
**SECOND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WOODSIDE**

This Second Restated Declaration of Covenants, Conditions and Restrictions for Woodside (the "Declaration") is made on the date hereinafter set forth by WOODSIDE ASSOCIATION, INC., a California nonprofit mutual benefit corporation (the "Association").

RECITALS

A. The Association is an "association", as that term is defined in California Civil Code Section 1351(a), which has been created to manage that certain condominium project located in Sacramento County, California, commonly known as Woodside, which is more particularly described on attached Exhibit "A" (the "Project").

B. The Association executed the First Restated Declaration of Covenants, Conditions and Restrictions of Woodside which was recorded on September 21, 1984, as Instrument No. 165594, in Book 84-09-21, Page 1068 et seq., of the Official Records of Sacramento County, California (the "1984 Declaration").

C. The 1984 Declaration was amended by a document entitled First Amendment to First Restated Declaration of Restrictions for Woodside Association, Inc., which was recorded on August 17, 1993, in Book 93-08-17, Page 1449 et seq., of the Official Records of Sacramento County, California (the "1993 Amendment").

D. The 1984 Declaration, as amended by the 1993 Amendment, established certain limitations, easements, covenants, restrictions, conditions, liens, and charges which run with and are binding upon all parties having or acquiring any right, title, or interest in the real property comprising the Project.

E. At least fifty-one percent (51%) of the voting power of the members has voted to amend, supersede, and restate the 1984 Declaration pursuant to Article XIX, Section 1 thereof.

NOW, THEREFORE, it is hereby declared as follows:

1. The 1984 Declaration is hereby amended, superseded and restated to read in its entirety as set forth in this Declaration.

2. All of the real property comprising the Project constitutes a "condominium project", as that term is defined in California Civil Code Section 1351(f).

3. All of the real property comprising the Project is held and owned and shall be held, owned, operated, managed, conveyed, hypothecated, encumbered, leased, used, occupied, and improved subject to the following covenants, conditions, and restrictions, all of which are declared and agreed to be in furtherance of a plan and purpose of protecting, preserving, and enhancing the

value, desirability, and attractiveness of the Project and every part thereof, and of fostering the development, management, improvement, enjoyment, and sale of the real property comprising the Project and any part thereof.

4. All of the covenants, conditions, and restrictions set forth in this Declaration shall constitute enforceable equitable servitudes as provided in California Civil Code Section 1354, shall constitute covenants that shall run with the real property comprising the Project, and shall be binding upon and inure to the benefit of each Owner of any portion of such real property or of any interest therein and their heirs, successors, and assigns.

ARTICLE 1 DEFINITIONS

1.1 Absolute Majority. "Absolute Majority" shall mean a majority of the Total Voting Power of the Association.

1.2 Additional Charges. "Additional Charges" shall mean all costs, fees, charges, and expenditures, including without limitation, interest, late charges, attorneys' fees, recording and filing fees, and all other costs actually incurred by the Association in collecting and/or enforcing payment of Assessments, fines, and/or penalties.

1.3 Annual Assessments. "Annual Assessments" shall have the meaning set forth in Section 6.5.

1.4 Architectural Committee. "Architectural Committee" shall mean the Committee created pursuant to Article 10 of this Declaration.

1.5 Articles. "Articles" shall mean the Articles of Incorporation of Woodside Association, Inc., as they may be amended from time to time, and as filed with the Office of the Secretary of State of California.

1.6 Assessments. "Assessments" shall mean any or all of the following: Annual Assessments, Special Assessments, Reimbursement Assessments, and Enforcement Assessments.

1.7 Association. "Association" shall mean the Woodside Association, Inc., its successors and assigns.

1.8 Board of Directors. "Board of Directors" or "Board" shall mean the governing body of the Association.

1.9 Bylaws. "Bylaws" shall mean the Bylaws of the Association as they shall be adopted by the Board of Directors and Members and any duly-adopted amendments thereof.

1.10 City. "City" shall mean the City of Sacramento, County of Sacramento, State of California.

1.11 Common Area. "Common Area" shall mean all of the property comprising the Project which is owned by all of the Owners in common, but excluding the Units.

1.12 Condominium. "Condominium" shall mean an estate in real property as defined in California Civil Code sections 783 and 1351(f), consisting of an undivided interest in common in the

Common Area, and a separate fee interest in a Unit together with any easements or other interests in the Project or any portion thereof as are described in the Declaration, in the Condominium Plan, or in the deed conveying a Condominium.

1.13 Condominium Plan. "Condominium Plan" or "Plan" shall mean the plan or plans recorded pursuant to California Civil Code section 1351 with respect to the Project, and any amendments thereto. The original Condominium Plan for the Project was recorded on June 4, 1980, in Book 80-06-04, Page 731 et seq., in the Official Records of Sacramento County, California.

1.14 Contract Purchaser/Contract Seller. "Contract Purchaser" and "Contract Seller" shall mean the purchaser and the seller, respectively, under an installment land contract in which title to the property is transferred after the final installment payment is made.

1.15 County. "County" shall mean the County of Sacramento, State of California.

1.16 Declaration. "Declaration" shall mean this instrument, as it may be amended from time to time.

1.17 Enforcement Assessment. "Enforcement Assessment" shall have the meaning set forth in Section 6.8.

1.18 Exclusive Use Common Area. "Exclusive Use Common Area" shall mean any portion of the Common Area the exclusive use of which is set aside, allocated, assigned, and restricted to the exclusive use or possession of the Residents of a particular Unit. The Exclusive Use Common Area includes, without limitation, the following areas appurtenant to a Unit or assigned to a Unit by the original declarant of the Project as shown on the deeds to the Condominiums and/or the Condominium Plan:

- (a) covered parking stalls designated "CVP";
- (b) uncovered parking stalls designated "VP";
- (c) patios appurtenant to each Unit designated "P" followed by number of the Unit to which they are assigned;
- (d) balconies appurtenant to each Unit designated "B" followed by number of the Unit to which they are assigned
- (e) storage areas appurtenant to each Unit designated "S" followed by the number of the Unit to which they are assigned; and
- (f) fireboxes, chutes, chimneys, and flues appurtenant to the Unit they serve.

With respect to Unit 2252, the Exclusive Use Common Area shall also include that portion of the Common Area within the fence encompassing Unit 2252, as shown on the Condominium Plan (the "Private Yard").

An exclusive easement to such Exclusive Use Common Area may be specifically granted in each individual grant deed conveying a Condominium; however, the failure of any such deed to set forth such grant of easement shall not invalidate the exclusive easement herein granted. Fireboxes, chutes, chimneys, and flues are Exclusive Use Common Area appurtenant to the Unit which they serve.

1.19 Governing Documents. "Governing Documents" shall mean the Articles, Bylaws, Declaration, and Rules, and the policies and resolutions duly adopted by the Board and distributed to the Members.

1.20 Maintenance. "Maintenance" shall mean the act of caring for property and keeping it in its existing state, preserving it from failure or deterioration, including painting, caulking, cleaning, and minor, non-structural upkeep.

1.21 Member. "Member" shall mean each person or entity who is a record owner of a fee or undivided fee interest in any Condominium within the Project, except any such person or entity who holds an interest in a Condominium merely as security for the performance of an obligation.

1.22 Member in Good Standing. "Member in Good Standing" shall mean a Member of the Association who is current in the payment of all dues, assessments, fines, penalties, and other charges imposed in accordance with the Governing Documents, and who is in compliance with all of the provisions of the Governing Documents, as more particularly set forth in the Bylaws.

1.23 Mortgage. "Mortgage" shall mean a deed of trust as well as a mortgage in the conventional sense. "First Mortgage" shall mean any Recorded Mortgage with first priority over other Mortgages.

1.24 Mortgagee. "Mortgagee" shall mean a beneficiary under a deed of trust as well as under a Mortgage.

1.25 Owner. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Condominium which is a part of the Project, including Contract Sellers, but excluding Contract Purchasers and excluding those having such interest merely as security for the performance of an obligation.

1.26 Project. "Project" shall mean all of the real property described in this Declaration which comprises the Woodside condominium project, including all structures and other improvements located at any time upon the real property.

1.27 Regulatory Agreement. "Regulatory Agreement" shall mean the January 1, 1983 agreement executed by the Association and the Federal Housing Commissioner, a copy of which is attached as Exhibit "E" to the 1984 Declaration.

1.28 Reimbursement Assessment. "Reimbursement Assessment" shall have the meaning set forth in Section 6.7.

1.29 Repair. "Repair" shall mean the minor restoration of property that is torn, broken, or otherwise damaged, or has sustained wear, tear, or deterioration such that minor restoration is necessary.

1.30 Replacement. "Replacement" shall mean substantial reconstruction, restoration, or substitution of the whole or a substantial part of property that has been damaged or destroyed through usage or through hazard or catastrophe such that it is no longer useable or serviceable in its current condition.

1.31 Resident. "Resident" shall mean any person who resides in a Unit within the Project whether or not such person is an Owner as defined in Section 1.25 above.

1.32 Rules. "Rules" shall mean the rules and regulations governing the use, occupancy, management, administration, and operation of the Project or any part thereof as adopted and published by the Board of Directors from time to time.

1.33 Simple Majority. "Simple Majority" shall mean a majority of the votes (i) represented and voting at a meeting at which a quorum is present, or (ii) cast by written ballot (in conformity with California Corporations Code Section 7513) in which the number of ballots received equals or exceeds the number required to establish a quorum.

1.34 Special Assessment. "Special Assessment" shall have the meaning set forth in Section 6.6.

1.35 Total Voting Power. "Total Voting Power" shall mean the total number of votes of all Members entitled to vote at a particular time, calculated on the basis of one vote for each Unit, excluding any Units as to which an Owner is not then a Member in Good Standing.

1.36 Unit. "Unit" shall mean the elements of a Condominium that are not owned in common with the other Owners of Condominiums within the Project, which Units are shown as separately designated and numbered areas on the Condominium Plan. Each Unit consists of the interior space bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and window frames, doors, door frames and trim, of each of such interior spaces; provided, however, that bearing walls located within the aforesaid boundaries of a Unit (except for the finished surfaces thereof) are Common Area and not part of the Unit. Fireboxes, chutes, chimneys, and flues are Exclusive Use Common Area appurtenant to the Unit which they serve. Each Unit includes the utility installations, fixtures, and appliances located within its boundaries and/or which exclusively serve the Unit including, without limitation, oven, range and fans, garbage disposal unit; dishwasher unit; hot water heaters; space heaters; lighting fixtures; heating conduits; any air conditioning units, condensers, and equipment serving such Unit; bathtubs, sinks and wash basins, shower stalls, toilets, and other plumbing fixtures; and interior partitions which are located entirely within the boundaries of the Unit they serve. Each Unit includes both the portion of the building so described and the air space so encompassed. In interpreting deeds, the Declaration, and the Condominium Plan, it shall be conclusively presumed that the then existing physical boundaries of a Unit are its boundaries, rather than the metes and bounds or other description expressed in the deed, the Declaration, or the Condominium Plan, regardless of any settling or lateral movement of buildings and regardless of minor variance between the boundaries shown on the deed, the Declaration, or the Condominium Plan and the actual existing physical boundaries.

1.37 Unit 2252. "Unit 2252" shall mean that Unit commonly known as 2252 Woodside Lane, Sacramento, California, and more particularly identified on the Condominium Plan as Unit 2252. Provisions dealing specifically with Unit 2252 can be found in Sections 1.18, 6.5.2, and 8.4.3 of this Declaration.

