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 APR 28 1981
 Declaration of

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

M-312238

FOR
TAYCO CONDOMINIUMS
INDEX

APPROVED BY REQUEST OF
Walter Telle
 APR 28 1981
 COUNTY CLERK
 COUNTY RECORDER
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP

FOR

TAXCO CONDOMINIUMS

(A) MONUMENT-3; I.F. II, a general partnership, (hereinafter called "Declarant") is the Owner of all that real property located in the City of Concord, County of Contra Costa, State of California, particularly described in Exhibit "A". Declarant also is the Owner of adjacent real property described in Exhibit "B".

(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 "C" (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 all of said Condominiums and the Owners thereof.

(D) The real property described in Exhibits "A" and "B" is intended to be Annexed in three (3) or more Increments; the first Increment is identified in Exhibit "A" as Increment I; the second and third Increments are identified in Exhibit "B" as Increments II and III. It is intended that any one or more Increments may be Annexed at any given time, and that Annexation be completed as set forth in Exhibit "D". It is planned that the Project, when completed, will be owned, used, operated, managed and administered as one Condominium Project. The "Plan of Annexation" of the Increments is set forth in Exhibit "D".

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, as well as those contained in Exhibit "D", 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. The reciprocal easements, rights to use, user fees and lien rights set forth in Exhibit "D" shall apply to the real property described in Exhibit "B" from the date of recordation hereof. 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

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be for the direct benefit of the City of Concord, a municipal corporation, as part of Tract No. 5868 for a term of twenty (20) years from the date of these Restrictions, after which time they shall be automatically extended for successive periods of ten (10) years, 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 all Units, Common Area and easements; "Project" shall also include the Increments described in Exhibit "B" after (and only after) Declarant executes and causes to be recorded a "Declaration of Annexation" as set forth in Exhibit "D";

(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. Each Condominium shall also include a non-exclusive easement and right of use of the Homeowners' Association Common Area as provided herein;

(c) "Common Area" shall mean and refer to 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" (and, after Annexation, Exhibit "B"). Exhibit "E" sets forth the undivided interests in the Common Area to be granted with each Unit;

(d) "Homeowners' Association Common Area" shall mean all real property, improvements and personal property owned by the Homeowners' Association for the common use and enjoyment of the Owners in Increment I and any Annexed Increments;

(e) "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 other Owners, as defined in Section 1350(2) of the California Civil Code. Each Unit is so designated on the Plan and includes the Patio or Balcony as designated on the Plan;

(f) "Owner" or "Owners" shall mean the Grantee

or Grantees in a Deed conveying a Condominium, or a Vendee under a recorded Contract of Sale, including any person or persons, trust, estate, partnership, corporation or other entity and Declarant with respect to each Condominium owned by Declarant. Owner shall not mean any person, persons, trust, estate, partnership, corporation or other entity possessing only a security interest in the Condominium. Every Owner shall also be a Member of the Homeowners' Association;

(g) "Member" or "Members" shall mean an "Owner" or "Owners" as defined above;

(h) "Homeowners' Association" shall mean Taxco Condominiums Homeowners' Association, a non-profit, mutual benefit corporation, consisting solely of the Owners of this Project as Members;

(i) "Articles" shall mean and refer to the Articles of Incorporation of the Taxco Condominiums Homeowners' Association;

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

(k) "Parking Space and Storage Space" shall each mean lettered-numbered parcels of the Common Area so designated on the Plan (e.g., "PS-3" and "SS-3"); the exclusive use of one (1) Storage Space and at least one (1) covered Parking Space will be granted to or reserved for the Owner of each Unit as set forth on the Deed or assigned or used as provided in ARTICLE V, Section 14;

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

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

(n) "Board" or "Board of Directors" shall mean the governing body of the Project, elected pursuant to ARTICLE IV hereof;

(o) "Declarant" shall mean the entity 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, including increments which may be Annexed, 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;

(p) "Association Rules" shall mean the rules adopted by the Board pursuant to these Restrictions and the Bylaws;

(q) "Exhibit" shall mean an attachment to these Restrictions so labeled, each of which shall be

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deemed incorporated in these Restrictions at the place(s) so referenced as if set forth therein in full; and

(r) "Maintenance" or "Maintain" shall mean the exercise of reasonable care to keep buildings, landscaping, lighting and other related improvements and fixtures in a state similar to their original condition, normal wear and tear excepted. Maintenance of landscaping shall further mean the exercise of regular fertilization, irrigation and other garden management practices necessary to promote a healthy, weed-free environment for optimum plant growth.

ARTICLE II

VOTING RIGHTS IN THE ASSOCIATION

Section 1. Classes of Votes. There shall be two (2) Classes of Members wherever votes of the Owners are required pursuant to the terms hereof. The Classes shall be designated "A" and "B".

(a) CLASS "A" VOTES: Class "A" votes shall be all Owners as defined in paragraph (e) of ARTICLE I hereof with the exception of Declarant. Each Class "A" Owner shall be entitled to cast one (1) vote for each Condominium owned by said Class "A" Owner.

(b) CLASS "B" VOTES: Class "B" votes shall be Declarant. The Class "B" Owner shall be entitled to cast three (3) votes for each Condominium owned by the Class "B" Owner, including Condominiums which have been Annexed pursuant to Exhibit "D"; provided that Class "B" Ownership shall cease and be converted to Class "A" Ownership on the happening of any of the following events, whichever occurs earlier:

(i) On the second anniversary of the original issuance of the most recently issued public report for an Increment of the Project; or

(ii) On August 1, 1984.

Section 2. Voting Agents. Any Owner may attend meetings of the Owners 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 or the Manager as hereinafter referred to. Any designation of an agent to act for an Owner may be revoked at any time by written notice to the Board or Manager and shall be deemed revoked when the Board or the Manager receives actual notice of the death or judicially declared incompetence of such Owner or of the conveyance by such Owner of his Condominium.

A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the Owner executing it, before the vote cast pursuant to that proxy, by a writing delivered to the Board stating that the proxy is revoked by a

subsequent proxy executed by such Owner, or by personal attendance and voting at a meeting by such Owner, or (ii) written notice of the death or incapacity of the maker of the proxy is received by the Board before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of the California Nonprofit Corporation Law.

Where there is more than one 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.

Section 3. Secret Ballots. Voting by the Owners for the Board shall be by secret written ballot. All other voting may be open or secret, as determined by the Board for each matter to be voted upon.

ARTICLE III

OWNERS' MEETINGS

Section 1. Meeting, Action and Quorum. The presence at any meeting of the Owners having fifty percent (50%) of the total voting power of the Homeowners' Association shall constitute a quorum. The Bylaws may provide for a lower quorum requirement for adjourned meetings when a quorum could not be obtained at the first meeting, provided that in no event shall a quorum be less than twenty-five percent (25%) of the total voting power of the Homeowners' Association. In the absence of a quorum at a Members' meeting, a majority of those present in person or by proxy, may adjourn the meeting to another time, but may not transact any other business; provided, however, that notice of said adjourned meeting shall be provided pursuant to ARTICLE VII(b) of the Bylaws.

The Owners present at a duly called and duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Owners to leave less than a quorum, if any action taken (other than adjournment) is approved by a majority of the Owners required to constitute a quorum.

Any action that may be taken at any annual or special meeting of members may be taken without a meeting and without prior notice if written ballots are distributed to every member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot. Approval by written ballot pursuant to this paragraph shall be valid only when the number of votes

cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Ballots shall be solicited in a manner consistent with the requirements of Sections 7511(b), 7513(c) and 7514 of the California Corporations Code. All such written ballots shall be filed with the secretary of the corporation and maintained in the corporate records. All solicitations of ballots shall indicate the time by which the ballot must be returned to be counted.

Section 2. Annual Meeting. Regular meetings of the Owners and the Homeowners' Association 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 XV, Section 2, the Board 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, by the terms of these Restrictions, require the approval of all or some of the Owners, or for any other reasonable purpose. Said meetings shall be called by a majority of a quorum of the Board or by the Owners having five percent (5%) of the total voting power of the Association, pursuant to written notices 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. Action. Any provision in the governing instruments calling for membership approval of action to be taken by the Homeowners' Association except provisions with respect to the action referred to in Sections 2792.4 and 2792.24 of the Regulations of the California Real Estate Commissioner to enforce the obligations of the Declarant, shall require the vote or written consent of the Owners as follows, unless a higher percentage is required by another section of these Restrictions for the action being undertaken:

- (a) If two (2) Classes of Owners exist, the

vote or written assent of not less than fifty-one percent (51%) of the voting power residing in each Class of Owners; and

(b) If there has been a conversion of Class "B" to Class "A" shares, the vote or written assent of not less than fifty-one percent (51%) of the voting power residing in all Owners, including Declarant, and the vote or written assent of not less than fifty-one percent (51%) of the voting power residing in all Owners, excluding Declarant.

ARTICLE IV

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, unless a different number of Board Members is approved in a resolution of the Board.

Section 2. First Election. The first Board shall be elected at the first meeting of the Homeowners' Association. Said meeting, whether a regular or a special meeting, shall be held within forty-five (45) days after the closing of sales to Class "A" 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 a Class "A" Owner.

Section 3. Cumulative Voting. Cumulative voting in the election of the Board shall be required for all elections in which three (3) or more positions on the Board are to be filled at that election. Every Owner entitled to vote at any election of members of the Board shall be entitled to cumulate his votes, provided that the candidate's name has been placed in nomination prior to voting, and the Owner has given notice at the meeting prior to voting of the Owner's intention to cumulate 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. When two (2) or less positions are to be filled, cumulative voting may be permitted at the discretion of the Board. Voting shall be by secret written ballot, and the candidates receiving the highest number of votes up to the number of members of the Board to be elected shall be deemed elected. Any member present at an election meeting, in person or by proxy, may place names in nomination for Director.

No member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's name or candidates' names have been placed in nomination prior to

the voting and the member has given notice, during the meeting, of the member's intention to cumulate votes. If any one member has given such notice, all members may cumulate their votes for candidates in nomination.

