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DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP

FOR

SIETE CASITAS

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP

FOR

SIETE CASITAS

(A) KIM W. ALLEN and CHRISTINE H. ALLEN, doing business as C & K ALLEN PROPERTIES, (hereinafter called "Declarant") is the Owner of all that real property located in the City of Berkeley, County of Alameda, State of California, particularly described in Exhibit "A".

(B) The property described in Exhibit "A" is a "Project" within the meaning of California Civil Code, Section 1350(3), is subject to the provisions of the California Condominium Act (Title 6, Part 4, Division Second of the Civil Code), and it is the desire and intention of Declarant to divide the Project into Condominiums by means of Deeds substantially in the form set forth in Exhibit "B" (said form being hereinafter called "the Deed").

(C) It is Declarant's intention to impose upon said property mutually beneficial restrictions under a general plan of improvement for the benefit of both of said Condominiums and the Owners thereof.

NOW, THEREFORE, Declarant hereby declares that the Project is held and shall be held, owned, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, restrictions, covenants and conditions, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into Condominiums and are established and agreed upon for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Project and every part thereof. All of the limitations, covenants, restrictions and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest therein or any part thereof, and shall be for the benefit of each Owner of any portion of said Project or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest of the Owners thereof. This Declaration is made by Declarant pursuant to California Civil Code, Section 1355 and is hereinafter referred to as the "Restrictions".

ARTICLE I

DEFINITIONS

For the purpose of these Restrictions the terms used shall have the following meanings:

(a) "Project" shall mean the entire real property described in Exhibit "A", including both Units, Common Area and easements;

(b) "Condominium" shall mean the entire property to be conveyed by the Deed to a grantee, including a Unit, an undivided interest in the Common Area and easements appurtenant thereto;

(c) "Common Area" shall mean that portion of the Project, not a part of any Unit, as shown on the Plan, lying within the boundaries of the property described in Exhibit "A"; a schedule setting forth the undivided interests in the Common Area to be granted with each Unit is set forth in Exhibit "C";

(d) "Unit" shall mean a numbered portion of a Condominium having boundaries as set forth on the Plan and, where not so stated, as set forth in Section 1353(a) of the California Civil Code. Each Unit shall consist of that portion of each Condominium which is not owned in common with the other Owner, as defined in Section 1350(2) of the California Civil Code. Each Unit is so designated on "The Plan";

(e) "Owner" or "Owners" shall mean the Grantee or Grantees in a Deed conveying a Condominium, or contract vendee, including any person or persons, trust, estate, partnership, corporation or other entity, and Declarant with respect to each Condominium owned by Declarant. Every Owner shall also be a Member of the Homeowners' Association;

(f) "Member" or "Members" shall mean an "Owner" or "Owners" as defined in Section 1(e) hereof;

(g) "Homeowners' Association" shall mean Siete Casitas Condominium Homeowners' Association, an unincorporated association of tenants-in-common, consisting solely of the Owners of this Project as Members;

(h) "Plan" shall mean the Plan referred to in Section 1351 of the California Civil Code, duly recorded herewith as Exhibit "D";

(i) "Parking Space and Storage Space" shall each mean a parcel of the common area, the exclusive use of which shall be reserved for or granted to the owner of the unit with the corresponding number (eg, "PS- 1, SS-1, respectively) by deed as set forth in the Plan.

(j) "Mortgage" shall mean a Deed of Trust as well as a Mortgage;

(k) "Mortgagee" shall mean a beneficiary under or holder of a Deed of Trust as well as a Mortgagee;

(l) "Board" or "Board of Governors" shall mean the governing body of the Project elected pursuant to ARTICLE III hereof;

(m) "Declarant" shall mean the person designated in paragraph A, page 1, hereof, and Declarant's successors and assigns if such successors or assigns should acquire any or all of Declarant's interest in the Project for the purpose of development or sale, and Declarant has expressly transferred or assigned to such successors or assigns its rights and duties as Declarant to a portion or all of the Project;

(n) "Association Rules" shall mean the rules adopted by the Homeowners' Association pursuant to these Restrictions and the Bylaws; and

(o) "Exhibit" shall mean an attachment to these Restrictions so labeled, each of which shall be deemed incorporated in these Restrictions at the place(s) so referenced as if set forth therein in full.

ARTICLE II

OWNERS' MEETINGS

Section 1. Meeting, Action and Quorum. The presence at any meeting of Owners having fifty-one percent (51%) of the total votes shall constitute a quorum. Any reference herein to "Homeowners' Association" or "Owners" shall mean Owners of both Condominiums, and, except where otherwise provided herein, no action may be taken by the Owner(s) of one (1) Condominium on behalf of the Homeowners' Association without the approval of the Owner(s) of the other Condominium.

Section 2. Annual Meeting. Regular meetings of the Owners shall be held not less frequently than once each calendar year at a time and place prescribed by the Bylaws.

At the annual meeting, in addition to the requirements of ARTICLE XIII, Section 2, an Owner may present the audit of the Assessments and funds, itemizing receipts and disbursements for the preceding fiscal year, the allocation thereof to each Owner, a balance sheet as of the last day of the fiscal year, and may present for discussion the estimated Regular Assessments (and any other Assessments contemplated) and operating budget for the current and next fiscal years. Within ten (10) days after the annual meeting, any such statements distributed at the annual meeting shall be delivered to the Owners not present at said meeting.

Section 3. Special Meetings. Special meetings of the Owners may be called at any time for the purpose of considering matters which require the approval of the Owners, or for any other reasonable purpose. Said meetings shall be called by written notice, signed by one (1) Owner and delivered not less than ten (10) nor more than ninety (90) days prior to the date fixed for said meeting. Said notices shall specify the date, time and place of the meeting and the matters to be considered thereat. Special meetings shall be held at the Project or as reasonably close thereto as is practicable.

Section 4. Voting. Each Unit, regardless of the number of Owners thereof, shall be represented in the Homeowners' Association by only one (1) vote. Any Owner may attend meetings of the Owner(s) and vote in person or by an agent of the Owner(s) duly appointed by proxy in writing signed by the Owner and filed with the Board. Any designation of an agent to act for an Owner may be revoked at any time by written notice to the Board and shall be deemed revoked when the Board receives actual notice of the death or judicially declared incompetence of such Owner or of the conveyance by such Owner of his Condominium. Where there is more than one (1) record Owner, any or all of such persons may attend any meeting of the Owners, and they may cast the votes to which they are entitled as they among themselves decide; in no event shall they be entitled to cast more votes than a sole Owner of the same Condominium would be entitled to cast. Any designation of an agent to act for such persons must be signed by all such persons.

ARTICLE III

ELECTION AND PROCEEDINGS OF THE BOARD

Section 1. Elections. At each annual meeting, the Owners shall elect a Board for the forthcoming year, consisting of three (3) Owners or duly authorized officers of corporate or partnership Owners. If there are fewer than three (3) such persons, the Board shall consist of both such persons.

Section 2. First Election. The first Board shall be elected at the first meeting of the Homeowners' Association. Said meeting, whether a regular or special meeting, shall be held within forty-five (45) days after the closing of the sales to Owners aggregating fifty-one percent (51%) of the total Project as described in the first final public report for the Project, but in no event shall the meeting be held later than six (6) months after closing of the sale of the first Unit to an Owner.

Section 3. Cumulative Voting. Every Owner entitled to vote at any election of members of the Board may cumulate his votes and give one (1) candidate a number of votes equal to the number of members of the Board to be elected, multiplied by the number of votes to which such Owners are otherwise entitled or distribute his votes on the same principle among as many candidates as he thinks fit. The candidates receiving the highest number of votes up to the number of members of the Board to be elected shall be deemed elected. Voting by the Owners for the Board shall be by secret written ballot.

Section 4. Term. Members of the Board shall serve for a term of one (1) year or until their respective successors are elected or until death, resignation or removal; provided that if any member ceases to be an Owner, his membership on the Board shall thereupon terminate.

Section 5. Resignation and Removal. Any member may resign at any time by giving written notice to the Board, and any member may be removed from membership on the Board by vote of the Owners; provided that unless the entire Board is removed, an individual member shall not be removed prior to the expiration of his term of office if the votes cast against removal would be sufficient to elect the Board member if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Board members authorized at the time of the most recent election of the Board member were then being elected.

The Owners shall fill any vacancy created by removal of a Board member by conducting an election, in accordance with Section 3 of this ARTICLE III at the meeting during which the vacancy was created. The newly elected Board member shall serve on the Board for the balance of the term of office of the removed Board member.

