the benefit of the transferor or the transferor's co-habitant, as long as the transferor or transferor's co-habitant continues to occupy the Unit; and a transfer to an executor or administrator, but only during the administration of an Owner's estate. A transfer by such executor or administrator shall not be excluded.

Section 1.36. "Transfer Fee" means the amount payable to Sunrise by an Owner upon the Transfer of his Condominium and the appurtenant Common Interest Personal Property Interest. The Transfer Fee shall be computed as follows: (a) if the Gain on Transfer is less than or equal to seven percent (7%) of the Transfer Proceeds, the Transfer Fee shall be equal to seven percent (7%) of the Transfer Proceeds; and (b) if the Gain on Transfer exceeds seven percent (7%) of the Transfer Proceeds, the Transfer Fee shall be equal to seven percent (7%) of the Transfer Proceeds plus seventy-five percent (75%) or such lesser percentage as may be set forth in the Continuing Care Residence Agreement of that portion of the Gain on Transfer that exceeds seven percent (7%) of the Transfer Proceeds.

Section 1.37. "Transfer Proceeds" means the fair market value of the Condominium and appurtenant Common Interest Personal Property Interest on the date of Transfer, less the amount of any escrow fee, transfer tax, or real estate commission paid by the seller in connection with the sale of the Condominium and appurtenant Common Interest Personal Property Interest, but before the deduction of any Transfer Fee. In the event of an arm's length sale, the sale price shall be deemed to be the fair market value of the Condominium and appurtenant Common Interest Personal Property Interest. In the event that a transfer of a Condominium and appurtenant Common Interest Personal Property Interest is not conducted at arm's length (for example, the transfer is by gift, bequest, or bargain sale), the fair market value of a Condominium and appurtenant Common Interest Personal Property Interest shall be determined by Sunrise in the reasonable exercise of its discretion by reference to recent arm's length, bona fide sales of comparable Condominiums and Common Interest Personal Property Interests at The Stratford.

Section 1.38. "Unit" means that portion of the Condominium constituting a separate interest in space, as defined in the Civil Code. There are sixty-seven (67) such Units at The Stratford. The Units and their respective boundaries are shown on and particularly described in the Map and Condominium Plan.

ARTICLE 2

DESCRIPTION AND DIVISION OF THE STRATFORD AND RELATED RIGHTS

Section 2.1. Description of The Stratford. As of the date of this Restated Declaration, The Stratford consists of sixty-seven (67) Units located within the Building, together with certain appurtenances as shown on the Condominium Plan.

Section 2.2. Division of The Stratford. The Stratford is hereby divided into the following separate freehold estates:

(a) Real Property.

(i) Units. Each Unit is shown, numbered and delineated on the Map. The boundaries and dimensions of each Unit shall be established as follows and as graphically depicted on the Map and Condominium Plan: the boundaries of each Unit are the unfinished interior surfaces (exclusive of paint, wallpaper, wax, tile, enamel and other finishes) of the perimeter walls; floors; ceilings; windows, window frames and trim; doors, door frames and trim; and fireboxes. Each Unit includes both the non-structural portions of the Building included within the unfinished interior surfaces as defined above and as depicted in the Condominium Plan and the airspace encompassed therein. The following are not a part of the Unit: structural elements of the Building, including but not limited to: bearing walls, columns, floors, roof, foundation, and appurtenances thereto; balconies, hallways and stairs; central services; chutes, ducts, pipes, chimneys and flues; and drains, sewers, ventilators, gas pipes, water pipes, conduits and wires, except for outlets, switches, fuses, fixtures and other utility installations located within a Unit. Each Unit specifically includes the range/oven, garbage disposal, interior partitions and utility fixtures installed therein. Each Unit is subject to such encroachments as may exist in the Building, whether they now exist or may later be created in any manner referred to in Section 2.10 below.

(ii) Common Area. The Common Area consists of those portions of the Property and Building to which title is held by all the Owners in common, and excludes the individual Units. Each Owner owns a one sixty-seventh (1/67th) undivided interest in the Common Area as tenant-in-common with the other Owners. **The Common Area does not include the Common Interest Personal Property or any other personal property.** The Common Area includes but is not limited to the penthouse (rooftop); parking spaces; storage areas; balconies; decks; ceilings; all structural elements of the Building, including but not limited to bearing walls, foundation and roof; and pipes, conduits, wires and other utility installations, wherever located, except outlets, switches, fuses, fixtures and other utility installations located within a Unit.

(b) Common Interest Personal Property. The Common Interest Personal Property includes all personal property acquired by Sunrise for the operation of The Stratford and located in the Common Area, except the personal property owned exclusively by Sunrise. The Common Interest Personal Property is owned in undivided one sixty-seventh (1/67th) interests by all Owners as tenants-in-common, and includes, without limitation, furniture, furnishings, equipment, freestanding appliances, artwork and decorative objects.

Section 2.3. Conflicts.

(a) Between Restated Declaration and Condominium Plan. If the description of the Common Area or Units contained in this Restated Declaration conflicts with the description contained in the Condominium Plan, the Condominium Plan shall govern.

(b) Between Existing Boundaries and Boundaries in Deed or Condominium Plan. In interpreting deeds and plans, the existing physical boundaries of a Unit, whether in its original state or reconstructed in substantial accordance with the original Map and Condominium Plan, shall be conclusively presumed to be its boundaries, rather than the boundaries expressed in the deed or in the Map and Condominium Plan, regardless of

(i) settlement or lateral movement of The Stratford, or (ii) minor variances between the boundaries shown on the Map and Condominium Plan or deed and the actual boundaries of the Building.

Section 2.4. Partition Prohibited. There shall be no partition of The Stratford or any part The Stratford. Neither the Association nor any person acquiring an interest in The Stratford or any part thereof shall seek any judicial partition.

Section 2.5. Subdivision Prohibited. Neither the Association nor any Owner shall subdivide or apply to the City of San Mateo or any other governmental entity to subdivide the Common Area without the express written consent of Sunrise and all of the Owners of all Units at The Stratford. No Owner shall cause or permit the further subdivision of the airspace within his Unit.

Section 2.6. Alterations of Units. Each Owner (and Sunrise with respect to each Unit it owns) shall be entitled to the exclusive ownership and possession of such Owner's Unit. No Owner shall have the right, except with Sunrise's prior written consent and subject to the Continuing Care Residence Agreement and other Governing Documents, to change the appearance of any of the surfaces of the perimeter walls, floor, ceilings, windows, railings, awnings or doors bounding his Unit that are visible from the Common Area. Furthermore, no Owner shall be deemed to own the utilities running through his Unit which are used for or serve more than one Unit. An Owner who desires to modify his Unit shall comply with the Governing Documents and the procedures and limitations set forth in Section 4760 of the Civil Code; provided, however, that if such improvement or alteration requires a building permit from the City of San Mateo or any other governmental entity, the Owner shall first obtain Sunrise's approval.

Section 2.7. No Separate Conveyance of Undivided Interests. All Owners and Sunrise hold title to an undivided interest in the Common Area and in the Common Interest Personal Property for each Unit that they own. The percentage of each such interest is specified in the grant deed to each Unit. The undivided interests in the Common Area shall have a permanent character and shall not be altered without the consent of Sunrise and all Owners expressed in an amended, duly recorded Declaration and Condominium Plan. The undivided interests in the Common Area and in the Common Interest Personal Property shall not be separated from the Unit to which they appertain, and they shall be deemed to be conveyed or encumbered or released from liens with the Unit, even if such interests are not expressly mentioned or described in the conveyance or other instrument.

Section 2.8. Exclusive Use Common Areas. Each Exclusive Use Common Area shall be appurtenant to the Owner's Unit and may not be conveyed or transferred apart from the Unit. The following portions of the Common Area are Exclusive Use Common Areas, as shown on the Condominium Plan: all exterior balconies appurtenant to individual Units; all exterior doors and windows leading to the balconies appurtenant to individual Units; all doors leading from individual Units to hallways not located within the Units; and all doorframes, window frames, screens and hardware comprising such windows and doors.

Section 2.9. Nonexclusive Easements over The Stratford. Subject and subordinate to all Service Easements reserved by Sunrise and to all covenants and restrictions contained in the Easement Declaration, each Owner shall have a nonexclusive easement for the use and enjoyment of the Common Area and for ingress, egress and support over and through the Common Area and certain improvements thereto. These easements shall be appurtenant to

and shall pass with the title to each Unit. In addition, these easements shall be subject and subordinate to any rights reserved to the Association or Sunrise, as appropriate, to (i) regulate the time, extent and/or manner of use; (ii) charge reasonable assessments or fees; (iii) adopt and enforce Rules; (iv) deliver services under the Continuing Care Residence Agreement; (v) perform obligations or exercise rights under the Governing Documents; or (vi) enforce any Governing Document.

Section 2.10. Conveyance of Easements to Third Parties. The Association may grant to third parties easements on, across, over and through the Common Area to perform any of the Association's powers or duties under Article 3 below, provided that at least thirty (30) days prior to such grant, the Association gives Sunrise written notice of its intent to grant the easement, including a description of the easement to be granted. **No such easement shall be granted, however, if it would interfere with any Service Easement reserved by Sunrise or with Sunrise's rights under the Easement Declaration or any of the other Governing Documents, or if it would materially interfere with any Owner's use, occupancy, or enjoyment of his Unit. If the Association grants an easement to a third party in violation of this Section 2.9, the easement shall be null and void. (See the Easement Declaration regarding Sunrise's reservation of easements.)**

Section 2.11. Effect of Encroachments. None of the rights or obligations of the Owners created herein, or created by the deed creating the Condominiums, shall be altered in any way by minor encroachments due to settlement, shifting of structures, or any other cause.

Section 2.12. Right of Entry. Sunrise, the Association and each of their agents and employees shall have the right to enter any Unit to cure any violation or breach of the Governing Documents. In addition, Sunrise and its agents and employees shall have the right to enter any Unit in connection with any service, maintenance, or repair for which Sunrise is responsible or which was requested by the Owner. Such entry shall be made only upon reasonable notice to the Owner (except in cases of emergency) and with as little inconvenience to the Owner as is practicable under the circumstances. Any damage caused by such entry shall be repaired by Sunrise or the Association, as appropriate, at its own expense. Each Unit may also be subject to entry by government officials at reasonable times as necessary to enforce the requirements of California's laws governing residential care facilities for the elderly and other applicable laws, regulations and ordinances. Sunrise or the Association, as appropriate, may levy a charge against an Owner to recover the costs of curing a violation.