Section 4. Class "A" Special Rights. If at any election the Class "A" Owners do not have sufficient voting power to result in at least twenty percent (20%) of the Board having been elected by the Class "A" Owners, through cumulating all Class "A" votes, separate elections shall be held. In the first election only Class "A" Owners shall vote, one (1) vote per Condominium owned, and the persons [up to the number necessary to result in twenty percent (20%) of the Board being elected solely by Class "A"] receiving the highest number of votes shall be elected to the Board. At the second election only Class "B" Owners shall vote, electing the balance of the Board. Both elections shall be held at the same meeting.

Section 5. Term. Members of the Board shall serve for the term specified in the Bylaws, provided that if any member ceases to be an Owner, his membership on the Board shall thereupon terminate.

Section 6. 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 from office by the vote of members of the Homeowners' Association, no individual Board member shall 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. As long as the two-Class voting structure is still in force, a Board member who has been elected to office solely by the votes of Class "A" Owners may be removed from office prior to the expiration of his term of office only by a vote of fifty-one percent (51%) of all Class "A" Owners (excluding Declarant).

The Owners shall fill any vacancy created by removal of a Board member by conducting an election, in accordance with ARTICLE IV, Section 3, 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 7. Vacancies. A vacancy or vacancies on the Board of Directors shall be deemed to exist on the occurrence of the following: (i) the death, resignation or removal of any Director; (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 or has been found by final order or judgment of any court to have breached a duty under Section 7230 and following of the California Nonprofit

Corporation Law; (iii) the vote of a majority of members to remove a Board member; (iv) the increase of the authorized number of Board members; or (v) the failure of the Owners, at any meeting of Owners at which any Board member(s) are to be elected, to elect the number of Board members to be elected at such meeting. Vacancies on the Board shall be filled by the Board for the unexpired term of the officer replaced, except in cases of removal. Vacancies created by removal shall be filled by election of Owners as specified in ARTICLE IV, Section 6, of these Restrictions. Vacancies shall be filled only with Class "A" Owner(s) until at least twenty percent (20%) of the Board consists of Class "A" Owners. No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

Section 8. Proceedings. The proceedings of the Board shall be as specified in the Bylaws, ARTICLE X.

Section 9. 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 10. 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 V

POWERS AND DUTIES OF THE BOARD

The Board, for the benefit of the City of Concord, the Condominiums, the Owners and the Owners in any Annexed Increment(s) after Annexation, 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, shall perform the items provided for in the Regular Assessments, 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 Homeowners' Association

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, Homeowners' Association Common Area 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 XIII. The Board may obtain such other fire and casualty insurance as the Board shall determine gives substantially equal or greater protection to the Owners and their Mortgagees, as their respective interests may appear. Said policy or policies shall provide for a separate Loss Payable Endorsement in favor of the Mortgagee or Mortgagees of each Condominium, 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;

(b) In the event the Project contains a steam boiler or other like machinery, a broad form policy of repair and replacement steam boiler and machinery insurance in the amount of at least Fifty Thousand and No/100 Dollars (\$50,000.00) per accident per location; and

(c) 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, the Owners and any Manager appointed as hereinafter provided, against any liability to the public, to the Board or to the Owners (of Units and of the Common Area) 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 and/or Homeowners' Association Common Area or any act or omission of the Homeowners' Association. Limits of liability under such insurance shall not be less than One Million and No/100 Dollars (\$1,000,000.00) 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 V, 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 all Annexed Increments), including the Insurance Trustee designated pursuant to ARTICLE XIII 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, nor shall it be prepaid for more than three (3) years pursuant to ARTICLE V, Section 19, without the vote or assent of the Homeowners' Association as set forth in ARTICLE III, Section 4, of these Restrictions;

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

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

(11) 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. The services of a person or firm to manage its affairs (herein called the "Manager") to the extent deemed advisable by the Board as well as such other personnel as the Board shall determine necessary or proper for the performance of its functions or operation of the Project, whether such personnel are employed directly by the Board or are furnished by the Manager, subject to the Restrictions of ARTICLE V, Section 19, hereof.

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, subject to the provisions of ARTICLE V, Section 19, hereof.

Section 8. Fidelity Bond. If the Board deems it advisable, or if requested in writing by a Mortgagee, a fidelity bond naming the Manager, and such other persons as may be designated by the Board as principals (or who are 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 VII 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 Homeowners' Association Common Area, painting, maintenance and repair of the Patios and Balconies, and such furnishings and equipment for the Homeowners' Association Common Area and 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 (excluding the Patio or Balcony) shall be painted, maintained and repaired and the Patio area landscaped by the Owner thereof, all such maintenance to be at the sole cost and expense of the particular Owner. The Board's duty to maintain the Common Area and Homeowners' Association Common Area at its expense is limited by the provisions of ARTICLE VI hereof.

The Board may provide repair and installation services for all plumbing, including waste and drain lines and traps, water lines and faucets, light fixtures, electric ranges, refrigerators, dishwashers, garbage disposals and the exterior finishes of toilets, sinks, showers and tubs, all air-conditioners, heaters, electric wall plugs, subfeed circuit-breaker panels and meters, but excluding light fixtures and electric appliances; provided, however, that no such service shall be performed until the Owner has paid, in full, for the cost of such services and materials, pursuant to an estimate submitted to said Owner by the Board. The Owner shall also pay for the cost of the estimate, if any, before the services are performed.

Section 11. Other Obligations of the Board. Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or Assessments which the Board 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; provided, however, that whenever any of said labor, materials or services are furnished at the specific request of an Owner, the provisions of Section 10 of this ARTICLE V, regarding payment in advance, shall apply.

Section 12. Discharge of Liens. Any amount necessary to discharge taxes, assessments or any lien or encumbrance levied against the entire property or any part thereof which may constitute a lien against the Common Area and/or Homeowners' Association Common Area, rather than merely against the interests therein of particular Owners, shall be a Special Assessment against said Owner after notice and the opportunity for a hearing has been afforded the Owner or Owners; provided that, where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging

it, and any costs incurred by the Board by reason of said lien or liens 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) and an opportunity for a hearing before the Board has been provided; 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. Licensed Parking Spaces. The Board may revocably license (to residents of the Project only) the exclusive use of any Parking Space (except as reserved in Exhibit "D" for the Unannexed Increment[s]) not deeded to an Owner by Declarant within ninety (90) days after all Condominiums have been conveyed or eight (8) years after recordation hereof, whichever occurs first; the Board may charge a rental fee for such licensed use. The Board may also reserve such Parking Spaces for guest use or for unassigned use by residents of the Project.

Owners with two (2) or more Parking Spaces may rent unneeded Parking Spaces back to the Homeowners' Association. Owners may rent additional Parking Spaces from the Homeowners' Association as available with preference given to Units assigned or deeded only one (1) Parking Space.

Section 15. Homeowners' Association Common Area. The Board shall operate the facilities in the Homeowners' Association Common Area as deemed appropriate by the Board for the benefit of the Owners of the Project.

Section 16. Manager's Quarters. The Board may provide office space and separate living quarters in the Common Area or Homeowners' Association Common Area for the Manager(s) of the Project, either by leasing a Unit or, with the consent of fifty-one percent (51%) of the Owners (as a Capital Improvement Assessment), by purchasing a Condominium. If such living quarters are not occupied by a resident Manager, the Board may rent them to any tenant deemed desirable by the Board or may sell them, but only after first obtaining the vote or written consent of the Owners, as set forth in ARTICLE III, Section 4. If the Board purchases a Condominium, voting rights and Assessments relating to that Condominium shall be suspended

for as long as the Board holds title.

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Section 17. 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, the Articles and the Association Rules, subject to the limitations of ARTICLE X hereof;

(b) Formulate Association Rules;

(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.

The Homeowners' Association, or any Owner, or the City of Concord as a third party beneficiary, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Homeowners' Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of said right;

(d) Incur costs and expenses for materials or services furnished at the request or with the consent of any Owner for the benefit of his Condominium. Such Owner does covenant and agree to pay to the Homeowners' Association all such costs and expenses, together with such interest as may be levied thereon, and costs of collections, including attorneys' fees. Each such cost and expense, together with such interest and cost of collection, shall be the personal obligation of the person or entity who was the Owner of such Condominium at the time when payment of such cost or expense, or any portion thereof, fell due, and shall bind his heirs, devisees, personal representatives, successors or assigns.

The obligation to pay such costs and expenses to the Homeowners' Association shall be enforceable in a court of competent jurisdiction; provided that the Owner is given notice and an opportunity for hearing before a decision to institute legal action is made by the Board; and

(e) Unless prohibited by law or any local or federal regulation, the Board shall have the right to

terminate the contract or to renegotiate the contract of any person or organization engaged by Declarant to perform management or maintenance duties after the Homeowners' Association assumes control of the Project from Declarant.

Section 18. Association Rules. The Association Rules shall govern such matters in furtherance of the purposes of the Homeowners' Association as the Board shall deem appropriate, including, without limitation, the use and enjoyment of the Units, Common Area, Homeowners' Association Common Area and facilities thereon, if any; 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 19. 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 or Homeowners' Association Common Area, and as allowed under ARTICLE VII, 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 the Owners as set forth in ARTICLE III, Section 4, of these Restrictions:

(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, that 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 expense 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.

(f) Preventing the sale of any Unit because of race, color, religion, national origin, ancestry, age, sex, marital status or family composition of any potential Buyer.

Section 20. 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 VI

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 or repairing 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. When a Special Assessment has been imposed, if the Owner so assessed defaults in the payment of the Special Assessment, the Board may proceed in accordance with ARTICLE VIII herein. The Owner may contest the imposition of a Special Assessment in a court of competent jurisdiction.

ARTICLE VII

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 VIII, 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 and Homeowners' Association Common Area (unless the cost of such repair and replacement is otherwise provided for in ARTICLE XIII 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 the Manager, accountants, attorneys and other employees; utilities, trash pick-up and disposal, gardening and other services benefiting the Common Area and Homeowners' Association 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 and Homeowners' Association 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, Homeowners' Association Common Area or portions thereof; amounts paid or incurred by the Homeowners' Association in collecting Assessments pursuant

to ARTICLE VIII hereof; expenses incurred by the Homeowners' Association for any reason whatsoever in connection with the Common Area and Homeowners' Association Common Area, including, but not limited to, maintenance, repair and painting of all structural components of the Project, as provided in ARTICLE V, Sections 10, 11 and 13 hereof; landscaping and maintenance of the Common Area and Homeowners' Association Common Area as provided in ARTICLE V, 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 or Homeowners' Association Common Area, including amounts expended to purchase a Condominium in connection with the foreclosure of an Assessment lien against such Condominium, or to purchase a Condominium for use by a resident manager. 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 or the Homeowners Association 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 first have the approval by vote or written consent of the Owners as set forth in ARTICLE III, Section 4, of these Restrictions.

