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THE BOARDWALK

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

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THE BOARDWALK

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

Preamble

THIS DECLARATION made on the date hereinafter set forth by W. W. DEAN & ASSOCIATES, a California corporation, hereinafter referred to as "Declarant", is made with reference to the following facts.

A. Declarant is the owner of certain real property consisting of seventy-six (76) units on one lot, located in the City of Redwood City, County of San Mateo, State of California, known as The Boardwalk. The underlying real property is more particularly described as follows:

That certain subdivision map entitled Boardwalk Unit No. 1, recorded July 25, 1985, in Volume 113 of Maps at Pages 56 through 64, of the Official Records of San Mateo County,

hereinafter designated the "Property."

B. Declarant has improved or intends to improve the Property by constructing improvements on the property containing seventy-six (76) residential units and certain common area improvements, with title to the lot and all structural improvements constituting the common area to be vested in the owners of such residential units in undivided fractional interests as tenants in common, with administration, control and maintenance of such common area and structural improvements to be the responsibility of a homeowners' association designated the Boardwalk Owners' Association, in accordance with plans and specifications on file with the City of Redwood City, County of San Mateo, State of California.

C. The Property including the improvements placed or to be placed on the real property shall be referred to as the "Project" as defined in Article I, Paragraph 19, herein.

D. Declarant intends by this Declaration to establish a plan of condominium ownership by way of separate title to each of the individual residential units with an undivided fractional interest in and to the common area, and to provide for the annexation of additional real property to this Declaration.

E. Declarant hereby declares that the Property is and shall be, held, conveyed, hypothecated, encumbered, leased, rented, used, and

occupied subject to the following covenants, conditions, restrictions, easements, limitations, reservations, servitudes, liens and charges, all of which are declared and agreed to be in furtherance of a plan of condominium ownership as described in California Civil Code sections 1350-1370 for the subdivision, improvement, protection, maintenance, and sale of condominiums within the Property, and all of which are declared and agreed to be for the purpose of enhancing, maintaining, and protecting the value and attractiveness of the Property. All of the covenants, conditions, restrictions, easements, limitations, reservations, servitudes, liens and charges shall run with the land, shall be binding on and inure to the benefit of all parties having or acquiring any right, title or interest in the Property, are for the benefit of the Property, and shall both be binding on and inure to the benefit of the Declarant and its successors and/or assigns, and all parties having or acquiring any right, title or interest in or to the Property. Declarant further declares that it is its express intent that this Declaration satisfy the requirements of California Civil Code section 1355, and that it shall be so construed as to satisfy such requirements.

ARTICLE I

DEFINITIONS

1. "Articles" shall mean and refer to the Articles of Incorporation of the Association as amended from time to time.
2. "Assessment" shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the Project which is to be paid by each Unit Owner as determined by the Association.
3. "Association" shall mean and refer to THE BOARDWALK OWNERS' ASSOCIATION, a California nonprofit mutual benefit corporation, the members of which shall be the Owners of Units in the Project, and its successors and assigns.
4. "Association Rules" shall mean and refer to the rules and regulations regulating the use and enjoyment of the Common Area and other uses of the Project, as adopted and as amended by the Board from time to time.
5. "Board" or "Board of Directors" shall mean and refer to the governing body of the Association.
6. "By-Laws" shall mean and refer to the By-Laws of the Association as amended from time to time.
7. "Common Area" shall mean and refer to the entire Project except all Units as defined in the Declaration and as shown on the Condominium Plan. Common Area shall include all of the development which is not included within any Unit. Common Area shall include but shall not be limited to restricted Common Areas, all facilities and improvements located within said Common Area including, but not limited to, private streets, driveways, open spaces, planted and landscaped areas, roofs, foundations,

stairs, walkways, storm drainage pipelines, catch basins, sanitary sewer lines, manholes, cleanouts, pipe, ducts, flues, chutes, conduits, wires and other utility installations to the outlets (and excepting the outlets when located within a Unit), bearing walls and columns and girders to the unfinished surfaces thereof, regardless of location, and all other improvements which may be placed upon or located in the Common Area.

8. "Common Expenses" means and includes the actual and estimated expenses of operating the Project including the operation of the Association, and any reasonable reserve for such purposes as found and determined by the Board and all sums designated as common expenses by or pursuant to the Governing Documents.

9. "Condominium" shall mean and refer to an estate in real property, as defined in California Civil Code section 783, consisting of a separate fee interest in a Unit and shall only include such other separate interests in the real property which are appurtenant to such Condominium, as are described in this Declaration, in the Condominium Plan, or in the Deed conveying the Condominium.

10. "Condominium Plan" means the condominium plan recorded as part of the Map pursuant to California Civil Code section 1351 respecting the Project, and any amendments to the plan. The Condominium Plan as so recorded is incorporated by reference in this Declaration.

11. "Declarant" shall mean and refer to W. W. DEAN & ASSOCIATES, a California corporation, and its successors and assigns.

12. "Declaration" shall mean and refer to this Declaration and any amendments, modifications and supplements thereto, including any documents whereby additional property is annexed to the Project.

13. "Governing Documents" means and includes the Declaration, the Articles, the By-Laws, and the Association Rules attached to the Declaration.

14. "Map" shall mean and refer to that certain subdivision map previously described in the Preamble to this Declaration.

15. "Member" shall mean and refer to a person entitled to membership in the Association as provided herein.

16. "Mortgage" shall include a deed of trust as well as a mortgage encumbering a Unit. A "Mortgagee" shall include the beneficiary under a deed of trust and any guarantor or insurer of a Mortgage. An "Institutional Mortgagee" is a Mortgagee that is a bank or savings and loan association or Mortgage company or other entity chartered or licensed under federal or state laws whose principal business is lending money on the security of real property or investing in such loans, or any insurance company or any federal or state agency or instrumentality, including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. A "First Mortgage," or "First Mortgagee" is

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one having priority as to all other Mortgages or holders of Mortgages encumbering the same Unit.

17. "Owner" or "Owners" shall mean and refer to the record holder or holders of title, if more than one, of a residential unit in the Project. This shall include any person having a fee simple title to any Unit and shall include contract purchasers, but shall exclude persons or entities having an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale to a purchaser who resides in the Unit, the purchaser, rather than the fee owner, shall be considered the "Owner," except that the fee owner shall be secondarily liable for compliance with the Declaration and other Governing Documents.

18. "Person" means a natural person, a corporation, a partnership, a trustee, or any other legal entity.

19. "Project" shall mean and refer to the whole of the areas contained within the Map, and is a project containing seventy-six (76) Units within the meaning of California Civil Code section 1350(3) and is subject to the provisions of the California Condominium Act (Title VI, Part IV, sections 1350-1361, inclusive), California Civil Code.

20. "Property" or "Properties" means and includes the real property above described and all improvements erected thereon and all real property, intended for or used in connection with the Common Area or by the Association, and such additional real property as may be later annexed to the Project and become subject to the provisions of this Declaration pursuant to Article XIII thereof, and any supplement to the Declaration recorded to effect such annexation in accordance with the Declaration.

21. "Restricted Common Area" shall mean and refer to any portion of the Common Area, the exclusive use of which is restricted to a particular Unit as designated on the Condominium Plan. Restricted Common Areas shall include patios, decks, balconies, entry decks, entry patios, storage spaces, certain enumerated garages, and parking spaces. The Owner of the Unit entitled to the use of the particular Restricted Common Area shall enjoy an exclusive easement for the use of such Restricted Common Area subject to the provisions of Article VII of this Declaration. Each such exclusive easement shall be deeded as part of the Owner's Condominium grant but shall not be deemed to be a component of the Owner's Unit. The identification of, the boundaries, and the location of and limitations upon each such exclusive easement are described in the Condominium Plan.

22. "Unit" shall mean and refer to the elements of a Condominium that are not owned in common with the other Owners of Condominiums in the development. The boundaries of each Unit are shown on the Condominium Plan. The Units as shown, numbered and designated herein consist of the air space bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and doors of each unit. In interpreting deeds and plans the existing physical boundaries of a Unit shall be conclusively presumed to be boundaries of the actual Unit rather than the description expressed in the deed or plans, regardless

of minor variance between boundaries shown on the plans or in the deed and those of the building regardless of settling or lateral movement of the building.

23. "Unit Designation" means the number, letter or combination thereof or other official designation of a Unit, as shown on the Condominium Plan.

24. Numbers and Gender: The singular and plural and masculine and feminine shall each include the other where the context so requires.

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ARTICLE II

DESCRIPTION OF PROJECT, ELEMENTS OF CONDOMINIUM,
NON-EXCLUSIVE AND EXCLUSIVE EASEMENTS,
USE OF COMMON AREA, AND RESTRICTION UPON PARTITION

1. Description of Project: The project consists of the underlying real property with Condominium residential Units, the Common Area, and all other improvements located on the real property. Declarant has constructed or will construct upon the Project seventy-six (76) residential Units, together with the Common Area and the improvements located thereon.

2. Elements of Condominium: Ownership of each Condominium within the Project shall include ownership of a Unit, an individual fractional interest in the Common Area which cannot be severed from the ownership of the Unit, subject to all reservations in this Declaration or in any deed, including all powers of Association under this Declaration, a membership in the Association which cannot be severed from the ownership of the Unit, and any exclusive or nonexclusive easement or easements appurtenant to such Condominium Unit upon the Common Area or within Restricted Common Area, as described in this Declaration, the Condominium Plan and the deed to a particular Condominium Unit.