ARTICLE 2

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT

2.1 Ownership of Condominium; Exclusive Easements. Ownership of each Condominium within the Project shall include (i) a designated Unit, (ii) an undivided interest in the Common Area as described in the Owner's deed, (iii) a Membership in the Association, and (iv) any exclusive easements or easements appurtenant to such Unit upon the Exclusive Use Common Area and such other easements as are applicable, all as described in the Declaration, in the deed to the Unit, or in the Condominium Plan. The undivided interests in the Common Area established in this Declaration cannot be changed. The undivided interests in the Common Area shall not be severed or conveyed separately from the respective Units to which they are appurtenant and each such undivided interest shall in all cases be deemed to be conveyed or encumbered along with the respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit. Any purported severance or separate conveyance of an undivided interest in the Common Area apart from a conveyance of the respective Unit shall, for all purposes, be null, void, and unenforceable.

2.2 Owners Non-Exclusive Easements of Enjoyment. Every Owner of a Condominium shall have a non-exclusive easement of use of and enjoyment in, to, and throughout the Common Area of the Project for ingress, egress, and support over and through the Common Area; provided, however, such non-exclusive easements shall be subordinate to, and shall not interfere in any way with the exclusive easements, if any, appurtenant to Units over Exclusive Use Common Area. Each such non-exclusive easement shall be appurtenant to and pass with the title to every Condominium, subject to the following rights and restrictions:

- (a) The right of the Board of Directors to establish and enforce reasonable rules and regulations governing the use of the Common Area and facilities thereon, including, without limitation, rules limiting the number of guests of Members permitted to use the Common Areas and facilities thereon at any one time;
- (b) The right of the Board to charge reasonable admission and other fees for the use of the clubhouse and any facilities situated upon the Common Area;
- (c) The right of the Board, as more particularly addressed in the Bylaws, to suspend an Owner's rights and privileges as a Member, including voting rights and right to use the recreational facilities for any period during which any Assessment against such Owner's Condominium remains unpaid and/or for infraction of the Governing Documents of the Association;
- (d) The right of the Board, as set forth in Section 3.4, to grant easements and rights of way in, on, over, or under the Common Area subject to such conditions as may be agreed to by the Board;
- (e) The right of the Board, subject to approval of the Members as set forth in Section 5.11, to sell or transfer property owned by the Association;
- (f) The right of the Board to mortgage, pledge, encumber, or otherwise hypothecate the Common Area and facilities thereon as security for money borrowed by the Association; and
- (g) The right of the Association or its authorized agents, as provided in this Declaration, to perform its obligations under this Declaration, including

obligations with respect to construction, maintenance, repair, or replacement for the benefit of the Common Area or the Owners in common.

- (h) The requirements of the Regulatory Agreement as applicable.
- (i) The right of Owners to the full use and enjoyment of any mechanical or electrical service connections which may serve the Owners' Units in conjunction with other Units within the Project.

2.3 Delegation of Use. Any Owner may delegate his rights of use and enjoyment, including easements, in the Project to the members of his household and his tenants, contract purchasers, guests and invitees, subject to the terms of the Governing Documents and subject to the terms thereof. Upon the leasing or renting of a Unit, or upon occupancy of a Unit by a contract purchaser, the Owner shall be deemed to have delegated and assigned all such rights exclusively to the tenants or contract purchasers of such Unit and the Owner shall have no right to use or enjoy such rights while the Unit is leased, rented, or under contract purchase. Each Owner shall notify the Secretary of the Association of the names of any tenants or any such contract purchasers of such Owner's Unit. Each Owner, tenant, or contract purchaser shall also notify the Secretary of the Association of the names of all members of his or her household to whom such Owner, tenant, or contract purchaser has delegated any rights of enjoyment in the Project as provided herein and the relationship which each such person bears to such Owner, tenant, or contract purchaser. Any rights of enjoyment delegated pursuant to this section are subject to suspension to the same extent that rights of Owners are subject to suspension as provided in the Governing Documents.

2.4 Common Area Construction. Except as may be authorized by the Board, no person or entity, other than the Association or its duly-authorized agents, shall construct, reconstruct, refinish, alter, or maintain any improvement upon the Common Area, or shall make or create any excavation or fill upon the Common Area, or shall change the natural or existing drainage of the Common Area, or shall plant, remove, or destroy any seed, plant material, tree, shrub, or other vegetation upon the Common Area.

2.5 Mechanic's Liens. In the event there shall be filed against the Common Area a Notice of Mechanic's Lien for, or purporting to be for, labor or materials alleged to have been furnished or delivered for any Owner within the Project or his or her Condominium, such Owner shall forthwith cause such lien to be discharged by payment, bond, or otherwise. If the Owner fails to cause the lien to be discharged, the Board may send written notice to the Owner specifying that unless the Owner causes the lien to be discharged within five (5) days from the date of such notice, the Board may cause the lien to be discharged. Within such five (5) day period, the Owner shall be permitted a hearing before the Board regarding the validity of such lien and any offsets or defenses thereto. At that time, the Board shall determine whether the lien adversely and improperly affects and encumbers the rights and interests of the Association or the other Owners. If the Board of Directors determines that the lien does adversely and improperly affect and encumber such rights and interests and that adequate protection of such rights and interests has not been provided, the Board may cause the lien to be discharged by payment, bond, or otherwise. The Board shall have the right to levy a Reimbursement Assessment against the Owner responsible for causing the lien to be discharged in an amount equal to all amounts paid by the Association together with interest thereon at the legal rate and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees.

ARTICLE 3

EASEMENTS

3.1 Easements in General. In addition to all easements reserved and granted in the Condominium Plan and on the subdivision map(s) and the easement provided in Section 2.1 and Section 2.2, there are hereby specifically reserved and granted for the benefit of the Units and Unit Owners in common and for each Unit and Unit Owner severally, and for the Association, as their respective interests shall obtain, the easements, reciprocal negative easements, secondary easements and rights of way as particularly identified in this article.

3.2 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Unit and such portion or portions of the Common Area adjacent thereto and/or as between adjacent Units due to the unwillful placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon in accordance with the terms of the Declaration; provided, however, that in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, a tenant, or the Association.

In the event that a structure on any Unit is partially or totally destroyed and then repaired or rebuilt in accordance with the provisions of the Declaration, the Owners of each Unit agree that minor encroachments over adjoining Units shall be permitted and there shall be easements for the maintenance of the encroachments so long as they shall exist.

3.3 Utility Easements. Easements over and under the Project or any portion thereof for the installation, repair, maintenance, and replacement of electric, telephone, water, gas, and sanitary sewer lines and facilities, heating and air-conditioning facilities, cable or master television antenna lines, drainage facilities, walkways, and landscaping as shown on the Condominium Plan, and as may be hereafter required or needed to service the Project, are reserved by and shall exist in favor of the Association, together with the right to grant and transfer the same. The Association shall maintain all utility installations located in the Common Area except for (i) those installations maintained by utility companies, public, private, or municipal and (ii) utility installations which are within a Unit as defined in Section 1.36.

3.4 Easements Granted by The Board. The Board shall have the power to grant and convey to any person or entity easements and rights of way, in, on, over, or under the Common Area for the purpose of constructing, erecting, operating, or maintaining thereon, therein, or thereunder overhead or underground lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities, and for any other purposes deemed by the Board to be appropriate and not inconsistent with the purposes and interests of the Association, and each purchaser, in accepting a deed to a Unit, expressly consents thereto; provided, however, that no such easements may be granted if such easement would interfere with the use, occupancy, or enjoyment by an Owner or Resident of any Unit and any existing exclusive easements over Common Area appurtenant thereto, if any, without the consent of the Owner(s) affected.

3.5 Maintenance and Repair Easements. The Association shall have the right to enter into any Unit for the purposes of performing permissible installation, alterations or repairs to mechanical and electrical services with respect to the Owner's Unit, the Common Areas or other Units. Such right shall be subject to the requirement that the Association (i) notify the Owner of the Unit to be entered at least twenty-four (24) hours in advance, and (ii) make such entry at a time convenient to such Owner. However, in the case of an emergency, such right of entry shall be immediate.

ARTICLE 4

USE RESTRICTIONS

4.1 Residential Use. Units shall be occupied and used for residential purposes only. The maximum number of people who shall be permitted to occupy a Unit shall be the greater of (i) the number obtained by multiplying the number of bedrooms in such Unit by two and then adding one, or (ii) the minimum number of persons entitled by law to occupy such Unit.

4.2 Rental Restrictions. Subject to the provisions of the Governing Documents and this section, an Owner shall have the right to lease his or her Unit, provided (i) the Owner notifies the Board in writing of the names of the tenants, members of the tenants' household and all other occupants of the Unit; (ii) the Owner provides the Board with a copy of the signed lease, and any amendments thereto, at the beginning of the tenancy term and thereafter on an annual basis; and (iii) there is a written lease or rental agreement which expressly provides that the agreement is subject to the provisions of the Governing Documents and that the breach of any provision of the Governing Documents shall constitute a default under the lease. This section shall not apply to the leasing of building 2274 by the Association as provided in Section 5.17.

4.2.1 Minimum Rental Term. Any lease or rental agreement entered into between an Owner and a lessee or renter shall be for a minimum term of six (6) months.

4.2.2 Owner's Responsibility for Tenant's Actions. Each Owner leasing a Unit shall be strictly responsible and liable to the Association for the actions of such Owner's tenant(s) in or about all Units and Common Area and for each tenant's compliance with the provisions of all Association Governing Documents. An Owner leasing or renting a Unit shall provide the tenant(s) with copies of the Governing Documents and all subsequent amendments.

4.2.3 Association's Enforcement Rights. In the event a tenant's conduct involves damage or misuse of any Common Area or facilities on any Common Area or constitutes an unreasonable nuisance to Residents, the Association shall be entitled to, but shall have no obligation to, maintain an eviction action against such tenant to the same extent as the Owner of the Unit, the Association being deemed to be a third party beneficiary of any lease or rental agreement involving any Unit within the Project. The Association's right to maintain an eviction action shall arise only in the event that (i) the Association has given notice to the Owner detailing the nature of the infraction and the Owner has had a reasonable opportunity to take corrective action or to appear before the Board to present arguments as to why eviction by the Association is not necessary, and (ii) the Owner has not taken action to prevent and/or correct the actions of the tenant giving rise to the damage or nuisance.

4.2.4 Indemnification of Association. Every Owner of a Unit that is occupied by persons other than the Owner pursuant to a lease or otherwise, agrees to and shall indemnify and defend the Association, its officers, directors, and agents and shall hold them harmless from any cost, loss, claim, or damages of any kind, including but not limited to attorneys' fees arising out of the conduct or presence of the occupants of the Unit upon the Project, including any such arising or alleged to have arisen out of the enforcement or nonenforcement by the Association of the Governing Documents against such occupants. Without limiting the generality of the foregoing, all costs,

including attorneys' fees incurred by the Association to enforce the Governing Documents against such occupants, including eviction as provided herein, shall be reimbursed to the Association by the Owner and may be assessed by the Association as a Reimbursement Assessment.

- 4.2.5 Requirements of Written Lease or Rental Agreement. Any lease or rental of any Unit within the Project shall be by written lease or rental agreement, a copy of which shall be filed with the Board as specified at Section 4.2 above, which shall expressly provide that its terms are subject to all of the provisions of the Governing Documents, that the tenants and lessees of such Unit shall comply with all provisions of the Governing Documents, and that any violation of any provisions of the Governing Documents shall constitute a breach and default of the terms of such lease or rental agreement.
- 4.2.6 Requirement of Inclusive Lease. No Owner may lease, rent or hire any garage, accessory building, or similar improvement to anyone who does not have the right of possession of the entirety of the Unit.
- 4.2.7 Fines. The Board shall have the power to impose fines for the failure of any Owner to comply with the provisions of this section including, without limitation, the failure of the Owner to notify the Board of the names of all occupants of the Owner's Unit.