Capital Improvement Assessments shall be due and payable at the times and in the amounts fixed by the Board.

(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 or the Homeowners' Association Common Area only as provided for in ARTICLE XIII 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) in accordance with ARTICLE VI hereof; or (ii)

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 Board. No Special Assessment shall become a lien on a Condominium until the Board provides the Owner with notice and an opportunity for a hearing as specified in the Bylaws.

(e) "Enforcement Assessment" shall mean a charge against a particular Owner and his Condominium, imposed upon such Owner and his Condominium by the Board for failure to pay Regular Capital Improvement, Reconstruction and/or Special Assessments as provided in this Declaration. No Enforcement Assessment shall become a lien on a Condominium until the Board provides the Owner with notice and an opportunity for hearing as specified in 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, Homeowners' Association Common Area and facilities thereon, the repair and maintenance of the landscaping and of the improvements on the Project, and discharge of any obligations or duties imposed on the Homeowners' Association or the Board by these Restrictions, including, but not limited to, ARTICLE V 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 for in these Restrictions.

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 Board 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 an Increment of 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 that Increment.

(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 the vote of fifty-one percent (51%) of the Owners, excluding the Declarant). 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 the prior approval of fifty-one percent of the Owners, excluding the Declarant is obtained. 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 Assessment. 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 vote or written consent of the Owners has been obtained as set forth in ARTICLE III, Section 4, of these Restrictions. 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 a majority 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 if the Condominium were owned by any other 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 would be levied against other Owners of the same Unit, nor shall Declarant be required to pay any Assessment for any Unit until it is Annexed into the Project by Declarant, and, after such Annexation, at least one (1) escrow has closed on a sale to a member of the public.

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, Homeowners' Association 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 "G". Capital Improvement Assessments and Reconstruction Assessments shall be levied pursuant to Exhibit "E", except as provided in ARTICLE XIII, Section 3(c). Enforcement Assessments and Special Assessments shall be levied against the Condominium Owners as provided in these Restrictions. The initial Regular Assessments, estimated as of March 19, 1981, are as follows:

TYPE A	\$ 55.60
TYPE B	\$ 64.19
TYPE C	\$ 68.48
TYPE D	\$ 77.11

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 VIII

DEFAULT IN PAYMENT OF ASSESSMENTS, FINES AND PENALTIES

Section 1. Personal Obligation of Assessments. 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, as provided for in ARTICLE VII, Section 5 above, stating the indebtedness secured by a 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.

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.

Section 3. Fines and Penalties. All fines and penalties imposed pursuant to ARTICLE V, Sections 17(c) and 18, and ARTICLE XI, Section 19, for violations of the governing documents and/or Association Rules, shall be separate, distinct and personal debts and obligations of the Owner of the Condominium against which the same are imposed, and shall be enforceable in a court of competent jurisdiction; provided, however, that the Board shall provide the Owner with notice, and an opportunity for a hearing, as provided in the Bylaws, before a decision to institute legal action is made by the Board.

ARTICLE IX

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 VIII 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 X

DELEGATION TO MANAGER

The Board may delegate any of its duties, powers or functions, including, but not limited to, the authority to give the certificate provided for in ARTICLE VIII hereof, (but only with the prior approval of a majority of the Board), but excluding the authority to give the subordination agreement provided for in ARTICLE IX hereof, and the right to conduct disciplinary hearings, to any person or firm, to act as Manager; provided that the Board's duty to provide notice and a hearing prior to the levy of Special Assessments set forth in ARTICLE VII, Section 2(d), may be delegated only to a committee of Owners. The following powers may not be delegated to the Manager:

- (a) Levy fines, hold hearings or impose discipline;
- (b) Make capital expenditures; and
- (c) File suit, record a claim of lien or foreclosure for failure to pay Assessments.

Any delegation by the Board to the Manager shall be revocable by the Board.

The members of the Board shall not be liable in excess of any insurance coverage provided by the Homeowners' Association for any omission or improper exercise by the Manager of any such duty, power or function so delegated. In the absence of any appointment, the Chairman of the Board shall act as Manager. No employment contract with such Manager shall be for a period longer than one (1) year without the prior approval of the Owners as set forth in ARTICLE III, Section 4, of these Restrictions.

ARTICLE XI

USE OF UNITS, HOMEOWNERS' ASSOCIATION COMMON AREA AND COMMON AREA

The Units, Homeowners' Association Common Area 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; provided, however, that until the Project is entirely sold to individual Condominium purchasers, Declarant may use any unsold Units owned by Declarant as sales models.

Section 2. Storage. There shall be no obstruction

of the Common Area or Homeowners' Association Common Area. Nothing shall be stored in the Common Area, Patios, Balconies or Homeowners' Association Common Area without the prior consent of the Board, except for normal household storage in designated Storage Spaces or, in the case of authorized vehicles, in assigned or deeded Parking Spaces.

Section 3. Insurance Restrictions. Nothing shall be done or kept in any Unit or in the Common Area or Homeowners' Association Common Area which will increase the rate of insurance on the Common Area, Homeowners' Association 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 or Homeowners' Association Common Area which will result in the cancellation of insurance on any Unit or any part of the Common Area or Homeowners' Association Common Area or which would be in violation of any law; no waste shall be committed in the Common Area or Homeowners' Association 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, Homeowners' Association Common Area or the Common Area. Separate water stops shall be provided and maintained for each fixture in each Unit. No major power tools or other power-consuming devices shall be operated in the Parking Spaces or other portions of the Homeowners' Association Common Area or 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, Homeowners' Association Common Area 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 control of the Board regarding placement, size and content. Declarant shall have the right to maintain unlighted, nonmoving signs in connection with the operation of its sales models and the conduct of selling activities in connection therewith; provided that such signs shall immediately be removed upon the sale of all Condominiums in the Project.

Section 6. Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit, in the Homeowners' Association Common Area 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, in the Board's sole discretion, causes excessive noise or otherwise creates a nuisance. The Board may order the

immediate removal of any pet which, in the Board's sole discretion, causes a severe nuisance and/or danger to other Owners, provided that notice and an opportunity for a hearing will then be afforded the Owner within a reasonable time after said removal.

Section 7. Nuisance. No noxious activity shall be carried on in any Unit or in the Common Area or Homeowners' Association Common Area, nor shall anything be done therein which is so unreasonable as to become a nuisance to the other Owners.

Section 8. Structural Alterations. Nothing shall be altered or constructed in, placed or stored in or removed from the Common Area, Patios, Balconies or Homeowners' Association Common Area, 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. Combination of Units. Contiguous Units may be combined for use as a single residence with the Board's prior approval. Before the Board shall consent to any such combination (except for combinations accomplished by Declarant prior to the conveyance of all Condominiums), it shall first receive and give its approval of:

- (a) Architectural plans;
- (b) A certificate of a structural engineer licensed in the State of California and approved by the Board stating that those portions of the Common Area affected by the proposed combination are not required for structural support;
- (c) A bid by a contractor licensed in the State of California and approved by the Board setting forth the cost to make the proposed combination and the time within which the combination could be completed;
- (d) A bond naming the Board as an obligee (or other security approved by the Board) to assure the prompt completion of the combination in a workmanlike manner free of mechanics' liens;
- (e) All building and other government permits required for the construction; and
- (f) A certificate by electrical and plumbing contractors licensed in the State of California setting forth in detail the effect the proposed combination would have on any plumbing and wiring within the Common Area to be affected by the proposed combination.

The Owner of such combined Units shall be entitled to the votes and shall be obligated to pay the Assessments on each of the owned Units in the same manner as if they had not been combined.

The Board shall permit reconstruction of such Units as independent Units in conformance with the Plan, upon the Board's receipt and approval of items (a) through and including (f) above; no Unit shall be independently conveyed, leased or transferred as an independent Unit unless and until such reconstruction has been accomplished.

Any Owner of two (2) or more Units in the Project when it is still the subject of an outstanding public report shall immediately report to the Real Estate Commissioner relevant details concerning any material change in the Project itself or in the program for marketing the individual Condominiums. A material change in the Project or in the offering shall include, but shall not be limited to, any change in the configuration of the Condominiums being offered for sale from the configuration according to the subdivision map or parcel map upon which the current public report for the Project was based.

Section 10. Parking. Assigned or deeded Parking Spaces shall be used solely for parking and storage of automobiles. No boats, trailers, campers, golf carts or other recreational vehicles shall be parked or stored in assigned or deeded Parking Spaces without the written approval of the Board. No vehicle may be parked in or on any other part of the Common Area or Homeowners' Association Common Area. No part of the Project shall be used for repair, maintenance (including oil changes), washing, construction or reconstruction of any vehicle, boat or any other item; inoperative vehicles shall not be stored or parked on the premises.

Section 11. Encroachments. Unless otherwise expressly provided in these Restrictions or in the Deed, the existing physical boundaries of a Unit shall be conclusively presumed to be its boundaries, rather than the metes and bounds expressed in the Deed or Plan, regardless of settling or shifting of structures. 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 so 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 12. 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, Homeowners' Association Common Area or any Unit located in such a manner as to be visible from the outside, except by written consent from the Board. No person shall walk on any roof without the prior consent of the Board except for areas constructed for such use, if any.

Section 13. Window Coverings. All drapes and other window coverings installed in the Units shall have an exterior surface or lining as designated by the Board in the Association Rules; such Association Rules shall require maintenance of a uniform color and appearance of the exterior view of the windows in the Project. Any drapes and other window coverings installed with Board approval may remain for the useful life thereof, regardless of a change in the Association Rules, unless the Board compensates the Owner for the pro rata remaining value of such window coverings.

Section 14. Occupancy.

(a) Units shall not be permanently occupied by more than the following:

- (i) One-bedroom Units - two (2) persons;
- (ii) Two-bedroom, One-bath Units - four (4) persons;
- (iii) Two-bedroom, One and one-half bath Units - four (4) persons;
- (iv) Three-bedroom Units - five (5) persons;

without the written approval of the Board. The Board may establish uniform rules regarding definitions of permanent and temporary occupancy, permitted stays by guests and exceptions for health purposes.