Section 6. Vacancies. A vacancy or vacancies on the Board of Governors shall be deemed to exist on the occurrence of the following: (i) The death, resignation or removal of any Governor; (ii) the declaration by resolution of the Board of a vacancy of the office of a Board member who has been declared of unsound mind by an order of court or convicted of a felony; (iii) the vote of a majority of members to remove a Board member; (iv) the increase of the authorized number of Board members to be elected at such meeting. Vacancies on the Board shall be filled by election of a majority of the voting power obtained at a meeting duly held for such purpose. No reduction of the authorized number of Governors shall have the effect of removing any Governor before that Governor's term of office expires. Vacancies created by removal shall be filled by election of Owners as specified in Section 5 of this ARTICLE III of these Restrictions.

Section 7. Proceedings. The proceedings of the Board shall be as specified in the Bylaws, ARTICLE X.

Section 8. Declarant Performs Functions. From the closing of the first sale of a Unit to an Owner other than Declarant until the first election of the Board, Declarant shall act on behalf of the Homeowners' Association performing all of the Homeowners' Association's duties in its name, and the rights, duties, obligations and functions of the Board shall be exercised by Declarant.

Section 9. Record Notice of Election. After the first election of the Board, Declarant shall execute, acknowledge and record an affidavit stating the names of all persons elected to membership on the Board. Thereafter, any two (2) persons who are designated of record as being members of the most recent Board (regardless of whether or not they shall still be members) may execute, acknowledge and record an affidavit stating the names of all of the members of the then current Board. The most recently recorded of such affidavits shall be prima facie evidence that the persons named therein are all of the incumbent members of the Board and shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

ARTICLE IV

POWERS AND DUTIES OF THE BOARD

The Board, for the benefit of the Condominiums and the Owners, shall enforce the provisions of these Restrictions, of the Bylaws and Association Rules, shall exercise its discretion where so provided, shall perform duties herein imposed, and shall acquire and shall pay for, out of the Assessments hereinafter provided for, the following:

Section 1. Utilities. Water, sewer, garbage, electricity, telephone, gas and other necessary utility services for the Common Area, and to the extent not separately metered or charged, for the Units and portions of the Common Area subject to exclusive easements.

Section 2. Fire Insurance. A policy or policies of fire insurance with extended coverage endorsement, vandalism and malicious mischief endorsement, and, if available at standard rates in the community, an "Agreed Amount Endorsement" or its equivalent, a "Demolition Endorsement" or its equivalent, and if deemed desirable by the Board, an" Increased Cost of Construction Endorsement" or "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent, glass coverage and any other reasonable endorsement. Said fire insurance shall be for the full insurable replacement value of the Units and Common Area, including all Project service equipment and fixtures, and all fixtures or equipment within each Unit, as originally sold by Declarant, payable as provided in ARTICLE XI. The Board may obtain such other fire and casualty insurance as it determines gives substantially equal or greater protection to the Owners and their Mortgagees, as their respective interests may appear. Said policy or policies shall provide for a separate Loss Payable Endorsement in favor of the Mortgagee or Mortgagees of each Condominium, if any, and shall afford protection against at least the following:

(a) Loss or damage by fire and other hazards covered by the standard "Extended Coverage Endorsement", by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm and water damage; and

(b) Such other risks as shall customarily be covered with respect to Projects similar in construction, location and use.

Section 3. Liability Insurance. A policy or policies insuring the Board and the Owners against any liability to the public, the Board or to the Owners and their invitees or tenants, incident to the ownership and/or use of the

Project, and including the personal liability exposure of the Owners emanating from the Common Area or any act or omission of the Homeowners' Association. Limits of liability under such insurance shall not be less than One Million Dollars ($1,000,000) for any one accident covering all claims for personal injury and/or property damage for each occurrence (such limits and coverage to be reviewed at least annually by the Board and increased in its discretion). Said policy or policies shall be issued on a comprehensive liability basis and shall be cross-liability endorsed so that the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

Section 4. Insurance Provisions and Limitations. The insurance obtained pursuant to this ARTICLE IV, Sections 2 and 3 hereof shall be subject to the following provisions and limitations:

(a) The named insured under such policies shall be the Homeowners' Association of the Project, or its authorized representative, as a Trustee for the Owners of the Condominiums, including the Insurance Trustee designated pursuant to ARTICLE XI hereof or any successor Trustee, each of whom shall be referred to as the "Insurance Trustee" and who shall have exclusive authority to negotiate losses under said policies;

(b) In no event shall the insurance coverage obtained and maintained pursuant to the foregoing requirements be brought into contribution with insurance purchased by the Owners of the Condominiums or their Mortgagees;

(c) Such policies shall provide that coverage shall not be prejudiced by:

(i) Any act or neglect of the Owners of Condominiums when such act or neglect is not within the control of the Homeowners' Association; or

(ii) By failure of the Homeowners' Association to comply with any warranty or condition with regard to any portion of the premises over which the Homeowners' Association has no control;

(d) All policies shall provide that coverage may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to any and all insureds named thereon, including the Mortgagees and their servicers;

(e) All such policies shall contain a waiver of subrogation by the insurer to any and all claims against the Homeowners' Association, the Owner of any Condominium and/or their respective agents, employees or tenants and defenses based upon coinsurance or upon invalidity arising from the acts of the insured;

(f) All policies of property insurance shall provide that, notwithstanding any provisions thereof which gave the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Homeowners' Association (or any Insurance Trustee) or when in conflict with the provisions of any Insurance Trust Agreement to which the Homeowners' Association may be a party, or any requirement of law.

Section 5. Workers' Compensation. Workers' Compensation insurance to the extent necessary to comply with any applicable laws.

Section 6. Personnel. Such personnel as the Board shall determine shall be necessary or proper for the performance of its functions or operation of the Project.

Section 7. Legal and Accounting Services. Legal and accounting services necessary or proper in the operation of the Project or the enforcement of these Restrictions.

Section 8. Fidelity Bond. If the Board deems it advisable, or if requested in writing by a Mortgagee, a fidelity bond naming the Owner, or such other person as may be designated as principal, who is responsible for handling funds of the Homeowners' Association and the Owners and Homeowners' Association as obligees, for each year in an amount at least equal to one hundred fifty percent (150%) of the total estimated Regular Assessments for that year as determined under ARTICLE VI hereof, including reserves. Such fidelity bonds shall contain waivers of any defense based upon the exclusion, from any definition of "employee" or similar expression, of persons who serve without compensation; and such bonds shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' written notice to any and all insureds named thereon, including the Mortgagees and their servicers.

Section 9. Errors and Omissions Endorsement. If the Board deems it advisable, an "Errors and Omissions Endorsement" covering the Board.

Section 10. Common Area Maintenance. Exterior (meaning outside the Units) painting, maintenance, repair and all landscaping of the Common Area and such furnishings and equipment for the Common Area as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same except as expressly otherwise provided herein; provided, however, that the interior surfaces of each Unit shall be painted, maintained and repaired by the Owner thereof, all such maintenance to be at the sole cost and expense of the particular Owner. The Homeowners' Association duty to maintain the Common Area at its expense is limited by the provisions of ARTICLE V hereof.

Section 11. Other Obligations of the Homeowners' Association. Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or Assessments which the Homeowners' Association is required to secure or pay for pursuant to the terms of these Restrictions or by law or which in its opinion shall be necessary or proper for the operation of the Project or for the enforcement of these Restrictions; provided that if any such materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or Assessments are provided for particular Units, the cost thereof shall be a Special Assessment against the Owners of each of such Units.

Section 12. Discharge of Liens. Any amount necessary to discharge any lien or encumbrance levied against the entire property or any part thereof which may constitute a lien against the Common Area, rather than merely against the interests therein of particular Owners, shall be a Special Assessment against said Owner.

Section 13. Unit Maintenance. Maintenance and repair of any Unit, except as otherwise provided herein, if such maintenance or repair is reasonably necessary in the opinion of the Board to protect the Common Area or to preserve the appearance and value of the Project, and the Owner(s) of said Unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to said Owner(s); provided that the Board shall levy a Special Assessment against the Condominium of such Owner(s) for the cost of said maintenance or repair. There shall be notice and a hearing prior to any sua sponte repair of a Unit by the Board.

Section 14. Board's Powers. The Board shall have (but not be limited to) the power to:

(a) Delegate its powers to committees, officers or employees of the Homeowners' Association, as authorized in these Restrictions, the Bylaws and the Association Rules, subject to the limitations of Section 16 of this ARTICLE IV;

(b) Formulate Association Rules; and

(c) Initiate and execute disciplinary proceedings against Owners for violations of the provisions of these Restrictions, the Bylaws or Association Rules, in accordance with the procedures established in the Bylaws.

The Board may impose monetary penalties, temporary suspensions of an Owner's rights as a member of the Homeowners' Association or other appropriate discipline for failure to comply with such instruments; provided that the procedures for notice and hearing satisfying the minimum requirements of Section 7341 of the Corporations Code are followed with respect to the accused Member before a decision to impose discipline is reached.