4.3 Time-Share Arrangements. No Unit or Units shall be leased, subleased, occupied, rented, let, sublet, or used for or in connection with any time sharing agreement, plan, program or arrangement, including, without limitation, any so called "vacation license," "travel club," "extended vacation," or other membership or time interval ownership arrangement. The term "time sharing" as used herein shall be deemed to include, but shall not be limited to, any agreement, plan, program, or arrangement under which the right to use, occupy, or possess any Unit or Units in the Project rotates among various persons, either corporate, partnership, individual, or otherwise, on a periodically recurring basis for value exchanged, whether monetary or like kind use privileges, according to a fixed or floating interval or period of time. This section shall not be construed to (i) limit the personal use of any Unit in the Project by any Owner or his or her or its social or familial guests, or (ii) limit or prohibit the leasing of building number 2274 by the Association as contemplated by Section 5.17.

4.4 Restriction on Businesses. No business of any kind shall be established, maintained, operated, permitted, or conducted within the Project except such professional and administrative professions as may be permitted by applicable governmental ordinances and provided that there shall be no external evidence thereof and such other businesses which by law must be permitted within the Project. This section shall not be construed to limit the activities of the Association or prohibit any Owner from (i) maintaining a personal professional library in his or her Unit, (ii) keeping personal business records and accounts in his or her Unit, or (iii) handling personal or professional telephone calls or correspondence from his or her Unit. The Association is not required to accept any deliveries or parcels in the Association office for any Owner or Tenant. However, the Board, in its sole discretion, may establish reasonable rules relating to certain deliveries or parcels, if any, which the Association may accept at the Association's office.

4.5 Offensive Conduct, Nuisances, Noise. No noxious, harmful, or offensive activities shall be conducted upon or within any part of the Project, nor shall anything be done thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to any Residents of the Project, or which shall in any way interfere with their use of the Common Area and facilities thereon or the use and enjoyment of their Condominiums or Units. Without

limiting any of the foregoing, no Resident shall permit noise, including but not limited to the barking of dogs, to emanate from the Resident's Unit, which would unreasonably disturb another Resident's enjoyment of his or her Unit or of the Common Area. The determination of whether noise levels are excessive is completely within the discretion of the Board.

4.6 Use of the Common Area. All use of Common Area is subject to the Governing Documents. Without limiting the generality of the foregoing, no alterations or additions to the Common Area shall be permitted without the prior written approval of the Board; nothing shall be altered, constructed, placed, kept, stored, parked (except for vehicles as permitted by this Declaration), planted on, or removed from the Common Area without the prior written consent of the Board; and the Common Area shall be kept free of rubbish, debris, and other unsightly or unsanitary materials. Each Owner shall avoid causing any damage to the Common Area.

4.7 Hazards. There shall be no obstruction of any part of the Common Area. Nothing shall be done, placed, or kept within the Project that will increase the rate of insurance or result in the cancellation of insurance under any insurance policy obtained by the Association, or which will be in violation of any governmental statute, ordinance, rule, or regulation. Nothing shall be stored in the Common Area without the prior consent of the Board. Each Owner and Resident shall comply with all requirements of all federal, state, and local governmental authorities and all laws, ordinances, rules and regulations applicable to his or her Unit. With the exception of small quantities of normal household cleaners, there shall be no storage within the Project of any substances which may be deemed hazardous to life or property.

4.8 Requirement of Architectural Approval. As addressed in greater detail in Article 10, construction, installation, modification, or alteration of buildings, outdoor structures, landscaping, and outdoor lighting are subject to approval of the Board.

4.9 Sports Apparatus. No basketball standards (including so-called portable basketball standards) or fixed sports apparatus shall be placed upon or attached to any portion of the Project without the written permission of the Board or Architectural Committee.

4.10 Mailboxes and Exterior Newspaper Tubes. Mailboxes shall comply with all applicable postal regulations, and Architectural Rules, if any. There shall be no free-standing exterior mailboxes or newspaper tubes.

4.11 Outside Drying and Laundering. No outside clothesline or other outside clothes washing, drying, or airing facilities shall be maintained in the Project.

4.12 Antennas. No outside mast, tower, pole, antenna, or satellite dish shall be erected, constructed, or maintained on the Common Area including the outside of any Unit, except (i) those erected, constructed, or maintained by the Association, (ii) those expressly approved by the Board, (iii) those initially installed during the construction of the buildings, or (iv) as specifically permitted by law.

4.13 Animals.

4.13.1 Limitation on Pets. No animals of any kind shall be kept or maintained in any Unit, Exclusive Use Common Area, or otherwise within the Project. Exceptions include domestic dogs not exceeding twenty-five (25) pounds, domestic cats and other customary household pets may be kept subject to any Rules promulgated by the Association and any applicable local governmental ordinances. While in Common Areas such animals must be restrained on a leash held by a responsible person capable of controlling it. No animal shall be left chained or otherwise tethered upon any portion of the Common Area. The total number of all such animals kept by a resident in a unit or within the project shall be limited to two (2). No dogs, cats, birds, or other animals of any kind shall be bred in any Unit, Exclusive Use Common Area, or otherwise within the Project.

4.13.2 Owner's Responsibility for Pets. The owner of each pet shall be responsible for immediately removing and disposing of any waste introduced to any portion of the Project by such pet. Each Owner, Resident, and any person bringing, allowing to be kept or keeping an animal within the Project shall be absolutely liable to the Association and all other persons for any injury or damage to persons or property caused by the animal brought upon or kept upon the Project by such person or by members of his or her family, tenants, guests, or invitees. The Owner shall indemnify the Association and its officers, directors, and agents against any and all claims, damages, losses, demands, liabilities, and expenses, including but not limited to attorneys' fees, arising out of or resulting from the presence or conduct of any animal brought upon or kept within the Project by the Owner or the members of his or her household or his or her guests, tenants, or invitees.

4.13.3 Registration. All pets must be registered in writing with the Association within twenty-four hours of first coming within the Project. At all times while they are upon the Common Area, pets must bear identification tags in the form prescribed by the Board. The Board shall have the right to charge a reasonable fee for the provision of the identification tags required by this section.

4.13.4 Vaccinations. All pets must have such current vaccinations as may be required in the discretion of the Board. Written proof of such vaccinations shall be provided to the Board.

4.13.5 Pet Rules. The Board may adopt and enforce pet rules, which shall be Rules as defined in this Declaration and which shall be in conjunction with, and in addition to, the provisions of this section. Such Rules may regulate, without limitation, the manner of pet registration with the Association and the conduct and supervision of Pets within the Project. The Association shall have the right to prohibit the keeping of any animal which constitutes, in the sole and exclusive opinion of the Board, a nuisance to any other person.

4.14 Trash Disposal. Trash, garbage, accumulated waste plant material, or other waste and refuse shall be deposited only in covered sanitary containers. Such containers shall be located in areas designated in the Common Area for their storage and shall be screened and concealed from view. No Owner or Resident shall permit or cause any garbage, trash, or other waste or refuse to be kept upon any portion of the Project, except in such containers.

4.15 Construction Materials, Construction Debris. No portion of the Project shall be used for the storage of building materials other than in connection with approved construction. All construction debris shall be picked up and deposited daily in an appropriate container.

4.16 Machinery and Equipment. Except as approved by the Board, no machinery or equipment of any kind shall be maintained or operated within the Project except as is customary and necessary in connection with approved construction. In deciding whether to grant or withhold approval, the Board shall consider, without limitation, the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television, and similar objections.

4.17 Signs. No sign of any kind shall be displayed to the public view from any portion of the Project except that this limitation shall not apply to:

- (a) Signs required by legal proceedings;
- (b) Signs which by law cannot be prohibited;
- (c) A single sign of customary and reasonable dimension and design, complying with the Architectural Rules and other Rules and reasonably located on a Unit advertising a Unit for sale or rent;
- (d) A single identification sign which has been approved by the Architectural Committee located on a Unit identifying the number or address of the Unit and/or the names of the occupants;
- (e) Signs approved by the Association located at or near any entrance to the Project identifying the Project;
- (f) Signs required for traffic control and regulation of streets or open areas within the Project; and
- (g) Signs on the Common Area as approved by the Board for a purpose reasonably related to the affairs of the Association.

4.18 Vehicles and Parking.

4.18.1 Limitation on Types of Vehicles. No trailer, camper, mobile home, motor home, recreational vehicle, boat, golf cart or similar equipment, motorcycle, military jeep, or any commercial vehicle, pick-up truck, vans or truck (other than a sports utility vehicle) shall be parked, kept, stored, or permitted to remain upon any area within the Project other than temporarily in accordance with the Rules, unless placed and maintained within an enclosed garage. The term "commercial vehicles" shall include sedans and sport utility vehicles which have signs or markings of a commercial nature.

4.18.2 Vans. The vehicles prohibited by Section 4.18.1 shall include any van other than:

- (a) a minivan designed to carry not more than eight (8) passengers and which is fully windowed with no panel sides; or
- (c) any van reasonably necessary to meet the transportation needs of a disabled person residing in a Unit.

4.18.3 Assigned Parking. As more fully described in Section 1.18, the Units are assigned parking spaces as Exclusive Use Common Area. Only the Residents or Owners of the Unit to which such spaces are assigned, or their guests, may park in these spaces. Residents may only park in other than their assigned parking space on an emergency or temporary basis.

4.18.4 Common Area Parking. Except with respect to the assigned parking spaces as provided in Section 4.18.3, all parking areas in the Common Area may be utilized by Residents and Guests on a first come, first serve basis. Common Area parking areas shall not be used for any purpose other than vehicular parking as permitted by this Declaration and the Rules. No vehicle may be parked in an unassigned parking space for more than five (5) consecutive days. Any vehicle leaving a parking space and returning within two (2) hours shall be deemed to have remained parked in such space for the purposes of calculating the number of days consecutively parked.

4.18.5 No Storage of Vehicles. No dilapidated, inoperable, unsightly, unregistered, vehicles registered as non-operational or abandoned vehicles shall be parked, kept, or permitted to remain upon any area within the Project, unless placed and maintained within an enclosed garage, other than temporarily in accordance with the Rules. All vehicles must display current license plate tabs. The Residents of any Unit shall be entitled to park no more than two vehicles within the Project. It is not the purpose or intent of this restriction to prohibit parking by guests of any Resident or parking on a temporary basis for purposes of loading or unloading vehicles, but rather to prohibit the regular or continuing storage or parking of more than two vehicles per Unit within the Project.

4.18.6 Noisy and Polluting Vehicles. No unreasonably noisy vehicles and no vehicles emitting foul smelling or offensive exhaust fumes shall be operated within the Project.

4.18.7 Vehicle Maintenance. With the exception of the customary and usual washing of vehicles of Residents, which shall be conducted in areas designated in and in accordance with the Rules, no vehicle maintenance of any nature whatsoever shall be permitted within the Project, except with the prior approval of the Board. In deciding whether to grant or withhold approval, the Board shall consider, without limitation, the effects of noise, air pollution, dirt or grease, fire hazard, and similar objections.

4.18.8 Use of Private Streets. The private streets within the Project shall not be used for recreational purposes including, without limitation, "joy riding", racing or other similar activities. The Board shall have the power to establish and enforce speed limits and other Rules regarding the use of the private streets.

4.18.9 Parking Enforcement. In addition to the provisions of Section 4.18 above, the Board shall have the power and authority to adopt, promulgate, and enforce parking rules and shall have the power to impose fines and other sanctions for violations of provisions of the Governing Documents relating to vehicles and parking. Such power shall include the power and authority to cause the towing, at the vehicle owner's expense, of vehicles which are parked within the Project in violation of any of the provisions of the Governing Documents, provided that towing of vehicles of guests and other non-Residents of the Project shall be subject to the provisions of applicable law. Costs incurred by the Association relating to the towing and/or

storage of any vehicle parked in violation of any provision of the Governing Documents shall be assessed as a Reimbursement Assessment against the Condominium Owner responsible or whose household members, tenants, contract purchasers, or guests are responsible for the presence of such vehicle. Such power shall also include the use of the device known as the "Denver Boot" or other similar devices designed to obtain compliance with parking rules and regulations.