(b) There shall be no restriction of occupancy based on race, color, religion, national origin, ancestry, marital status, age, sex or family composition of Owners, potential Owners, or their lessees or guests.

Section 15. Limited Use Exceptions. That portion of Section 6 above relating to pets within the Project shall not apply to the occupancy by an existing tenant in the Project who purchases a Condominium or remains as a tenant after sale of his Unit, to the extent that such tenant's occupancy prior to the sale of the Unit is in conflict with such provision. To alleviate the hardship which would otherwise be imposed upon the tenants in the Project as of the date of recordation of these Restrictions, their personal occupancy as described above may continue as a limited exception to such provision in the same manner as their occupancy was allowed prior to recordation of these Restrictions.

Section 16. Water Beds. No water beds shall be used or installed on floor levels located above any other Unit without the prior written approval of the Board. The Board may establish Association Rules, applicable to Units located above other Units, regarding quality of

materials and method of installation of water beds, if approved.

Section 17. Floors. There shall be no alteration of the floor coverings which will result in an increase in sound transmission into any other Units. Only soft-cover floors may be installed on floor levels located above and adjacent to any other Unit, except for replacement of any hard coverings in kitchens or bath areas which were originally sold by Declarant with such hard coverings.

Section 18. 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 Owner who violates Association Rules shall be subject to fines and penalties in a reasonable amount as provided in ARTICLE V, Section 17(c). Such fines and penalties shall not be subject to the lien provisions of ARTICLES VII and VIII, but may be enforced pursuant to the provisions of ARTICLE VIII, Section 3.

Section 19. Homeowners' Association Common Area.

(a) Title to Homeowners' Association Common Area. At any time prior to the conveyance of the first Condominium in the Project, Declarant shall convey to the Homeowners' Association fee simple title to the Homeowners' Association Common Area within the boundaries described in Exhibit "A", free and clear of all liens and encumbrances, except current real property taxes, which taxes shall be prorated to the date of transfer, and reservations, easements, covenants, conditions and restrictions then of record, including those set forth in these Restrictions.

(b) Owners' Easements of Enjoyment. Subject to the provisions of subsection (c) hereinafter, every Owner shall have a right and easement of access, use and enjoyment in and to the Homeowners' Association Common Area and such easement shall be appurtenant to and shall pass with the title to every Condominium.

(c) Limitations on Owners' Easements. The rights and easements of access, use and enjoyment created hereby shall be subject to and limited by the following:

(i) The right of the Homeowners' Association in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Homeowners' Association Common Area and facilities thereon, if any, and in aid thereof, to deed in trust said Homeowners' Association Common Area; provided, however, that the rights of any beneficiary under such deed of trust shall be subordinate to the rights of the Owners;

(ii) The right of the Homeowners' Association to take such steps as are reasonably necessary to protect the Homeowners' Association Common Area against foreclosure;

(iii) The right of the Homeowners' Association, as provided in its Bylaws, to suspend the voting rights and/or the use and enjoyment rights of any Owner to recreational or social facilities within the Homeowners' Association Common Area for any period during which any Assessment against his Condominium remains unpaid and delinquent, and for a period not to exceed thirty (30) days for any infraction of these Restrictions, the Bylaws or the Association Rules;

(iv) The right of the Homeowners' Association to dedicate or transfer all or any part of the Homeowners' Association Common Area to any public agency, authority or utility or any other entity for such purposes and subject to such conditions as may be agreed to by the Board; provided, that except for the granting of easements for public utilities or for other public purposes consistent with the intended use of the Homeowners' Association Common Area no such dedication or transfer shall be effective unless approved by the Owners as follows:

(1) If two (2) Classes of Owners exist, the vote or written consent of not less than sixty-six and two-thirds percent (66 2/3%) of the voting power residing in each Class of Owners; and

(2) If there has been a conversion of Class "B" to Class "A" shares, the vote or written consent of not less than sixty-six and two-thirds percent (66 2/3%) of the voting power residing in all Owners, including Declarant, and the vote or written consent of not less than sixty-six and two-thirds percent (66 2/3%) of the voting power residing in all Owners, excluding Declarant.

(v) The right of the Homeowners' Association to establish and enforce reasonable Association Rules pertaining to the use and enjoyment of the Homeowners' Association Common Area and the facilities thereon;

(vi) The right of the Homeowners' Association to limit the number of guests of Owners and to limit the use of the Homeowners' Association Common Area by persons not in possession of a Condominium, but owning a portion or all of the interest in a Condominium;

(vii) The right of the Homeowners' Association to reasonably restrict use of portions of the Homeowners' Association Common Area to specified hours of operation;

(viii) The right of the Homeowners' Association to reasonably restrict entry to the Homeowners' Association Common Area or portions thereof by the establishment and maintenance of fences and gates;

(ix) The right of the Homeowners' Association to charge uniform reasonable admission and other use fees for the use of any facility (except drives and sidewalks) situated upon the Homeowners' Association Common Area;

(x) The right of the Homeowners' Association to perform its duties and exercise its power as specified in these Restrictions; and

(xi) Other restrictions on use and rights of the Homeowners' Association, the Board, the Owners and Declarant with respect to the Homeowners' Association Common Area as may be provided for in these Restrictions.

(d) Delegation of Use. Subject to the limitations of subsection (c) of this Section, any Owner may delegate, in accordance with the Bylaws, his right of use and enjoyment to the Homeowners' Association Common Area and facilities to the members of his family, his tenants and contract purchasers who reside in his Condominium.

Section 20. 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 21. 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 XII

ENTRY FOR REPAIRS

The Board or its agents may enter any Unit when necessary in connection with any maintenance, construction, or other emergency repair 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 expenses may be reimbursed by the Owner(s) where Special, Capital Improvement or Reconstruction Assessments are justified as set forth in ARTICLE VII herein. Such expense may be assessed against the Owner of the Unit by Special Assessment only after notice and the opportunity for a hearing have been provided the assessed Owner prior to such Assessment and entry. 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 XIII

DAMAGE AND DESTRUCTION

Section 1. General. If any of the buildings 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 two (2) or more Units or extends to any part of the Common Area or Homeowners' Association Common Area, the provisions of Sections 2 and 3 of this ARTICLE XIII 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 XIII. The Board shall thereupon contract to repair or rebuild the damaged portions of all Units, Homeowners' Association Common Area 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 Board'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 Board fails 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:

(1) By the vote or written consent of not less than sixty-six and two-thirds percent (66 2/3%) of each Class of Owners, elect to reject all of such bids and thus not to rebuild. After the conveyance of Class "B" to

Class "A" shares, this action shall require the vote or written consent of sixty-six and two-thirds percent (66 2/3%) of all Owners, including Declarant, but not less than sixty-six and two-thirds percent (66 2/3%) of the Owners other than Declarant.

(11) By the vote of the Owners as set forth in ARTICLE III, Section 4, of these Restrictions, 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 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 fails 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 Manager or 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 XIII of these Restrictions and that a copy of such sworn declaration has been served on the Owners pursuant to the provisions of ARTICLE XV, Section 9 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 Manager or the Board shall record (or if they do not, any Owner or Mortgagee of any Owner shall record) a sworn declaration setting forth such decision and reciting that under the provisions of these Restrictions the prohibition against judicial partition provided for in ARTICLE XV, Section 8 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 XIII cannot be amended without the written consent of seventy-five percent (75%) of the Owners, including the unanimous consent of all Owners adversely affected thereby.

ARTICLE XIV

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 or Homeowners' Association 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 and Homeowners' Association 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 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 Homeowners' Association Common Area and is less than ten percent (10%) of the value of all the Project Common Area and Homeowners' Association 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 Homeowners' Association Common Area and is in excess of ten percent (10%) of the value of all the Project Common Area and Homeowners' Association 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. appraiser(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 or Homeowners' Association 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 the Board and to all Owners so affected 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.

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In the event of any dispute concerning the existence of a conflict of interest of such a magnitude as to justify separate counsel to represent all or some of the Owners, the disputant Owners and the Association shall each choose one arbitrator, and such arbitrators shall choose one additional arbitrator and the dispute shall be resolved by arbitration. The decision of a majority of all the arbitrators shall be final and conclusive of the question involved. The costs of arbitration shall be borne one-half (1/2) by the Association and one-half (1/2) by the disputant Owners.

ARTICLE XV

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 or Homeowners' Association 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 vote or written consent of the Owners, as set forth in ARTICLE III, Section 4, of these Restrictions.

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 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 (\$75,000.00).

(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 first obtaining the written consent of the City of Concord and second obtaining an instrument in writing, signed and acknowledged by record Owners holding seventy-five percent (75%) of each Class of votes hereunder; provided, however, that the percentage of the voting power of each Class necessary to amend, change, alter, add to, reduce, terminate, abandon, repeal and/or replace a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. Said instrument shall be effective upon recordation in the Office of the Recorder of the County of Contra Costa.

If the two-Class voting structure is no longer in effect because of the conversion of Class "D" to Class "A", these Restrictions may be amended, changed, altered, added to, reduced, terminated, abandoned, repealed and/or replaced by first obtaining the written consent of the City of Concord and second obtaining the vote or written consent of Owners representing seventy-five percent (75%) of the total voting power of the Homeowners' Association, including the vote or written consent of at least seventy-five percent (75%) of Owners other than Declarant; provided, however, that the percentage of the voting power necessary to amend, change, alter, add to, reduce, terminate, abandon, repeal and/or replace a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause, including the specified percentage of the votes of Owners other than Declarant.

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 to Declarant and/or Mortgagees, except by an instrument executed and acknowledged by such Declarant and/or Mortgagees, as appropriate.

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. Annexation of Additional Property. Additional real property described in Exhibit "B" may be Annexed subject to the terms and conditions of Exhibit "D".

Section 7. Limitation of Liability. The personal liability of any Owner for performance of any of the provisions hereof shall terminate upon sale, transfer, assignment or other completed 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 8. 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 XIII or XIV 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 9. 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 seventy-two (72) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed to each Member at the address given by the Member to the Board for the purpose of service of such notice or to the Unit of the Member if no address has been given. Such address may be changed from time to time by notice in writing to the Board.

Section 10. Gender. As used herein, masculine pronouns shall include feminine pronouns where appropriate, and the singular shall include the plural where appropriate.