Section 2.13. Assignment of Enumerated Powers to Association. Each Owner assigns to the Association the right to perform those duties specifically enumerated in Article 3 below, subject to the Easement Declaration and in accordance with all other Governing Documents.

Section 2.14. Sunrise's Reservation of Service Easements. Each Owner acknowledges that Sunrise shall reserve Service Easements (both exclusive and non-exclusive) to operate, control and maintain the Common Area of The Stratford and to deliver care and services to Owners, or to delegate any or all such responsibilities to one or more agents, designees or lessees. Each Owner shall only have those rights of ingress and egress through, use and enjoyment of, and support over the Common Area that do not hinder or encroach upon the lawful rights of any other Owner, that are explicitly provided for in this Restated Declaration and the Easement Declaration, and that are consistent with all the Governing Documents.

Section 2.15. Emergency Vehicle Access and Public Right-of-Way Easements. The Stratford, each Owner and the Association are all subject to the emergency vehicle access

easement and the public right-of-way easement shown on and described in the Condominium Plan.

Section 2.16. Reservation or Grant of All Easements. All easements referred to in this Restated Declaration shall be deemed reserved and/or granted, by reference to this Restated Declaration, the Easement Declaration and any deed to a Condominium.

ARTICLE 3

HOMEOWNERS' ASSOCIATION

Section 3.1. Organization of Association. The Association is a California nonprofit mutual benefit corporation whose articles of incorporation were filed in 1992 in the Office of the Secretary of State of California.

Section 3.2. Powers and Duties of Association. The Association is charged with the duties and vested with the powers set forth in Association's Articles of Incorporation and Bylaws, including the duties, powers and limitations listed below. All such duties and powers shall be subject and subordinate to all Service Easements reserved by Sunrise, to the Continuing Care Residence Agreement, and to all other Governing Documents. The Stratford shall be managed, operated and administered in accordance with all the Governing Documents, including the Easement Declaration and the Continuing Care Residence Agreement. The Association shall not act in any way that is inconsistent with any of the Governing Documents or that would interfere with Sunrise's ability to obtain and maintain a tax-exemption under Section 501(c)(3) of the Internal Revenue Code or its State equivalent, if Sunrise desired to obtain and maintain such exemption(s). Subject to the foregoing, the Association shall have the following powers and duties:

(a) Subject to the limitations and exceptions set forth in Article 12 of this Restated Declaration, to obtain and maintain the insurance policies that the Association is required to obtain and maintain under Article 12 with the minimum endorsements and in the minimum amounts described in that Article, and to maintain any additional insurance coverage as deemed necessary or desirable by the Board to protect the interests of the Association, the Members, and Sunrise.

(b) To authorize the rebuilding of The Stratford after certain uninsured losses and to participate in negotiations regarding the apportionment of any condemnation award, as provided more fully in Article 13 below.

(c) To approve any purchase of fixtures and any improvement to the premises of The Stratford undertaken by Sunrise (but not a repair or rebuilding except as provided in Section 13.2 below), if the cost of the purchase or improvement exceeds five percent (5%) of the total operating revenues of The Stratford in that fiscal year (including, without limitation, Regular Assessments, Special Assessments, and Monthly Fees and Optional Fees levied pursuant to the Continuing Care Residence Agreement).

(d) To determine the amount of and to levy Regular Assessments and Special Assessments (including property tax assessments), and other related fees pursuant to the Governing Documents, but not to determine the amount of or levy any fees which Sunrise is authorized to levy pursuant to the Governing Documents. The Association shall levy Assessments sufficient to discharge its duties under the Governing Documents.

(e) To establish and maintain accounts into which Regular and Special Assessments shall be deposited. The approval of the Board shall be required prior to the expenditure of any such reserves.

(f) To employ or contract with a manager or other person(s) to perform all or part of the Association's duties and responsibilities with respect to The Stratford, except the initiation and execution of disciplinary proceedings against Members in accordance with Section 3.5 of this Restated Declaration.

(g) To pay all real and personal property taxes and assessments levied against the Association or against the personal property owned by the Association.

(h) To discharge any obligation which, in the opinion of the Board, may become a lien against the Common Area or the Common Interest Personal Property, and to assess the costs thereof as a monetary penalty against the Owner responsible for the lien, as determined by the Board after notice and a hearing in accordance with the Bylaws.

(i) Subject to Sunrise's approval, to adopt reasonable Association Rules consistent with the Governing Documents for the use of the Common Area and the Common Interest Personal Property, and for the conduct of Owners and their licensees, invitees and guests at The Stratford. The Association Rules shall be subject and subordinate to The Stratford Rules and the other Governing Documents.

(j) To assemble and discuss issues of common interest to the Owners, and to make recommendations to Sunrise with respect to the delivery of amenities and services and the operation of facilities at The Stratford. In the exercise of such right, the Association shall act strictly in an advisory capacity, and Sunrise shall not be bound to adopt any of the Association's recommendations.

(k) To defend, prosecute and settle, as deemed necessary, all lawsuits involving the Association in the Association's own name as the real party and without joining with it the individual Owners, in the manner described in Section 374 of the Code of Civil Procedure; provided, however, that the Association shall not undertake to prosecute any claim or complaint where the anticipated costs of litigation per action exceed five percent (5%) of the total operating revenues of The Stratford in that fiscal year (including, without limitation, Regular Assessments, Special Assessments and Monthly and Optional Fees levied pursuant to the Continuing Care Residence Agreement) without the vote or written consent of a majority of a quorum of the entire voting power of the Members other than Sunrise and other than all proposed defendants named in good faith.

(l) To perform other acts that the Association deems reasonably necessary to perform its duties under this Restated Declaration, subject to all limitations contained in this Restated Declaration, the Easement Declaration and the other Governing Documents.

Section 3.3. Association Not Responsible For Maintaining Common Area or Common Interest Personal Property. The Association shall not be responsible for repairing or maintaining the Common Area or the Common Interest Personal Property. Subject to the Owners' obligations set forth in the Continuing Care Residence Agreement, Sunrise shall be responsible for repairing and maintaining all of the Common Area, including the Exclusive Use Common Areas, and for repairing, maintaining and replacing all of the Common Interest Personal

Property. The Owners who enjoy exclusive use of the Exclusive Use Common Areas shall keep them neat and clean.

Section 3.4. Board Duties. The Board, acting for the Association as set forth in the Governing Documents, is required and authorized to carry out the duties and responsibilities cited in this Article and to establish all necessary Association Rules, subject to this Restated Declaration, the Easement Declaration and all other Governing Documents.

Section 3.5. Enforcement of Governing Documents.

(a) Sanctions for Noncompliance. In addition to any other enforcement rights described in the Governing Documents or authorized by law, and subject to any restrictions on the Association's enforcement rights, including any due process requirements imposed by the Governing Documents or applicable laws, the Association may take any of the following actions against any person or entity whose act or failure to act violates or threatens to violate any provision of the Governing Documents. The Association shall have no right to take action against violations or threatened violations affecting only the Service Easements (except with Sunrise's prior written consent, which consent shall not be unreasonably withheld), the delivery of services under the Continuing Care Residence Agreement, or any power or duty reserved to Sunrise under any of the Governing Documents. **The Association's rights shall be subject and subordinate to Sunrise's rights under the Governing Documents.** Subject to the foregoing, the Association may take the following actions:

- (i) impose monetary penalties, including late charges and interest;
- (ii) suspend or revoke membership or voting rights in the Association;
- (iii) suspend or revoke use privileges for the Unit, the Common Area, and/or the Common Interest Personal Property;
- (iv) commence any action, at law or in equity, for damages, declaratory relief, injunctive relief and/or other relief;
- (v) enforce payment of assessments by imposing assessment liens and take all other actions allowed under the Davis-Stirling Common Interest Development Act, California's laws affecting continuing care retirement communities and residential care facilities for the elderly, and the Governing Documents; and/or
- (vi) enforce compliance with the Governing Documents in any manner permitted under the Davis-Stirling Common Interest Development Act, California's laws affecting continuing care retirement communities and residential care facilities for the elderly, and other applicable laws.

(b) Commencement of Legal Action. The Association shall determine, in its discretion, whether to impose one or more of the sanctions described in Section 3.5(a) above. Any legal action that the Association is entitled to take may be brought in the name of the Association on its own behalf and on behalf of any consenting Owner. The prevailing party in any such action shall be entitled to recover costs and reasonable attorneys' fees, as determined by the court. The Association may, in its discretion, take more than one of the foregoing enforcement actions against any actual or threatened violation, and it may resolve or settle any dispute, including any legal action, under terms and conditions that it deems appropriate.

(c) Limitations on Abridgment of Owners' Rights. The Association may not cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his or her Unit, except: (i) by judgment of a court; or (ii) by a decision arising out of arbitration.

(d) Due Process Requirements. Before any of the sanctions described in Section 3.5(a) above is imposed against any Owner, the Board must act in good faith and must satisfy each of the following requirements:

(i) The Owner must be given fifteen (15) days' prior notice of the discipline to be imposed and the reasons for imposition of the discipline. The notice may be given by any method reasonably calculated to give actual notice. If the notice is given by mail, it must be sent by first class or registered mail to the last address of the Owner shown on the Association's records.

(ii) The Owner must be given an opportunity to be heard by the Board, orally or in writing, no less than five (5) days before the effective date of imposition of the discipline.

Section 3.6. Annual Budget Report. The Association shall distribute an annual budget report ("**Annual Budget Report**") thirty (30) to ninety (90) days before the end of its fiscal year in accordance with the requirements of Civil Code Section 5300 or superseding statute.

Section 3.7. Owners' Voting Rights. All Owners (and Sunrise with respect to each Unit it owns) are automatically entitled to exercise the right to vote as Members of the Association, subject to the procedural requirements set forth in Article 4 below.

Section 3.8. Inspection of Association's Books and Records. Any Member, or that Member's duly appointed representative, shall have access to the Association's Membership register, books of account, and minutes from any meeting of the Members, the Board, or any committee of the Board in order to inspect and copy such records for any purpose reasonably related to his or her interest as a Member. Access shall be at any reasonable time at the office of the Association or such other place within The Stratford as the Board prescribes. The Board shall establish rules regarding the notice that Members must give to the custodian of the records to obtain access, the hours and days of the week when the records may be inspected and copied, and the charges imposed by the Association for copying records requested by Members. Any member of the Board may at any reasonable time inspect, copy, or make extracts of any books, records, or documents of the Association and inspect the physical properties owned or controlled by the Association.