4.19 Window Coverings. Drapes, window shades, blinds or shutters shall be installed in the windows of all Units and shall comply with any Rules adopted by the Board. The portions of such coverings which are visible from the exterior of the unit shall be of a uniform color and appearance, as determined by the Board. In no event shall any type of film, aluminum foil, newspaper, bed sheets or similar materials be placed on or around windows. All window coverings, including screens, shall be maintained in good repair and condition at all times.

4.20 Outbuildings. No outbuilding, tent, shack, trailer, shed, or temporary building of any kind shall be located within the Project, except in strict compliance with the provisions of this Declaration, including Article 10 concerning recommendation by the Architectural Committee. In no event shall any such structure or any garage be used as a residence or for residential purposes, either temporarily or permanently.

4.21 Screens and Awnings. No screens, storm doors, or sunshades shall be installed or maintained within the project unless and until a recommendation is made by the Architectural Committee and approved by the Board. All windows on a unit within the project which are capable of being opened must have screens. Window security bars and awnings shall not be installed anywhere within the Project.

4.22 Bicycles. No bicycles may be stored upon the Common Area except for (i) upon the patios or balconies in conformance with any rules or regulations established by the Board, or (ii) completely within the storage areas, assigned as Exclusive Use Common Area to the Units.

4.23 Activities Affecting Insurance. Nothing shall be done or kept in any Unit or within the Common Area which will increase the cost of insurance relating thereto without the prior written consent of the Board. No Owner shall permit anything to be done or kept in his or her Unit or upon the Common Area which would result in the cancellation of insurance on any Unit or any part of the Common Area or which would be in violation of the law.

4.24 Waterbeds. No Resident may install a waterbed on floor levels located above any other Unit unless the written approval of the Board is first obtained. The Board may adopt Rules with respect to the quality of materials and method of installation of water beds. The Board may also require an engineer's report if there are reasonable grounds for concern over the impact that a water bed will have on the structural soundness of any Unit. The Board shall require proof of adequate insurance coverage for any damage caused by the installation or use of a waterbed in any Unit.

4.25 Spas. No hot tub or similar device, whether portable or permanently affixed, shall be installed within the Project without the prior approval of the Board of Directors.

4.26 Floors. Only carpeting may be installed on floors in all second-floor Units, except that soft or hard floor coverings may be installed in kitchens or bath areas of second-floor Units.

4.27 Garages. Each Owner and Resident shall keep his or her garage in a neat, orderly, sanitary and safe condition. Each garage door shall remain closed except during ingress or egress or when necessary to provide ventilation for individuals working in the garage area.

4.28 Fireplace Logs. Gas fireplace logs in any Units are primarily for decorative and aesthetic purposes only, and shall not be used or modified in combination with the use of "heatilators", blowers or similar devices, to heat the Owner's Unit without the approval of the Board.

4.29 Combination of Units. Contiguous Units may be combined for use as a single residence with the prior approval of the Architectural Committee in accordance with Article 10 of this Declaration. Before the Architectural Committee 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 to:

- (a) Architectural plans for the combination;
- (b) A certificate of a structural engineer licensed in the State of California and approved by the Architectural Committee, 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 Architectural Committee, setting forth the cost to make the proposed combination and time within which the combination could be completed;
- (d) A bond naming the Association 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 certification 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.

All contractors shall provide the Association with a certificate of Insurance with a minimum of thirty (30) days notice of termination.

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 Architectural Committee'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.

ARTICLE 5 HOMEOWNERS ASSOCIATION

5.1 Management and Operation. The Association shall manage and operate the Project in accordance with the applicable provisions of the Governing Documents and the applicable provisions of California law. The Association shall have all of the powers set forth in the Governing Documents together with general power to do any and all things that a nonprofit mutual benefit corporation may lawfully do under the laws of the State of California, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Governing Documents.

5.2 Membership. Every Owner of a Condominium within the Project shall be a Member of the Association and shall remain a Member thereof until such time as his or her Condominium ownership ceases for any reason. Membership shall be appurtenant to and may not be separated from ownership of a Condominium and shall not be transferred, encumbered, pledged, alienated, or otherwise hypothecated in any way, except in connection with the sale or encumbrance of the Condominium to which it is appurtenant.

5.3 Voting. Only Members in Good Standing shall be entitled to vote, and only one vote shall be cast for each Condominium, as more particularly set forth in the Bylaws.

5.4 Board of Directors. The affairs of the Association shall be managed by or under the direction of a Board of Directors. The number and qualifications of Directors shall be as established in the Bylaws, and the members of the Board shall be elected as provided in the Bylaws. The Board of Directors shall have all of the powers and duties set forth in any provision of the Governing Documents, including without limitation such powers and duties as may be expressly set forth in this Declaration.

5.5 Association Rules. The Board of Directors shall have the power and the authority to establish, promulgate, amend, repeal, and enforce such Rules as the Board deems necessary for the management and operation of the Project and the conduct of business and affairs of the Association. Such Rules may concern, without limitation, matters pertaining to use of the Common Area, including Exclusive Use Common Area; pets; signs; collection and disposal of refuse; minimum standards for maintenance of property; use of recreation facilities; parking and traffic regulations; rental or leasing of Units within the Project; use or prohibition of the use of skateboards, roller blades, bicycles and tricycles within the Project; and any other subject matter within the jurisdiction of the Association as provided in the Governing Documents or by law.

5.6 Manager and Other Personnel. The Board of Directors shall have the power and authority to employ a manager and such other persons or entities as the Board shall deem appropriate to assist it in managing the Project and conducting the business and affairs of the Association, as more particularly set forth in the Bylaws.

5.7 Assessments. The Board shall have the power and duty to levy and collect Assessments, as more particularly set forth in Article 6 of this Declaration.

5.8 Insurance. The Board shall procure and maintain liability insurance and property insurance as it shall deem proper and as more particularly set forth in the Bylaws.

5.9 Acquisition of Property. Subject to Section 5.10, the Board acting on behalf of the Association shall have the power to acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, and maintain real or personal property in connection with the affairs of the Association.

5.10 Capital Improvements. The Board of Directors shall have the power and authority to provide for the construction, reconstruction, installation, or acquisition of capital improvements upon the Common Area, provided that in any fiscal year expenditures for capital improvements shall not exceed ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year except upon the approval of an Absolute Majority. This limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for capital improvements so long as the expenditure is for the purpose for which the fund was established nor shall it apply to any reconstruction governed by Article 7 of this Declaration.

5.11 Sale or Transfer of Association Property. Except as provided in Sections 3.4 and 5.16 of this Declaration, the Board of Directors shall not in any fiscal year sell or transfer property owned by the Association, including, without limitation, the Common Area or any part of it, having a value in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without approval of an Absolute Majority.

5.12 Mortgage of Association Property. The Board shall have the power and authority to mortgage, pledge, encumber, or otherwise hypothecate the Common Area and facilities thereon and/or the property owned by the Association as security for money borrowed or debts incurred by the Association.

5.13 Utilities. The Association shall pay all charges for utilities supplied to the Project except those metered or charged separately to the Units.

5.14 Property Taxes. The Association shall pay all real property taxes and assessments levied upon any property within the Project to the extent not separately assessed to the Owners. Provided that any such taxes are paid or that a bond insuring the payment is posted, such taxes and assessments may be contested or compromised by the Association prior to the sale or other disposition of any property to satisfy the payment of such taxes.

5.15 Access. The Board and its duly authorized agents or representatives shall have the right, after reasonable notice to the Owner thereof, to enter any Unit for the purpose of performing the maintenance authorized herein or for any other purpose reasonably related to the performance by the Association or the Board of their responsibilities.

5.16 Exclusive Easements. The Board shall have the power to grant to Owners easements, licenses to use, and/or rights of way over the Common Area for their exclusive use.

5.17 Building 2274. The Board shall have the power to lease (i) the building identified on the Condominium Plan as building number 2274, or any portion thereof, and (ii) any portion of the Common Area, for residential and/or commercial uses as the Board deems appropriate, provided that any such use shall be consistent with the general character of the Project as a residential development. The rental of portions of building number 2274 on a short term basis to the guests of Residents is specifically permitted and deemed consistent with the general character of the Project as a residential development.

ARTICLE 6

ASSESSMENTS AND LIENS

6.1 Covenant of Owner. Each Owner of a Condominium within the Project, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, shall be deemed to have covenanted and agreed to pay to the Association: (i) Annual Assessments, (ii) Special Assessments, (iii) Reimbursement Assessments, and (iv) Enforcement Assessments levied by the Association as hereinafter provided, together with all Additional Charges. Such deed or conveyance shall be deemed to vest in the Association the right and power to initiate all actions and procedures as the Board shall deem necessary or appropriate for the collection of such Assessments and Additional Charges and for the enforcement of the liens hereinafter provided for. Each Assessment levied by the Association under this article, together with all Additional Charges, shall be a separate, distinct, and personal debt and obligation of the Owner against whom it is assessed, and shall bind his or her heirs, devisees, personal representatives, successors, and assigns. Such obligation to pay Assessments and Additional Charges and the right and power of the Association to initiate all actions and procedures for collection shall run with the land, so that each successive Owner or Owners of record of any Condominium within the Project shall, in turn, become liable to pay all such Assessments and Additional Charges assessed during the time he or she is record Owner of such Condominium. After an Owner transfers of record any Condominium he or she owns, he or she shall not be liable for any Assessments levied thereafter with respect to such Condominium. Such Owner shall remain personally liable, however, for all unpaid amounts due and owing at the time of transfer, together with Additional Charges accruing until time of collection. A contract seller of any Condominium shall continue to be liable for all Assessments and Additional Charges until a conveyance by deed of such Condominium is recorded in the Office of the County Recorder.

6.2 Creation of Lien. Each Assessment levied by the Association pursuant to this Declaration, together with all Additional Charges, shall be a charge upon the land and upon levy shall be secured by a continuing lien upon the property against which such Assessment is levied. The Association shall have a separate lien and a separate lien is hereby created upon each Condominium to secure the payment of any such Assessments and Additional Charges as may be levied under this Declaration. The lien provided for herein shall continue to secure all Assessments and Additional Charges levied upon any Condominium notwithstanding the transfer of record title to such Condominium, and any such transfer shall be subject to the Association's lien, provided that, prior to such transfer, a Notice of Delinquent Assessment has been recorded as provided in the Declaration and by law. The priority of all such liens on each Condominium shall be in inverse order so that upon the foreclosure of the lien for any particular charge on any Condominium, any sale of such Condominium pursuant to foreclosure of the lien will be made subject to all liens securing the respective monthly Assessments and Additional Charges on such Condominium for succeeding months.

6.3 Purpose of Annual Assessments. The Annual Assessments levied by the Board shall be used exclusively to pay for the costs of management and operation of the Project, of conducting the business and affairs of the Association, to promote the recreation, health, safety, welfare, benefit, and interests of the Owners and Residents in the Project, and for the improvement and maintenance of the Common Area and, to the extent provided for in the Governing Documents or by law, of the Units situated within the Project or which, in the opinion of the Board, shall be deemed to be necessary or proper for the management of the Project or of the affairs of the Association, or the benefit of the Condominium Owners, or for the enforcement of the Governing Documents.

6.4 Authority of the Board. The Board shall have the power and the duty to levy Annual and special Assessments sufficient to meet the Association's obligations under the Governing Documents and applicable law.

6.5 Annual Assessments.

6.5.1 Calculation of Estimated Requirement. Not later than forty-five (45) days prior to the beginning of each fiscal year, the Board shall complete and distribute to all Owners an estimate of the net funds required by the Association for such fiscal year, including a reasonable amount (i) allocated to contingencies and to a reserve fund for restoration, repair, and/or replacement of those components for which the Association is responsible and which must be repaired or replaced on a periodic basis; (ii) to manage, administer, operate, and maintain the Project; (iii) to conduct the affairs of the Association; and (iv) to perform all of the Association's duties in accordance with this Declaration.