Section 11. Declarant's Right of Purchase. Any Owner who purchased a Condominium under the preferential tenant program, and who desires to sell his Unit within one (1) year from the date of close of escrow of his Unit, must first offer his Unit to Declarant for sale at a price equal to the original purchase price plus one-half of one percent (0.5%) for every month the Unit was held by the

tenant-purchaser.

The foregoing shall not apply to Owners who have obtained a written waiver from the City of Concord verifying that said Owner has a bona fide need to sell his Unit for other than speculative purposes.

Section 12. Government Access. Officers, agents or employees of any governmental department or bureau shall have the right of immediate access to all Common Area for reasons of public health, safety and welfare, except where such Common Area is accessible only through a Unit.

Public Utility access easements for installation, maintenance and public service shall be provided for fire protection, water, storm drainage, sanitary sewers, gas, electricity, Cable TV and telephones.

ARTICLE XVI

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 one (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 or Homeowners' Association 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:

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

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

(111) 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 or Homeowners' Association 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 Homeowners' Association 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), or of the Class "A" Owners (excluding the Declarant) 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 or Homeowners' Association Common Area. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area and Homeowners' Association 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 or Homeowners' Association 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.

ARTICLE XVII

DECLARANT'S DEVELOPMENT RIGHTS

Notwithstanding any of the provisions herein contained, other than limitations imposed by appropriate government agencies having jurisdiction, Declarant expressly retains unalterable rights to develop and sell the Project properties, and all other real property owned by Declarant in the County of Contra Costa, State of California, described in Exhibit "B", or any portion thereof; to amend these Restrictions prior to the close of escrow of the first Unit in the first Increment, and in other Increments prior to the close of the first escrow therein, provided such amendment applies to that Increment only; to increase or decrease the number of Units which may be Annexed herewith; and to change floor plans, exterior appearance, landscaping, and any other matter directly or indirectly connected with the Project in the manner deemed desirable by Declarant; provided, however, that Declarant has or shall obtain government consents where required by law, including, where appropriate, the consent of the Department of Real Estate; and provided further that the exercise of any right or easement shall not unreasonably interfere with the use and enjoyment of the Common Area or Homeowners' Association Common Area by the Owners.

These Restrictions shall not in any manner constitute a limitation on Declarant's title rights to other real property prior to Annexation herein, nor shall they impose

any obligation on Declarant or any other person or entity to improve, develop or Annex any of the real property described in Exhibit "B".

Nothing in these Restrictions shall limit the right of Declarant to commence and complete work on the Project.

The rights of Declarant under these Restrictions may be assigned to any successor(s) to all or part of said entity's respective interest in the Project properties and Exhibit "B" real property, by an express assignment incorporated in a recorded deed, option or lease, as the case may be, transferring such interest to such successor. These Restrictions shall not limit the right of Declarant at any time prior to acquisition of title by a purchaser from Declarant to establish on any part of the Project additional licenses, reservations and rights-of-way to itself, to utility companies or to others as may, from time to time, be reasonably necessary to the proper development and disposal of the Project properties and Exhibit "B" real property.

Declarant may use any of the Units, Homeowners' Association Common Area and Common Area within the Project owned by it for model and sales office purposes and incidental parking and for any other purpose for which Declarant may use the Common Area or Homeowners' Association Common Area as provided in this ARTICLE. Declarant shall have the right and easement to enter upon, use and enjoy and designate and permit others (including without limitation, Declarant's agents, employees, representatives, contractors and prospective purchasers) to enter upon, use and enjoy the Common Area and Homeowners' Association Common Area, including but not limited to, all streets, sidewalks, recreation facilities and open area, for any purpose in connection with or incidental to (a) the construction, development, sale, lease or other transfer of property within or adjacent to the Project and Exhibit "B" real property (including without limitation the erection, construction and maintenance of displays, sales offices and incidental parking, exhibits, signs and other structures), (b) the management, operation or maintenance of the Project and Exhibit "B" real property, and/or (c) the exercise of any rights or powers granted hereunder to Declarant; provided, however, that the exercise of such right and easement shall not unreasonably interfere with the reasonable use and enjoyment of the Common Area or Homeowners' Association Common Area by the Owners.

IN WITNESS WHEREOF, the undersigned have executed

10301-30A

this instrument this 27 day of APRIL, 1981.

"Declarant"

MONUMENT-3: I.F. II,
a general partnership

By DONALD W. LINDSEY, INC.,
a California corporation
By Donald W. Lindsey
DONALD W. LINDSEY, President

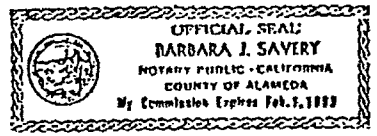
By JACK F. GALLAGHER, INC.,
a California corporation
By Jack F. Gallagher
JACK F. GALLAGHER, President

By DYTBA, INC., a California
corporation
By Samuel P. Young
SAMUEL P. YOUNG, President
By James B. Davis
JAMES B. DAVIS, Secretary

STATE OF CALIFORNIA)
COUNTY OF Alameda) SS.

On this 27 day of April, 1981, before me,
Barbara J. Savery a Notary Public in and for
said County and State, residing therein, duly commissioned
and sworn, personally appeared DONALD W. LINDSEY, President
of DONALD W. LINDSEY, INC., a California corporation, JACK
F. GALLAGHER, President of JACK F. GALLAGHER, INC., a
California corporation, and SAMUEL P. YOUNG and JAMES B.
DAVIS, President and Secretary, respectively, of DYTBA,
INC., a California corporation, known to me to be all the
general partners of MONUMENT-3: I.F. II, a general
partnership, the partnership which executed the within
instrument, and they acknowledged to me that such partnership
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.



Barbara J. Savery
Notary Public in and for
said County and State

(CONSENT AND SUBORDINATION

10301 385

The undersigned, Amalgamated Services Company, a corporation, as Trustee under that certain Deed of Trust dated November 1, 1980, recorded November 4, 1980, Book , Page , Series 80-150764, Official Records of the County Recorder of the County of Contra Costa, executed by Herbert B. L.F.P. as Trustor, with U.D. Finance Corp. N.A. 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.

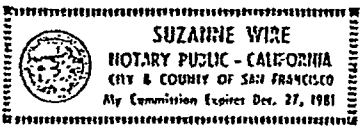
IN WITNESS WHEREOF, the undersigned have executed this Consent and Subordination this 30th day of April, 1981.

Louis F. Collins
VICE PRESIDENT
Herbert B. L.F.P.
Assistant Secretary

STATE OF CALIFORNIA)
COUNTY OF San Francisco) ss.

On this 30th day of April, 1981, before me, Suzanne Wire, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared Louis F. Collins and Herbert B. L.F.P., known to me to be the Vice President and Assistant Secretary 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.



Suzanne Wire
Notary, Public in and for said County and State

EXHIBIT "A"

All that real property situated in the City of Concord, County of Contra Costa, State of California, lying within Increment I (Lot 1), including the Homeowners' Association Common Area (Lot 4) of the subdivided lands, as shown on Exhibit "F" hereof, which also constitutes Lots 1 and 4 of the real property described on that Subdivision Map entitled "Taxco Condominiums, A Condominium Project", filed in the Office of the Recorder of Contra Costa County, California, on November 7, 1980, in Book 247 of Maps at Page 15, Series 80-150-963.

EXHIBIT "B"

10301 PAGE 387

All that real property situated in the City of Concord, County of Contra Costa, State of California, lying within Increments II and III (Lots 2 and 3) of the subdivided lands, as shown on Exhibit "F" hereof, which also constitute Lots 2 and 3 of the real property described on that Subdivision Map entitled "Taxco Condominiums, A Condominium Project", filed in the Office of the Recorder of Contra Costa County, State of California, on November 7, 1980, in Book 247 of Maps at Page 15, Series 80-150-963.

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A. P. NO. _____

EXHIBIT "C"

GRANT DEED

I

MONUMENT-3: I.F. II, a partnership, (hereinafter called "Grantor"), grants to _____ (hereinafter called "Grantee"), Condominium Number _____ in Taxco Condominiums, consisting of that real property located in the City of Concord, County of Contra Costa, State of California, described as follows:

PARCEL A:

Unit _____, including the Patio/Balcony No. _____, as shown on that 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(s) No.(s). PS-_____ and Storage Space No. SS-_____ in Increment _____, as shown on the Plan [, whether or not Increment _____ is Annexed into the Project]. [Delete if inapplicable.]
3. Nonexclusive easements for ingress and egress over the private streets and walks of the Unannexed Increments as such Increments are shown on the Plan, for reasonable ingress and egress to the Project, so long as needed or until Annexation, whichever occurs first.
4. Nonexclusive easements and rights of use of the Homeowners' Association Common Area and facilities thereon, delineated as Lot 4 on the Subdivision Map described in IIIB hereof, as provided in the Restrictions.

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

PARCEL C:

An undivided _____ percent (_____ %) interest as tenant-in-common in and to the Common Area, for Increment _____, as shown on the Plan, subject to the provisions of the Restrictions.

Excepting and reserving, however, the following:

1. Nonexclusive easements appurtenant to all Units for support and repair;
2. Exclusive easements appurtenant to each Unit for use of Parking Spaces not granted herein, for use of the other Units, as shown on the Plan, and the exclusive right of the Board to control or license the use of other Parking Spaces not assigned or deeded by Declarant;
3. Nonexclusive easements appurtenant to the Unannexed Increment(s) _____ for use of the Common Area, Homeowners' Association Common Area and facilities, and utility systems and services in Increment _____ as provided in Exhibit "D" of the Restrictions;
4. Reserved development rights of the Declarant as provided in the Restrictions;
5. Nonexclusive easements appurtenant to all government agencies having jurisdiction for access to the Common Area and Homeowners' Association Common Area for the purpose of preserving the public health, safety and welfare; and
6. Nonexclusive easements over the private paths and roadways of the Project, appurtenant to all government agencies having jurisdiction for the utility easements as delineated on the Subdivision Map.

PARCEL D:

Together with nonexclusive easements appurtenant to the Common Area through each Unit, Parking Space and Storage Space 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, and 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", "Homeowners' Association
Common Area", "Parking Space", "Storage Space", "Patio",
"Balcony", "Plan", "Increment", "Annexation" and "Project"
each have the same meaning as in the Restrictions.