ARTICLE 4

MEMBERSHIP AND VOTING RIGHTS

Section 4.1. Membership Appurtenant to Ownership. Every Owner (and Sunrise, as long as Sunrise owns one or more Condominiums) shall be a Member of the Association. One Membership shall be appurtenant to each Condominium. To qualify for Membership, all Owners (except Sunrise) shall: (i) satisfy The Stratford's admissions criteria described in Article 7 below; and (ii) execute a Continuing Care Residence Agreement with Sunrise. If the Owner is a trust, the trust beneficiary must be the recipient of residence, care and services under the Continuing Care Residence Agreement. A Membership shall terminate automatically when the Owner no longer owns the Condominium to which the Membership appertains. Each Member

of the Association shall have the rights, duties and obligations set forth in the Governing Documents.

Section 4.2. Transfer of Memberships. No Membership (except any Membership held by Sunrise) may be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way, except: (i) in accordance with the Governing Documents, including, without limitation, the transferor's Continuing Care Residence Agreement; (ii) upon transfer of title to the Member's Condominium and the Member's Common Interest Personal Property Interest to a transferee approved for residency at The Stratford; and (iii) by payment of a Transfer Fee to Sunrise, as defined and under the circumstances described in Article 1 above. In addition, the transferee must enter into a new Continuing Care Residence Agreement with Sunrise. Any prohibited transfer shall be void. Title to a Condominium and the appurtenant Common Interest Personal Property Interest may not be transferred separate from the appurtenant Membership. Any party who holds an interest in a Condominium or in a Common Interest Personal Property Interest merely as security for performance of an obligation shall not be a Member of the Association.

Section 4.3. Voting.

(a) Majority Approval Required. Except as otherwise provided in the Governing Documents, all matters requiring the approval of the Members shall be deemed approved if Members holding a majority of the total voting power of all Members assent to them by vote, either in person or by proxy, or by written consent.

(b) Vesting of Voting Rights. Voting rights shall vest at the time that assessments are levied against each Condominium.

(c) Secret Ballot. Voting for the Board shall be by secret written ballot.

(d) Joint Ownership Votes. The vote cast with respect to each Condominium may not be cast on a fractional basis. If the Condominium has more than one Owner and the Owners are unable to agree as to how the vote should be cast, the vote shall be forfeited on the matter in question. If one Owner casts the vote on behalf of a Condominium, the vote shall conclusively bind all the Owners of that Condominium. If more than one Owner casts a vote on behalf of a Condominium with regard to any matter for which only one vote could be cast for that Condominium, the votes cast by such Owners shall be deemed void.

(e) Cumulative Voting. The Members' cumulative voting rights shall be as set forth in Section 6.7 of the Bylaws.

ARTICLE 5

MONTHLY, OPTIONAL AND TRANSFER FEES

Section 5.1. Monthly and Optional Fees. Every Owner is obligated to pay to Sunrise the Monthly Fee applicable to his Condominium and all Optional Fees incurred by him or on his behalf for all services, care, amenities and maintenance provided at The Stratford. The calculation and imposition of Monthly and Optional Fees shall be governed by the Continuing Care Residence Agreement and by California's laws and regulations governing residential care facilities for the elderly and continuing care retirement communities.

Section 5.2. Transfer Fees. Every Owner is obligated to pay to Sunrise a Transfer Fee upon the Transfer of his Condominium and appurtenant Common Interest Personal Property Interest, as defined and under the circumstances described in Article 1 above.

Section 5.3. Liability and Enforcement. If a Condominium has more than one Owner, each Owner shall be jointly and severally liable for paying all Monthly, Optional and Transfer Fees applicable to the Condominium. No Owner may waive, be entitled to any reduction in, or otherwise escape liability for any Monthly, Optional or Transfer Fee by abandonment of his Condominium or non-use of any portion of The Stratford, except as explicitly provided in his Continuing Care Residence Agreement. All Monthly, Optional and Transfer Fees, and all reasonable costs of collection (including, without limitation, reasonable attorneys' fees, late charges and interest) shall (i) become a debt of the Owner at the time that the Monthly, Optional, or Transfer Fee or other charge is levied; and (ii) become a lien against the Owner's interest in The Stratford or against the proceeds from the sale of the Owner's Condominium and appurtenant Common Interest Personal Property Interest, from and after the recordation of a notice of delinquent fees in a form similar to the form required under Section 5675(a) of the Civil Code. Sunrise shall have the right to enforce all such liens, as appropriate, using procedures that parallel the provisions of Section 5680 of the Civil Code, provided that such procedures are not inconsistent with Sunrise's tax exemption (if any) under Section 501(c)(3) of the Internal Revenue Code or its State equivalent. Subject to the foregoing, in addition to the powers of enforcement that it has pursuant to the Continuing Care Residence Agreement and the other Governing Documents, Sunrise shall have the full powers to enforce Owners' payment of Monthly, Optional and Transfer Fees and other charges that the Association has to enforce payment of assessments under Article 3 above and Article 6 below (including, without limitation, the power to levy late charges and interest and to impose a lien on the Condominium). To the extent not inconsistent with California's laws governing continuing care retirement communities and residential care facilities for the elderly, Sunrise shall be subject to all of the restrictions on the Association contained in the Civil Code.

ARTICLE 6

ASSESSMENTS AND COLLECTION PROCEDURES

Section 6.1. Liability for Assessments. All Owners (and Sunrise as to each Unit that it owns) covenant and agree to pay the Association, directly or through its agent, all Regular Assessments and Special Assessments levied pursuant to this Restated Declaration. All Regular Assessments shall be levied monthly and shall be in addition to the Monthly Fees payable by each Owner to Sunrise under Article 5 above and under the Continuing Care Residence Agreement. If a Condominium has more than one Owner, each Owner shall be jointly and severally liable for paying all Regular and Special Assessments and other charges. No Owner may waive, be entitled to any reduction in, or otherwise escape liability for such fees by non-use of all or any portion of The Stratford or by abandonment of the Owner's Condominium. Pursuant to Section 5650 of the Civil Code, every Assessment and any late charges and reasonable costs of collection (including, without limitation, reasonable attorneys' fees, court costs and interest) assessed in accordance with Section 5650 of the Civil Code shall become a debt of the Owner at the time that the fee, assessment or other sum is levied. The amount of the fee or assessment, plus all costs of collection and late charges, shall become a lien on the Owner's interest in The Stratford from and after the recordation of a notice of delinquent assessment in accordance with Section 5675(a) of the Civil Code.

Section 6.2. Sunrise's Limited Exemption From Assessments During Construction.

(a) Unit Under Construction. Notwithstanding Section 6.1 above, any Unit having no structural improvements for human occupancy shall be exempt from payment of any assessment (or any part of any assessment) the purpose of which is to defray expenses and reserves directly attributable to the existence and use of the structural improvement. The exemption may include, but is not limited to: (i) refuse disposal; (ii) cable television; and (iii) domestic water supplied to Units. The foregoing exemption shall be in effect until the earlier of the following events: (i) recordation of a notice of completion of the structural improvements; or (ii) occupation or use of the Condominium.

(b) Common Facility Under Construction. Notwithstanding Section 6.1 above, the Sunrise and all Owners are exempt from that portion of any assessment the purpose of which is to defray expenses and reserves directly related to the existence and use of a common facility that is not complete at the time that assessments commence. This exemption shall be in effect until the earlier of the following events: (1) a notice of completion of the common facility has been recorded; or (2) the common facility has been put into use.

Section 6.3. No Abatement of Fees or Assessments. The Association shall not enter into any agreement with any Owner or any other person or entity which could have the effect of abating or otherwise modifying any Regular or Special Assessment payable by any Owner under this Article 6.

Section 6.4. Use of Assessments. The assessments levied pursuant to this Restated Declaration shall be used exclusively to provide funds necessary to perform the duties of the Association under Article 3 of this Restated Declaration. Such assessments shall be for the common benefit of the Owners in their use and enjoyment of the Stratford, subject to all restrictions contained in the Governing Documents.

Section 6.5. Regular Assessments.

(a) Basis for Regular Assessment. Regular Assessments levied upon the Units shall be based on the Association's revenue needs for fulfilling its duties at The Stratford, as determined by budgeted costs for the forthcoming fiscal year. In this context, "costs" shall mean projected expenses plus amounts appropriated for scheduled growth of reserves and other augmentations of reserves (if any), minus projected operating revenues (if any) from all sources except Regular Assessments payable by Owners. A pro forma operating budget shall be distributed to each Owner no less than forty-five (45) days or more than sixty (60) days before the commencement of the Association's fiscal year.

(b) Commencement and Frequency of Regular Assessments. Regular Assessments shall commence on the first (1st) day of the calendar month following the first conveyance of a Condominium at The Stratford. Thereafter, Regular Assessments shall be payable monthly and may be billed simultaneously with the Monthly Fee payable by every Owner to Sunrise under Article 5 above.

(c) Allocation of Regular Assessments. The expenses of performing the Association's duties at The Stratford will ordinarily be allocated among all Owners as follows:

(i) Regular Assessments levied to pay the expense of obtaining or maintaining real property insurance (including fire and extended coverage and earthquake

insurance, if applicable), or maintaining the physical plant of The Stratford (if the Association becomes Sunrise's successor pursuant to Section 3.2(l) above) shall be allocated equally to all Units at The Stratford.

(ii) Regular Assessments levied to pay the expense of obtaining or maintaining directors' and officers' liability insurance, fidelity bond or insurance, workers' compensation insurance, employer's liability insurance, personal property insurance covering the Common Interest Personal Property, or any other insurance policy not insuring against damage to real property, shall be allocated equally to all Units at The Stratford.

(iii) Regular Assessments levied to pay for the provision of health care, personal care, or other personal services rendered pursuant to the Continuing Care Residence Agreement (in the event the Association becomes Sunrise's successor as provided in Section 3.2(l) above) shall be allocated on a per capita basis to all residents of The Stratford.

(d) No Exemption or Adjustment. Regular Assessments are not subject to individual adjustment. No Owner shall be exempt from liability for payment of Regular Assessments against his Unit by abandonment of his Unit or by waiver of the use or enjoyment of any part of The Stratford.