6.5.2 Allocation of Annual Assessment. The Board shall allocate and assess the amount of estimated required funds determined pursuant to Section 6.5.1 among the Units as follows:

- (a) The portion of the estimate which represents all costs, including, without limitation, operating expenses and reserve provisions, for (i) the roofs, (ii) the maintenance of the exterior of the buildings, (iii) the water heaters, and (iv) all insurance, shall be allocated to each Unit in accordance with the "Per Unit Allocation" specified in Exhibit "B" attached to this Declaration. Notwithstanding any other provision of this Declaration, Unit 2252 shall be allocated an amount equal to the highest allocation made to a Unit within the Project under this subsection.
- (b) Each Unit containing gas service for a fireplace log or log lighter shall be allocated an additional amount, as determined by the Board, for the cost relating to such gas service. With respect to the presence of gas service for a fireplace log or log lighter, Unit 2252 shall be allocated an amount equal to the highest allocation for such gas service for each fireplace log or log lighter within Unit 2252.
- (c) The balance of the estimate remaining after the allocations made pursuant to Sections 6.5.2(a) and 6.5.2(b) shall be allocated equally among the Units by dividing the balance of the estimate by the number of Units within the Project.

6.5.3 Payment of Assessments. Unless the Board shall designate otherwise, Annual Assessments shall be levied on an annual basis and shall be paid in twelve (12) equal monthly installments during the fiscal year, and each installment shall be due and payable on the first day of each month.

6.5.4 Surplus Funds. If, as of the end of any fiscal year, there is a surplus of cash in the Association's current maintenance and operating account, as reflected in the Association's financial statement for such fiscal year, such surplus shall be applied to reserves unless some other disposition of such surplus funds is determined by the vote of the Members.

6.5.5 Increases in Annual Assessment. Except as otherwise provided by law, the Board shall not increase the Annual Assessment for any fiscal year above the amount of the Annual Assessment for the preceding fiscal year by more than the maximum amount permitted by law, except upon the affirmative vote or written consent of a majority of Members voting on any such increase in the Annual Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members of the Association, notwithstanding any lower quorum requirement which may be set forth in the Bylaws.

6.6 Special Assessments.

6.6.1 Purpose of Special Assessments. If at any time during any fiscal year the Annual Assessment proves inadequate for any reason, including nonpayment of any Owner's share thereof or the unexpected repair, replacement, or reconstruction of improvements located in the Project, or if funds are otherwise required for any authorized activity of the Association, the Board may levy a Special Assessment in the amount of such actual or estimated inadequacy or cost.

6.6.2 Allocation of Special Assessments. Special Assessments shall be allocated and assessed among the Condominiums in the same manner as Annual Assessments.

6.6.3 Approval of Special Assessments. Except in the case of an emergency situation as defined in Civil Code section 1366, in any fiscal year the Board may not levy Special Assessments which, in the aggregate, exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, except upon the affirmative vote or written consent of a majority of the Members voting on any such Special Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members of the Association, notwithstanding any lower quorum requirement which may be set forth in the Bylaws.

6.7 Reimbursement Assessments. The Association shall levy a Reimbursement Assessment against any Owner and his or her Condominium (1) if a failure by such Owner, or any person or pet for whom the Owner is responsible, to comply with any provision of the Governing Documents necessitates or results in an expenditure of funds by the Association to deal with such lack of compliance or to bring such Owner or his Condominium into compliance, or (2) if the Owner fails or refuses to pay the contribution required pursuant to Section 7.3 of this Declaration. A Reimbursement Assessment shall include any costs incurred by the Association, including attorneys' fees, to collect from an Owner any amount which the Owner is obligated to pay to the Association. A Reimbursement Assessment shall be due and payable to the Association when levied.

6.8 Enforcement Assessments. The Board may levy an Enforcement Assessment (and any fine imposed by the Board in accordance with the provisions of the Governing Documents shall be deemed to be such an Enforcement Assessment), for violation of any of the provisions of the Governing Documents. Any Enforcement Assessment shall be due and payable to the Association when levied.

6.9 Failure to Fix Assessments. The failure or omission by the Board to fix or levy any Annual Assessment provided for by the terms of this Declaration before the expiration of any fiscal year, for that fiscal year or the next fiscal year, shall not be deemed either a waiver or a modification

in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay Assessments or any installment thereof for that or any subsequent year, but the amount of the Annual Assessment fixed for the preceding fiscal year shall be the amount of the Annual Assessment for the ensuing fiscal year until a new Annual Assessment is levied.

6.10 Offsets. All Assessments levied by the Board shall be payable in the full amount specified, including any Additional Charges imposed as provided by the terms of this Declaration, and no offsets against any such amounts shall be permitted for any reason whatsoever, including without limitation a claim that the Association has failed to properly exercise its duties of maintenance or enforcement.

6.11 Delinquent Assessments. Any installment or other portion of an Assessment not paid within fifteen (15) days after its due date shall be delinquent and shall be subject to interest and late charges not to exceed the maximum rate permitted by law, as well as all other Additional Charges. The Board, on behalf of the Association, may enforce the payment of any delinquent Assessment plus Additional Charges by bringing an action at law against any Owner personally obligated to pay the same, or by foreclosing the lien against the Owner's Condominium by judicial or non-judicial foreclosure, except as prohibited by law. Prior to recording a Notice of Delinquent Assessment, the Association shall provide notice to the Owner as required by Civil Code section 1367(a) or other applicable statute. The Notice of Delinquent Assessment shall be mailed in the manner set forth in Civil Code section 2924b to all record owners of the Unit no later than ten (10) days after recordation as required by Civil Code section 1367(b). No procedures shall be initiated to foreclose the lien securing any Assessment levied under this article until after the expiration of thirty (30) days following the recording of a lien pursuant to Civil Code section 1367(b) or other applicable statute. Except as prohibited by law, upon the recording of the Notice of Delinquent Assessment referred to above, the Association may, at its option, declare the entire balance of all sums then due or to become due from the Owner, immediately due and payable, which total sum may then be included in any suit, action, or other procedure initiated to collect such sums, including all Additional Charges.

6.12 Power of Sale. Each Owner does hereby appoint the Association as trustee to enforce and to foreclose any lien which is established pursuant to the terms of this Declaration, by private power of sale, as provided in Division III, Part 4, Title 14, Chapter 2, Article 1, of the Civil Code of the State of California, and does further grant to the Board of Directors, on behalf of the Association, the authority and power to sell the Condominium of such Owner in the event of any default in payment of any Assessments or Additional Charges levied against such Condominium, for lawful money of the United States, to the highest bidder, to satisfy the lien. The Association, as trustee for the remaining Owners, or any other Owner, may purchase the Condominium at the sale. The Board may commence any procedure for the collection of delinquent Assessments upon its own decision, and it must so proceed upon the written request therefor signed by any five (5) Owners. The remedies provided in this Declaration for collection of delinquent Assessments shall be cumulative and not exclusive.

6.13 Certificate of Satisfaction and Release of Lien. Upon payment in full of a delinquent Assessment, including any Additional Charges, or the satisfaction thereof, the Board shall cause to be recorded, in the same manner as the Notice of Delinquent Assessment, a further certificate stating the satisfaction thereof and the release of the lien.

6.14 Priority. Except as otherwise expressly provided by law, the lien securing each of the Assessments provided for under this article shall have priority as of the date of recording of the original Declaration applicable to the Project over all other liens and encumbrances applicable to the Condominiums; provided, however, that such Assessment lien shall be subordinate to the lien of any first mortgage or first deed of trust recorded against the Condominium; and provided, further, that

such subordination shall apply only to the Assessments which have become due and payable prior to the sale of such property pursuant to a decree of foreclosure of any such mortgage or deed of trust, or pursuant to a power of sale contained in any such mortgage. Such foreclosure sale shall not relieve such property from liability for any Assessments and Additional Charges thereafter becoming due, nor from the lien of any subsequent Assessment.

6.15 Association Funds. Unless otherwise determined by the Board, the Association shall maintain at least two separate accounts in one or more banks or other depositories selected by the Board, which accounts shall be clearly designated WOODSIDE ASSOCIATION, INC. OPERATING ACCOUNT and WOODSIDE ASSOCIATION INC. RESERVE ACCOUNT. The Assessments collected by the Association shall be properly deposited into such accounts. The Board shall allocate a portion of the Annual Assessments as collected for the annual maintenance and operation of the Project and another portion of the funds as collected as reserves for contingencies, replacement, and deferred maintenance of the capital improvements of the Project, as specified in the annual budget.

6.16 Waiver of Exemptions. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this article, the benefit of any homestead or exemption laws of the State of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed pursuant to the terms of this article.

6.17 Property Exempt From Assessments. The following property subject to this Declaration shall be exempt from the Assessments, Charges, and liens created herein:

- (a) All property dedicated to and accepted by the County or other local public authority and devoted to public use; and
- (b) Any Condominium which is owned by the Association as a result of the Association having acquired such Condominium through foreclosure; provided, however, that such exemption shall be applicable only during the period in which the Association is record owner of such Condominium; and
- (c) All Common Area.

ARTICLE 7 DAMAGE OR DESTRUCTION OF BUILDINGS; CONDEMNATION

7.1 Destruction; Proceeds Exceed Eighty-Five Percent (85%) of Reconstruction Costs. If there is a total or partial destruction of the improvements in the Project, and if the available proceeds of the insurance carried pursuant to Section 8.2.15 of the Bylaws are sufficient to cover at least eighty-five percent (85%) of the costs of repair and reconstruction, the improvements shall be promptly rebuilt unless, within ninety (90) days from the date of destruction, Members then holding at least seventy-five percent (75%) of the total voting power present and entitled to vote, in person or by proxy, at a duly constituted meeting or by written ballot, determine that such repair and reconstruction shall not take place. If repair and reconstruction is to take place, the Board shall be required to execute, acknowledge and record in the office of the Sacramento County Recorder, not later than 120 days from the date of such destruction, a certificate declaring the intention of the Members to rebuild.

7.2 Destruction; Proceeds Less than Eighty-Five Percent (85%) of Reconstruction Costs. If the proceeds of insurance are less than eighty-five percent (85%) of the cost of repair and reconstruction, repair and reconstruction may nevertheless take place, if, within ninety (90) days

from the date of destruction, Members then holding at least fifty-one percent (51%) of the total voting power, present and entitled to vote, in person or by proxy, at a duly constituted meeting or by written ballot, determine that such repair and reconstruction shall take place, the Board shall be required to execute, acknowledge and record in the office of the Sacramento County Recorder, not later than 120 days from the date of such destruction, a certificate declaring the intention of the Members to rebuild.

7.3 Rebuilding Procedures. If the Members determine to rebuild, pursuant to Sections 7.1 or 7.2, the Owner of each Unit shall be obligated to contribute his proportionate share of the cost of reconstruction or restoration over and above the available insurance proceeds. Owners shall contribute their proportionate share of the cost of reconstruction or restoration based upon the ratio the square footage of the floor area of his Unit bears to the total square footage of the floor area of all Units. If any Owner fails or refuses to pay his or her proportionate share, the Board may levy a Reimbursement Assessment against the Condominium of such Owner which may be enforced under the lien provisions contained in Article 6 or in any other manner provided in this Declaration. If any Owner disputes the amount of his or her proportionate liability under this section, such Owner may contest the amount of his or her liability by submitting to the Board within ten (10) days after notice to the Owner of his or her share of the liability written objections supported by cost estimates or other information that the Owner deems to be material and may request a hearing before the Board at which the Owner may be represented by counsel. Following such hearing, the Board shall give written notice of its decision to all Owners, including any recommendation that adjustments be made with respect to the liability of any Owners. If such adjustments are recommended, the notice shall schedule a special meeting of Members for the purpose of acting on the Board's recommendation, including making further adjustments, if deemed by the Members to be necessary or appropriate. All adjustments shall be affirmed or modified by fifty-one percent (51%) of the total voting power of the Members, present and entitled to vote in person or by proxy, at a duly constituted meeting or by written ballot. If no adjustments are recommended by the Board, the decision of the Board shall be final and binding on all Owners, including any Owner filing objections.