B. "Restrictions" means that Declaration of Covenants,
Conditions and Restrictions Establishing a Plan of Condominium
Ownership for Taxco Condominiums executed by Grantor on
_____, 1981, and recorded in the Office of the
Recorder of the County of Contra Costa, State of California,
as Book _____, Page _____, Official Records, Series No.
_____ and following; the Restrictions apply to Increment(s)
_____ of the subdivided property set forth on that
Subdivision Map entitled "Taxco Condominiums, A Condominium
Project", filed in the Office of the Recorder of the
County of Contra Costa, State of California, on
_____, 1981, in Book _____ of Maps, at Page
_____, Series _____, which is also described in Exhibit
"F" of the Restrictions.

IV

This Deed is made and accepted subject to all the
provisions contained in that certain document defined
herein as "Restrictions", all of which is incorporated
herein by reference with the same effect as though fully
set forth herein.

IN WITNESS WHEREOF, the undersigned have executed
the within Deed this _____ day of _____, 19__.

MONUMENT-3: I.F. I.,
a general partnership

By _____

By _____

[ACKNOWLEDGEMENT]

The undersigned Grantee, hereby accepts the foregoing
Deed subject to all of the terms, conditions and restrictions
contained therein.

Grantee

[ACKNOWLEDGEMENT]

12-10-81 10:30 AM 339

PLAN OF ANNEXATION

(1) Development Plan. Declarant intends to convert to Condominium ownership the real property described in Exhibit "A" of the Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership for Taxco (hereinafter referred to as "Restrictions") in one (1) stage, and the real property described in Exhibit "B" thereof in two (2) stages; the three (3) stages are herein referred to as Increments I, II and III, respectively. The initial development consists of fifty-four (54) Units, Common Area and Homeowners' Association Common Area, all within the boundaries of the real property identified on Exhibit "A" of the Restrictions as Increment I. The Restrictions shall apply only to Increment I; Increment I shall constitute the entire Project subject to the conditions hereinafter set forth unless and until Increments II and/or III are Annexed with Increment I as hereinafter set forth. Increments II and III, if Annexed, will contain forty-six (46) and forty-eight (48) Units each, respectively, and Common Area.

Increment I shall include the Homeowners' Association Common Area and all improvements thereon; title to said Homeowners' Association Common Area shall be vested in the Homeowners' Association on or before close of escrow on the sale of the first Condominium.

If, after Increment I has been marketed (or at any other time), Declarant determines in its sole discretion that the demand for Condominiums in Contra Costa County justifies further sales, Declarant may sell and Annex the real property described in Exhibit "B" of the Restrictions as Increments II and III. The sale of Increment I shall not obligate Declarant to sell or Annex Increments II or III. Increments II and III shall not become a part of this Project or be subject to the Restrictions until Annexed with Increment I as hereinafter set forth. Declarant may Annex in any combination or sequence deemed desirable by Declarant.

(2) Declarant's Development Rights. To facilitate conversion of the Project in an orderly manner, nothing in these Restrictions shall be construed to:

(a) Prevent Declarant, its representatives, contractors or subcontractors from doing on the Project, or any Increment, whatever is reasonably necessary or advisable in connection with the completion of the conversion, establishing said property as a residential community and disposing of the same by sale, lease or otherwise;

(b) Interfere with Declarant's operation as

apartments of the Unannexed Increments II and III until Annexation occurs (if ever); or

(c) Unreasonably interfere with any Owner's reasonable use and enjoyment of the Common Area or Homeowners' Association Common Area.

(3) Annexation - Increments I, II and III. For the purpose hereof, Annexation with respect to Increments I, II and III as described in Exhibits "A" and "B" of the Restrictions shall mean the procedure by which an Increment is made a part of the Project and subject to these Restrictions, by Declarant, as hereinafter set forth.

(a) Effectuation of Annexation of Increments. Annexation shall take effect with respect to Increments I, II and III upon recordation by Declarant of Declaration(s) of Annexation, similar to the form attached hereto as Exhibit "D-1", particularly describing Increments II and III as the real property to be Annexed.

The effectuation of Annexation shall be governed by the provisions of paragraph 3(f) hereof.

(b) Effective Annexation of Increments. From and after an effective date of Annexation in accordance with the provisions of paragraph (3)(a) hereof, the following consequences shall ensue:

(1) Conveyance. On or before close of escrow on the sale of the first Condominium in Increment I, and on or before recordation of the Declaration of Annexation for Increments II and/or III, respectively, Declarant shall convey to Western Title Insurance Company, Concord, California, as Trustee, that portion of the Undivided Interest in the Common Area of that Increment which would otherwise remain in the Declarant's ownership after conveyance of all Condominiums in that Increment (hereinafter referred to as "Remaining Undivided Interest"). The Trustee shall hold such property until the Annexation of each remaining Increment (or expiration of the right to Annex) and shall convey the specified percentage of Undivided Interest to the Condominium Owners in successfully Annexed Increments in accordance with Exhibit "E"; it is intended that each Condominium will thus own the percentage of Undivided Interest specified in Exhibit "E" for the entire Project, consisting of all Increments, if all Increments are Annexed.

The foregoing shall have no effect on the Unannexed Increments; Declarant shall retain fee title to all the real property therein, unless and until Annexation occurs. On or before recordation of the Declaration of Annexation, Declarant shall grant, by Master Grant Deed, the percentage of Undivided Interest in the Common Area of the Annexing Increment(s) to the Condominium Owners of all Condominiums previously made a part of the Project, in the percentages specified in Exhibit "E".

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If for any reason the Declarant or Trustee fail to convey as hereinabove required, the recordation of the Declaration of Annexation shall conclusively be deemed an automatic grant of the appropriate Remaining Undivided Interest in the Common Area required above and shall be deemed an automatic grant of such percentage of Undivided Interest in the Annexing Increment to each Owner of a Condominium previously made a part of the Project, as specified in Exhibit "E".

(ii) Ownership and Use of Common Area.

The Owners in Condominiums in Increment I and any Annexed Increment shall own an Undivided Interest as tenants-in-common in and to the Common Area of the Project as it then exists. The percentage Undivided Interest of each Condominium Owner is set forth in Exhibit "E", which Undivided Interest shall be increased to include the same percentage of Undivided Interest in the Common Area of each Annexing Increment, if and when each Annexation occurs. All Owners of Units in Annexed Increments shall have equal rights of the use of all common facilities included within the Project, including the Annexed Increments, and shall be treated the same as if all of said Annexed Increments had been developed at the same time as one Condominium Project. The easements and rights to use the Homeowners' Association Common Area shall apply equally to Owners in all Annexed Increments.

Upon Annexation, the Undivided Interest conveyed with the Units in Increment I shall be conclusively deemed to include the Common Area structures and improvements in the Annexing Increments, as if the Annexing Increments had been developed and conveyed at the same time as Increment I.

(iii) Assessment. The Condominiums in the Project after each Annexation shall be Assessed, commencing with the first day of the month following the date of the close of the first escrow in such Increment, pursuant to Exhibit "G" of the Restrictions. Notwithstanding the foregoing, however, the Condominiums in the Annexing Increment shall not be Assessed nor shall they have any obligation with respect to the debts, deficits or obligations of the Condominiums in Increment I and/or other Increments previously Annexed existing at the effective date of Annexation. Assessments shall be reassessed after each Annexation, pursuant to Exhibit "G". Annexation shall not cause an increase in the Assessment for Increment I Owners (or Owners in other Increments previously Annexed) by more than twenty percent (20%) of the estimated Regular Assessment per Condominium unless approved by the vote or written consent of the Owners, as provided in ARTICLE III, Section 4, of these Restrictions. Assessments must commence for Increment II not later than one (1) year after they commence in Increment I, or upon the sale of the first Unit in Increment II, whichever shall occur first; Assessments shall commence for Increment III not later than two (2) years after they commence in Increment I, or upon the sale of the first Unit in Increment III, whichever occurs first.

(iv) Voting. The Class "A" Owners of

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Condominiums in the Project, after each Annexation and the commencement of Assessments pursuant to (iii) above, shall have an equal vote, one (1) vote for each Condominium. The Class "B" Owners shall have three (3) votes for each Condominium owned in all of Increments I, II and III.

(v) Election of the Board. At the annual meeting of the Owners following Annexation of an Increment and at all subsequent meetings, the Board to be elected shall govern all of the Project. At a special meeting called for that purpose after Annexation of any Increment, the Owners may remove the existing Board and elect a Board to govern the Project until the next annual meeting. Proceedings for calling and holding such meetings shall be set forth in the Restrictions and Bylaws, including those provisions for minority representation by Class "A" Owners.

(vi) Interpretation. For the purposes hereof, all of the Project, including Increment I and all Annexed Increment(s), shall be treated as a part of a Condominium Project developed as a whole from the beginning, except to the extent expressly otherwise provided herein. It is the purpose hereof to provide that, from and after the date of Annexation, all Annexed Increment(s) and Increment I shall be treated as though they had been developed, divided into Condominiums, held, owned, occupied, maintained and used by the Owners thereof as a single, undivided Project.

(c) Effect of No Annexation of Increments. If Declarant does not effect an Annexation as provided in paragraph (3)(a) hereof, by reason of Declarant's failure to Annex either Increment II or III as provided herein, the following consequences shall ensue as to such Unannexed Increment(s):

(i) Conveyance. If Annexation of any Increment(s) does not occur prior to the expiration of the right to Annex as herein provided, the Remaining Undivided Interest in each of the previously conveyed and/or Annexed Increments constituting the Project shall be conveyed proportionately to each of the Owners in such Increment, so that they together own one hundred percent (100%) of the Common Area in the Project. Such conveyance shall be by Master Grant Deed executed by the Trustee, and by automatic vesting in the event of any failure to so convey.

(ii) Effect of Conveyance. The effect of the delivery and recordation of such Master Grant Deed, and/or such automatic vesting, shall be that the Condominium Owners in Increment I, and any Annexed Increment, shall own one hundred percent (100%) of the Undivided Interest in the entire Project (excluding, of course, the Homeowners' Association Common Area Lot), as it then exists. The automatic conveyance to each of the Owners shall be of an amount proportionate to each Owner's existing interest, so that the relative ownership positions of the various Condominium Owners shall not change as among each other. The proportionate percentages which will be owned by the Annexed Increment Owners are set forth in Exhibit "E".