Section 15. Association Rules. The Association Rules shall govern such matters in furtherance of the purposes of the Homeowners' Association as the Owners shall deem appropriate, including, without limitation, the use and enjoyment of the Units, Common Area and facilities thereon; provided, however, that the Association Rules may not discriminate among Owners, except as expressly provided in these Restrictions, and shall not be inconsistent with these Restrictions or the Bylaws. The procedure for adoption and enforcement of the Association Rules shall be as set forth in the Bylaws.

Section 16. Limitations on Powers of the Board. The Board's powers hereinabove enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the Assessments capital additions and improvements (other than for purposes of replacing portions of the Common Area, and as allowed under ARTICLE VI, Section 2 hereof), subject to all the provisions of these Restrictions.

The Board shall not take any of the following actions, except with the vote or written consent of a majority of the voting power of the Homeowners' Association:

(a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Homeowners' Association for a term longer than one (1) year with the following exceptions:

(i) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.

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

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

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

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

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

(e) Filling of a vacancy on the Board created by the removal of a Board Member.

Section 17. Board Powers, Exclusive. The Board shall have the exclusive right and obligation to contract for all goods, services and insurance, payment for which is to be made from the Assessments except as expressly otherwise provided herein.

ARTICLE V

OWNERS' OBLIGATIONS TO REPAIR

Except for those portions which the Board is required to maintain and repair hereunder, each Owner shall, at his sole cost and expense, maintain and repair his Unit, keeping the same in good condition. An Owner shall be liable to the Board (and a Special Assessment may be levied) for any cost or expense of the Board in maintaining any portion of the Project necessitated by such Owner's abuse, misuse, negligence, willful act or omission other than ordinary wear and tear; provided, however, that any such maintenance or repair of a Unit may not be undertaken by the Board without first providing the Owner with written notice and an opportunity for a hearing before the Board, unless an emergency requires immediate action to preserve life or property.

ARTICLE VI

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Condominium owned by it within the Project, hereby covenants, and each Owner of any Condominium within the Project, by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other conveyance, does and shall be deemed to covenant and agree to pay to the Homeowners' Association:

(a) Regular Assessments;

(b) Capital Improvement Assessments;

(c) Reconstruction Assessments;

(d) Special Assessments; and

(e) Enforcement Assessments.

All such Assessments shall be fixed, established, levied and collected as hereinafter provided. The Assessments, together with such interest thereon, and costs of collection thereof as provided hereinbelow in ARTICLE VII, shall be a charge on the Condominium and shall be a continuing lien upon the Condominium against which each such Assessment is made. Each such Assessment, together with such interest and cost, shall also be the personal obligation of the person or entity who was the Owner of such Condominium at the time when such Assessment, or any portion thereof, fell due and shall bind his heirs, devisees, personal representatives, successors and assigns. However, the personal obligation shall not pass to his successors in title unless expressly assumed by them.

Section 2. Description of Assessments.

(a) "Regular Assessments" shall mean a charge against each Owner and his Condominium attributable to such Owner and his Condominium, as provided for in these Restrictions, for the actual and estimated costs of maintenance, management, operation, repair and replacement of the Common Area (unless the cost of such repair and replacement is otherwise provided for in ARTICLE XI hereof entitled "Damage and Destruction") as herein provided: Unpaid Assessments; management and administration of the Homeowners' Association, including but not limited to compensation paid by the Homeowners' Association to any accountants, attorneys and other employees; utilities, trash pick-up and disposal, gardening and other services benefiting the Common Area (and, to the extent not separately metered or billed, the Units); fire, casualty, liability, Workers' Compensation and other insurance provided for herein; reasonable reserves as appropriate to replace the improvements in the Common Area elements customarily provided for; bonding of the members of the management body; taxes paid by the Homeowners' Association; amounts paid by the Homeowners' Association for the discharge of any lien or encumbrance levied against the Common Area or portions thereof; amounts paid or incurred by the Homeowners' Association in collecting Assessments pursuant to ARTICLE VI hereof; expenses incurred by the Homeowners' Association for any reason whatsoever in connection with the Common Area, including, but not limited to, maintenance, repair and painting of all structural components of the Project, as provided in ARTICLE IV, Sections 10, 11 and 13 hereof; landscaping and maintenance of the Common Area as provided in ARTICLE IV, Section 10 hereof; and any other cost or expense which the Board is authorized or directed to incur by these Restrictions or the Bylaws or in furtherance of the purposes of the Homeowners' Association or in the discharge of any obligations imposed on the Homeowners' Association or the Board by these Restrictions, or which is imposed on the Homeowners' Association by any government agency having jurisdiction over the Project, except as such expense is expressly allocated to a different Assessment.

(b) "Capital Improvement Assessment" shall mean a charge against each Owner and his Condominium representing a portion of the cost to the Homeowners'

Association for the installation or construction of any capital improvements on any Common Area, and the cost expended to purchase a Condominium in connection with the foreclosure of an Assessment lien against such Condominium. The Homeowners' Association may levy for any fiscal year (meaning "fiscal year" as set forth in the Bylaws) Capital Improvement Assessments applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, to the extent the same is not covered by the provisions for Reconstruction Assessments herein, including the necessary fixtures and personal property related thereto; provided that any such Capital Improvement Assessment in excess of five percent (5%) of the budgeted gross expenses for the fiscal year shall have the approval by vote or written consent of both Owners. Capital Improvement Assessments shall be due and payable at the times and in the amounts fixed by the Homeowners' Association.

(c) "Reconstruction Assessment" shall mean a charge against each Owner and his Condominium representing a portion of the cost to the Homeowners' Association for the reconstruction of any portion(s) of the Common Area only as provided for in ARTICLE XI of these Restrictions.

(d) "Special Assessment" shall mean a charge against a particular Owner and his Condominium, directly attributable to such Owner, for certain costs incurred by the Homeowners' Association. Special Assessments may be levied (i) by the Board from time to time against any Condominium with respect to which particular costs or expenses have been incurred by the Homeowners' Association for materials or services furnished at the request, or with the consent of any Owner of such Condominium; (ii) in accordance with ARTICLE V hereof; or (iii) as specifically provided for in these Restrictions. Special Assessments levied by the Homeowners' Association shall be due and payable at the times and in the amounts fixed by the Homeowners' Association. No Special Assessment shall become a lien on a Condominium until the Homeowners' Association provides the Owner with notice and an opportunity for a hearing as specified in the Bylaws.

A Special Assessment against Owners to raise funds for the rebuilding or major repair of the structural Common Area housing Units of the Project shall be levied upon the basis of the ratio of the square footage of the floor area of the Unit to be assessed to the total square footage of the floor area of all Units to be assessed.

The provisions hereof with respect to Special Assessments do not apply in the case where the Special Assessment against an Owner is a remedy utilized by the Board to reimburse the Homeowners' Association for costs incurred in bringing the Owner and his subdivision interest into compliance with provisions of the governing instruments for the subdivision.

(e) "Enforcement Assessment" shall mean a charge imposed upon a particular Owner and his Condominium by the Board for a violation of these Restrictions, the Bylaws and/or the Association Rules, as provided in these Restrictions and the Bylaws.

The Board is authorized to impose Enforcement Assessments up to Fifty and No/100 Dollars ($50.00) for each such violation after notice and an opportunity for a hearing before the Board.

Section 3. Purpose of Assessments. The Regular Assessments and Enforcement Assessments levied by the Homeowners' Association shall be collected, accumulated and used exclusively for the purpose of providing for and promoting the pleasure, recreation, health, safety and social welfare of the Owners, including the enhancement of the value, desirability and attractiveness of the Project, the improvement and maintenance of the Common Area and facilities thereon, the repair and maintenance of the landscaping and of the improvements on the Project, and the discharge of any obligations or duties imposed on the Homeowners' Association or the Board by these Restrictions, including, but not limited to, ARTICLE IV hereof, except as expressly covered by a different Assessment. Special, Capital Improvement and Reconstruction Assessments shall be used exclusively for the purpose for which such Assessments were levied as provided in Section 2 of this ARTICLE VI of these Restrictions, and the Bylaws.

Section 4. Regular Assessments.

(a) Amount and Time of Payment. Regular Assessments shall be levied on a fiscal year basis as determined by the Board, and the amount and time of payment for said Assessments shall be determined by the Homeowners' Association after giving due consideration to the actual and estimated costs of the matters to be covered by such Assessments.

(b) Date of Commencement of Regular Assessments. The Regular Assessments provided for herein shall commence as to all Condominiums in the Project on the first day of the month following the date of the closing of the first sale to an Owner of a Condominium within the Project.