(e) Failure to Establish Regular Assessments. If the Association or its agent fails or refuses to establish a Regular Assessment as required by this Section, the Regular Assessment for the immediately preceding fiscal year shall be the Regular Assessment for the fiscal year in which no Regular Assessment is established. However, an increase or decrease in such amount may be approved by a majority of the total voting power of the Association.

Section 6.6. Special Assessments. Special Assessments shall ordinarily be apportioned among all Units on same basis as Regular Assessments, as described in Section 6.5(c) above. Special Assessments levied to raise funds for the rebuilding or repair of The Stratford pursuant to Article 13 below shall be levied based on the ratio of the square footage of the living area of each Unit to the total square footage of the total living area of all Units to be assessed. Special Assessments shall be payable on the due date designated by the Board, by all Owners of record on that date. In lieu of a lump-sum payment by an Owner on the designated due date, the Association or its agent may, in its discretion, accept payment of the Special Assessment in monthly installments, which shall include interest on the unpaid balance at the maximum legal rate. No monetary penalty imposed pursuant to Section 2792.26(c) of Title 10 of the California Code of Regulations (or its successor regulation) shall be characterized as a Special Assessment.

Section 6.7. Limitation on Amount of Assessments. Notwithstanding any provision of this Restated Declaration to the contrary, the Board may not (i) impose a Regular Assessment for any fiscal year that is more than twenty percent (20%) greater than the Regular Assessment for the Association's preceding fiscal year; or (ii) impose Special Assessments which in the aggregate exceed five percent (5%) of the total operating revenues of The Stratford for that fiscal year (including, without limitation, Regular Assessments, Special Assessments, and Monthly and Optional Fees levied pursuant to the Continuing Care Residence Agreement), without the approval of a majority of the votes at a Membership meeting at which a quorum is present. For purposes of this Section, a quorum means more than fifty percent (50%) of the Owners. The meeting must be conducted in accordance with the California Nonprofit Mutual Benefit Corporation Law, Corporations Code Sections 7110 et seq.

Section 6.8. Emergency Increases. The restrictions on assessment increases contained in Section 6.7 above shall not apply to increases necessitated by emergencies. An emergency includes any of the following:

- (i) an extraordinary expense required by court order;
- (ii) an extraordinary expense necessary to eliminate or remove a threat to personal safety at The Stratford; or
- (iii) any other extraordinary expense that (a) the Association deems necessary; (b) is within the scope of the Association's duties and powers under this Restated Declaration; and (c) could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget required under Civil Code Section 5300. Before the imposition or collection of any assessment under this Section, the Board must pass a resolution containing written findings supporting the necessity of the extraordinary expense and explaining why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board shall distribute the resolution to the Members with the Notice of Assessment.

Section 6.9. Limitations on Association's Powers. In assessing and collecting assessments and fees, the Association or its agent shall: (a) be subject to the limitations set forth in Sections 5605 and 5650 of the Civil Code regarding the levy of assessments and the imposition of late charges; (b) be governed by Section 5660 of the Civil Code in connection with collection of the Owner's delinquent debt to the Association; (c) be responsible (through the Board) for preparing and distributing to each Owner all documents required under Section 5300 of the Civil Code and for performing all the fiscal duties set forth in Section 5500 of the Civil Code; and (d) refrain from levying or enforcing any assessment for services, management, maintenance or other functions reserved to Sunrise under the Governing Documents.

Section 6.10. Assessment Due Date. At least ten (10) days prior to the levy of any Special or Regular Assessment, the Association or its agent shall give each Owner written notice of the amount of the assessment and the due date (or, if paid in installments, the due dates and amount of each installment). The notice need only be given once for any assessment paid in installments. Unless the Association or its agent specifies otherwise, the installment due dates shall be the first day of each calendar month.

Section 6.11. Delinquency of Payment. Any assessment payment (including any installment payment) shall become delinquent if payment is not received by the Association or its agent within fifteen (15) days after its due date. If an assessment payment is delinquent, the maximum late charge allowed by Civil Code Section 5650(b)(2) (currently the greater of ten percent (10%) of the assessment amount or ten dollars (\$10)) shall be imposed. A late charge may not be imposed more than once on any delinquent payment, but it shall not eliminate or supersede any charges imposed on prior delinquent payments. Interest shall accrue on any delinquent payment at the maximum rate permitted under Civil Code Section 5650(b)(3), currently twelve percent (12%) annually, beginning thirty (30) days after the assessment becomes due.

Section 6.12. Notice of Delinquent Assessment. If any assessment payment is delinquent, the Board may deliver a "Notice of Delinquent Assessment" to the Owner of the assessed Unit and may cause a copy of such notice to be recorded in the Official Records of San Mateo County. The Notice shall state: (i) the amount of the assessment and any other sums imposed in accordance with Section 5650 of the Civil Code (including interest, costs and

reasonable attorneys' fees); (ii) a description of the assessed Unit; and (iii) the name of the record Owner of the assessed Unit. If the Association or its agent determines that immediate recording of the notice is not in the best interests of the Association, the notice shall not be recorded until fifteen (15) calendar days after the Association has delivered to the Owner a written notice of default and demand for payment.

Section 6.13. Creation of Assessment Lien. When a Notice of Delinquent Assessment has been recorded, the assessment described therein shall constitute a lien against the Unit identified in such Notice. Such lien shall be prior to all other liens recorded after the Notice of Delinquent Assessment, except for all assessments or other levies which by law would be prior to the assessment lien. Such assessment lien shall be in favor of the Association and shall be for the benefit of all Owners. If the delinquent assessment and related charges are paid or otherwise satisfied, the Association or its agent shall send to the Owner a "Notice of Satisfaction and Release of Lien."

Section 6.14. No Foreclosure Under Assessment Lien. The Association shall not enforce any assessment lien established under Section 6.12 above by filing an action for judicial or nonjudicial foreclosure.

Section 6.15. Subordination. Any lien created or claimed under the provisions of this Restated Declaration is expressly subject and subordinate to any mortgage that is allowed under this Restated Declaration, that is recorded prior to the Notice of Delinquent Assessment, and that encumbers all or a portion of The Stratford or any Condominium, if it was made in good faith and for value. No such lien shall in any way defeat, invalidate, or impair the obligation or priority of such mortgage unless the mortgagee expressly subordinates its interest to such lien in writing. If a mortgagee that complies with this Section forecloses on a Condominium, the foreclosure-purchaser shall be obligated to pay only those assessments or other charges that become due or payable once the foreclosure-purchaser acquires title to the Condominium. No amendment of this Section 6.14 may be made without the consent of the Owners of Condominiums to which at least sixty-seven percent (67%) of the votes in the Association are allocated, and the consent of the eligible mortgage holders holding first mortgages on Condominiums comprising fifty-one percent (51%) of the Condominiums subject to first mortgages.

ARTICLE 7

USE RESTRICTIONS

The rights of any Owner and his guests, employees, and licensees to use The Stratford (or any of the facilities thereon), are subject to the following restrictions:

Section 7.1. Residential Use Only. No Unit shall be used or allowed to be used other than as a private residence, except that Sunrise may use one or more Units as model Units or sales offices.

Section 7.2. Use of Common Interest Personal Property. The Common Interest Personal Property shall be used, maintained, repaired and replaced in a manner that is consistent with the Governing Documents and with all applicable laws, ordinances, statutes, rules and regulations, including, without limitation, the laws and regulations governing residential care facilities for the elderly and continuing care retirement communities.

Section 7.3. No Obstruction or Unauthorized Storage. No Owner shall obstruct the Common Area. No Owner shall store anything in the Common Area without the prior written consent of Sunrise, except in storage areas designated by Sunrise.

Section 7.4. Flammables. Storage of flammable or combustible materials shall be subject to Article 14 of this Restated Declaration.

Section 7.5. Signs. No sign of any kind shall be displayed to the public view or from any Unit or anywhere at The Stratford except a sign advertising the Property for sale as provided in Sections 712 and 713 of the Civil Code.

Section 7.6. Animals. No animals of any kind shall be raised, bred or kept in the Unit or anywhere at The Stratford, except in accordance with the Continuing Care Residence Agreement and The Stratford Rules.

Section 7.7. Nuisance. No Owner shall engage in any noxious or offensive activity in any Unit or anywhere at The Stratford, and no Owner shall engage in any activity at The Stratford which may be or become an annoyance or nuisance to the other Owners or interfere with their quiet enjoyment of The Stratford.

Section 7.8. Antennas, Clotheslines and Other Equipment. No television or radio poles, antennas, flag poles, clotheslines, or other external fixtures or other than those originally installed or approved by Sunrise, shall be installed or maintained on or within the balconies. However, each Owner shall have the right to maintain television or radio antennas within completely enclosed portions of his Unit. The location of common antennas or connection facilities for any cable television serving one or more Units shall be designated, from time to time, by Sunrise. No wiring, insulation, air-conditioning, or other machinery or equipment, except that originally installed or approved by Sunrise, shall be installed or maintained at The Stratford.

Section 7.9. Power Equipment. No power equipment shall be permitted at The Stratford except as required for work to be performed by or on behalf of Sunrise.

Section 7.10. Right to Lease Unit. No Owner may lease his Unit except with the express prior written consent of Sunrise following consultation with the Board and acting in accordance with written standards agreed upon with the Board.

Section 7.11. No Right to Convey Interest Less than Fee Simple. No Owner may convey a life estate in a Unit or any interest in a Unit that is less than a fee simple interest.

Section 7.12. Garbage and Refuse Disposal. All trash, garbage or other waste must be kept in sanitary containers and removed regularly from The Stratford.

Section 7.13. Alteration or Construction of Common Areas. No Owner shall alter, construct anything in, or remove anything from the Common Area (including Exclusive Use Common Areas), and no Owner shall make any changes to any finish, wall covering, or window or floor treatment located within the Common Area (including Exclusive Use Common Area), without the prior written consent of Sunrise. Structural alterations of all Units shall be subject to the restrictions contained in Section 2.5 of this Restated Declaration.

Section 7.14. Activities Affecting Insurance. No Owner shall permit anything to be done or kept anywhere at The Stratford that might increase the premium for or cause the cancellation of insurance for any portion of The Stratford, without the prior written consent of both the Association and Sunrise.

Section 7.15. Compliance with Law. No Owner shall permit anything to be done or kept in his Unit or anywhere at The Stratford that violates or is likely to violate any applicable law, ordinance, statute, rule, or regulation of any local, county, State, or federal body.