(iii) Assessments. The Condominiums in the Project as it then exists shall be Assessed as provided in Exhibit "G" of the Restrictions.

(iv) Voting. The Class "A" Owners of Condominiums in Increment I, and any Unannexed Increment(s), shall each have an equal vote for each Condominium owned by such Owners; the Class "B" Owners shall have three (3) votes for each Condominium owned by such Owners, unless multiple voting rights have terminated pursuant to these Restrictions.

(v) Interpretation. For the purposes hereof, Increment I, and any Unannexed Increment(s), shall be treated as a single Project developed as a whole from the beginning and shall be treated as if the Plan for the Annexation of the Unannexed Increment(s) had never existed, and that Increment I, and any Unannexed Increment(s) were and are the entire Condominium Project.

(d) Assignability. Declarant expressly reserves the right to assign its right to Annex Increments as herein provided until the right to Annex expires as herein provided. After expiration of the right to Annex, the right to assign shall also expire.

(e) Common Area Inseparability. Wherever provision is made herein for an additional conveyance of Common Area to an Owner, as the right to Annexation expires, or as Annexation occurs, that additional Undivided Interest in the Common Area shall become inseparable from the original conveyance of Common Area and shall run with the Condominium. For example, if the original Grantee ("A") of a Condominium in Increment I sold his Condominium to another ("B"), and thereafter the right to Annex an Increment expired with Annexation not occurring, and the interest of such Condominium in the Common Area was increased pursuant to delivery and recordation of the Master Grant Deed and/or the automatic vesting therein provided for, the additional interest in the Common Area would inure to "B" and not to "A". If "B" were a purchaser at a Trustee's sale, or other means of foreclosure, "B" would still receive the increased interest; "A" would not. A lien against the originally conveyed Condominium will likewise apply with the same force and effect on a subsequently acquired Undivided Interest inuring to that particular Condominium. A subsequent conveyance of a Condominium which fails to include or describe such subsequently acquired interests shall conclusively be deemed to have included such interests; provided, however, that the foregoing shall not have any force and effect until such additional interests are to be vested and conveyed as herein set forth.

(f) Required Annexation. If, within eight (8) years from the date of recordation of these Restrictions, Declarant does not obtain approval from the City of Concord expressly permitting non-Annexation of Increments II and III, or any of them, Declarant must Annex all Increments into the total Project. If Declarant shall for

any reason fail to execute and record the necessary declarations to effectuate the Annexation, if required by this paragraph, then all Unannexed Increments shall automatically Annex, by operation of law, and all of the consequences of Annexation shall be deemed to have occurred on the last day that Declarant could have Annexed all the Increments.

(g) Use of Common Area and Facilities; Reserved Easements. There is hereby reserved unto Declarant, its successors and assigns, together with the rights to transfer, license, delegate and convey, nonexclusive mutual easements appurtenant to the Annexed and Unannexed Increment(s), and each of them, for ingress and egress (including but not limited to vehicular and pedestrian traffic) and for use and enjoyment of the Project Common Area and Homeowners' Association Common Area, including all utility lines, utility services, sewer systems, swimming pools, recreation buildings, open areas, laundry facilities, streets and walkways, and exclusive rights to use the Parking Spaces and Storage Spaces in Unannexed Increments, as shown on the Plan, excluding however the Project Common Area within the boundaries of the buildings containing Units; Increment I, and any Annexed Increment(s), shall be the servient tenement, and the Unannexed Increment(s) described in Exhibit "B" of the Restrictions shall be the dominant tenement.

The foregoing easements shall exist until Annexation of all of Increments I, II and III occurs. The rights of use and enjoyment shall be the same for the dominant tenement owners and users as for the servient tenement owners and users. No change in the rights of use or use restrictions may be placed on the dominant tenement owners and users except as provided in the original recordation of the Restrictions, unless the dominant tenement owner consents in writing thereto.

The dominant tenement owner shall pay a pro rata share of the cost of operating, managing and maintaining the Common Area and Homeowners' Association Common Area recreation facilities, improvements and jointly metered utility services, determined monthly based upon the number of Units in the Unannexed Increment(s) compared to the number of Units in the Project. No other charge, cost or user fee shall be imposed upon the dominant tenement owners. The servient tenement shall have the right to impose liens, and to enforce and collect the same on Increments II and III prior to Annexation, pursuant to ARTICLES VII, VIII and IX hereof, for all costs incurred pursuant to this provision, and for a pro rata share of the maintenance costs of common driveways and walkways maintained by the Homeowners' Association which are utilized by the residents of the Unannexed Increments. The Homeowners' Association is hereby granted the right to maintain such walkways and driveways, if the Owner thereof fails adequately to maintain them.

Upon Annexation of an Increment, the foregoing

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easements and payments connected therewith shall terminate as to such Increment. Upon Annexation of all Increments, all easements contained herein, and all obligations to pay pursuant hereto, shall cease and terminate.

Resubdivision shall not affect the easements contained herein.

(h) Other Annexations. Annexations of Increments other than as provided for above, either of real property not described in Exhibit "B" of the Restrictions, or of such Annexable Increments after the right of Declarant to Annex has expired, may be accomplished only with the vote or written consent of the Owners as follows:

(i) If two (2) Classes of Owners exist, the vote or written assent of not less than sixty-six and two-thirds percent (66 2/3%) of the voting power residing in each Class of Owners; and

(ii) If there has been a conversion of Class "B" to Class "A" shares, the vote or written assent of not less than sixty-six and two-thirds percent (66 2/3%) of the voting power residing in all Owners including Declarant, and the vote or written assent of not less than sixty-six and two-thirds percent (66 2/3%) of the voting power residing in all Owners excluding Declarant.

If such other Annexation is so approved, the procedures hereinabove set forth in this Exhibit "D" shall apply. Except for the purposes hereof only, the Board shall prepare, execute and record the appropriate documentation in place of the Declarant.

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DECLARATION OF ANNEXATION
ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP

FOR

INCREMENT

MONUMENT-3: I.P. II, a general partnership (hereinafter called "Declarant"), is the owner of Increment _____, a portion of all that real property located in the City of Concord, County of Contra Costa, State of California, commonly known as Taxco Condominiums; Increment _____ is more particularly described in Exhibit "X" attached hereto and incorporated herein by reference thereto.

The Restrictions provide for the creation of a Condominium Project as contained in California Civil Code Section 1350(3), which may be established in three (3) stages, as described in the Restrictions. Also contained in the Restrictions is a Plan for Annexation of Increment(s) I _____, as set forth in Exhibit "D" of the Restrictions.

It is Declarant's intention hereby to impose upon Increment _____ mutually beneficial Restrictions under a general plan of improvement for the benefit of all of said Condominiums and the Owners thereof by the inclusion of Increment _____ and the Annexation thereof with Increment(s) _____, which _____ previously been made subject to the Restrictions and a part of the Project, as described in the Restrictions.

As required by the Restrictions for the Annexation of Increment _____, the development and Annexation are in accordance with all applicable laws, administrative orders, regulations, rules and ordinances of any state or municipal authority applicable to the development and sale of the real property.

NOW, THEREFORE, Declarant hereby declares that Increment _____ is hereby Annexed with Increment(s) _____ pursuant to paragraph (3) of Exhibit "D" of the Restrictions. On the date of recordation of this Declaration, the Annexation shall be effective, and all of the incidents of the Plan of Annexation referred to in Exhibit "D" of the Restrictions shall be in full force and effect as if the entire Annexed Project had been developed as a single Condominium Project, except that Assessments on Condominiums in this Increment _____ shall

not commence until the first day of the month following the close of escrow on a sale of a subdivision interest in this Increment ____.

IN WITNESS WHEREOF, the undersigned have executed this instrument this ____ day of _____, 19__.

"Declarant"

MONUMENT-3: I.P. II,
a general partnership

By _____

By _____

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[ACKNOWLEDGEMENT]

EXHIBIT "X"
OF
EXHIBIT "D-1"

10001100490

- (a) Description of Increment I.

- (b) Description of Increment(s) Previously Annexed.

- (c) Description of Property Which Declarant Hereby Annexes.

CONSENT AND SUBORDINATION

The undersigned, _____, a corporation, as Trustee under that certain Deed of Trust dated _____, recorded Book _____, Page No. _____, Series No. _____, Official Records of the County Recorder of the County of Contra Costa, executed by _____ as Trustor, with _____ as Beneficiary, does hereby consent to the execution and recordation of the attached Declaration of Annexation and does hereby subordinate said Deed of Trust to said Declaration of Annexation, to the same extent and with the same force and effect as if said Declaration of Annexation 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 _____ day of _____, 19__.

By _____

By _____

[ACKNOWLEDGEMENT]

EXHIBIT "D-2"

MASTER GRANT DEED

I

....., a
_____ (hereinafter called "Grantor"), grants to
_____ (hereinafter called
"Grantee"), an undivided _____ percent
(_____ %) interest as tenant-in-common in and to the Common
Area, for Increment I, as shown on the Plan for Taxco
Condominiums, located in the City of Concord, County of
Contra Costa, State of California.

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 the other Units for use of Parking Spaces not granted herein, for use of the other Units, as shown on the Plan, and the exclusive right of the Board to control or license the use of other Parking Spaces not assigned or decded by Declarant.
3. Nonexclusive easements and rights of use of the Common Area and Common Area facilities, and utility systems and services.
4. Reserved development rights of the Declarant as provided in the Restrictions.

II

Each of the foregoing grants is subject to the lien of real property taxes and assessments not delinquent, the Restrictions referred to in IIIB below and all covenants, conditions, easements, restrictions and liens of record. The property herein granted is Common Area appurtenant to a Condominium as defined in Section 1350(1) of the California Civil Code and part of 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", "Parking Space", "Increment", "Annexation", "Plan" and "Project" each have the same meaning as in the Restrictions.

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B. "Restrictions" means that certain Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership for Taxco Condominiums executed by Declarant on _____, 19____, and recorded in the Office of the Recorder of the County of Contra Costa, State of California, as Book _____, Page _____, Series No. _____ and following; the Restrictions apply to Increments I, II and III of the subdivided property set forth on that subdivision map entitled "Taxco Condominiums, A Condominium Project", filed in the Office of the Recorder of the County of Contra Costa, State of California, on _____, 19____, in Volume _____ of Maps at Page _____, as described in Exhibit "F" of the Restrictions.