(c) Assessment Procedures. At least sixty (60) days in advance of each fiscal year, the Board shall estimate the total expenses which are to be allocated to the Regular Assessments for such forthcoming fiscal year and shall at that time determine and fix the amount of the Regular Assessments against each Condominium subject thereto for such fiscal year. The failure of the Board to set the Regular Assessment by said date shall be deemed a waiver of any increase in said Assessment only, and the prior year's Assessment shall carry over for the forthcoming fiscal year (subject to an increase by agreement of both Owners). The Regular Assessment shall not be more than twenty percent (20%) greater per Condominium than the

Regular Assessment for the immediately preceding fiscal year, unless both Owners consent thereto. Written notice of Regular Assessments, together with a copy of the pro forma operating statement (budget) for the forthcoming fiscal year, shall be sent to every Owner subject thereto at least sixty (60) days in advance of each fiscal year. Each Owner shall thereafter pay to the Homeowners' Association his Regular Assessment in installments as established by the Board. Written notice of all other Assessments shall be sent at least thirty (30) days in advance of the due date thereof.

In the event the Board shall determine at any time that the Regular Assessments levied for a current fiscal year are, or will become, inadequate to meet all of the expenses for such Assessments for any reason, it shall immediately determine the approximate amount of such inadequacy, issue a supplemental estimate of the total expenses applicable thereto and revise and fix the amount of Regular Assessments against each Owner liable for such Assessments. Such Assessments shall not be so supplemented in any fiscal year in excess of five percent (5%) of the budgeted gross expenses for that year, per Condominium, unless prior to such additional increase the approval of both Owners has been obtained. Such supplements shall be effective, due and payable as fixed by the Board.

Section 5. Certificate of Payment or Debt. Upon demand, the Homeowners' Association shall furnish to any Owner liable for Assessments a certificate, executed and acknowledged by two (2) members of the Board, setting forth whether said Assessments or any portions thereof have been paid or stating the indebtedness secured by a lien upon any Condominium created hereunder. Such certificate shall be conclusive evidence of payment of such Assessments or portions thereof or of the amount of the indebtedness, as the case may be. A reasonable charge, not in excess of Fifteen and No/100 Dollars ($15.00), may be made by the Board for the issuance of any such certificate.

Section 6. Assessment of Condominiums Owned by Declarant. Each Condominium within the Project owned by Declarant shall be subject to Assessment to the same extent and in the same manner as any Condominium owned by any Owner, except as expressly otherwise approved by the California Department of Real Estate. In no event shall Declarant be required to pay a larger Assessment for any Condominium than is levied against other Owners.

Section 7. Nonuse and Abandonment. No Owner may waive or otherwise escape personal liability for the Assessments provided for herein, or release the Condominium owned by him from the liens and charges hereof by nonuse of the Common Area, facilities or services, or abandonment of his Condominium.

Section 8. Rate of Assessment. Regular Assessments with respect to all Condominiums shall be fixed pursuant to Exhibit "E". Capital Improvement Assessments and

Reconstruction Assessments shall be levied pursuant to Exhibit "C", except as provided in ARTICLE XI, Section 3(c). Enforcement Assessments and Special Assessments shall be levied against the Condominium Owners as provided in these Restrictions.

Section 9. Offsets. All Assessments shall be payable in the amount specified in the Assessment levied by the Homeowners' Association and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Homeowners' Association is not properly exercising its duties of maintenance or enforcement.

ARTICLE VII

DEFAULT IN PAYMENT OF ASSESSMENTS

Section 1. Personal Obligation of Assessment. Each Regular Assessment and each Capital Improvement, Reconstruction, Special or Enforcement Assessment shall be separate, distinct and personal debts and obligations of the Owner of the Condominium against which the same are assessed. The amount of any Assessment, whether Regular, Capital Improvement, Reconstruction, Special or Enforcement assessed to the Owner of any Condominium plus interest at nine percent (9%), and costs, including reasonable attorneys' fees, shall become a lien upon such Condominium upon recordation of a notice of Assessment as provided in Section 1356 of the Civil Code of the State of California. A certificate executed and acknowledged by both Owners stating the indebtedness secured by the lien upon any Condominium created hereunder shall be conclusive upon the Owners as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Fifteen and No/100 Dollars ($15.00).

Section 2. Collection of Delinquent Assessments. Each Owner hereby vests in and delegates to the Board or its duly authorized representatives the right and power to bring all actions at law or lien foreclosures, whether judicially, by power of sale or otherwise, against any Owner(s) for the collection of delinquent Assessments in accordance herewith, and hereby expressly waives any objection to the enforcement thereof in accordance with these Restrictions of the obligation to pay Assessments as set forth in these Restrictions.

Any lien arising pursuant to this paragraph may be enforced by private sale in the manner and by the persons specified in Civil Code Section 1356.

ARTICLE VIII

MORTGAGE PROTECTION

Notwithstanding any provision to the contrary herein contained:

Section 1. Liens. The liens created hereunder upon any Condominium shall be subject and subordinate to and shall not affect the rights of the holder of the indebtedness secured by any recorded first Mortgage (meaning a Mortgage with first priority over other Mortgages) upon such interest made in good faith and for value; provided, however, that after the foreclosure of any such Mortgage a lien may be again created pursuant to ARTICLE VII hereof on the interest of the purchaser at such foreclosure sale to secure all Assessments, whether Regular, Capital Improvement, Reconstruction, Special or Enforcement, assessed hereunder to such purchaser as an Owner after the date of such foreclosure sale, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein.

Section 2. Amendment. No amendment to this ARTICLE shall affect the rights of the holder of any such Mortgage recorded prior to recordation of such instrument, if such holder does not join in the execution thereof.

Section 3. Subordination Agreement. By subordination agreement executed by a majority of the Board, the benefits of Sections 1 and 2 above may be extended to the contract of sale utilized by Cal-Vet.

ARTICLE IX

USE OF UNITS AND COMMON AREA

The Units and Common Area shall be occupied and used as follows:

Section 1. Residential Use. Each Unit shall be used for residential purposes by the Owner, his lessees or guests and for no other purpose.

Section 2. Storage. There shall be no obstruction of the Common Area. Nothing shall be stored in the Common Area, Decks or Yards without the prior consent of both Owners, except for normal household storage in designated Storage Spaces and parking of vehicles in Garages.

Section 3. Insurance Restrictions. Nothing shall be done or kept in any Unit or in the Common Area which will increase the rate of insurance on the Common Area or any part of the Project without the prior written consent of the Board. No Owner shall permit anything to be done or kept in his Unit or in the Common Area which will result in the cancellation of insurance on any Unit or any part of the Common Area or which would be in violation of any law; no waste shall be committed in the Common Area.

Section 4. Common Utilities. No change in the utility requirements of a Unit may be accomplished by an Owner without the prior approval of the Board, if such utility is metered on a meter shared by other Units or the Common Area. No major power tools or other power-consuming devices shall be operated in the Garages or other portions of the Common Area without prior approval of the Board.

Section 5. Signs. No sign of any kind shall be displayed to the public view on or from any Unit or the Common Area without the prior consent of the Board; provided, however, that nothing herein shall be deemed to prohibit the display of signs of customary and reasonable dimensions advertising any Condominium for sale or rent, subject to the approval of the Board regarding placement, size and content.

Section 6. Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or in the Common Area, except that dogs, cats or other household pets may be kept in Units subject to Association Rules (including the right to limit size, weight and number). After notice and the opportunity to be heard has been provided by the Board, the Board may order the removal of any pet which causes excessive noise or otherwise creates a nuisance. The Board may order the immediate removal of any pet which, in its sole discretion, causes a severe nuisance or danger; provided that notice and an opportunity for a hearing will then be afforded the Owner within a reasonable time after said removal.

No pet shall be allowed to defecate on any portion of the Common Area unless the Owner thereof immediately removes the feces and properly disposes of it. Seeing Eye Guide Dogs belonging to visually handicapped Owners are exempt from the provisions of this Section.

Section 7. Nuisance. No activity which is noxious or offensive to a reasonable person shall be carried on in any Unit or in the Common Area, nor shall anything be done therein which a reasonable person residing in the Project would deem to be an annoyance or nuisance.

Section 8. Structural Alterations. Nothing shall be altered or constructed in, placed or stored in or removed from the Common Area, Decks or Yards, except as expressly permitted in these Restrictions, the Bylaws or Association Rules or with the written consent of the Board; provided, however, that without such consent, Owners may make such alterations of Common Area within their Units as do not adversely affect the structural integrity of any buildings or improvements or alter the exterior appearance of any part thereof, such permitted alterations to include, without limitation, interior remodeling of Units (excluding load-bearing walls, wherever located).