Section 7.16. Licensure and Related Requirements. The Stratford shall be certificated as a continuing care retirement community and licensed as a residential care facility for the elderly by the California Department of Social Services or its successor agency. Sunrise and the Association shall take all necessary steps to enforce, and all Owners shall abide by, all requirements imposed by the California Department of Social Services or by any other governmental agency with jurisdiction over The Stratford. Owners shall also abide by all decisions and rules that Sunrise deems reasonably necessary to comply with such rules and regulations.

Section 7.17. Compliance with Governing Documents. No Owner shall do or allow anything to be done in his Unit or anywhere at The Stratford that is prohibited under any of the Governing Documents, as reasonably interpreted by Sunrise.

Section 7.18. Parking. No Owner shall park, or cause any person to park, any motor vehicle in The Stratford except in a covered parking space assigned by Sunrise, in accordance with the Owner's Continuing Care Residence Agreement and The Stratford Rules.

Section 7.19. Use Consistent with Service Easements. Each Owner may use and enjoy The Stratford only in a manner that is consistent with all Service Easements reserved by Sunrise, as described in this Restated Declaration and the Easement Declaration.

Section 7.20. Age and Income Criteria. Sunrise shall establish age, income and other criteria for all Owners of Condominiums at the Stratford. (See Article 10 below.) No Ownership inconsistent with these criteria shall be permitted anywhere in The Stratford.

Section 7.21. Sunrise Exempt. This Article 7 shall not apply to Sunrise and shall not impair or restrict in any way Sunrise's rights under the Governing Documents.

ARTICLE 8

MAINTENANCE AND IMPROVEMENT

Section 8.1. Maintenance of Common Area and Common Interest Personal Property. Sunrise shall cause the Common Area and Common Interest Personal Property to be maintained, operated, repaired and replaced in first-class condition and in accordance with this Restated Declaration. With respect to the Common Area, "first-class condition" shall mean a quality and condition comparable to the quality and condition of other first-class high-rise residential buildings of comparable age and construction located in the San Francisco/San Mateo area. With respect to the Common Interest Personal Property, "first-class condition" shall mean a quality and condition comparable to the quality and condition of personal property at a first-class retirement facility. Sunrise shall not be responsible, however, for any maintenance or repair of the Common Area or Common Interest Personal Property necessitated by the willful,

reckless or negligent act of any Owner or his guests, licensees, or invitees. Any such repair or replacement shall be the responsibility of the Owner whose acts (or whose guest's, licensee's, or invitee's acts) necessitated the repair.

Section 8.2. Maintenance of Balconies. Sunrise shall cause all balconies attached to the Units, all glass sliding doors leading to such balconies, and all building facades located on the balconies (whether located wholly or partially within or outside the Common Area) to be maintained, repaired and replaced in first-class condition and in accordance with this Restated Declaration.

Section 8.3. Maintenance of Units and Exclusive Use Common Areas.

(a) Duty to Maintain. Each Owner shall cause his Unit to be maintained, repaired and replaced in first-class condition and in accordance with this Restated Declaration, the Easement Declaration and all other Governing Documents. Each Owner shall cause the Exclusive Use Common Area appurtenant to his Unit to be kept neat and clean.

(b) Failure to Maintain. If an Owner fails to maintain his Unit or to keep clean the Exclusive Use Common Area appurtenant to his Unit in a manner that Sunrise deems necessary to preserve the marketability, appearance, value, or structural integrity of The Stratford, Sunrise may notify the Owner of the work required and require that it be done within sixty (60) days from the date of such notice. If the Owner fails to obtain such maintenance within such period, Sunrise may, after giving the Owner written notice and an opportunity for a hearing, cause the work to be done. The cost of such work shall be levied against the Owner by Sunrise.

Section 8.4. Refinishing and Redecoration of Condominiums. Subject to all limitations contained in the Easement Declaration, the Continuing Care Residence Agreement, The Stratford Rules and the other Governing Documents, each Owner shall have the exclusive right to paint, plaster, tile, wax, paper, or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows, and doors bounding his Unit in a manner which does not intrude on or into the Common Area.

Section 8.5. Improvements to the Premises by Sunrise. Sunrise may purchase fixtures or construct or cause to be constructed improvements upon the Common Area, provided that Sunrise first obtains the Association's consent to any such purchase or improvement that costs in excess of five percent (5%) of the total operating revenues of The Stratford in that fiscal year (including, without limitation, Regular Assessments, Special Assessments, and Monthly Fees and Optional Fees levied pursuant to the Continuing Care Residence Agreement). The approval of a majority of the Board shall be deemed the approval of the Association for such purposes. Notwithstanding the foregoing, irrespective of the dollar amount of the purchase or improvement, Sunrise shall not be required to obtain the Association's consent if the purchase or improvement is required by any applicable law, regulation, ordinance, or governmental agency directive.

Section 8.6. Costs of Repair and Maintenance. All costs of repair and maintenance of the Common Area and Common Interest Personal Property shall be paid ratably by all Owners by means of the Monthly Fees charged by Sunrise. However, if one or more individual Owners (or their licensees, invitees, or guests) cause damage to any portion of the Common Area or Common Interest Personal Property, Sunrise may charge the individual Owner(s) for the cost of repairs. If such costs are not paid, Sunrise may pursue all available remedies (at law or in

equity) under the Continuing Care Residence Agreement and Article 11 of this Restated Declaration, and shall be entitled to attorneys' fees.

Section 8.7. Standard of Repair and Replacement. All repairs and replacements required under this Restated Declaration shall be made with materials and facilities of a quality equal or superior to the quality of the materials and facilities that were repaired or replaced. The architectural and aesthetic harmony, quality and structural integrity of The Stratford shall be maintained in the course of such repairs and replacements.

ARTICLE 9

UTILITIES

Section 9.1. Owners' Rights and Duties With Respect to Utility Lines. The rights and duties of the Owners with respect to sanitary sewer, water, electricity, gas and telephone lines and facilities, heating and air-conditioning facilities, cables, television antennas, drainage lines and all other utilities serving The Stratford (together, "Utility Lines") shall be as follows:

(a) Utility Easements. As described in the Easement Declaration, Sunrise reserves easements to the fullest extent necessary to enter or have a utility company enter any part of The Stratford, including the Units, to install, operate, repair, replace and generally maintain all Utility Lines. To the extent practicable, Sunrise shall give Owners reasonable notice of entry into Units for such purposes, and shall enter Units only during reasonable hours, except in the event of an emergency.

(b) Use and Enjoyment of Utility Lines. The Owner of each Unit served by a Utility Line shall be entitled to the full use and enjoyment of all portions of such Utility Line that serve his Unit.

Section 9.2. Sunrise's Maintenance Duties. Sunrise shall maintain all Utility Lines serving The Stratford, except for those Utility Lines maintained by utility companies, and unless Sunrise delegates any of these responsibilities to the Association or to any other agent. Owners shall pay the charges for utilities supplied to The Stratford either directly to the utility companies or to Sunrise as part of their Monthly Fees.

ARTICLE 10

ADMISSIONS

Section 10.1. Admissions Requirements. All prospective Owners must be approved by Sunrise in advance for residency at The Stratford.

Section 10.2. Sunrise Exempt. Sunrise shall be exempt from this Article 10, even if Sunrise owns one or more Condominiums.

Section 10.3. Admissions Criteria. Sunrise shall make an independent judgment whether each prospective Owner qualifies for residency at The Stratford. In so doing, Sunrise shall require each applicant to furnish the following:

- (a) Personal information on a detailed application form;

(b) Information evidencing the applicant's ability to occupy the Unit consistent with California's laws and regulations governing residential care facilities for the elderly and continuing care retirement communities;

(c) Information necessary to participate in the health care program at The Stratford;

(d) Financial information evidencing the applicant's ability to pay all Monthly Fees, Optional Fees, Regular and Special Assessments, and other expenses after assuming occupancy of his Unit; and

(e) Such additional financial and personal information as Sunrise deems reasonably necessary, in its sole discretion.

Each prospective Owner may also be required to undergo such additional examinations and tests as Sunrise deems necessary, in its sole discretion, in accordance with applicable laws and regulations.

Section 10.4. Powers of and Restrictions on Sunrise. In addition, Sunrise shall:

(a) Impose such conditions and restrictions on Ownership of a Condominium and Common Interest Personal Property Interest at The Stratford as Sunrise deems reasonably necessary or appropriate to ensure the safe and efficient operation and peaceful enjoyment of The Stratford;

(b) Not discriminate in any manner based upon race, color, sex, religion, ancestry, or national origin;

(c) Require that Owners (or beneficiaries of Owners that are trusts) be (i) capable of residing in their Units consistent with California's laws and regulations affecting residential care facilities for the elderly and continuing care retirement communities; and (ii) eligible to participate in the health care program at The Stratford; and

(d) Establish other admissions procedures and eligibility criteria for prospective residents of The Stratford, including financial, age and other criteria.

Section 10.5. Finality of Decisions. All admissions decisions shall be made by Sunrise in its sole discretion and are final and non-appealable.

ARTICLE 11

SUNRISE'S POWERS AND DUTIES

Section 11.1. Powers and Duties. Sunrise is charged with the duties and vested with the powers set forth in the Governing Documents, including the following duties and powers:

(a) To operate The Stratford as a continuing care retirement community and residential facility for the elderly in compliance with all applicable laws and regulations, to manage the delivery of care and services at The Stratford, to maintain, repair and replace, as appropriate, the Common Area and Common Interest Personal Property, and to regulate the

use and enjoyment of The Stratford as Sunrise deems necessary to fulfill its obligations or to exercise its powers under any of the Governing Documents.

(b) To govern admissions to The Stratford, resales of Units, and transfers to and from Units, assisted living areas, and outside facilities, in accordance with (i) Owners' health and other needs, (ii) the Governing Documents, and (iii) all laws and regulations affecting residential care facilities for the elderly and continuing care retirement communities.

(c) To determine the amount of and levy Monthly, Optional and Transfer Fees and other fees pursuant to the Continuing Care Residence Agreement and other Governing Documents.

(d) To establish and maintain accounts into which Monthly, Optional and Transfer Fees shall be deposited.

(e) To grant easements or licenses over The Stratford, as it deems necessary.

(f) To discharge any obligation which, in the opinion of Sunrise, may become a lien against The Stratford, and to assess the costs thereof as a monetary penalty against the Owner or Owners responsible for the lien, as determined by Sunrise after giving reasonable notice to the Owner(s).

(g) To adopt The Stratford Rules to regulate the use and enjoyment of The Stratford and the conduct of Owners and their guests at The Stratford.