7.4 Rebuilding Contract. If the Members determine to rebuild, the Board shall reconstruct the Project substantially in accordance with the original plan. The Board or its authorized representative shall obtain bids from at least two reputable contractors and shall award the repair and reconstruction work to the lowest qualified bidder. The Board shall have the authority to enter into a written contract with the contractor for such repair and reconstruction, and the insurance proceeds held by the trustee shall be disbursed to the contractor according to the terms and conditions of the agreement. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

7.5 Rebuilding Not Authorized. If the Members determine not to rebuild, then any insurance proceeds then available for such rebuilding shall be distributed to the Owner of each Condominium according to the relative fair market values of their Condominiums. The Board shall have the duty, within one hundred twenty (120) days from the date of such destruction, to execute, acknowledge and record in the office of the Sacramento County Recorder, a certificate declaring the intention of the Members not to rebuild.

7.6 Minor Repair and Reconstruction. In any case, the Board shall have the duty to repair and reconstruct improvements, without the consent of Members and irrespective of the amount of available insurance proceeds, in all cases of partial destruction when the estimated cost of repair and reconstruction does not exceed Twenty Thousand Dollars (\$20,000.00). Any amounts

paid by the Board up to and including Twenty Thousand Dollars (\$20,000.00) shall be assessed equally among all Members.

7.7 Right to Partition. On recordation of a certificate as described in Section 7.5, any Owner shall have the right to partition through legal action as provided in California Civil Code Section 1359.

7.8 Appraiser. In this article, wherever reference is made to a determination of the value or fair market value of one or more Condominiums by an appraiser, this shall mean an appraisal by an independent appraiser selected by the Board, who shall be a member of the Society of Real Estate Appraisers ("SREA") or other nationally recognized appraiser organization and who shall apply its or such other organization's standards in determining the value or fair market value of each Condominium. The costs of such appraisals shall be paid from the sale or insurance proceeds, as the case may be.

7.9 Arbitration. In the event of a dispute among the Owners or Mortgagees with respect to the provisions of this article, any Owner may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to the members of the Board and to all other Owners and their respective Mortgagees as promptly thereafter as possible, giving all Board members, Owners and Mortgagees an opportunity to appear in such arbitration proceedings. The decision of such arbitrator in the matter shall be final and conclusive upon all parties. The arbitrator may include in his decision an award for costs and/or attorneys' fees against any one or more parties to the arbitration. The award or decision may be confirmed and enforced by any court of competent jurisdiction.

7.10 Negligently or Willfully Caused Damage.

- (a) Any Owner or other person negligently or willfully causing damage to any portion of the Project shall be liable therefor, and shall be subject to a Reimbursement Assessment for the costs of repairing such damage.
- (b) Each Owner shall be liable to the remaining Owners for any damage to the Common Area which may be sustained by reason of the negligence of said Owner, members of the Owner's household, the Owner's Contract Purchasers, lessees, renters, guests or invitees, to the extent that any such damage shall not be covered by insurance. Each Owner does further, by acceptance of their deed, agree for themselves and for the members of their household, their Contract Purchasers, lessees, renters, guests or invitees, to indemnify each and every other Owner, and to hold him or her harmless from, and to defend him or her against, any claim of any person or persons for personal injury or property damage occurring within the Unit of that particular Owner and any exclusive easements over the Exclusive Use Common Area appurtenant thereto, if any, unless said injury or damage occurred by reason of the negligence of any other Owner or person temporarily visiting in said Condominium or portion of the Exclusive Use Common Area subject to an exclusive easement appurtenant thereto, if any.

7.11 Amendment. The provisions of Sections 7.1 through 7.11 cannot be amended without the vote or written consent of seventy-five percent (75%) of the Total Voting Power of the Members of the Association, including the unanimous consent of any adversely affected Owners.

as a Reimbursement Assessment. Such entry shall be made with as little inconvenience to the Residents as practicable and only upon reasonable advance written notice of not less than twenty-four (24) hours, except in emergency situations.

8.3 Association Liability. The Association shall not be responsible or liable for any maintenance, repair, or replacement of a Unit, except to the extent that the need for such maintenance, repair, or replacement results from the negligence or fault of the Association, its employees, contractors, or agents.

8.4 Owner Responsibility.

8.4.1 Maintenance of Units. Each Owner, at his or her sole cost and expense, shall be responsible for the:

- (a) maintenance, repair, and replacement of his or her Unit or any portion thereof, including, without limitation, any equipment, utility facilities, fixtures, and appliances located therein, and the finished surfaces of the interior walls, ceilings, and floors of the Unit, in a clean, sanitary, workable, and attractive condition, subject to the provisions of this article;
- (b) cleaning, maintenance, repair, and replacement of all windows, glass, and screens serving his or her Unit, both interior and exterior, and including all window frames;
- (c) cleaning, maintenance, repair, and replacement of all doors serving his or her Unit, both interior and exterior (but not including exterior door frames), except that the Association shall paint the outside surface of the exterior doors; and
- (d) cleaning, maintenance, repair, and replacement of the internal installations, appliances, equipment, and other features servicing his or her Unit, even though located partly outside of such Unit, including, without limitation:
 - (i) garbage disposals, individual (not shared) hot water heaters, ranges, refrigerators, freezers, dishwashers, and other kitchen appliances;
 - (ii) washing machines, dryers, light fixtures and light bulbs;
 - (iii) heating, ventilating and air conditioning units, condensers and equipment;
 - (iv) plumbing facilities, showers, bathtubs, sinks, toilets, telephone facilities, and any gas fireplace logs, solar devices, skylights and/or solar tubes. (Solar devices, skylights and solar tubes may not be installed without the prior consent of the Board);
 - (v) electrical lines, cable television lines and other utility lines and equipment designed to serve the Unit and within the boundaries of the Unit; and

- (vi) any other accessories within the boundaries of the Unit.
- (e) cleaning, maintenance, repair and replacement of the interiors of the garages and the automatic garage door openers, if any.

8.4.2 Maintenance of Exclusive Use Common Area. Each Owner shall, at his or her sole cost and expense, have the following cleaning, maintenance, upkeep, repair and replacement obligations with respect to the Exclusive Use Common Areas assigned to his or her Unit as follows:

- (a) The cleaning, maintenance, upkeep, repair and replacement of the fireplace fireboxes, log lighters, flues, and chutes.
- (b) The regular cleaning and upkeep in a neat and orderly fashion of the balconies and patios.
- (c) The maintenance, upkeep, repair and replacement of all planting and landscaping in conformity with plans approved by the Board.

8.4.3 Additional Maintenance Responsibilities - Unit 2252. In addition to the other obligations imposed by Section 8.4, the Owner of Unit 2252 shall be responsible for, at his or her sole cost and expense, the maintenance, upkeep, repair and replacement of:

- (a) All landscaping, the swimming pool and all swimming pool equipment, including, without limitation, the heater, located in the Private Yard as described in Section 1.18.
- (b) The exterior of the building and garage within which Unit 2252 is located including, without limitation, the building's roof, exterior walls and other exterior building surfaces.

In discharging the additional responsibilities assigned pursuant to this section, the Owner of Unit 2252 shall be subject to all the provisions of this Declaration, including, without limitation, the provisions of Article 10 concerning landscaping and architectural control. Performance of these additional responsibilities shall in no way relieve the Owner of Unit 2252 of the responsibility to pay Assessments in accordance with Article 6.

8.4.4 Damage to Buildings. In performing his or her maintenance responsibilities, no Owner shall interfere with or damage the structural integrity of any building.

8.4.5 Compliance With Architectural Provisions. An Owner's right and responsibility to perform maintenance, repair or replacement pursuant to Section 8.4 shall be subject to any applicable provisions of the Governing Documents relating to landscaping and architectural control, including Article 10 of this Declaration.

8.5 Interior Decorations. Except as otherwise provided in this Declaration, including, without limitation, the restrictions found in Sections 4.19, 4.24 and 4.26, each Owner shall have complete discretion as to furniture, furnishings, and interior decorating of the interior of his or her Unit and shall have the exclusive right to paint, plaster, panel, tile, wax, paper, or otherwise refinish

and decorate the interior surfaces of the walls, ceilings, floors, and doors bounding his or her Unit, and to substitute new finished surfaces for the finished surfaces existing on the walls, ceilings, floors, and doors, including, without limitation, substitution of paint for paper or paper for paint, substitution of any type of panel for plaster or plaster for paneling, substitution of tile for paneling or paneling for tile, or substitution of wood for linoleum or tile or of linoleum or tile for wood. However, no Owner shall do anything in or about his or her Unit that will affect the structural integrity of the building in which it is located.

8.6 Board Discretion. The Board shall have the absolute discretion to determine whether any maintenance, repair, or replacement, which is the responsibility of an Owner, is necessary to preserve the appearance and value of the property within the Project or any portion thereof and may notify an Owner of the work the Board deems necessary. In the event an Owner fails to perform such work within sixty (60) days after notification by the Board to the Owner, the Board may, after written notice to the Owner, and the right of a hearing before the Board, cause such work to be done and charge the cost thereof to the Owner as a Reimbursement Assessment.

8.7 Owner Liability. In the event the need for any maintenance, repair, or replacement is caused by the willful or negligent act or omission of an Owner or the members of an Owner's household or an Owner's tenants, contract purchaser, guests, invitees, or household pets, the cost of such maintenance, repair, or replacement, including the cost of materials, labor, supplies, and services shall be charged to, and paid by, such Owner in the form of a Reimbursement Assessment.

ARTICLE 9 PROTECTION OF MORTGAGEES

9.1 Mortgage Permitted. Any Owner may encumber his Condominium with a Mortgage.

9.2 Subordination. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any First Mortgage encumbering all or a portion of the Project, or any Condominium therein, made in good faith and for value, and no such lien shall in any way defeat, invalidate or impair the obligation or priority of such First Mortgage unless the Mortgagee thereunder shall expressly subordinate his interest, in writing, to such lien.

9.3 Amendment. No amendment to this Declaration shall materially affect any of the rights of any Mortgagee to any Mortgage made in good faith and for value and recorded prior to the recordation of any such amendment unless at least seventy-five percent (75%) of all first Mortgagees shall either join in the execution of such amendment or shall approve the same in writing as part of such amendment.

9.4 Restrictions on Certain Changes. Unless at least seventy-five percent (75%) of the first-recorded Mortgagees (based upon one vote for each Mortgage owned) of Owners of Units have given their prior written approval, neither the Association nor the Owners shall be entitled:

- (a) By act or omission to see to abandon or terminate the Condominium Plan, except for abandonment provided by statute in case of substantial loan to the Units and Common Area;
- (b) To change the pro rata interest or obligations of any Units for (i) purposes of levying Assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (ii) determining the pro rata share of ownership of each Unit in the Common Area or to change the

method of determining the obligations, Assessments, dues of other charges which may be levied against an Owner;

- (c) To partition or subdivide any Unit;
- (d) By act or omission to seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area, except partition of the Common Area as authorized by law or by Article 7 hereof. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Association or the Owners shall not be deemed a transfer within the meaning of this clause;
- (e) To fail to maintain fire and extended coverage insurance on insurable Common Area improvements on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost) or to use hazard insurance proceeds for losses for other than the repair, replacement or reconstruction of the common facilities and Units, except as provided by statute in case of substantial loss to the Units and/or Common Area within the Project;
- (f) By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design of the exterior appearance of Units, the exterior maintenance of Units or the maintenance of party walls;
- (g) To terminate professional management and assume self-management of the Project.