Section 9. Parking. Garages may be used for parking and storage of automobiles, bicycles, boats, trailers, campers or golf carts. No motorcycles or other motor vehicles, except those listed in the preceding sentence, shall be parked or stored in Garages without the prior written approval of the Board. Owners may use the apron area of such Owner's Garage for parking of automobiles only. No vehicle shall be parked in an apron area of a Garage so as to impede reasonable ingress and egress to the other Garage. No vehicles may be parked in or on any other part of the Common Area. Garages shall not be converted into living or recreation areas which interfere with the normal parking of vehicles. No part of the Project shall be used for major repair, construction or reconstruction of any vehicle or any other item or thing.

Section 10. Encroachments. None of the rights and obligations of the Owners created herein or in the Deed creating the Condominiums shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of any Owner(s) if said encroachment occurred due to the willful conduct of said Owner(s) after conveyance of that Condominium by Declarant.

Section 11. Roof. Except for those erected, constructed or maintained by the Board, no outside television antenna, aerial or radio pole shall be erected, constructed or maintained on the Common Area or any Unit located in such a manner as to be visible from the outside, except by written consent of the Board. No person shall walk on the roof (excluding the Deck) without the prior consent of the Board.

Section 12. Window Coverings. The Board may establish Association Rules regulating the installation of all drapes and other window coverings installed in the Units as to the surface or lining which is visible from outside the Units so as to present a uniform color and appearance. Any window coverings installed before rules are established or in compliance with such rules may remain for the useful life thereof, regardless of a change in the Association Rules, unless the Homeowners' Association compensates the Owner for the pro rata remaining value of such window coverings.

Section 13. Occupancy.

(a) No Unit shall be permanently occupied by more than three (3) persons without the prior written approval of the other Owner. The Board may establish uniform rules regarding definitions of permanent and temporary occupancy, permitted stays by guests and exceptions for health purposes. No person under eighteen (18) years of age shall permanently occupy a Unit without the prior written approval of the Board; provided, however, that if a resident of a Unit gives birth to (or adopts) a child during the period of occupancy of a Unit, such use shall be permitted until the child is one (1) year old or for such longer period as may be agreed to by the Board.

(b) Any occupant of a Condominium Unit shall meet objective financial standards to be established in the Association Rules and shall furnish, upon request of the Board, letters of reference from his previous landlord, if any, satisfactory to the Board. The Board may not establish standards for restricting the sale or lease of a Unit based upon the physical handicap, marital status, race, color, creed, national origin or sex of the purchaser or lessee.

(c) Any Owner desiring to sell or lease his Unit shall comply with the procedure for enforcement of occupancy restrictions contained in ARTICLE XIV of the Bylaws. If the prospective occupant does not meet the foregoing standards, the Owner may obtain a waiver of said standards only after first providing the Board with written notice of his intention to sell or lease to said prospective occupant and only after the Board or the Owner of the other Unit has failed to offer or procure an offer in accordance with the procedure contained in the Bylaws.

Section 14. Water Beds. No water beds shall be used or installed in Units located above other Units, without the written approval of the Board. The Board may establish Association Rules, applicable to Units regarding quality of materials and method of installation of waterbeds, if approved.

Section 15. Violation of Association Rules. There shall be no violation of Association Rules for the use of the Common Area and/or Units, if such Rules are adopted by the Board and furnished in writing to the Owners. Any such violation shall be subject to Enforcement Assessments as provided in these Restrictions.

Section 16. Lease. Any lease of a Condominium shall be in writing and shall provide that any violation of these Restrictions, the Bylaws or the Association Rules shall be a breach of such lease allowing the termination thereof by the Condominium Owner.

Section 17. Guests and Lessees. Each Owner shall be responsible for compliance with the provisions hereof by his guests and lessees and shall pay the Enforcement Assessments and Special Assessments pursuant to the Restrictions, Bylaws or Association Rules for a violation by his lessee or guest.

ARTICLE X

ENTRY FOR REPAIRS

The Board or its agents may enter any Unit when necessary in connection with any maintenance, landscaping, construction, nuisance abatement or other emergency situation for which the Board is responsible. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board at the expense of the Regular Assessments; provided that such expense may be reimbursed by the Owner(s) where Special, Capital Improvement or Reconstruction Assessments are justified as set forth in

ARTICLE VI herein. If no emergency exists, at least twenty-four (24) hours' advance notice of such entry shall be given, unless the Owner consents to the entry.

ARTICLE XI

DAMAGE AND DESTRUCTION

Section 1. General. If the building or improvements are damaged by fire or other casualty and said damage is limited to a single Unit, all insurance proceeds shall be paid to the Owner(s) or Mortgagee(s) of the Owner(s) of such Unit, as their respective interests may appear, and such Owner(s) or Mortgagee(s) shall use the same to rebuild or repair such Unit in accordance with the original plans and specifications therefor. If such damage extends to both Units or extends to any part of the Common Area, the provisions of Sections 2 and 3 of this ARTICLE XI shall apply.

Section 2. Minor Deficiency. If the available insurance proceeds initially offered or paid by the insurer do not exceed fifteen percent (15%) of the value of all Project improvements, and the cost of repairing or rebuilding does not exceed the amount of available insurance proceeds by more than five percent (5%) of the budgeted gross expenses of the Homeowners' Association for that fiscal year, such insurance proceeds shall be paid to the Insurance Trustee designated in the same manner as set forth in Section 3(a) of this ARTICLE XI. The Board shall thereupon contract to repair or rebuild the damaged portions of all Units and the Common Area in accordance with the original plans and specifications therefor, and the funds held in the Insurance Trust Fund shall be used for this purpose. If the insurance proceeds are insufficient to pay all of the costs of repairing or rebuilding, the Board shall levy a Reconstruction Assessment on all Owners in proportion to the interest of each Owner in the Common Area to make up any deficiency.

Section 3. Major Deficiency. If Section 2 is inapplicable, then:

(a) All insurance proceeds shall be paid to a bank or trust company designated by the Board to be held for the benefit of the Owners and their Mortgagees as their respective interests may appear. The Board is authorized to enter on behalf of the Owners into an agreement consistent with these Restrictions, with such Insurance Trustee, relating to the Homeowners' Association's powers, duties and compensation.

(b) The Board shall obtain firm bids (including an obligation to obtain a performance bond) from two (2) or more responsible contractors to rebuild the Project in accordance with its original plans and specifications and shall, as soon as possible thereafter, call a special meeting of the Owners to consider such bids. If the Owners fail to do so within sixty (60) days after the casualty occurs, any Owner may obtain such bids and call and conduct such meeting as herein provided. Failure to call such meeting or to repair such casualty damage within twelve (12) months from the date such damage occurred shall be deemed for all purposes a decision not to rebuild said building. At such meeting, the Owners may elect to reject all of such bids and thus not to rebuild, or elect to reject all such bids requiring a Reconstruction Assessment of more than five percent (5%) of the budgeted gross expenses of the Homeowners' Association for that fiscal year, in excess of available insurance proceeds. Failure to reject all bids shall authorize the Board to accept the unrejected bid it considers most favorable.

(c) If the bid is to be accepted, the Board shall levy a Reconstruction Assessment in proportion to the interest of each Owner in the Common Area (provided, however, that if said funds are assessed for the rebuilding or major repair of the structural Common Area housing Units of the Project, the Assessment shall be levied upon the basis of the ratio of the square footage of the floor area of the Unit to be assessed to the total square footage of the floor area of all Units to be assessed), to make up any deficiency between the total insurance proceeds and the contract price for such repair or rebuilding, and such Reconstruction Assessment and all insurance proceeds, whether or not subject to liens of Mortgagees, shall be paid to said Insurance Trustee to be used for such rebuilding. If any Owner shall fail to pay the Reconstruction Assessment within thirty (30) days after the levy thereof, the Board shall make up the deficiency by payment from the Regular Assessments and/or any available fund. Upon payment the Board shall let the contract to the successful bidder.

(d) Upon an election not to rebuild, the Board, as soon as reasonably possible and as agent for the Owners, shall sell the entire Project in its then condition, free from the effect of these Restrictions, which shall terminate upon such sale, on terms satisfactory to the Board. The net proceeds and all funds held by said Insurance Trustee shall thereupon be distributed to the Owners, in proportion to the interest of each Owner in the Common Area, which percentage has been determined by the Declarant based upon the original respective selling prices of the Units projected for the original sales program, and to the Mortgagees of the interest of the Owners, as their interests may appear.

Section 4. Declaration of Damage. Within sixty (60) days after any such damage occurs, the Board shall record (or if they do not, any Owner, the insurer, the Insurance Trustee or any Mortgagee of any Owner shall record) a sworn declaration stating that such damage has occurred, describing it, identifying the building suffering such damage, the name of any insurer against whom claim is made and the name of any Insurance Trustee, reciting that the sworn declaration is recorded pursuant to this ARTICLE XI of these Restrictions and that a copy of such sworn declaration has been served on the Owners pursuant to the provisions of ARTICLE XIII, Section 8 hereof.