(h) To defend, prosecute and settle, as Sunrise deems necessary, all lawsuits involving Sunrise in Sunrise's own name as the real party and without joining with it the individual Owners, in the manner described in Section 374 of the Code of Civil Procedure.

(i) To perform all other acts that Sunrise deems reasonably necessary to exercise its powers or to perform its duties under any of the Governing Documents.

(j) To exercise any power and perform any duty of the Association that the Association fails, neglects, or refuses to exercise or perform in a timely manner, if Sunrise deems it necessary to perform such duty or to enforce such power to comply with any Governing Document, to protect the health or safety of any resident, employee, or guest of The Stratford, to deliver any service, or to preserve the marketability, value, quality, or structural integrity of The Stratford. **To the extent that there is a conflict between Sunrise's powers or duties under this Article 11 and the Association's powers or duties under Article 3 of this Restated Declaration, Sunrise's powers and duties shall prevail.**

Section 11.2. Enforcement of Governing Documents.

(a) Sanctions for Noncompliance. In addition to any other enforcement rights described elsewhere in the Governing Documents or authorized by law, and subject to any due process requirements imposed by the Governing Documents or by applicable law, Sunrise may take any of the following actions against any person or entity whose act or failure to act violates or threatens to violate any provision of the Governing Documents:

(i) impose monetary penalties, including late charges and interest;

(ii) terminate an Owner's Continuing Care Residence Agreement and/or require that he vacate his Unit or The Stratford;

(iii) suspend or revoke use privileges over any portion of The Stratford;

(iv) commence an action, at law or equity, for damages, declaratory relief, injunctive relief and/or other relief;

(v) enforce payment of Monthly, Optional and Transfer Fees and all other charges by imposing liens and taking all other permissible actions; and

(vi) enforce compliance with the Governing Documents in any manner permitted under the Davis-Stirling Common Interest Development Act, California's laws affecting residential care facilities for the elderly and continuing care retirement communities, applicable provisions of the Internal Revenue Code, and other applicable laws.

(b) Commencement of Legal Action. Sunrise shall determine, in its sole discretion, whether to impose any of the sanctions described in Section 11.2(a) above. Any legal action may be brought in the name of Sunrise on its own behalf and on behalf of any consenting Owner. The prevailing party in any such action shall be entitled to recover costs and reasonable attorneys' fees, as determined by the court. Sunrise may, in its sole discretion, take more than one of the foregoing enforcement actions against any actual or threatened violation of any law or the Governing Documents, and resolve or settle any dispute, including any legal action, under terms and conditions that it deems appropriate in its sole discretion.

(c) Due Process Requirements. Before any of the sanctions described in Section 11.2(a) above is imposed against any Owner, Sunrise will act in good faith and will satisfy each of the following requirements:

(i) The Owner will be given fifteen (15) days' prior notice of the discipline to be imposed and the reasons for imposition of the discipline. The notice may be given by any method reasonably calculated to give actual notice. If the notice is given by mail, it must be sent by first class or registered mail to the last address of the Owner shown on Sunrise's records.

(ii) The Owner will be given an opportunity to be heard by Sunrise, orally or in writing, no less than five (5) days before the effective date of imposition of the discipline.

ARTICLE 12

INSURANCE

Section 12.1. Insurance Coverage Purchased by Sunrise. Sunrise shall obtain the insurance coverage described in this Section 12.1. The Owners shall pay all costs associated with obtaining such coverage through the payment of Monthly Fees.

(a) Liability Insurance. Sunrise shall obtain and maintain for The Stratford one or more policies of commercial general liability insurance, with a minimum limit of ten million dollars (\$10,000,000.00) per occurrence (combined single limit of bodily injury and property

damage liability). However, if Sunrise makes a good faith determination that such minimum coverage is not available or cost-effective in relation to the risk and the premium to be charged, a policy with a lower minimum shall be obtained, in an amount to be determined by Sunrise, in its sole discretion. Such policies shall include all of the following endorsements, provided that Sunrise determines that they are reasonably available at a reasonably affordable cost: products/completed operations, independent contractors, blanket contractual liability, broad form property damage, host liquor liability, non-owned and hired automobile liability, employees as additional insureds, and personal injury liability (libel, slander, false arrest and wrongful eviction) with the "employee exclusion" deleted. Sunrise shall make good faith efforts to obtain coverage on an occurrence basis. However, if any liability policy is obtained on a claims-made basis, the retroactive date shall be no later than the expiration or cancellation date of the prior occurrence form liability policy. If the claims-made policy is cancelled and/or replaced by an occurrence form policy, Sunrise shall also purchase an unlimited extended reporting ("long-tail") endorsement.

(b) Business Interruption and Special Expense Insurance. Sunrise shall obtain and maintain business interruption and extra expense insurance in an amount sufficient to meet Sunrise's obligations to continue operations following any loss caused by a peril insured under this Restated Declaration. Coverage shall be in an amount not less than one million dollars (\$1,000,000), and shall be reviewed annually by Sunrise to determine in its reasonable business judgment whether it is economically advisable to increase such limits.

Section 12.2. Insurance Coverage Purchased by Association. The Association shall obtain and maintain all of the insurance coverage described in Sections 12.3 through 12.8 below. The Owners shall pay ratably all costs associated with obtaining such coverage through the payment of Regular Assessments.

Section 12.3. Boiler and Machinery Insurance. The Association shall obtain and maintain for The Stratford a policy of boiler and machinery insurance insuring against loss or damage to or because of boilers and other machinery, including fired and unfired pressure vessels, electrical apparatus and air conditioning equipment, in the minimum amount of one million dollars (\$1,000,000.00) per occurrence.

Section 12.4. Fire and Extended Coverage Insurance. The Association shall obtain and maintain fire insurance and full extended coverage protection, and vandalism and malicious mischief coverage for The Stratford, covering all buildings, improvements and fixtures, and all Common Interest Personal Property, but excluding Owners' individual personal property. Such insurance protection shall be in an amount equal to one hundred percent (100%) of the full replacement cost of The Stratford (excluding the cost of excavations, foundations and footings) and on an "all-risks" basis, as provided under the standard "Special Extended Coverage" form.

Section 12.5. Earthquake Insurance. The Association shall obtain and maintain coverage for perils of earth movement, including earthquakes, if the Association determines in good faith that such coverage is available at reasonably affordable premiums for acceptable limits of coverage, endorsements, and deductibles. Such insurance shall be written on a full replacement cost basis. If the Association is unable to purchase reasonably affordable coverage in that amount, the Association shall purchase the maximum coverage that it determines in good faith is available at a reasonably affordable premium. If such coverage is for less than one hundred percent (100%) of the full replacement cost of The Stratford, such coverage shall be increased to one hundred percent (100%) of the full replacement cost of The Stratford if and when the Association determines that it is economically advisable to do so.

Section 12.6. Directors' and Officers' Liability. To the extent that such insurance is available, the Association shall obtain and maintain one or more policies on behalf of any director, officer or committee member of the Association, against any liability arising out of the alleged negligent acts, errors, or omissions of any director, officer or committee member while acting in that capacity. The minimum amount of such coverage shall be one million dollars (\$1,000,000) per occurrence.

Section 12.7. Fidelity Bond or Insurance. The Association shall obtain and maintain or be covered by a fidelity bond or insurance policy against dishonest acts by any persons entrusted with or permitted to handle funds belonging to or administered by the Association, including its agent or designee and the agent's or designee's employees. Such bond or policy shall name the Association as the insured and shall be sufficient to provide protection not less than one and one-half (1-1/2) times the estimated operating expenses and reserves of the Association for the first three (3) months of each fiscal year covered by the insurance policy. An appropriate endorsement shall be added to such policy or bond, if necessary, to cover any persons who serve without compensation, including officers and directors, if such policy or bond would not otherwise cover the acts of volunteers.

Section 12.8. Workers' Compensation. At any time that the Association has any employees, it shall obtain workers' compensation insurance covering such employees, as required by applicable law.

Section 12.9. General Policy Provisions. Each insurance policy obtained under this Article shall be issued by an insurance company carrying a financial rating of VI or better and a policyholder's rating of A or better in the most current available Best's Guide, or comparable ratings in the most current available edition of a comparable insurance rating guide. To the extent appropriate, each policy shall name Sunrise, the Association and each Owner as named insureds. Each policy shall provide that the insurers may not cancel, change, or refuse to renew the policies without first giving thirty (30) days' prior written notice to all named insureds, and each liability policy shall contain a cross-liability endorsement affording each insured party liability coverage against the other insured parties under the policy.

Section 12.10. Periodic Re-Evaluation of Coverage. From time to time, at Sunrise's request, the Association shall increase the limits of the insurance policies described in Sections 12.3 through 12.8 above, add endorsements, or take out additional policies of insurance, as Sunrise deems advisable to reflect changes in the replacement cost or fair market value of the insured interest, the operating history of The Stratford or other comparable projects, and/or then-prudent practices with respect to other comparable projects. Any such adjustment shall be rounded up to the nearest ten thousand dollars (\$10,000).

Section 12.11. Owners' Liability Insurance. Each Owner shall carry whatever personal liability and personal property damage liability insurance covering his individual personal property that he deems appropriate or that may be required under his Continuing Care Residence Agreement. However, any such policy shall contain a waiver of subrogation clause that is acceptable to Sunrise and to any institutional first mortgagee. (See Article 14 below regarding restrictions on mortgaging of Units.)

Section 12.12. Settlement of Claims; Releases; Investigations. Sunrise, on behalf of and in lieu of the Association, is hereby empowered and authorized to negotiate and agree on the value and extent of any loss under any insurance policy authorized by this Restated Declaration or any other Governing Document, and to compromise, settle and enforce any claim and

execute releases in favor of any insurer. Each Owner agrees to assist and cooperate fully in the investigation and/or defense of any such claims, including, without limitation, securing, protecting and giving evidence, attending all hearings and trials, and furnishing the necessary statements and attendance as a witness, all as may be required, from time to time, by Sunrise.

Section 12.13. Sunrise's Right to Review and Obtain Insurance. If the Association does not provide Sunrise with evidence reasonably satisfactory to Sunrise evidencing the purchase or renewal, as applicable, of any insurance policy or endorsement required to be obtained or maintained by the Association pursuant to this Article 12, within thirty (30) days before the scheduled expiration date of such policy or its predecessor policy, then Sunrise may, at the Association's expense, purchase or renew such policy or endorsement in accordance with this Article 12, before such thirty (30)-day period expires. Sunrise shall bill the Association for the costs of any such insurance, which costs the Association shall then promptly pay. The Association shall promptly levy a Special Assessment against each Owner, computed in the manner provided in Section 6.6 above, which each Owner shall promptly pay.