9.5 Right to Examine Books and Records. First Mortgagees shall have the right to examine the books and records of the Association and the right to require the submission of financial data concerning the Association or the Project, including annual audit reports and operative statements as furnished to the Owners.

9.6 Distribution of Insurance and Condemnation Proceeds. No Owner, or any other party, shall have priority over any right of first Mortgagees of Units pursuant to their Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Area. Any provision to the contrary herein or in the Bylaws or other documents relating to the Project is to such extent null, void and of no effect. All applicable fire and all physical loss of extended coverage insurance policies shall contain loss payable clauses acceptable to a majority of the different affected Mortgagees naming the Mortgagees, as their interests may appear.

9.7 Amenities. All amenities (such as parking and service area) are available for use by Owners and all such amenities with respect to which regular or special assessments for maintenance or other uses may be levied hereunder constitute Common Area.

All such amenities shall be covered by any Mortgage on a Unit to the extent such amenities are included in the Owners' undivided interest in the Common Area except for any easements granted for public utilities or for other public purposes.

9.8 Effect of Breach Hereof. No breach of any provision of this Declaration shall invalidate the lien of any Mortgage in good faith and for value, but this Declaration shall be binding upon any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

9.9 Foreclosure. If any Condominium is encumbered by a Mortgage made in good faith and for value, the foreclosure of any lien created by any provision set forth in this Declaration for Assessments, or installments thereof, as shall have accrued up to the time of foreclosure shall be subordinate to the lien of such Mortgage, with the foreclosure-purchaser taking title to such Condominium free of the lien hereof for such Assessments, or installments thereof, as shall have accrued up to the time of the foreclosure sale; and upon so coming into title to such Condominium, such foreclosure-purchaser shall only be obligated to pay Assessments or other charges levied or assessed by the Association subsequent to the time such foreclosure-purchaser acquired title to such Condominium, which subsequently levied Assessments or other charges may include previously unpaid Assessments provided all Owners, including such foreclosure-purchaser, and the successors and assigns thereof, are required to pay their proportionate share thereof as hereinabove provided.

9.10 Non-Curable Breach. Any Mortgagee who acquires title to a Condominium by foreclosure or by deed in lieu of foreclosure or assignment-in-lieu of foreclosure shall not be obligated to cure any breach of this Declaration which is non-curable.

9.11 Loan to Facilitate. Any First Mortgage given to secure a loan to facilitate the resale of a Condominium after acquisition by foreclosure or by a deed-in-lieu of foreclosure shall be deemed to be a loan made in good faith and for value and entitled to all of the rights and protections of this article.

9.12 Appearance at Meeting. Because of its financial interest in the Project, any Mortgagee may appear at meetings of the Members and the Board to draw attention to violations of this Declaration which have not been corrected or made the subject of remedial proceedings or Assessments.

9.13 Right to Furnish Information. Any Mortgagee shall have the right to furnish information to the Board concerning the status of any Mortgage.

9.14 Notices to Mortgagees of Record. On any loss of any Unit covered by a Mortgage, if such loss exceeds One Thousand Dollars (\$1,000), or on any loss to the Common Area, if such loss exceeds Ten Thousand Dollars (\$10,000), or on any taking of the Common Area, notice in writing of such loss or taking shall be given to each Mortgagee of record by the Association. If any Owner of a Unit is in default under any provisions of this Declaration, or under any provision of the Bylaws or the Rules, which default is not cured within thirty (30) days after written notice to such Owner, the Association shall give to the Mortgagee of record of such Owner written notice of such default and of the fact that said thirty (30) day period has expired.

9.15 Payment of Taxes. Mortgagees of Units within the Project may jointly or singularly pay taxes which are in default and which may or have become charged against any Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such property, and Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

ARTICLE 10 ARCHITECTURAL CONTROL

10.1. Architectural Committee Approval Required For All Improvements. No building, exterior wall or other structure or improvement of any kind (including, without limitation, patio or balcony covers, skylights, spas and/or antennas) shall be erected, constructed, installed, placed upon or maintained within the Project, and no common wall or ceiling of any Unit shall be penetrated (collectively such projects shall be referred to as "Improvements") until plans and specifications for the Improvement showing the nature, location, color, kind, height, shape, materials (and, in the case of a spa Improvement, information on the noise level of the equipment) have been submitted to, and approved by, the Association's Architectural Committee in accordance with this Article 10. Any decision of the Architectural Committee shall be furnished, in writing, to the Board of Directors for ratification at the Board's next regularly scheduled meeting.

10.2. Appointment and Removal of Committee Members.

(a) There shall be an Architectural Committee consisting of three persons, appointed by the Board, who shall be Members in good standing of the Association, each of whom shall be over the age of twenty-one years.

(b) The right from time to time to appoint and remove members of the Architectural Committee shall be vested solely in the Board; provided, however, that no member may be removed from the Architectural Committee without the vote or written consent of a minimum of two-thirds (2/3) of all of the members of the Board holding office at that time. The Board shall exercise its right of appointment and removal by notification in the Minutes of its meetings by means of a declaration executed by the Secretary of the Association, or any Assistant Secretary.

(c) Any member of the Architectural Committee may, at any time, resign upon written notice delivered to the Board.

10.3. Architectural Committee: Duties. It shall be the duty of the Architectural Committee to act upon Improvements submitted pursuant to these restrictions, to adopt Architectural Committee Rules pursuant to Section 10.5 hereof, and to perform such other duties from time to time delegated to it by the Board or otherwise required to be performed under this Declaration.

10.4. Architectural Committee: Meetings; Action; Compensation; Expenses. The Architectural Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of a majority of its members shall constitute an act by the Architectural Committee unless the unanimous decision of its members is otherwise required by this Declaration. The Architectural Committee shall keep and maintain a written record of all action from time to time taken by the Architectural Committee at such meetings or otherwise. Members of the Architectural Committee shall not receive any compensation for services rendered; provided, however, that all Members shall be entitled to reimbursement for reasonable expenses incurred by them in connection with the performance of any Architectural Committee functions.

10.5. Architectural Committee Rules. The Architectural Committee may, from time to time, adopt, amend and repeal by majority vote, rules and regulations, to be known as "Architectural Committee Rules". The Architectural Committee Rules shall interpret and implement the provisions of this Article 10 by setting forth the standards and procedures for Architectural Committee review and guidelines for such matters as architectural design, placement of any work of improvement, color schemes, exterior finishes, materials and similar features recommended for use within the Project; provided, however, that no Architectural Committee Rule shall be in derogation of the minimum standards required by this Declaration and any new Rule or amendment of an existing Rule shall be approved by a majority vote of the Board of Directors as a condition to its

effectiveness. In the event of any conflict between the Architectural Committee Rules and this Declaration, the provisions of the Declaration shall prevail.

10.6. Criteria For Approval of Improvements. When a proposed work of Improvement has been submitted to the Architectural Committee for review and approval, the Committee shall grant the requested approval, and send their determination to the Board for ratification, only if the Committee makes each of the following determinations:

(a) That the information submitted by the Owner is complete and in compliance with the requirements of this Article 10;

(b) That the proposed Improvement is (1) in conformity with these restrictions, (2) in harmony with the external design and construction standards of other similar improvements within the Project, and (3) that the Improvement will not unreasonably interfere with the rights of quiet enjoyment of the Owners of other Condominiums within the Project; and

(c) That the proposed improvement would otherwise be consistent with the architectural and aesthetic standards prevailing within the Project and with the purposes of this Declaration. While it is recognized that this aspect of the Architectural Committee's determination will, of necessity, be subjective to some degree, in reaching a decision the members of the Committee shall give the greatest weight to the factors specifically enumerated in this Section 10.6 and they shall act in a uniform and non-discriminatory manner (although the Committee shall be entitled to make reasonable distinctions between similar proposals based upon such factors as the location of the Unit in relation to other Units, previous maintenance or compliance problems with the requesting Owner, and the like).

10.7. Submission and Approval of Plans. Plans and specifications relating to any proposed Improvement shall be submitted to the Architectural Committee by personal delivery or certified mail to the General Manager of the Association or the Chairman of the Architectural Committee. In the event said Committee fails to approve or disapprove the design and location of any Improvement within forty-five (45) days after plans and specifications for the Improvement have been submitted to it, the request will be deemed to be approved. The Board of Directors shall affirm or overrule the decision of the Architectural Committee with respect to any Improvement at the next regularly scheduled Board meeting.

10.8. Improvements Within the Common Areas. No improvement, excavation or work which in any way alters any Common Area from its natural or existing state shall be made or done except upon strict compliance with, and within the restrictions and limitations of, this Section 10.8.

(a) No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any improvement upon, or shall make or create any excavation or fill upon, or shall change the natural or existing drainage of, or shall destroy or remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon the Common Area.

(b) The Association may at any time, and without necessity of Architectural Committee approval, do any of the following:

(1) Reconstruct, replace, or refinish any common facility, improvement or portion thereof upon Common Area in accordance with the original design, finish or standard of construction of such improvement of such Common Area.

(2) Construct, reconstruct, replace, refinish any road improvement or surface upon any portion of the Common Area designated on a subdivision map as a private road or parking area.

(3) Replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of Common Area.

(4) Place and maintain upon the Common Area and common facilities such signs as the Association may deem necessary for the identification of the development and of roads, the regulation of traffic, including parking, the regulation and use of Common Area and common facilities for the recreation, health, welfare and safety of Owners, tenants and guests.

10.9. Waivers. The approval by the Architectural Committee of any plans, drawings or specifications for any Improvement, or in connection with any other matter requiring the approval of the Architectural Committee under this Declaration or the granting of a variance in any particular instance, shall not be deemed to constitute a waiver of any right to withhold approval as to any similar plan, drawing, specification, requested variance or other matter whenever subsequently or additionally submitted to the Committee for approval by the same or some other Owner.

10.10. Variances. The Architectural Committee, with ratification by the Board, shall be entitled to allow reasonable variances in any procedures specified in this Article 10 in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships, provided the following conditions are met:

(a) The Architectural Committee conducts a public hearing on the proposed variance after giving at least 10 days' prior written notice to the Board and to all Owners residing within 300 feet of the subject Unit.

(b) The Architectural Committee makes a good faith written determination that: (1) the requested variance does not constitute a material deviation from any restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliances; or (2) that the variance relates to a requirement hereunder that is unnecessary or burdensome under the circumstances; or (3) that the variance, if granted, will not result in a material detriment or create an unreasonable nuisance with respect to any other Unit, Common Area or Owner with the Project.

10.11. Governmental Regulations. The application to the review and approval by the Architectural Committee of any proposals, plans or other submittals shall in no way be deemed to be satisfaction of, or compliance with, any building permit process or any other governmental requirements applicable to the proposed Improvement. The responsibility for compliance with any such regulation or requirement shall lie solely with the Unit Owner.

10.12. Limitation on Liability. Neither the Architectural Committee nor any member thereof shall be liable to the Association, or to any Member, Owner or other person or body for any damage, loss or prejudice suffered or claimed on account of (a) the approval of any plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, or (c) the development or manner of development of any property within the Project, provided, however, that such committee member has, with the actual knowledge possessed by him, acted in good faith. Without in any way limiting the generality of the foregoing, the Architectural Committee, or any member thereof, shall consult with the Board of the Association, if requested, with respect to any plans, drawings or specifications, or any other proposal submitted to the Architectural Committee.

ARTICLE 11 ENFORCEMENT

11.1 Violations as Nuisance. Every act or omission constituting or resulting in a violation of any of the provisions of the Governing Documents shall be deemed to constitute a nuisance and, in addition to any other remedies which may be available, such nuisance may be abated or enjoined by the Association or its Officers or Board of Directors or by any Owner; provided, however, that the Board shall not be obligated to take action to abate or enjoin a particular violation if, in the exercise of its discretion, the Board determines that acting to abate or enjoin such violation is not likely to foster or protect the interests of the Association and its Members as a whole.