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IV

This Deed is made subject to all the provisions contained in that certain document defined herein as "Restrictions", all of which is incorporated herein by reference with the same effect as though fully set forth herein.

V

The property conveyed in this Deed is inseparable from Condominium No. _____ in Taxco Condominiums and shall run with the Condominium.

IN WITNESS WHEREOF, the undersigned has executed the within Deed this ___ day of _____, 19____.

a _____

By _____

By _____

EXHIBIT "E"

SCHEDULE OF UNDIVIDED INTEREST IN COMMON AREA

I. If all Increments described in Exhibit "B" are Annexed with Increment I, each Unit Owner shall own an Undivided Interest in the Common Area of the entire Project as follows:

<u>ONE-BEDROOM UNITS, each:</u>	.59097%
<u>TWO-BEDROOM, ONE-BATH UNITS, each:</u>	.68764%
<u>TWO-BEDROOM, ONE AND ONE-HALF BATH UNITS, each:</u>	.84885%
<u>THREE-BEDROOM UNITS, each:</u>	.94553%

As Increment I is sold, and as each other Increment or group of Increments is made subject to these Restrictions and the Condominiums therein are sold, Declarant shall convey the Undivided Interest for each Unit within such Increment as indicated above to each Grantee in Increment I and thereafter in the Annexing Increments, covering the Common Area in the Annexing Increment or Increments as the case may be; the Trustee referred to in Exhibit "D" shall convey the same percentage interest in the Common Area of all other Increment(s) previously made subject to these Restrictions to each Grantee in the Annexing Increment; concurrently with each Annexation, the Declarant shall convey the specified Undivided Interest in the Annexing Increments' Common Area to the Owners in other Increments already subject to these Restrictions. All Remaining Undivided Interest in each Annexing Increment, after the foregoing has been accomplished, shall be conveyed by Declarant to Trustee to hold and convey subject to the terms and conditions of the Restrictions.

II. If any Increments are not Annexed within the period specified in Exhibit "D", the Trustee shall convey a proportionate percentage of the Undivided Interest then held by the Trustee to each of the Owners of the Project as then constituted, so that each Owner in the Project will retain his proportionate ownership in the Project as respects the other Owners in the Project, with the result that one hundred percent (100%) of the Common Area in all Annexed Increments shall have been conveyed to the Condominium Owners. The Trustee shall then prepare and record the Declaration setting forth the final percentage of Undivided Interest in the Common Area owned by each Unit Owner within the Project. The Trustee may round off as deemed appropriate by the Trustee, in its sole discretion; the Declaration so recorded by the Trustee shall be deemed conclusive as to the interests of each Owner.

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EXHIBIT "F"

THE PLAN

(1) This is a Map and Plan of a "Project" as defined in Sections 1350(3) and 1351 of the Civil Code of the State of California. The buildings being shown hereon, according to Section 1351 of said Civil Code, are "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 Second, of the Civil Code.

(2) Condominiums. The Project consists of fifty-four (54) initial Condominiums in Increment I and the Homeowners' Association Common Area in Increment I; an additional ninety-four (94) Condominiums may be added to the Project by Annexation, as set forth in Exhibit "D" of the Restrictions. If all Increments are Annexed, the Project will consist of one hundred forty-eight (148) Condominiums, in the real property described in Exhibits "A" and "B" of the Restrictions. Each Condominium is composed of the following:

A Unit, an exclusive easement for one or more covered Parking Spaces and one Storage Space, an Undivided Interest in the Common Area and a membership in the Homeowners' Association. The incidents of ownership of each Condominium will be particularly described in the Deed(s) conveying the ownership interest in each Condominium.

All Owners, as members of the Homeowners' Association, shall have nonexclusive rights of use in the Homeowners' Association Common Area and facilities thereon.

The boundaries of the various components comprising each 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 but excluding the Homeowners' Association Common Area; 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 fifty-four (54) Units in this Project (Increment I) are identified by the Arabic numerals as follows: 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147 and 148.

The ninety-four (94) proposed Units in Increments II

Increment III

1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15,
16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29,
30, 31, 32, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49,
50, 51, 52, 53 and 54.

The Units include the Patios or Balconies adjacent to the Units, designated hereon with the corresponding Arabic numerals of the interior living space of each Unit, each of which is, however, preceded by the capital letter "P" or "B", 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 Area within the Unit and load-bearing walls wherever located.

The boundaries of the Patio or Balcony portions of each Unit are as follows:

The interior finished surfaces of the walls, fences and/or railings encompassing the same, to the approximate dimensions shown hereon, the interior finished surface of the floor thereof where finished, and where unfinished, to the surface or the ground thereof, as appropriate, and the interior finished surface extended of the upper ceiling of the adjoining living space as shown hereon.

(5) Parking Spaces. Boundaries of the covered Parking Spaces are to the dimensions shown hereon and to the finished surfaces of the floor, ceiling and interior columns and walls thereof where in existence, and where not, along a vertical plane extended from floor to ceiling along the lines shown hereon.

Boundaries of the uncovered Parking Spaces are to the dimensions shown hereon and to the finished surface of the floor, with the upper boundary being a horizontal plane seven feet (7') from the finished surface and the perimeter boundaries being vertical planes as diagrammed hereon.

(6) Storage Spaces. Boundaries of the Storage Spaces are to the interior dimensions shown hereon and to

NOTE: All boundary lines and dimension lines intersect at right angles unless otherwise noted.

(9) Application. This Plan applies to the real property described in Exhibit "A" (and, after Annexation, Exhibit "B") of the Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership for Taxco Condominiums to which this Exhibit is attached and forms a part. Initially, the Plan shall apply only to Increment I; thereafter, it may also apply to Increments II and/or III, if and when they are Annexed in accordance with Exhibit "D".

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The estimated Regular Assessments for the Project, assuming Annexation of Increments I, II and III, shall be as follows:

I. As to costs not separately allocated among the Units:

Each Unit shall bear an equal one-one hundred forty-eighth (1/148) share of said costs.

II. As to those costs separately allocated among the Units (including gas, insurance, water, painting, roofing, and repair or replacement of water heaters), each Unit shall bear its share of such costs as follows:

Unit No.	Unit Type	Square Footage	Percent of Assessment for Allocated Costs
1	A	672	.55154
2	B	914	.74621
3	A	672	.55154
4	A	672	.55154
5	A	672	.55154
6	B	914	.74621
7	C	1120	.84354
8	A	672	.55154
9	A	672	.55154
10	B	914	.74621
11	A	672	.55154
12	A	672	.55154
13	A	672	.55154
14	B	914	.74621
15	C	1120	.84354
16	A	672	.55154
17	A	672	.55154
18	B	914	.74621
19	A	672	.55154
20	B	914	.74621
21	C	1120	.84354
22	B	914	.74621
23	C	1120	.84354
24	D	1320	1.06258
25	A	672	.55154
26	A	672	.55154
27	B	914	.74621
28	A	672	.55154
29	A	672	.55154
30	C	1120	.84354
31	B	914	.74621
32	A	672	.55154
33	A	672	.55154

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37	A	672	.55154
38	A	672	.55154
39	B	914	.74621
40	A	672	.55154
41	B	914	.74621
42	B	672	.55154
43	D	1320	1.06258
44	C	1120	.84354
45	B	914	.74621
46	C	1120	.84354
47	A	672	.55154
48	A	672	.55154
49	B	914	.74621
50	A	672	.55154
51	A	672	.55154
52	C	1120	.84354
53	B	914	.74621
54	A	672	.55154
55	A	672	.55154
56	A	672	.55154
57	B	914	.74621
58	A	672	.55154
59	A	672	.55154
60	C	1120	.84354
61	B	914	.74621
62	B	672	.55154
63	B	914	.74621
64	A	672	.55154
65	B	914	.74621
66	A	672	.55154
67	D	1320	1.06258
68	C	1120	.84354
69	B	914	.74621
70	C	1120	.84354
71	A	672	.55154
72	A	672	.55154
73	B	914	.74621
74	A	672	.55154
75	A	672	.55154
76	C	1120	.84354
77	B	914	.74621
78	A	672	.55154
79	B	914	.74621
80	A	672	.55154
81	B	914	.74621
82	A	672	.55154
83	D	1320	1.06258
84	C	1120	.84354
85	B	914	.74621
86	C	1120	.84354
87	A	672	.55154
88	A	672	.55154
89	B	914	.74621

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94	A	672	.55154
95	A	672	.55154
96	A	672	.55154
97	B	914	.74621
98	A	672	.55154
99	A	672	.55154
100	C	1120	.84354
101	B	914	.74621
102	A	672	.55154
103	B	914	.74621
104	A	672	.55154
105	B	914	.74621
106	A	672	.55154
107	D	1320	1.06258
108	C	1120	.84354
109	B	914	.74621
110	C	1120	.84354
111	A	672	.55154
112	B	914	.74621
113	A	672	.55154
114	A	672	.55154
115	C	1120	.84354
116	B	914	.74621
117	C	1120	.84354
118	D	1320	1.06258
119	A	672	.55154
120	B	914	.74621
121	A	672	.55154
122	A	672	.55154
123	A	672	.55154
124	B	914	.74621
125	C	1120	.84354
126	A	672	.55154
127	A	672	.55154
128	A	672	.55154
129	A	672	.55154
130	A	672	.55154
131	A	672	.55154
132	A	672	.55154
133	A	672	.55154
134	B	914	.74621
135	A	672	.55154
136	A	672	.55154
137	A	672	.55154
138	B	914	.74621
139	C	1120	.84354
140	A	672	.55154
141	A	672	.55154
142	B	914	.74621
143	A	672	.55154
144	B	914	.74621
145	C	1120	.84354

FORM 1030 LINE 403

147
148

C
D

1120
1320

1.06258

Prior to complete Annexation, the Condominiums in the Project as it exists from time to time shall be assessed equally for those costs not separately allocated among the Units, and proportionately to the percentages set forth above (for the Condominiums then in the Project) for those costs separately allocated among the Units.

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LAW OFFICES OF
DAVIS & YOUNG
PROFESSIONAL CORPORATION
1134 BALLENA BLVD., POST OFFICE BOX 2426, ALAMEDA, CA. 94601 (415) 521-1211