ARTICLE 13

DAMAGE OR CONDEMNATION

Section 13.1. Uninsured Loss Is Less Than or Equal to 25 Percent of Full Replacement Cost. If there is a total or partial destruction of The Stratford, and the loss is fully insured or the uninsured portion of the loss is less than or equal to twenty-five percent (25%) of the full replacement cost of The Stratford, including the costs of obtaining all permits, approvals, inspections and plans (but excluding the value of any improvements to a Condominium separately paid by an Owner out of his own funds), Sunrise shall promptly rebuild The Stratford according to the original plans, unless governmental action has made it impossible, impractical, or financially unfeasible to rebuild The Stratford for its intended purpose. Such rebuilding shall commence no later than one hundred eighty (180) days after the date of the loss or casualty, unless rebuilding within such time period is rendered impracticable due to delays beyond the reasonable control of Sunrise.

Section 13.2. Uninsured Loss Is Greater Than 25 Percent of Full Replacement Cost. If there is a total or partial destruction of The Stratford, and the uninsured loss is greater than twenty-five percent (25%) of the full replacement cost of The Stratford, including the costs of obtaining all permits, approvals, inspections and plans (but excluding the value of any improvements to a Condominium separately paid by an Owner out of his own funds), Sunrise shall promptly rebuild The Stratford, **provided that** within one hundred (100) days after the date of the loss, Members holding a majority of the total voting power vote to rebuild in accordance with Section 4.3 above.

Section 13.3. Contract for Repair or Reconstruction. If repair and reconstruction are to occur pursuant to this Article 13, Sunrise shall (i) solicit and obtain bids from at least two reputable contractors to repair and reconstruct the improvements in accordance with the original plans; and (ii) award the repair and reconstruction work to the lowest bidder that otherwise meets all of Sunrise's requirements. Sunrise shall have the authority to enter into a written contract with the contractor for such repair and reconstruction, and the insurance proceeds shall be disbursed by the insurance trustee to the contractor according to the terms of the contract between Sunrise and the insurance trustee, described in Section 13.8 below. Sunrise shall take all steps necessary to assure the commencement and completion of the authorized repair and reconstruction at the earliest date practicable.

Section 13.4. Owners' Payment of Reconstruction Costs.

(a) **Levy of Special Assessment.** If The Stratford is rebuilt pursuant to this Article 13, each Owner shall be obligated to contribute his proportionate share of the uninsured costs of repair and reconstruction, including the costs of obtaining all permits, approvals, inspections and plans, by means of a Special Assessment levied by the Association and apportioned in accordance with Section 6.6 above.

(b) **Failure or Refusal to Pay.** If any Owner fails or refuses to pay his proportionate share of the repair or reconstruction costs of The Stratford, Sunrise and the Association shall have the power to enforce payment of the assessment or charge in any manner provided in this Restated Declaration, including but not limited to imposing an assessment lien.

Section 13.5. Rebuilding Not Authorized. If the Association votes not to rebuild The Stratford, any insurance proceeds then available for rebuilding shall be distributed to each Owner in proportion to the relative fair market value of his Condominium, subject to the payment of Transfer Fees to Sunrise and the rights of any first mortgagees, as set forth in Article 14 below. Sunrise shall select an independent MAI appraiser, who shall determine the fair market values of the Condominiums immediately prior to the destruction.

Section 13.6. Declaration of Intent. Any time a determination is made to rebuild or not to rebuild The Stratford under this Article, Sunrise shall, within one-hundred twenty (120) days from the date of loss, execute, acknowledge and record in the office of the County Recorder of San Mateo County, a certificate declaring its intention either to rebuild or not to rebuild The Stratford.

Section 13.7. Power of Attorney. In the event that the Association votes not to rebuild The Stratford in accordance with Section 13.2 above, each Owner, by accepting a deed to a Condominium, grants to the Association an irrevocable power of attorney to sell The Stratford in its entirety for the benefit of the Owners, to terminate this Restated Declaration, and to dissolve the Association. The net proceeds of the sale of The Stratford and the dissolution of the Association shall be distributed to the Owners in the same manner that insurance proceeds would be distributed under this Article 13.

Section 13.8. Designation of Insurance Trustee. All insurance proceeds payable under this Article shall be paid to a bank or trust company designated by Sunrise to act as trustee for the benefit of the Owners (and their mortgagees, as their respective interests may appear). On behalf of the Owners, Sunrise shall enter into an agreement with the insurance trustee, consistent with this Restated Declaration, that specifies the trustee's powers, duties and compensation.

Section 13.9. Emergency Repairs. In the event of destruction at The Stratford, it is likely that immediate emergency repairs will be required to eliminate defective or dangerous conditions and to comply with applicable laws, pending settlement of insurance claims and prior to procuring bids for the performance of restorative work. Without waiting to obtain such insurance settlements or bids, Sunrise may undertake such emergency repair work as it deems necessary or desirable under the circumstances. Sunrise shall have the right to charge the Owners proportionately for the costs of any emergency repairs that it undertakes, in accordance with Section 13.4(a) above, and to enforce payment of such costs as provided in Section 13.4(b) above.

Section 13.10. Condemnation.

(a) Taking of Unit. If any Unit is taken by eminent domain, the Owner of that Unit shall be entitled to receive the condemnation award, after all Transfer Fees, liens and security interests in the Unit have been satisfied or otherwise discharged. After acceptance of the condemnation award, the Owner (but not Sunrise) and all of his lienholders or mortgagees shall be divested of all interests in The Stratford. Sunrise (on behalf of the Owner of the condemned Unit) shall engage in any negotiations with the condemning authority regarding the condemnation award.

(b) Taking of Common Area or Multiple Units. If the Common Area, any portion of the Common Area, or more than one Unit at one time is taken by eminent domain, Sunrise and the Association shall negotiate with the condemning authority, including, without limitation, proposing a method of dividing the condemnation award. If the award is not apportioned among the affected Owners by court judgment or agreement between the condemning authority and the Association, then, after all Transfer Fees, liens and security interests in all affected interests (including Condominiums, Common Area, and Common Interest Personal Property Interests) have been satisfied or otherwise discharged, the award shall be distributed among the affected Owners and their respective lienholders or security interest holders according to the relative fair market values of the affected Condominiums. Such fair market values shall be determined by an MAI appraiser as described in Section 13.5 above. Such appraiser shall be retained by Sunrise or the Association and paid by all affected Owners in proportion to the relative fair market values of their Condominiums.

ARTICLE 14

RIGHTS OF FIRST MORTGAGEES

Sunrise shall have the right to restrict Owners' rights to mortgage their Units to the extent necessary to obtain and maintain Sunrise's tax exemption (if any) as an operator of a home for the aging under Section 501(c)(3) of the Internal Revenue Code. In the event that Sunrise permits Owners to mortgage their Units, such mortgages shall be subject to all rights of first mortgagees (which includes the Construction Lender as long as the Construction Loan or any part thereof remains outstanding), as set forth below:

Section 14.1. Notice of Default. Any first mortgagee, upon written request to Sunrise or the Association, shall be entitled to written notification of any default in the performance by the mortgagor (that is, the Owner) of any obligation under the Governing Documents which is not cured within sixty (60) days.

Section 14.2. No Liability for Prior Unpaid Assessments or Monthly or Optional Fees. Any first mortgagee who obtains title to a Condominium by foreclosure of the mortgage or pursuant to the remedies provided in the mortgage shall not be liable for the Owner's unpaid assessments or Monthly or Optional Fees which accrued prior to the mortgagee's acquisition of title to the Condominium and the appurtenant Common Interest Personal Property Interest.

Section 14.3. Actions Requiring Members' Approval. The Association shall not be entitled to undertake any of the actions listed in items (a) through (g) below unless it obtains the prior written consent of (i) Sunrise; (ii) Members representing at least seventy-five percent (75%) of the Condominiums; and (iii) the Construction Lender as long as the Construction Loan or any part thereof remains outstanding. For each mortgaged Condominium, both the Owner

and the first mortgagee must give his or its approval for the Condominium to be counted toward the required percentage of all Condominiums. For each non-mortgaged Condominium, approval by the Owner (or by any of the Owners if the Condominium is jointly owned) shall be deemed sufficient for this purpose. Subject to the foregoing, the Association shall not:

(a) Seek by act or omission to abandon, change the purpose of, or terminate The Stratford.

(b) Change the pro rata interest or obligation of any Owner for the purpose of:

(i) levying assessments or charges, or allocating distributions of hazard insurance proceeds or condemnation awards; or

(ii) determining each Owner's pro rata interest in the Common Area, in the improvements thereon, or in the Common Interest Personal Property. In such case, the written approval of all Owners shall be required.

(c) Partition or subdivide any Unit.

(d) Seek, by act or omission, to abandon, partition, subdivide, encumber, sell, or transfer the Common Area or the Common Interest Personal Property. (The granting of easements for purposes consistent with the intended use of the Common Area shall not be deemed a transfer under this subsection.)

(e) Use hazard insurance proceeds paid to compensate for losses to any portion of The Stratford other than for the repair, replacement, or reconstruction of such portion, except as provided by law in the case of substantial loss to the Common Area.

(f) Add or amend any material provisions of the Restated Declaration, the Articles, the Bylaws, the Condominium Plan, or the Map, which establish, provide for, govern, or regulate any of the following:

(i) Voting;

(ii) Reserves for maintenance, repair and replacement of the Common Area, improvements located on it, or the Common Interest Personal Property;

(iii) Casualty and liability insurance or fidelity bonds;

(iv) Responsibility for maintenance and repair of Condominiums, the Common Area (and improvements) and the Common Interest Personal Property;

(v) The leasing of Condominiums; or

(vi) Any provisions that are for the express benefit of first mortgagees or insurers or governmental guarantors of first mortgages.

(g) Fail to maintain fire and extended coverage insurance on insurable Association property, including any Common Area improvements and the Common Interest

Personal Property, on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost).

Section 14.4. Relation of Liens to Individual Units. All taxes, fees, assessments and charges which may become liens prior to a first mortgage under local law, shall relate only to the individual Condominiums and not to The Stratford as a whole.