11.2 Violation of Law. Any violation of a state, municipal or local law, ordinance or regulation pertaining to the ownership, occupancy, or use of any property within the Project is hereby declared to be a violation of this Declaration and subject to any and all of the enforcement procedures set forth herein.

11.3 Owners' Responsibility for Conduct of Others and Damages. Each Owner shall be fully responsible for informing members of his or her household and his or her tenants, contract purchasers, and guests of the provisions of the Governing Documents, and shall be fully responsible for the conduct, activities, any Governing Document violation of any of them, and for any damage to the Project or the Association resulting from the negligent or intentional conduct of any of them or any household pets. If a Condominium is owned jointly by two (2) or more persons, the liability of each Owner in connection with the obligations imposed by the Governing Documents shall be joint and several.

11.4 No Avoidance. No Owner may avoid the burdens or obligations imposed by the Governing Documents through non-use of any Common Area facilities or by abandonment of his or her Unit.

11.5 Rights and Remedies of the Association.

11.5.1 Cumulative. The Association, its Directors, Officers, or agents, and any Owner shall have the right to enforce any and all provisions of the Governing Documents by any proceeding at law or in equity, or through the use of such other remedies as are available and deemed appropriate by the Board. Each remedy provided is cumulative and not exclusive.

11.5.2 Member Not In Good Standing. Upon a determination by the Board of Directors, after prior notice to the affected Member and an opportunity for a hearing, that the Member has violated any provision of the Governing Documents including a failure to pay any Assessment when due, the Board may give notice in writing to such Member that he or she is deemed not to be a Member in Good Standing. Such Member shall be deemed to remain in that status until such time as the Board shall determine in writing that the violation which resulted in the Board's determination has been cured or remedied or, on some other basis as in the judgment of the Board is just and proper, that such Member shall again be deemed to be a Member in Good Standing of the Association.

11.5.3 Imposition of Sanctions. In the event of a breach or infraction of any provision of the Governing Documents by an Owner, members of an

Owner's household, or his or her tenants, Contract Purchasers, contractors, guests or invitees, the Board shall have the power to impose sanctions against the Owner. Such sanctions may include, without limitation, the imposition of fines and/or the suspension of an Owner's rights as a Member, including an Owner's voting rights or an Owner's right to use the recreational or community facilities on the Common Area. Except as provided in Section 11.7 below, imposition of sanctions shall be effective only after the Board has held a hearing as provided in Section 8.1.4 of the Bylaws. The payment of any such fine may be enforced as an Enforcement Assessment as provided in Section 6.8 of this Declaration as well as in any manner permitted by law. Further, each Owner shall be obligated to pay Reimbursement Assessments levied by the Board for reimbursement of any costs incurred by the Association relating to violation of any provisions of the Governing Documents by the members of such Owner's household and such Owner's tenants, Contract Purchasers, guests, pets, or other invitees.

11.5.4 Inadequacy of Legal Remedy. Except for the non-payment of any Assessment levied pursuant to the provisions of Article 6 of this Declaration, it is hereby declared that a remedy at law to recover damages for a default in the performance of any of the terms and provisions of any of the Governing Documents or for the breach or violation of any such provisions is inadequate and that the failure of any Owner or a member of the household of any Owner or an Owner's tenants, guests, or household pets or any other occupant or user of any of the property within the Project to comply with any provision of the Governing Documents may be enjoined in any judicial proceedings initiated by the Association, its Officers or Board of Directors, or by any Owner or by their respective successors in interest.

11.5.5 Limitation on Disciplinary Rights. The Association shall not have the power and authority to cause a forfeiture or abridgment of a Member's right to the full use and occupancy of his or her Unit as the result of the failure by such Owner, members of such Owner's household, or his or her tenants, guests, invitees or household pets to comply with any provision of the Governing Documents, except where such forfeiture or abridgment is the result of the judgment of a court of competent jurisdiction, a decision arising out of an arbitration proceeding, or a foreclosure or sale under private power of sale for failure of such Owner to pay Assessments levied by the Association pursuant to Article 6 of this Declaration. The provisions of this section shall not affect the Association's right to impose fines or monetary penalties or to suspend an Owner's membership rights, as provided in the Governing Documents.

11.6 Disciplinary Rules. The Board or a committee appointed by the Board for that purpose may adopt rules and regulations that further elaborate upon and refine procedures for conducting disciplinary proceedings and otherwise imposing sanctions upon Members of the Association for violation of provisions of the Governing Documents. Such rules, when approved and adopted by the Board, shall be deemed to be a part of the Association Rules provided for in and constituting a part of the Governing Documents.

11.7 Emergency Situations. The following shall constitute emergency situations: (i) an immediate and unreasonable infringement of or threat to the safety or peaceful enjoyment of Residents of the Project, (ii) a traffic or fire hazard, (iii) a threat of material damage to or destruction of the Project or any portion thereof, (iv) a violation of any provision of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether the violation has occurred (such as parking violations). Notwithstanding any other provisions of the Governing Documents, under circumstances involving conduct that constitutes an emergency situation, the Association may undertake immediate corrective or disciplinary action. Hearings with respect to such corrective or disciplinary action shall be in accordance with Section 8.1.4(e) of the Bylaws.

11.8 Alternative Dispute Resolution. California Civil Code Section 1354(b) shall be complied with respect to any dispute subject to such section.

11.9 Non-Waiver. Failure to enforce any provision of the Governing Documents at any time shall not be deemed a waiver of the right to do so thereafter with respect to the same or any other violation of any provision of the Governing Documents.

11.10 Notices. Any notices required or given under this article shall, at a minimum, set forth the date, time, and location of any hearing, a brief description of the act or omission constituting the alleged violation of the Governing Documents, a reference to the specific Governing Document provision or provisions alleged to have been violated, and the sanction, disciplinary action, or other enforcement action being contemplated by the Board, if any. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice to the affected Member; provided, however, that if notice is given by mail, it shall be sent by first-class mail, postage prepaid, sent to the most recent address for the affected Member as shown on the records of the Association.

11.11 Costs and Attorneys' Fees. In the event the Association shall take any action to enforce any of the provisions of the Governing Documents or shall determine that any Member or members of his or her household or his or her tenants, contract purchasers, guests, invitees or household pets have violated any provision of the Governing Documents, and whether or not legal or judicial proceedings are initiated, the Association shall be entitled to recover the full amount of all costs including attorneys' fees incurred by the Association in responding to such a violation and/or in enforcing any Governing Document provision. The remedies of the Association to recover the amount of such costs and attorney's fees shall include, but shall not necessarily be limited to, the imposition of a Reimbursement Assessment as provided in Article 6 of this Declaration.

ARTICLE 12 AMENDMENT

12.1 Member Approval. Subject to Section 7.11 and Section 9.3, this Declaration may be amended by the affirmative vote or written consent of Members representing at least an Absolute Majority.

12.2 Execution and Recordation of Amendments. Any amendment of the Declaration shall be signed and acknowledged by the duly authorized officer(s) of the Association and recorded in the Office of the County Recorder.

ARTICLE 13 GENERAL PROVISIONS

13.1 Headings. The headings used in this Declaration are for convenience only and are not to be used in interpreting the meaning of any of the provisions of this Declaration, or otherwise.

13.2 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision hereof shall not invalidate any other provisions hereof.

13.3 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of fostering a plan of community ownership and occupancy and of management of the Project for the benefit of the community.

13.4 Number; Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine, and neuter shall each include the masculine, feminine, or neuter, as the context requires.

13.5 Easements Reserved and Granted. Any and all easements referred to herein shall be deemed reserved or granted, or both reserved and granted, as appropriate, by reference to this Declaration in a deed to any Condominium.

13.6 Power of Attorney. To the extent necessary to carry out and enforce the provisions of this Declaration, an irrevocable power of attorney coupled with an interest is granted to the Association by the Owners and each of them.

13.7 Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges, and equitable servitudes contained in this Declaration shall run with and shall benefit and burden all of the real property subject to this Declaration, including without limitation the Units and Common Areas, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors and officers, and their respective agents and successors in interest, for a term of thirty (30) years from the date of recordation of this Declaration. Thereafter the term shall be automatically extended for successive periods of ten (10) years each, unless within the six (6) months prior to the expiration of the initial 30-year term or any 10-year extension period a written instrument, approved by Owners entitled to vote and holding at least a majority of the voting power of the Association, terminating the effectiveness of this Declaration shall be recorded in the Office of the County Recorder.

IN WITNESS WHEREOF, we, the Members of the WOODSIDE ASSOCIATION, INC., constituting at least fifty-one percent (51%) of the voting power of the members, hereby affirm, approve, and adopt the foregoing Second Restated Declaration of Covenants, Conditions and Restrictions for Woodside, in accordance with Article XIX, Section 1 of the 1984 Declaration, by means of the signatures of the President and Secretary of the Association, which Second Restated Declaration of Covenants, Conditions and Restrictions shall be recorded with the County Recorder.

DATED: _____, 2001.

WOODSIDE ASSOCIATION, INC.,
a California nonprofit mutual benefit
corporation

_____, President

_____, Secretary

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CONDITIONS AND RESTRICTIONS FOR
WOODSIDE**

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EXHIBIT "A"

EXHIBIT "B"

**RECORDING REQUESTED BY, AND
WHEN RECORDED, RETURN TO:**

WOODSIDE ASSOCIATION, INC.
c/o STEIN & BAYDALINE LLP
Attn: Rod A. Baydaline, Esq.
2339 Gold Meadow Way, Suite 220
Gold River, CA 95670

(Space Above For Recorder's Use)

**SECOND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WOODSIDE**

EXHIBIT "A"

DESCRIPTION OF THE "PROPERTIES"

All that real property situated in the County of Sacramento, State of California, described as follows:

All that portion of Lot 1, as said lot is shown on the official "Plat of Woodside Condominiums", recorded in the office of the County Recorder of Sacramento County on January 23, 1980 in Book 138 of Maps, Map No. 7, described as follows:

All that portion of Lot 1 lying West of the following described line:

Beginning at a point located on the Southerly boundary of said Lot 1, from which the Southeast corner of said Lot 1 bears North 89° 01' 40" East 660.15 feet; thence from said point of beginning North 01° 46' 27" West 659.99 feet.

All that portion of Lot 1, as said lot is shown on the official plat of Woodside Condominiums, recorded in the office of the Recorder of Sacramento County in Book 138 of Maps, Map No. 7, described as follows:

Beginning at the Northeast corner of said Lot 1; thence along the East boundary of said Lot 1 South 01° 46' 50" East 659.98 feet to the Southeast corner of said Lot 1; thence along the Southerly boundary of said Lot 1, South 89° 01' 40" West 660.15 feet; thence North 01° 46' 27" West 659.99 feet to a point located on the Northerly boundary of said lot 1; thence along the Northerly boundary of said Lot 1, North 89° 01' 45" East 660.07 feet to the point of beginning; containing 10.001 acres, more or less.

EXHIBIT "B"

RATE OF ASSESSMENTS

<u>Square Feet Per Unit</u>	<u>Class</u>	<u>Number of Units</u>	<u>Total Square Footage</u>	<u>Quotient</u>	<u>Per Unit Allocation</u>
480-600	A	44	21,420	.0333 ÷ 44 =	.000756
601-730	B	232	155,484	.2415 ÷ 232 =	.001041
731-870	C	112	85,272	.1325 ÷ 112 =	.001183
871-1000	D	136	128,968	.2004 ÷ 136 =	.001473
1001-1300	E	148	172,600	.2681 ÷ 148 =	.001812
1301-1650 & Unit 2252	F	<u>52</u>	<u>79,926</u>	<u>.1242</u> ÷ 52 =	.002388
		724 + 1	643,670	1.0000	