Section 5. Judicial Partition. If the Owners decide not to rebuild, either by calling a meeting and rejecting all bids presented or by failing to call such a meeting and failing to repair such damage within twelve (12) months after the damage occurs, then the Board shall record (or if it does not, any Owner or Mortgagee of any Owner shall record) a sworn declaration setting forth such decision and reciting that under the provisions of these Restrictions the prohibition against judicial partition provided for in ARTICLE XIII, Section 7 hereof has terminated and that judicial partition of the Project may be obtained pursuant to Section 1354 of the Civil Code of the State of California. Upon final judgment of a court of competent jurisdiction decreeing such partition, these Restrictions shall terminate.

Section 6. Amendment. The provisions of this ARTICLE XI cannot be amended without the written consent of Owners of both Condominiums.

ARTICLE XII

CONDEMNATION

Section 1. Common Area Awards. In the event that an action in Eminent Domain is brought to condemn all or any portion of the Common Area within the Project, the award made for such taking shall be payable as follows:

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

(b) If the award is for the acquisition of only part of the Common Area and is less than ten percent (10%) of the value of all the Project Common Area, and no Unit has been taken or substantially diminished in value, the entire amount thereof shall be payable to the Board as Trustee (subject to the rights of Mortgagees holding Mortgages on Condominiums within the Project) and such amount, together with any interest earned thereon, shall be held by the Homeowners' Association to reduce the Regular Assessment for the next succeeding fiscal year or for such other purpose as the Board determines is proper.

(c) If the award is for the acquisition of only part of the Common Area and is in excess of ten percent (10%) of the value of all the Project Common Area, and/or one or more Units have been partially or totally taken or diminished in value, it shall be distributed to the affected Owners as apportioned among the Owners by court judgment or agreement between the condemnor and each of the affected Condominium Owners and their respective Mortgagees and, if not so apportioned, to each in proportion to his amount of taking compared to the entire taking, as determined by appraisal performed by certified M.A.I. appraisal(s) as deemed reasonable under all of the circumstances, subject to (i) the rights of Mortgagees holding Mortgages covering such Owner's Condominium; and (ii) all unpaid Assessments of such Owner together with any interest and other charges attributable thereto.

Section 2. Unit Awards. In the event that an action in Eminent Domain is brought to condemn all or any portion of one or more Units within the Project, the award made for such taking shall be payable to the respective Owners of the Units so taken, subject to (i) the rights of Mortgagees holding Mortgages covering such Units; and (ii) all unpaid Assessments of each Owner taken together with interest and other charges attributable thereto.

Section 3. Representation. In the event an action in Eminent Domain is brought to condemn all or any portion of the Common Area within the Project, the Board shall select an attorney to represent both the Homeowners' Association and the affected Owners collectively, which attorney shall have the sole authority to represent the Homeowners' Association and the Owners in any such proceeding. Owners shall not have the right to participate in any such matter separately from the Homeowners' Association's counsel, unless the counsel for the Homeowners' Association shall determine that there exists a conflict of interest between the interests of the Homeowners' Association as a whole and those interests of the Owners affected by the Eminent Domain action of such a magnitude as to justify the Owners, or some of them, retaining separate counsel to represent their interests. In the event the counsel retained by the Homeowners' Association shall make such a determination, it shall send a letter stating its opinion to each Owner setting forth in detail the areas of conflict. It is recognized that Eminent Domain actions affecting the Project will, in all cases, contain a degree of conflict of interest. It is the intent of this Section 3 to recognize that minor conflicts of interest will exist, but shall not justify the problems resulting from independent action, and further to set forth the intent of the Homeowners' Association and the Owners to proceed only with the Homeowners' Association's counsel unless a conflict of interest of major proportions exists.

ARTICLE XIII

GENERAL PROVISIONS

Section 1. Alterations, Additions and Improvements of Common Area. There shall be no capital improvements of or structural alterations or capital additions to the Common Area (which matters shall be paid by a Capital Improvement Assessment) costing in excess of five percent (5%) of the total budgeted gross expenses for that fiscal year, without the prior written consent of the Owners of both Condominiums.

Section 2. Budget, Financial Statements and Audits.

(a) Financial Statements for the Homeowners' Association shall be regularly prepared and distributed to all Owners regardless of the number of Owners or the amount of assets of the Homeowners' Association as follows:

(i) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year.

(ii) A balance sheet, as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of an interest in the subdivision, and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of Assessments received and receivable identified by the number of the Condominium and the name of the entity assessed.

(iii) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

(A) A balance sheet as of the end of the fiscal year;

(B) An operating (income) statement for the fiscal year;

(C) A statement of changes in financial position for the fiscal year; and

(D) Any information required to be reported under Section 8322 of the Corporations Code.

(b) Ordinarily, the annual report referred to in (a)(iii) above shall be prepared by an independent accountant for any fiscal year in which the gross income to the Homeowners' Association exceeds Seventy-Five Thousand Dollars ($75,000).

(c) If the report referred to in (a)(iii) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Homeowners' Association that the statements were prepared without audit from the books and records of the Homeowners' Association.

Section 3. Interpretation. The provisions of these Restrictions shall be liberally construed for the purpose of creating a uniform plan for the development and operation of a Condominium Project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provisions or any other provision hereof.

Section 4. Amendment, etc. Except as otherwise provided herein, the provisions of these Restrictions may be amended, changed, altered, added to, reduced, terminated, abandoned, repealed and/or replaced by an instrument in writing, signed and acknowledged by Owners of both Condominiums, which instrument shall be effective upon recordation in the Office of the Recorder of the County of Alameda.

Notwithstanding the foregoing, these Restrictions may not be amended, changed, altered, added to, reduced, terminated, abandoned, repealed and/or replaced to eliminate any rights expressly reserved herein unto Declarant except by an instrument executed and acknowledged by Declarant, nor may they be amended, changed, altered, added to, reduced, terminated, abandoned, repealed and/or replaced to eliminate any rights expressly reserved to Mortgagees except by an instrument executed and acknowledged by such Mortgagees.

Section 5. Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

Section 6. Limitation of Liability. The liability of any Owner for performance of any of the provisions hereof shall terminate upon sale, transfer, assignment or other divestiture of said Owner's entire interest in his Condominium with respect to obligations arising hereunder from and after the date of such divestiture.

Section 7. No Partition. There shall be no judicial partition of the Project or any part thereof, nor shall Declarant or any person acquiring any interest in the Project or any part thereof seek any such judicial partition, until the happening of the conditions set forth in ARTICLE XI or XII hereof; provided, however, that if any Condominium shall be owned by two (2) or more cotenants as tenants-in-common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition as between such cotenants.

Section 8. Notices. Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of same has been deposited in the United States mail, first-class or registered postage, postage prepaid, addressed to each Member at the address given by the Member to the Homeowners' Association for the purpose of service of such notice. Such address may be changed from time to time by notice in writing to the Board.

Section 9. Gender. As used herein, masculine pronouns shall include feminine pronouns where appropriate, and the singular shall include the plural where appropriate.

Section 10. Arbitration. All disputes and questions which shall hereafter arise between the Owners touching these Restrictions or the construction or interpretation thereof or touching any account or calculation to be made hereunder or as to any act, deed or omission by any of the Owners or as to any other matter in any way relating to these Restrictions or the rights, duties or liabilities of any Owners shall be referred to a single person to act as arbitrator in case the Owners agree upon one (1), otherwise to two (2) persons to act as arbitrators, one (1) to be appointed by each Owner in accordance with and subject to the laws relating to arbitration and the decision of the arbitrator or arbitrators as the case may be on any of the matters and things aforesaid shall be final and absolutely binding upon the Owners. The cost of a sole arbitrator shall be borne by the Homeowners' Association at the expense of the Regular Assessment. If two (2) arbitrators are employed, each Owner shall pay the cost of the arbitrator appointed by such arbitrator.

ARTICLE XIV

SPECIAL MORTGAGEE PROVISIONS

Section 1. FNMA. If any of the Condominium mortgages obtained by the Owners are sold or transferred to the Federal National Mortgage Association (FNMA), the following provisions shall apply, if not waived in writing by FNMA, so long as at least (1) mortgage is owned by FNMA:

(a) Prior written approval of seventy-five percent (75%) of all such Mortgagees must be obtained before the Homeowners' Association or any Owner may:

(i) Abandon or terminate the Project, except for abandonment or termination as provided by statute in the case of substantial destruction by fire or other casualty or in the case of taking by condemnation or Eminent Domain;

(ii) Amend the Restrictions or the Bylaws for any changes in any of the following: (A) The undivided interest in the Common Area owned by each Condominium Owner; (B) the fundamental purpose for which the Project was created; (C) voting; (D) assessment liens and subordination thereof; (E) reserves for repair or replacement of the Common Area; (F) property maintenance obligations, including casualty and liability insurance; (G) reconstruction in the event of damage or destruction; and (H) annexation;

(iii) Effectuate a decision to terminate professional management and assume self-management of the Project; and

(iv) Partition or subdivide any Unit.