Section 14.5. Priority of Mortgagee's Rights. No provision of the Governing Documents shall give any Owner or any other person or entity a priority right over the first mortgagee of the Unit to receive insurance proceeds or condemnation awards for damage to or condemnation of any portion of The Stratford.

Section 14.6. Adequacy of Reserve Fund. Regular and Special Assessments shall be sufficient to provide for an adequate reserve fund for the Association's exercise of all of its powers and the performance of all of its duties under this Restated Declaration.

Section 14.7. Examination of Books and Records. Any first mortgagee may examine the books and records of the Association or Project upon reasonable notice and during normal business hours, and may require the submission of financial data concerning the Association or The Stratford, including annual audit reports, if such reports are available and operating statements are furnished to the Owners.

Section 14.8. Payments by Construction Lender. The Construction Lender may, but is not obligated to, pay taxes or other charges which are in default and which may or have become a charge against The Stratford, and the Construction Lender may pay overdue premiums and hazard insurance policies, or secure new hazard insurance coverage upon the lapse of a policy, for Common Area improvements, Common Interest Personal Property, or other insured property of the Association. Upon making any such payments, the Construction Lender shall be immediately reimbursed by the Association to the extent that such payments are for obligations of the Association.

Section 14.9. Loan to Facilitate Resale. Any first mortgage given to secure a loan to facilitate the resale of The Stratford after acquisition by foreclosure, by deed in lieu of foreclosure, or by an assignment in lieu of foreclosure, shall be deemed to be made in good faith and for value and shall be entitled to all of the rights and protections of this Article 14.

Section 14.10. Effective Breach. No breach of any provision of this Restated Declaration shall invalidate the lien of the Construction Loan, and all the covenants, conditions and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

ARTICLE 15

FIRE SAFETY

Section 15.1. Inspections. Sunrise shall admit the San Mateo Fire Chief or his authorized representative to every Unit to perform fire safety inspections. Such inspections shall be made only upon reasonable notice and during normal working hours, except in an emergency.

Section 15.2. Use of Cooking Devices on Balconies. No heating or cooking devices of any kind shall be used on the balconies without the prior written permission of Sunrise and, if necessary, the San Mateo Fire Department. Such devices include but are not limited to kerosene heaters, barbecues, electric ranges and similar devices.

Section 15.3. Storage of Flammables in Units. No storage of hazardous or flammable liquids or gases shall be allowed in the Units at any time.

Section 15.4. Enclosures. Any enclosure of any balcony requires the prior written consent of Sunrise and, if necessary, the San Mateo Fire Department.

Section 15.5. Storage on Balconies. All furniture and combustible storage on the balconies requires the prior written consent of Sunrise and, if necessary, the San Mateo Fire Department.

Section 15.6. Exceptions To Storage and Enclosure Restrictions. Sunrise and, if necessary, the San Mateo Fire Department, may approve exceptions to the restrictions contained in Sections 15.4 and 15.5 above if the balcony is provided with an automatic sprinkler head from the automatic sprinkler system at The Stratford.

Section 15.7. Use of Common Interest Personal Property. The Common Interest Personal Property shall be used and maintained in a manner that is consistent with all applicable fire safety laws and the fire safety standards of the San Mateo Fire Department.

Section 15.8. Amendments of this Article. The provisions of this Article may be amended or abrogated only (i) with the prior written consent of Sunrise and, if necessary, the San Mateo Fire Department; and (ii) in accordance with Section 16.1 below.

ARTICLE 16

GENERAL PROVISIONS

Section 16.1. Amendment or Revocation of Restated Declaration.

(a) Process. This Restated Declaration may be amended or revoked by the vote or written consent of a majority of all Members (including Sunrise with respect to each Condominium it owns); **provided, however**, that Sunrise's vote or written consent shall also be required to revoke this Restated Declaration or to amend this Restated Declaration in any manner that materially affects the Service Easements, the Easement Declaration, the Transfer Fees, or any other interest of Sunrise in The Stratford. If the consent of any governmental authority, mortgagee or other person or entity is required under this Restated Declaration to amend or revoke any provision of this Restated Declaration, no such amendment or revocation

shall become effective unless such consent is obtained. Any amendment or revocation shall: (i) be evidenced by an instrument acknowledged by a duly authorized officer or principal of Sunrise and by the president of the Association; (ii) make appropriate reference to this Restated Declaration and its amendments; and (iii) be acknowledged and recorded in the Office of the County Recorder of San Mateo County.

(b) Conflict with Mortgagee Protection or Other Provisions. To the extent that Section 16.1(a) or (b) above conflicts with Article 14 or any other Section of this Restated Declaration, except Section 16.1(d) below, Article 14 or the other Section shall control.

(c) Compliance with Business and Professions Code. All amendments or revocations of this Restated Declaration shall comply with all applicable provisions of California Business and Professions Code Section 11018.7 or its successor statute.

Section 16.2. Term of Restated Declaration. This Restated Declaration shall continue until it is revoked in accordance with Section 16.1 above. This Restated Declaration shall also be revoked if (i) such a substantial portion of The Stratford is condemned that it is no longer feasible to operate The Stratford as a continuing care retirement community under California law; (ii) the Association fails to vote to rebuild or votes not to rebuild after a substantial uninsured loss as provided in Section 13.2 above; or (iii) Sunrise and the necessary number of Members vote to revoke it for any other reason in accordance with Section 16.1(b) above. In the event of any such condemnation, failure to vote to rebuild, or vote not to rebuild after a substantial uninsured loss, this Restated Declaration shall not be revoked until after all funds are distributed as required under Article 13 of this Restated Declaration.

Section 16.3. Nonexclusivity of Remedies. Each remedy provided for in this Restated Declaration is separate, distinct and nonexclusive, and may be exercised in any order or combination.

Section 16.4. Severability. The provisions of this Restated Declaration shall be deemed independent and severable. The invalidity or unenforceability of any provision of this Restated Declaration shall not affect the validity or enforceability of any other provision of this Restated Declaration, unless the context requires otherwise.

Section 16.5. Successors and Assigns. This Restated Declaration, any amendments to it, and any valid action or directive made pursuant to it, shall inure to the benefit of and be binding on Sunrise and on the heirs, grantees, successors and assigns of the Owners.

Section 16.6. Liberal Construction. This Restated Declaration shall be liberally construed to effectuate its purposes.

Section 16.7. Cessation of Obligations Upon Transfer. Each Owner's (but not Sunrise's) obligations under this Restated Declaration shall terminate upon the sale, transfer, assignment, or other divestiture of the Owner's entire interest in his or her Condominium and the appurtenant Common Interest Personal Property Interest, unless the obligation(s) arose prior to such sale, transfer, assignment or other divestiture.

Section 16.8. Prohibition Against Discrimination. Neither Sunrise, the Association, nor any Owner shall directly or indirectly restrict the conveyance, encumbrance, or occupancy of any Unit on the basis of race, color, sex, religion, ancestry, or national origin.

Section 16.9. Number; Gender. In this Restated Declaration and the Governing Documents, the singular includes the plural and the masculine includes the feminine and the neuter, unless the context requires otherwise.

Section 16.10. Headings. Headings are not a part of this Restated Declaration and shall not affect the interpretation of any provision of this Restated Declaration.

Section 16.11. Enforcement of Governing Documents; Attorneys' Fees. Sunrise and the Association shall have the right (but not the obligation) to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by this Restated Declaration and by the other Governing Documents. In such action, the prevailing party shall be entitled to recover costs and reasonable attorneys' fees, as ordered by the Court. Sunrise's or the Association's failure on any occasion to enforce any covenant or restriction contained herein shall not be deemed a waiver of the right to do so on any other occasion. **Sunrise shall have the right to enforce this Restated Declaration and any of the Governing Documents even after Sunrise no longer owns any portion of The Stratford.**

Section 16.12. Substitution of Sunrise. If Sunrise transfers all of its right, title and interest in and to The Stratford to any person or entity, Sunrise shall cause a "Notice of Substitution of Sunrise" to be recorded in the Office of the County Recorder of San Mateo County, California. Such notice shall set forth the name and business address of the transferee and a reference to this Restated Declaration. Sunrise shall then be relieved of all further liabilities, duties and obligations under this Restated Declaration. Sunrise's successor(s) shall assume all of Sunrise's liabilities, duties and obligations under this Restated Declaration and shall be entitled to exercise all the rights and powers available to Sunrise under this Restated Declaration.

Section 16.13. Mediation; Arbitration. If a dispute arises with respect to this Restated Declaration, any party shall be entitled to refer the matter to mediation by giving written notice to the other party or parties. In the event that mediation does not resolve the dispute, any party shall be entitled to refer the matter to binding arbitration by giving written notice to the other party or parties. Any such mediation or arbitration shall be administered under the provisions of the Code of Civil Procedure then in effect by Judicial Arbitration and Mediation Services ("JAMS"), or, if unavailable, by an agency agreed upon by the parties. Any judgment of an arbitrator shall be final and binding and may be entered in any court of competent jurisdiction.

Section 16.14. Notices. Any notice permitted or required by this Restated Declaration shall be delivered either personally or by mail. The notice shall be deemed effective immediately upon personal delivery or, if delivery is by mail, it shall be deemed effective three (3) days after a copy has been deposited in the United States first-class registered or certified mail, postage prepaid, addressed to the other party at its most recent available address.

Section 16.15. Incorporation of Exhibits. All exhibits, supplements and appendices referred to in this Restated Declaration are attached hereto, incorporated by reference into this Restated Declaration, and made an express part of it.

Section 16.16. Conflict with Easement Declaration. In the event of a conflict between this Restated Declaration and the Easement Declaration, the Easement Declaration shall govern.

Section 16.17. Effective Date. This Restated Declaration shall become effective on the date of its recordation in the Office of the County Recorder, San Mateo County, California.

The undersigned has executed this Restated Declaration as of the date first written above.

SUNRISE STRATFORD, L.P.

By: SUNRISE STRATFORD GP, LLC, its general partner

By: SUNRISE SENIOR LIVING SERVICES, INC., its sole member

By: Michael J. Stein

Title: VICE PRESIDENT

SUBSCRIBED AND SWORN TO BEFORE ME

THIS 2 DAY OF February, 2016.

BY Michael J. Stein

[Signature]

NOTARY PUBLIC

ALMA M. TOMLIN
NOTARY PUBLIC
REGISTRATION # 7091815
COMMONWEALTH OF VIRGINIA
MY COMMISSION EXPIRES
05-31-2019

APPENDIX
Final Subdivision Map