3. Use of Common Area: Each Owner has a nonexclusive easement of use, enjoyment, ingress, egress, and support in, to, and throughout the Common Area (excluding Restricted Common Area except as to the particular Owner enjoying an easement for the use of the particular Restricted Common Area appurtenant to such Owner's Unit), and to all improvements or facilities on the Common Area, subject to Association Rules limiting or controlling any such use, enjoyment, ingress or egress. Each Owner, including Declarant for the purposes of completing improvements and sales of Units as more specifically set forth in Article IX, Paragraph 10, of this Declaration, may use the Common Area in accordance with the purposes for which it is intended without hindering the exercise of or encroaching upon the rights of any other Unit Owners, and subject to rights, powers and responsibilities of the Association over the Common Area. Such nonexclusive easements shall be subordinate to, and shall not interfere with, exclusive easements over the Restricted Common Area appurtenant to such Owner's Unit. Each nonexclusive easement shall be appurtenant to the respective Condominium Unit and shall pass with the title to the Unit. Nonexclusive easements shall be subject to the following rights and restrictions:

(a) The right of the Association to limit the number of guests, and to adopt and to enforce the Association Rules.

(b) The right of the Association (subject to the rights of Declarant, its successors and assigns, during construction, sale or rental, to utilize such spaces on a temporary basis) to assign, rent, license or otherwise designate and control use of any unassigned parking and storage spaces within, and any recreational facility situated upon, the Common Area (excluding those portions designated as Restricted Common Area).

(c) The right of the Association to adopt and enforce Association Rules concerning the control and use of any private streets, roadways and guest and handicapped parking areas located upon or across the Common Area, including the right to regulate the kind of vehicles and their speed and the parking or stopping of vehicles upon such private streets and roadways, or in such parking areas. Declarant or the Association is authorized to contract with a municipality, other governmental entity or a private security patrol company for exercise of Association's authorized rights in connection with such private streets, roadways, and parking areas.

4. Partition Prohibited: Each Unit shall remain undivided, and no Owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project. Judicial partition by sale of and division of the proceeds from the sale of a single unit owned by two or more persons is not prohibited hereby, but partition of title to a single Unit is prohibited under all circumstances.

ARTICLE III

ASSOCIATION, MEMBERSHIP AND VOTING RIGHTS

1. Administration and Management: The ownership and management of the Common Area shall be vested in the Association in accordance with the By-Laws. The Owners of all Units covenant and agree that the administration of the Project shall be vested in the Association in accordance with the provisions of this Declaration, the Articles, and the By-Laws.

2. Membership: The Owner of a Unit shall automatically, upon becoming the owner of same, be a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time such Owner's membership in the Association shall automatically cease. Membership shall be mandatory and shall be in accordance with the Articles and the By-Laws.

3. Transferred Membership: Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of the Unit to which it is appurtenant, and then only to the purchaser, in the case of a sale, or Mortgagee, in the case of a transfer

pursuant to the encumbrance of such Unit. A Mortgagee does not have membership rights until he becomes an Owner by foreclosure or deed in lieu thereof. Any attempt to effect a transfer in violation of this paragraph is void. In the event the Owner of any Unit shall fail or refuse to transfer the membership registered in his name to the purchaser of his Unit, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

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4. Membership Classes and Voting Rights: The Association shall have two (2) classes of voting membership:

Class A: Class A Members shall be all Owners with the exception of the Declarant (as defined in the Declaration). Each Unit shall be entitled to one vote. When more than one person holds an interest in any Unit, all such persons shall be Members. The vote for such Unit shall be exercised as they among themselves determine, but there shall be no more than one vote for each Unit.

Class B: Class B Member(s) shall be the Declarant and shall be entitled to vote as follows: Voting shall be the same as for Class A memberships, except that Class B Members may triple their votes for each Unit owned. The Class B membership shall be converted to Class A membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

- (a) The total outstanding votes held by Class A members equal the total outstanding votes held by the Class B member.
- (b) In the case of a multi-phase development, the second anniversary of the original issuance of the most recently issued public report for a phase of the development.
- (c) A date certain which shall ordinarily be:
 - (i) Not later than the second anniversary of the original issuance of the subdivision public report for a single-phase development.
 - (ii) Not later than the fourth anniversary of the original issuance of the subdivision public report for the first phase of a multi-phase development.

Voting rights in the Association shall not vest until Assessments against subdivision interests have been levied by the Association.

Any provisions in this Declaration, the By-Laws or the Articles calling for membership approval of action to be taken by the Association except provisions with respect to any action to enforce the bonded obligations of the Declarant, shall expressly require the vote or written assent of a prescribed percentage of each class of membership during the time that there are two outstanding classes of membership.

After the conversion of Class B to Class A shares, the vote or written assent of a bare majority of the total voting power of the Association as well as the vote of the prescribed majority of the total voting power of Members other than the Declarant, shall be all that is required for any

action of the members, and Declarant shall be entitled to vote in all such instances with the sole exception of an action to enforce the bonded completion of obligations of the Declarant under Section 17 of Article X of this Declaration.

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ARTICLE IV
 MAINTENANCE AND ASSESSMENTS

1. Creation of the Lien and Personal Obligation of Assessments: The Declarant, for each Unit owned within the Project, hereby covenants, and each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual Assessments or charges, and (2) special Assessments; such Assessments to be established and collected as hereinafter provided. The annual and special Assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on each Unit and shall be a continuing lien upon the Unit against which each such Assessment is made, such Owner's membership in the Association, and exclusive and nonexclusive easements appurtenant to such Unit, the lien to become effective upon recordation of a notice of Assessment. Each such Assessment, together with interest, costs, reasonable late payment penalties, and such reasonable attorneys' fees limited to those as are awarded by a court of competent jurisdiction, shall also be the personal obligation of the person who was the Owner of such Unit at the time when the Assessment fell due. No Owner of a Unit may exempt himself from liability for any Assessment representing his contribution towards the Common Expenses by waiver of the use or enjoyment of any of the Common Area or by the abandonment of his Unit.

2. Purpose of Assessments: The Assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of all the residents in the entire Project and for the improvement and maintenance of the Common Area for the common good of the Project, including, but not limited to, the performance of all maintenance obligations vested in the Association.

3. Maximum Annual Assessment: Until January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual Assessment shall be One Hundred Dollars (\$100) per month per Unit.

(a) From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual Assessment may be increased each year by the Board by not more than twenty percent (20%) above the maximum Assessment for the previous year without a vote of the membership.

(b) The Board may not, without the vote or written consent of a majority of the voting power of the Association residing in Members other than the Declarant, impose a regular annual Assessment which is

more than twenty percent (20%) greater than the regular annual Assessment for the immediately preceding fiscal year.

(c) The Board of Directors may fix the annual Assessment at an amount not in excess of the maximum. The annual Assessment may not be decreased, either by the Board or by the Members, by more than ten percent (10%) without the approval of fifty-one percent (51%) of each class of Members. The failure of the Board of Directors to act in setting the Assessment shall not exempt any Owner from Assessment, but rather the previous year's Assessment shall continue in full force.

4. Special Assessments; Generally and Rebuilding or Major Repair: In addition to the annual Assessments authorized above, the Association may levy, in any assessment year, a special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or repair of the Common Area or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, including, but not limited to, any capital improvement related to a maintenance obligation of the Association. In any fiscal year the Board may not, without the vote or written assent of a majority of the voting power of the Association residing in Members other than the Declarant, levy special Assessments to defray the cost of any action or undertaking on behalf of the Association which in the aggregate exceeds five percent (5%) of the budget and gross expenses of the Association for that fiscal year. Special Assessments shall be levied on the same basis as regular Assessments, provided that such limitation shall not apply to special Assessments levied by the Association for expenses incurred in bringing a Member and the Member's Unit into compliance with the provisions of the Governing Documents for the Project.

5. Notice and Quorum for and Action Authorized Under Article IV, Paragraphs 3 and 4: Any action requiring a vote of the Members under Article IV, Paragraphs 3 or 4, shall be taken at a meeting called for that purpose, written notice of which shall be personally delivered or mailed to all Members not less than ten (10) nor more than ninety (90) days in advance of the meeting. If the proposed action is favored by a majority vote of the Members present at such meeting, but such vote is less than the requisite fifty-one percent (51%) of each class of Members, Members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officers of the Association not later than thirty (30) days from the date of such meeting.

6. Obligation to Levy Regular Assessments and Calculation of Assessments:

a. Obligation to Levy Regular Assessments. Regular assessments to defray Common Expenses of the Association shall be levied against each Owner for each Unit owned by such Owner.

b. Calculation of Assessments. Assessments, whether regular or special (with the exception of those special assessments levied by the Association for expenses incurred in bringing a Member and the Member's Unit into compliance with the provisions of the Governing Documents for the

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Project) shall be calculated by the Board of Directors upon the basis of the budget for the current fiscal year as follows:

1. The Common Expenses (with the exception of expenses in the categories of (1) insurance, (2) water, (3) paint, and (4) roof) shall be apportioned equally among the total number of Units and each Unit shall bear the same amount of such expenses as borne by all other Units.

2. Common Expenses in the categories of (1) insurance, (2) water, (3) paint, and (4) roof shall be apportioned to the different square footages in each of the five (5) Unit types in the Project, i.e., Unit Types "A," "B," "C," "D" and "E," according to the relative square footage in each Unit type.

3. The square footages and the percentage that the square footage in each Unit-type bears to the total square footage of all Units in the Project are as follows:

Unit-type "A"	1494 square feet - 1.822%
Unit-type "B"	1190 square feet - 1.451%
Unit-type "C"	778 square feet - 0.949%
Unit-type "D"	917 square feet - 1.118%
Unit-type "E"	1040 square feet - 1.268%

4. The Units which are designated by Unit number on the Condominium Plan for the Project are included within the several Unit-types as follows:

Unit-type "A": Units numbered 705, 707, 801, 803, 905, 907, 1001, 1007, 1101, 1103, 1205, 1207, 1301, 1307.

Unit-type "B": Units numbered 701, 703, 805, 807, 901, 903, 1003, 1005, 1105, 1107, 1201, 1203, 1303, 1305, 1401, 1403, 1405, 1407.

Unit-type "C": Units numbered 108, 128, 208, 228, 306, 326, 406, 426, 508, 608, 628.

Unit-type "D": Units numbered 102, 104, 122, 124, 202, 204, 222, 224, 302, 204, 322, 324, 402, 404, 422, 424, 502, 504, 522, 524, 602, 604, 622, 624.

Unit-type "E": Units numbered 106, 126, 206, 226, 506, 526, 606, 626.

5. The Common Expenses in the four categories of insurance, water, paint and roof as apportioned to each Unit according to its Unit-type and relative percentage of total square footage (subparagraphs 2, 3 and 4) shall be added to the other common Expenses that are apportioned equally to all Units (subparagraph 1) and the sum of such Common Expenses applied to each Unit shall constitute the basis for the regular assessment of that Unit during that current fiscal year and any special assessments that may be levied during such fiscal year other than

those occasioned by non-compliance of a Member or Member's Unit with the Governing Documents.

6. The foregoing figures used to calculate Unit proportions are those submitted to and reviewed by the California Department of Real Estate for the Initial Budget of the Association, and the Initial Budget shall be consulted as an example of the apportionment method set forth above.

7. Date of Commencement of Annual Assessment; Due Dates: The regular Assessments provided for herein shall commence as to all Units covered by this Declaration on the first day of the month following the first conveyance of a Unit to an individual Owner under authority of a Public Report. The first annual Assessment shall be adjusted according to the number of months remaining in the calendar year. Unless the provisions of Article IV, Paragraphs 3 or 4, require a vote of the Members, and, after any such vote as required by the results of such vote, the Board of Directors shall determine and fix the amount of the annual Assessment against each Unit at least thirty (30) days in advance of such annual Assessment. Written notice of the annual Assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Unit have been paid, and such a certificate shall be conclusive evidence of such payment.

8. Effect of Nonpayment of Assessments: Any Assessment not paid within thirty (30) days after the due date shall incur a late charge of ten percent (10%) of the amount of the Assessment and shall bear interest at the rate of twelve percent (12%) per annum from the due date until paid.

9. Transfer of Unit by Sale or Foreclosure: Sale or transfer of any Unit shall not affect the Assessment lien. However, the lien for any Assessment is subordinate to the lien of any First Mortgage against the Owner's subdivision interest. The transfer of title as the result of exercise of the power of sale in any such First Mortgage, or of judicial foreclosure of the First Mortgage shall extinguish the lien of assessments which were due and payable prior to the transfer of title, provided, however, that no transfer of title as the result of a deed in lieu of foreclosure shall extinguish the lien of any such prior Assessments. Notwithstanding the foregoing, no transfer of title, whether by exercise of power of sale, judicial foreclosure or voluntary grant shall relieve the new Owner from liability for Assessments becoming due after transfer of title.

10. Priorities; Enforcement; Remedies: When a notice of Assessment has been recorded, such Assessment shall constitute a lien on each Unit, ownership of the individual undivided fractional interest in the Common Area, and easement rights, prior and superior to all other liens except (1) all taxes, bonds, Assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any First Mortgage

of record (meaning any recorded Mortgage or deed of trust with first priority over other Mortgages or deeds of trust made in good faith and for value).

Such lien, when delinquent, may be enforced by sale by the Association, its attorney or other person authorized to make the sale, after failure of the Owner to pay such Assessment in accordance with the provisions of section 2924 of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

The Association shall have the power to bid at any foreclosure sale, and to acquire and hold, lease, mortgage and convey the interest foreclosed. A legal action to recover a money judgment for unpaid Common Expenses, rent and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same, to the full extent permitted by law. There shall, however, be no restriction upon any Owner's right of ingress to and egress from his Unit.

DUTIES AND POWERS OF THE ASSOCIATION

1. Duties: In addition to those enumerated in its By-Laws, or elsewhere provided for in this Declaration, and without limiting the generality thereof, the Association shall perform the following duties:

a. Compliance with Publicly Required Maintenance Standards of the City of Redwood City: The Association shall be responsible for continuing permanent maintenance, repair and/or reconstruction of the following facilities:

- (1) The private streets and all other elements of the vehicular circulation system within the Project, including, but not limited to, pavement, pavement markings, traffic and street signs. All private streets shall remain private and not be offered for dedication or dedicated to public use;
- (2) The landscaping adjacent to Marine World Parkway and Shell Drive, within the area of the Map and in adjacent public right of way, excluding any median strip and property beyond the curb line;
- (3) The landscaping within the boundaries of the Project;
- (4) All street lights within the Common Area, including, but not limited to, those within the private street areas in the Project;
- (5) The concrete wall along the interior waterway adjacent to and along the northwest boundary of the Property, any pedestrian bridges which, in the event that annexation of the Additional Real Property takes place under Article XIII of this Declaration, may be

constructed crossing the waterway, and any other facilities that may be placed in the waterway or in the vicinity of the waterway;

(6) The storm drain system in the private streets and elsewhere within the Project to the closest outlet point in the public streets and to the interior waterway;

(7) The sewer facilities within the Project and to the connection in the public streets; and

(8) The water system within the Project and to the detector meters.

b. Other Maintenance: The Association shall also maintain, repair, replace, restore, operate and manage all of the Common Area, including all Condominium residential buildings and components thereof, all of which are also defined as Common Area, and all facilities, improvements, furnishings, equipment and landscaping within the Common Area (not including broken windows on Units which shall be the responsibility of the individual Unit Owner).

The obligation of the Association for such maintenance, repair, replacement, restoration, operation and management shall also include all facilities, improvements, furnishings, equipment and landscaping of any common area that may be annexed into the Project pursuant to Article XIII of this Declaration.

Association shall also be required to and shall be responsible for the maintenance and management of guest and handicapped parking spaces designated on the Condominium Plan, which parking spaces shall not be assigned to individual Units.

The necessity for repair or replacement arising out of or caused by the willful or negligent act or neglect of an Owner or such Owner's guests, tenants or invitees, the cost of which is not covered by insurance, shall be the responsibility of such Owner who shall reimburse the Association for the cost of such repair or replacement. If an Owner shall fail to reimburse the Association for the cost of such repair or replacement, then after fifteen (15) days' written notice is given to the Owner of a hearing on the matter before the Board of Directors, and upon a vote of a majority of the Board of Directors at such hearing, the cost of such repair or replacement shall become a charge owed by such Owner to the Association and may be collected in such manner as may be provided by law and as permitted by this Declaration. The provisions of Article X, Paragraph 16 of this Declaration governing notice and hearing shall be observed as to that portion of such proceedings regarding the determination of the responsibility of such costs.

c. Insurance: The Association shall maintain such policy or policies of insurance as are required by Article X, Paragraph 9 of this Declaration.

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d. Discharge of Liens: The Association shall pay all taxes and Assessments which are, or could become, a lien on the Common Area or any portion thereof, and shall discharge by payment, if necessary, any lien against the Common Area.

e. Assessments: The Association shall fix, levy, collect and enforce Assessments as set forth in Article IV hereof.

f. Payment of Expenses: The Association shall pay all expenses and discharge all obligations incurred by the Association in the conduct of its business including without limitation, all licenses, taxes or governmental charges levied or imposed against the property of the Association.

g. Duties of Association Concerning Parking Restrictions: Association shall at all times adopt, maintain, enforce and secure compliance by the Members with rules and regulations prohibiting any parking of any vehicles or any other objects constituting any obstruction within the streets situated within the Project or within any private driveway area serving any Unit in such manner that any parked vehicle or other object extends into the streets or obstructs such driveway. Association shall be vested with the responsibility for enforcing parking regulations including rights, in conformance with the law, for the tow-away or removal of vehicles or other objects parked in violation of any of the Governing Documents or rule adopted by the Association.

h. Fidelity Bonding: The Association shall be responsible for the fidelity bonding of the managing agent and other employees of the Association having control of, or access to, the funds of the Association, with loss coverage not less than the maximum amount of funds of the Association over which the principals under the bond may reasonably be expected to have control or access at any time.

i. Regulation of Guest Parking and Handicapped Parking: The Association shall also adopt and enforce regulations for the use of guest parking spaces and handicapped parking spaces in the Association Rules.

j. Enforcement: The Association shall enforce this Declaration, including specifically the provisions of Article X, Paragraph 17.

2. Powers: In addition to the powers enumerated in the Articles and the By-Laws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the following powers:

a. Easements: The Association shall have authority to grant easements where necessary for utilities and sewer facilities over the Common Area to serve the Common Area and/or the Units.

b. Manager: The Association shall have the authority to employ an individual, corporation or other entity as a manager, to employ

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other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, upon a determination that such persons so hired or contracted for possess professional qualifications for such duties and responsibilities, provided that any contract with a firm or person appointed as a manager, independent contractor, or managing agent shall not exceed a one (1) year term, and shall provide for the right of the Association to terminate the same for cause on thirty (30) days' written notice, or without cause and without payment of a termination fee on ninety (90) days' written notice. Such agreement may, however, be renewable by agreement of the parties for successive one-year periods.

c. Adoption of Rules: The Association may adopt reasonable rules not inconsistent with this Declaration relating to the use of the Common Area and all facilities thereon, and the conduct of Owners and their tenants and guests with respect to the Property and other Owners.

d. Entrance Upon Units: The Association shall have the power to enter upon any Unit after forty-eight (48) hours' notice during reasonable business hours as may be necessary in connection with construction and maintenance, and at any time without notice for emergency repair for the benefit of the Common Area or the Owners in common.

e. Disciplinary Action: The Association may also take disciplinary action against any Owner for violation of any provision of the Governing Documents, and penalties may include but are not limited to: fines, charges to recover the amounts of any charges or expenses to the Association, temporary suspension of voting rights, or other appropriate discipline, provided that the accused Member is given notice and the opportunity to be heard with respect to the alleged violations before a decision to impose discipline is made and before any penalties are imposed and, provided that none of the foregoing penalties shall be deemed to be an Assessment which may become a lien against a Member's subdivision interest, nor shall any such penalty be enforceable by a sale of such interest, except that such provision shall not preclude charges imposed against an Owner consisting of reasonable late payment penalties for delinquent Assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred, including attorneys' fees, expended in the collection of such delinquent Assessments. All provisions of Article X, Paragraph 16 of this Declaration governing notice and hearing shall be observed as to any decision to impose discipline.

f. Acquisition of Property: The Association shall have the power to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.

g. Loans: The Association shall have the power to borrow money, and with the assent (by vote or written consent) of three-fourths (3/4) of each class of Members, to mortgage, pledge, deed in trust, or hypothecate any and all of its real or personal property as security for money borrowed or debts incurred.

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h. Dedication: Subject to restrictions contained in Article V, Paragraph 1 a (1) of this Declaration, the Association shall have the power to dedicate, sell or transfer all or any part of the Common Area not comprising buildings containing Residential Units, not including any recreation facilities and not including Restricted Common Area to any public agency, authority, or utility for such purposes and subject to such conditions and to such arrangements as shall assure compliance with maintenance standards required by the City of Redwood City, as referred to in this Declaration. Possession of undivided interests in the Common Area by Members shall be subordinate to and shall be subject to such right of dedication. No such dedication or transfer shall be effective unless an instrument has been signed by three-fourths (3/4) of each class of Members, agreeing to such dedication, sale or transfer; provided, however, that except for the Association's said power to grant easements for utilities and similar or related purposes, the Common Areas may not be alienated, released, transferred, hypothecated or otherwise encumbered without the approval or consent of all holders of First Mortgages on the Units.

i. Contracts: The Association shall have the power to contract for goods and/or services for the Common Area, or facilities, activities, or interests for which it is responsible, subject to limitations elsewhere set forth in the Governing Documents.

j. Delegation: The Association, through the Board of Directors, shall have the power to delegate its authority and powers to committees, officers or employees of the Association or to an independent contractor or managing agent.

The Board may not delegate the authority to authorize or determine expenditures for capital additions or improvements chargeable against the maintenance fund; to conduct hearings concerning compliance by an Owner or his tenant, lessee, guest or invitee with the Governing Documents, or to levy monetary fines, impose special Assessments against individual Units, temporarily suspend an Owner's rights as a Member of Association or otherwise impose discipline following any such hearing, or to levy Regular or Special Assessments; or to authorize bringing suit, recording a claim of lien, or instituting foreclosure proceedings for default in payment of Assessments. The Board may delegate any of its other duties, powers, or functions. Any such delegation shall be revocable by the Board at any time. The members of the Board, individually or collectively, shall not be liable for any omission or improper exercise of any such duty, power or function so delegated by written instrument executed by a majority of the Board, or by Board action recorded in minutes.

k. Restriction of Access and Establishment of Regulations for the Common Area: The Association shall have the power to restrict access by Owners, their guests, tenants, invitees, or others, to portions of the Common Area, the use of which is set aside for special purposes by Association. Such power shall not be deemed to permit restriction of required public or governmental access to the interior waterway on the Project. The Association shall also have power to establish through the Association Rules for the use of the Common Area or such portions of the same as the Board may determine to be necessary for the benefit or protec-

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tion of the Owners or for the exercise of the powers and responsibilities committed to the Board.

ARTICLE VI

UTILITIES

1. Owners' Rights and Duties: The rights and duties of the Owners of Units within the Project with respect to sanitary sewer, water, electricity, gas and telephone lines and facilities, and heating and air-conditioning facilities shall be as follows:

(a) Right to Use Utility Connections: Whenever sanitary sewer, water, electricity, gas, television receiving, or telephone lines or connections, ducts, or flues are installed within the Project, which connections serve more than one Unit or Association Common Area, the Owner of each Unit and/or the Association served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as service each Unit or the Common Area.

2. Association's Duties: The Association shall maintain all utility installations located in the Common Area except for those installations maintained by utility companies, public, private, or municipal. The Association shall pay all charges for utilities supplying the Common Area (as distinguished from utilities supplying Units).

3. Easements for Utilities and Maintenance: Easements over and under the Property for the installation, repair, and maintenance of electric, telephone, water, gas, and sanitary sewer lines and facilities, cable or master television antenna lines, drainage facilities, walkways, and landscaping as shown on the recorded map of the Property, and as may be hereafter required or needed to service the Property, are hereby reserved by Declarant and its successors and assigns, including the Association, together with the right to grant and transfer the same pursuant to the provisions of this Declaration.

ARTICLE VII

RESTRICTED COMMON AREA

Owners shall possess and enjoy the following exclusive easements for the use of designated Restricted Common Area.

1. Garages and Parking Spaces: Each Owner whose Unit number appears on the garage and/or parking space designated on the Condominium Plan as appurtenant to such Owner's Unit, shall have an exclusive easement for parking purposes in such garage and/or parking space, and such exclusive easement shall constitute an easement appurtenant to such Owner's Condominium Unit for the benefit of such Owner, his successor and assigns. Certain other garages that are tuck-under garages are within the boundaries

of the Unit which contains them, and, since they are part of the Unit, such tuck-under garages do not constitute Restricted Common Area.

2. Patios, Decks, Balconies, Entry Decks and Entry Patios: Each Owner shall have an exclusive easement for use and access purposes over that patio, deck, balcony, entry deck and/or entry patio area designated on the Condominium Plan as appurtenant to such Owner's Unit, and such exclusive easement shall constitute an easement appurtenant to such Owner's Condominium Unit for the benefit of such Owner, his successors and assigns.

3. Storage Spaces: Owners shall possess exclusive easements for use and access to storage spaces as designated on the Condominium Plan as appurtenant to such Owner's Unit for the benefit of such Owner, his successors and assigns.

4. Maintenance and Repair of Restricted Common Area: The Association shall be responsible for the maintenance and repair of Restricted Common Area subject to the responsibilities of the Owner under the provisions of subparagraph b of Article V, Paragraph 1 of this Declaration, provided that each Owner shall keep such Owner's garage, parking space, patio, deck, balcony, entry deck, entry patio, and storage space areas in a neat, clean, attractive and safe condition at all times.

ARTICLE VIII

ENTRY AND USE RIGHTS; MINOR ENCROACHMENTS;
PUBLIC ACCESS EASEMENTS

1. Entry and Use Rights: Each Condominium Unit, and the Common Area, including any Restricted Common Area, as the case may be, shall be subject to the following rights of entry and use:

(a) The right of Declarant or its designees to enter upon any portion of the Project to construct the improvements to the Property and to make repairs and remedy construction defects, provided that such entry shall not interfere with the use or occupancy of any occupied Unit or Restricted Common Area unless authorized by its Owner, which authorization shall not be unreasonably withheld.

(b) The right of the Association, or its agents, to enter any Unit or Restricted Common Area to cure any violation or breach of this Declaration or the By-Laws or the Association Rules, provided that at least thirty (30) days' prior written notice of such violation or breach (except in cases of emergency) has been given to the Owner, and provided that, within the thirty (30) day period such Owner has not acted to cure such violation or breach. The Association shall be entitled to levy a special Assessment for its costs of effecting such cure against the Owner in accordance with the procedures in Article X, Paragraph 16. The rights of entry and cure shall be immediate in the case of an emergency originating upon or threatening any Unit, whether or not its Owner is present; otherwise reasonable notice defined as at least forty-eight (48) hours' written notice shall be given. Any such entry shall be made with as little inconvenience

to the Owner as practicable and any damage caused thereby shall be repaired by the Board at the expense of the Association.

(c) The right of the Association or its agents, to enter any of the Units to perform its obligations and duties under this Declaration, including obligations or duties with respect to construction, maintenance or repair for the benefit of the Common Area, the Restricted Common Area or the Owners in common; watering, planting, cutting, removing, and otherwise caring for the landscaping upon the Common Area, cleaning, repairing, replacing and otherwise maintaining or causing to be maintained utility, sewer or other Association owned or maintained facilities, or performing other necessary Association responsibilities. The rights shall be immediate in case of an emergency originating upon or threatening any Unit, whether or not its Owner is present, and shall be subject to the provisions of subparagraph (b) of this paragraph.

2. Minor Encroachments: If any portion of the Common Area including Restricted Common Area, encroaches on any Unit or if any portion of a Unit encroaches on the Common Area or any Restricted Common Area, regardless of the cause, a valid easement exists for such encroachment and for the maintenance of it as long as it remains, and all Units and the Common Area, including Restricted Common Area, are made subject to such easements. If any structure containing a Unit is partially or totally destroyed and then rebuilt and any encroachment on the Common Area including Restricted Common Area, results, a valid easement exists for such encroachment for the maintenance of it as long as it remains, and all Units and the Common Area including Restricted Common Area are made subject to such easements.

3. Public Access Easements: A public service easement and an emergency access easement conferring access over the portion of the Common Area as shown on the map to the City of Redwood City and its officers, employees, agents or representatives, shall exist and shall not be obstructed by the Association, by any Owner or by any other person or entity acting on their behalf.

ARTICLE IX
USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Property and each Unit therein is subject to the following:

1. Unit Use: No Unit shall be occupied and used except for residential purposes by the Owners, their tenants, and social guests, and no trade or business shall be conducted therein, except that Declarant, and its successors or assigns to unsold Units, may use any Unit or Units in the Project owned by Declarant or such successor or assign, for a model home site or sites and a display sales office, together with use of available guest parking spaces adjacent to same, until the last Unit is sold or until December 31, 1990, whichever event occurs first.

2. Nuisances: No seriously noxious, illegal or offensive activities shall be carried on upon any Unit, or in any part of the

Project, nor shall anything be done thereon which is a serious annoyance or a nuisance to, or which seriously interferes with the quiet enjoyment of any Owner of such Owner's Unit, or which shall in any way increase the rate of insurance for the Project, or cause any insurance policy to be cancelled or cause a refusal to renew the same, or which will impair the structural integrity of any Unit or the Common Area.

3. Vehicle Restrictions: No trailer, camper, mobile home, commercial vehicle, truck (other than standard size pickup truck), inoperable vehicle of any kind, or any boat or similar equipment shall be permitted to remain upon any area within the Project, unless placed or maintained within a garage assigned and appurtenant to a Unit. No vehicle of any kind shall be parked or allowed to remain upon any private street and any such vehicle shall be subject to immediate towaway with all expenses thereof to be charged to the Owner who permitted the vehicle to be parked in such a manner. No noisy or smoky vehicles shall be operated on the Property. No off-road unlicensed motor vehicles shall be operated upon the Property. No vehicle or other object shall be parked or placed on any street right-of-way or within any driveway at any time so that it extends out into any street right-of-way or obstructs such driveway. Any and all regulations which are adopted by Association to enforce any provision of the foregoing Paragraph shall also be complied with by any Member and by all guests, tenants, invitees or others.

4. Signs: No signs shall be displayed to the public view on any Units or on any portion of the Project except such signs as are approved by the Board or Committee appointed by the Board, with the exception of signs otherwise permitted by Paragraph 10 of this Article. "For Sale" or "For Rent" signs shall be allowed as permitted by California Civil Code sections 712 and 713 or other similar statute, provided they do not exceed three (3) square feet in size.

5. Animals: No animals, birds, reptiles, amphibians, or insects of any kind shall be raised, bred, or kept in any Unit, or on any portion of the Property, except that no more than one (1) dog, and not more than one (1) cat, may be kept, provided that they are not kept, bred, or maintained for any commercial purposes, and they are kept under reasonable control at all times. No such animal shall be allowed in the Common Area except as may be permitted by rules of the Board, and no dog or cat shall be permitted to enter the Common Area except while on a leash which is held by a person capable of controlling it. Owners shall prevent their pets from soiling all portions of the Common Area where other persons customarily walk. The foregoing shall not prevent the keeping of a tankful of fish or not more than two (2) canary birds or parakeets within any Unit, provided that such activity shall not be carried on for commercial purposes or cause any nuisance. The classification of animals or birds, or the number of same may be waived by resolution of the Board of Directors, provided that no such resolution shall authorize any keeping of any animals or birds for any commercial purpose or so as to cause a nuisance.

6. Garbage and Refuse Disposal: All rubbish, trash and garbage shall be regularly removed from the Property, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept

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except in sanitary containers. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No equipment, garbage cans, woodpiles, or storage piles shall be kept upon the Common Area or any Restricted Common Area, and all refuse shall be disposed of in receptacles provided for such purpose.

7. Radio and Television Antennas: No alteration to or modification of any central radio and/or television antenna system or cable television system, whichever may be installed, shall be permitted by any individual Owner, and no Owner may be permitted to construct and/or use and operate any external radio and/or television antenna or other external facility for radio and/or television reception without the consent of the Board, and the City of Redwood City.

8. Right to Sell and Lease: The right of a Unit Owner to sell, transfer or otherwise convey his Unit will not be subject to any right of first refusal or similar restriction in favor of the Association. No Unit Owner may lease less than the entire Unit. Subject to the foregoing restrictions, the Owners of the respective Units shall have the absolute right to lease same provided that the lease is in writing and is made subject in all respects to the provisions of this Declaration, the By-Laws, and the Association Rules. Any such lease shall provide that any failure by the lessee to comply with the terms of this Declaration, the By-Laws, or the Association Rules shall be a default under the lease and shall be enforceable by Association as well as by the lessor, who shall be obligated to take steps to remedy any such default. Other than the foregoing, there shall be no restriction on the right of any Unit Owner to lease his Unit.

9. Restrictions on Construction: No building, fence, wall, obstruction, balcony, screen, patio, patio cover, tent, awning, carport, carport cover, improvement, or structure of any kind shall be commenced, erected, painted or maintained upon the Project nor shall any alteration or improvement of any kind be made to existing structures or facilities until the same has been approved in writing by the Board, subject to all applicable laws, ordinances and other regulations and any necessary approvals, including those of the City of Redwood City that may be required in connection with the Project.

10. Use of Common Area by Declarant for Sales, Rental and Construction Purposes: Declarant and its successors and assigns shall for a period until December 31, 1988, have the right to use the Common Area, including guest parking spaces and other necessary or appropriate locations within the Common Area, for parking and vehicular and pedestrian access to unsold Units and model Units (if any), for members of the public, prospective buyers, and administrative personnel and sales staff, in order to conduct Unit sales and/or rental activities, provided that such use shall not abridge Members' access to or use or enjoyment of previously sold Units, except that if during such period annexation of additional real property takes place under Article XIII of this Declaration, then such right to use the Common Area shall expire on December 31, 1990. Declarant and such successors or assigns shall also possess the right to place, maintain and relocate advertising, informational and directional signs on the Common

Area for the sale or rental of unsold Units, subject to such time periods and to similar restrictions.

Declarant shall in addition to the foregoing, have during the construction of the Project all necessary access to and use of the Common Area for construction purposes and all activities necessary for the same, in connection with the completion of the Project, subject to such time periods and to similar restrictions.

ARTICLE X

GENERAL PROVISIONS

1. Enforcement by Association, Owners, or City of Redwood City: The Association, or any Owner, shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of the Governing Documents, and the prevailing party shall be entitled to recover reasonable attorneys' fees as are ordered by the court. Failure by the Association or by any Owner to enforce any restriction, condition, covenant, reservation, lien or charge, shall in no event be deemed a waiver of the right to do so thereafter.

Notwithstanding any other provisions regarding maintenance responsibilities, the City of Redwood City is hereby granted the right, but in no event the duty, to enforce the maintenance obligations of the Owners of the Association for the Common Area described in this Declaration, insofar as the Common Area shall be maintained in a manner which complies with all applicable City, State and Federal ordinances, statutes, and regulations and which does not create or perpetuate nuisances, health or safety hazards. In the event of a breach of the maintenance provisions contained in this section, the City of Redwood City shall give written notice of such breach and the Association shall remedy such breach within thirty (30) days of receipt of such written notice by the City. The Association recognizes that it has the primary responsibility for enforcement of its maintenance responsibilities that are contained in this Declaration and unequivocally guarantees to institute and expeditiously prosecute any required legal action to obtain compliance with the provisions contained in this section. The City of Redwood City, in enforcing the provisions contained in this section, shall be entitled to all the rights and remedies of an Owner or of the Association. The City of Redwood City shall be entitled to all expenses of enforcement, regardless of whether legal proceedings are instituted, including the enforcement by private legal counsel, and shall have the authority to lien the subject property (including the individual Units of Owners if applicable) if the Association does not pay the City of Redwood City for all expenses of correction and enforcement. All funds obtained by lien, other legal proceeding, or any action in furtherance of such enforcement by the City of Redwood City shall be utilized by the City to repay the City for the costs of correcting the breach after costs of expenses of enforcement shall first have been deducted.

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2. Invalidity of any Provision; Interpretation: Should any provision or portion hereof be declared invalid or in conflict with any law of the jurisdiction where this Project is situated, the validity of all other provisions and portions hereof shall remain unaffected and in full force and effect. In the event of any inconsistency between the By-Laws and/or the Articles, and the Declaration, the terms of the Declaration shall control.

3. Term: The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Property subject to this Declaration, and by their respective legal representatives, heirs, successors and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time this Declaration shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners of the Units, has been recorded within the year preceding the beginning of any successive period of ten (10) years, agreeing to terminate the same, provided that any provision in the Declaration which has a different termination date, shall be governed by such termination date.

4. Amendments: Prior to conversion of Class B membership to Class A membership, this Declaration may be amended only by the vote or written assent of seventy-five percent (75%) of all eligible voting Members of each class of membership.

Subsequent to conversion of Class B memberships to Class A memberships, this Declaration may be amended only by the vote or written assent of at least seventy-five percent (75%) of all eligible voting Members and of at least a bare majority of the votes of Members other than the Declarant.

Moreover, the percentage of the voting power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause or provision.

Any amendment must be recorded and shall become effective upon being recorded in the Recorder's Office of San Mateo County, California.

No amendment to Article V, Paragraph 1a, relating to compliance with publicly required maintenance standards of the City of Redwood City, Paragraph 3 of Article VIII relating to governmental access rights, to Article XI requiring compliance with the City of Redwood City Planned Development Permit, to this section of Article X of this Declaration, or which otherwise would terminate or materially impair other rights of the City as set forth in this Declaration, may be made or recorded without the prior written consent of the City of Redwood City.

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No amendment to Paragraph 5 of this Article concerning rights of Mortgagees, or to any provisions of Article XII concerning Mortgage protection, may be made or recorded without the prior written consent of the first Mortgagees of at least seventy-five percent (75%) of the eligible voting Members whose vote or written assent is required to approve such amendment.

5. Rights of Mortgagees: No breach of any of the covenants, conditions and restrictions contained in this Declaration or other Governing Documents, nor the enforcement of any lien provisions herein, shall render invalid the lien of any first Mortgage (meaning a Mortgage with first priority over any other Mortgage) on any Unit made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale or otherwise. In addition, all provisions of Article XII of this Declaration shall be deemed to govern in any and all matters affecting rights of Mortgagees covered thereby.

6. Owner's Right and Obligation to Maintain and Repair: Each Owner of a Unit shall, at such Owner's sole cost and expense, maintain and repair such Unit, including the equipment and fixtures in the Unit and the interior walls, ceilings, windows and doors of the Unit in a clean, sanitary, workable and attractive condition. Each Owner has complete discretion as to the choice of furniture, furnishings, and interior decorating, except that windows can be covered only by drapes, shutters, or shades, and cannot be painted or covered by foil, cardboard, or other similar materials. Each Owner shall also be responsible for repair, replacement and cleaning, at Owner's sole cost and expense, of the windows and glass of such Owner's Unit, both exterior and interior. Each Owner shall also keep that Restricted Common Area appurtenant to such Owner's Unit in a neat, clean, attractive and safe condition at all times.

7. Rights and Obligations Concerning Delegations of Use and Enjoyment of Condominium Units: An Owner, resident members of his family and resident guests shall have rights of use and enjoyment of such Owner's Unit including Common Area facilities and recreational facilities included in the Common Area, subject to the requirements of this Declaration, the By-Laws and the Association Rules. However, if an Owner has sold his Unit to a contract purchaser or has leased or rented it, the Owner's, resident members of the Owner's family, guests or invitees of any of the same shall not be entitled to use or enjoy any rights in the Project, including the recreational facilities within the Common Area during such time as the Owner's Unit is occupied by the contract purchaser or tenant. Instead, the contract purchaser, or tenant, while occupying such Unit shall be entitled to use and enjoy such rights, including such recreational facilities within the Common Area, together with such contract purchaser's or tenant's resident family members and resident guests. Each Owner shall notify the Secretary of the Association of the names of any contract purchasers or tenants of such Owner's Unit. Neither the existence of any such contract

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same shall relieve any Owner from liability to the Association or to other Owners for payments of Assessments or performance of the covenants, conditions and restrictions contained in this Declaration or the obligations of any other Governing Documents. Any lease, rental agreement or contract of sale entered into between an Owner and a tenant or contract purchaser of a Unit, shall require compliance by the tenant or contract purchaser with all the covenants, conditions and restrictions of this Declaration, the By-Laws and the Association Rules, which provision shall be for the express benefit of the Association and each Owner. Such lease, rental agreement, or contract of sale shall also specify that failure to observe any such provisions shall be a default under such lease, rental agreement, or contract of sale. The Association and each Owner shall have a right of action directly against any tenant or contract purchaser of an Owner, as well as against the Owner, for nonperformance of any of the provisions of this Declaration, the By-Laws or the Association Rules, and no delegation of use or enjoyment shall be deemed to constitute a defense to any violation of any such provision.

8. Short Term Rentals: No Unit shall be leased or rented for less than a thirty (30) day period.

9. Insurance; Damage or Destruction: In the event of damage to or destruction of any Unit, the Owner shall reconstruct the same as soon as reasonably practicable, and substantially in accord with the original plans and specifications therefor as approved by the City of Redwood City.

The Association shall obtain and continue in effect, a master policy of insurance (covering real property and improvements, including all Units and Common Area, and personal property owned by the Association) and liability insurance (including fire and full extended coverage, vandalism, malicious mischief, public liability, fidelity bond coverage of officers and employees, glass coverage, boiler and machinery coverage, and, if necessary, worker's compensation coverage) in form and amounts satisfactory to the Board, but without prejudice to the right of the Owner of a Unit to obtain individual insurance. Casualty insurance shall be sufficient to cover replacement value of all Units and Common Area improvements, except that all additions within Units by Owners and all Owners' personal property shall not be covered by such insurance, and the Owners of each Unit shall be responsible for effecting coverage for any and all such additions and personal property.

Insurance premiums for the master policy shall be a common expense to be included in the monthly Assessments levied by the Association, and the portion of such payments necessary for the insurance premiums shall be held in a separate account of the Association and shall be used solely for the payment of the master insurance policy premiums as such premiums become due.

If any of the Project improvements are damaged by fire or other casualty, insurance proceeds payable to the Association shall be used to rebuild or repair such damage substantially in accordance with the original plans and specifications therefor. Any rights of Members shall be subordinate to such right and obligation of the Association to rebuild and/or re-

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pair. Owner's personal property and any items added by Owners to their Units shall be replaced or rebuilt at the expense of Owners or their insurers. Any excess insurance proceeds shall be deposited to the general funds of the Association. In the event the proceeds of the Association's insurance policy are insufficient to rebuild or repair a Unit or Units, and the Owner or Owners of said Unit or Units do not have sufficient funds, whether insurance proceeds or personal funds, to rebuild and restore said Unit or Units, then the Association may use funds from its account or, if necessary, from levying a special Assessment on all Unit Owners (provided such special Assessment is approved by the vote or written assent of the majority of Members of each class of membership) to restore or rebuild said Unit or Units.

The repair, reconstruction or disposition of the Property and insurance proceeds shall be as provided by an agreement approved by more than fifty-one percent (51%) of the votes as such voting interests are established in this Declaration.

The Owners shall rebuild the Project unless they elect, by a seventy-five percent (75%) vote, with the written consent of the First Mortgagees of the Owners so voting, not to rebuild the Project. In the event of an election by the Owners not to rebuild, insurance proceeds received by the Association on account of the destruction of the structural Common Area shall be distributed by the Association among Owners of Units and their respective Mortgagees, and the Association, as their interests shall appear, proportionately according to the respective fair market values of the Units at the time of the destruction as determined by an appraisal by a member in good standing of the Master Appraiser's Institute, without any interest in the Property or in any Unit, or any blood or contractual relationship with any Owner, paid by the Association for such purpose, which appraiser shall investigate the Property and the Units involved, issue a written report, and make a determination as to such allocation. In the event any Unit Owner disagrees with the proposed allocation, he may have the matter submitted to arbitration under the rules of the American Arbitration Association. In the event of any such appraisal or any arbitration proceedings, Institutional Lenders shall be given timely written notice thereof.

In addition to the master liability policy which the Association shall carry, each Unit Owner may carry personal liability and property damage insurance covering personal injury to, or damage to property of, others within the Project resulting from negligence of the Owner or his agents, in an amount that each Unit Owner may determine.

All property and liability insurance carried by the Association or the Owners shall contain a cross liability endorsement and waiver of subrogation as to the Association, the Declarant, First Mortgagees, their officers, directors and employees, and any other Owners, their guests, agents and employees.

10. Condemnation: In the event of any taking of any Unit in the Project by eminent domain, the Owner of such Unit and his Mortgagees as their interests shall appear shall be entitled to receive the award for

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such taking, and after acceptance thereof he and his Mortgagee shall be divested of all interest in the Project if such Owner shall vacate his Unit as a result of such taking. A majority of the remaining Owners shall decide by written vote whether to rebuild or repair the Project, or take other action. The Owners shall rebuild the Project unless they elect not to rebuild the Project by a seventy-five percent (75%) vote, with the written consent of the First Mortgagees of the Owners so voting. The remaining portion of the Project shall be resurveyed, if necessary, and the Declaration shall be amended to reflect such taking. In the event of a taking by eminent domain of more than one Unit at the same time, the Association shall participate in the negotiations, and shall propose the method of division of the proceeds of condemnation, where Units are not valued separately by the condemning authority or by the Court, which proposal shall constitute a recommendation only and not be binding on the Owners concerned as to the Units involved. Any award in eminent domain or inverse condemnation affecting all or part of the Common Area of the Project (as distinguished from a Unit or Units) which is not apportioned among the Owners and the Association by court judgment, or by agreement between the condemning authority and each of the affected Owners in the Project, shall be distributed among the affected Owners and the respective Mortgagees of each of them and the Association (as their interests shall appear), according to the relative values of the Units affected by the proceedings as determined initially by an appraisal by a member in good standing of the Master Appraiser's Institute, without any interest in the Property or in any Unit, or any blood or contractual relationship with any Owner, paid by the Association for such purpose, which appraiser shall investigate the Property and the Units involved, issue a written report, and make a determination as to such allocation. In the event any Unit Owner disagrees with the proposed allocation, he may have the matter submitted to arbitration under the rules of the American Arbitration Association.

11. Declarant's Limited Exemption from Assessment During Construction and Termination of Responsibility of Declarant: Notwithstanding the provisions of Paragraph 1 of Article IV of this Declaration, Declarant or any other Owner shall not be obligated to pay any portion of a regular or special Assessment that is for the purpose of defraying expenses and establishing reserves directly attributable to the existence and/or the use of any Unit designated on the Condominium Plan that does not include a structural improvement for human occupancy until a notice of completion of a structural improvement on such Unit has been recorded in the office of the County Recorder of San Mateo County or until the expiration of one hundred twenty (120) days after the issuance of a building permit for the structural improvements, whichever first occurs. This Assessment exemption includes Assessments levied for the following or for similar purposes: roof replacement, exterior maintenance, walkway and parking area lighting, refuse disposal, cable television, and domestic water and other connections and services supplied to living units.

In the event Declarant shall convey all of its rights, title and interest in and to the Property to any Person, then and in such event, Declarant shall be relieved of the performance of such further duty or obligation hereunder, and such Person shall be obligated to perform all such duties and obligations of the Declarant.

12. Owners' Compliance: Each Owner, tenant or occupant of a Unit shall comply with the provisions of this Declaration, and to the extent they are not in conflict with this Declaration, the Articles, the By-Laws, Association Rules, and decisions and resolutions of the Association or its duly authorized representative, as lawfully amended from time to time, and failure to comply with any of the same or such provisions, rules, regulations, decisions, or resolutions, shall be grounds for an action to recover sums due, for damages, or for injunctive relief, subject to provisions of Paragraph 16 of this Article X of this Declaration.

All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Declaration, in the Articles, or in the By-Laws, shall be deemed to be binding on all Owners of Units, their successors and assigns.

13. Notices: Any notice permitted or required by the Declaration, Articles, or By-Laws may be delivered either personally or by mail. If delivery is by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each Person at the current address given by such Person to the Secretary of the Board or addressed to the Unit of such Person if no address has been given to the Secretary.

14. Fair Housing: No Owner shall, either directly or indirectly, forbid or restrict the conveyance, encumbrance, leasing, mortgaging, or occupancy of his, or her, Unit to any Person for reasons of race, color, religion, ancestry, national origin, sex, marital status or for any reason concerning physical disability.

15. No Discrimination Against Families With Children Allowed: There shall be no discrimination against any Person or Persons having children in the sale, lease or rental of any Unit, nor shall any Person of any age be discriminated against in the use and availability of common facilities, services or other privileges associated with his or her occupancy of a Unit.

16. Notices and Hearing in Connection with Proceedings for Failure to Comply with the Governing Documents: Any monetary penalties, temporary suspensions of an Owner's rights as a Member of the Association, or other appropriate discipline for failure to comply with the Governing Documents must be done in good faith and in a fair and reasonable manner, and must comply with the following procedures:

(a) The provisions of the procedure which is utilized shall have been set forth in the Articles or By-Laws, and copies of Association Rules or any other rules or regulations governing such procedure which are not set forth in the Articles or By-Laws shall have been sent annually to all Owners.

(b) Fifteen (15) days' prior notice of the intended discipline and the reasons therefor shall be transmitted to the Member or Members affected in the manner hereinafter provided.

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(c) The Board of Directors shall provide an opportunity for the Member to be heard, orally or in writing, before the Board not less than five (5) days before the effective date of the intended discipline, and before the Board has determined any action to be taken.

(d) The Board of Directors shall, in the event written notice is not delivered personally, provide for notice to be given by first class or registered mail sent to the current address given by such Member or Members to the Secretary of the Board, or addressed to the Unit of such Member or Members if no address has been given to the Secretary.

The Association shall not, however, have power to cause a forfeiture or abridgment of an Owner's rights to the full use and enjoyment of such Owner's Unit on account of any failure by such Owner to comply with provisions of the Governing Documents or of duly enacted rules of operation for Common Areas and facilities except where such forfeiture or abridgment is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association.

17. Enforcement of the Bonded Completion Obligations of the Declarant: When Common Area improvements which are included in the Project have not been completed prior to the issuance of the Public Report issued for the Project by the Real Estate Commissioner of the State of California and the Association is obliged under a bond or other arrangement (hereinafter designated a "Bond") to secure performance of the commitment of the Declarant to complete such Common Area improvements, the Association shall be bound to enforce the following substantive and procedural provisions relative to the initiation of action to enforce the obligations of the Declarant and its surety under the Bond:

(a) The Board of Directors shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvement for which a notice of completion has not been filed within sixty (60) days after the completion date specified for that improvement in the planned construction statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Area improvement, the Board of Directors shall be directed to consider and vote on the said question of action by the Association to enforce the obligations under the Bond if a notice of completion has not been filed within thirty (30) days after the expiration of such extension.

(b) If the Board of Directors fails to consider and vote on the question as to whether the Association shall enforce the obligation under the Bond as set out in subsection (a) above, or if the Board decides not to initiate action to enforce the obligations under the Bond, Members representing not less than five percent (5%) of the total voting power of the Association's Members may demand such a

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meeting by presenting a petition signed by such Members to the Board or to the President or Secretary of the Association.

(c) On receipt of such a petition, the President or Secretary shall call a special meeting of Members for the purpose of voting to override the decision by the Board of Directors not to initiate action to enforce the obligations under the Bond or on the failure of the Board of Directors to consider and vote on the question. The meeting shall be required to be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of Directors of a petition for such a meeting signed by Members representing five percent (5%) or more of the total voting power of the Association.

(d) A vote of Members other than Declarant shall be taken at such meeting, and a vote of the majority of the voting power of the Association residing in members other than the Declarant to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association, and the Board of Directors shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE XI

COVENANT WITH CITY OF REDWOOD CITY
REQUIRING COMPLIANCE WITH PLANNED DEVELOPMENT PERMIT

The Planned Development Permit obtained from the City of Redwood City pursuant to Article 45 of the Redwood City Zoning Ordinance shall be binding upon and inure to the benefit of Declarant and/or Declarant's successors, heirs, grantees, assignees and transferees, including Association, each and all Owners, and its and their successors, heirs, grantees, assignees and transferees. This covenant shall be deemed to be a covenant running with the land under this Declaration.

ARTICLE XII

MORTGAGE PROTECTION

Each and all of the following provisions shall be binding upon the Association and, inasmuch as Mortgagees (as such term is defined in the Declaration) shall be relying upon same in making loans to Owners as Mortgagors (as such term is defined in the Declaration), the following provisions shall be deemed to be contractual commitments between Association and such Mortgagees, and may not be amended, nor shall any action be permitted to be taken contrary thereto, without the written consent of such Mortgagees:

1. Acts Requiring Consent: Except as provided by statute in case of condemnation or substantial loss to the Units and/or common elements of the Condominium Project, unless at least two-thirds (2/3) of the

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First Mortgagees (based upon one vote for each such First Mortgage owned) or Owners (other than the Declarant, or any other sponsor, developer or builder) of the Units in the Property comprising the Boardwalk have given their prior written approval, the Association shall not be entitled to:

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

(b) Change the prorata interest or obligations of any individual Condominium Unit for the purpose of: (i) levying Assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the prorata share of ownership of each Condominium Unit in the common elements;

(c) Partition or subdivide any individual Condominium Unit;

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

(e) Use hazard insurance proceeds for losses to any Condominium Property (whether to Units or to common elements, i.e., Common Area) for other than the repair, replacement or reconstruction of such Condominium Property;

(f) By act or omission to change, waive or abandon the provisions of this Declaration, or the enforcement of any of them, pertaining to architectural design or control of the exterior appearance of structures in the development, the maintenance of the Common Area, including recreational facilities, walks, fences, and driveways, or the upkeep of lawns and plantings in the Project;

(g) To fail to maintain fire and extended coverage insurance on insurable property owned or controlled by Association, including any 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);

(h) Mortgagees may, jointly or severally, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for Common Area improvements or other insured property owned or controlled by Association and, upon making any such payments, such Mortgagees shall be owed immediate reimbursement from the Association. This provision shall constitute an agreement by the Association for the express benefit of all Mortgagees and upon request of any Mortgagee the Association shall execute and deliver to such Mortgagee a separate written agreement embodying this provision.

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2. Time Limit for Annexation Effecting Change in Owners' Percentage Interest: No change in the percentage interest of Owners in the common elements, i.e., the Common Area, may be effected pursuant to any annexation more than seven (7) years after the date of recordation of this Declaration; this provision shall not be construed to authorize any change in such percentage interest prior to said date.

3. Priority of First Mortgagees: No provisions of the Governing Documents shall provide or be deemed to provide a Condominium Unit Owner, or any other Person, priority over any rights of the First Mortgagee of the Condominium Unit pursuant to its Mortgage in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for losses to or taking of Condominium Units and/or common elements.

4. Reserve Fund for Maintenance, Repairs and Replacement: Association shall provide for Condominium dues or charges that include an adequate reserve fund for maintenance, repairs and replacement of those common elements that must be replaced on a periodic basis, and such dues or charges must be assessed so that they shall become payable in regular installments (rather than by special Assessment).

5. Notification of First Mortgagees as to Default: A First Mortgagee, upon request, will be entitled to written notification from the Association of any default in the performance by the individual Unit borrower i.e., Mortgagor, or any obligation under the Condominium Governing Documents which is not cured within sixty (60) days.

6. Agreements for Professional Management and for Services of the Developer, Sponsor or Builder: Any agreement for professional management of the Condominium Project, or any other contract providing for services of the Declarant or other developer, sponsor, or builder may not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice, provided that this provision shall not authorize the Association to depart from those restrictions placed upon the Association by Paragraph 2b of Article V of this Declaration, and such provisions as to the maximum length of such agreement and notice required for such termination shall also be observed.

ARTICLE XIII

ANNEXATION AND COMMENCEMENT OF ASSESSMENTS AND VOTING RIGHTS

1. Additional Real Property Designated for Annexation According to the Election of Declarant: Declarant also owns certain additional real property also located in the City of Redwood City, County of San Mateo, and more particularly described as follows:

Lot 1 of Block "B" of that certain subdivision map entitled Shorebird Subdivision No. 1, recorded December 27, 1979, in Volume 100 of Maps at Pages 33 through 36, of the Official Records of San Mateo County,

hereinafter described for the purposes of this Article of the Declaration, the "Additional Real Property". The Additional Real Property may, subject to the provisions of Paragraph 2 of this Article, be annexed in one or more phases by Declarant or a successor or assign. Nothing in this Declaration shall be deemed to bind Declarant to make any such annexation. If and when said Additional Real Property or a portion thereof is annexed it shall add not more than an additional one hundred thirty (130) Condominium Units to The Boardwalk, and when and as annexed to the Project pursuant to this Declaration, the Additional Real Property or such portion shall be combined in one project so as to constitute a coordinated, master planned and cohesive development pursuant to the provisions of this Declaration. Any such additional Condominium Units shall be constructed in accordance with plans now or hereafter approved by the City of Redwood City.

2. Time for Annexation and Annexation Procedure: Any annexation by Declarant or the successors or assigns of Declarant, shall take place within three (3) years of the issuance of original Public Report for the immediately preceding phase. The Additional Real Property, or any portion or portions thereof, at one or more times, may be annexed to the Project by the recordation in the Official Records of the County of San Mateo of a "Declaration of Annexation," which shall set forth a description of the Additional Real Property or such portion thereof then to be annexed and a statement that such land is declared to be annexed to the Project. Such Declaration of Annexation shall provide for the creation of easements over the Project which is the subject of this Declaration, i.e., the Project as originally created prior to annexation, so the Owners of Units within the land annexed shall have the use and benefit of all such easements, and Declarant shall have the right of access to and the use of all such easements for construction and sales purposes to the full extent provided for by Article IX, Paragraph 10 of this Declaration. Such Declaration of Annexation shall also provide for the creation of easements for ingress and egress over that portion of the Common Area within the land annexed which is not part of any Unit for the use and benefit of present and future Owners of Units within the Project as it existed prior to such annexation as well as for the use and benefit of future Owners within the land then annexed. Sequential Declarations of Annexation may similarly be filed as to remaining portions of the Additional Real Property described in Paragraph 1 of this Article of this Declaration which have not been previously annexed, subject in each instance to the requirement that such annexation take place within three (3) years of the original issuance of the most recently issued Public Report.

3. Alternative Procedure for Annexation: In the event that any portion of the Additional Real Property has not been annexed to the Project prior to the expiration of the right to annex reserved to Declarant pursuant to the provisions of Paragraph 2 of this Article, such Additional Real Property or a portion thereof may thereafter be annexed to the Project upon the vote or written assent of not less than sixty-six and two-thirds percent (66-2/3%) of the Members of the Association other than Declarant, subject to the provisions of Paragraph 2 of Article XII of this Declaration.

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4. Application of Declaration and Governing Documents to Annexed Real Property: Upon the recordation of a Declaration of Annexation, the Additional Real Property to which such Declaration of Annexation applies (as well as the Property previously subject to this Declaration), shall thereafter be subject to all covenants, conditions and restrictions of this Declaration and to all other Governing Documents, and the Association shall likewise become for all purposes the association for and exercise all powers for the annexed real property in the same manner as the Property previously constituting the Project, subject to this Declaration and other Governing Documents.

5. Deannexation: Declarant has the right, at its sole option, to remove from the Project any property described in a recorded Declaration of Annexation by recording a rescission of the Declaration of Annexation at any time if: (i) no Condominium subject to that Declaration of Annexation has been conveyed to an Owner; and (ii) no Common Area subject to that Declaration of Annexation has been conveyed to the Association.

6. Commencement of Assessments and Voting Rights: The annual Assessments for the Association shall commence on the first day of the month following the closing of the first sale from Declarant to an individual Owner of one of the Units. No vote or right of consent shall be exercised with respect to any Unit until annual Assessments have commenced against all Units situated in the Property. As to all Units as to which a particular Declaration of Annexation applies, the annual Assessments shall commence on the first day of the month following the closing of the first sale from Declarant to an individual Owner of one of the Units in the newly annexed Additional Real Property. No vote or right of consent shall be exercised with respect to any Unit in the newly annexed Additional Real Property until annual Assessments have commenced against the Units situated in such Additional Real Property.

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ARTICLE XIV

MASTER ASSOCIATION COVENANTS

1. Applicability of Covenants of Redwood Shores Owners Association: A Declaration of Covenants, Conditions and Restrictions ("Master Covenants") for Redwood Shores Owners Association, a California nonprofit corporation ("Master Association"), recorded by Redwood Shores, Inc., a California corporation, as Declarant, in the Office of the County Recorder of San Mateo County on February 13, 1981, as Document No. 14180-AS, as amended by Amendment consisting of Document No. 25158-AS, San Mateo County Official Records, and as subject to those Declarations of Annexation consisting of Documents No. 82060713 and No. 84006212, San Mateo County Official Records, also applies to the Property and will apply to each Condominium Unit in the Project as it exists at the time of filing of this Declaration or as expanded by annexation pursuant to Article XIII of this Declaration.

2. Effect of Master Association Covenants: The Master Association has the power to levy regular or special Assessments against Owners'

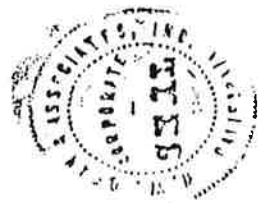
units, and each Owner by acceptance of the deed to such Owner's Unit is deemed to covenant and agree to pay such Assessments which are a charge on the land and a lien as well as constituting the personal obligation of such Owner. The purpose of such Assessments is for the maintenance of Master Association Common Area, maintenance of architectural standards, and administration of minimum standards for Projects and Properties within the geographical area under the jurisdiction of the Master Association. The Master Association may also assume maintenance responsibilities by contract or because in the opinion of the Board of Directors of the Master Association, the level and quality of service then being furnished is not consistent with the community-wide standard of the Master Association. The Master Covenants also contain requirements for certain types of annexations. The Board of the Master Association is also granted the power to make and enforce reasonable rules and regulations that may affect this Project, and impose sanctions for violations of such rules and regulations pursuant to Article VIII, Section 3 of the Master Covenants. The Master Covenants also contain the requirement that all property under the jurisdiction of the Master Association, including this Project, be subject to architectural and environmental review for original construction, and for all modifications, additions, or alterations made to Residential Units or structures containing Residential Units and open space. Declarant shall be responsible for qualifying the Project for any required architectural and/or environmental review for original construction of the Project, and Association for this Project shall be responsible for securing architectural and/or environmental review for any modifications, additions or alterations after original construction of the Project. Nothing in the Master Covenants limits the right of an Owner to remodel the interior of his or her Unit, or to paint the interior of his or her Unit any color desired. The Master Covenants also contain a limitation that all property under the jurisdiction of the Master Association, including this Project, be used only for residential, recreational and related purposes. The Master Association, acting through its Board of Directors, has power to enforce such use restrictions.

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3. Method of Collection of Master Association Dues: The Association for this Project shall include any and all Master Association dues assessed pursuant to the Master Covenants as part of its own Assessments upon individual Unit Owners, and the amounts collected attributable to such Master Association Assessments shall be paid by Association to the Master Association as and when required by the terms of such Master Association Assessments.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this Declaration this 4th day of December, 1985.

W. W. DEAN & ASSOCIATES,
a California corporation



By: *L. E. Mabry*
Its Vice PRESIDENT

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN MATEO)

On December 4th, 1985, before me, the undersigned, a Notary Public in and for the State of California, personally appeared L. E. Mabry, personally known to me to be the person who executed the within instrument as Vice President of W. W. DEAN & ASSOCIATES, a California corporation, and also known to me to be the person who executed the within instrument on behalf of the said corporation, and acknowledged to me that he executed the above instrument on behalf of the said corporation.

WITNESS my hand and official seal.



D. Joan Rios
D. Joan Rios, Notary Public Rios
State of California



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CONSENT AND SUBORDINATION

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, Beneficiary under Deed of Trust dated July 16, 1985 and recorded on July 25, 1985 as Document No. 85074327, Official Records of San Mateo County, State of California, hereby approves and consents to the recording of this Declaration of Covenants, Conditions and Restrictions, and Subordinates the Beneficial Interest under said Deed of Trust to said Declaration.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

Dated: December 11, 1985

By: D.E. Bayles
D.E. Bayles
Its: Vice President
(Title)

By: G. J. Buscemi
G. J. Buscemi
Its: Vice President
(Title)

STATE OF CALIFORNIA }
COUNTY OF San Francisco } ss

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On December 11, 1985, before me, the undersigned, a Notary Public in and for said State, personally appeared G.J. Buscemi and D.E. Bayles known to me to be the Vice Presidents of the corporation described in and that executed the within instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County of San Francisco the day and year in this certificate first above written.

Rosemarie Re
Notary Public, State of California



CONSENT AND SUBORDINATION

REDWOOD SHORES, INC., a California corporation, as Beneficiary under Participation Deed of Trust dated July 12, 1985 and recorded on July 25, 1985 as Document No. 85074331, Official Records, San Mateo County, State of California, hereby approves and consents to the recording of this Declaration of Covenants, Conditions and Restrictions, and Subordinates the Beneficial Interest under said Participation Deed of Trust to said Declaration.

REDWOOD SHORES, INC.,
a California corporation

Dated: December 27, 1985

By: [Signature]
D.G. WARREN
Its: PRESIDENT
(Title)

By: [Signature]
A. St. SLATER
Its: VICE-PRES.
(Title)

STATE OF CALIFORNIA)
COUNTY OF San Mateo)

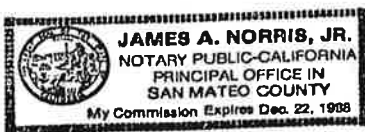
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On December 27, 1985, before me, the undersigned, a Notary Public in and for said State, personally appeared Donald G. Warren and A. St. Slater known to me to be the President and Vice-President of the corporation described in and that executed the within instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County of San Mateo the day and year in this certificate first above written.

[Signature]
Notary Public, State of California



of record (meaning any recorded Mortgage or deed of trust with first priority over other Mortgages or deeds of trust made in good faith and for value).

Such lien, when delinquent, may be enforced by sale by the Association, its attorney or other person authorized to make the sale, after failure of the Owner to pay such Assessment in accordance with the provisions of section 2924 of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

The Association shall have the power to bid at any foreclosure sale, and to acquire and hold, lease, mortgage and convey the interest foreclosed. A legal action to recover a money judgment for unpaid Common Expenses, rent and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same, to the full extent permitted by law. There shall, however, be no restriction upon any Owner's right of ingress to and egress from his Unit.

ARTICLE V

DUTIES AND POWERS OF THE ASSOCIATION

1. Duties: In addition to the duties enumerated in its By-Laws, or elsewhere provided for in this Declaration, and without limiting the generality thereof, the Association shall perform the following duties:

a. Compliance with Publicly Required Maintenance Standards of the City of Redwood City: The Association shall be responsible for continuing permanent maintenance, repair and/or reconstruction of the following facilities:

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(1) The private streets and all other elements of the vehicular circulation system within the Project, including, but not limited to, pavement, pavement markings, traffic and street signs. All private streets shall remain private and not be offered for dedication or dedicated to public use;

(2) The landscaping adjacent to Marine World Parkway and Shell Drive, within the area of the Map and in adjacent public right of way, excluding any median strip and property beyond the curb line;

(3) The landscaping within the boundaries of the Project;

(4) All street lights within the Common Area, including, but not limited to, those within the private street areas in the Project;

(5) The concrete wall along the interior waterway adjacent to and along the northwest boundary of the Property, any pedestrian bridges which, in the event that annexation of the Additional Real Property takes place under Article XIII of this Declaration, may be