(b) Any institutional holder of a first mortgage on a Unit in the Project will, upon request, be entitled to:

(i) Inspect the books and records of the Project during normal business hours;

(ii) Receive an annual audited financial statement of the Project within ninety (90) days following the end of any fiscal year of the Project; and

(iii) Receive written notice of all meetings of the Homeowners' Association and be permitted to designate a representative to attend all such meetings.

(c) In the event of substantial damage to or destruction of any Unit or any part of the Common Area, the institutional holder of any first mortgage on a Unit will be entitled to timely written notice of any such damage or destruction, and no provision of any document establishing the Project will entitle the Owner of a Unit or other party to priority over such institutional holder with respect to the distribution to such Unit of any insurance proceeds;

(d) If any Unit or portion thereof or the Common Area or any portion thereof is made the subject matter of any condemnation or Eminent Domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage on a Unit will be entitled to timely written notice of any such proceeding or proposed acquisition, and no provision of any document establishing the Project will entitle the Owner of a Unit or other party to priority over such institutional holder with respect to the distribution to such Unit of the proceeds of any award or settlement;

(e) The right of an Owner to sell, transfer or otherwise convey to the Owner's Unit will not be subject to any "right of first refusal" or any similar restriction in favor of the Homeowners' Association now or hereafter contained in these Restrictions, the Bylaws or the Association Rules;

(f) With the exception of a lender in possession of a Condominium following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Owner shall be permitted to lease his Unit for transient or hotel purposes. No Owner may lease less than the entire Unit; and

(g) Each holder of a first mortgage lien on a Unit who comes into possession of the Unit by virtue of foreclosure of the mortgage or any purchaser at a foreclosure sale, will take the Unit free of any claims for unpaid Assessments and charges against the Unit which accrue prior to the time such holder comes into possession of the Unit, except for claims for a pro rata share of such Assessments or charges resulting from a pro rata reallocation of such Assessments or charges to all Project Units, including the mortgaged Unit.

Section 2. FHLMC. If any of the mortgages are purchased by the Federal Home Loan Mortgage Corporation (FHLMC), the following shall apply so long as at least one (1) mortgage is owned by FHLMC, if not waived in writing by FHLMC:

(a) Any "right of first refusal" contained in these Restrictions shall not impair the rights of a first Mortgagee to:

(i) Foreclose or take title to a Condominium pursuant to the remedies provided in the mortgage;

(ii) Accept a deed (or assignment) in lieu of foreclosure in the event of default by a Mortgagor; or

(iii) Sell or lease a Unit acquired by the Mortgagee.

(b) The provisions of Section 1(g) above;

(c) Except as provided by statute in case of condemnation or substantial loss to the Units and/or Common Area of the Project, unless at least two-thirds (2/3) of the first Mortgagees (based upon one (1) vote for each first mortgage owned) have given their prior written approval, the Homeowners' Association shall not be entitled to:

(i) By act or omission, seek to abandon or terminate the Condominium Project;

(ii) Change the pro rata interest or obligations of any individual Condominium for the purpose of (a) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (b) determining the pro rata share of ownership of each Condominium in the Common Area;

(iii) Partition or subdivide any Condominium Unit;

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

(v) Use hazard insurance proceeds for losses to any Condominium property (whether to Units or the Common Area) for other than the repair, replacement or reconstruction of such Condominium property;

(d) All taxes, Assessments and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Condominium Units and not to the Project as a whole;

(e) The provisions of Section 1(d) above;

(f) Condominium dues or charges (Regular Assessments) shall include an adequate reserve fund for maintenance, repairs and replacement of those common elements that must be replaced on a periodic basis, and shall be payable in regular installments rather than by special assessments; this provision shall not in any way limit the Board's power to impose Special Assessments or any other Assessments as provided in these Restrictions;

(g) The first Mortgagee, upon request, will be entitled to written notification from the Homeowners' Association of any default in the performance by an Owner of any obligation under these Restrictions or the Bylaws which is not cured within sixty (60) days; and

(h) No contract for professional management, or other contract for services with the developer, sponsor or builder of the Project shall be entered into by the Homeowners' Association unless either party can terminate it without cause or payment of a termination fee, by written notice of ninety (90) days or less; no such contract shall exceed a term of three (3) years.

IN WITNESS WHEREOF, the undersigned has executed this instrument this ____ day of ______________, 19__.

"Declarant"

CHRISTINE H. ALLEN

KIM W. ALLEN

STATE OF CALIFORNIA)
) ss.
COUNTY OF ALAMEDA)

On this 28TH day of MAY, 1980, before me, RON WILLIAMS, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared CHRISTINE H. ALLEN & KIM W. ALLEN known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

OFFICIAL SEAL
RON WILLIAMS
NOTARY PUBLIC-CALIFORNIA
ALAMEDA COUNTY
My Commission Expires June 6, 1981

Ron Williams
Notary Public in and for
said County and State

CONSENT AND SUBORDINATION

The undersigned, Bank of America National Trust and Savings Association - - -, a corporation, as beneficiary under that certain Deed of Trust dated July 18, 1979, recorded August 3, 1979, Reel - - -, Image - - -, Instrument 79-153157, Official Records of the County Recorder of the County of Alameda, State of California, executed by Christine H. Allen and Kim W. Allen as Trustor, with Bank of America National Trust and Savings Association, as Beneficiary, does hereby consent to the execution and recordation of the attached Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership and does hereby subordinate said Deed of Trust to said Declaration of Covenants, Conditions and Restrictions, to the same extent and with the same force and effect as if said Declaration of Covenants, Conditions and Restrictions had been executed and recorded prior to the execution and recordation of said Deed of Trust.

IN WITNESS WHEREOF, the undersigned have executed this Consent and Subordination this 28th day of May, 19 80.

Bank of America National Trust and Savings Association

By: V. Hom

V. Hom
Assistant Manager

STATE OF CALIFORNIA)
) ss.
COUNTY OF ALAMEDA)

On this 28th day of MAY, 19 80, before me, THOMAS N. THOMAS, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared V. HOM and **************************** known to me to be the ASSISTANT MANAGER SHATTUCK-VINE BR. E OF and **************************** of the within corporation and known to me to be the persons who executed the within instrument on behalf of the corporation therein named and acknowledged to me that such corporation executed the same pursuant to its Bylaws or a resolution of its Board of Directors.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

OFFICIAL SEAL
THOMAS N THOMAS
NOTARY PUBLIC - CALIFORNIA
ALAMEDA COUNTY
My comm. expires NOV 4, 1983

Thomas N. Thomas
Notary Public in and for said County and State

EXHIBIT "A"

LEGAL DESCRIPTION

All that real property described on that Subdivision Map entitled "Tract 4198, SIETE CASITAS a Condominium Project", filed in the Office of the Recorder of the County of Alameda, State of California, on May 14, 1980, Book 118, Page 27&28, Series 85035.

A. P. No. _____

EXHIBIT "B"

GRANT DEED

I

CHRISTINE H. ALLEN and KIM W. ALLEN, doing business as C and K ALLEN PROPERTIES, (hereinafter called "Grantor"), grants to ______________________________ (hereinafter called "Grantee"), Condominium Number _____ in THE PALMS, consisting of that certain real property located in the County of Alameda, State of California, described as follows:

PARCEL A:

Unit _____ (including Patio No. P-_____ /Deck No. D-_____ as shown on that certain Condominium Plan hereinafter referred to as the "Plan".

Excepting and reserving, however, the following:

1. Any portion of the Common Area lying within said Unit.

2. Easements through said Unit, appurtenant to the Common Area and all other Units, for support and repair of the Common Area and all other Units.

PARCEL B:

Together with the following appurtenant easements:

1. Nonexclusive easements for support of said Parcel A through the Common Area and for repair of said Parcel A through all other Units and through the Common Area.

2. Exclusive easements to use Parking Space No. P.S.-___ and Storage Space No. S.S.-___, as shown on the Plan.

Excepting and reserving, however, the nonexclusive easements described herein as Parcel D.

PARCEL C:

An undivided 1/7th interest as tenant-in-common in and to the Common Area, as shown on the Plan (Exhibit "D" of the Restrictions).

Excepting and reserving, however, the following:

1. Nonexclusive easements appurtenant to all Units for support and repair of the Common Area and other Units; and

2. Exclusive easements appurtenant to each Unit for use of Parking Spaces and Storage Spaces not

granted herein, for use of the other Units, as shown on the Plan.

PARCEL D:

Together with nonexclusive easements appurtenant to the Common Area through each Unit for support and repair of the Common Area.

II

Each of the foregoing grants is subject to the lien of real property taxes and assessments not delinquent, the Restrictions referred to in III B below, all covenants, conditions, easements, restrictions and liens of record. The property herein granted is a Condominium as defined in Section 1350(1) of the California Civil Code and the Project as hereinafter defined is subject to the provisions of the California Condominium Act, Title 6, Part 4, Division Second of said Code.

III

Terms used in this Deed are defined as follows:

A. "Unit", "Common Area", "Deck", "Yard", "Parking Space", "Storage Space", "Plan" and "Project" each have the same meaning as in the Restrictions.

B. "Restrictions" means that certain Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership for SIETE CASITAS, Executed by Grantor on ______________, 197_, and recorded in the Office of the Recorder of the County of Alameda, State of California, as Instrument No. _____ on Reel _____ at Image _____ and following; the Restrictions apply to the subdivided property set forth on that certain Subdivision Map entitled "SIETE CASITAS, A Condominium Project", filed in the Office of the Recorder of the County of Alameda, State of California, on ______________, 197_, in Book _____ of Maps, at pages _____ to _____, being _____, Alameda County Records.

IV

This Deed is made and accepted subject to all the provisions contained in that certain document defined herein as "Restrictions".

IN WITNESS WHEREOF, the undersigned have executed the within Deed this ____ day of ________________, 197_.

CHRISTINE H. ALLEN

KIM W. ALLEN

Grantor

STATE OF CALIFORNIA)
) ss.
COUNTY OF ALAMEDA)

On this _____ day of ________________________, 197__, before me, __________________________, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared ______________________ and ______________________, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

____
Notary Public in and for
said County and State

We, the undersigned Grantees, hereby accept the foregoing Deed subject to all of the terms, conditions and restrictions contained therein.

____

____
Grantee

STATE OF CALIFORNIA)
) ss.
COUNTY OF ALAMEDA)

On this _____ day of ______________, 197_, before me, __________________________, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared ______________________ and ______________________, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid the day and year first above written.

____
Notary Public in and for
said County and State

EXHIBIT "C"

UNDIVIDED INTEREST IN COMMON AREA

The percentage of undivided interest in the Common Area conveyed with each Unit is an undivided 1/7th interest for each Unit.

EXHIBIT "D"

THE PLAN

(1) This is a Map and Plan of a "Project" as defined in Section 1350(3) of the Civil Code of the State of California and Section 1351 of the Civil Code of the State of California, the buildings being shown hereon, according to Section 1351 of said Civil Code, "in sufficient detail to identify each unit, its relative location and approximate dimensions", and the subdivision depicted hereon is subject to the provisions of the California Condominium Act, Title 6, Part 4, Division 2, of the Civil Code.

(2) Condominiums. The Project consists of four (4) Condominiums in the real property described in Exhibit "A" of the Restrictions. Each Condominium is composed of the following:

A Unit and an undivided interest in the Common Area. The incidents of ownership of each Condominium will be particularly described in the Deed(s) conveying the ownership interest in each Condominium.

The boundaries of the various components comprising the Condominium are as hereinafter set forth.

(3) Common Area. The Common Area consists of all the real property including improvements and air space not a part of the Units; the Common Area includes bearing walls, columns, floors, roofs, foundations, reservoirs, tanks, pumps, and the central services, meters, pipes, decks, flues, chutes, conduits, wires and other utility installations, wherever located.

(4) Units. The four (4) Units in this Project are identified by the Arabic numerals as follows: 1, 2, 3 and 4.

The Units include the Decks and Yards adjacent to the Units designated herein with the corresponding Arabic numerals of the interior living space of each Unit, each of which is, however, preceded by the capital letter(s) D or Y, respectively.

The boundaries of the "living space" or "apartment area" of each Unit are as follows:

The interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and doors thereof, including the portions of the building so described and the air space so encompassed; excluding, however, Common Areas within the Unit and load bearing walls wherever located.

The boundaries of the Deck and Yard portions of each Unit are as follows:

The interior finished surfaces of the walls and/or fences encompassing the same to the approximate dimensions shown hereon, the interior finished surface of the floor thereof (where finished, and where not finished, the surface level of the ground thereof) and the interior finished surface extended of the ceiling of the adjoining living space as shown hereon.

(5) Parking Spaces and Storage Spaces. The boundaries of the Parking Spaces (e.g., P.S.-1) and Storage Spaces (e.g. S.S.-1), the exclusive use of which will be granted to or reserved for the Unit with the corresponding Arabic numerals, are to the dimensions shown hereon and to the finished surface of the floors, ceilings and interior columns and walls thereof.

(6) Elevations. Elevations are based on the City of Alameda datum.

(7) All boundary lines and dimension lines intersect at right angles unless otherwise noted.

(8) This Plan applies to the real property described in Exhibit "A" of the Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership for Siete Casitas.

EXHIBIT "E"

ALLOCATION OF ESTIMATED REGULAR ASSESSMENTS

The estimated Regular Assessments shall be allocated to each Condominium equally, an undivided 1/7th interest for each Condominium.

AMENDMENT
TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
SIETE CASITAS,
A CONDOMINIUM PROJECT

WHEREAS, the undersigned is the Owner of that certain real property situated in the City of Berkeley, County of Alameda, State of California, described as follows:

All of Tract 4198, filed May 4, 1980, Map Book 118, pages 27 and 28, Alameda County Records.

Whereas, the said undersigned Owner caused to be recorded on May 29, 1980, Series No. 80-092686, a Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership for Siete Casitas, (hereinafter referred to as "Declaration"),

Whereas, the undersigned desire to amend said Declaration by:

A. Deleting Exhibit "D" in its entirety, and

B. Incorporating the attached Exhibit "D" in its place and stead.

NOW THEREFORE, the undersigned hereby deletes Exhibit "D", set forth in the Declaration, and incorporates the attached Exhibit "D" in its place and stead.

Christine H. Allen
CHRISTINE H. ALLEN

Kim W. Allen
KIM W. ALLEN

STATE OF CALIFORNIA) SS
COUNTY OF ALAMEDA)

On this 9th day of June in the year One Thousand Nine Hundred and Eighty, before me, the undersigned, a Notary Public in and for the County of Alameda, State of California, residing therein, duly commissioned and sworn, personally appeared CHRISTINE H. ALLEN and KIM W. ALLEN, known to me to be the persons described in and whose names are subscribed to the within instrument, and they acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal, the day and year in this certificate first above written.

Ron Williams NOTARY PUBLIC
in and for said County and State

OFFICIAL SEAL
RON WILLIAMS
NOTARY PUBLIC-CALIFORNIA
ALAMEDA COUNTY

EXHIBIT "D"

THE PLAN

(1) This is a Map and Plan of a "Project" as defined in Section 1350 (3) of the Civil Code of the State of California and Section 1351 of the Civil Code of the State of California, the buildings being shown hereon, according to Section 1351 of said Civil Code, "in sufficient detail to identify each unit, its relative location and approximate dimensions", and the subdivision depicted hereon is subject to the provisions of the California Condominium Act Title 6, Part 4, Division 2, of the Civil Code.

(2) Condominiums. The Project consists of four (4) Condominiums in the Real property described in Exhibit "A" of the Restrictions. Each Condominium is composed of the following:

A Unit and an undivided interest in the Common Area. The incidents of ownership of each Condominium will be particularly described in the Deed(s) conveying the wonership interest in each Condominium.

The boundaries of the various components comprising the Condominium are as hereinafter set forth.

(3) Common Area. The Common Area consists of all the real property including improvements and air space not a part of the Units; the Common Area included bearing walls, columns, floors, roofs, foundations, reservoirs, tanks, punps, and the central services, meters, pipes, decks, flues, chutes, conduits, wires and other utility installations, wherever located.

(4) Units. The four (7) Units in this Project are identified by the Arabic numerals as follows: 1,2,3 4,5,6 and 7.

The Units include the Decks and Patios adjacent to the Units designated herein with the corresponding Arabic numerals of the interior living space of each Unit, each of which is, however, preceded by the capital letter(s) D or P, respectively.

The boundaries of the "living space" or "apartment area" of each Unit are as follows:

The interior unfinished surfaces of the perimeter walls, floors, ceilings, windowns and doors thereof, including the portions of the building so described and the air space so encompassed; excluding, however, Common Areas within the Unit and load bearing walls wherever located.

The boundaries of the Deck and Yard portions of each Unit are as follows: