City and County of San Francisco
Joaquin Torres, Assessor-Recorder

Doc # 2022032533

3/30/2022	9:35:35 AM	Fees	$599.00
ES	Electronic	Taxes	$0.00
Pages 196	Title 081	Other	$0.00
Customer	9013	SB2 Fees	$225.00
		Paid	$824.00

RECORDING REQUESTED BY:

First American Title
5835409

WHEN RECORDED, MAIL TO:

JACKSON TIDUS (SAN)
2030 Main Street, Suite 1200
Irvine, CA 92614

Block; 8954; Lot 002 ***(Space Above for Recorder's Use)***
Block; 8954; Lot 059 through Block: 8954; Lot 182
Part of Yerba Buena Island (future address 1 Bristol Court)

NEIGHBORHOOD DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR THE BRISTOL AT COVE RESIDENCES

NOTE: CERTAIN DISPUTES ARISING UNDER THIS NEIGHBORHOOD DECLARATION, INCLUDING DISPUTES CONCERNING THE DESIGN OR CONSTRUCTION OF THE NEIGHBORHOOD, SHALL BE SUBMITTED TO MEDIATION OR BINDING ARBITRATION, FORMS OF ALTERNATIVE DISPUTE RESOLUTION, IN ACCORDANCE WITH SECTION 12.4.

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

TABLE OF CONTENTS

NEIGHBORHOOD DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR THE BRISTOL AT COVE RESIDENCES

		Page
ARTICLE 1	DEFINITIONS AND INTERPRETATION	2
1.1.	Definitions	2
1.2.	Interpretation	15
1.3.	Land Classifications	17
1.4.	Condominium Plan for Diagrammatic Purposes Only	18
ARTICLE 2	MAINTENANCE COVENANTS AND USE RESTRICTIONS	18
2.1.	Repair and Maintenance	19
2.2.	Commencement of Neighborhood Association Maintenance Obligations	22
2.3.	Water Conservation Measures	22
2.4.	Acceptance of Neighborhood Property; Exoneration of Security	22
2.5.	Inspection of the Neighborhood	23
2.6.	Reporting Requirements	24
2.7.	Water Meters	25
2.8.	Single-Family Dwelling	26
2.9.	Further Subdivision	26
2.10.	Leasing and Rental	26
2.11.	Resale	27
2.12.	Business and Commercial Activities	27
2.13.	Nuisances	29
2.14.	Signs	31
2.15.	Parking and Vehicular Restrictions	32
2.16.	Exclusive Use Area Storage Spaces	35
2.17.	Exclusive Use Area Balconies and Patios	36
2.18.	Animal Regulations	37
2.19.	Antenna and Satellite Dish Restrictions	39
2.20.	Trash	40
2.21.	Owner-Installed Improvements	40
2.22.	Sound Attenuation	44
2.23.	Mechanics' Liens	44
2.24.	Non-Smoking Neighborhood	44
2.25.	Additional Appliances	44
2.26.	Drainage	45
2.27.	Water Supply System	45
2.28.	View Obstructions	46
2.29.	Owner-Installed Solar Energy Systems	46
2.30.	Rights of Disabled	50
2.31.	Temporary Buildings; Temporary Dwellings	50
2.32.	Prohibited Residential Uses	50
2.33.	Neighborhood Property	50
2.34.	Mineral Exploration and Extraction	50
2.35.	Post-Tension Concrete Slabs	50

TABLE OF CONTENTS
(continued)

Page

2.36.	Easements	51
ARTICLE 3	DISCLOSURES	51
3.1.	No Representations or Warranties	51
3.2.	Access During Sales and Marketing	51
3.3.	Security and Privacy Disclaimer	52
3.4.	Mutual Benefit Agreement	52
3.5.	Recreational Facilities	52
3.6.	Affordable Housing on Yerba Buena Island	53
3.7.	Treasure Island Mutual Benefit Agreement	53
3.8.	Neighborhood Association Budgets	53
3.9.	Special Districts	53
3.10.	Supplemental Real Property Taxes	54
3.11.	Electric Power Lines, Wireless Communications Facilities, and Human Health	55
3.12.	Utility Improvements	55
3.13.	Urban Environment	55
3.14.	Sound Attenuation	56
3.15.	Watering Restrictions	56
3.16.	Reclaimed Water	56
3.17.	Mold	57
3.18.	Air Quality	57
3.19.	Wind	57
3.20.	Soil Conditions	58
3.21.	Natural Hazard Zone Disclosures	60
3.22.	Commercial/Industrial Zone Disclosure	62
3.23.	Energy Efficiency Standards and Duct Sealing Requirements	62
3.24.	Gas and Hazardous Liquid Transmission Pipeline Notice	62
3.25.	General Plan Hazard INformation	63
3.26.	Former Military Base, Environmental Conditions and Restrictions	63
3.27.	Environmental Risk and Acceptance of Risk	67
3.28.	Radon	67
3.29.	Transportation Implementation Plan	67
3.30.	Yerba Buena Island Overall	69
3.31.	Major Thoroughfares	70
3.32.	Surrounding Uses	70
3.33.	General Impacts on Quiet in the Neighborhood	71
3.34.	Treasure Island	72
3.35.	Megan's Law Notice	73
3.36.	Offers of Dedication	74
3.37.	No Enhanced Protection Agreement	74
3.38.	Property Lines	74
3.39.	Additional Provisions; Future Enforceability	74
ARTICLE 4	THE NEIGHBORHOOD ASSOCIATION	74
4.1.	General Duties And Powers	74
4.2.	Specific Duties And Powers	75

TABLE OF CONTENTS
(continued)

Page

4.3.	Standard of Care, Non-Liability	84
4.4.	Membership	86
4.5.	Voting Rights	88
4.6.	Unsegregated Real Property Taxes	89
ARTICLE 5	DESIGN REVIEW COMMITTEE	89
5.1.	Members Of Committee	89
5.2.	Powers and Duties	90
5.3.	Review of Plans and Specifications	90
5.4.	Meetings and Actions of the Design Review Committee	94
5.5.	No Waiver of Future Approvals	94
5.6.	Compensation of Members	94
5.7.	Inspection of Work	94
5.8.	Variances	95
5.9.	Pre-Approvals	95
5.10.	Appeals	95
ARTICLE 6	PROPERTY EASEMENTS AND RIGHTS	96
6.1.	Easements	96
6.2.	Additional Easements	98
6.3.	Delegation of Use	98
6.4.	Right of Entry	98
ARTICLE 7	NEIGHBORHOOD ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS	99
7.1.	Personal Obligation to Pay Assessments	99
7.2.	Neighborhood Association Maintenance Funds	99
7.3.	Purpose of Assessments	100
7.4.	Waiver of Use	100
7.5.	Limits on Annual Assessment Increases	100
7.6.	Annual Assessments	101
7.7.	Special Assessments	102
ARTICLE 8	INSURANCE	103
8.1.	Duty to Obtain Insurance; Types	103
8.2.	Waiver of Claim Against Neighborhood Association	104
8.3.	Right and Duty of Owners to Insure	105
8.4.	Notice of Expiration Requirements	105
8.5.	Trustee For Policies	105
8.6.	Actions as Trustee	106
8.7.	Annual Insurance Review	106
8.8.	Required Waiver	106
ARTICLE 9	DESTRUCTION OF IMPROVEMENTS	107
9.1.	Restoration of the Neighborhood	107
9.2.	Sale of Neighborhood and Right to Partition	107
9.3.	Interior Damage	108
9.4.	Notice to Owners and First Mortgagees	108

TABLE OF CONTENTS
(continued)

Page

9.5.	Damage by Owners	108
ARTICLE 10	EMINENT DOMAIN	108
10.1.	Property Condemnation	108
10.2.	Condemnation of Neighborhood Property	109
10.3.	Condemnation of Exclusive Use Area	109
10.4.	Condemnation of Condominiums	109
10.5.	Condemnation of Portions of Units	109
10.6.	Portions of Awards in Condemnation not Compensatory for Value of Real Property	110
10.7.	Notice to Owners and First Mortgagees	110
ARTICLE 11	RIGHTS OF MORTGAGEES	110
11.1.	General Protections	110
11.2.	Additional Rights	110
ARTICLE 12	ENFORCEMENT AND DISPUTE RESOLUTION	112
12.1.	Enforcement of Neighborhood Governing Documents	112
12.2.	Nonpayment of Assessments; Delinquency	114
12.3.	Enforcement of Bonded Obligations	118
12.4.	Disputes with Neighborhood Builder Parties	119
ARTICLE 13	DURATION AND AMENDMENT	124
13.1.	Duration	124
13.2.	Termination and Amendment	124
ARTICLE 14	GENERAL PROVISIONS	128
14.1.	Mergers or Consolidations	128
14.2.	No Public Right or Dedication	128
14.3.	Notices	128
14.4.	Constructive Notice and Acceptance	128
ARTICLE 15	NEIGHBORHOOD BUILDER'S RIGHTS AND RESERVATIONS	128
15.1.	Construction Rights	128
15.2.	Sales and Marketing Rights	129
15.3.	Creating Additional Easements	130
15.4.	Architectural Rights	130
15.5.	Developer Exemption	130
15.6.	Assignment of Rights	130
15.7.	Amendment to Article	130
15.8.	Power of Attorney	130
15.9.	Cooperation and Participation	131
15.10.	Neighborhood Builder Approval of Actions	132
15.11.	Marketing Name	132
15.12.	Counterparts	133
LENDER SUBORDINATION		

TABLE OF CONTENTS
(continued)

Page

LENDER SUBORDINATION

EXHIBIT AI	ARTICLES OF INCORPORATION OF THE NEIGHBORHOOD ASSOCIATION
EXHIBIT BL	BYLAWS OF THE NEIGHBORHOOD ASSOCIATION
EXHIBIT MO	SPECIFIC MAINTENANCE OBLIGATIONS
EXHIBIT NW	APPROXIMATE DEPICTION OF NEIGHBORHOOD WALLS IN THE NEIGHBORHOOD
EXHIBIT TPP	TRANSIT PASS PROGRAM
EXHIBIT GHM	GOOD HOUSEKEEPING MEASURES
EXHIBIT CAM	CONTIGUOUS AREA MAP
EXHIBIT VC	VARIABLE COMPONENTS OF COMMON EXPENSE

NEIGHBORHOOD DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS

AND RESERVATION OF EASEMENTS

FOR

THE BRISTOL AT COVE RESIDENCES

This Neighborhood Declaration of Covenants, Conditions, Restrictions and Reservation of Easements is made by **YBI PHASE 1 INVESTORS, LLC**, a Delaware limited liability company (***"Neighborhood Builder"***). The capitalized terms used in the Preamble below are defined in Article 1.

PREAMBLE

A. Neighborhood Builder is the owner of real property in the City and County of San Francisco, California, described as follows:

> All of Lot 002 of Final Map No. 9856 Phase No. 1, filed for record on July 10, 2020, in the Office of the City and County of San Francisco, in Book 1 of Filed Maps at Pages 48 to 63, inclusive, which Lot is shown and described in that certain Condominium Plan for The Bristol at Cove Residences, which was Recorded on March 29, 2022, as Document No. 2022032175, of Official Records of the City and County of San Francisco (the ***"Condominium Plan"***).
>
> The Condominium Plan referenced above depicts and describes Units A4, 104 to 122, inclusive, 124, 200 to 225, inclusive, 301 to 327, inclusive, 401 to 427, inclusive, 501 to 508, inclusive, 510, 520 to 527, inclusive, 601, 602 and 624 to 627, inclusive, Condominium Common Area, Master Common Area and Neighborhood Property, all as defined below.

B. Neighborhood Builder intends to create a "common interest development" within the meaning of Section 4100 of the Davis-Stirling Common Interest Development Act (***"CID Act"***) or successor provision, which is also a "condominium project," as defined in California Civil Code Section 4125, a "planned development," as defined in California Civil Code Section 4175, and a "subdivision" as defined in California Business and Professions Code Section 11000. Neighborhood Builder intends to impose mutually beneficial restrictions under a general plan for subdividing, maintaining, improving and selling the Units in the Neighborhood for the benefit of all the Units pursuant to the Davis-Stirling Common Interest Development Act. The general plan of development will include forming an owners Neighborhood Association under the California Non-Profit Mutual Benefit Corporations Law to which will be assigned the powers of (1) owning, maintaining and administering the Neighborhood Property, (2) administering and enforcing the Neighborhood Governing Documents and, on behalf of its members, the Mutual Benefit Agreement, and (3) collecting and disbursing the Assessments and charges hereinafter created. Neighborhood Builder will cause the corporation to be formed to exercise such powers, as required under the CID Act. The Members of the Neighborhood Association will be the Owners in the Neighborhood, as further provided in Article 4 herein.

C. The Neighborhood is part of a master-planned community known as "The Residences at Yerba Buena Island" in the City of San Francisco, which is subject to a Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for The Residences at Yerba Buena Island, and the jurisdiction of the Master Association. Each Owner of a Condominium in the Neighborhood will be a member of both the Neighborhood Association and the Master Association and subject to this Neighborhood Declaration, the Master Declaration and all amendments thereto.

D. The Neighborhood is to be held, conveyed, encumbered, leased, used and improved subject to covenants, conditions, restrictions and easements in this Neighborhood Declaration, all of which are in furtherance of a plan for subdividing, maintaining, improving and selling the Condominiums in the Neighborhood. All provisions of this Neighborhood Declaration are imposed as equitable servitudes on the Neighborhood. All covenants, conditions, restrictions and easements in this Neighborhood Declaration shall run with and burden the Neighborhood, and be binding on and for the benefit of all of the Neighborhood and all Persons acquiring any interest in the Neighborhood.

E. The Neighborhood is also subject to Development and Entitlement Documents which were imposed by the City. Each Owner and the Neighborhood Association shall comply with the applicable provisions of the Development and Entitlement Documents.

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1. **DEFINITIONS**. Unless otherwise expressly provided, the following words and phrases when used in this Neighborhood Declaration have the following meanings.

1.1.1. **Annual Assessment**. Annual Assessment means a charge against the Owners and their Condominiums representing their share of the Common Expenses. The Annual Assessment is a regular assessment as described in California Civil Code Section 5605(b).

1.1.2. **Articles of Incorporation**. Articles of Incorporation means the Articles of Incorporation of the Neighborhood Association. A copy of the Articles of Incorporation is attached as ***Exhibit AI*** in form currently in effect as of the date of Recordation hereof. The Neighborhood Association may from time to time amend the Articles of Incorporation without need to amend this Neighborhood Declaration. In such event, the amended Articles of Incorporation shall control over the version attached hereto.

1.1.3. **Assessment**. Assessment means any Annual Assessment, Capital Improvement Assessment, Reconstruction Assessment and Special Assessment.

1.1.4. **Board or Board of Directors**. Board or Board of Directors means the Neighborhood Association's Board of Directors.

1.1.5. **Budget**. Budget means a written, itemized estimate of the Neighborhood Association's income and Common Expenses prepared pursuant to the Bylaws.

1.1.6. **Bylaws**. Bylaws means the Bylaws of the Neighborhood Association as currently in effect. A copy of the Bylaws as initially adopted by the Board is attached as ***Exhibit BL***. The Neighborhood Association may from time to time amend the Bylaws without

need to amend this Neighborhood Declaration. In such event, the amended Bylaws shall control over the version attached hereto.

1.1.7. **Capital Improvement Assessment**. Capital Improvement Assessment means a charge against the Owners and their Condominiums representing their share of the Neighborhood Association's costs and expenses incurred in installing, constructing, upgrading or modifying major or capital Improvements on the Neighborhood Property, to the extent such costs are not regular scheduled maintenance costs or reserves in the adopted Budget. Capital Improvement Assessments shall be levied in the same proportion as Annual Assessments. Capital Improvement Assessments are special assessments which shall be levied, if at all, in accordance with the requirements of California Civil Code Section 5605(b).

1.1.8. **CID Act**. CID Act means the Davis-Stirling Common Interest Development Act and its successor provisions at California Civil Code Sections 4000 to 6150, or to subsequently enacted replacement statutes.

1.1.9. **City**. City means the City and County of San Francisco, California, and its various departments, divisions, employees and representatives.

1.1.10. **Close of Escrow**. Close of Escrow means the date on which a deed is Recorded conveying a Condominium pursuant to a transaction requiring the issuance of a Public Report.

1.1.11. **Common Expenses**. Common Expenses means those expenses for which the Neighborhood Association is responsible under this Neighborhood Declaration. Common Expenses include the actual and estimated costs incurred by the Neighborhood Association in carrying out its maintenance, operation and management responsibilities under the Neighborhood Governing Documents and the Mutual Benefit Agreement. Common Expenses are stated in more detail in the Budget, but include the following:

(a) Maintenance of the Neighborhood Property and Improvements thereon, including:

(i) The cost of landscape maintenance services, janitorial services, fire sprinkler monitoring and testing services, and other maintenance services that benefit the Neighborhood Property;

(ii) Contracts for inspection and maintenance of Neighborhood Property elevators;

(iii) The cost of washing the exterior surfaces of the windows in the Condominium Building that are inaccessible to the Owners, which shall be performed at the frequency specified in the adopted Budget;

(b) The cost of all utilities (including sewer, gas, electricity and water), and mechanical and electrical equipment serving the Neighborhood Property, subject to the submetering arrangement set forth in Section 2.7 below;

(c) The costs incurred by the Neighborhood Association under any power purchase agreement between the Neighborhood Association and Solar Provider (if any),

and/or the actual and estimated costs of owning, operating, maintaining, and insuring a Solar Energy System if owned by the Neighborhood Association in the future;

(d) The cost of removing trash from central receptacles;

(e) The costs and fees attributable to managing and administering the Neighborhood Association, compensating the Manager, accountants, attorneys and employees, all insurance covering the Neighborhood and the Directors, officers and agents of the Neighborhood Association, and bonding the members of the Board;

(f) The cost to repair damage to public utility Improvements if caused by the Neighborhood Association during installation, maintenance or repair of private utility Improvements or other Neighborhood Property;

(g) The Neighborhood's share of "Shared Expenses" as defined in the Mutual Benefit Agreement and costs incurred by the Neighborhood Association in enforcement and cure of default under the Mutual Benefit Agreement;

(h) Unpaid Special Assessments, Reconstruction Assessments and Capital Improvement Assessments;

(i) Costs incurred in complying with Local Governmental Agency requirements imposed on the Neighborhood Association through the Neighborhood Governing Documents or through the Development and Entitlement Documents;

(j) Taxes paid by the Neighborhood Association ;

(k) Policies of Insurance required to be carried by the Neighborhood Association under Article 8;

(l) Amounts paid by the Neighborhood Association for discharge of any lien or encumbrance levied against the Neighborhood; and

(m) All other expenses incurred by the Neighborhood Association for the Neighborhood, for the common benefit of the Owners.

1.1.12. **Condominium**. Condominium means an estate in real property as defined in California Civil Code Section 4125. A Condominium consists of an undivided fee-simple ownership interest in the Condominium Common Area, together with a separate ownership interest in fee in a Unit and all easements appurtenant thereto. Subject to the provisions of Section 10.5, the undivided fee-simple interest in the Condominium Common Area in the Neighborhood is appurtenant to each Unit and is a fraction having one (1) as its numerator and the number of Units in the Neighborhood as its denominator; and it shall be held by the Owners of Condominiums in the Neighborhood as tenants-in-common.

1.1.13. **Condominium Building**. Condominium Building means, collectively, the six-level structure constructed in the Neighborhood (which structure contains the Units), and the subterranean Parking Garage. While the Condominium Building encloses each of the Units, the Condominium Building is not a part of the Units, and the Units are not a part of the Condominium Building. The term Condominium Building includes all of the following Improvements:

(a) the shell (including the roof, foundation and exterior surfaces and the finishes thereon) and core of the Condominium Building;

(b) all structural support elements existing in, on, under and throughout the Condominium Building shell and core, that carry roof, ceiling and upper floor loads to the foundation, including all separate or common footings, girders, columns, braces, foundations, temporary and permanent tieback systems, Party Walls, load-bearing walls and other standard support elements, and every wall, column, floor, ceiling, footing, foundation or other vertical or horizontal Improvement in the Condominium Building, but not including any demising partition in the Unit that is not necessary for the structural support of the Condominium Building (for purposes hereof, any wall or other structure which carries roof, ceiling or upper floor loads is "necessary for structural support");

(c) the elevators and related machinery;

(d) the mechanical rooms and trash rooms;

(e) HVAC systems, fire and life safety systems and security systems or equipment which benefit any or all of the Neighborhood Property or more than one Unit and the sensors, pipes and fire sprinkler heads that protrude into the boundaries of the Unit;

(f) exterior stairs of the Condominium Building;

(g) fixtures that are outside the boundaries of the Units, including exterior lighting fixtures, utility closets on Condominium Building exteriors, utility meters and the cables, pipes, conduits and other facilities for the delivery of utilities to the Neighborhood (except for outlets that are located in the Unit);

(h) cables and related equipment for the delivery of Telecommunications Services to the Neighborhood (except for any outlets, connectors and portions of cables that protrude into the airspace of the Unit);

(i) Unit entry doors, balcony and patio doors, windows and other fixtures that are outside the boundaries of the Unit, storage closets, outdoor and corridor lighting fixtures and facilities for delivery of utility services to the Neighborhood (except for the outlets and connections thereof inside the Unit);

(j) The structure and surface of all Exclusive Use Area balconies and patios (excluding any personal property located therein or thereon);

(k) All or any portion of any mechanical shafts, ducts, pipes, lines, mains, conduits, lighting and flues, elevator shafts, trash chutes, dumpster pads, vaults, air shafts, and any other equipment, fixtures, machinery, system or apparatus which benefits the entire Condominium Building.

1.1.14. **Condominium Common Area**. Condominium Common Area means the volumes of airspace described in the Condominium Plan, which shall be owned by the Owners of the Units in the Neighborhood as tenants-in-common. Any references in this Neighborhood Declaration to Condominium Common Area are references to the Condominium Common Area as a whole and to portions thereof. The Condominium Common Area in the

Neighborhood constitutes the "undivided interest-in-common in a portion of the real property," in accordance with California Civil Code Section 4125.

1.1.15. **Condominium Plan**. Condominium Plan means the Recorded plan, as currently in effect, consisting of (a) a description or survey map of the Neighborhood or portion thereof, which shall refer to or show monumentation on the ground, (b) a three dimensional description of the Neighborhood or portion thereof, one or more dimensions of which may extend for an indefinite distance upwards or downwards in sufficient detail to identify the Neighborhood Property, Condominium Common Area and each Unit, and (c) a certificate consenting to the Recordation thereof signed and acknowledged by the record owner of fee title to the Neighborhood or portion thereof, and by either the trustee or the Mortgagee of each Recorded Mortgage encumbering the Neighborhood or portion thereof.

1.1.16. **Design Guidelines**. Design Guidelines mean the rules or guidelines setting forth procedures and standards for submission of plans for Design Review Committee approval.

1.1.17. **Design Review Committee or Committee**. Design Review Committee or Committee means the Design Review Committee created in accordance with Article 5.

1.1.18. **Development and Entitlement Documents**. Development and Entitlement Documents means, collectively, the documents, resolutions, and approvals governing the development and operation of the Neighborhood, including, without limitation the following: (a) that certain Development Agreement between the City and Treasure Island Community Development, LLC, a California limited liability company ("***TICD***"), recorded on August 20, 2011, as Document No. 2011J235240-00, of Official Records (as amended or restated, collectively, the "***Development Agreement***"), (b) Treasure Island and Yerba Buena Island Special Use District codified in Section 249.52 of the City's Planning Code, (c) San Francisco Subdivision Code, Division 4, entitled "Treasure Island and Yerba Buena Island Subdivision Code" codified at Section 1700, *et seq.* ("***SUD***"), (d) that certain Vertical Disposition and Development Agreement between TICD and Declarant, recorded on June 22, 2018, as Document No. 2018-K629738, of Official Records (as amended or restated, collectively, the "***Vertical DDA***"), (e) the Treasure Island and Yerba Buena Island Design for Development dated June 28, 2011 which was authorized under the SUD and approved by TIDA and the Authority and Planning Commission (***"Design for Development"***), (f) the Transportation Implementation Plan; (g) the City's Conditions of Approval for the Master Community, as set forth in Public Works Order No. 186703, as approved by the City on November 8, 2017 and Public Works Order No. 200495, as approved by the City on January 15, 2019, (h) the Declaration of Development Covenants, Conditions and Restrictions between Treasure Island Series I, LLC, a Delaware limited liability company and Declarant, recorded on June 22, 2018, as Document No. 2018-K629725, of Official Records (as amended or restated, collectively, the "***Development Declaration***"), and (i) any other conditions of approval or other land use entitlement processes imposed by the City or TIDA on the Neighborhood.

1.1.19. **DRE**. DRE means the California Department of Real Estate and any department or agency of the California state government which succeeds to DRE's functions.

1.1.20. **Exclusive Use Area**. Exclusive Use Area means the Neighborhood Property over which exclusive easements are established for the benefit of specified Owners for the following purposes:

(a) Use and enjoyment of the balcony and patio areas appurtenant to certain Units, as applicable (all as numbered and assigned on the Condominium Plan); and

(b) Use and enjoyment of an Exclusive Use Parking Space (defined below), if applicable;

(c) Use and enjoyment of an Exclusive Use Storage Space (defined below), if applicable;

(d) Internal and external telephone wiring designed to serve a single Unit but located outside the boundaries of that Unit, in accordance with Civil Code Section 4145.

The approximate locations and dimensions of the Exclusive Use Area balconies and patios are shown and assigned on the Condominium Plan. In all instances, the as-built location and dimensions of all such Exclusive Use Areas shall control.

1.1.21. **Exclusive Use Parking Space**. Exclusive Use Parking Space means an exclusive parking space easement in the Parking Garage that has been purchased by an Owner and assigned to such Owner in a grant deed. An Exclusive Use Parking Space is an exclusive easement appurtenant to the Owner's Condominium.

1.1.22. **Exclusive Use Storage Space**. Exclusive Use Storage Space means an exclusive storage space easement in the Parking Garage that has been purchased by an Owner and assigned to such Owner in a grant deed. An Exclusive Use Storage Space is an exclusive easement appurtenant to the Owner's Condominium.

1.1.23. **Family**. Family means natural individuals, related or not, who live as a single household in a Residence.

1.1.24. **Fannie Mae**. Fannie Mae means the Federal National Mortgage Neighborhood Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968 and its successors.

1.1.25. **FHA**. FHA means the Federal Housing Administration of the United States Department of Housing and Urban Development and its successors.

1.1.26. **FHA Requirements.** FHA Requirements means, collectively, the requirements applicable to the Neighborhood as set forth in (a) the U.S. Department of Housing and Urban Development (HUD) FHA Single Family Housing Policy Handbook (Handbook 4000.1) and (b) the HUD Condominium Regulations of the National Housing Act, Title 24 CFR Part 203, all as updated, amended, restated, revised or replaced from time to time.

1.1.27. **FHFA**. FHFA means the Federal Housing Finance Agency, established pursuant to the Housing and Economic Recovery Act of 2008.

1.1.28. **First Mortgage**. First Mortgage means a Mortgage with first priority over other Mortgages on a Condominium.

1.1.29. **First Mortgagee.** First Mortgagee means the Mortgagee of a First Mortgage.

1.1.30. **Fiscal Year**. Fiscal Year means the fiscal accounting and reporting period of the Neighborhood Association.

1.1.31. **Freddie Mac**. Freddie Mac means the Federal Home Loan Mortgage Corporation created by Title II of the Emergency Home Finance Act of 1970 and its successors.

1.1.32. **Ginnie Mae**. Ginnie Mae means the Government National Mortgage Neighborhood Association administered by the United States Department of Housing and Urban Development and its successors.

1.1.33. **HUD**. HUD means the United States Department of Housing and Urban Development and its successor agencies.

1.1.34. **Improvement**. Improvement means any structure and any appurtenance thereto. The Design Review Committee may identify additional items that are Improvements.

1.1.35. **Include, Including**. Whether capitalized or not, include and including means "includes without limitation" and "including without limitation," respectively.

1.1.36. **Local Government Agency**. Local Government Agency means the City, TIDA, the County, a public school district, a public water district, and any other local or municipal governmental entity or agency, including any special assessment district, maintenance district or Neighborhood facilities district.

1.1.37. **Maintain, Maintenance**. Whether capitalized or not, maintain and maintenance mean "maintain, repair and replace" and "maintenance, repair and replacement," respectively; provided however, that maintain or maintenance shall not include repair and replace(ment) where the context or specific language of this Neighborhood Declaration provides another meaning.

1.1.38. **Maintenance Guidelines**. Maintenance Guidelines means any current written guidelines, setting forth procedures and standards for the maintenance and operation of Neighborhood Property or the Condominiums. Maintenance Guidelines may be provided by Neighborhood Builder, by the Neighborhood Association, or by any governmental agency. Maintenance Guidelines include any maintenance manual initially prepared at Neighborhood Builder's direction and containing recommended frequency of inspections and maintenance activities for components of the Neighborhood Property or pertaining to a Condominium.

1.1.39. **Manager**. Manager means the Person retained by the Neighborhood Association to perform management functions of the Neighborhood Association as limited by the Neighborhood Governing Documents and the terms of the agreement between the Neighborhood Association and the Person. The Manager shall at all times be a professional manager employed as an independent contractor or agent working at its own place of business.

1.1.40. **Map**. Map means the final recorded map of Final Map No. 9856 Phase No. 1, as described in Preamble Paragraph A above.

1.1.41. **Master Community**. Master Community means the master-planned residential community known as "The Residences at Yerba Buena Island," which is referred to

as the "Community" in the Master Declaration. The Neighborhood is a "Neighborhood" of the Master Community.

1.1.42. **Master Association**. Master Association means The Residences at Yerba Buena Island Master Association, which was established to manage and maintain the Master Community. The powers and duties of the Master Association are more particularly set forth in the Master Declaration and in the Bylaws of the Master Association. Each Owner of a Condominium in the Neighborhood shall automatically be a member of the Master Association, as well as a member of the Neighborhood Association.

1.1.43. **Master Association Design Review Committee**. Master Association Design Review Committee means the design review committee of the Master Association which was established in accordance with the Master Association Documents with jurisdiction over the entire Master Community, as further provided in the Master Declaration.

1.1.44. **Master Common Area**. Master Common Area means real property owned in fee by the Master Association and designated by the Master Declarant in the Master Declaration or in a Supplemental Master Declaration as Master Common Area and therefore made subject to the restrictions on Master Common Area established in the Master Association Documents. The Master Common Area satisfies the definition of "common area" as that term is defined in California Civil Code Section 4095. The Master Common Area in the Neighborhood is planned to include (a) Private Streets (as defined in the Master Declaration), including sidewalks, bikeways and parking areas, if any, (b) Private Street lights, (c) Private Street parkway and median landscaping and irrigation; (d) Community Walls (as defined in the Master Declaration), (e) Drainage and Water Quality Improvements (as defined in the Master Declaration), and (f) recreational areas and any related facilities and equipment located in the Neighborhood and related landscaping and irrigation.

1.1.45. **Master Declarant**. Master Declarant means the "Declarant" under the Master Declaration and its successors.

1.1.46. **Master Declaration**. Master Declaration means the Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for The Residences at Yerba Buena Island, Recorded on March 29, 2022, as Document No. 2022032385, of Official Records, as the same is amended from time to time.

1.1.47. **Master Governing Documents**. Master Governing Documents means the Articles of Incorporation of the Master Association, the Bylaws of the Master Association, the Master Declaration, all Recorded Supplemental Master Declarations, and the Master Association's Design Guidelines, and Master Rules and Regulations which are adopted by the Master Association; as such documents may be amended from time to time. The Neighborhood Governing Documents are not Master Governing Documents.

1.1.48. **Master Rules and Regulations**. Master Rules and Regulations means the current rules, regulations and guidelines for the Master Community.

1.1.49. **Membership**. Membership means the voting and other rights, privileges, and duties established in the Neighborhood Governing Documents for Neighborhood Association members.

1.1.50. **Mortgage**. Mortgage means any Recorded document, including a deed of trust, by which a Condominium, Condominiums, or Neighborhood Property is/are hypothecated to secure performance of an obligation.

1.1.51. **Mortgagee**. Mortgagee means a Person to whom a Mortgage is made, or the assignee of the Mortgagee's rights under the Mortgage by a recorded instrument. For purposes of this Neighborhood Declaration, the term Mortgagee includes a beneficiary under a deed of trust.

1.1.52. **Mortgagee Majority**. Mortgagee Majority means the First Mortgagees holding First Mortgages that in the aggregate encumber at least fifty-one percent (51%) of the Condominiums that are subject to Mortgages. For purposes of any provisions of the Neighborhood Governing Documents which requires the vote or approval of a Mortgagee Majority, such vote or approval is determined based on one (1) vote for each Condominium encumbered by a First Mortgage held by a First Mortgagee.

1.1.53. **Mortgagor**. Mortgagor means a person who has mortgaged his property. For purposes of this Neighborhood Declaration, the term Mortgagor shall include a trustor under a deed of trust.

1.1.54. **Mutual Benefit Agreement**. The Mutual Benefit Agreement means the Grant of Easement and Mutual Benefit Agreement (The Residences at Yerba Buena Island) between the Master Association (on behalf of all Owners other than the Owners of Units in the Neighborhood) and the Neighborhood Association, which set forth the rights and responsibilities of the Master Association and the Neighborhood Association with respect to sharing the costs of maintenance, insurance and shared utilities for the Recreational Facilities, all as further described therein.

1.1.55. **Neighborhood**. Neighborhood means all the real property described in Preamble Paragraph A above. The Neighborhood is a "condominium project" as defined in California Civil Code Section 4125, a "planned development," as defined in California Civil Code Section 4175, and a "common interest development" as defined in California Civil Code Section 4100. Any references in this Neighborhood Declaration to the Neighborhood are references to the Neighborhood as a whole and to portions thereof. If the Neighborhood is completed as presently planned, the Neighborhood will include one hundred twenty-four (124) Units. The Neighborhood is a "Condominium Project" and a "Neighborhood" as defined in the Master Declaration.

1.1.56. **Neighborhood Association**. Neighborhood Association means The Bristol Owners Association, a California nonprofit corporation (formed pursuant to the California Nonprofit Mutual Benefit Corporation Law or successor statutes), and its successors-in-interest. The Neighborhood Association is an "association" as defined in California Civil Code Section 4080. The Neighborhood Association is a "Neighborhood Association" as defined in the Master Declaration.

1.1.57. **Neighborhood Association Maintenance Funds**. Neighborhood Association Maintenance Funds means the accounts created for Neighborhood Association receipts and disbursements pursuant to Article 7.

1.1.58. **Neighborhood Builder**. Neighborhood Builder means YBI PHASE 1 INVESTORS, LLC, a Delaware limited liability company, its successors and any Person to

which it shall have assigned the right to act as Neighborhood Builder by an express written assignment. As used in this Section, "successor" means a Person who acquires Neighborhood Builder or substantially all of Neighborhood Builder's assets by sale, merger, reverse merger, consolidation, sale of stock or assets, operation of law or otherwise. Neighborhood Builder shall determine in its sole discretion the time, place and manner in which it discharges its obligations and exercises the rights reserved to it under this Neighborhood Declaration. Neighborhood Builder is a "builder" as described in California Civil Code Section 6000. Neighborhood Builder is a "Neighborhood Builder" as defined in the Master Declaration.

1.1.59. **Neighborhood Declaration**. Neighborhood Declaration means this instrument as currently in effect.

1.1.60. **Neighborhood Governing Documents**. Neighborhood Governing Documents means this Neighborhood Declaration, the Articles of Incorporation, Bylaws, Design Guidelines, Rules and Regulations, and Supplemental Neighborhood Declarations.

1.1.61. **Neighborhood Property**. The Neighborhood Property in the Neighborhood consists of all the real property described as Neighborhood Property in the Condominium Plan for the Neighborhood (except for the Units and Condominium Common Area shown on the Condominium Plan), and the Improvements thereon (all as applicable). Any references in this Neighborhood Declaration to Neighborhood Property are references to the Neighborhood Property as a whole and to portions thereof. The Neighborhood Property is "common area" as defined in California Civil Code Section 4095. The Neighborhood Property is "Neighborhood Property" as defined in the Master Declaration. The Neighborhood Property in the Neighborhood includes the following:

(a) ***Condominium Building, Land and Related Improvements***. Each Condominium Building and the land below and surrounding the Condominium Building, the components of each Condominium Building and related Improvements as listed in Section 1.1.13;

(b) ***Other Improvements***. Entry gates, garage, lobby, mail room, balconies, patios, stairways, elevators and elevator lobbies, storage rooms, utility rooms and hallways, and the furnishings, fixtures and equipment therein, address identification signs, stormwater treatment Improvements, bio-basins, landscaped and irrigated areas, area lighting fixtures, water features, drainage facilities, walls, fences, walkways, parkways, courtyards, driveways, and landscaping; and

(c) ***Easements Granted to or Reserved for the Neighborhood Association***. In addition, Neighborhood Property includes easements for access, ingress, egress, encroachment, enforcement, support, maintenance, drainage, and repair, all as reserved in the Neighborhood Governing Documents, or in the Map, or in other Recorded instruments, provided, however, the Neighborhood Association shall only have the responsibility for maintenance of the Improvements located on or in such easements where such maintenance responsibility is assigned to the Neighborhood Association in a recorded Neighborhood Governing Document or in the Neighborhood Association's Budget.

Neighborhood Builder may designate additional Neighborhood Property Improvements not listed above by describing them in the Neighborhood Governing Documents and/or the Condominium Plan, consistent with DRE regulations, the Budget and applicable law.

1.1.62. **Neighborhood Wall**. Neighborhood Wall means any perimeter walls, sound walls, retaining walls, and fences in the Neighborhood that are maintained entirely or partially by the Neighborhood Association. Party Walls and other outdoor fences or walls that are maintained entirely by Owners are not Neighborhood Walls. The Neighborhood Walls in the Neighborhood are shown on ***Exhibit NW***. Neighborhood Builder may designate additional Neighborhood Walls in a Supplemental Neighborhood Declaration. Neighborhood Walls in the Neighborhood in general (a) are constructed on or along a tract boundary; or (b) separate an Exclusive Use Area from Neighborhood Association Property or public property; or (c) are constructed entirely within Neighborhood Association Property, or (d) are designated as a Neighborhood Wall by Neighborhood in this Neighborhood Declaration, or in a Notice of Addition or Supplemental Neighborhood Declaration. Fences or walls separating adjoining Exclusive Use Area balconies or decks are Party Walls, not Neighborhood Walls. The obligation to maintain Neighborhood Walls in the Neighborhood will not arise until the commencement of Annual Assessments in the Neighborhood or as otherwise directed in this Neighborhood Declaration or in a Supplemental Neighborhood Declaration notwithstanding its depiction in this Neighborhood Declaration or in a Supplemental Neighborhood Declaration. Neighborhood Walls are not Community Walls, as defined in the Master Declaration.

1.1.63. **Notice and Hearing**. Notice and Hearing means written notice and a hearing before the Board as provided in the Bylaws.

1.1.64. **Official Records**. Official Records means the Official Records of the County.

1.1.65. **Operating Fund**. Operating Fund means that portion of the Common Expenses allocated in the Budget for the daily operation of the Neighborhood Association.

1.1.66. **Owner**. Owner means the Person or Persons, including Neighborhood Builder, holding fee simple interest to a Condominium. The term "Owner" includes sellers under executory contracts of sale but excludes Mortgagees. The term "Owner" may be expanded in a Supplemental Neighborhood Declaration to include other Persons.

1.1.67. **Parking Garage**. Parking Garage means the parking structure beneath the Condominium Building as shown on the Condominium Plan. The Parking Garage contains the Exclusive Use Parking Spaces and Exclusive Use Storage Spaces that may be purchased by Owners in the Neighborhood.

1.1.68. **Party Wall**. Party Wall means any wall or fence that is constructed by a Neighborhood Builder between adjacent Exclusive Use Area balconies or decks (whether or not constructed on the legal property boundary). Party Walls are not Neighborhood Walls. Subject to the definitions in Sections 1.1.13 and 1.1.85, the walls separating adjoining Units are not Party Walls; they are part of the Neighborhood Property.

1.1.69. **Person**. Person means a natural individual or any legal entity recognized under California law. When the word "person" is not capitalized, the word refers only to natural persons.

1.1.70. **Public Report**. Public Report means the Final Subdivision Public Report issued by DRE for the Neighborhood.

1.1.71. **Reconstruction Assessment**. Reconstruction Assessment means a charge levied against the Owners and their Condominiums representing their share of the Neighborhood Association's extraordinary expense to repair or reconstruct Neighborhood Property as provided in California Civil Code Section 5610. Such charge shall be levied among all Owners and their Condominiums in the same proportions as Annual Assessments; provided, however, that Reconstruction Assessments levied in connection with repair or reconstruction of the Condominium Building shall be levied among each of the Owners and their Condominiums in the same proportions as the estimated square footage of the Owner's Unit bears to the total estimated square footage of all Units in the Condominium Building. Reconstruction Assessments are "special assessments" as described in California Civil Code Section 5605(b).

1.1.72. **Record or File**. Record or File means, concerning any document, the entry of such document in Official Records.

1.1.73. **Recreational Facilities**. Recreational Facilities means the recreational facilities planned to be constructed in the Neighborhood, which include the fitness center, kids' center/multipurpose room, outdoor courtyard areas, outdoor rooftop terrace areas, covered terrace areas, and certain elevator, lobby and restroom facilities, all as further defined in the Mutual Benefit Agreement. The Recreational Facilities will be owned and maintained by the Neighborhood Association in accordance with the provisions of the Mutual Benefit Agreement and this Neighborhood Declaration. The Recreational Facilities shall be available for use by Owners of the Master Community and their guests and invitees, pursuant to the terms of the Mutual Benefit Agreement.

1.1.74. **Reserve Fund**. Reserve Fund means that portion of the Common Expenses allocated for the future repair and replacement of, or additions to, structural elements, mechanical equipment and other major components of Neighborhood Association -maintained Improvements.

1.1.75. **Residence**. Residence means the Unit. Unit and Residence may be used interchangeably.

1.1.76. **Right to Repair Law**. Right to Repair Law means California Civil Code Sections 895 through 945.5.

1.1.77. **Right to Repair Law Claim**. Right to Repair Law Claim means any claim brought by one or more Owners or by the Neighborhood Association against one or more Neighborhood Builder Parties (as defined in Section 12.4) on any design or construction defect matters that are governed by the Right to Repair Law.

1.1.78. **Rules and Regulations**. Rules and Regulations or "Rules" means the current rules and regulations for the Neighborhood.

1.1.79. **Special Assessment**. Special Assessment means each of the following:

(a) A reasonable monetary penalty imposed against an Owner and the Owner's Condominium in accordance with California Civil Code Section 5725(b), as a disciplinary measure for the failure of an Owner to comply with the Neighborhood Governing Documents (but which may not be characterized nor treated in the Neighborhood Governing

Documents as an Assessment that may become a lien enforceable by sale of the Condominium); or

(b) A monetary charge imposed against an Owner and the Owner's Condominium in accordance with California Civil Code Section 5725(a) to recover costs incurred by the Neighborhood Association (i) to bring an Owner and the Owner's Condominium into compliance with the Neighborhood Governing Documents, or (ii) in the repair of damage to Neighborhood Property caused by the Owner or the Owner's Family, contractors, residents, tenants or guests, all as further described in the CID Act and this Neighborhood Declaration. Provided, however, that in accordance with Section 2792.26(c) of Title 10, Chapter 6, California Code of Regulations, monetary charges described in this Section 1.1.79(b) which are imposed before the last Close of Escrow in the Neighborhood may not be characterized or treated as a lien enforceable by judicial foreclosure and sale of the Condominium; or

(c) A Capital Improvement Assessment; or

(d) A Reconstruction Assessment; or

(e) Any other Assessment or increase imposed pursuant to California Civil Code Section 5610 to pay an extraordinary expense or to make up a shortfall in any Operating Fund or Reserve Fund or for other purposes permissible thereunder.

1.1.80. **Supplemental Neighborhood Declaration**. Supplemental Neighborhood Declaration means an instrument Recorded by Neighborhood Builder against all or a portion of the Neighborhood in order to supplement, modify, or clarify conditions, covenants, restrictions or easements established under this Neighborhood Declaration. A Supplemental Neighborhood Declaration may affect one or more Condominiums, Condominium Common Area and Neighborhood Property. A Supplemental Neighborhood Declaration may modify this Neighborhood Declaration only as it applies to the property encumbered by the Supplemental Neighborhood Declaration.

1.1.81. **Telecommunications Facilities**. Telecommunications Facilities means Improvements constructed in the Neighborhood, including cables, conduits, ducts, vaults, connecting hardware, wires, poles, transmitters, towers, antennae and other devices now existing or that may be developed in the future to provide Telecommunication Services to the Neighborhood.

1.1.82. **Telecommunications Services**. Telecommunications Services means the reception, distribution or transmission of video, audio, data, telephony, all related vertical services, and any other similar services now existing or that may be developed in the future. Neighborhood Builder may expand this definition in any Supplemental Neighborhood Declaration.

1.1.83. **TIDA**. TIDA means the Treasure Island Development Authority, a non-profit, public benefit corporation and agency of the City dedicated to the economic development of former Naval Station Treasure Island, and its successor agencies.

1.1.84. **TIMMA**. TIMMA means Treasure Island Mobility Management Agency, and its successor agencies.

1.1.85. **Unit**. Unit means a separate interest in space as defined in California Civil Code Section 4125. Each Unit is a separate freehold estate, as separately shown, numbered and designated in the Condominium Plan. The boundaries of each Unit are approximately shown in the Condominium Plan. In interpreting deeds, the Neighborhood Declaration and the Condominium Plan, the actual boundaries of each Unit shall be deemed to extend to (a) the unfinished surface of the bottom of the ceiling, (b) the unfinished surface of the top of the floor, and (c) the unfinished Unit-facing surface of the walls encompassing the Unit, all as constructed or reconstructed in substantial accordance with the original plans for the Unit.

(a) In addition, each Unit includes between-room partitions that are not necessary for structural support of the Condominium Building (if any), drop ceilings and soffits in the Unit and the space above and within them (and the forced-air units and the heating and air conditioning ducts located above the drop ceilings or soffits), cabinets, plumbing fixtures such as sinks, tubs, showers and toilets and related hardware and utility installations, and those portions of gas, water and waste pipes, ducts, chutes, conduits and wires, that protrude into the Unit (but not fire sprinkler heads or pipes). The Unit does not include the entry door, the balcony/patio door, windows, any portions of the gas, water and waste pipes, ducts, chutes, conduits, wires or other utility installations which are outside the Unit boundaries or which serve more than one Unit, or duct work which leads outside the Condominium Building. The fire alarm and sprinkler system are not part of the Unit;

(b) The foregoing interpretation shall apply notwithstanding any description expressed in the deed, the Condominium Plan or the Neighborhood Declaration, regardless of settling or lateral movements of Improvements, and regardless of variances between Unit boundaries shown in the Condominium Plan or deed and those of the Improvement.

1.1.86. **VA**. VA means the Department of Veterans Affairs of the United States of America and any department or agency of the United States government which succeeds to the VA's function of issuing guarantees of notes secured by Mortgages on residential real estate.

1.1.87. **VA Requirements**. VA Requirements means Chapter 16 of VA Pamphlet 26-7 and the regulations at 38 Code of Federal Regulations Sections 36.4360 through 36.4367.

1.2. **INTERPRETATION**.

1.2.1. **General Rules**. This Neighborhood Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for subdividing, maintaining, improving and selling the Neighborhood. As used in this Neighborhood Declaration, the singular includes the plural and the plural the singular. The masculine, feminine and neuter each includes the other, unless the context dictates otherwise. Any reference in this Neighborhood Declaration to time of performance of obligations or to elapsed time means consecutive calendar days, months or years, as applicable, unless otherwise expressly provided.

1.2.2. **Articles, Sections and Exhibits**. The Article and Section headings are inserted for convenience only and may not be considered in resolving questions of interpretation or construction. Unless otherwise indicated, any references in this Neighborhood Declaration to articles, sections or exhibits are to Articles, Sections and Exhibits of this

Neighborhood Declaration. ***Exhibits MO, NW, GHM, TPP, CAM*** and ***VC*** attached to this Neighborhood Declaration are incorporated in this Neighborhood Declaration by this reference. The Articles of Incorporation and the Bylaws that are attached as ***Exhibits AI*** and ***BL*** are attached for informational purposes only. Either may be amended from time to time without having to amend this Neighborhood Declaration. In such event, the amended version shall supersede the version attached hereto. The locations and dimensions of any Improvements shown on the Exhibits attached hereto and to any Supplemental Neighborhood Declaration are approximate only and the as-built location and dimension of any such Improvements shall control.

1.2.3. **Priorities and Inconsistencies**. If there are conflicts or inconsistencies between this Neighborhood Declaration and the Articles of Incorporation, Bylaws, Rules and Regulations, or a Condominium Plan, then the provisions of this Neighborhood Declaration shall prevail; however, the conflicting documents shall be construed to be consistent with the Neighborhood Declaration to the extent possible. Except as provided herein, if there are conflicts or inconsistencies between the use restrictions and maintenance covenants in this Neighborhood Declaration or any other Neighborhood Governing Document and those of the Master Governing Documents, the more restrictive provision shall prevail. The provisions related to the Right to Repair Law in this Neighborhood Declaration or any other Neighborhood Governing Document shall control in the event of any conflict or inconsistency with the Master Governing Documents. If there are conflicts or inconsistencies between provisions other than the use restrictions and maintenance covenants in this Neighborhood Declaration or any other Neighborhood Governing Document and those in the Master Governing Documents, the conflicting language in this Neighborhood Declaration or the Neighborhood Governing Document shall be construed to be consistent with the Master Governing Document to the extent possible. Notwithstanding the foregoing, this Neighborhood Declaration and the Neighborhood Governing Documents and any amendments thereto may impose additional, different, or more restrictive covenants, conditions and restrictions against the Neighborhood, or portions thereof, than are imposed by the Master Governing Documents, and such covenants, conditions and restrictions shall control concerning the Neighborhood so long as they are not less restrictive or in direct contradiction of the covenants, conditions and restrictions in the Master Governing Documents and are not inconsistent with applicable law or development plans on file with DRE.

1.2.4. **Priorities and Inconsistencies: Mutual Benefit Agreement**. If there are any conflicts or inconsistencies between any of the Neighborhood Governing Documents of the Neighborhood and the Mutual Benefit Agreement, then the provisions of the Mutual Benefit Agreement shall prevail; however, the conflicting documents shall be construed to be consistent with one another to the extent possible.

1.2.5. **Supplemental Neighborhood Declarations**. Neighborhood Builder may Record one (1) or more Supplemental Neighborhood Declarations, which may (a) supplement this Neighborhood Declaration with such additional covenants, conditions, restrictions, easements and land uses as Neighborhood Builder may deem appropriate for the real property described therein or affected thereby, and (b) state Neighborhood Builder's intent as to covenants, conditions, restrictions, easements and land uses in the real property described therein or affected thereby. The provisions of any Supplemental Neighborhood Declaration may impose such additional, different or more restrictive conditions, covenants, restrictions, land uses and limitations as Neighborhood Builder may deem advisable, taking into account the particular requirements of the real property described therein or affected thereby. If there is a conflict between any Supplemental Neighborhood Declaration and the Neighborhood

Declaration, the Supplemental Neighborhood Declaration shall control concerning the real property described in such Supplemental Neighborhood Declaration. However, additional, different or more restrictive conditions, covenants, restrictions, land uses and limitations included in a Supplemental Neighborhood Declaration shall be construed in a manner consistent with the purposes of the Neighborhood Governing Documents and the character of the Neighborhood, and shall be consistent with applicable law and development plans on file with DRE.

1.2.6. **Severability**. The provisions of this Neighborhood Declaration are independent and severable. If for any reason, any provision of this Neighborhood Declaration becomes invalid, partially invalid, unenforceable, illegal, null and void, or against public policy, or if for any reason, a court of competent jurisdiction determines that any provision of this Neighborhood Declaration is invalid, partially invalid, unenforceable, illegal, null and void, or against public policy, the validity and enforceability of the remaining provisions of this Neighborhood Declaration shall remain in effect to the fullest extent permitted by law.

1.2.7. **Statutory and Regulatory References**. All references made in the Neighborhood Governing Documents to statutes or to regulations are to those statutes or regulations as currently in effect or to subsequently enacted replacement statutes or regulations.

1.2.8. **FHA Requirements**. The FHA Requirements are incorporated herein by reference only if there are any FHA-insured Mortgages on Condominiums in the Neighborhood. While such FHA-insured Mortgages are in effect, the FHA Requirements shall control and prevail over all other provisions of the Neighborhood Declaration to the extent of any inconsistency between them.

1.2.9. **VA Requirements**. The VA Requirements are incorporated herein by reference only if there are any VA-guaranteed Mortgages on Condominiums in the Neighborhood. While such VA-guaranteed Mortgages are in effect, the VA Requirements shall control and prevail over all other provisions of the Neighborhood Declaration to the extent of any inconsistency between them.

1.3. **LAND CLASSIFICATIONS.**

1.3.1. **Units**. The Units in the Neighborhood are numbered describes Units A4, 104 to 122, inclusive, 124, 200 to 225, inclusive, 301 to 327, inclusive, 401 to 427, inclusive, 501 to 508, inclusive, 510, 520 to 527, inclusive, 601, 602 and 624 to 627, inclusive, and they are shown and described in the Condominium Plan.

1.3.2. **Exclusive Use Areas**. Exclusive Use Area balconies and patios are shown and assigned in the Condominium Plan. Any Exclusive Use Parking Spaces or Exclusive Use Storage Spaces as shown on the Condominium Plan and purchased by an Owner shall be assigned in the grant deed to such Owner.

1.3.3. **Neighborhood Property**. The Neighborhood Property consists of a portion of Lot 002 of Final Map No. 9856 Phase No. 1, the Condominium Building(s), and all other Improvements described as "Neighborhood Property" (but excepting therefrom the Units, the Master Common Area and the Condominium Common Area), all as shown and described in the Condominium Plan.

1.3.4. **Master Common Area**. The Master Common Area consists of a portion of Lot 002 of Final Map No. 9856 Phase No. 1 and all other Improvements thereon, but excepting therefrom the Units, the Condominium Building, Condominium Common Area and the Neighborhood Property, all as shown and described in this Neighborhood Declaration and the Condominium Plan.

1.3.5. **Condominium Common Area**. The Condominium Common Area in the Neighborhood is shown and described in the Condominium Plan.

1.4. **CONDOMINIUM PLAN FOR DIAGRAMMATIC PURPOSES ONLY**. The Condominium Plan and the dimensions shown therein are intended to conform to California Civil Code Section 4285, which requires, in part, concerning the land and real property described therein, the inclusion of diagrammatic plans in sufficient detail to identify the Condominium Common Area and each Unit, its relative location and approximate dimensions.

The dimensions shown in the Condominium Plan are not intended to be sufficiently accurate to use for sales, leasing or appraisal purposes, or for computation of usable floor area or the volume of any portion of the Units or Exclusive Use Areas shown in the Condominium Plan. The diagrammatic plans contained therein intentionally omit information with respect to certain Improvements constructed within the Units.

The actual locations and dimensions of a particular room, Unit, Exclusive Use Area, Neighborhood Property or Condominium Common Area are all dependent on the Improvements as they were actually constructed, and there may be variances due to field conditions and the presence of interior Improvements that are not shown in the Condominium Plan. There may also be variances among Condominiums of the same floor plan.

A CONDOMINIUM PLAN IS NOT A REPRESENTATION OR WARRANTY BY NEIGHBORHOOD BUILDER OR ITS CONSULTANTS AS TO THE ACTUAL LOCATIONS OR DIMENSIONS OF THE UNIT, EXCLUSIVE USE AREAS, CONDOMINIUM COMMON AREA OR NEIGHBORHOOD PROPERTY SHOWN THEREIN. IN ALL INSTANCES, THE ACTUAL LOCATIONS AND DIMENSIONS OF THE IMPROVEMENTS AS CONSTRUCTED WILL CONTROL OVER LOCATIONS OR DIMENSIONS DISCLOSED IN A CONDOMINIUM PLAN. THE ONLY RELIABLE DETERMINATION OF THE USABLE FLOOR AREA OR VOLUME OF A UNIT, EXCLUSIVE USE AREAS, CONDOMINIUM COMMON AREA OR NEIGHBORHOOD PROPERTY IS A DETERMINATION MADE FROM ON-SITE MEASUREMENTS OF THE IMPROVEMENTS AS THEY ARE CONSTRUCTED.

ARTICLE 2
MAINTENANCE COVENANTS AND USE RESTRICTIONS

The maintenance covenants and use restrictions contained in this Article 2 are intended to be consistent with the Master Declaration. If there is an inconsistency between the provisions of the Master Declaration and this Article 2, the provisions shall be read to be consistent with the Master Declaration to the extent possible and any inconsistent language that remains shall be deemed void; provided, however, that this Article 2 may contain provisions that are more strict than the Master Declaration without being in conflict. The Master Association shall have the right, but not the duty, to enforce all of the use restrictions within this Article 2. The Neighborhood shall be held, used and enjoyed subject to the following restrictions and subject to the exemptions of Neighborhood Builder set forth in the Neighborhood Governing Documents.

2.1. **REPAIR AND MAINTENANCE.**

2.1.1. **Maintenance Obligations and Standards.** The items listed in ***Exhibit MO*** to this Neighborhood Declaration shall be maintained by the party indicated. If an item is not listed in ***Exhibit MO***, then it shall be maintained in accordance with the general rules established in this Neighborhood Declaration, in the current adopted Budget, and any applicable Maintenance Guidelines (provided, however, that only Neighborhood Builder, and not the Neighborhood Association or any other Owner, shall have the right to revise, supplement or replace any written Maintenance Guidelines initially provided by Neighborhood Builder).

(a) ***By Neighborhood Association.*** The Neighborhood Association shall maintain the Neighborhood Property and those portions of the Exclusive Use Areas that are designated for Neighborhood Association maintenance in the Neighborhood Governing Documents. The Neighborhood Association shall maintain everything it is obligated to maintain in a clean, attractive and first class condition, free from waste, debris and graffiti, consistent with high quality residential standards as contemplated in the Development and Entitlement Documents, and in accordance will all applicable law, rules, ordinances and regulations of all federal, state and local agencies, at the Neighborhood Association's sole expense. The maintenance shall also be consistent with the level and frequency of maintenance reflected in the current adopted Budget; provided, however, that the Neighborhood Association shall at all times at least perform the level and frequency of maintenance specified in the applicable Maintenance Guidelines.

(b) ***By Owners.*** Each Owner shall maintain the interior of the Unit and those portions of the Exclusive Use Area that are designated for Owner maintenance in the Neighborhood Governing Documents, in a clean, sanitary and attractive condition and as directed in the Neighborhood Governing Documents and all applicable Maintenance Guidelines. Each Owner shall immediately notify the Neighborhood Association of any dangerous, defective or other condition which could cause injury to persons or damage to property in such Owner's Unit or Exclusive Use Area, the Units or Exclusive Use Areas of other Owners, and Neighborhood Property. Unless other arrangements are approved by the Board, all Owner-installed Improvements must be maintained by the Owner who installed the Improvements.

(c) ***Neighborhood Association Power to Perform Owner Obligations.*** If an Owner fails to maintain any Improvement that the Owner is obligated to maintain, the Neighborhood Association has the power, but not the duty, to perform the maintenance at the Owner's expense. In an emergency, the Neighborhood Association may perform the maintenance immediately; in all other cases, the Neighborhood Association may perform the maintenance after Notice and Hearing. For purposes hereof, an "emergency" is any situation in which the Neighborhood Association's Manager or the Board reasonably determines that there is an imminent threat of injury to persons or damage to property.

(d) ***Disputes Regarding Maintenance Obligations.*** Disputes between Owners or between any Owner and the Neighborhood Association regarding maintenance shall be resolved in accordance with the enforcement process described in Section 12.1.

(e) ***Damage by Owners.*** Each Owner is liable to the Neighborhood Association for all damage to the Neighborhood Property that is sustained due to the negligence or willful act of the Owner, the Owner's Family, contractors, residents, tenants or invitees, and any other Persons who derive their use of the Neighborhood Property from the

Owner or from the Owner's Family, contractors, residents, tenants or invitees. The Neighborhood Association may, after Notice and Hearing, levy against the Owner a Special Assessment representing a monetary charge imposed as a means of reimbursing the Neighborhood Association for costs incurred by the Neighborhood Association in the repair of damage to Neighborhood Property and facilities for which the Owner or the Owner's Family, contractors, residents, tenants or invitees were responsible. The amount of the Special Assessment may include (a) the amount of any deductible payable on the insured portion of the loss (if the Neighborhood Association elects to make a claim under its insurance policy), (b) all costs and expenses actually incurred by the Neighborhood Association to correct damage that is not covered by the Neighborhood Association's insurance or for which no claim has been made, and (c) the amount of the increase in premiums payable by the Neighborhood Association, to the extent the increase is directly caused by damage that was attributed to the Owner or the Owner's Family, contractors, residents, tenants or invitees. In accordance with California Civil Code Section 5725(a), the Neighborhood Association shall have the power to impose a lien for the foregoing Special Assessment. If a Condominium is jointly owned, the liability of its Owners for damage to Neighborhood Property is joint and several, except to the extent that the Neighborhood Association and the joint Owners have otherwise agreed in writing.

2.1.2. **Pest Control and Termite Eradication**. The Board shall contract for basic pest control services for the Condominium Building. If determined by the Board to be economically feasible, the Neighborhood Association shall adopt an inspection and prevention program for the prevention and eradication of infestation by wood-destroying pests and organisms in the Neighborhood. If the Neighborhood Association adopts such a program, the Neighborhood Association, on no less than fifteen (15) or more than thirty (30) days' notice, may require each Owner and the occupants of the Owner's Condominium to vacate such Condominium to accommodate the Neighborhood Association's efforts to eradicate such infestation. The notice must state the reason for the temporary relocation, the date and time of the beginning of treatment, the anticipated date and time of termination of treatment, and that the occupants will be responsible for their own accommodations during the temporary relocation. Any damage caused to a Condominium by such entry by the Neighborhood Association or by any person authorized by the Neighborhood Association shall be repaired by the Neighborhood Association as a Common Expense. All costs involved in operating the inspection and preventive program as well as repairing and replacing the Neighborhood Property and Improvements thereon when the need for such maintenance, repair or replacement is the result of wood-destroying pests or organisms are a Common Expense.

2.1.3. **Landscaping, Generally**. The Neighborhood Association shall maintain the Neighborhood Property irrigation systems and maintain the Neighborhood Property landscaping in a healthy, flourishing, weed-free condition, and turf (if any) shall be kept evenly cut, evenly edged, free of bare or brown spots, debris, and weeds above the level of the grass at all times in accordance with applicable City landscape maintenance standards. All trees and shrubs shall be trimmed so they do not impede pedestrian traffic along the walkways. All trees shall also be root-pruned to eliminate exposed surface roots and damage to sidewalks, driveways and structures. Automatic irrigation systems shall be properly maintained and other reasonable and adequate landscape maintenance procedures shall be performed. Landscaping shall be designed with an efficient irrigation system to reduce runoff and overspray. Landscaping shall also be designed and maintained to minimize the use of fertilizers, herbicides and pesticides. The Neighborhood Association is encouraged to use integrated pest management practices (less toxic pest management) as a first step in maintaining landscaping. Chemical pesticides and fertilizers should be employed as a last resort in managing weeds and

other pests. All landscaping shall be maintained in compliance with Section 4.2 of the Design for Development.

2.1.4. **Neighborhood Walls**. The Neighborhood Association is responsible for maintaining the entirety of the Neighborhood Walls, including structural and support components of all Neighborhood Walls (including pilasters, caissons, footing, cap, masonry, wood, gates, gate hardware, tubular steel and wrought iron), and all surfaces thereof. No Owner may modify or remove any portions of any Neighborhood Wall, wherever located. No Owner shall place any personal property (e.g., flower pots, wet towels, laundry, rugs, athletic equipment or other personal or household items) on or over a Neighborhood Wall.

2.1.5. **Best Management Practices**. Each Owner and the Neighborhood Association shall follow any methods, protocols and procedures for the control, reduction and prevention of storm water and pollutant runoff from the Neighborhood into storm drains and waterways, as applicable to Owner and Owner's Condominium and the Neighborhood Property, respectively. Such practices include the good housekeeping measures described on ***Exhibit GHM***, which include (without limitation) that Owners: (a) properly dispose household chemicals at a recycling center or household hazardous waste facility; (b) immediately pick up pet waste and dispose bagged waste in the trash; (c) properly dispose trash and never litter; and (d) have vehicles washed at professional car washing facilities to prevent soapy runoff from polluting local waters. The Neighborhood Association is required to follow the applicable good housekeeping measures described on ***Exhibit GHM*** pertaining to general maintenance, landscape and irrigation maintenance, inspections to prevent illicit connections or illegally discharged material, and pollution prevention. Neither the Neighborhood Association nor any Owner shall do any act which shall contribute to the introduction of pollutants into the drainage improvements in the Neighborhood, including, but not limited to, soil, sand, sediment, oil, gasoline or other hydrocarbons, paint, fertilizers, pool chemicals, and other household chemicals. Additional best management practices and other requirements may be imposed against the Neighborhood in accordance with the requirements of applicable governmental agencies. The Neighborhood Association has the power to provide additional Rules and Regulations regarding the foregoing.

2.1.6. **Plumbing**. The plumbing system serving the Units in a Condominium Building is an integral part of the Condominium Building-wide system serving the other Units. Any plumbing modifications could damage the Condominium Building-wide plumbing system and/or the entire Condominium Building. Each Owner is obligated to hire a contractor approved by the Neighborhood Association to perform any maintenance of water, gas and sewer pipes located within the Unit. No Owner may modify or attempt to modify any part of the plumbing system, except for replacement of in-Unit fixtures such as faucets, sinks, tubs, toilets, and water supply valves and lines to dishwashers, clothes washers, refrigerators, kitchen and bath faucets, water heaters, and toilets. An Owner or Owner's plumbing contractor may plunge blocked kitchen and bathroom facilities in the Owner's Unit, but may not use a snake, or cause a snake to be used, in any pipes unless instructed to do so by the Neighborhood Association.

2.1.7. **Fire Sprinklers**. The Units are equipped with fire sprinkler systems. The fire sprinkler system within a Unit is an integral part of the fire safety system serving other Units in the same Condominium Buildings. Owners may not interfere with or disable the function of the sprinkler heads, pipes, or pressure gauges. Any modification or attempt to modify fire sprinklers or related equipment within a Unit could affect the operation of the fire safety system within other Units and possibly an entire Condominium Building. Each Owner shall cooperate with the Neighborhood Association's regularly scheduled inspections and

testing of the fire sprinklers in each Condominium Building, including permitting the Neighborhood Association's personnel and/or its sprinkler service provider to enter the Unit at reasonable times for inspection and pressure testing. Keep sources of direct heat away from fire sprinklers. No Owner shall hang items from the fire sprinkler heads or any other part of the fire sprinkler system servicing the Owner's Unit. Owners are responsible for immediately reporting to the Neighborhood Association or the sprinkler servicer (if designated in the Maintenance Guidelines) any leak or malfunction of the fire sprinkler system. By acceptance of a deed to a Unit, each Owner acknowledges that Neighborhood Builder is not responsible for (1) any damage to the Owners' Condominium or to the Neighborhood Property to the extent caused by an Owner's interference with or damage to fire sprinkler equipment, and (2) any damage to the Owner's Condominium caused by the activation of the sprinkler system.

2.1.8. **Carbon Monoxide Detectors/Smoke Detectors/Fire-Life Safety Systems**. Fire-life safety systems installed in the Condominiums may include carbon monoxide detectors, smoke detectors and fire sprinklers, among other Improvements. Owners are responsible for maintaining the carbon monoxide detectors and smoke detectors and ensuring that they are kept in working order. Owners shall not interfere with or disable the function of the sprinkler heads, pipes, pressure gauges, carbon monoxide detectors, smoke detectors or any other portion of the fire-life-safety system. By acceptance of a deed to a Condominium, each Owner acknowledges that Neighborhood Builder is not responsible for any damage to the Owners' Condominium or to the Neighborhood Property to the extent caused by an Owner's failure to maintain the carbon monoxide or smoke detectors or interference with the operation of the sprinkler heads, pipes or pressure gauges, or any other portion of the fire-life safety system.

2.2. **COMMENCEMENT OF NEIGHBORHOOD ASSOCIATION MAINTENANCE OBLIGATIONS**. The Neighborhood Association's obligation to maintain the Neighborhood Property commences on the date on which Annual Assessments commence in the Neighborhood, unless the terms of the Neighborhood Governing Documents applicable to the particular Neighborhood Property provide otherwise. Until the Neighborhood Association is responsible for maintaining the Neighborhood Property, Neighborhood Builder shall maintain such Neighborhood Property.

2.3. **WATER CONSERVATION MEASURES**. The Neighborhood Governing Documents impose maintenance and irrigation requirements and appearance standards for the landscaping in the Neighborhood. All such requirements and standards shall be interpreted and enforced by Owners and the Neighborhood Association only in accordance with governmental water conservation measures then in effect, whether they are imposed by court decision, or by the state, the County, the City or the water district, and whether they are in the form of executive order, statute, regulation or district water conservation ordinance. Water conservation measures may be temporary or permanent, and they may include, among other things, limits on watering hours and duration, outright prohibition of landscape watering, irrigation system design requirements, restrictions on certain plant species, and restrictions on the filling or refilling of any water features. In the event the Neighborhood is subjected to multiple water conservation measures imposed by any or all of the foregoing governmental entities, the most restrictive shall control over the Neighborhood Governing Documents and over any other less-restrictive measures while it is in effect.

2.4. **ACCEPTANCE OF NEIGHBORHOOD PROPERTY; EXONERATION OF SECURITY**. The Neighborhood Association must accept ownership of and maintenance responsibility for each portion of Neighborhood Property when title and maintenance responsibility are tendered by Neighborhood Builder, whether in fee simple, by easement, or

otherwise, and the Neighborhood Association shall indicate its acceptance thereof by executing the applicable deed, grantee acceptance and escrow instructions when they are tendered by Neighborhood Builder.

2.4.1. **Accrued Reserves**. If more than 30 days elapse between completion of a particular Neighborhood Property Improvement and its conveyance to the Neighborhood Association, the Neighborhood Builder shall contribute to the Neighborhood Association's Reserve Fund cash representing reserves (as estimated under the then-current Budget) which have accrued on the Improvement from completion (as evidenced by a Notice of Completion under Civil Code Section 8182 or other reasonable evidence of completion) to the date of conveyance.

2.4.2. **Exonerations**. The Neighborhood Association shall concurrently execute and deliver all exonerations of securities related to the Neighborhood Property when presented by Neighborhood Builder, if the bonded obligations are satisfied, and without regard to any other dispute or controversy with Neighborhood Builder. No Owner shall interfere with the exercise of the foregoing obligations by the Neighborhood Association, or with the rights or obligations of Neighborhood Builder.

2.4.3. **Pre-Turnover Inspections**. Neighborhood Builder shall have the right to have a representative present at any pre-turnover inspection conducted by the Neighborhood Association and its Manager, and the Neighborhood Association shall inform Neighborhood Builder with reasonable prior written notice of the time and date of such inspection, so that Neighborhood Builder may arrange to have a representative present.

2.5. **INSPECTION OF THE NEIGHBORHOOD**. The Board shall require strict compliance with all provisions of this Neighborhood Declaration and shall periodically cause the Design Review Committee to conduct a compliance inspection of the Neighborhood to discover and report any violations of the Neighborhood Governing Documents. The Board shall also conduct no less frequently than annually a visual inspection of the Neighborhood Property and all Improvements thereon to determine the condition of said Improvements (***"Condition Inspections"***), which shall be conducted in conformance with the applicable Maintenance Guidelines and any Maintenance Manual. In the absence of inspection frequency recommendations in any applicable Maintenance Guidelines or Maintenance Manual, the Board shall conduct Condition Inspections no less frequently than once every three (3) years, and more frequently as directed in the Maintenance Guidelines and in conjunction with the inspection required for the reserve study to be conducted pursuant to the Bylaws. Condition Inspections shall, at a minimum:

2.5.1. Determine whether the Neighborhood Property is being maintained adequately in accordance with the standards of maintenance established in Section 2.1.1;

2.5.2. Identify the condition of the Neighborhood Property and any Improvements thereon, including the existence of any hazards or defects, and the need for performing additional maintenance, refurbishment, replacement, or repair; and

2.5.3. Recommend preventive actions which may be taken to reduce potential maintenance costs to be incurred in the future.

During the period described in Section 2.6.2 below, Neighborhood Builder shall be entitled to reasonable prior written notice of the Condition Inspections conducted by the Board,

and shall have the right to have its representatives present to observe such Condition Inspections. The Board shall, during its meetings, regularly determine whether the required inspections and maintenance activities set forth in any applicable Maintenance Guidelines or Maintenance Manual have been followed and, if not followed, what corrective steps need to be taken to assure proper inspections and maintenance of the Neighborhood Property. The Board shall keep a record of such determinations in the Board's minutes. The Board shall keep Neighborhood Builder fully informed of the Board's activities under this Section 2.5. The Board shall employ, consistent with reasonable cost management, such experts, contractors and consultants as are necessary to perform the inspections and make the reports required by this Section.

2.6. **REPORTING REQUIREMENTS**. The Board of the Neighborhood Association shall prepare for and distribute to the Owners a report of the results of the inspection required by this Section. The Board shall also furnish a copy of the same report to Neighborhood Builder (at the address below or as updated from time to time) within the time set for furnishing the Budget to the Owners.

YBI PHASE 1 INVESTORS, LLC
c/o Wilson Meany
4 Embarcadero Center, Suite 3330
San Francisco, California 94111

2.6.1. **Contents of Report**. The report must include at least the following:

(a) A description of the condition of the Neighborhood Property, including a list of items inspected, and the status of maintenance, repair and need for replacement of all such items;

(b) A description of all maintenance, repair and replacement planned for the ensuing Fiscal Year and included in the Budget;

(c) If any maintenance, repair or replacement is to be deferred, the reason for such deferral;

(d) A summary of all reports of inspections performed by any expert, contractor or consultant employed by the Neighborhood Association to perform inspections since the Board's last Condition Inspection report;

(e) A report of the status of compliance with the maintenance, replacement and repair needs identified in the Condition Inspection report for preceding years and identified in any applicable Maintenance Guidelines; and

(f) Such other matters as the Board considers appropriate.

2.6.2. **Delivery to Neighborhood Builder**. Until the later of the date which is ten (10) years after the date of the last Close of Escrow in the Neighborhood, or until the expiration of all applicable statutes of limitation or repose for the filing of a complaint or suit or other legal remedies against Neighborhood Builder or its affiliates under the Right to Repair Law (including tolling periods), the Board shall also furnish to Neighborhood Builder (A) the report of each Condition Inspection performed for the Board, whenever such Condition Inspection is performed and for whatever portion of the Neighborhood Property that is inspected, within thirty

(30) days after the completion of such Condition Inspection, and (B) the most recent Condition Inspection report prepared for any portion of the Neighborhood Property, within ten (10) days after the Neighborhood Association's receipt of a written request therefor from Neighborhood Builder.

2.7. **WATER METERS**. Each Owner, by acceptance of a deed, acknowledges that water service is not separately metered by the water provider to measure individual condominium usage, but is instead commonly metered to the Condominium Building through a single City meter and privately submetered to the Units. The Neighborhood Association will receive a single water bill from the City, representing all water provided to the Neighborhood during the billing period. Other utility services are separately metered to the Units by the utility providers.

2.7.1. **Allocation of Bills**. Each Owner will be responsible for paying for the water supplied to the Owner's Unit, as measured by the water submeter installed for each Unit. To calculate the cost chargeable to each Unit for water service, the Neighborhood Association will hire a metering service company (the ***"Metering Company"***) to read the water submeters and prepare the individual water bills for delivery to each Owner. Each Owner will pay the amount shown in the water bill to the Metering Company. The Metering Company will remit amounts paid by each Owner to the Neighborhood Association, so that the Neighborhood Association is reimbursed for the cost of water used by Owners. The Metering Company's service charge will be a component of Common Expenses paid through Annual Assessments. The Metering Company will provide to the Neighborhood Association a statement of all amounts received from the Owners on a regular basis. If an Owner fails to pay any amounts when due, the Owner will be responsible for any penalties or delinquent amounts levied by the Metering Company. If, in the future, there are no companies which can provide the submetering service, the Neighborhood Association will be responsible to allocate water usage costs to each individual Owner as measured by submeters or an equivalent method.

2.7.2. **Default**. Any Owner who fails to timely pay his water bill to the Metering Company is in violation of this Section, and the Neighborhood Association may pursue reimbursement directly from the Owner by means of a Special Assessment or such other remedies as are available under applicable law, including shutting off water service to the Owner's Unit.

2.7.3. **Deposits**. Upon the Close of Escrow for each Unit, and on any subsequent sale of a Unit by an Owner, such Owner shall be obligated to pay to the Neighborhood Association a deposit in an amount equal to one (1) month's average water bill for a Unit within the Neighborhood (as determined by the Neighborhood Association) as security for the Owner's obligation to pay the water bill when due. As provided above, the Neighborhood Association may apply such deposit in payment of a Defaulting Owner's water bill and such Owner shall replace the full amount of such deposit promptly upon written notice from the Neighborhood Association. The Neighborhood Association shall, within thirty (30) days after receiving written notice from an Owner that such Owner has sold Owner's Unit (provided that the subsequent Owner has paid a replacement security deposit in the amount determined appropriate by the Neighborhood Association) return to the Owner any amounts not expended by the Neighborhood Association from such Owner's deposit. The Neighborhood Association may increase the amount of such security deposits and require the deposit of additional amounts by the Owners, based on increases in such water bills.

2.8. **SINGLE-FAMILY DWELLING**. Subject to Sections 2.10 and 2.12 below, the Unit shall be used as a residential dwelling for a single Family and for no other purpose.

2.9. **FURTHER SUBDIVISION**. Except as otherwise provided in this Neighborhood Declaration, no Owner may physically or legally subdivide the Owner's Condominium in any manner, including dividing such Owner's Condominium into time-share estates or time-share uses. This provision does not limit the right of an Owner to rent or lease the Condominium pursuant to Section 2.11 below.

2.10. **LEASING AND RENTAL.**

2.10.1. **Leasing or Rental to Neighborhood Builder**. Nothing in this Neighborhood Declaration shall be deemed to prevent an Owner from leasing or renting the Condominium to Neighborhood Builder for (a) use as sales offices, model home, parking area, or (b) other residential or non-residential purposes. Neighborhood Builder may not lease any portion of the Neighborhood Property to the Owners or the Neighborhood Association.

2.10.2. **Leasing or Rental to Non-Neighborhood Builder Parties**. Subject to compliance with the Development and Entitlement Documents, nothing in this Neighborhood Declaration shall be deemed to prevent an Owner from leasing or renting the Condominium for residential occupancy by a single Family, provided that:

(a) No Condominium may be used for transient occupancy lodging such as a hotel, motel, inn, bed & breakfast or other daily rental (similar to AirBnB, VRBO, etc). Therefore, no Owner of the leased or rented Condominium shall provide any daily meal, laundry or cleaning services typically associated with such transient occupancy lodging;

(b) The minimum term of a lease or rental shall not be less than thirty (30) days. Consistent with the general authority of the Board to establish and modify Rules and Regulations pursuant to Section 4.2.10, with respect to any lease or rental of a Condominium, the Board shall have the right to establish specific Rules and Regulations reasonably designed to manage and mitigate the impacts of such uses on the Neighborhood;

(c) The conditions of possession of the Condominium by the lessee or tenant shall be set out in a written lease or rental agreement, a current executed copy of which agreement (and of any executed renewal, extension or amendment thereto) shall be made available by the Owner to the Neighborhood Association. The requirements of the manner of an Owner's delivery to the Neighborhood Association of such written lease or rental agreements, shall be set forth in the Rules and Regulations, which requirements may be modified from time to time by the Board pursuant to Section 4.2.10;

(d) The lease or rental agreement is expressly made subject to this Neighborhood Declaration and the Master Declaration, along with the other Neighborhood Governing Documents and Master Governing Documents;

(e) Subleasing of a Unit in the Neighborhood is prohibited.

(f) The lease or rental agreement shall provide that all lessees, tenants, and their Families, contractors, agents, other occupants and invitees are bound by the Neighborhood Governing Documents and Master Governing Documents when present in the Neighborhood, and any violation of the Neighborhood Governing Documents or Master

Governing Documents by a lessee, tenant or their Families, contractors, agents, other occupants and invitees also constitutes a default under the lease or rental agreement;

(g) The Owner of the leased or rented Condominium shall assign its rights to use Recreational Facilities and other Neighborhood Property amenities during the term of the lease or rental agreement to the lessee or tenant, and may not retain a concurrent right to use Neighborhood Property other than a right of access over the private streets in the Neighborhood;

(h) The Owner of the leased or rented Condominium shall be liable for all acts or omissions, whether negligent or non-negligent, of the lessee, tenant and their Families, contractors, agents, other occupants and invitees, and the lessor/landlord Owner shall indemnify, defend and hold harmless the Neighborhood Association, the Master Association and other Owners from any liability arising from any such acts or omissions;

(i) Annual Assessments remain the responsibility of the lessor/landlord Owner during the term of any lease or rental agreement; and

(j) A copy of this Neighborhood Declaration, the Master Declaration, the applicable Supplemental Neighborhood Declaration(s), Neighborhood Governing Documents, Master Governing Documents, and any Rules and Regulations affecting the Neighborhood and the Master Community, shall be made available to each lessee or tenant by the lessor/landlord Owner.

(k) Other than to enforce the provisions of this Section 2.10 and the other provisions of the Neighborhood Governing Documents, the Neighborhood Association shall have no right to approve the tenant or lessee on any basis, or to approve or reject particular business terms of the lease or rental agreement. If Owners provide the Neighborhood Association with the terms of any leases or rental agreements, renewals, extensions or amendments, such terms shall be held in confidence by the Neighborhood Association at all times and shall not be disclosed except to the limited extent necessary for the enforcement of the Neighborhood Governing Documents.

2.11. **RESALE**. Subject to any owner occupancy requirements, nothing in this Neighborhood Declaration shall be deemed to prevent an Owner from transferring or selling the Condominium, either to a single Person, or to more than one (1) Person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or as Neighborhood property.

2.12. **BUSINESS AND COMMERCIAL ACTIVITIES**.

2.12.1. **Generally**. No Owner or other occupant of the Neighborhood may undertake any activity in any Condominium nor use any portion of the Neighborhood Property, for any business, commercial or Non-Residential Purposes (as defined below), nor for any other purpose that is inconsistent with the Neighborhood Governing Documents. Such purposes include manufacturing, storage, vending, auctions, vehicle or equipment repair, entering into any lease or rental agreement under which the Unit would be occupied by numbers of persons in excess of the maximum occupancy permitted under applicable law, and transient occupancy of the Unit (such as hotel, inn, bed & breakfast, vacation rental, time-share or similar temporary lodging). Any lease or rental agreement for a term of fewer than thirty (30) days, and any lease or rental agreement pursuant to which the lessor provides any services normally associated with transient occupancy, shall be deemed to be for transient purposes and prohibited under this

Neighborhood Declaration. All of the foregoing activities are prohibited whether they are engaged in full-time or part-time, whether they are for-profit or non-profit, and whether they are licensed or unlicensed.

2.12.2. **Exceptions**. This Section shall not be interpreted to prohibit any of the following:

(a) The hiring of employees or contractors to provide maintenance, construction or repair services that are consistent with the Neighborhood Governing Documents;

(b) Rental or leasing of a Unit to Neighborhood Builder for use as a sales office, model homes or parking area for any period of time;

(c) Exercise by Neighborhood Builder of any rights reserved to it under Article 15;

(d) The provision of in-home health care or assisted-living services to any resident of the Neighborhood;

(e) The provision of family home child care services as defined in California Health and Safety Code Section 1597.40, *et seq.*, so long as such services comply with all applicable state and local laws, including licensing, inspection and zoning requirements, and to the extent permitted by applicable law, the Owner of the Unit in which family home child care services are offered agrees to name the Neighborhood Association and Master Association (as applicable) as additional insureds in its policy of commercial liability insurance, and agrees in writing to hold the Neighborhood Association and Master Association (as applicable) and their members free and harmless from liability claims arising in connection with provision of family home child care services in the Neighborhood for any period in which the Owner does not have in effect a policy of commercial liability insurance; in all events the Neighborhood Association has the power to limit or prohibit use of the common amenities in the Neighborhood by the clientele of the business;

(f) Small home-based service businesses (each, a ***"Non-Residential Use"***) that comply with all of the following (which include limitations and restrictions pursuant to the FHA Requirements):

(i) The total floor area used in any particular Unit for Non-Residential Uses shall not exceed twenty-five percent (25%) of the Unit's total floor area;

(ii) The aggregate floor area used for Non-Residential Uses among all the Units in the Neighborhood shall not exceed twenty-five percent (25%) of the total floor area of all Units in the Neighborhood; and

(iii) The Non-Residential Use shall be ancillary and "subordinate" (as used in the FHA Requirements) to the Owner's use of the Unit for the residential purposes described in this Neighborhood Declaration;

(iv) The Non-Residential Use shall be of a nature that is consistent with or "homogenous" (as used in the FHA Requirements) with residential use,

meaning it does not create a nuisance to, or impose adverse conditions on, the other residents of the Neighborhood, and it is consistent with the residential nature of the Neighborhood;

(v) No unoccupied Unit may be used solely for Non-Residential Uses; in all events, the operator of any Non-Residential Use in a particular Unit must live in the Unit on a permanent, full-time basis;

(vi) When conducted in the Neighborhood, Non-Residential Use activities take place solely inside the Unit;

(vii) Visits by clientele and business guests are limited to regular business hours as may be set forth in the Rules and Regulations, and clientele and business guests park their vehicles in areas where such guest parking is permitted;

(viii) The Non-Residential Use complies with all laws, regulations and ordinances applicable to the Neighborhood, including zoning, health and licensing requirements and the Development and Entitlement Documents;

(ix) The Non-Residential Use otherwise complies with the Neighborhood Declaration;

(x) The operator of the Non-Residential Use posts no business-related signage anywhere in the Neighborhood;

(xi) There is no visible evidence in the Neighborhood of the Non-Residential Use;

(xii) The Non-Residential Use does not generate noise or noxious or offensive odors that are apparent outside the Residence; and

(xiii) The Non-Residential Use does not increase the Neighborhood Association's liability or casualty insurance obligation or premium.

(g) Other activities that have been determined by Local Government Agencies to be consistent with the single-family residential uses in the Neighborhood, including, for example, residential care facilities that are operated in accordance with California Health and Safety Code Section 1566.5.

2.13. **NUISANCES**. Noxious or offensive activities are prohibited in the Neighborhood and on any public street abutting or visible from the Neighborhood. The Board is entitled to determine if any device, noise, odor, or activity constitutes a nuisance.

2.13.1. **Nuisance Devices**. Nuisance devices may not be kept or operated in the Neighborhood or on any public street abutting the Neighborhood, or exposed to the view of other Condominiums or Neighborhood Property. Nuisance devices include the following:

(a) All horns, whistles, bells or other sound devices (except security devices used exclusively to protect the security of a Unit or a vehicle and its contents);

(b) Noisy or smoky vehicles, power equipment (excluding lawn mowers and other equipment used in connection with ordinary maintenance of the Neighborhood Property), and Restricted Vehicles (defined below);

(c) Devices that create or emit loud noises or noxious odors;

(d) Construction or demolition waste containers (except as permitted in writing by the Committee);

(e) Devices that unreasonably interfere with television, radio, telephone, cellular or mobile phone reception or internet access to a Condominium;

(f) Plants or seeds infected with noxious insects or plant diseases; or

(g) The presence of any other thing in the Neighborhood which may (1) increase the rate of insurance in the Neighborhood, (2) result in cancellation of the insurance, (3) obstruct or interfere with the rights of other Owners or the Neighborhood Association, (4) violate any law or provisions of the Neighborhood Governing Documents, or (5) constitute a nuisance or other threat to health or safety under applicable law or ordinance.

2.13.2. **Nuisance Activities**. Nuisance activities may not be undertaken in the Neighborhood or on any public street abutting the Neighborhood, or exposed to the view of other Condominiums or Neighborhood Property without the Board's prior written approval (and any such approval as is required under the Master Declaration). Nuisance activities include the following:

(a) Subject to Section 2.21.1(d), hanging, drying or airing clothing, fabrics or unsightly articles in any place that is visible from other Condominiums, Neighborhood Property or public streets;

(b) Unreasonable levels of noise emanating from Residences or any private events in the Neighborhood, including noise created by parties, gatherings, outdoor activities, amplified music, radio, television, internet or related devices, or live music performances, excluding Neighborhood events sponsored by the Neighborhood Association;

(c) The creation of unreasonable levels of noise from a barking dog or other animal kept in the Neighborhood (for example, chronic daily nuisance barking by a dog over extended periods of time);

(d) Repair, washing or maintenance of vehicles or mechanical equipment;

(e) Outdoor fires, except in gas lit barbecue grills designed and used in such a manner that they do not create a fire hazard, subject to the restrictions set forth in this Neighborhood Declaration and City ordinance; or

(f) Outdoor storage of bulk materials or waste materials except in temporary storage areas designated by the Committee.

(g) Any activity which may (1) increase the rate of insurance in the Neighborhood, (2) result in cancellation of the insurance, (3) obstruct or interfere with the rights of other Owners, (4) violate any law or provisions of the Neighborhood Governing Documents or Master Governing Documents, or (5) constitute a nuisance or other threat to health or safety under applicable law or ordinance.

2.14. **SIGNS**. Subject to California Civil Code Sections 712, 713 and 4710, and any applicable Design Guidelines or Master Declaration criteria, no sign, advertising device or other display of any kind shall be displayed in the Neighborhood or on any public street in or abutting the Neighborhood except for the following signs:

2.14.1. **City Signs and Neighborhood Association Signs**. Entry monuments, City signs, wayfinding signs, Neighborhood identification signs, management company signs and traffic or parking control signs installed by Neighborhood Builder and maintained by the Neighborhood Association;

2.14.2. **Name or Address Signs**. For each Condominium, one (1) nameplate or address identification sign which complies with Design Review Committee rules;

2.14.3. **Security Services Signs**. For each Condominium, one (1) sign advising of the existence of security services protecting a Condominium which complies with Design Review Committee rules;

2.14.4. **For Sale or Lease Signs**. For each Condominium, one (1) sign advertising the Condominium for sale or lease that complies with the following requirements:

(a) the sign has reasonable design and dimensions (which shall not exceed eighteen (18) inches by thirty (30) inches in size), provided the sign is promptly removed at the close of the resale escrow or the lease, or upon the Owner's withdrawal of the Condominium from the resale or lease market; and

(b) the sign is of a color, style and location authorized by the Design Review Committee.

The Neighborhood Association may adopt in its Rules and Regulations different or additional restrictions on the use, design and dimensions of for sale and for lease signs, for consistency with the existing practice of the local real estate board, if any. In the event of a conflict with the foregoing, the Rules and Regulations shall prevail without having to amend this Neighborhood Declaration.

2.14.5. **Certain Noncommercial Signs**. For each Condominium, a noncommercial sign, poster, flag or banner must comply with the following requirements:

(a) a noncommercial sign or poster must not be more than nine (9) square feet in size and a noncommercial flag or banner must not be more than fifteen (15) square feet in size; and

(b) a noncommercial sign, poster, flag or banner may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component, or include the painting of architectural surfaces.

2.14.6. **Other Authorized Signs**. Other signs or displays authorized by the Design Review Committee or Master Association, and which comply with applicable Development and Entitlement Documents.

2.15. **PARKING AND VEHICULAR RESTRICTIONS**.

2.15.1. **Definitions**. The following definitions shall apply to parking and vehicular restrictions set forth in this Neighborhood Declaration:

2.15.2. **Authorized Vehicle**. An "Authorized Vehicle" is an automobile, a passenger van designed to accommodate ten (10) or fewer people, a motorcycle, a scooter, or a pickup truck having a manufacturer's rating or payload capacity of one (1) ton or less. The Neighborhood Association has the power to identify additional vehicles as Authorized Vehicles in the Rules and Regulations in order to adapt this restriction to other types of vehicles that are not listed above.

2.15.3. **Restricted Vehicles**. The following vehicles are "Restricted Vehicles:" (a) large trucks and commercial- and construction-type vehicles (for example, stake bed trucks, commercial and construction trucks with chassis cabs (such as tank trucks, concrete trucks and dump trucks), commercial cargo and step vans, truck and trailer combinations, and vehicular construction equipment), (b) buses, limousines or vans designed to accommodate more than ten (10) people, (c) inoperable vehicles or parts of vehicles, (d) aircraft, (e) boats, jet skis and other water craft, (f) trailers (for example, trailers designed for horses, boats, motorcycles or other equipment or materials), (g) motor homes and recreational vehicles (for example, fifth-wheels, folding camping trailers, travel trailers, but not including van conversions and truck campers), (h) any vehicle or vehicular equipment deemed a nuisance by the Neighborhood Association, (i) any vehicle that is too tall to fit in the Parking Garage, (j) any other vehicle that violates a City ordinance, (k) food trucks, unless invited as part of a Board-approved Neighborhood event, and (l) any other vehicle that is not classified as an Authorized Vehicle. If a vehicle qualifies as both an Authorized Vehicle and a Restricted Vehicle, then the vehicle is presumed to be a Restricted Vehicle, unless the vehicle is expressly authorized in writing by the Neighborhood Association. The Neighborhood Association has the power to identify additional vehicles as Restricted Vehicles in the Rules and Regulations to adapt this restriction to other types of vehicles that are not listed above.

2.15.4. **Parking Management Plan**.

(a) ***Parking***. All vehicles owned or operated by or under the control of an Owner or a resident of an Owner's Condominium and kept in the Neighborhood must be parked in either the Owner's Exclusive Use Parking Space or in an open parking space in the Parking Space (if available). No vehicle may be parked in any manner that the Neighborhood Association determines will restrict the normal passage of pedestrians or vehicles in the Parking Garage. Parking spaces are for parking of Authorized Vehicles only. Storage of personal items (including the storage of bicycles, surfboards, boogie boards and pool toys) in any parking space is prohibited. No vehicle repair (except in emergencies) or other activities may be undertaken in the Parking Garage. No vehicle washing or related activities are permitted in the Parking Garage. Neither Neighborhood Builder nor the Neighborhood Association have any obligation to provide security, privacy or safety in the Parking Garage, nor do they make any representations or warranties that any feature of the Parking Garage will improve security, privacy or safety. The Neighborhood Association has the power and duty to monitor and enforce compliance with this Section 2.15.4.

(b) ***Parking for Residents Only***. The Parking Garage is private property and the parking spaces in the Parking Garage are reserved for the use of residents of the Neighborhood, and the employees and contractors of the Neighborhood Association only. The Neighborhood Association is under no obligation to reserve any particular number of parking spaces in the Parking Garage for guest parking purposes. Guests of residents may from time to time need to park in the surrounding streets. No Owner may transfer by sale, lease, easements or license any Exclusive Use Parking Space in the Parking Garage to any Person other than the Neighborhood Association, or an Owner in the Neighborhood Association or the Neighborhood Builder. All other transfers are void.

(c) ***Restricted Vehicles***. No Restricted Vehicle may be parked, stored or kept in the Parking Garage.

(d) ***Maintenance***. Owners shall use and maintain their Exclusive Use Parking Spaces in clean and in good order in accordance with Section 2.15 and ***Exhibit MO***.

2.15.5. **Parking Spaces**. Residents and guests of the Neighborhood may park in the Parking Garage in accordance with this Section 2.15.

(a) ***Assignment***. Exclusive Use Parking Spaces in the Parking Garage are depicted and numbered on the Condominium Plan, but, if purchased, they will be assigned in a grant deed to an Owner. The right to use an assigned Exclusive Use Parking Space is an exclusive easement appurtenant to the Owner's Unit, and it will run with the Unit for the benefit of the Owner and future Owners of the Unit.

(b) ***Transfer of Exclusive Use Parking Spaces***. Each Owner may, after the Close of Escrow, transfer an Owner's Exclusive Use Parking Space to another Owner or the Neighborhood Association, or exchange it for an Exclusive Use Parking Space owned by another Owner, the Neighborhood Association or the Neighborhood Builder subject to the provisions of this Section 2.15.4(d). Each transfer of an Exclusive Use Parking Space shall be evidenced by Recorded grant deed in the form provided by the Neighborhood Association, or by such other form of conveyance as is acceptable to the affected Owner's lenders and title insurers. The grantor and the grantee shall be responsible for the cost of Recording such grant deed, and they shall be solely responsible for paying all documentary transfer taxes, recording fees and property taxes in connection with the transfer. Before any such transfer, the affected Owners must give the Neighborhood Association prior written notice of the proposed exchange or transfer (including the names of the affected Owners, their Unit numbers, and the assigned numbers of the Exclusive Use Parking Spaces that will be exchanged or transferred). The affected Owners shall deliver a copy of the Recorded deed of conveyance to the Neighborhood Association as soon as possible after Recordation. The Owners must also fully comply with all requirements of their respective lenders, including obtaining any required lender consents to the transfer prior to Recording any deed of conveyance for an Exclusive Use Parking Space. The Owners must also comply with any requirements that have been imposed on the Neighborhood by any Local Government Agency, including, without limitation, any Exclusive Use Parking Space minimum parking spaces per Unit or parking plan imposed on the Neighborhood by the City. The Neighborhood Association shall have the power and duty to monitor and approve or disapprove the use, enjoyment, transfer and exchange of Exclusive Use Parking Spaces as necessary to the effective enforcement of this covenant.

(c) ***Use or Transfer of Handicapped Parking Spaces.*** Certain parking spaces within the Parking Garage are designated as handicapped parking spaces. If there are no initial Owners or occupants in the Neighborhood who are appropriately licensed by the State of California to use handicapped parking spaces (***"Qualified Owners"***) when they purchase a Unit from Neighborhood Builder (or fewer Qualified Owners than the number of handicapped parking spaces), Neighborhood Builder may assign the handicapped parking spaces to Units who do not have Qualified Owners subject to this Section 2.15.5(c). If a Qualified Owner subsequently purchases, rents or leases a Unit in the Neighborhood and the Exclusive Use Parking Space assigned to them is not a handicapped parking space, the Neighborhood Association shall first request a voluntary temporary exchange of Exclusive Use Parking Spaces from all Owners who have handicapped parking spaces and are not a Qualified Owner (***"Nonqualified Owner"***). If none of these Nonqualified Owners voluntarily agrees to a temporary exchange of their handicapped parking spaces with a Qualified Owner, the Neighborhood Association shall choose the handicapped parking space located closest to the elevator that provides access to the Unit of the Qualified Owner (and if multiple spaces are similarly located, by a lottery) and shall assign the affected Nonqualified Owner the Exclusive Use Parking Space that is owned by the Qualified Owner. The exchange shall remain in effect for so long as the Qualified Owner occupies the Unit and remains licensed by the State of California to use a handicapped parking space and shall terminate automatically on the date that the Qualified Owner ceases to occupy the Unit or ceases to be properly licensed to use a handicapped parking space, whichever occurs first. As stated above, the exchange is temporary and shall not alter the permanent location of the Exclusive Use Parking Spaces assigned to the Unit in the purchase and sale agreement. The Qualified Owners and Nonqualified Owners covenant and agree to cooperate with the Neighborhood Association in effecting the exchange and return of the handicapped parking spaces as required hereunder. The exchange authorized hereunder shall be a license only and shall not transfer any other interest in the Exclusive Use Parking Space, which shall remain appurtenant to the Unit to which it is assigned. The right of a Qualified Owner to exchange of a non-handicapped parking space for a handicapped parking space shall be on a first-come, first-serve basis. The Board may adopt Rules and Regulations regulating the exchange of non-handicapped parking spaces for handicapped parking spaces that are not inconsistent with the provisions of this Section 2.15.5(c).

(d) **Licensed Parking Spaces**. There are marked handicap parking spaces in the Parking Garage. These spaces may not be sold by Neighborhood Builder as easements to initial buyers of Condominiums unless there is a qualifying buyer. Any unassigned handicap spaces will be part of the Neighborhood Association's pool of parking spaces, and the Board shall have the power to set the terms for use of unassigned parking spaces in the Neighborhood, including marking them with appropriate signage, setting maximum numbers of hours or days for their continuous use, issuing revocable licenses to particular owners to use these spaces on such terms as the Board finds to be reasonable in the exercise of its business judgment and consistent with applicable law, and exchanging them for assigned parking spaces on either a temporary or permanent basis, for example, to accommodate a disabled person. The Board may, from time to time, change the status of any or all of these spaces, including re-marking them for use as guest parking or handicapped parking or return them to the pool of unassigned parking, all in its reasonable business judgment.

2.15.6. **Electric Vehicle Charging Stations**. Neighborhood Builder and the Neighborhood Association may designate specific areas on the Neighborhood for parking or recharging electric vehicles. The Neighborhood Association may adopt regulations establishing

parking and use restrictions that may be more restrictive or less restrictive than regulations on other Authorized Vehicles. In addition, the Rules and Regulations and/or Design Guidelines may establish regulations, requirements and/or restrictions on installation of electric vehicle charging stations installed on Neighborhood Property or an Exclusive Use Area Garage Parking Space so long as the restrictions comply with the federal, state and local law.

2.15.7. **Garage Water Intrusion.** The underground Parking Garage is below grade and drainage and waterproofing systems have been designed and installed to minimize the passage of water through the concrete. Nonetheless, concrete is a porous material and can be subject to moisture or water transmission over time. Further, efflorescence, condensation and water seepage may appear inside the Parking Garage as the waterproofing system can be subject to undetected disturbance both during and after installation. Such forms of water infiltration are not necessarily indications of failure of waterproofing systems. Water intrusion can also occur as a result of backup from Units' covered, obstructed, or clogged balcony or patio drains. It is Owner's responsibility to keep Owner's balcony and patio drains and surfaces free from obstructions that would prevent the Condominium Building's drainage systems from working properly.

2.15.8. **Repair, Maintenance and Restoration**. No Person may repair, maintain or restore any vehicle in the Parking Garage, nor may any Person carry on in any portion of the Garage any vehicle repair, maintenance or restoration business.

2.15.9. **Enforcement**. The Board has the right and power to enforce all parking and vehicle use regulations applicable to the Parking Garage, including the removal of violating vehicles from the Parking Garage at Owner's expense, in accordance with California Vehicle Code Section 22658 or other applicable laws.

2.15.10. **Regulation and Restriction by Board**. The Board has the power to: (a) establish additional rules and regulations concerning resident parking in the Parking Garage, including designating "no parking" areas; (b) prohibit any vehicle parking, operation, repair, maintenance or restoration activity in the Parking Garage if it determines in its sole discretion that the activity is a nuisance; and (c) promulgate rules and regulations concerning vehicles and parking in the Neighborhood as it deems necessary and desirable, including restrictions on the duration and frequency of use of guest parking spaces by invitees, all in accordance with the Development and Entitlement Documents. The Board may from time to time adopt Rules and Regulations concerning guest parking that may be more restrictive or less restrictive than this Section 2.15. If adopted in accordance with the procedure set forth in Section 4.2.9 and applicable law, such Rules and Regulations shall prevail over this Section without amendment of this Neighborhood Declaration.

2.16. **EXCLUSIVE USE AREA STORAGE SPACES.**

2.16.1. **Assignment**. Each Exclusive Use Storage Space, if purchased, shall be held as an exclusive use easement appurtenant to the Condominium to which it is assigned and it will run with the Condominium for the benefit of the Owner and the future Owners of the Condominium. Storage Closets are for the exclusive use of Owners and their Families, tenants and invitees.

2.16.2. **Transfer of Exclusive Use Storage Space**. Each Owner may, after the Close of Escrow, transfer an Owner's Exclusive Use Storage Space to another Owner or the Neighborhood Association, or exchange it for an Exclusive Use Storage Space owned by

another Owner, the Neighborhood Association or the Neighborhood Builder subject to the provisions of this Section 2.16. Each transfer of an Exclusive Use Storage Space shall be evidenced by Recorded grant deed in the form provided by the Neighborhood Association, or by such other form of conveyance as is acceptable to the affected Owner's lenders and title insurers. The grantor and the grantee shall be responsible for the cost of Recording such grant deed, and they shall be solely responsible for paying all documentary transfer taxes, recording fees and property taxes in connection with the transfer. Before any such transfer, the affected Owners must give the Neighborhood Association prior written notice of the proposed exchange or transfer (including the names of the affected Owners, their Unit numbers, and the assigned numbers of the Exclusive Use Storage Spaces that will be exchanged or transferred). The affected Owners shall deliver a copy of the Recorded deed of conveyance to the Neighborhood Association as soon as possible after Recordation. The Owners must also fully comply with all requirements of their respective lenders, including obtaining any required lender consents to the transfer prior to Recording any deed of conveyance for an Exclusive Use Storage Space. The Neighborhood Association shall have the power and duty to monitor and approve or disapprove the use, enjoyment, transfer and exchange of Exclusive Use Storage Spaces as necessary to the effective enforcement of this covenant.

2.16.3. **Restrictions**. Owners shall maintain their Exclusive Use Storage Space in clean condition and in accordance with ***Exhibit MO.*** Exclusive Use Storage Spaces are for the storage of non-hazardous personal property only. Owners are advised not to store valuable items in their Exclusive Use storage closets. They may not be used for animal keeping or for storage of materials that the Board determines to be a nuisance. No Owner may make any modification to the door or partitions enclosing the Exclusive Use Storage Space. No Owner may store in any Exclusive Use Storage Space any explosives or other hazardous materials (including any materials listed in Title 42 U.S.C. Section 9601, *et seq.*, Title 49 U.S.C. 1801, *et seq.*, Title 15 U.S.C. Section 2601, *et seq.*, those substances listed as hazardous substances by the United States Department of Transportation (or any successor agency) at 49 CFR. 172.101 and amendments thereto, or by the Environmental Protection Agency (or any successor agency) at 40 CFR. Part 302 and amendments thereto, and any "hazardous substance" as defined in Section 736(f)(3) of the California Code of Civil Procedure). Each Owner shall indemnify and hold the Neighborhood Builder, the Neighborhood Association and the Owners free and harmless to the fullest extent provided by law for all damage, loss and liability for any claims, demands, actions, causes of action, judgments, liens, encumbrances, fines and other expenses of any kind and description (including court costs and attorney's fees), known or unknown, expected or unexpected, relating to, or arising from a violation of this Section by the Owner or by the Owner's Family, tenants or invitees. Declarant and the Neighborhood Association are not responsible for any lost or damaged items stored in the Exclusive Use Area storage closet.

2.17. **EXCLUSIVE USE AREA BALCONIES AND PATIOS**. Each Exclusive Use Area balcony and patio shall be held as an exclusive use easement appurtenant to the Condominium to which it is assigned and it will run with the Condominium for the benefit of the Owner and the future Owners of the Condominium. Any change to the Exclusive Use Area balcony or patio requires the prior written approval of the Design Review Committee. The Exclusive Use Areas balcony or patio area appurtenant to each Unit shall be used and maintained by the Owner of the Unit to which it is appurtenant as follows; provided that the Board has the power to: establish additional rules and regulations concerning the use and maintenance of the Exclusive Use Areas:

2.17.1. **Exclusive Use Area Balcony and Patio**. All Units include either an Exclusive Use Area balcony or patio for the exclusive use and enjoyment of the Owner of the Unit to which it is appurtenant. Owners shall maintain the Exclusive Use Area balconies and patios in clean and in good order in accordance with ***Exhibit MO***. Other than the placement of patio furniture, no Person may store any personal property in the Exclusive Use Area balcony or patio.

(a) ***Juliette Balconies***. Certain Units in the Neighborhood have one (1) more Juliette Balconies, which are very narrow balconies with vertical metal bars, fitted to the outside of the Condominium Building in front of an upstairs full-length window or door. Juliette Balconies are not designed to support the weight of a Person. Owners and such Owners Family, guests, tenants and invitees, are prohibited from standing on a Juliette Balcony or placing any personal property on such balcony.

(b) ***Plants and Vegetation***. No vegetation shall be permitted to extend beyond the railings, fences, walls and/or other boundaries of the Exclusive Use Areas. Any plants placed on Exclusive Use Areas must have sufficiently large receptacles to contain all drainage from such plants and must not be allowed to collect condensation or moisture between the receptacles and the floor of the Exclusive Use Area. Owners acknowledge that such plants may need to be moved during any window washing and shall not place such plants in a position which will block access by the Neighborhood Association in connection with the performance of its maintenance and other obligations under this Neighborhood Declaration. Each Owner and occupant of a Unit shall cooperate with the Neighborhood Association to provide access through the Unit in connection with the washing of exterior windows. The Rules and Regulations may limit the number and weight of plants allowed in the Exclusive Use Areas.

(c) ***Storage of Personal Items***. Storage of personal items (including the storage of bicycles, surfboards, boogie boards and pool toys) on any Exclusive Use Area balcony or patio is prohibited. The Neighborhood Association shall have the power and the duty to monitor and approve or disapprove the use and enjoyment of the Exclusive Use Areas as necessary to the enforcement of this covenant. However, the Neighborhood Association shall not be liable for the safety of any items stored in any Exclusive Use Area.

(d) ***Barbeques***. NO BARBECUES OF ANY KIND ARE PERMITTED WITHIN ANY EXCLUSIVE USE AREAS OR ANY OTHER AREA WITHIN THE NEIGHBORHOOD.

(e) ***Cleaning***. The surfaces of these balcony and patio areas shall be mopped or cleaned in such a manner as to not cause any water to go beyond the boundaries of the balcony or patio areas.

2.18. **ANIMAL REGULATIONS**.

2.18.1. **Restrictions on Numbers and Types of Pet Animals**. No commercial or farm livestock, including poultry, may be kept in the Neighborhood. However, up to two (2) pet dogs or two (2) pet cats, or one (1) pet dog and one (1) pet cat may be kept in each Unit, subject to applicable law, the Neighborhood Governing Documents, the Master Governing Documents, and such rules and regulations as may be adopted by the Board, including weight and size limitations. In addition to pet dogs and pet cats, but subject to local ordinances and such Rules and Regulations as may be adopted by the Board, residents may keep in the Condominium reasonable numbers of small household pets that live in containers or

cages, including fish, rodents and birds, so long as there is no external evidence of their presence in the Neighborhood or Neighborhood Property. Notwithstanding the foregoing, no person may bring or keep in the Neighborhood any dog that satisfies the definition of "vicious dog" under the Potentially Dangerous and Vicious Dogs Law at California Food and Agriculture Code Section 31601, *et seq.*, nor any animal that is determined by the Board to be a nuisance to other residents in the Neighborhood. The Board has the power and discretion to determine whether the types or numbers of any animals kept in a Condominium are a nuisance, and the Board shall have the power to abate the nuisance through any legal procedure that is available to the Neighborhood Association. The Board may from time to time, by duly adopted Rule and without having to amend this Neighborhood Declaration, change the numbers of dogs or cats or types of animals that may be kept in the Condominiums (subject at all times to limits set by applicable law), and in such event, the duly adopted Rule shall control over the limits stated in this Section 2.18.1.

2.18.2. **Reasonable Accommodations for Service Animals**. Also notwithstanding the limitations on numbers and types of animals in Section 2.18.1, the Board shall, without having to amend Section 2.18.1, make reasonable accommodations allowing residents with legally recognized disabilities to keep service animals in their homes on receipt of reasonable evidence: (a) that a resident of the Unit has a legally recognized disability; (b) that the service animal is properly trained to provide a necessary service for the disabled resident, and (c) showing that the animal meets the criteria for service animals set forth in state and federal law and regulation. Qualified service animals shall not be counted as pet animals for purposes of the numeric limits in Section 2.18.1, nor shall any limitations on the types of animals set forth in Section 2.18.1 apply to a qualified service animal. Qualified service animals permitted under this Section 2.18.2 remain subject to Sections 2.18.3 and 2.18.4 and the provisions of Sections 2.13 and 2.18.1, concerning the Neighborhood Association's rights and powers to abate nuisances.

2.18.3. **Animal Keeping Areas**. Residents are advised to choose pets that can be kept indoors at all times without disturbing neighbors. Subject to restriction by the Board in accordance with applicable law, this Section, and subject to the Neighborhood Association's right to abate nuisances under Section 2.13 above, all animals belonging to an Owner, or to a resident member of an Owner's Family, or brought into the Neighborhood by contractors, tenants, guests, employees, or invitees, must at all times be kept under the control of a Person capable of controlling the animal either on a leash or other appropriate restraint or in a carrier, except when inside the Unit. No animal may be left unattended in any part of the Neighborhood Property or in any Exclusive Use Area for any period of time, regardless of whether the animal is restrained or in a cage or container. Cages, containers, bedding, litter boxes, food containers and bowls must be kept inside the Unit at all times.

2.18.4. **Feeding of Feral Cats**. Owners and all residents, tenants, guests and invitees of the Neighborhood are prohibited from feeding any feral cats within the Neighborhood.

2.18.5. **Owner Responsibility**. The Owner of the Unit shall be solely responsible for ensuring that there is no external evidence of the presence of any animals kept by the Owner or by the other residents of the Unit (including unreasonable noise or noticeable odor). Furthermore, each Owner shall be absolutely liable to each and all other Owners, their Families, tenants, residents and guests for damages or injuries caused by any animals brought or kept in the Neighborhood by an Owner, by members of the Owner's Family, or by the Owner's guests, tenants or invitees. Each Owner shall immediately remove any excrement or

clean other unsanitary conditions caused by such Owner's animals on any portion of the Neighborhood.

2.19. **ANTENNA AND SATELLITE DISH RESTRICTIONS**. No Person may install in the Neighborhood any antenna, satellite dish or over-the-air receiving device except for an "Authorized Antenna."

2.19.1. **Definition of Authorized Antenna**. An Authorized Antenna is (a) an antenna designed to receive direct broadcast satellite service, including direct-to-home satellite service, that is one (1) meter or less in diameter, (b) an antenna designed to receive video programming service, including multi-channel multipoint distribution service, instructional television fixed service, and local multipoint distribution service, and is one (1) meter or less in diameter or diagonal measurement, (c) an antenna designed to receive television broadcast signals, or (d) an antenna used to receive and transmit fixed wireless signals. The foregoing definition is not intended to prohibit cordless or wireless telephones, PDAs, computers, wireless home data networking equipment or other portable wireless data or telephony devices that do not otherwise constitute a nuisance device under the Neighborhood Governing Documents.

2.19.2. **Mounting on Mast**. An Authorized Antenna may be mounted on a mast to reach the height needed to receive an acceptable quality signal, subject to Local Government Agency permitting requirements for safety purposes. No mast shall be installed in such a way that it overhangs the balcony or patio railing, or any portion of the Neighborhood Property outside the Exclusive Use Area, or poses a threat of damage to property or injury to persons.

2.19.3. **Preferred Installation Locations and Restrictions on Installation**. The Exclusive Use Area balconies and patios are preferred installation locations for the Authorized Antenna, subject to applicable restrictions and prohibitions in this Neighborhood Declaration. The Committee may adopt reasonable restrictions on installation and use of an Authorized Antenna as part of its Design Guidelines in order to minimize visibility of the Authorized Antenna from other Condominiums. Such restrictions may designate one (1) or more additional preferred installation locations, or require camouflage such as paint (subject to the antenna manufacturer's recommendations) or screening vegetation or other Improvements. However, no restriction imposed by the Committee may (a) unreasonably delay or prevent the installation, maintenance or use of an Authorized Antenna, (b) unreasonably increase the cost of the installation, maintenance or use of an Authorized Antenna, or (c) preclude acceptable quality reception.

2.19.4. **No Obligation to Permit Use of Alternative Locations**. The Neighborhood Association is under no obligation to permit any Person to install or relocate any Authorized Antenna or any other device to any area outside the Exclusive Use Area balcony or patio for any reason, including a particular Owner's inability to receive a signal from the Exclusive Use Area balcony or patio.

2.19.5. **Prohibitions on Installation**. No Authorized Antenna or any other device may be installed in the Neighborhood Property, including landscaped areas and exterior surfaces of the Condominium Building (such as the roof, fascia, chimneys, balcony and patio walls and exterior wall surfaces). Authorized Antennae may be installed in Exclusive Use Area balcony or patio on a mast or tripod, but no Person may make any installation that penetrates the exterior surface of any portion of the Condominium Building, including balcony railings. The Committee may prohibit the installation of an Authorized Antenna in a particular location

(including an Exclusive Use Area) if, in the Committee's opinion, the installation, location or maintenance of such Authorized Antenna unreasonably affects the safety of the Owners or any other Person, or for any other safety-related reason established by the Committee. The Committee may also prohibit an Owner from installing an Authorized Antenna on any real property which such Owner does not own or is not entitled to exclusively use or control under the Neighborhood Governing Documents. The Committee also has the power to prohibit or restrict the installation of any antenna or other over-the-air receiving device that does not meet the definition of an Authorized Antenna as set forth above. Owners shall be solely liable to the Neighborhood Association and the other Owners for any damage to the Condominium Building, to individual Condominiums, and to their contents (including water damage) that results from negligent installation or installation in violation of this Section 2.18.

2.19.6. **Review after Installation**. The Committee may review the location and installation of an Authorized Antenna after it is installed. After its review, the Committee may require that the Authorized Antenna be moved to a preferred location (if one has been designated) for safety reasons or to comply with reasonable restrictions subject to this Section and applicable law. Approvals shall not be unreasonably withheld or delayed but may include restrictions which do not significantly increase the cost of installation, maintenance or use of the device, or significantly decrease its efficiency or performance or preclude reception of an acceptable quality signal) and in compliance with all applicable ordinances of the City, California statutes (e.g., California Civil Code Section 4725), and federal regulations, as each may be amended or revised.

2.19.7. **Restatement of Applicable Law**. This Section is intended to be a restatement of the authority granted to the Committee under the law. All amendments, modifications, restatements and interpretations of the law applicable to the installation, use or maintenance of an antenna or over-the-air receiving device shall be interpreted to amend, modify, restate or interpret this Section.

2.20. **TRASH**. Trash and recyclables must be stored in sanitary containers inside the Unit and regularly moved to the Neighborhood Property collection bin or trash chute. Oversized items that will not fit in the collection bin or trash chute, and hazardous waste, electronics and other materials that may not be disposed of with regular trash or recyclables may not be abandoned anywhere in the Neighborhood Property; the Owner is solely responsible for arranging the proper disposal thereof. No trash, trash containers or recyclable materials may be stored in view of other Condominiums or Neighborhood Property. The Board has the power to make additional Rules and Regulations concerning the disposal of trash and recyclables, consistent with City ordinances.

2.21. **OWNER-INSTALLED IMPROVEMENTS**.

2.21.1. **Outdoors**. No Person may install outdoors in sight of the Neighborhood Property or other Condominiums, any patio cover, wiring, air conditioning equipment, heating units, water softeners, or similar permanently attached Improvements. No Person may install or remove landscaping or irrigation equipment in the Neighborhood Property without the prior written consent of the Committee, which consent it may withhold in its discretion. No Person may make any additions or alterations to the structural components or exterior of any Condominium Building or any other Improvement in the Neighborhood Property, without the prior written consent of the Committee, which consent it may withhold in its discretion.

(a) ***Outdoor Furnishings***. Outdoor patio or lounge furniture and plants may be kept in Exclusive Use Area balcony and patio in accordance with the Design Guidelines. Any items placed or located on the balcony or patio must be uniformly distributed and not exceed a 40 pound per square foot limitation in accordance with California Building Code.

(b) ***Outdoor Floor Coverings***. The installation of any tiles or flooring material on the balcony or patio areas is prohibited as it may alter drainage patterns. Carpet, artificial turf or other material that can trap water next to the surface of the balcony or patio areas is also prohibited. Owners and Occupants shall use all due care to prevent puncture of the water-proofing material on the Exclusive Use Areas.

(c) ***Flags***. Outdoor display of the flag of the United States is permitted pursuant to California Civil Code Section 4705, as long as the flag and flag pole are located solely within, on and over the Owner's Exclusive Use Area balcony or patio.

(d) ***Clotheslines and Drying Racks***. Clotheslines and drying racks meeting the definitions in California Civil Code Sections 4753(a) and (b) may be placed in Exclusive Use Area balconies or patios. The Neighborhood Association has the power to establish Design Guidelines to minimize the visibility of the clotheslines and drying racks from the Neighborhood Property and other Condominiums so long as they do not effectively prohibit or unreasonably restrict the Owner's ability to use the clothesline or drying rack, and do not significantly increase its cost to use. Notwithstanding the foregoing, no hanging screens, linens, blankets, towels, rugs, swimsuits, plants, banners, wind chimes or other objects may be hung from the railing of a balcony or patio.

2.21.2. **Indoors**.

(a) ***Unit Boundaries Generally***. No Owner may modify or attempt to modify any of the walls, floors and ceilings in the Unit (except for surface finishes such as paint, wall coverings and floor coverings in accordance with this Section), without prior approval of the Design Review Committee.

(b) ***Windows***. No Person may apply film, tint, paper, foil, paint or other reflective substances to the glass portion of any window. In addition, no Person may cover any windows with newspaper, blankets, sheets, cardboard or other materials not designed for window coverings. Pending installation of permanent window coverings, Owners may cover windows with temporary paper shades up to 90 days after the Close of Escrow. This Section shall not be interpreted to prohibit the installation of blinds, shutters, curtains and similar indoor window coverings. Curtains, drapes, blinds, shutters or other window coverings visible from the street or Neighborhood Property shall be restricted to a white, off-white, neutral light grey or neutral light tan color, unless expressly approved by the Board or the Design Review Committee. The Board has the power, but not the duty, to promulgate Design Guidelines for window coverings that are exposed to view from streets, the Neighborhood Property or other Condominiums. In addition, Owners are prohibited from piercing any wall to add drapery rods or fixtures without the prior written approval of the Design Review Committee (or the Neighborhood Builder if request is made before the Close of Escrow).

(c) ***Structural Integrity***. Nothing may be done in any Condominium or in, on or to the Neighborhood Property that will impair the structural (including water seal) or acoustical integrity or fire safety of the Condominium Building, or that may alter

the plumbing, electricity, fire sprinklers or natural gas facilities serving any other Condominium, except as otherwise expressly allowed in this Neighborhood Declaration. Smaller aquariums are permitted only if they meet the weight and size requirements as set forth in the Rules and Regulations.

(d) ***Noise Mitigation***. Owners are prohibited from (1) puncturing, piercing or otherwise altering any Party Wall, nor any wall, ceiling or floor separating the Unit from Neighborhood Property, nor any interior load-bearing walls, wherever located, except as may be permitted in the Design Guidelines for the hanging of art, mirrors and other similar items or as otherwise approved in writing by the Design Review, or (2) installing any sound system, loudspeakers, entertainment system or other music-, sound- or noise-generating or amplifying device in any Party Wall or wall, floor or ceiling separating the Unit from Neighborhood Property, without the prior written approval of the Design Review Committee. Neighborhood Builder may have installed noise-mitigating floor coverings in the Residences, and noise-mitigating materials in walls or ceilings shared with an adjoining Residence. No Person may remove or modify any Neighborhood Builder-installed noise-mitigating materials in floors, ceilings or walls. No Person may replace any Neighborhood Builder-installed noise-mitigating materials or install new flooring or coverings for ceilings or walls without replacing it with materials offering the same, substantially similar or better noise mitigation as the materials that were originally installed by Neighborhood Builder. Before installation, the Owner shall present the Design Review Committee with written documentation from a licensed engineer, architect or other consultant with qualifications reasonably acceptable to the Committee that the noise mitigating properties of the proposed flooring or wall material are the same as, substantially similar to, or better than the materials originally installed by Neighborhood Builder. If materials installed by an Owner are different from the materials installed by Neighborhood Builder, and they do not perform to the manufacturer's stated ratings, then the Committee may require that the materials be removed at the Owner's sole expense and replaced at the Owner's sole expense with materials identical to those installed by Neighborhood Builder. In addition, if hard surface flooring is installed in a Unit, additional sound mitigation requirements may be imposed at the discretion of the Design Review Committee or the Board. Such additional sound mitigation requirements may include the requirement of the Owner of such Unit to use a higher sound rate flooring underlayment and/or throw rugs or carpet runners covering at least seventy-five percent (75%) of the impact or traffic areas of the floor.

(e) ***Plumbing***. The plumbing system serving a Unit is an integral part of the Condominium Building-wide system serving the other Units. Any plumbing modifications could damage the Condominium Building-wide plumbing system and possibly the entire Condominium Building. No Owner may modify or attempt to modify any part of the plumbing system, except for replacement of in-Unit fixtures such as faucets, sinks, tubs, water supply valves and lines to dishwashers, clothes washers, refrigerators, kitchen and bath faucets, water heaters and toilets. An Owner may plunge blocked kitchen and bathroom facilities in his Unit, but may not use a snake, or cause a snake to be used, in any pipes unless instructed to do so by the Neighborhood Association. Each Owner is obligated to hire the Neighborhood Association, or to hire a contractor approved by the Neighborhood Association to perform any maintenance of water, gas and sewer pipes located within the Unit.

(f) ***Fire Sprinklers***. The fire sprinkler system within a Unit is an integral part of the fire safety system serving other Units and the Condominium Building. Any modification or attempt to modify such system within a Unit could affect the operation of the fire safety system within other Units and possibly the entire Condominium Building. The sprinkler system is heat-sensitive and sprinkler heads should not be exposed to open flame or any other

intense heat source. The Neighborhood Association will maintain all fire sprinkler systems. Owners may not interfere with or disable the function of the sprinkler heads, pipes or pressure gauges. Any Owner modification or attempt to modify such system within a Unit could affect the operation of the fire safety system within other Units and possibly the entire Condominium Building. By acceptance of a deed to a Condominium, each Owner acknowledges that Neighborhood Builder is not responsible for (1) any damage to the Owners' Condominium or to the Neighborhood Property to the extent caused by an Owner's interference with or damage to fire sprinkler equipment, and (2) any damage to the Owner's Condominium caused by the activation of the sprinkler system.

(g) ***Heating and Air Conditioning***. The heating and air conditioning systems serving each Unit deliver heated or cooled air through air supply and return ducting and in-Unit grilles fed by one or more fan-coil units located in each Unit's HVAC closet or ceiling area. Changes to components of the system may affect its ability to perform as designed.

(h) ***Smoke Detectors/Fire-Life Safety Systems***. Smoke detectors and fire-life safety systems have been installed in all Condominiums in the Neighborhood. Owners are responsible for maintaining the smoke detectors and ensuring that they are kept in working order. Owners shall not interfere with or disable the function of the sprinkler heads, smoke detectors or any other portion of the fire like safety system. By acceptance of a deed to a Condominium, each Owner acknowledges that Neighborhood Builder is not responsible for any damage to the Owners' Condominium or to the Neighborhood Property to the extent caused by an Owner's failure to maintain the smoke detectors or interference with the operation of the sprinkler heads, smoke detectors or any other portion of the fire-life safety system. Owners will be responsible for certifying to the Neighborhood Association on an annual basis that they have inspected their smoke detectors and verified they are in working condition per the City's Building Code.

(i) ***Waterbeds and Jacuzzi Tubs***. No waterbeds or Jacuzzi-type tubs are permitted in the Units.

2.21.3. **Holiday Decorations**.

(a) ***Duration of Display***. Outdoor holiday decorations, or indoor holiday decorations that are visible from outside, may be displayed for a reasonable period of time prior to the date of the holiday, as determined by the Neighborhood Association in its Rules and Regulations, but they shall be removed no later than fourteen (14) days after the date of the holiday, unless prior written authorization has been granted by the Board to remove them at a later date.

(b) ***No Penetrating Attachment***. Subject to a more restrictive Rule adopted by the Board or the Master Association, lights and other outdoor decorations may not be stapled, nailed, or otherwise permanently attached to any outdoor surface of the Condominium Building (including such areas as the roof, fascia, barge boards, entry door and garage doors). Lights and decorations may, however, be attached to fascia and barge boards in the Exclusive Use Area balconies or patios with non-penetrating fasteners and clips. Wreaths and similar decorations may be placed on entry doors with appropriate hangers; provided, that no holes are made in the doors. Except as authorized in writing by the Board, no Person shall be permitted access to the roof of any Condominium Building in connection with the mounting or

removal of holiday decorations. The Board has the power to withhold such consent in its sole discretion.

2.21.4. **No Liability**. Neither the Neighborhood Builder nor the Neighborhood Association shall be liable or responsible for any damage that results from Improvements installed, constructed or modified by or at the direction of an Owner. Owners are advised to consult and use qualified consultants and contractors when installing, constructing or modifying Improvements on the Owner's Condominium.

2.22. **SOUND ATTENUATION**. In addition to the restrictions set forth in this Declaration, each Owner shall to the greatest possible extent, minimize excessive noise being transmitted to other Units, including, those noises caused by music, televisions, human voices, footsteps, slamming of doors and cupboards, furniture movement, appliance usage, water usages (such as for bathrooms and showers) and pet noises.

2.23. **MECHANICS' LIENS**. No Owner may cause or permit any mechanic's lien to be filed against the Neighborhood Property or another Owner's Condominium for labor or materials alleged to have been furnished or delivered to such Owner. Any Owner who permits a mechanics' lien to be so filed shall cause the lien to be discharged no later than five (5) days after receipt of written notice to discharge the lien is received from the Board. If the Owner fails to remove a mechanic's lien after written notice from the Board, the Board may discharge the lien and levy a Special Assessment against the violating Owner's Condominium to recover the cost of discharge.

2.24. **NON-SMOKING NEIGHBORHOOD**. Smoking cigarettes, cigars or other smoke-producing products, including vaping (***"Smoking"***) is prohibited within the hallways, lobbies and other areas in the Condominium Building available for use by Owners, residents, guests and invitees, in all areas outside the Condominium Building located within fifty feet (50') of Condominium Building entries and in Exclusive Use Area balconies and patios. The Neighborhood Association shall enforce this prohibition, which may be set forth in more detail in the Neighborhood Association Rules. This Section shall not be deemed to prohibit smoking within the Residence; provided that Owners who do smoke within their Residence shall be required to take appropriate measures (including regular removal and replacement of air filters throughout the Residence) to reduce the transfer of odors and smoke caused by smoking to the adjacent Units within the Condominium Building.

2.25. **ADDITIONAL APPLIANCES**.

2.25.1. **Generally**. The Neighborhood has been constructed with electrical capacity to match the quantity and type of appliances installed by Neighborhood Builder. Any Owner or resident who wants to install additional large appliances must first obtain the written consent of the Neighborhood Association to ensure that the new appliance falls within the power allotment for such Owner's or resident's Unit. The Neighborhood Association may withhold consent or condition its consent if the power requirements of the new appliance will stress the power supply for the Unit or other Units or Neighborhood Property in the Condominium Building.

2.25.2. **Dryers**. In addition to the foregoing, clothes dryers installed in each Unit must have a certain power and blower capacity to be able to properly vent. Because of this requirement, an Owner must install a long vent dryer with at least 160 feet of vent length capacity. Clothes dryers without the required vent length capacity are prohibited. Owners shall notify the Neighborhood Association in writing of any installation or replacement of a dryer within

five (5) days after such installation or replacement (the "***Notice***"). After receipt of the Notice, the Neighborhood Association shall schedule an inspection of the dryer to verify that the dryer installed meets the requirements of this Section. Owner shall be fully responsible for any damage caused by Owner with respect to any violation of the requirements of this Section (including any failure to provide the Notice), and Owner shall be required to pay the Neighborhood Association to repair any such damage. In addition, if a clothes dryer is installed that does not have the required vent length capacity, then the Neighborhood Association may require that the clothes dryer be removed and replaced with an approved model at the Owner's sole expense.

2.26. **DRAINAGE**. There shall be no interference with or obstruction of the established surface drainage pattern(s) over any Condominium in the Neighborhood, unless an adequate alternative provision is made for proper drainage and approved by the Design Review Committee.

2.26.1. **Established Drainage**. Any alteration of the established drainage pattern must at all times comply with all applicable requirements of Local Government Agencies. For the purpose hereof, "Established Drainage" is defined as the drainage which exists at the time of the first Close of Escrow for the sale of the Condominium by Neighborhood Builder, or as shown on any plan approved by the Committee. Established Drainage includes drainage from Condominium to Condominium and to and from property lying outside the Neighborhood.

2.26.2. **Surface Drainage Improvements; Sub-Drains**. Surface Drainage Improvements and Sub-Drains on Condominium Buildings, in Exclusive Use Areas and on landscaped and paved areas of the Neighborhood are all Neighborhood Property. To ensure adequate drainage in the Neighborhood, it is essential that the Surface Drainage Improvements and the Sub-Drains, if any, not be modified, removed or blocked. Owners shall ensure that area drains in Exclusive Use Area patios and scuppers and drains in Exclusive Use Area balconies remain free of obstructions at all times. There shall be no modification to the Established Drainage or Surface Drainage Improvements or Subdrains by any Owner.

2.26.3. **Maintenance of Drainage Improvements**. Each Owner must maintain, and keep free of debris and obstructions all Surface Drainage Improvements and Sub-Drains located on or under the Condominium or Exclusive Use Area, except those for which the Neighborhood Association, Master Association or a public authority or utility are responsible. To ensure adequate drainage within the Neighborhood, it is essential that the Surface Drainage Improvements and the Sub-Drains, if any, not be modified, removed or blocked without having first made alternative drainage arrangements. Therefore, no Owner may install, alter, modify, remove or replace any Surface Drainage Improvements or Sub-Drains on or under the Owner's Condominium or Exclusive Use Area without first making alternative drainage arrangements approved in writing by the Committee and by applicable governmental agencies. Owner-installed irrigation systems must be installed and maintained to prevent excess runoff and accumulation of surface water.

2.26.4. **Grading**. The grading design in the Neighborhood should not be altered to redirect surface water flow toward the Condominiums or onto adjacent property, or to trap water so that it ponds or floods. Grading modifications are subject to law, approval by the Board, and the terms of any Recorded drainage easements.

2.27. **WATER SUPPLY SYSTEM**. No individual water supply, sewage disposal or water softener system is permitted on any Condominium unless such system is designed,

located, constructed and equipped in accordance with the requirements, standards and recommendations of any water district having jurisdiction, the City, the Design Review Committee and all other applicable governmental authorities with jurisdiction.

2.28. **VIEW OBSTRUCTIONS**. Each Owner acknowledges that (a) there are no protected views in the Neighborhood, and no Condominium is assured the existence or unobstructed continuation of any particular view, and (b) any construction, landscaping (including the growth of landscaping) or other installation of Improvements by Neighborhood Builder, Master Declarant, the Neighborhood Association, the Master Association or other Owners may impair the view from any Condominium. Therefore, each Owner, by accepting a deed to a Condominium, acknowledges that any construction or installation by Master Declarant, Neighborhood Builder, Master Association, Neighborhood Association or Owner may impair the view of such Owner, and notwithstanding anything in the Neighborhood Governing Documents or the Master Governing Documents to the contrary, each Owner consents to such impairment.

2.29. **OWNER-INSTALLED SOLAR ENERGY SYSTEMS**. California has a strong public policy in favor of "solar energy systems" (as defined in California Civil Code Section 801.5) (each, a ***"Solar Energy System"***). California policies and applicable laws, including the Solar Shade Control Act (Public Resources Code Section 25980, *et seq.*), the Solar Rights Act (Civil Code Section 714, *et seq.*) and California Civil Code Section 4746 protect each Owner's right to place and maintain equipment and facilities necessary to operate a residential Solar Energy System, all subject to reasonable restrictions imposed by the Neighborhood Association. Therefore, each Owner may install a Solar Energy System to serve the Owner's domestic needs, as long as: (a) the design and location of the Solar Energy System meet the requirements of all applicable governmental laws, regulations and ordinances, (b) the design and location receive the prior written approval of the Design Review Committee, and (c) the Owner complies with reasonable restrictions imposed by the Design Review Committee pursuant to Article 5 and this Section 2.29.

The Condominium Building rooftop and other areas outside the boundaries of the Unit and Exclusive Use Areas are Neighborhood Property owned and controlled by the Neighborhood Association. Therefore, nothing in this Section creates an absolute right in any Owner to install any Solar Energy System on any rooftop location or other location of the Condominium Building. Owners are advised that the Condominium Building has limited roof space and has not been pre-wired for solar or designed with other "solar ready" features to accommodate the future installation of Solar Energy Systems that exclusively serve individual Units. Accordingly, Neighborhood Builder makes no representations or warranties regarding the feasibility or cost-effectiveness of any Solar Energy System that may be proposed by an Owner. The Design Review Committee shall have the absolute right (within the limits of the law) to specify equipment, designs and installation locations and techniques for compatibility with the design and load capacity of the Condominium Building's roof, and total roof area occupied by a proposed Solar Energy System to protect the rights of the Neighborhood Association and the rights of other Owners in the same Condominium Building.

2.29.1. **Installation of New Solar Energy System**. Owners who elect to install a Solar Energy System will be subject to the Neighborhood Declaration, the Design Guidelines, the Rules and Regulations, the Maintenance Guidelines, all applicable City and County ordinances and zoning regulations, the Uniform Building Code and associated law and regulations. Owners must obtain written approval from the Design Review Committee prior to installing a Solar Energy System. In accordance with California Civil Code Section 4746(a), an

Owner who requests to install a Solar Energy System on the Condominium Building roof: (i) shall provide written notice to each Owner of a Unit in the Condominium Building of the application to install a Solar Energy System; and (ii) such Owner and each successor Owner must maintain a homeowner liability coverage policy at all times and provide the Neighborhood Association with corresponding certificate of insurance within fourteen (14) days of approval of the application and annually thereafter.

In addition, the Neighborhood Association, through its Design Review Committee, has the right under California Civil Code Sections 714 and 714.1 and California Civil Code Section 4746, as the same may be amended from time to time, as a condition of issuing any such approval of any proposed installation affecting the roof or any other portion of the Condominium Building and any other Neighborhood Property to:

(a) Specify equipment, designs, locations, and construction techniques that are compatible with the design and load capacity of the roof and in the opinion of the Committee and its consultants, will not require revision to the original design of the roof or Condominium Building and will not increase the Neighborhood Association's maintenance, insurance or reserve costs;

(b) Require designs that respect the equitable allocation of roof space for all Owners sharing the same roof (as determined by a solar site survey prepared by a licensed contractor knowledgeable in the installation of solar energy systems);

(c) Require the applying Owner to provide a copy of the solar site survey to each Owner in the Condominium Building;

(d) Require the Owner and its successors (and the solar equipment lessor/owner, if any) to indemnify the Neighborhood Association, and every Owner in the same Condominium Building, for damage to the Neighborhood Property, Exclusive Use Areas, Units, and their respective contents for damage and loss caused by the installation, maintenance, repair, replacement, and removal of the Owner's Solar Energy System;

(e) Require the Owner and its successors (and the solar equipment lessor/owner, if any) to bear the entire cost of installation, maintenance, repair, replacement, and removal of the Owner's Solar Energy System (including repair of all damage to the roof and other Condominium Building components) using contractors pre-approved in writing by the Board of the Neighborhood Association;

(f) Maintain in effect at all times policies of such insurance as the Design Review Committee and its consultants deem reasonable to protect the Neighborhood Association and its members;

(g) Record in Official Records an instrument in form approved by the Neighborhood Association's legal counsel by which the obligations imposed by the Design Review Committee under this Section and such others as the Design Review Committee deems necessary are established as covenants running with the land, enforceable by the Neighborhood Association;

(h) Disclose to resale purchasers of the Owner's Unit the ongoing obligations imposed by the Design Review Committee in connection with the installation; and

(i) Such other conditions as may be deemed reasonable and appropriate by the Board in its business judgment.

The foregoing list is not exhaustive, but is provided as guidance for the Neighborhood Association. The Board may, in its discretion and pursuant to its authority to adopt Rules and Regulations (which may be enforced without the necessity of amendment to this Section 2.28.1), (i) impose other conditions as it deems appropriate to Owners who request installation of leased equipment by a Solar Provider (defined below), and (ii) modify the foregoing list as may be necessary to conform to changes in the applicable law.

2.29.2. **Third Party Solar Providers and/or Contractors**. An Owner may desire to enter into an agreement with a third party solar provider (***"Solar Provider"***) for the lease or purchase of power generated by a Solar Energy System to be installed on the Condominium Building and owned by the Solar Provider. A Unit Owner may also enter into a written agreement with a third party contractor (***"Solar Contractor"***) or otherwise obtain the services of a Solar Contractor for the installation, maintenance, operation, removal, replacement or other services performed in connection with a Solar Energy System. All provisions of this Neighborhood Declaration and all requirements of the Neighborhood Association pertaining to the Solar Energy Systems apply notwithstanding that the Solar Energy System may be owned by a Solar Provider, subject to a lease or power purchase agreement, or that certain services may be performed by a Solar Contractor. The Unit Owner served by and/or benefitted by the Solar Energy System: (a) is responsible for ensuring that any Solar Provider and/or Solar Contractor complies with requirements applicable to the Solar Energy System; (b) is responsible for any damage to the Neighborhood Property, Exclusive Use Areas, or Units resulting from the installation, maintenance, repair, removal or replacement of the Solar Energy System, including (without limitation) services performed by the Solar Provider or Solar Contractor on Owner's behalf; and (c) shall reimburse the Neighborhood Association for any costs incurred by the Neighborhood Association in conjunction with damage resulting from the installation, maintenance, repair, removal or replacement of Owner's Solar Energy System.

2.29.3. **Entry Upon Condominium Building Roof**. No entry upon the Condominium Building roof (including, but not limited to roof entry that may be associated with the inspection, installation, maintenance, repair, removal or replacement of any components of a Solar Energy System) may be undertaken by any Owner, Solar Provider, Solar Contractor or other Person without first: (a) obtaining the Neighborhood Association's prior written approval and (b) complying with the other applicable requirements of this Neighborhood Declaration, of the Rules and Regulations, of other Governing Documents, and of applicable laws. Any Solar Contractor or other Person who enters upon the Condominium Building roof in connection with an Energy System must hold a current license issued by the California Contractor's State License Board (if applicable to the work being performed) and be knowledgeable in the installation of residential roof-top Solar Energy Systems.

2.29.4. **Installation, Maintenance and Operation**. An Owner is solely responsible for costs associated with the installation, reinstallation, maintenance, operation, removal (including removal and reinstallation for roof repair and replacement) or disposal of any Solar Energy System that serves and/or benefits such Owner's Unit. The Neighborhood Association shall have no responsibility or liability for the performance or costs of the installation, reinstallation, maintenance, operation, removal (including removal and reinstallation for roof repair or replacement) or disposal of any Solar Energy Systems, except to the extent that the Neighborhood Association is required to perform such work by the express provisions of this Neighborhood Declaration, a Supplemental Neighborhood Declaration, any amendment

thereto, or by written agreement of the Neighborhood Association. A Unit Owner is responsible to have any non-operational Solar Energy System removed unless Owner is actively pursuing maintenance and/or repair necessary to make such Solar Energy System operational. If a Unit Owner fails to remove a non-operational Solar Energy System after Notice and Hearing, the Neighborhood Association my elect to remove the same, restore the affected roof area, and levy a Special Assessment against the Unit Owner to reimburse the Neighborhood Association of all its incurred costs.

2.29.5. **Removal and Replacement of Systems For Roof Work**. If any component of a Solar Energy System that serves and/or benefits Owner's Unit must be removed in connection with the Neighborhood Association's maintenance, repair or replacement of the Condominium Building roof or any other Neighborhood Property, then the Unit Owner served and/or benefitted by the Solar Energy System shall be responsible for the costs and performance of removal, any storage, and reinstallation of the Solar Energy System components that serve and/or benefit Owner's Unit. The Neighborhood Association's prior written approval for roof entry is required in accordance with Section 2.29.3. If Owner fails to have the Solar Energy System components removed within the time requested by the Neighborhood Association, the Neighborhood Association may elect to remove, store and reinstall the Solar Energy System components, and levy a Special Assessment against the Unit Owner to reimburse the Neighborhood Association for all its incurred costs.

2.29.6. **Insurance and Indemnification**. Each Owner whose Unit is served and/or benefitted by a Solar Energy System must maintain a comprehensive liability insurance policy insuring against injury or damage resulting from any act or omission related to the installation, maintenance, operation, storage and removal of the Solar Energy System owned by the Unit Owner and/or serving Owner's Unit, in an amount not less than $300,000.00 or a greater amount that may be required by the Neighborhood Association under its Rules and Regulations. The policy must name the Neighborhood Association as a named additional insured, and a certificate from the insurer describing the insurance coverage must be provided by the Owner to the Neighborhood Association, in compliance with the Rules and Regulations. Additionally, the Unit Owner shall be responsible to defend and indemnify the Neighborhood Association from any loss or damage caused to the Neighborhood Association and arising from the installation, use, maintenance or removal of any components of the Solar Energy System.

2.29.7. **Rules and Regulations; Modification of Restrictions**. In addition to the restrictions, rights and obligations set forth in this Neighborhood Declaration pertaining to Solar Energy Systems, the Neighborhood Association Board has the right, under its powers described in this Neighborhood Declaration, in California Civil Code Section 4746 and in other laws, to establish additional reasonable Rules and Regulations concerning solar energy issues, including (without limitation) the granting of use easements over any portion of the Neighborhood Property for Solar Energy System purposes, the installation of Solar Energy Systems, the qualifications of Solar Contractors and Solar Providers, and the terms of agreements with Solar Providers and Solar Contractors for the installation, maintenance and operation of Solar Energy Systems. Further, Neighborhood Builder's unilateral right described in this Neighborhood Declaration to amend this Neighborhood Declaration shall include the right to amend or supplement any solar-related restrictions, rights and obligations in this Neighborhood Declaration for the purpose of adapting the application of such provisions to the different characteristics and technology of Solar Energy Systems that may be installed in the future, provided that any such amendment or supplement does not unilaterally modify the existing provisions applicable to existing-technology Solar Energy Systems.

2.29.8. **Impact of Neighboring Properties**. California law, including the Solar Shade Control Act, may in some instances restrict a property owner's and unfettered enjoyment of their property if it conflicts with the solar energy needs of adjoining property, including the location and height of Owner-installed or –placed trees, landscaping or other Improvements on the Owner's property. However, nothing in the law or the Governing Documents guarantees any Owner the absolute right to operate a Solar Energy System entirely free of interfering shade from pre-existing vegetation and structures on neighboring property or Neighborhood Property, and Neighborhood Builder makes no such warranty that any Solar Energy System will remain unaffected by shade caused by pre-existing vegetation or other Improvements, or the activities of neighboring Owners or the Neighborhood Association, including the growth of landscaping and the height of Improvements in the Exclusive Use Areas, Neighborhood Property or public property.

2.30. **RIGHTS OF DISABLED**. Subject to Article 5, each Owner may modify such Owner's Unit and the route over the Neighborhood Property leading to the front door of the Owner's Unit, at the Owner's sole expense to facilitate access to the Unit by persons who are blind, visually impaired, deaf or physically disabled, or to alter conditions which could be hazardous to such persons, in accordance with California Civil Code Section 4760 or any other applicable law.

2.31. **TEMPORARY BUILDINGS; TEMPORARY DWELLINGS**. No tent, shack, shed, trailer, mobile home, modular building, storage building, shipping or storage container or similar movable building or shelter may be placed on any portion of the Neighborhood either temporarily or permanently. No automobile, trailer, mobile home, camper, motor home, recreational vehicle or other vehicle may be used as a dwelling in any portion of the Neighborhood, either temporarily or permanently.

2.32. **PROHIBITED RESIDENTIAL USES**. No Neighborhood Property (including the Parking Garage), carport, trailer, camper, motor home, recreational vehicle or other vehicle may be used as a residence in the Neighborhood, either temporarily or permanently.

2.33. **NEIGHBORHOOD PROPERTY**. The Neighborhood Property may not be altered without the Board's prior written consent.

2.34. **MINERAL EXPLORATION AND EXTRACTION**. No oil drilling, oil, gas or mineral development operations, oil refining, geothermal exploration or development, quarrying or mining operations of any kind may be conducted on the Neighborhood, nor are oil wells, tanks, tunnels or mineral excavations or shafts permitted upon the surface of any Condominium or within five hundred (500) feet of the surface of the Neighborhood.

2.35. **POST-TENSION CONCRETE SLABS**. The structural concrete slab above the Parking Garage is reinforced with a grid of steel cables pulled tight to create extremely high tension. This type of slab is commonly known as a "Post-Tension Slab." Cutting into a Post-Tension Slab for any reason (for example, to install a floor safe, to remodel plumbing, etc.) is very hazardous and may result in serious damage to the Unit, Neighborhood Property, personal injury, or both. Owners shall not cut into or otherwise tamper with the Post-Tension Slab, permit or allow any other Person to cut into or tamper with the Post-Tension Slab, and shall disclose the existence of the Post-Tension Slab to any Person who rents, leases or purchases the Unit from Owner. Owner shall indemnify and hold Neighborhood Builder and Neighborhood Builder's agents, free and harmless from and against any and all claims, damages, losses or

other liability (including attorneys' fees and costs of court) arising from any breach of this covenant by Owner.

2.36. **EASEMENTS**. The ownership interests in the Units and Neighborhood Property are subject to the easements granted and reserved in this Neighborhood Declaration. Each of the easements reserved or granted herein shall be deemed to be established upon the Recordation of this Neighborhood Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Owners and their Units, the Neighborhood Association, the Neighborhood Property, the Neighborhood Builder, and the Owner thereof, and each of their respective properties, superior to all other encumbrances applied against or in favor of any portion of the Neighborhood. Individual grant deeds to Units and Neighborhood Property may, but shall not be required to, set forth the easements specified in this Article or elsewhere in this Neighborhood Declaration.

ARTICLE 3
DISCLOSURES

This Article discloses information obtained from third-party sources such as consultants, government and public records. No Person should rely on the ongoing accuracy or completeness of the information discussed in this Article because many of the matters discussed below are outside the control of Neighborhood Builder and the Neighborhood Association. Accordingly, Neighborhood Builder does not make any guarantee as to the accuracy or completeness of the matters disclosed below. Furthermore, Neighborhood Builder is under no obligation to update or revise any matter disclosed in this Article. This Article is intended to provide Owners with information known or provided to Neighborhood Builder as of the date this Neighborhood Declaration was Recorded, to be used as a starting point for further independent investigation. The disclosures made in this Neighborhood Declaration are in addition to, and not in lieu of, the disclosures made in the Master Declaration or the Master Governing Documents.

3.1. **NO REPRESENTATIONS OR WARRANTIES**. No representations or warranties, express or implied, have been given by Neighborhood Builder, the Neighborhood Association or their agents, in connection with the Neighborhood, its physical condition, zoning, compliance with law, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation of the Neighborhood as a condominium project, except as expressly provided in this Neighborhood Declaration, as submitted by Neighborhood Builder to DRE, or as provided by Neighborhood Builder to the first Owner of each Unit.

3.2. **ACCESS DURING SALES AND MARKETING**. During construction and marketing of the Neighborhood, the Neighborhood Builder will have the right to bring potential buyers through the common amenities of the Neighborhood, including model Units, Parking Garage, lobby, mail room, decks, stairways, elevators and elevator lobbies, storage rooms, utility rooms and hallways and other common spaces. Neighborhood Builder has also reserved the right to control the lobby entrances and access gates at the Parking Garage entrance during this period. During construction, Neighborhood Builder may leave the lobby entrances and Parking Garage access gate open during business hours to accommodate construction and marketing and may host marketing events on the Neighborhood Property and in the model Units. Neighborhood Builder may provide staff in the lobby or at the Parking Garage entrances to assist Neighborhood Builder's marketing and construction effort; these staff members are not Neighborhood Association employees, and they have no responsibility for ensuring the security

of Owners or their property. If staffing is provided by Neighborhood Builder, the schedule for commencing staffing operations and the hours of staffing will be subject to change as development progresses and will be affected by the construction and marketing access requirements of Neighborhood Builder. Neighborhood Builder has no obligation to provide security to Owners or to the Neighborhood Association.

3.3. **SECURITY AND PRIVACY DISCLAIMER**. Lobby entrances may be controlled by locked doors with key pads or card readers. Parking Garage entrances may be controlled by electric gates. Each of these measures may provide some limited control over entrance by non-residents into the Neighborhood. However, these measures are not intended to, nor will they, provide enhanced security or privacy. Each Owner remains responsible for ensuring his own security and the security of the Owner's Unit, vehicle and other personal property in the Unit and storage unit. Unit entry doors and storage unit doors must be kept locked, and lobby doors, elevator doors and entry gates must not be propped open. If gate codes, key fobs or security cards are issued, they must be retained by the Owner and not given to any non-resident. Neither Neighborhood Builder nor the Neighborhood Association has any obligation to provide security, privacy or safety for the Neighborhood or for residents of the Neighborhood, nor do they make any representations or warranties that any feature of the Neighborhood will improve security, privacy or safety. Neither the Neighborhood Association nor Neighborhood Builder shall be liable for (1) any unauthorized or criminal entry by third parties into the Neighborhood, or any Unit in the Neighborhood or any Improvements within the Neighborhood, (2) any damage or injury to Persons, or (3) any loss of property in and about the Neighborhood, any Unit within the Neighborhood or any Improvements within the Neighborhood, by or from any unauthorized or criminal acts of third parties, regardless of any action, inaction, failure, breakdown, malfunction or insufficiency of the security services and improvements provided by the Neighborhood Association or Neighborhood Builder.

3.4. **MUTUAL BENEFIT AGREEMENT**. The Neighborhood Association and the Master Association have or will enter into a Mutual Benefit Agreement that set forth the rights and responsibilities of the Neighborhood Association and the Master Association with respect to sharing the costs of maintenance, insurance and shared utilities for the Recreational Facilities located within the Neighborhood. The Mutual Benefit Agreement shall provide for (a) the operation and maintenance of the Recreational Facilities, (b) the allocation of expenses incurred in the operation and maintenance of the Recreational Facilities, (c) the establishment and granting of easements for access and use of the Recreational Facilities by members of the Neighborhood, (d) mutual restrictions on the use of the Recreational Facilities by the members and permittees of the Neighborhood Association and the Master Association, and (e) rights and remedies to cure any default under the Mutual Benefit Agreement. Owners will receive a copy of the Budget, which lists the costs that will be paid through the Mutual Benefit Agreement.

3.5. **RECREATIONAL FACILITIES**. As described in Section 3.4 above, the Recreational Facilities are open for use by the Owners in the Neighborhood and the Master Community and their guests and invitees. Residents of the Neighborhood may also notice noise, lights and glare, and other impacts and disturbances originating from the activities at the Recreational Facilities, and from landscaping and other maintenance activities in and around the Recreational Facilities at all hours of the day and evening. Owners of Units in the vicinity of the Recreational Facilities are deemed to have conducted their own independent evaluation of these impacts on their use and enjoyment of their Units, and by accepting a deed to such Unit are deemed to have accepted these impacts as normal and foreseeable incidents of the lawful use and operation of the Recreational Facilities.

3.6. **AFFORDABLE HOUSING ON YERBA BUENA ISLAND**. As required by the City and County of San Francisco, and TIDA acting through the Mayor's Office of Housing and Community Development, approximately fourteen (14) Residences in the Neighborhood are planned to be offered as "inclusionary housing" at below-market rates. Persons who qualify for inclusionary Residences will purchase their Residences subject to a recorded Declaration of Restrictions for Inclusionary Housing Below Market Rate Units and Option to Purchase Agreement (***"Restriction Agreement"***). The Restriction Agreement contains various resale, lease and occupancy restrictions, which restrictions will remain in effect in perpetuity, unless terminated sooner by the City. The City has the power to enforce the restrictions contained in the Restriction Agreement.

3.7. **TREASURE ISLAND MUTUAL BENEFIT AGREEMENT**. The Master Association is expected to enter into the Treasure Island Mutual Benefit Agreement with TREASURE ISLAND MAINTENANCE CORPORATION, a California nonprofit public benefit corporation which sets forth the rights and responsibilities of the Master Association and TIMC with respect to sharing the costs of maintenance, insurance and shared utilities for certain facilities located within Treasure Island and which are open to the use of all Owners in the Master Community, as further described therein (the ***"Shared TI Facilities"***). The Treasure Island Mutual Benefit Agreement would allocate to the Master Association a fair share of the operating costs of the Shared TI Facilities which are owned and operated by TIMC when such Shared TI Facilities are constructed. If the Treasure Island Mutual Benefit Agreement is executed, the Master Association's share of operating costs will be a Common Expense charged to the Owners in the Master Community as a component of Annual Assessments.

3.8. **NEIGHBORHOOD ASSOCIATION BUDGETS**. The initial Neighborhood Association Budget was reviewed by DRE, after preparation by an independent professional. The initial Budget includes information available at the date of preparation. Budgets will change from time to time due to changing maintenance requirements, geographic impacts that are not anticipated when the Budgets were prepared, state and/or local emergencies, quarantines, pandemics or epidemics, the demand by Owners for different, higher, or enhanced services or standards of maintenance and/or unforeseen or unanticipated circumstances. In addition, actual costs and reserves may vary from the standard costs and reserves reflected in DRE-reviewed Budgets (many of which costs and reserves are derived from regulatory sources); therefore, there is no representation that the initial Budget reflects the actual costs of operating the Neighborhood Association.

3.9. **SPECIAL DISTRICTS.** According to the Master Property Tax Disclosure Report dated as of October 20, 2021 and prepared by First American Professional Real Estate Services, Inc. (the "***Tax Disclosure Statement***"), all or a portion of the Neighborhood lies within the boundaries of the following special districts:

3.9.1. **Community Facilities Districts**. Community facilities districts are created by Local Governmental Agencies to finance public improvements and services when no other source of funds is available. Once formed and approved, the district will levy a special tax secured by a continuing lien against each lot or condominium in the district's boundaries. District charges will appear on each Owner's property tax bill. Such districts also have the power to sell municipal bonds to raise additional funds to finance the public improvements. Such districts have rights to accelerated foreclosure if assessments are delinquent for more than a specified amount of time. The amount of the special tax and any other information pertaining to any such district can be obtained from the City's Office of the Assessor-Recorder. The Neighborhood lies within the boundaries of the following community facilities districts:

(a) ***San Francisco Unified School District Community Facilities District No. 1990-1***. The San Francisco Unified School District Community Facilities District No. 1990-1 was formed to provide funding for the repair, restoration and replacement of facilities damaged by earthquake and upgrading of existing facilities that do not meet present earthquake and fire standards.

(b) ***City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Improvement Area No. 1***. All or a portion of the Neighborhood lies within the boundaries of Improvement Area No. 1 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island). This district was formed to provide funding for acquisition, construction and improvement of facilities including, but not limited to, highway ramps, roadway and traffic improvements, wastewater treatment facilities, water facilities, drainage improvements, streetscape and shoreline improvements, park improvements, ferry terminal improvements and community facilities including, but not limited to, police and fire stations, community center spaces and public recreational facilities. In addition, special taxes collected by the district will finance services which include, but are not limited to, the costs of operating and maintaining improvements constructed pursuant to the City's adopted "Treasure Island and Yerba Buena Island Parks and Open Space Plan." Additional information is available in recorded Notices of Special Tax Lien. Buyer should refer to the Tax Disclosure Statement and Notice of Special Tax Lien for additional information.

3.9.2. **Other Districts**. This Section is not intended to be an exhaustive list of districts that presently affect the Neighborhood. The Neighborhood may at present lie within other special tax districts, such as school districts, transit districts and restoration districts, or it may be annexed to other special tax districts from time to time in the future. Owners are advised to consult the County Assessor's office for further information.

3.10. **SUPPLEMENTAL REAL PROPERTY TAXES**. The County Assessor has the authority to reassess new Residences after the Close of Escrow based on the difference between its appraised value and the Residence's unimproved value for the period after escrow closes. The Assessor will issue a supplemental tax bill to Owners for the difference in the taxes due based upon the reassessment. The Neighborhood Builder has no control over the valuation, timing or the amount of the supplemental bill resulting from the reassessment. Owner is solely responsible for the payment of the supplemental tax bill.

The following notice is given pursuant to Section 1102.6c of the California Civil Code:

> **"California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes. The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector. If you have any question concerning this matter, please call your local Tax Collector's Office."**

Neither Neighborhood Builder nor any of its authorized agents, representatives, employees or sales people has made any representations or warranties regarding supplemental real property taxes.

3.11. **ELECTRIC POWER LINES, WIRELESS COMMUNICATIONS FACILITIES, AND HUMAN HEALTH**. Underground and overhead electric transmission and distribution lines and transformers (***"Power Lines"***) are located within or in the vicinity of all residential communities, including this Neighborhood. The Power Lines within and in the vicinity of the Neighborhood produce electric and magnetic fields (***"EMF"***). Antennas and other equipment for wireless telecommunications (for example, cellular phones) may also be located in or in the vicinity of the Neighborhood. Like all wireless communications facilities, these facilities produce radio-frequency fields (***"RF"***). Numerous studies concerning the effects of EMF and/or RF on human health have been undertaken over the past several years and some are ongoing. There are studies that have reported a possible relationship between EMF exposure and some health conditions, such as childhood leukemia, miscarriages, and certain neurological disorders, while other studies found no such relationship. Some studies have reported Neighborhood Association s between RF exposure and brain cancer, while other studies found no such relationship. Studies are ongoing. Additional information about EMF and RF is available from the following agencies:

3.11.1. the World Health Organization's International EMF Project website at www.who.int/peh-emf/project/en/;

3.11.2. the U.S. National Institute of Environmental Health Sciences website at http://www.niehs.nih.gov/health/topics/agents/emf/index.cfm;

3.11.3. the CDC website at https://www.cdc.gov/niosh/topics/emf/;

3.11.4. The California Public Utilities Commission EMF page at http://www.cpuc.ca.gov/Environment/emf/emfopen.htm;

3.11.5. Southern California Edison website at https://www.sce.com/safety/family/environmental-health; and

3.11.6. San Diego Gas & Electric website at https://www.sdge.com/emf/.

This list is not meant to be all inclusive.

3.12. **UTILITY IMPROVEMENTS**. There may be above-ground and subterranean utility Improvements such as transformers, lift stations, water or sewer facilities, telecommunications vaults and other visible Improvements necessary for the delivery of utilities or other services either on or adjacent to each Unit. The placement of such Improvements is dictated by the needs of the applicable utility or service provider, and the presence of such Improvements in the Neighborhood is in accordance with easements created prior to or during the development of the Neighborhood. Each Unit and portions of the Neighborhood Property are subject to one or more such easements for placement of utility Improvements. No Owner may modify, remove or otherwise interfere with utility Improvements on any Unit or other portion of the Neighborhood.

3.13. **URBAN ENVIRONMENT**. Living in an attached Condominium Building within a densely populated Neighborhood entails living in very close proximity to other persons and

businesses, with attendant limitations on solitude. Owners will hear noise from adjacent Units within the Neighborhood, including noise from showers, bathtubs, sinks, toilets or other sources of running water. Also, Owners may hear noise from items such as vacuum cleaners, stereos or televisions, or from people running, walking or exercising. Finally, Owners can expect to hear noise from adjacent residential and commercial areas. Owners may also notice light entering the Units from street lights and area lighting fixtures located in close proximity to the windows and doors of the Units.

3.14. **SOUND ATTENUATION**. Pursuant to an acoustical analysis conducted for the Neighborhood, certain Units may be constructed with sound attenuation measures, which may include noise mitigating construction features in certain windows, doors, exterior walls, roofs, and ventilation arrangements for habitable rooms so that exterior doors and windows can be kept closed when the room is in use. Owners shall not alter or modify any sound attenuation measures and Owners acknowledge that the indoor sound attenuation measures will only work as intended if the exterior windows and doors remain closed. Owners further acknowledge that individuals have varying sensitivities to noise, and the sound attenuation measures installed by Neighborhood Builder may not reduce noise to a level that will satisfy every expectation.

3.15. **WATERING RESTRICTIONS**. Drought conditions may cause municipalities and other water service providers to enact voluntary or mandatory cut-backs, prohibitions, or other restrictions on water usage, including limits on watering hours and duration, outright prohibition of landscape watering, irrigation system design requirements, and restrictions on certain plant species. Water usage related restrictions may also prevent Owners from installing or using water to fill or run a spa, water fountain, or other water feature. Water usage related restrictions may be temporary or permanent and may cause landscaping at Owner's Lot and in the Neighborhood to dry out and die. Dead or dried out landscaping may need to be removed if it becomes a fire hazard.

3.16. **RECLAIMED WATER**. In its efforts to conserve water, the local water district (***"Water District"***) may require the use of reclaimed water to irrigate parks, school yards, golf courses, greenbelt areas and other large landscaped areas. Reclaimed water is partially treated waste water. It is not treated to be suitable for consumption by humans or domestic animals.

Neighborhood Builder has installed in parts of the Neighborhood Property irrigation equipment that is designated for reclaimed water service. Such equipment is purple in color for ready identification. The Water District may extend reclaimed water service to the Neighborhood. There is no fixed date for the commencement of reclaimed water service, but all Persons in the Neighborhood should always assume that water originating from purple irrigation equipment is reclaimed, and therefore never suitable for human or domestic animal consumption. There is no way to reliably tell the difference between potable water and reclaimed water without a chemical test. The water delivered to the Residence will at all times be domestic potable water.

As with any water overspray, the repeated spray of reclaimed water used in irrigation may stain or discolor personal property, fences, walls and other Improvements. Neither Neighborhood Builder, nor the Neighborhood Association nor their officers, directors, employees or agents are liable for any property damage or personal injury caused by reclaimed water. Further information concerning reclaimed water is available at the Water District's headquarters.

3.17. **MOLD**. Molds are simple, microscopic organisms, present virtually everywhere, indoors and outdoors. Mold can be any color, but is usually green, gray, brown or black. Mold requires a food source (such as paper, wood, leaves or dirt), a source of moisture and a suitable temperature (generally 40-100 degrees Fahrenheit) to grow.

Individuals are exposed to molds on a daily basis, and in most instances there are no harmful effects. However, the buildup of molds in the indoor environment may contribute to serious health problems for some individuals. Due to a variety of factors, including the fact that sensitivities to various types of molds and other potential contaminants vary from person to person, there are currently no state or federal standards concerning acceptable levels of exposure to mold. Sources of indoor moisture that may lead to mold problems include, but are not limited to flooding, leaks, seepage, sprinkler spray hitting the Residence, overflow from sinks or sewers, damp basement or crawl space, steam from shower or cooking, humidifiers, wet clothes drying indoors, watering house plants, and clothes dryers exhausting indoors.

Each Owner should take precautions to prevent the growth of mold in the Unit from these and other sources. Preventative measures include, but are not limited to the following: (1) regularly cleaning the Unit; (2) regularly checking for accumulated moisture in corners and unventilated areas; (3) running fans, dehumidifiers and air conditioners to reduce indoor humidity; (4) stopping the source of any leak or flooding; (5) removing excess water with mops or a wet vacuum; (6) moving wet items to a dry, well-ventilated area; (7) regularly cleaning and disinfecting indoor and outdoor surfaces that may contain mold; (8) having major appliances, such as furnaces, heat pumps, central air conditioners, ventilation systems and furnace-attached humidifiers inspected, cleaned and serviced regularly by a qualified professional; (9) cleaning the refrigerator, air conditioner and dehumidifier drip pans and filters regularly and ensuring that refrigerator and freezer doors seal properly; and (10) avoiding over-watering of landscaping.

It is the Owner's responsibility to monitor the Residence on a continual basis for excessive moisture, water and mold accumulation. For additional information regarding mold, please refer to the following websites: California Department of Public Health – http://www.cdph.ca.gov; Centers for Disease Control and Prevention – http://www.cdc.gov/nceh; U.S. Environmental Protection Agency – http://www.epa.gov; Illinois Department of Public Health – http://www.idph.state.il.us; and Washington State Department of Health – http://www.doh.wa.gov.

3.18. **AIR QUALITY**. California is subject to Stage I smog alerts. Owners should take advantage of the Air Quality Management District's (***"A.Q.M.D."***) forecasts to plan outdoor activities to avoid peak pollution by checking your television, radio or daily newspapers to find out if unhealthful air quality is expected. For more information, Owners can also call A.Q.M.D. at 1-800-CUT-SMOG (1-800-288-7664) or check their website at www.aqmd.gov. By acceptance of a deed to a Lot, Owners, (for and on such Owners' behalf, and the members of such Owner's family, tenants, lessees, guests and invitees) expressly acknowledge and accept the existing and possible future impacts of smog on Owners and such Owners' family and forever waive any and all causes of actions against the Neighborhood Builder and their respective directors, officers, employees, agents, representatives and consultants for any damages or injuries which may arise from or relate to any such conditions or risks.

3.19. **WIND**. All of California is subject to periods of high winds. Wind speeds in the Neighborhood may exceed that experienced in other areas of the surrounding region. Owners must ensure that any Improvements an Owner installs on a Unit are constructed or designed to

withstand winds. Owners are advised to consult with experienced architects and engineers in the design and specification of any Improvements that an Owner plans to add.

3.20. **SOIL CONDITIONS**. For in-depth information regarding the geotechnical aspects of the Neighborhood and Master Community, Owners should review the "ENGEO, 2015a. Design Geotechnical Report, Treasure Island Major Phase 1, Sub-Phases 1YA, 1YB, Yerba Buena Island Infrastructure Improvements, San Francisco, California, Project No. 7091.000.00," dated September 8, 2015, "ENGEO, 2017. Supplemental Geotechnical Exploration, Yerba Buena Island Parcels 1Y, 2Y, 3Y, and 4Y, San Francisco, California, Project No. 7091.000.100," dated August 17, 2018, and "Supplemental Geotechnical Report Data," dated August 27, 2019, all prepared by Engeo Incorporated (collectively, the ***"Soils Report"***). A copy of the Soils Report is available for viewing at the City. The Neighborhood Association and Owners should consider the following information and recommendations before making or modifying any permitted Improvements:

3.20.1. **Perimeter Slopes**. According to the Soils Report, the steep perimeter slopes at Yerba Buena Island appear to be the result of a combination of windblown sand deposits, wave erosion and mass wasting, including landslides, slope creep, surficial erosion and manmade slope cuts/fills. Along the western and southern perimeter of the island, the lower slopes are steep, wave-cut bluffs exposing bedrock. The highest steep perimeter slopes occur below Macalla Road, where a 1.5:1 (horizontal: vertical) slope as high as 240 feet has been eroded into deep deposits of windblown sand, colluvium and landslide debris. Existing improvements such as roadways and retaining walls around the island perimeter have been damaged by slope movements several times since the late 1940s. According to the Soils Report, improvements situated near steep perimeter slopes will be subject to lateral slope deformations in the event of strong seismic ground shaking.

3.20.2. **Liquefaction Potential; Sandy Soil**. According to the Soils Report, soil liquefaction results from loss of strength during cyclic loading, such as imposed by earthquakes. Soils most susceptible to liquefaction are clean, loose, saturated, uniformly graded, fine-graded sands. Empirical evidence indicates that loose to medium dense gravels, silty sands, low-plasticity silts, and some low-plasticity clays are also potentially liquefiable. Loose sands are present in the near subsurface across much of the development area. According to the Soils Report, based on the lack of saturation of the loose sand deposits, the risk of liquefaction is considered low where Neighborhood and Master Community improvements are proposed. Liquefaction could potentially occur in loose beach sands near sea level around the island perimeter.

3.20.3. **Erodibility of Graded Slopes**. According to the Soils Report, it appears that much of the excavated material used to construct slopes will consist of fine silty sand that will be highly erodible until vegetative cover is established.

3.20.4. **Expansive Soil**. The soil in the Neighborhood and Master Community may be composed of materials that have "expansive" characteristics. The Neighborhood Association should perform soils testing, use special construction techniques and take precautions when constructing new permitted Improvements or modifying existing Improvements because the soil expands when it is wet and contracts when it gets dry and can cause Improvements to heave and/or settle and crack.

3.20.5. **Concrete and Masonry Improvements**. Special attention is required in designing and constructing concrete and masonry Improvements such as masonry walls and

planters, concrete slabs, patios, sidewalks, spas and decking. For example, steel reinforcing bars may be required in lieu of steel mesh in concrete patio slab. Block walls may require extra horizontal and vertical steel reinforcing bars. Spas located at or near the top or bottom of a slope or on expansive soils may require special design and construction methodology.

3.20.6. **Drainage and Irrigation**. The Neighborhood Association must use adequate drainage and irrigation control. Drainage devices installed in the Neighborhood by Master Declarant or Neighborhood Builder should not be altered in any manner that will redirect or obstruct drainage through these devices. The construction or modification of Improvements should not result in ponding of water. Drainage devices, including, concrete ditches, area drain lines and gutters should be carefully designed and installed with professional assistance and then maintained in an unobstructed condition. The landscape irrigation system should be designed, constructed, and operated to prevent excessive saturation of soils. Water must drain away from building footings and other Improvements. Obstructions such as walls shall not be constructed across swales unless adequate replacement drainage Improvements have been installed or created. Planters should be lined with an impervious surface and should contain outlets to drain excess water. The Neighborhood Association shall maintain and keep clear of debris any drainage or facility or device constructed by Master Declarant and Neighborhood Builder.

3.20.7. **Fill Soil**. All or certain portions of the Neighborhood may be constructed on fill soil in accordance with the recommendations and inspection of licensed civil and soils engineers. Buildings constructed on fill soil will demonstrate some post-placement settlement. A soils report certifying the compaction of fill soil is available for review at the City. According to the Soils Report, areas of artificial fill were created by grading associated with past development activities on Yerba Buena Island.

3.20.8. **Slope Creep**. While horizontal and vertical movement of earth at or near tops or bottom of slopes (often described as "slope creep") is generally minor in nature and does not always occur, it may affect Improvements such as pools, spas, patios, walls, slabs, planters, decking and the like. Slope creep can cause pools, spas and walls to tilt and crack and may cause cracking or lifting in brickwork, concrete walls or other Improvements in a manner that will allow these Improvements to function yet not meet an individual's cosmetic expectations. Professional soils and structural engineers should be retained to design and construct such Improvements to mitigate the effects of slope creep and to ensure compliance with special rules for such Improvements that are required under the applicable Building Code or other applicable regulations. If possible, Improvements should not be constructed within ten (10) feet of the edge, top or bottom of a slope. Even with professional assistance, minor lifting and cracking can occur.

3.20.9. **Corrosive Soil**. According to the Soils Report, soils in the Neighborhood and/or overall Master Community are corrosive to metal and reinforced concrete structures. Corrosive soil may corrode buried metal Improvements. The Neighborhood Association should advise their consultants that below-ground Improvements must be constructed of materials that are compatible with corrosive soils.

3.20.10. **Interior Gases and Other Contaminants**. The aging process of soil and natural soil elements, as well as the aging of man-made building materials, may create unwanted and undesired gases and other contaminants in Residences, both new and previously occupied. In addition, a lower rate of air exchange between outdoor and indoor environments has resulted from modern construction techniques, which comply with energy conservation

requirements enacted by the State of California. A lower air exchange rate can result in the build-up of unwanted gases and other contaminants in varying degrees. As the quality of the air we breathe can affect our health, Owners should frequently air out the Residence by opening the windows.

3.21. **NATURAL HAZARD ZONE DISCLOSURES**. According to the Natural Hazard Disclosure Statement dated as of March 26, 2021 and prepared by First American Natural Hazard Disclosures (the "***Natural Hazard Disclosure Statement***"), all or a portion of the Neighborhood and/or overall Master Community lies within the mapped boundaries of the following natural hazard zones:

3.21.1. **Special Flood Hazard Area**. The Federal Emergency Management Agency (***"FEMA"***) is required by federal law to compile "Flood Insurance Rate Maps" (***"FIRM"***) identifying areas of potential flooding, known as Special Flood Hazard Areas. If a property is located in a Special Flood Hazard Area, the cost and availability of flood insurance may be affected. On March 23, 2021, FEMA finalized a FIRM for the City and County of San Francisco in accordance with the National Flood Insurance Program (the ***"NFIP"***). The NFIP enables property owners and others in participating communities to purchase flood insurance backed by the federal government. The San Francisco Board of Supervisors adopted a floodplain management ordinance for construction and rehabilitation in flood prone areas in order to minimize flood hazard risks and to authorize the City's participation in the NFIP. As stated above, FIRMs identify Special Flood Hazard Areas, which are areas that are subject to inundation during a flood having a 1% chance of occurrence in a given year (also known as a "base flood" or "100-year flood"). To prepare the FIRM for San Francisco, FEMA performed detailed coastal engineering analyses and identified a number of zones based on the flood risk. The City's floodplain management ordinance requires application of specific construction standards for buildings in specified zones.

The federal legislation and regulations implementing the NFIP are located at 42 U.S.C. §§ 4001 et seq.; 44 C.F.R. Parts 59-78, §§ 59.1-78.14. FEMA also publishes "Answers to Questions About the NFIP" and FEMA Publication 186 entitled "Mandatory Purchase of Flood Insurance Guidelines." Additional information on this matter can be found on the City's and FEMA's websites at the following links, as well as by contacting FEMA at (510) 627-7266:

- https://onesanfrancisco.org/san-francisco-floodplain-management-program
- https://www.fema.gov/flood-maps
- https://www.fema.gov/flood-insurance

According to the Natural Hazard Disclosure Statement, while the Community is not located with a Special Flood Hazard Areas, the Community is located within Flood Zone "X," which means an area outside of the "500" year flood risk level. Flood maps are updated periodically, and Declarant makes no representations, guarantees or warranties concerning any future flood zone determinations. Owners are advised that real property may sustain flood damage even if FEMA states that the property lies outside a designated Special Flood Hazard Area.

3.21.2. **Earthquakes**. The Natural Hazard Disclosure Statement does not identify any Earthquake Fault Zones affecting the Neighborhood. However, California is subject to a wide range of earthquake activity. The Soils Report (described above) indicates that the

San Francisco Bay Area is a seismically active region and Yerba Buena Island is expected to experience periodic minor earthquakes and probably a major earthquake on one of the nearby active faults. The major active faults in the area are the San Andreas and Hayward faults. California has many known earthquake faults as well as yet-undiscovered faults. As earthquake faults are discovered and characterized, the state creates maps defining property affected by the fault as an Earthquake Fault Zone, as defined in California Public Resources Code Section 2621.9. Owners must evaluate the potential for future seismic activity that might seriously damage an Owner's Residence A major earthquake, which some have predicted will occur in our lifetimes, could cause very serious damage to Residences, even those located even many miles from the epicenter of the earthquake. A more moderate earthquake occurring on a more minor fault, or on an undiscovered fault, could also cause substantial damage.

Neighborhood Builder makes no representations or warranties as to the degree of earthquake risk within the Neighborhood. All Owners should read "The Homeowner's Guide to Earthquake Safety," which is published by the California Seismic Safety Commission and is available from their offices or by free download from their website at https://ssc.ca.gov/ and consult with the County, other public agencies, and appropriate experts to evaluate the potential risk.

3.21.3. **Seismic Hazard Zone.** Many portions of California are subject to risks associated with seismic activity. Areas that meet the definition of "Seismic Hazard Zone" in the Seismic Hazards Mapping Act (California Public Resources Code Section 2690, *et seq.*) are shown on maps that are prepared and released by the California Department of Conservation, Division of Mines and Geology. Such zones may pose an increased risk of damage to property from liquefaction and/or from earthquake-induced landsliding.

According to the Natural Hazard Disclosure Statement, all or a portion of the Neighborhood and/or overall Master Community is located within a Seismic Hazard Zone.

(a) ***Area of Earthquake-Induced Landsliding***. According to the Natural Hazard Disclosure Statement, all or a portion of the Neighborhood and/or overall Master Community is located within a Seismic Hazard Zone known as an area of earthquake-induced landsliding, as shown on an official Seismic Hazard Zone map which is currently available from the California Geological Survey pursuant to the Seismic Hazards Mapping Act (California Public Resources Code §2690 *et seq.*). Areas of earthquake-induced landsliding are areas where the potential for earthquake-induced landslides is relatively high. Areas most susceptible to these landslides are steep slopes in poorly cemented or highly fractured rocks, areas underlain by loose, weak soils, and areas on or adjacent to existing landslide deposits. According to the Natural Hazard Disclosure Statement, the Seismic Hazard Zone maps do not capture all potential earthquake-induced landslide hazards and earthquake-induced ground failures are not addressed by such maps. Furthermore, no effort has been made to map potential run-out areas of triggered landslides. It is possible that such run-out areas may extend beyond the zone boundaries. Neighborhood Builder makes no representations, guarantees or warranties with respect to information disclosed in the Seismic Hazard Zone map or with respect to the likelihood or significance of an earthquake occurring in the Neighborhood. Owners are advised to consult with the City, County, other public agencies, and appropriate experts to evaluate the potential risk. For more information concerning seismic activity and risks, read "The Homeowner's Guide to Earthquake Safety."

3.21.4. ***City and County-Designated Zone Determinations.*** California law allows cities and counties to establish policies and criteria stricter than those set by the State

respecting, but not limited to, the permitting and development of properties found to be in or affected by the certain natural hazards. This information may be used by the local jurisdiction relative to making decisions regarding new development or additional construction. The agencies and jurisdictions which develop the official maps do not necessarily define or delineate hazards in the same way. A site can be in a hazard zone from one source and not in a hazard zone from another source. Properties that are in a mapped geologic hazard zone may require a geologic study prior to any new or additional construction. According to the Natural Hazard Disclosure Statement, the Neighborhood and/or overall Master Community lies within the following:

(a) ***Ground Shaking Hayward.*** In an area assigned a Shaking Severity Level of Strong in the event of a Magnitude 6.5 Earthquake on the Northern Hayward Fault.

(b) ***Ground Shaking San Andreas.*** In an area assigned a Shaking Severity Level of Strong in the event of a Magnitude 7.2 Earthquake on the Peninsula-Golden Gate San Andreas Fault.

3.22. **COMMERCIAL/INDUSTRIAL ZONE DISCLOSURE**. According to the Natural Hazard Disclosure Statement described above, the Neighborhood is located within one (1) mile of a property that is zoned by the City to allow commercial or industrial use. California Code of Civil Procedure Section 731a currently provides that, except in an action to abate a public nuisance brought in the name of the people of the State of California, no Person shall be enjoined or restrained by the injunctive process from the reasonable and necessary operation in any industrial or commercial zone or airport of any use expressly permitted therein, nor shall such use be deemed a nuisance without evidence of the employment of unnecessary and injurious methods of operation, provided any city, city and county, or county shall have established zones or districts under authority of law wherein certain manufacturing or commercial or airport uses are expressly permitted. Accordingly, Neighborhood Builder discloses that the Neighborhood is located within one mile of a property that is zoned by the City to allow commercial or industrial use.

3.23. **ENERGY EFFICIENCY STANDARDS AND DUCT SEALING REQUIREMENTS**. According to the Natural Hazard Disclosure Statement, based on climate zone maps issued by the California Energy Commission, the Neighborhood is located in a designated climate zone in which properties are subject to duct sealing and testing requirements set forth by the California Energy Commission. According to the California Energy Commission, certain duct sealing requirements apply when any of the following Improvements are replaced on a home: the air handler, the outdoor condensing unit of a split system air conditioner or heat pump, the cooling or heating coil or the furnace heat changer. Please refer to the Natural Hazard Disclosure Statement for more information regarding energy efficiency standards and duct sealing requirements applicable to the Residences in the Neighborhood.

3.24. **GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINE NOTICE**. This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (***"NPMS"***) Internet Web site maintained by the United States Department of Transportation at http://www.npms.phmsa.dot.gov/. To seek further information about possible transmission pipelines near the property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by Zip Code and county on the NPMS Internet Web site. Gas and hazardous liquid pipelines of any size pose a

potential risk to life, property and the environment if damaged or punctured. In addition, precise locations of larger gas transmission pipelines are restricted by Federal Homeland Security policies. Additional information relating to other types and sizes of pipelines and other underground utility infrastructures may be available from local pipeline operators such as:

- PG&E: http://www.pge.com/pipelineplanning/;

- Sacramento Municipal Utilities District: https://www.smud.org/en/residential/education-safety/natural-gas-pipelines/natural-gas-pipeline-map.htm; and

- Southern California Gas: http://www.socalgas.com/safety/pipeline-maps/.

Owners may want to contact your local utility provider if they are not listed above.

Owners should also review Owner's Preliminary Title Report for pipelines right-of-way (easements) and further investigate information about pipelines by contacting the owner or operator responsible for the pipelines, consider what factors, if any, are associated with the property's proximity to pipelines, and determine whether the information you receive is acceptable before you purchase. No excavation work should be done before contacting the One-Call Center (811).

3.25. **GENERAL PLAN HAZARD INFORMATION**. According to the Natural Hazard Disclosure Statement, the following natural hazards are discussed at length, but not mapped in the County (and City) General Plan.

3.25.1. **Sea-Level Rise.** Using multiple emissions scenarios, and given current emissions trends and best available projections, the San Francisco Bay Conservation and Development Commission has published sea level rise maps that currently assume 12-18 inches of sea level rise within the San Francisco Bay by 2050 and 21-55 inches of sea level rise by 2100. These projections are likely to change over time as climate science progresses. Perhaps the most obvious and widespread consequence of sea level rise is inundation and flooding of land. Sea level rise will not only cause permanent land inundation, it will increase and expand the 100-year floodplain. Thus, the number of residents at risk would increase during storm events. Land composed of bayfront fill is at risk for inundation because of low elevation and subsidence over time due to compaction from buildings and soil desiccation. Additionally, sea walls located in San Francisco along the Embarcadero and along the Great Highway may be at risk for overtopping and inundation.

3.26. **FORMER MILITARY BASE, ENVIRONMENTAL CONDITIONS AND RESTRICTIONS**. As described above, the Neighborhood and Master Community are located on the site of former Naval Station Treasure Island. As a former military base, Naval Station Treasure Island was required to undergo an environmental clearance process prior to transfer from ownership by the Navy to the Treasure Island Development Authority and the ultimately the TICD and its affiliates. This environmental clean-up process, which is governed by federal law, is being conducted by the Navy and overseen by the Department of Toxic Substances Control (DTSC) and the Regional Water Quality Control Board – Bay Area (RWQCB), in consultation with other state public health agencies including California Department of Public Health (CDPH) and Cal-EPA (EPA). The Navy is required to locate areas potentially affected by contaminants, investigate the nature and extent of these contaminants and remediate the land to mitigate/eliminate identified risk to human health and the environment. The Navy does this on a phased basis for one or more "sites" per phase. After completion of each phase, the Navy

in consultation with the applicable regulator determines whether a particular development site is suitable for transfer and issues a Finding of Suitability to Transfer (***"FOST"***) which describes the applicable environmental notifications and land use restrictions (if any). Copies of the FOST(s) for the Neighborhood and Master Community will be available at the City. After transfer to TICD, a Soil and Groundwater Management Plan was prepared and approved by the DTSC and RWQCB to manage any known or unknown contamination that may be encountered during development activities. This document is also available at the City. The Soil and Groundwater Management Plan is periodically updated as the Navy transfers additional land.

3.26.1. **Transfer of Property**. The U.S. Navy transferred property (of which the Neighborhood and Master Community are a part) pursuant to that certain "Quitclaim Deed for the Initial Conveyance, Yerba Buena Island and Environmental Restriction Pursuant to Civil Code Section 1471," Recorded on May 29, 2015, as Instrument No. 2015-K068759-00 (the ***"Quitclaim Deed and Environmental Restriction"***). The Quitclaim Deed and Environmental Restriction contains certain notifications and restrictions regarding environmental conditions on the Neighborhood and Master Community which are binding on the Neighborhood Association, the Master Association, Owners, and their successors and assigns, and are deemed to run with the land in perpetuity. Certain notices, restrictions, and other provisions of the Quitclaim Deed and Environmental Restriction are described in this Section 3.26. However, this Section 3.26 is not intended to be an exhaustive description of the Quitclaim Deed and Environmental Restriction. Owners should review the Quitclaim Deed and Environmental Restriction for additional information. In the event of an inconsistency between this Section 3.26 and the terms of the Quitclaim Deed and Environmental Restriction, the Quitclaim Deed and Environmental Restriction shall control. In addition, an environmental assessment was conducted for the Community site (the ***"Site"***), as described in that certain "Phase I Environmental Site Assessment, Yerba Buena Island, Former Naval Station Treasure Island" dated March 26, 2018 and prepared by Terraphase Engineering Inc. (the ***"Phase I ESA"***). Furthermore, historical environmental conditions present at the time of transfer from the Navy prior to the Phase I ESA are provided in the "Soil and Groundwater Management Plan" dated July 20, 2016 and prepared by Terraphase Engineering Inc. (the ***"SGMP"***). The purpose of the Phase I ESA was to identify potential environmental contamination on the Site that has /has not already been identified during previous Navy investigations prior to transfer, as referenced in the SGMP. This Section 3.26 is intended to disclose certain information provided by the Quitclaim Deed and Environmental Restriction and Phase I ESA.

3.26.2. **Prior Use**. According to the Phase I ESA, the site comprising the overall Master Community includes former building footprints of residential housing units that were built as early as 1921.

3.26.3. **FOST; EBS**. The U.S. Navy determined that the Site was suitable for transfer pursuant to the Finding of Suitability to Transfer No. 2 dated March 22, 2006, and the Finding of Suitability to Transfer No. 3 dated January 3, 2012 (collectively, the ***"FOST"***), which reference an Environmental Baseline Survey (***"EBS"***). The environmental notifications and restrictions of the FOST and EBS are incorporated into the Quitclaim Deed and Environmental Restriction.

3.26.4. **CERCLA Notices; Environmental Remediation**. Pursuant to the Comprehensive Environmental Response, Compensation and Liability Act (***"CERCLA"***), the U.S. Navy provided: (a) available information regarding the type, quantity, and location of hazardous substances and the time at which substances were stored, released, or disposed of, and (b) a description of the remedial action taken on the Property, in Exhibit "B" to the Quitclaim

Deed and Environmental Restriction. As provided in Section II(D)(3) of the Quitclaim Deed and Environmental Restriction, the U.S. Navy warrants that all remedial action necessary to protect human health and the environment with respect to any hazardous substance identified pursuant to 120(h)(3)(A)(i)(I) of CERCLA remaining of the Site has been taken before the date of the Quitclaim Deed and Environmental Restriction, and any additional remedial action found to be necessary after the date of the Quitclaim Deed and Environmental Restriction shall be conducted by the United States.

3.26.5. **Access Rights of United States**. The United States reserved a perpetual and assignable easement and right of access on, over, and through the Master Community, to enter upon the Master Community for purposes of environmental remedial or corrective action, as described further in the Quitclaim Deed and Environmental Restriction.

3.26.6. **Lead Based Paint**. According to the Quitclaim Deed and Environmental Restriction, buildings previously constructed at the Site are presumed to contain lead-based paint because they were or are thought to have been constructed prior to 1978. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Beginning in June 2016, multiple buildings at the Site were abated for lead-based paint and asbestos prior to being demolished. Following demolition of buildings within the Site, soil sampling and excavation were conducted to remove lead exceeding the residential criterion, as well as organochlorine pesticides (OCPs) to meet specified screening levels. Certain buildings had lead concentrations detected in soil samples that exceeded the residential lead criterion and one building exceeded the OCP criteria. Samples were collected from September 2016 to February 2017 in order to confirm the extent of excavation required. Remedial excavations were subsequently conducted from July to August 2017 and all soil was disposed off-site at an appropriate disposal facility. In addition, a former building known as "Building 240" was demolished in April 2014 prior to transfer from the U.S. Navy. Inspection and testing confirmed the presence of lead-based paint in interior and exterior paint, as well as asbestos containing materials, which was abated and removed prior to demolition. Soil sampling and testing was conducted in 2018 in order to assess shallow soil concentrations of lead and OCPs in soil within and in proximity to the former building 240 areas. According to the "Revised Soil Sampling Results at Yerba Buena Island Former Building 240 Area, Former Naval Station Treasure Island, San Francisco, California" dated January 29, 2019 and prepared by Terraphase Engineering Inc., the area is considered protective of future residential site users in accordance with California Department of Toxic Substances Control (DTSC) Human and Ecological Risk Office guidance. The DTSC issued a letter dated January 28, 2019 concurring with the recommendation for "no further action" to address lead and OCP's associated with the former Building 240 dripline. Further, as of the date of recordation of this Neighborhood Declaration, the U.S. Navy issued a "Release of Lead Based Paint (LBP) Restrictions" with respect to that portion of the Site located on Lots 001 and 002 of Final Map No. 9856, Phase 1.

3.26.7. **Asbestos**. According to the Quitclaim Deed and Environmental Restriction, asbestos or asbestos containing materials have been found and are otherwise presumed to exist in buildings, structures and steam lines on Yerba Buena Island. Under the Quitclaim Deed, as existing building, structures, and steam lines are demolished, the asbestos-containing materials are required to be removed, the appropriate Federal, State or local regulatory agency(s) have certified in writing that the asbestos-containing materials have has been removed), and any necessary soil remediation has been conducted to the extent required by and in accordance with all applicable Federal, State, and local laws and regulations. As of the date of recordation of this Neighborhood Declaration, the U.S. Navy issued a "Release of

Asbestos Containing Materials (ACM) Restrictions" with respect to that portion of the Site located on Lots 001 and 002 of Final Map No. 9856, Phase 1.

3.26.8. **Pesticide Notification**. Pursuant to the Quitclaim Deed and Environmental Restrictions, Owners and the Neighborhood Association are hereby notified that the Master Community may contain pesticide residue from pesticides that have been applied in management of the Site. Additional information is set forth in Section G of the Quitclaim Deed and Environmental Restriction.

3.26.9. **Underground Storage Tanks**. Multiple inactive underground storage tanks (***"USTs"***) associated with former uses are located within and adjacent to the Community. All of these USTs have received regulatory closure (i.e., no further action [NFA] letters from the San Francisco Bay Regional Water Quality Control Board (***"Water Board"***) without land use controls. The only UST located on Yerba Buena Island with a post-closure (e.g., Water Board NFA) restriction is UST 66, which is a closed-in-place 2,000-gallon steel, diesel UST that is subject to earthwork restrictions due to residual petroleum left in place. UST 66 is located outside of the Master Community. Other inactive USTs within and adjacent to the Community include: (i) UST 62 – a closed-in-place 350-gallon fuel oil UST located adjacent to the Master Community; (ii) UST 240 – a 1,000 gallon UST that was used for home heating oil located in the area underlying the Master Community that was removed in 2019, and (iii) UST 111 – a closed-in-place 37,500-gallon concrete diesel UST located adjacent to the Master Community that was partially demolished and removed in 2018. This Section is not an exhaustive description of all USTs located on Yerba Buena Island.

3.26.10. **Inactive Fuel Pipeline Site**. A former fuel pipeline that was associated with USTs 66 and 111, as well as an above-ground storage tank intersects portions of the Master Community. Remedial activities were conducted by the Navy, including removing portions of the fuel line, closing-in-place portions of the fuel line, removal of the above-ground storage tank, closure-in-place of USTs 66 and 111, and remedial excavation of impacted soil. The fuel pipeline site received regulatory closure from the Water Board in 2004. A very small segment of the suspected fuel line and a segment of the closed-in-place fuel line is located within the Master Community.

3.26.11. **San Francisco Bay Pollutant Levels**. According to the Phase I ESA, various contaminants are transported into the San Francisco Bay (***"Bay"***) by an assortment of sources, including urban uses, industrial outfalls, municipal wastewater outfalls, municipal stormwater, upstream farming, upstream historical and current mining discharges, legacy pollutants, and various other pollutant sources. Water quality pollutants contained in the Bay at detectable levels include trace metals, pesticides, polychlorinated biphenyls (PCBs), polycyclic aromatic hydrocarbons (PAHs), algae blooms/low dissolved oxygen, and sediment contamination. Pollutant levels are variable seasonably and annual, dependent on their specific source and degradation characteristics. Some contaminants, such as ammonia, copper and legacy pesticides, have decreased over recent years due to cleanup efforts and natural attenuation. Other pollutants have been identified that are present at levels that impair beneficial use. These pollutants are subject to regulatory efforts to reduce their presence. Neighborhood Builder and the Neighborhood Association do not control the water quality of the Bay or any ongoing cleanup efforts. It is Owner's responsibility to research any matters of concern to Owner with applicable governmental agencies and other sources to Owner's satisfaction.

3.26.12. **Petroleum Contamination; Polychlorinated Biphenyls and Covenants to Restrict Use of Property Environmental Restriction**. Sections H, I and J of the Quitclaim Deed and Environmental Restriction contain notifications, restrictions and other information concerning residual petroleum contamination left in place, analytical results of polychlorinated biphenyls (PCBs) in concrete at levels that exceed Toxic Substances Control Act requirements, and land use controls imposed to prevent exposure to lead in soil. The foregoing provisions pertain to areas outside of the Master Community, but located on Yerba Buena Island. Owners should review the Quitclaim Deed and Environmental Restriction for additional information.

3.27. **ENVIRONMENTAL RISK AND ACCEPTANCE OF RISK**. Despite the assessment and soil remediation activities performed at the Master Community and Yerba Buena Island, as described above, there is always some degree of environmental risk associated with the redevelopment of properties containing hazardous materials and, although measures have been taken to assess and remediate the Master Community and Yerba Buena Island, hidden conditions could be present in the subsurface. Potential hidden conditions could include, without limitation, the existence of hazardous or other hydrocarbon substances or oil and gas substances, or the existence of methane gas or other gases, any or all of which may migrate toward the surface of the Master Community or areas in the vicinity of the Master Community. Neighborhood Builder cannot guarantee that the Neighborhood, overall Master Community or Yerba Buena Island is absent of any such chemicals or substances. By acceptance of a deed to a Condominium, each Owner acknowledges and accepts these existing and future impacts and forever waive any and all causes of actions against the Neighborhood Builder and its respective members, respective directors, officers, employees, agents, representatives and consultants for any damages or injuries which may arise from or relate to any such conditions or risks.

3.28. **RADON**. Radon is a colorless, odorless radioactive gas that is produced by the natural decay of uranium, which is found in nearly all soils. Because radon is a gas, it can seep from the ground into the air in a house through openings in the ground, and its presence increases the risk of lung cancer. The U.S. Environmental Protection Agency (the "***EPA***") and U.S. Geological Survey have produced a map that assigns one to three zone designations based on radon potential to each county. According to the EPA, each zone designation reflects the average short-term radon measurement that can be expected to be measured in a building without the implementation of radon control measures. This map is not meant to be used to determine whether a particular Residence should be tested for radon, but is used to assist various government agencies and organizations in focusing their radon program resources. Neighborhood Builder and the Neighborhood Association make no representations, warranties or guarantees as to the degree of radon risk within the Neighborhood. Although Neighborhood Builder has not been informed that the Neighborhood is located within a designated zone, Owners are advised to consult with the County or other public agencies and appropriate experts to evaluate the potential risk. Additional information may be found at https://www.epa.gov/radon.\

3.29. **TRANSPORTATION IMPLEMENTATION PLAN**. The Transportation Implementation Plan described a series of policies which are collectively intended to incentivize the use of public transit and dis-incentivize use of private vehicles for access to and from Treasure Island and Yerba Buena Island. The current goal of the program is to have at least 50% of all trips to and from Treasure Island/Yerba Buena Island made by mass transit instead of private vehicles. The Transportation Implementation Plan policies are set and administered by TIMMA through its board, as further set forth in ***Exhibit TPP*** attached hereto. The

Transportation Implementation Plan will be implemented over time and is proposed to eventually include:

3.29.1. Regular transit services, which will include:

(a) Regular public ferry service between Treasure Island and San Francisco;

(b) Bus service between Treasure Island and both San Francisco and the East Bay; and

(c) On-island shuttle buses for residents and visitors.

3.29.2. Sale of what is currently expected to be a pre-paid transit pass or equivalent. Purchase of the pre-paid transit pass will be mandatory for residents of the Master Community (and will be implemented through a charge by the Master Association). Under current plans, one (1) pass per household will be provided to residents of market-rate Condominium in the Neighborhood and two (2) passes per household will be provided to residents of inclusionary housing (as defined in Section 3.6 above). Purchase of the pre-paid transit passes or equivalent also will be mandatory for certain workers and hotel patrons;

3.29.3. Parking controls, which will include:

(a) Imposition of strict maximum limits of availability of parking for private vehicles; and

(b) Limited visitor and commercial on- and off-street parking, which will incur a charge, and which will be subject to enforcement. Commercial and visitor parking revenues are intended to support the Transportation Implementation Plan and the provision of transportation service.

3.29.4. Programs intended to limit the impact of private vehicles on the Bay Bridge, including:

(a) Use of metering lights or other devices that would limit the flow of traffic from Treasure Island to the Bay Bridge during periods of peak bridge congestion, which could lead to substantial queuing and wait times. (Metering lights will be administered by Caltrans); and

(b) The operation and management of a congestion pricing program involving a toll charged to residents and visitors who use their cars to get to or from Treasure Island/Yerba Buena Island. The Treasure Island Mobility Management Study (July 2016) (available online at https://www.sfcta.org/sites/default/files/2019-03/TIMM%20Study%20Summary%20Report.pdf) analyzes and recommends congestion toll policies. However, as of the date of this Neighborhood Declaration, the toll policy has not yet been adopted and is subject to change. Funds generated through the imposition of the tolls are intended to support the Transportation Implementation Plan and the provision of transportation service.

3.29.5. Programs that provide alternatives to private vehicles, including:

(a) Operation and management of a fleet of bicycles which may be checked out by residents and visitors for access to locations on Treasure Island/Yerba Buena Island and the Bay Bridge; and

(b) Administration of a car-share program on Treasure Island/Yerba Buena Island.

3.29.6. Any other transportation Improvements as may be implemented by the TIMMA consistent with the Development and Entitlement Documents.

Owners and residents are advised that the Transportation Implementation Plan will have a substantial ongoing impact on their ability to enter and leave Treasure Island/Yerba Buena Island at different times of the day. The Transportation Implementation Plan is a working document that is subject to change as of the date of this Neighborhood Declaration, and will be implemented over time. Additional information is available at https://www.sfcta.org/projects/treasure-island-transportation-program. Potential Buyers are advised to read and become familiar with the requirements of the Transportation Implementation Plan before entering into an agreement to purchase.

As of the date of Recordation of this Neighborhood Declaration, it is currently anticipated that a portion of the Master Association's Annual Assessments will be comprised of a charge for a monthly transit pass, to be assessed and implemented by TIMMA in furtherance of the Transportation Implementation Plan (the ***"Transit Pass"***). As indicated above, the Transportation Implementation Plan will be implemented over time. Certain transportation services or programs may not be in effect when the Resident first occupies his or her property. The Master Declarant may elect to provide supplemental transportation services to the Master Community prior to implementation under the Transportation Implementation Plan. If the Master Declarant elects to do so, and subject to the prior approval of DRE, the Master Declarant may enter into an agreement with the Master Association by which a certain portion of the Master Association Annual Assessments are allocated for payment to the Master Declarant for such services.

The provisions of this Section 3.29 and ***Exhibit TPP*** may not be amended, restated or terminated in any way without the express written consent of TIMMA or the City.

3.30. **YERBA BUENA ISLAND OVERALL**. The Neighborhood and the Master Community are located on the natural island known as Yerba Buena Island. As described in the Phase I ESA (defined in Section 3.26 above), Yerba Buena Island has been used by various private parties and by the U.S. Army, U.S. Department of the Navy and the U.S. Coast Guard since about the 1840s. Native Americans may have occupied the land prior to the 1840s. It received its current name from the early Spanish explorers of the region, appearing on early charts of the San Francisco Bay as "Isla Yerba Buena." Yerba Buena Island is the southern of two (2) adjacent islands connected by a causeway within the San Francisco Bay, approximately midway between San Francisco and Oakland. Treasure Island (described in Section 3.34 below) is the northern of the two (2) islands.

3.30.1. **Past Military Uses**. In 1867, the U.S. Army established a post on the northeastern side of the island adjacent to present-day Clipper Cove, and it maintained a small base on the island until 1960. In 1898, the Navy established a training station there and, after 1923, operated the facility as a receiving station for servicemen returning from overseas. The Torpedo Assembly Building, built in 1891, and the Senior Officers' Quarters District, constructed

in the early 1900s as part of the Navy training station, both remain, along with houses constructed during the same period. Other buildings on the island date from various periods during World War I (1914-1919), World War II in the 1940s, and periods in between. From World War II until 1997, approximately 94 acres of Yerba Buena Island were part of a naval base that also encompassed the adjacent Treasure Island, known as Naval Station Treasure Island (***"NSTI"***).

3.30.2. **Current Uses**. Yerba Buena Island continues to support a U.S. Coast Guard Station, as well as Federal Highway Administration (***"FHWA"***) land occupied by pass-through roadways for the San Francisco-Oakland Bay Bridge (***"Bay Bridge"***) and tunnel structures. At the present time, the Coast Guard Station occupies about 39 acres, and it includes housing, administrative facilities, open storage, and docks. The Coast Guard Station is expected to remain in use in its present location for the foreseeable future. The Bay Bridge and tunnel occupy approximately 18 acres. Portions of Yerba Buena Island are also dedicated to utility infrastructure such as existing and under construction water tanks.

3.30.3. **Development Plan for Yerba Buena Island**. Yerba Buena Island is a portion of the initial parcel transferred from the U.S. Department of the Navy to TIDA and thereafter to subsequent owners. The current development plan for Yerba Buena Island contemplates new residential development of up to 300 residential units, up to 50 hotel rooms, creation of ancillary retail space, the rehabilitation of historic Navy senior officers' quarters for use as public spaces, and creation of publicly accessible open spaces, including a hilltop park and trails. Of the approximately 147-acre Yerba Buena Island, approximately 94-acres are planned to be redeveloped (of which the Master Community is a portion) and approximately 53-acres contain the California Department of Transportation Bay Bridge alignment and a U.S. Coast Guard Facility on the southern half of the island.

3.31. **MAJOR THOROUGHFARES**. The Neighborhood is surrounded by major public thoroughfares with traffic at all hours. Owners near the perimeter of the Neighborhood may notice noise and vibration from traffic, and glare from streetlights, all of which are normal and expected incidents of living near major public roads.

3.32. **SURROUNDING USES**. This disclosure is intended to provide Owners with information on surrounding uses as of the date of Recordation. Uses and Improvements in the immediate vicinity of the Condominiums in the Neighborhood and the Master Community include the items listed below, many of which are depicted on the Contiguous Area Map attached hereto as ***Exhibit CAM***: **Northern portion of the Master Community**: Macalla Road; Open Space; Dog Park; San Francisco Bay;

Northwest of the Master Community: Clipper Cove; Treasure Island; San Francisco Bay;

Northeast of the Master Community: Open Space; On-ramp for Interstate 80; San Francisco Bay;

Central portion of the Master Community: Public Park (tentatively named "Signal Park"); Forest Road; Signal Road;

Southern portion of the Master Community: Treasure Island Road; Proposed Hotel; Proposed Water Tanks; San Francisco-Oakland Bay Bridge/Interstate 80; San Francisco Bay; Open Space;

East of the Master Community: San Francisco-Oakland Bay Bridge/Interstate 80; Yerba Buena Tunnel; US Coast Guard Sector San Francisco; San Francisco Bay;

West of the Master Community: San Francisco Bay; Public Trails.

Existing and proposed uses in surrounding areas may change without notice. Neither Neighborhood Builder nor the Neighborhood Association has any control over uses outside the Neighborhood. Owners are advised to contact applicable local governmental agencies for updated information concerning the plans for development of the surrounding community.

3.33. **GENERAL IMPACTS ON QUIET IN THE NEIGHBORHOOD**. Residents of the Neighborhood should expect to notice additional noise in their Residences and in and around the Neighborhood, all of which are consequences of the proximity and normal operation of the Bay Bridge and the Yerba Buena Island Tunnel, which are to the south and west of the Neighborhood. In addition to noise, residents will notice traffic in connection with operation, maintenance and use of the public park to the immediate south of the Neighborhood. Normal levels of noise in and around the Neighborhood will be higher at some times than the levels that would be encountered in a traditional residential development more distant from such uses.

3.33.1. **San Francisco – Oakland Bay Bridge; Interstate 80**. The Bay Bridge carries Interstate 80 through the Yerba Buena Tunnel lying to the southwest of the Master Community. Interstate 80 is a major public thoroughfare connecting Oakland with the San Francisco peninsula, and traffic will be present at all hours, seven days a week, but may be subject to tolls in the future. Traffic can be especially heavy during commute hours, on holidays, and during sporting or other special events. The Bay Bridge/Interstate 80 is subject to periodic closures. Materials that are transported along this freeway could include hazardous substances that could potentially cause harm in certain situations. Because of the proximity of the Master Community to Interstate 80 and the Bay Bridge, Buyer is advised that they may notice noise and vibrations from traffic from the Bay Bridge/Interstate 80 at all hours, and there will be nighttime glare from bridge and highway lighting, all of which are normal and expected incidents of living near a major public highway. Potential residents should visit the Master Community on several different days, both during the week and on the weekend, and at different times of day and night, to get acquainted with varying levels of traffic and resulting noise and vibrations.

3.33.2. **Treasure Island Road**. Treasure Island Road is a public road which serves as the main thoroughfare connecting Treasure Island and Yerba Buena Island to the Bay Bridge and Interstate 80.

3.33.3. **Proposed Hotel**. A hotel of up to approximately 50 rooms has been proposed for construction in the southern portion of Yerba Buena Island. If constructed, the hotel will not be part of the Neighborhood or subject to the jurisdiction of the Neighborhood Association.

3.33.4. **U.S. Coast Guard Sector San Francisco**. U.S. Coast Guard Sector San Francisco is a Coast Guard base located on Yerba Buena Island. The base consists of engineering shops, administrative offices, barracks and an operating pier.

3.33.5. **Public Trails**. Walking and biking trails are planned to cross the Master Community. It is a requirement of the conditions of approval for the Master Community that the trails be open for use by members of the public. In addition to the trails, there are several stairs located throughout the Master Community providing access from public access

points to the trails. While the trails may be closed during evening hours, it is still possible that members of the public will be present on the trails ant any time. Therefore, the Neighborhood Association has no control over the use of the trails by members of the public. Residents in the vicinity of the trails should expect activity and noise from the trail areas at any hour, and there will be noise associated with maintenance of the trails. These impacts are normal, foreseeable and legally permitted incidents of living near the public trails.

3.33.6. **Impact of Public Parks and Dog Park**. A public park tentatively named as "Signal Park" is located in the central portion of the Master Community. Signal Park is bounded by Yerba Buena, Signal and Forest Roads. In addition, there is a dog park located to the north of the Master Community near Macalla Road (***"Dog Park"***). Members of the public may visit and use Signal Park and Dog Park and no physical barriers may bar the general public from access to Signal Park and Dog Park. The Master Association, the Neighborhood Association and any Owner, Resident, or other Person may not take any action to exclude non-residents of the Master Community from use of these areas. Owners of Residences adjacent to or near Signal Park and Dog Park are advised that the use of this area will cause traffic, noise and other impacts attendant on quiet and privacy, and that these impacts are normal and to be expected. Residents are advised to keep windows closed to reduce the effects of noise, odors and smoke in the Residence. The Master Association, the Neighborhood Association, any Owner, or any Resident, or any other Person shall not challenge, whether by legal challenge or otherwise, the operation or use of the public park as provided in this Section.

3.33.7. **Pump Stations**.

(a) ***Private Pump Stations***. One (1) or more private sanitary sewer and/or storm water pump stations (collectively, the ***"Private Pump Stations"***) are located in the Community. The Private Pump Stations facilitate the capacity of the Community. Residents may encounter noise and unpleasant odors in the areas near and also downwind of the Private Pump Stations. The Master Association shall own and maintain the Private Pump Stations located on Master Common Area.

(b) ***Public Pump Stations***. A sanitary sewer pump station is located immediately adjacent to the Bristol Neighborhood near Macalla Road on Block 8954-003, Lot G, as shown on the map attached as ***Exhibit CAM***. The pump station was designed and constructed by Special Declarant and is owned and maintained by the City though the San Francisco Public Utilities Commission (the ***"Public Pump Station"***); provided, however, that the Master Association shall maintain the screening enclosure surrounding the Public Pump Station. The Public Pump Station, though designed to abate noises and odors, may nonetheless be noisy and emit unpleasant odors. This section serves as notice that residents and users of nearby property may encounter noise and unpleasant odors in the areas near and also downwind of the Public Pump Station. Owners shall provide lessees with written disclosure of the existence of the Public Pump Station and the possibility of noise and unpleasant odors consistent with this section before leasing or selling a Condominium within the Community. Providing a copy of this Section 3.33.7(b) shall meet the foregoing disclosure requirement.

3.34. **TREASURE ISLAND**. Treasure Island is an artificial island constructed in 1936-1937 by the United States government in San Francisco Bay as one of the most visible of President Franklin D. Roosevelt's Works Progress Administration projects. Treasure Island is planned to be developed with a new, high-density, mixed-use community with a variety of housing types, a retail core, open space and recreation opportunities, on-site infrastructure, and public and community facilities and services. If developed as planned, Treasure Island may

eventually consist of up to approximately 7,700 new residential units (which include both affordable and market-rate units); up to approximately 207,000 square feet of new retail space; approximately 150,000 square feet of entertainment and recreational space; approximately 100,000 square feet of new office space; up to 450 new hotel rooms; approximately 181 acres of parks and open space with possible cultural uses such as a museum, and bicycle, transit, and pedestrian facilities; a Ferry Terminal and intermodal Transit Hub; and new and/or upgraded public services and utilities, including a new or upgraded wastewater treatment plant and a new recycled water plant. Three historic buildings on Treasure Island would be adapted to house approximately 311,000 square feet of commercial and entertainment uses and civic and institutional uses. In addition, the existing chapel would be retained in its current location and used for general assembly and non-denominational religious activities. The existing public elementary school, now closed, would be improved or rebuilt as a K-8 public school. There is no assurance that Treasure Island will be completed as proposed.

3.34.1. **Relationship between Treasure Island and Yerba Buena Island**. Treasure Island and Yerba Buena Island were both part of NSTI and were originally conceived and entitled as part of the same master plan and governmental approval process. Both islands are subject to the jurisdiction of the TIDA, which is a part of the City and County of San Francisco. TIDA is, and will be, the largest landowner on the two islands, as much of the land designated for open space and commercial uses is and will be owned by TIDA. TIDA also serves as the trustee for the lands that it owns that is subject to the state's Tidelands Trust doctrine. TIDA also serves as the trustee for the "tidelands" that it owns that is subject to the state's Public Trust Doctrine, which is a common-law concept that provides that tidal and submerged lands and the beds of lakes, streams and other navigable waterways are to be held in trust by the State for the benefit of the people of California. The disposition of such Public Trust lands is restricted by the state constitution and statutes. Additional information about the Public Trust Doctrine is available from the California State Lands Commission at https://www.slc.ca.gov/public-engagement/.

Treasure Island Community Development, LLC (referred to as ***"TICD"***) is the overall community developer for the development of Treasure Island and Yerba Buena Island, through a contract it holds with TIDA. As the overall community developer, TICD is responsible for construction of some of the public infrastructure and parks on Treasure Island and Yerba Buena Island. However, while Treasure Island and Yerba Buena Island are part of the same original master plan and overall governmental approval process, the residential development on Treasure Island (the ***"Treasure Island Residential Development"***), the Master Community and Neighborhood are being constructed and managed as independent projects, each subject to their own homeowners' association with their own governing documents. The Neighborhood and the Master Community will not be subject to the governing documents or the jurisdiction of TIMC. Likewise, the Treasure Island Residential Development will not be subject to this Neighborhood Declaration or Master Declaration or the jurisdiction of the Neighborhood Association or the Master Association. However, because residents of the Neighborhood and Master Community are anticipated to derive benefit from certain amenities in the Treasure Island Residential Development, it is currently planned that TIMC and the Master Association will enter into the Treasure Island Mutual Benefit Agreement, as described in Section 3.7 above.

3.35. **MEGAN'S LAW NOTICE**. The following notice is given pursuant to Section 2079.10a of the California Civil Code:

> "Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public

via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the Neighborhood of residence and ZIP Code in which he or she resides."

Neighborhood Builder and the Neighborhood Association do not make any representations, warranties or guarantees regarding the presence or absence of registered sex offenders within the Neighborhood or in the surrounding area. Neighborhood Builder and the Neighborhood Association have no obligation or duty to investigate existing residents or buyers to determine whether they are sex offenders. Owners are solely responsible for making their own investigation.

3.36. **OFFERS OF DEDICATION**. Portions of the Neighborhood Property may be subject to irrevocable offers of dedication as shown on the Recorded tract maps for the Neighborhood. The City may accept the offer of dedication and assume responsibility for maintaining these portions of the Neighborhood Property at any time. If accepted by the City at a later time, the level of maintenance provided by the City may not be the same as that provided by the Neighborhood Association.

3.37. **NO ENHANCED PROTECTION AGREEMENT**. No language in this Neighborhood Declaration, or any Supplemental Neighborhood Declaration shall constitute, or be interpreted to constitute, an enhanced protection agreement (***"EPA"***), as defined in California Civil Code Section 901. Further, no express or implied representations or warranties made by Neighborhood Builder in any other writing are intended to constitute, or to be interpreted to constitute, an EPA.

3.38. **PROPERTY LINES**. The boundaries of each Unit in the Neighborhood and the Neighborhood Property are delineated on subdivision (tract) maps, lot line adjustments, parcel maps or Condominium Plans that are public records and are available at the County Recorder's office.

3.39. **ADDITIONAL PROVISIONS; FUTURE ENFORCEABILITY**. There may be provisions of various laws, including, without limitation, the Davis-Stirling Common Interest Development Act codified at Sections 4000, *et seq.* of the California Civil Code, California's Fair Employment and Housing Act at Sections 12900, *et seq.* of the California Government Code, and the Federal Fair Housing Act codified at Title 42 United States Code, Section 3601, *et seq.*, among other laws, which may supplement or override the Neighborhood Governing Documents. Neighborhood Builder makes no representations or warranties regarding the future enforceability of any portion of the Neighborhood Governing Documents.

ARTICLE 4
THE NEIGHBORHOOD ASSOCIATION

4.1. **GENERAL DUTIES AND POWERS**. The Neighborhood Association has the duties and powers enumerated and described in the Neighborhood Governing Documents, in addition to the general and implied powers of a nonprofit mutual benefit corporation, generally to do all things that a corporation organized under California law may lawfully do which are necessary or proper in operating for the general welfare of the Owners, subject only to the limits on the exercise of such powers listed in the Neighborhood Governing Documents. Unless otherwise indicated in the Articles of Incorporation, Bylaws, this Neighborhood Declaration, or a

Supplemental Neighborhood Declaration, the powers of the Neighborhood Association may be exercised by the Board.

4.2. **SPECIFIC DUTIES AND POWERS**. In addition to its general powers and duties, the Neighborhood Association has the following specific powers and duties.

4.2.1. **Neighborhood Property**.

(a) ***Duty to Accept, Maintain and Manage***. The power and duty to accept, maintain and manage the Neighborhood Property when tendered by Neighborhood Builder, all in accordance with the Neighborhood Governing Documents, including Section 2.4 above. The Neighborhood Association shall be responsible for payment of all utility bills for the Neighborhood Property, including maintenance of the Neighborhood Property. The Neighborhood Association shall also have the power and duty to execute and deliver each deed of Neighborhood Property and any accompanying escrow instructions when requested to do so by Neighborhood Builder. Once conveyed to the Neighborhood Association, the Neighborhood Association may install or remove capital Improvements on the Neighborhood Property and it may reconstruct, replace or refinish any Improvement on the Neighborhood Property, all in accordance with applicable law and the Neighborhood Governing Documents. Disputes with Neighborhood Builder, including disputes concerning the nature, design, quality or quantity of Neighborhood Property Improvements or acceptance of maintenance thereof, shall not delay or prevent the acceptance of Neighborhood Property or the commencement of maintenance or management when tendered by Neighborhood Builder. Such disputes shall be resolved in accordance with Section 12.4.

(b) ***Release of Completion Security***. The Neighborhood Association shall have the power and the duty, without regard to any dispute or negotiation then existing between the Neighborhood Association and any Neighborhood Builder Party (as defined in Section 12.4), to immediately take any and all actions and execute any and all documents as may be required to cause the release and exoneration of the completion security for each Neighborhood Property Improvement when such security release is presented, if the secured obligations are satisfied, all in accordance with the conditions and requirements for exoneration of completion security in DRE Form RE 613 or successor. No Owner shall interfere with the exercise of the foregoing obligations by the Neighborhood Association, or with the rights or obligations of Neighborhood Builder.

4.2.2. **Utilities**. The power and duty to obtain, for the benefit of the Neighborhood, all water, gas and electric services necessary for the Neighborhood Property. The power and duty to obtain for the benefit of the Neighborhood, all commonly metered residential utilities.

4.2.3. **Granting Rights**. The power to grant exclusive or nonexclusive easements, licenses, rights of way or fee interests in the Neighborhood Property owned in fee simple by the Neighborhood Association, to the extent any such grant is reasonably required (a) for Improvements to serve the Neighborhood, (b) for purposes of conformity with the as-built location of Improvements installed or authorized by Neighborhood Builder or the Neighborhood Association, (c) in connection with any lawful lot line adjustment, or (d) for other purposes consistent with the intended use of the Neighborhood. This power includes the right to create and convey easements for one or more Owners over portions of the Neighborhood Property. The Neighborhood Association may de-annex any portion of the Neighborhood from the encumbrance of the Neighborhood Declaration in connection with any lawful lot line adjustment.

After the Neighborhood Association acquires fee title to or any easement right over Neighborhood Property, the affirmative vote of members owning at least sixty-seven percent (67%) of the Condominiums in the Neighborhood shall be required before the Board may grant exclusive use of any portion of that Neighborhood Property to any member, except as provided in California Civil Code Sections 4202(a)(4) and 4600. Any measure placed before the members requesting that the Board grant exclusive use of any portion of the Neighborhood Property shall specify whether the Neighborhood Association will receive any monetary consideration for the grant and whether the Neighborhood Association or the transferee will be responsible for providing any insurance coverage for exclusive use of the Neighborhood Property.

4.2.4. **Employ Personnel**. The power to employ Persons necessary for the effective operation and maintenance of the Neighborhood Property, including legal, management and accounting services.

4.2.5. **Insurance**. The power and duty to keep insurance for the Neighborhood Property in accordance with this Neighborhood Declaration.

4.2.6. **Sewers and Storm Drains**. The power and duty to maintain any private sewer systems, private storm drains, or private drainage facilities in the Neighborhood Property in accordance with the Neighborhood Governing Documents.

4.2.7. **Solar Agreements**. The power and duty to enter into (as assume) power purchase agreements with Solar Providers for Solar Energy Systems that serve and/or benefit the Neighborhood Association or Neighborhood Property. The power and duty to enter into (or assume) agreements with Solar Contractors and/or Solar Providers that grant such Solar Contractors and/or Solar Providers nonexclusive easements (a) for access over the Condominium Building roof, and appurtenant real property, necessary for the installation, maintenance, operation, repair, removal, re-installation, replacement, and interconnection of Solar Energy Systems, (b) for roof repair, and (c) for purposes of eliminating shading of a Solar Energy System, including the trimming of trees or other vegetation.

4.2.8. **Maintenance Guidelines**. The power and duty to (a) operate, maintain and inspect the Neighborhood Property and its various components in conformity with any Maintenance Guidelines and any maintenance manual, and (b) review any maintenance manual for necessary or appropriate revisions no less than annually after the Board has prepared the Budget.

4.2.9. **Maintenance Recordkeeping**. The power and duty to maintain current records of all maintenance performed on the Neighborhood Property by the Neighborhood Association. Such recordkeeping must be performed, at a minimum, through the use of a software program provided by a qualified third-party vendor, initially approved by the Neighborhood Builder in its sole discretion (the ***"Recordkeeping Program"***), which Recordkeeping Program and necessary equipment must be installed and in working order on or before the first conveyance of any Neighborhood Property by Neighborhood Builder to the Neighborhood Association. The Board, with the assistance of the Manager, shall maintain records of all maintenance performed by the Neighborhood Association in conformity with the minimum maintenance standards set forth by Neighborhood Builder in the Maintenance Guidelines and shall regularly update such records. Neighborhood Builder shall have access to the Recordkeeping Program for a period of ten (10) years after the first Close of Escrow for a Condominium in the Neighborhood.

4.2.10. **Rules and Regulations**. The power, but not the duty, to adopt, amend, repeal and create exceptions to, the Rules and Regulations.

(a) ***Standards for Enforceability***. To be valid and enforceable, a Rule must satisfy all the following requirements:

(i) The Rule must be in writing;

(ii) The Rule is within the authority of the Board conferred by law or by this Neighborhood Declaration, the Articles of Incorporation or the Bylaws;

(iii) The Rule is not inconsistent with governing law, this Neighborhood Declaration, the Articles of Incorporation or the Bylaws;

(iv) The Rule is adopted, amended or repealed in good faith and in substantial compliance with the requirements of Article 4 of Title 6 of Part 4 of Division 2 of the California Civil Code;

(v) The Rule is reasonable; and

(vi) The Rule complies with the requirements of California Civil Code Section 4350.

(b) ***Areas of Regulation***. The Rules and Regulations may concern use of the Neighborhood and any common amenities in the Neighborhood, signs, parking restrictions, minimum standards of property maintenance, the operation in the Neighborhood of drones, unmanned aircraft systems (UAS), unmanned aerial vehicles (UAV), model aircraft, and similar vehicles or devices by any other name, now existing or that may be developed in the future, whether operated for hobby use or for business purposes, by Owners, tenants or residents, or by contractors or invitees, and any other matter under the Neighborhood Association's jurisdiction.

(c) ***Limits on Regulation***. The Rules and Regulations must apply uniformly to all Owners and must comply with this Neighborhood Declaration and all applicable state and local laws. The rights of Owners to display in or on their Units religious, holiday and political signs, symbols and decorations of the kinds normally displayed in residential condominium neighborhoods shall not be abridged. However, the Neighborhood Association may adopt time, place and manner restrictions for such displays if they are visible outside the Unit. No modification to the Rules and Regulations may require an Owner to dispose of personal property that was in compliance with all rules previously in force; however, this exemption shall apply only during the period of such Owner's ownership of the Condominium and it shall not apply to: (1) subsequent Owners who take title to a Condominium after the modification is adopted; or (2) clarifications to the Rules and Regulations.

(d) ***Procedure for Adoption, Amendment and Repeal***. Rules or procedures concerning (1) the use of Neighborhood, (2) the use of a Condominium, including any aesthetic standards or Design Guidelines that affect Condominiums, (3) member discipline, including any schedule of monetary penalties for violation of the Neighborhood Governing Documents, (4) any procedure for the imposition of penalties, (5) any standards for delinquent assessment payment plans, (6) any procedures adopted by the Neighborhood Association for resolution of assessment disputes, (7) any procedures for reviewing and approving or

disapproving a proposed physical change to a Condominium or to the Neighborhood Property, and (8) procedures for elections (each, a ***"Covered Rule"***) may only be adopted, amended or repealed (each, a ***"Rule Change"***) in accordance with the following procedure:

(i) The Board must provide written notice (***"Notice"***) of a proposed Rule Change to the members at least thirty (30) days before making the Rule Change, except for an Emergency Rule Change (defined below). The Notice must include the text of the proposed Rule Change and a description of the purpose and effect of the proposed Rule Change. (Notice is not required if the Board determines that an immediate change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Neighborhood Association);

(ii) The decision on a proposed Rule Change shall be made at a Board meeting after consideration of comments made by the members of the Neighborhood Association ;

(iii) The Board shall deliver Notice of the Rule Change to every member of the Neighborhood Association within fifteen (15) days of adoption. If the change was an Emergency Rule Change, the Notice shall include the text of the Emergency Rule Change, and the date on which the Emergency Rule Change expires;

(iv) If the Board determines that an immediate Rule Change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Neighborhood Association, it may make the change on an emergency basis (***"Emergency Rule Change"***) and no Notice will be required. An Emergency Rule Change is effective for one hundred-twenty (120) days, unless the Emergency Rule Change provides for a shorter effective period. Any Rule Change that is adopted as an Emergency Rule Change may not be re-adopted under authority of this subpart;

(v) A Notice required by this Section 4.2.9(d) is subject to California Civil Code Section 4360;

(vi) A Rule Change made pursuant to this Section 4.2.9(d) may be reversed as provided in California Civil Code Section 4365.

(e) ***Exceptions to Procedure***. The procedure in Section 4.2.10(d) does not apply to:

(i) Rules that do not meet the definition of Covered Rules above;

(ii) decisions of the Board regarding maintenance of Neighborhood Property;

(iii) a decision on a specific matter that is not intended to apply generally;

(iv) a decision setting the amount of an Annual Assessment or a Special Assessment;

(v) a Rule Change that is required by law if the Board has no discretion as to the substantive effect of the changes; or

(vi) issuance of a document that merely repeats existing law or the Neighborhood Governing Documents.

4.2.11. **Borrowings**. The power, but not the duty, to borrow money for purposes authorized by the Articles of Incorporation, Bylaws, Neighborhood Declaration, or any Supplemental Neighborhood Declarations, and to use the Neighborhood Property as security for the borrowing. This power to borrow includes the right to enter into a written agreement setting forth reasonable terms for the repayment of start-up costs advanced on behalf of the Neighborhood Association for certain necessary and ordinary activities, incurred in advance of the collection of sufficient assessment revenue to meet such costs. Secretary of State filing costs, insurance premiums, set-up charges of banks, accountants and property managers, and legal fees incurred for the initial qualification of the Neighborhood Association as a tax-exempt organization by the applicable federal and California tax authorities, are examples of such costs that maybe advanced on behalf of the Neighborhood Association and must be repaid by it, if so agreed by the Neighborhood Association.

4.2.12. **Mutual Benefit Agreements**. The power and the duty, when requested by Neighborhood Builder, to enter into the Mutual Benefit Agreement (or other mutual benefit agreement as may be required), to perform all obligations therein, and to negotiate or renegotiate as necessary to effectuate its terms; provided, however, that the Neighborhood Association shall have no power to terminate the Mutual Benefit Agreement without the prior written approval of Neighborhood Builder. The Neighborhood Association shall have the power, but not the duty, to enter into a mutual benefit agreement without the consent of Neighborhood Builder only when Neighborhood Builder no longer owns any portion of the Neighborhood.

4.2.13. **Contracts and Leases**. The power, but not the duty, to enter into contracts and leases, including the following:

(a) ***Contracts for Services***. Contracts with Owners, the Master Association or other Persons to provide services or to maintain Improvements in the Neighborhood and elsewhere which the Neighborhood Association is not otherwise required to provide or maintain pursuant to the Neighborhood Governing Documents; provided, however, that any such contract shall provide for reimbursement of the Neighborhood Association for the costs of providing such services or maintenance;

(b) ***Community Services***. Contracts with Persons to provide various community services such as cultural programs, agricultural and gardening programs, social services, community outreach programs, recreational programs and activities, educational programs and activities, festivals, holiday celebrations and activities, recycling programs or a community technology network to the residents of the Community. The Neighborhood Association has the right to require payment of compensation for (i) making the Neighborhood Property available for events that will include Persons who are not residents of the Neighborhood or (ii) providing any other services that benefit the Persons with whom the Neighborhood Association contracts;

(c) ***Cost Sharing***. Contracts to share costs with any neighboring property for, among other things, shared or mutually beneficial property or services or a higher level of Neighborhood Property maintenance;

(d) ***Adjacent Owners***. Contracts with adjacent property owners to provide for preservation and maintenance of real property which contribute to the overall understanding, appreciation and preservation of the environment in the Community and the surrounding area; and

(e) ***Credit Reporting Service***. The Board also has the power, but not the duty, to (a) enter into a contract with a credit reporting service to make regular reports to credit bureaus of both timely and delinquent payment of Annual Assessments by all Owners, and (b) recover from delinquent Owners the delinquent payment reporting fee charged the Association by the credit reporting service as part of the "reasonable fees and costs of collection" of delinquent Assessments under California Civil Code Section 5650. If the Board elects to use a credit reporting service, then the Board shall include in the Neighborhood Association's annual assessment and foreclosure policy statement (as described in the Bylaws and California Civil Code Section 5730) the amount of the reporting fee that it may recover from delinquent Owners.

4.2.14. **Telecommunications Contract**. Notwithstanding anything in the Neighborhood Governing Documents to the contrary, the Board shall have the power to enter into, accept an assignment of, or otherwise cause the Neighborhood Association to comply with the terms and provisions of an exclusive telecommunications services contract (***"Telecommunications Contract"***) with a telecommunications service provider (***"Service Provider"***), pursuant to which the Service Provider shall serve as the provider of Telecommunications Services to each Condominium in the Neighborhood. The Board shall only enter into, accept an assignment of, or otherwise cause the Neighborhood Association to comply with the terms of the Telecommunications Contract if the Board determines that the Telecommunications Contract is in the best interests of the Neighborhood Association. Although not exhaustive, the Board shall consider the following factors in making such a determination in the exercise of its business judgment:

(a) ***Initial Term and Extensions***. The initial term of the Telecommunications Contract should not exceed five (5) years, and, if the Telecommunications Contract provides for automatic extensions, the length of each such extension should also not exceed five (5) years.

(b) ***Termination***. The Telecommunications Contract should provide that: (1) at least six (6) months before the end of either the initial or any extended term of the Telecommunications Contract, the entire Membership of the Neighborhood Association may, with the vote or written approval of more than fifty percent (50%) of all Members other than Neighborhood Builder, prevent any automatic extension that the Telecommunications Contract may provide for (with or without cause), and thereby cause the Telecommunications Contract to expire, and (2) at any time with reasonable notice periods, the Board may terminate the Telecommunications Contract if, in the sole discretion of the Board, the Service Provider fails to provide quality, state-of-the-art Telecommunications Services.

(c) ***Fees***. Whether the monthly fee charged to the Neighborhood Association by the Service Provider for the provision of the Telecommunications Services to all of the Condominiums represents a discount from the comparable retail fees charged by the Service Provider in the general geographic area in which the Neighborhood is located, and, if so, the amount of such discount.

(d) ***Installation of Telecommunications Facilities***. Whether the Service Provider is solely responsible for the installation, and the cost thereof, of all of the Telecommunications Facilities necessary to provide Telecommunications Services to each Condominium.

(e) ***Removal of Telecommunications Facilities***. Whether the Service Provider has the right to remove the Telecommunications Facilities upon expiration or termination of the Telecommunications Contract.

4.2.15. **The Recreational Facilities**.

(a) ***Rules for the Recreational Facilities***. The duty to establish, review and revise Rules and Regulations for use and operation of all or any part of the Recreational Facilities. Such Rules and Regulations for the Recreational Facilities may (a) include reasonable hours of operation and restrictions on use, (b) specify a maximum number of guests which may admitted at one time, (c) establish rules for using the Recreational Facilities for private functions, or (d) establish admission and use fees and deposit requirements for use by Persons who are neither Neighborhood Association or Master Association members, lessees or tenants nor guests of the same.

(b) ***Operation and Management***. The power and duty, once the Recreational Facilities have been conveyed to the Neighborhood Association, (a) to provide, or to contract with a management company to hire all necessary personnel to provide, all of the services to be available at the Recreational Facilities for the benefit of the members of the Neighborhood Association and the Master Association, their Families, tenants and guests, and (b) to enter into a written lease or use agreement with Neighborhood Builder for the temporary but exclusive use of specified floor area in the Recreational Facilities for marketing displays, or for office equipment or furniture, related to the marketing of Residences in the Neighborhood.

4.2.16. **Indemnification**.

(a) ***For Neighborhood Association Representatives***. To the fullest extent authorized by law, the Neighborhood Association has the power and duty to indemnify Board members, Neighborhood Association officers, Design Review Committee members, and all other Neighborhood Association committee members for all damages, pay all expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action brought because of performance of an act or omission within what such Person reasonably believed to be the scope of the Person's Neighborhood Association duties (***"Official Act"***). Board members, Neighborhood Association officers, Design Review Committee members, and all other Neighborhood Association committee members are deemed to be agents of the Neighborhood Association when they are performing Official Acts for purposes of obtaining indemnification from the Neighborhood Association pursuant to this Section. The entitlement to indemnification under this Neighborhood Declaration inures to the benefit of the estate, executor, administrator and heirs of any person entitled to such indemnification.

(b) ***For Other Agents of the Neighborhood Association.*** To the fullest extent authorized by law, the Neighborhood Association has the power, but not the duty, to indemnify any other Person acting as an agent of the Neighborhood Association for damages incurred, pay expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action because of an Official Act.

(c) ***Provided by Contract***. The Neighborhood Association also has the power, but not the duty, to contract with any Person to provide indemnification in addition to any indemnification authorized by law on such terms and subject to such conditions as the Neighborhood Association may impose.

4.2.17. **Vehicle and Parking Restrictions**. The power granted in Section 2.14 to identify Authorized Vehicles or Restricted Vehicles and to modify the vehicle and parking restrictions in the Neighborhood Governing Documents.

4.2.18. **License and Use Agreements**. The Neighborhood Association may enter into agreements with Neighborhood Builder or other homeowners association to share facilities located on the Neighborhood Property (***"Facility"***) or to share such facilities as are under the control of the other homeowners Association. Any such agreement shall be in form and content acceptable to Neighborhood Builder, the Board of Directors (without the approval of Owners) and Neighborhood Builder or the board of directors of any adjacent homeowners association and shall include provisions regarding use and sharing of maintenance costs.

4.2.19. **Landscaping**. The Board has the power, but not the duty, to grant Owners revocable licenses that allow Owners to replace and/or add landscaping Improvements to any portion of the Neighborhood Property, subject to the prior written approval of the Board, any reasonable restrictions or conditions the Board may impose (including use of designated contractors), and the right of the Board to revoke such license, remove the Improvements and charge the Owner for the cost of such removal.

4.2.20. **Prohibited Functions**.

(a) ***Property Manager***. The Neighborhood Association shall not hire any employees, furnish offices or other facilities, or use any Neighborhood Property for an "on-site" Manager. The Manager shall at all times be a professional manager employed as an independent contractor or agent working at its own place of business.

(b) ***Off-site Nuisances***. The Neighborhood Association shall not use any Neighborhood Association funds or resources to abate any annoyance or nuisance emanating from outside the physical boundaries of the Neighborhood.

(c) **Abridging Rights and Exemptions**. Taking any action which is inconsistent with, or which would abrogate, any right or exemption in Article 15 or elsewhere in the Neighborhood Governing Documents.

(d) ***Political Activities***. The Neighborhood Association shall not conduct, sponsor, participate in or expend funds or resources toward any activity, campaign or event, including any social or political campaign, event or activity which does not directly and exclusively pertain to the authorized activities of the Neighborhood Association. Furthermore, the Neighborhood Association shall not participate in federal, state or local activities or activities intended to influence a governmental action affecting areas outside the Neighborhood (for example, endorsement or support of legislative or administrative actions by a Local Governmental Agency), nor shall it support or campaign for or against candidates for elected or appointed office or ballot proposals. The foregoing is not intended to prohibit discussion of political and legislative issues by members of the Neighborhood Association. There shall be no amendment of this Section so long as Neighborhood Builder owns any portion of the Neighborhood.

4.2.21. **Standing to Resolve Disputes**. The Neighborhood Association shall have standing to institute, defend, settle or intervene in litigation, alternative dispute resolution or administrative proceedings (each, an ***"Action"***) in its own name as the real party in interest and without joining the Owners, in matters pertaining to (a) damage to the Neighborhood Property, (b) damage to portions of the Condominiums which the Neighborhood Association is obligated to maintain or repair, and (c) damage to portions of the Condominiums which arises out of, or is integrally related to, damage to the Neighborhood Property or portions of the Condominiums that the Neighborhood Association is obligated to maintain or repair (each, a ***"Claim"***). However, the Neighborhood Association shall not have standing to institute, defend, settle or intervene in any Action in any matter pertaining only to an individual Condominium and not included in clauses (b) and (c) above.

The Neighborhood Association may, in its sole discretion, elect to institute, intervene in, continue, settle or dismiss an Action at any time. If the Neighborhood Association institutes or intervenes in an Action on a Claim, the Neighborhood Association's standing shall be exclusive, and the Owners shall thereafter be barred from instituting a new Action or maintaining a pending Action on the same Claim. The Neighborhood Association's election to institute or intervene in an Action on a particular Claim shall not create any affirmative obligation on the part of the Neighborhood Association to maintain, settle or dismiss the Action, except in the Neighborhood Association's sole discretion, and subject to Section 12.4. If the Neighborhood Association elects to settle an Action, the terms of the settlement shall be binding on the Owners, and the Owners shall be barred from instituting or continuing any other Action on the same Claim. If the Neighborhood Association elects to dismiss an Action, the dismissal shall be with prejudice to the institution or continuation by one or more Owners of any Action on the same Claim.

4.2.22. **Duty to File Contact Information with City**. The Neighborhood Association has the power and the duty to file the names, addresses, and telephone numbers of at least one member of the Board and, where applicable, a manager of the Neighborhood before January 1st of each year with the City, for the purpose of providing contact information in case of emergency or in those cases where the City has an interest in violations of the Neighborhood Governing Documents.

4.2.23. **Combination of Units**. Contiguous Units in the Condominium Building may be combined for use as a single Residence with the Board's approval or, prior to election or appointment of the Board, Neighborhood Builder's approval. A Unit Owner with contiguous Units shall have an easement over the Neighborhood Property and ceilings, floors and demising walls between that Owner's Units in order to perform a combination of that Owner's Units, subject to the terms of this Section 4.2.23. Before the Board shall consent to any such combination (except for combinations accomplished by Neighborhood Builder prior to the conveyance of all Condominiums, which shall not require Board approval), it shall first receive and give its approval of:

(a) Architectural plans,

(b) A certificate of a structural engineer licensed in the State of California and approved by the Board stating that those portions of the Neighborhood Property affected by the proposed combination are not required for structural support,

(c) A bid by a contractor licensed in the State of California and approved by the Board setting forth the cost to make the proposed combination and the time within which the combination could be completed,

(d) A bond naming the Board as an obligee (or other security reasonably approved by the Board) to assure the prompt completion of the combination in a workmanlike manner free of mechanics liens,

(e) All building and other governmental permits required for the construction,

(f) A certificate of an electrician and/or plumber, as applicable, licensed in the State of California setting forth in detail the effect the proposed combination would have on any plumbing and wiring within the Neighborhood Property to be affected by the proposed combination, and

(g) Any other reasonable requirement of the Board.

The Owner of such combined Units shall be entitled to the votes and shall be obligated to pay the Assessments on each of the owned Units in the same manner as if they had not been combined The Owner of such Units to be combined shall have an easement over the Neighborhood Property boundary walls and bearing walls for the purpose of causing such Units to be combined

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

Any construction work in connection with the combination or separation of Units described in this Section 4.2.23 shall be subject to, and performed pursuant to, valid permits and approvals from the San Francisco Planning Department and Department of Building Inspection.

4.3. STANDARD OF CARE, NON-LIABILITY.

4.3.1. Scope of Powers and Standard of Care.

(a) ***General Scope of Powers***. Rights and powers conferred on the Board, the Design Review Committee or other committees or representatives of the Neighborhood Association by the Neighborhood Governing Documents are not duties, obligations or disabilities charged upon those Persons unless the rights and powers are explicitly identified as including duties or obligations in the Neighborhood Governing Documents or law. Unless a duty to act is imposed on the Board, the Design Review Committee or other committees or representatives of the Neighborhood Association by the Neighborhood Governing Documents or law, the Board, the Design Review Committee and the committees have the right to decide to act or not act. Any decision not to act is not a waiver of the right to act in the future.

(b) ***Business Affairs***. This Section 4.3.1(b) applies to Board member actions in connection with management, personnel, maintenance and operations, insurance, contracts and finances, and Design Review Committee member actions. Each Board member shall perform the duties of a Board member in good faith, in a manner the Board member believes to be in the best interests of the Neighborhood Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. When performing Board duties, a Board member is entitled to rely on information, opinions, reports or statements, including financial data prepared or presented by:

(i) One (1) or more officers or employees of the Neighborhood Association whom the Board member believes to be reliable and competent in the matters presented;

(ii) Counsel, independent accountants or other Persons as to matters which the Board member believes to be within such Person's professional or expert competence; or

(iii) A committee of the Board upon which the Board member does not serve, as to matters under its designated authority, which committee the Board member believes to merit confidence, so long as, in any such case, the Board member acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

This Section 4.3.1(b) is intended to be a restatement of the business judgment rule established in applicable law as it applies to the Neighborhood Association. All modifications and interpretations of the business judgment rule applicable to the Neighborhood Association shall be interpreted to modify and interpret this Section 4.3.1(b).

(c) ***Neighborhood Association Governance***. This Section 4.3.1 applies to Board actions and Design Review Committee decisions in connection with interpretation and enforcement of the Neighborhood Governing Documents, architectural and landscaping control, regulation of uses within the Neighborhood, rulemaking and oversight of committees. Actions taken or decisions made in connection with these matters shall be reasonable, fair and nondiscriminatory.

4.3.2. **Non-liability**.

(a) ***General Rule***. No Person is liable to any other Person (other than the Neighborhood Association or a party claiming in the name of the Neighborhood Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from the Person's willful or malicious misconduct. No Person is liable to the Neighborhood Association (or to any party claiming in the name of the Neighborhood Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's negligence or willful or malicious misconduct. The Neighborhood Association is not liable for damage to property in the Neighborhood unless caused by the negligence of the Neighborhood Association, the Board, the Neighborhood Association's officers, the Manager or the Manager's staff.

(b) ***Non-liability of Volunteer Board Members and Officers***. A volunteer Board member or volunteer Neighborhood Association officer shall not be personally

liable to any Person who suffers injury, including bodily injury, emotional distress, wrongful death or property damage or loss as a result of the tortious act or omission of the volunteer officer or Board member if all applicable conditions specified in California Civil Code Section 5800 are met.

(c) ***Non-liability of Owners***. Pursuant to California Civil Code Section 5805, no Owner shall be liable for any cause of action in tort which can be brought against the Owner solely because of the Owner's undivided interest in the Condominium Common Area so long as the Neighborhood Association keeps one (1) or more policies of insurance which include coverage for general liability of the Neighborhood Association in the amount required by California Civil Code Section 5805 and that insurance is in effect for the cause of action being brought.

4.4. **MEMBERSHIP**.

4.4.1. **Generally**. Every Owner shall automatically acquire a Membership in the Neighborhood Association and retain the Membership until such Owner's Condominium ownership ceases, at which time such Owner's Membership shall automatically cease. Ownership of a Condominium is the sole qualification for Membership. Memberships are not assignable except to the Person to whom title to the Condominium is transferred, and every Membership is appurtenant to and may not be separated from the fee ownership of the Condominium. The rights, duties, privileges and obligations of all Owners are as provided in the Neighborhood Governing Documents.

4.4.2. **Transfer**. The Membership of any Owner may not be transferred, pledged or alienated in any way, except on the transfer or encumbrance of such Owner's Condominium, and then only to the transferee or Mortgagee of the Owner's Condominium. A prohibited transfer is void and will not be reflected in the records of the Neighborhood Association. Any Owner who has sold the Owner's Condominium to a contract purchaser under an agreement to purchase may delegate the Owner's Membership rights to the contract purchaser. The delegation must be in writing and must be delivered to the Neighborhood Association before the contract purchaser may vote. The contract seller shall remain liable for all Assessments attributable to the contract seller's Condominium which accrue before title to the Condominium is transferred. If the contract seller fails or refuses to delegate the Membership rights to the contract purchaser before the Close of Escrow, the Neighborhood Association may record the transfer to the contract purchaser in the Neighborhood Association's records. However, no contract purchaser will be entitled to vote at Neighborhood Association meetings during the term of a purchase contract without satisfactory evidence of the delegation of the contract seller's Membership rights to the contract purchaser. The Neighborhood Association may levy a reasonable transfer fee against a new Owner and such Owner's Condominium (which fee shall be paid through escrow or added to the Annual Assessment chargeable to such new Owner) to reimburse the Neighborhood Association for the administrative cost of transferring the Membership to the new Owner on the Neighborhood Association's records. Such fee may not exceed the Neighborhood Association's actual cost involved in changing its records.

4.4.3. **Classes of Membership**. The Neighborhood Association classes of voting Membership are as follows:

(a) ***Class A***. Class A members are all Owners except Neighborhood Builder for so long as a Class B Membership exists. Class A members are

entitled to one (1) vote for each Condominium owned by such Class A members which is subject to Assessment. Neighborhood Builder shall become a Class A member on conversion of Neighborhood Builder's Class B Membership as provided below. The vote for each Condominium shall be exercised in accordance with Section 4.5, but no more than one (1) Class A vote may be cast for any Condominium.

(b) ***Class B.*** The Class B member is Neighborhood Builder. The Class B member is entitled to three (3) votes for each Condominium owned by Neighborhood Builder which is subject to Assessment. The Class B Membership shall convert to Class A Membership on the earliest to occur of the following events:

(i) When the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership; or

(ii) The second anniversary of the first Close of Escrow in the Neighborhood.

4.4.4. **Class B Board Appointment Right.** The Neighborhood Builder, for the duration of its Class B Membership, shall also have a limited right to appoint a simple majority of the members of the Board of Directors (the ***"Board Appointment Right"***). The Board Appointment Right may be exercised in any election occurring during its term without regard to whether, at the time votes may be cast in an election, the Neighborhood Builder owns any Condominiums that are then subject to Annual Assessments.

(a) ***Limits on Exercise of Board Appointment Right.*** Until the expiration of the Board Appointment Right as determined below, the Neighborhood Builder shall not be permitted to cast any of its Class A or Class B votes to elect any member of the Board of Directors. Instead, the Neighborhood Builder's power to fill seats on the Board shall be limited solely to exercise of the Board Appointment Right. Following the expiration of the Board Appointment Right, the Neighborhood Builder shall have the right to cast its Class A votes to elect members of the Board.

(b) ***Term of Board Appointment Right.*** The Board Appointment Right shall remain effective until the earlier of:

(i) the date on which the Neighborhood Builder's Class B Membership converts to Class A Membership; or

(ii) the date on which Neighborhood Builder no longer owns any portion of the Neighborhood; or

(iii) the date set by Neighborhood Builder in a written notice delivered to the Board.

(c) ***No Amendment without Neighborhood Builder Consent.*** Notwithstanding anything to the contrary in this Neighborhood Declaration, this Section 4.4.4(c) shall not be amended or terminated without the prior written consent of Neighborhood Builder until Neighborhood Builder no longer owns any portion of the Neighborhood.

4.5. **VOTING RIGHTS**. Voting rights attributable to the Units shall be exercised only after Annual Assessments have commenced in the Neighborhood.

4.5.1. **Limits Generally**. All voting rights are subject to the Neighborhood Governing Documents. Except as provided in Sections 4.5.2 and 12.3 of this Neighborhood Declaration and as provided in the Bylaws, as long as there is a Class B Membership, any provision of the Neighborhood Governing Documents which expressly requires the vote or written consent of a specified percentage (instead of a majority of a quorum) of the Neighborhood Association's voting power before action may be undertaken shall require the approval of such specified percentage of the voting power of both the Class A and the Class B Memberships. Except as provided in Section 12.3 of this Neighborhood Declaration and as provided in the Bylaws, on termination of the Class B Membership, any provision of the Neighborhood Governing Documents which expressly requires the vote or written consent of Owners representing a specified percentage (instead of a majority of a quorum) of the Neighborhood Association's voting power before action may be undertaken shall then require the vote or written consent of Owners representing such specified percentage of both (a) the Neighborhood Association's total Class A voting power, and (b) the Neighborhood Association's Class A voting power represented by Owners other than Neighborhood Builder.

4.5.2. **Relinquishment of Control Regarding Initiation of Right to Repair Law Claim**. Beginning on the date of the first annual meeting of Owners, Neighborhood Builder relinquishes control over the Neighborhood Association's ability to decide whether to initiate a Right to Repair Law Claim, whether by action of the Board or action by the Owners. This means that Neighborhood Builder, current employees and agents of Neighborhood Builder, Board members who are appointed by Neighborhood Builder, Board members elected by a majority of votes cast by Neighborhood Builder, and all other Persons whose vote or written consent is inconsistent with the intent of the preceding sentence, are prohibited from participating and voting in any decision of the Board or the Owners to initiate a Right to Repair Law Claim.

4.5.3. **Joint Ownership**. When more than one (1) Person holds an interest in any Condominium (***"co-owners"***), each co-owner may attend any Neighborhood Association meeting, but only one (1) co-owner shall be entitled to exercise the single vote to which the Condominium is entitled. Co-owners owning the majority interests in a Condominium may designate in writing one (1) of their number to vote. Fractional votes shall not be allowed and the vote for each Condominium shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if the designation is revoked, the vote for the Condominium shall be exercised as the co-owners owning the majority interests in the Condominium agree. Unless the Neighborhood Association receives a written objection in advance from a co-owner, it shall be conclusively presumed that the voting co-owner is acting with the co-owners' consent. No vote may be cast for any Condominium if the co-owners present in person or by proxy owning the majority interests in such Condominium fail to agree to the vote or other action. The nonvoting co-owner or co-owners are jointly and severally responsible for all obligations imposed on the jointly-owned Condominium and are entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Neighborhood Association in accordance with the voting percentages established in the Neighborhood Governing Documents are binding on all Owners and their successors in interest.

4.5.4. **Ownership by Legal Entity**. When title to a Condominium is held by a legal entity recognized under California law (***"Entity Owner"***) that is not a natural person, the governing authority of such Entity Owner may designate in writing to the Neighborhood

Association one (1) natural person (***"Entity Owner Representative"***) to exercise the single vote to which the Condominium is entitled. Fractional votes shall not be allowed. Where no designation of an Entity Owner Representative is made or if the designation is revoked, the vote for the Condominium shall be exercised as determined by the Entity Owner. Unless the Neighborhood Association receives a written objection in advance of the election from the governing authority of the Entity Owner, it shall be conclusively presumed that the vote exercised by the Entity Owner was properly exercised in accordance with the Entity Owner's procedures.

4.6. **UNSEGREGATED REAL PROPERTY TAXES**. To the extent not assessed to or paid by the Owners, the Neighborhood Association shall pay all real and personal property taxes and assessments levied on the Neighborhood. If all Condominiums in the Neighborhood are taxed under a tax bill covering all of the Neighborhood, then each Owner shall pay the Owner's share of any installment due under the tax bill to the Neighborhood Association at least ten (10) days before the delinquency date. The Neighborhood Association shall transmit the taxes to the appropriate tax collection agency on or before the delinquency date. The Neighborhood Association shall allocate taxes proportionately based on square footage or by any other method used by the County. The Neighborhood Association shall, at least forty five (45) days before the delinquency date of any tax installment, deliver to each Owner in the Neighborhood a copy of the tax bill, along with a written notice setting forth the Owner's obligation to pay the Owner's share of the tax installment and the potential additional charges to the Owner for failure to comply. The Neighborhood Association shall pay the taxes on behalf of any Owner who does not pay the Owner's share. The Neighborhood Association shall add to the Annual Assessment of a delinquent Owner the amount of any sum advanced, plus interest at the rate of ten percent (10%) per annum and any amount necessary to reimburse the Neighborhood Association for any penalty or late charge actually assessed in connection with the tax bill for the Neighborhood, which late charge results from the failure of the delinquent Owner to make timely payment of the Owner's share of the taxes. Until Close of Escrow for the sale of ninety percent (90%) of the Condominiums in the Neighborhood has occurred, this Section may not be amended without the written consent of Neighborhood Builder.

ARTICLE 5
DESIGN REVIEW COMMITTEE

5.1. **MEMBERS OF COMMITTEE**. The Design Review Committee shall be composed of three (3) members. The initial members of the Design Review Committee shall be representatives of Neighborhood Builder until one (1) year after the original issuance of the Public Report for the Neighborhood (***"First Anniversary"***). After the First Anniversary, the Board may appoint and remove one (1) member of the Design Review Committee, and Neighborhood Builder may, but is not obligated to, appoint and remove a majority of the members of the Design Review Committee and fill any vacancy of such majority, until the earlier to occur of (a) Close of Escrow for the sale of ninety percent (90%) of all the Condominiums in the Neighborhood, or (b) the fifth (5^{th}) anniversary of the original issuance of the Public Report for the Neighborhood, after which the Board may appoint and remove all members of the Design Review Committee. Design Review Committee members appointed by the Board must be Owners, but Design Review Committee members appointed by Neighborhood Builder need not be Owners. Members of the Board of Directors may serve as Design Review Committee members.

5.2. **POWERS AND DUTIES.**

5.2.1. **General Powers and Duties.** The Design Review Committee shall consider and act upon all plans and specifications submitted for its approval, including inspection of work in progress to assure conformity with plans approved by the Design Review Committee, and shall perform such other duties as the Board assigns to it.

5.2.2. **Issuance of Standards.** The Design Review Committee shall annually issue and update its Design Guidelines (or supplements thereto) and provide notice of any requirements for Committee approval of proposed Improvements. Such Design Guidelines shall be consistent with the Design for Development. The notice shall describe the types of proposed Improvements that require Committee approval, and it shall include a copy of the procedure used to review and approve or disapprove such proposed Improvements. The Design Guidelines or Rules and Regulations may set the amount of a fee required to accompany each application for approval, and may identify additional factors which the Design Review Committee will consider in reviewing submissions. The Design Review Committee may provide that fees it imposes be uniform, or that fees be determined in any other reasonable manner. The Design Review Committee may require such detail in plans and specifications submitted for its review as it deems proper, including landscape plans, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors.

5.2.3. **Retaining Consultants.** The Design Review Committee has the power, but not the duty, to retain licensed architects, contractors and other professionals to advise its members in connection with decisions. In the event the Design Review Committee retains any consultant to advise on the terms of an Application (defined below), such costs may, at the discretion of the Committee, become a fee imposed on the Applicant.

5.3. **REVIEW OF PLANS AND SPECIFICATIONS.**

5.3.1. **Improvements Requiring Approval.** No Owner may construct, install or alter any Improvements in a Condominium which affects the structural integrity of the walls, floors and ceilings of the Condominium, any external structural or ornamental component of any Condominium Building, or any modification to any Exclusive Use Area without the prior written approval of the Design Review Committee. The provisions of this Article apply to construction, installation and alteration of solar energy systems, as defined in California Civil Code Section 801.5, subject to the provisions of California Civil Code Sections 714 and 714.1, Civil Code Section 4746, the applicable Building Code, zoning regulations, and other laws. The Design Review Committee may review the Improvements' impact on:

(a) The structural integrity of the Condominium Building;

(b) The safety of the Owners and the public;

(c) The noise heard beyond the Condominium in which the Improvement is located;

(d) Fire safety;

(e) Common utilities; and

(f) The Neighborhood Property.

These factors, together with the matters discussed in Section 5.3.3 below, are collectively, the ***"Design Factors"***. The Design Review Committee may review the impact the construction, installation, or altering of the Improvement has on the Design Factors, as well as the impact the completed Improvement has on the Design Factors.

5.3.2. **Application Procedure**. All Owners must apply for Neighborhood Association approvals under this Article 5 in addition to, and not in lieu of, all required Local Governmental Agency approvals and permits (obtained at the Applicant's sole expense). The provisions of this Article apply to construction, installation and alteration of solar energy systems, as defined in California Civil Code Section 801.5, subject to the provision of California Civil Code Sections 714 and 714.1, the applicable Building Code, zoning regulations and other laws.

(a) ***Application***. Owners who seek Committee approval shall submit plans and specifications showing the dimensions, exterior elevation, color, materials used and location of the proposed Improvements, along with an initial review fee in an amount set in writing from time to time by the Committee, along with all other deposits and review materials required under this Article (collectively, an ***"Application"***). Until changed by the Board, the address for the submission of the Application is the Neighborhood Association's principal office. The form of Application used by the Design Review Committee may include spaces allowing "Adjacent Owners" to sign or initial the Application confirming that they have been notified of the application. The Design Review Committee may establish a definition of "Adjacent Owners" in its Design Guidelines. Applications will be complete and may be approved or disapproved by the Design Review Committee even if all of the Adjacent Owners do not initial the Applications so long as the Owner submitting plans and specifications (the ***"Applicant"***) certifies that the Applicant has asked the Adjacent Owners to sign the Applications. The requirement that the Applicant attempt to obtain the signatures of Adjacent Owners is intended only to provide notice of the pending application to the Adjacent Owners. It does not create in the Adjacent Owners any power to approve or disapprove the Application by signing or withholding a signature. Only the Committee may approve or disapprove an Application.

(b) ***Review and Decision***. The Design Review Committee shall deliver its written approval, disapproval, or request for additional information or materials to the Applicant at the address listed in the Application no later than the date that is forty-five (45) calendar days after the date on which the Design Review Committee has received the complete Application (the ***"Review Deadline"***). If, on the Review Deadline, the Committee has failed to deliver to the Applicant its written approval, disapproval, or request for additional information or materials, then the Application shall be deemed approved, and the Manager or a representative of the Board or Committee shall at the request of the Applicant execute a written approval therefor within fifteen (15) days after receipt of such request. Issuance of permits by a Local Government Agency does not remove the requirement that the Applicant obtain the approval of the Design Review Committee before commencing construction of the proposed Improvements.

5.3.3. **Standard for Approval**. A decision on a proposed Improvement shall be consistent with California law, made in good faith and may not be unreasonable, arbitrary or capricious. If disapproved, the written decision shall include both an explanation of why the proposed Improvement is disapproved and a description of the procedure for reconsideration by the Board. The Design Review Committee shall approve an Application only if it determines that (a) installation, construction or alterations of the Improvements in the locations proposed will not be detrimental to the appearance of the Neighborhood as a whole, (b) the appearance of

the proposed Improvements will be in harmony with the Design for Development, the existing Improvements and the overall design theme in the Neighborhood, (c) installation, construction or alteration of the proposed Improvements will not detract from the beauty, wholesomeness and attractiveness of the Neighborhood or the enjoyment of the Neighborhood by the Owners, (d) maintenance of the proposed Improvements will not become a burden on the Neighborhood Association, and (e) the proposed Improvements are consistent with the Neighborhood Governing Documents. The Committee's decision on a proposed change may not violate any governing provision of law, including the Fair Employment and Housing Act, or a building code or other applicable law governing land use or public safety. The Committee may consider the impact of views from other Condominiums, reasonable privacy right claims, passage of light and air, beneficial shading and other aesthetic factors in reviewing, approving or disapproving any Application. However, neither the Neighborhood Builder nor the Neighborhood Association warrants that any views in the Neighborhood are protected. No Condominium is guaranteed the existence or unobstructed continuation of any particular view.

5.3.4. **Conditions of Approval**. The Design Review Committee may condition its approval of an Application for any Improvement on any one (1) or more of the following:

(a) The Applicant's delivery to the Neighborhood Association of security acceptable to the Neighborhood Association against any mechanic's lien or other encumbrance which may be Recorded against the Neighborhood Property or another Owner's Condominium as a result of such work;

(b) The Applicant's delivery to the Neighborhood Association of the review fee described in Section 5.3.2 above;

(c) Such changes to the Application as the Design Review Committee considers appropriate;

(d) The Applicant's agreement to grant to the Neighborhood Association or other Owners such easements as are made reasonably necessary by the existence of the Improvement;

(e) The Applicant's agreement to install water, gas, electrical or other utility meters to measure any increased utility consumption;

(f) The Applicant's agreement to reimburse the Neighborhood Association for the cost of maintaining the Improvement (should the Neighborhood Association agree to accept maintenance responsibility for the Improvement as built);

(g) The Applicant's agreement to complete the proposed work within a stated period of time;

(h) The Applicant's entry into a reasonable written indemnity agreement in form specified by the Neighborhood Association for damage to the Neighborhood Property, personal property, personal injury and death occasioned during construction, maintenance and operation of the Improvements, and any defect in the Improvement;

(i) If required by the Committee, the Applicant's deposit of adequate funds with the Neighborhood Association to repair or restore any Neighborhood

Property that may be damaged by the Applicant or the Applicant's contractors. The Design Review Committee will determine the actual amount of the deposit in each case, but the amount shall be at least enough to cover the cost of repairing or restoring damage that is reasonably foreseeable to the Design Review Committee. The deposit shall be refundable to the extent the Design Review Committee finds that the work of Improvement is complete, and that the Neighborhood Property was not damaged or was restored at least to its condition when the work began;

(j) If required by the Committee, the submission of additional plans and specifications or other information before approving or disapproving the Application.

5.3.5. **Governmental Approvals**. The Applicant shall meet the requirements of all applicable ordinances, codes and regulations of the City and County, including the Design for Development. zoning laws, building and safety codes, fire codes and applicable inspection and permit requirements before making any construction, installation or alterations permitted under this Neighborhood Declaration. All approvals issued by the Committee are in addition to, and not in lieu of, applicable governmental approvals, which the Applicant must also obtain at his sole cost, prior to or concurrently with Committee approvals, and before commencing any work. Furthermore, governmental approvals are in addition to, and not in lieu of, Committee approvals required under the Neighborhood Governing Documents. No determination by any governmental agency that the Applicant has met applicable governmental requirements for a particular Improvement shall relieve the Applicant of its obligation to obtain all required Committee approvals required under this Article, the Neighborhood Governing Documents, the Design for Development and the Development and Entitlement Documents.

5.3.6. **Matters Outside Scope of Approval**. The Design Review Committee's approval or disapproval of each Application shall be based solely on the aesthetic considerations listed in this Article. Approval of any Application does not constitute a finding or a warranty by the Design Review Committee that the work of Improvement described in the Application or any portion of the Application (a) incorporates good engineering practices, (b) complies with applicable law, ordinance, code, or regulation, including zoning laws, building and safety codes or fire codes, (c) complies with the requirements of any utility provider, or (d) is permissible under the terms of any easement, license, permit, Mortgage, deed of trust, or other recorded or unrecorded instrument (other than the Neighborhood Governing Documents) that affects the land. Nothing in this Neighborhood Declaration shall be construed to require Design Committee approval of any construction, reconstruction, installation, removal or alteration of an Improvement by Neighborhood Builder or by the Neighborhood Association.

5.3.7. **Exculpation of Committee**. By submitting an Application, each Applicant is deemed to agree that neither the Design Review Committee, nor the members thereof, nor Neighborhood Builder, nor their respective agents, employees, attorneys or consultants shall be liable to any Person for:

(a) Any matter outside the Committee's scope of approval as discussed in Section 5.3.6 above;

(b) Any defect in any Improvement constructed by or on behalf of the Applicant pursuant to an approved Application;

(c) Any loss, damage, or injury to Persons or property arising out of or in any way connected with work performed by or on behalf of the Applicant pursuant to an approved Application; or

(d) Any loss, damage, or injury to Persons or property arising out of or in any way connected with the performance of the Design Review Committee's duties hereunder, unless due to willful misconduct or gross negligence.

5.4. **MEETINGS AND ACTIONS OF THE DESIGN REVIEW COMMITTEE**. The Design Review Committee shall meet as necessary to perform its duties. As long as a majority of the members of the Design Review Committee are Neighborhood Builder representatives, the Design Review Committee may, by resolution unanimously adopted in writing, designate an Owner or a Neighborhood Builder representative to serve as a Design Review Committee Representative to take any action or perform any duties for and on behalf of the Design Review Committee except the granting of variances. The Design Review Committee Representative need not be a current member of the Design Review Committee. In the absence of such designation, the vote or written consent of a majority of the Design Review Committee constitutes an act of the Design Review Committee. All approvals issued by the Design Review Committee must be in writing. Verbal approvals issued by the Design Review Committee, any individual Design Review Committee member or any other representative of the Neighborhood Association are not valid, are not binding on the Neighborhood Association and may not be relied on by any Person. If within six (6) months after issuance of the approval, an Owner either does not begin work pursuant to approved plans or obtain an extension of time to begin work, the approval shall be automatically revoked and a new approval must be obtained before work can begin.

5.5. **NO WAIVER OF FUTURE APPROVALS**. The Design Review Committee's approval of any proposals, plans and specifications or drawings for any work done or proposed in connection with any matter requiring the Design Review Committee's approval does not waive the right to withhold approval of any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval.

5.6. **COMPENSATION OF MEMBERS**. The Design Review Committee's members shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in performing their duties.

5.7. **INSPECTION OF WORK**. The Design Review Committee or its duly authorized representative may inspect any work for which approval of plans is required under this Article (***"Work"***). The right to inspect includes the right to require any Owner to take such action as may be necessary to remedy (including removal of) any noncompliance with the Design Review Committee-approved plans for the Work or with the requirements of this Neighborhood Declaration (***"Noncompliance"***).

5.7.1. **Time Limit for Inspections**. When the Work is complete, the Applicant shall immediately provide the Committee with written notice of completion on the form prescribed by the Committee. The Design Review Committee's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate on the date that is sixty (60) calendar days after the date on which the Committee has received written notice from the Applicant on a form provided by the Committee that the Work is complete. If the Design Review Committee fails to send a written notice of Noncompliance to an Applicant before this time limit expires, the Work shall be deemed to comply with the approved Application.

5.7.2. **Noncompliance**. If an Improvement that requires the prior approval of the Design Review Committee is (a) commenced or completed without prior written approval by the Committee, (b) is not completed within the time limit established by the Committee in its approval, or (c) is not completed in substantial conformity with the approved Application, or (d) if no time limit is established by the Committee, the Applicant fails to complete the Work within one (1) year after the date on which the Application was approved, then a Noncompliance is deemed to exist, and then the Committee has the right, but not the obligation, to deliver a written notice of Noncompliance to the violating Owner, and the Neighborhood Association may, but is not required to, pursue the remedies set forth in this Section.

5.7.3. **Remedy for Noncompliance**. The Committee shall notify the Board in writing when an Owner fails to remedy any Noncompliance within sixty (60) days after the date of the notice of Noncompliance. After Notice and Hearing, the Board shall determine whether there is Noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a Noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days after the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Neighborhood Association may record a Notice of Noncompliance (if allowed by law), correct the Noncompliance and charge the Owner for the Neighborhood Association's costs, or commence an action for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

5.8. **VARIANCES**. The Design Review Committee may authorize variances from compliance with any of the architectural provisions of this Neighborhood Declaration or the Design Guidelines including restrictions on height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations require. Variances must be evidenced in writing, must be signed by a majority of the Committee, and become effective on Recordation. After Neighborhood Builder's right to appoint a majority of the Design Review Committee's members ends, the Board must approve any variance recommended by the Design Review Committee before any such variance becomes effective. If variances are granted, no violation of this Neighborhood Declaration shall be deemed to have occurred concerning the matter for which the variances were granted. The granting of a variance does not waive any of the provisions of this Neighborhood Declaration for any purpose except as to the particular property and particular provision of this Neighborhood Declaration covered by the variance, nor does it affect the Owner's obligation to comply with all laws affecting the use of that Owner's Condominium. The Committee's written variance shall be Recorded against the Applicant's Condominium in the Official Records. The cost of Recording the variance shall be borne solely by the Applicant. No variance shall conflict with local ordinances or any specific plan for the Neighborhood without the prior written approval of the City.

5.9. **PRE-APPROVALS**. The Design Review Committee may authorize pre-approval of specified types of construction activities if, in the exercise of the Design Review Committee's judgment, a pre-approval is appropriate to carry out the purposes of the Neighborhood Governing Documents and consistency with the Design for Development and other Development and Entitlement Documents.

5.10. **APPEALS**. If a proposed Improvement is disapproved, the Applicant is entitled to reconsideration by the Board of Directors at an open meeting that satisfies the requirements of California Civil Code Section 4900, *et seq*. This paragraph does not require reconsideration

of a decision that is made by the Board, or the Design Review Committee if the Committee has the same membership as the Board.

ARTICLE 6
PROPERTY EASEMENTS AND RIGHTS

6.1. **EASEMENTS.**

6.1.1. **Maintenance and Repair.** Neighborhood Builder reserves for the benefit of the Neighborhood Association and all Neighborhood Association agents, officers and employees, nonexclusive easements over the Neighborhood as necessary to fulfill the obligations and perform the duties of the Neighborhood Association.

6.1.2. **Utility Easements.** Neighborhood Builder reserves easements to install and maintain utilities over the Neighborhood Property for the benefit of the Owners and their Condominiums. Neighborhood Builder reserves the right to grant additional easements and rights-of-way throughout the Neighborhood to utility companies and public agencies as it deems necessary for the proper development and disposal of the Neighborhood. Such right of Neighborhood Builder shall expire on the Close of Escrow for the sale of the last Condominium in the Neighborhood.

6.1.3. **Encroachments.** Neighborhood Builder reserves, for its benefit and for the benefit of all Owners and their Condominiums, a reciprocal easement appurtenant to each Condominium over the other Condominiums and the Neighborhood Property to accommodate (a) any existing encroachment of any wall or any other Improvement installed by Neighborhood Builder or approved by the Design Review Committee, and (b) shifting, movement or natural settling of the Condominium Building or other Improvements.

6.1.4. **Easements for Public Service Use.** Neighborhood Builder reserves easements over the Neighborhood for public services of the Local Government Agencies, including but not limited to, the right of law enforcement and fire protection personnel to enter upon the Neighborhood to carry out their official duties.

6.1.5. **Easements for Water and Utility Purposes.** Neighborhood Builder reserves easements over the Neighborhood for public and private utility purposes, including the right of the City, any public utility or mutual water district for ingress and egress over the Neighborhood to read and maintain meters, to use and maintain fire hydrants, and to operate, use and maintain any public or private utilities that are not maintained by the Neighborhood Association.

6.1.6. **City Easements.** Neighborhood Builder reserves, for the benefit of the City, non-exclusive easements to enter the Neighborhood Property for the maintenance, repair and replacement of its water, fire, storm, surface water drainage and other utility facilities.

6.1.7. **Completion of Improvements.** Neighborhood Builder reserves the right and easement to enter the Neighborhood to complete any Improvement which Neighborhood Builder considers desirable to implement Neighborhood Builder's development plan.

6.1.8. **Owners' Easements in Neighborhood Property.** Neighborhood Builder reserves, for the benefit of every Owner, and each Owner's Family, tenants and invitees,

nonexclusive easements for pedestrian and vehicular access (all as applicable) over the Neighborhood Property in the Neighborhood as reasonably necessary for the use and enjoyment of each Condominium in the Neighborhood. This easement is appurtenant to and passes with title to every Condominium in the Neighborhood, but is to be exercised subject to the rights, restrictions, covenants and easements in the Neighborhood Governing Documents and the Neighborhood Association's right to reasonably restrict access to rooftops, maintenance facilities and other areas of the Neighborhood Property that are designated by the Board.

6.1.9. **Exclusive Use Areas**. Neighborhood Builder reserves for the benefit of specified Owners exclusive easements over the Neighborhood Property for use and enjoyment of Exclusive Use Areas as defined in this Neighborhood Declaration. The foregoing easements shall be conveyed by Recorded deed, and the easements so conveyed shall be appurtenant to and run with the Owner's Unit, subject to the right of the Neighborhood Association and its representatives to enter the Exclusive Use Areas to carry out Neighborhood Association maintenance and other obligations as further described in the Neighborhood Governing Documents.

6.1.10. **Drainage Easements**. Neighborhood Builder reserves, for the benefit of the Neighborhood, the Owners and the Neighborhood Association, reciprocal nonexclusive easements for drainage of water over, across and on the Neighborhood.

6.1.11. **Easement for Neighborhood Builder**. Neighborhood Builder hereby reserves for itself and its agents and contractors nonexclusive easements over the Neighborhood to perform excavation and construction work in the Neighborhood Property, as applicable, and as necessary to complete the Neighborhood, to perform shoring work and to install or service utilities and other buried Improvements. The easements reserved hereby will continue in effect until the later of (a) November 2023, or (b) the date when Neighborhood Builder no longer owns any portion of the Neighborhood or has a Mortgage or a Mortgage interest in any portion of the Neighborhood.

6.1.12. **Telecommunications Easement**. Neighborhood Builder reserves blanket easements (collectively, ***"Telecommunications Easements"***) over the Neighborhood for access and for purposes of constructing, installing, locating, altering, operating, maintaining, inspecting, upgrading, removing and enhancing Telecommunications Facilities (collectively, ***"Telecommunications Purposes"***) for the benefit of Neighborhood Builder. Such easements are freely transferable by Neighborhood Builder to any other Person and their successors and assigns. No one, except for Neighborhood Builder and Neighborhood Builder's transferees, may use the Neighborhood for Telecommunications Purposes. All Telecommunications Facilities shall be owned, leased or licensed by Neighborhood Builder, as determined by Neighborhood Builder, in its sole discretion and business judgment. Transfer of the Neighborhood does not imply transfer of any Telecommunications Easements or Telecommunications Facilities. The holders of the Telecommunications Easements may not exercise the rights reserved hereunder in any manner which will unreasonably interfere with the reasonable use and enjoyment of the Neighborhood by any Owner. If the exercise of any Telecommunications Easement results in damage to the Neighborhood, then the easement holder who caused the damage shall, within a reasonable period of time, repair such damage. If Neighborhood Builder has not conveyed the Telecommunications Easements to another Person before the last Close of Escrow in the Neighborhood, then Neighborhood Builder grants the Telecommunications Easements to the Neighborhood Association effective as of the last Close of Escrow in the Neighborhood.

6.2. **ADDITIONAL EASEMENTS**. Neighborhood Builder reserves easements over the Neighborhood Property owned in fee simple by the Neighborhood Association for the exclusive use by an Owner or Owners of contiguous property as a yard, recreational, gardening, and landscaping area. Subject to Section 4.2.3, any such easement may be conveyed by the Neighborhood Builder before the last Close of Escrow for sale of a Condominium in the Neighborhood. Such conveyance must be approved by the Board, which approval must not be unreasonably withheld. The purpose of the easement, the portion of the Neighborhood Property affected, the Condominium to which the easement is appurtenant, and any restrictions on use of the easement area shall be identified in a Recorded grant of easement.

6.3. **DELEGATION OF USE**. Any Owner may delegate the Owner's right to use the Neighborhood Property in writing to the Owner's tenants, contract purchasers or subtenants who reside in such Owner's Unit, subject to regulation by the Board. An Owner who has delegated this right may not use the Recreational Facilities so long as such delegation remains in effect.

6.4. **RIGHT OF ENTRY**.

6.4.1. **Neighborhood Association.** The Neighborhood Association has the right to enter the Exclusive Use Areas and the Units to inspect and maintain the Neighborhood Property, including the Condominium Building and any other Neighborhood Association - maintained Improvements, and take whatever corrective action it determines to be necessary or proper. Entry onto any Exclusive Use Areas and Unit under this Subsection may be made after at least three (3) days' advance written notice to the Owner of the Condominium except for emergency situations, which shall not require notice. For purposes hereof, an "emergency situation" is a situation in which there is an imminent threat of injury to persons or damage to property, as determined by the Board in the exercise of its sound business judgment. Any damage to a Unit or Exclusive Use Area or personal property therein that is caused by entry under this Subsection shall be repaired by the Neighborhood Association. In making such repair, the Neighborhood Association shall not be responsible for costs beyond those necessary to repair or restore the damaged item to the conditions it was in immediately prior to the damage.

6.4.2. **Neighborhood Builder**. The Neighborhood Builder has the right to enter the Condominiums, the Exclusive Use Area, the Units and the Neighborhood Property (a) to comply with requirements for the recordation of subdivision maps or lot line adjustments in the Neighborhood, (b) for repair of Improvements in accordance with the provisions of the Right to Repair Law, (c) to accommodate grading or construction activities, (d) to comply with requirements of applicable Local Government Agencies, and (e) for any other purpose described in the Neighborhood Governing Documents and the applicable initial grant deed by which Neighborhood Builder has transferred ownership of the subject Unit or Neighborhood Property. Neighborhood Builder shall provide the applicable Owner or the Neighborhood Association (as applicable) reasonable notice before such entry, except for emergency situations, which shall not require notice. For purposes hereof, an "emergency situation" is a situation in which there is an imminent threat of injury to persons or damage to property, as determined by the Neighborhood Builder. Any damage to the Neighborhood Property or to a Condominiums or personal property therein that is caused by entry under this Subsection shall be repaired by the Neighborhood Builder. In making such repair, the Neighborhood Builder shall not be responsible for costs beyond those necessary to repair or restore the damaged item to the conditions it was in immediately prior to the damage. Unless otherwise specified in the applicable initial grant deed by which Neighborhood Builder has transferred ownership of the

subject Condominium or subject Neighborhood Property, this right of entry shall automatically expire on the later of the date that is twelve (12) years after (a) the date this Neighborhood Declaration is Recorded, or (b) the date on which the grant deed is Recorded by which Neighborhood Builder first conveyed fee title to the subject real property under authority of a Public Report.

6.4.3. **Owners**. Each Owner shall permit other Owners, and their representatives, to enter that Owner's Exclusive Use Area and, subject to the limitations below, the Unit in order to perform installations, alterations or repairs to the mechanical or electrical services to the entering Owner's Condominium if (a) requests for entry are made in advance, (b) entry is made at a time reasonably convenient to the Owner whose Exclusive Use Area or the Condominium is to be entered, and (c) the entered Exclusive Use Area or the Condominium is left in substantially the same condition as existed immediately preceding such entry. Notwithstanding the foregoing, an Owner shall not have the right to enter another Owner's Unit unless entry is reasonably necessary to enable the entering Owner to correct or repair an Improvement for which the entering Owner is responsible. Owners have no right to enter another Owner's Exclusive Use Area or Unit to perform maintenance or repair of any Neighborhood Property or any other Improvement for which the Neighborhood Association is responsible. Any damage to the entered Exclusive Use Area, the entered Unit, or any personal property therein which is caused by entry under this Subsection shall be repaired by the entering Owner. In making such repair, the entering Owner shall not be responsible for costs beyond those necessary to repair or restore the damaged item to the condition it was in immediately prior to the damage.

ARTICLE 7
NEIGHBORHOOD ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

7.1. **PERSONAL OBLIGATION TO PAY ASSESSMENTS**. Each Owner shall pay to the Neighborhood Association all Assessments established and collected pursuant to this Neighborhood Declaration. The Neighborhood Association shall not levy or collect any Assessment that exceeds the amount necessary for the purpose for which it is levied. All Assessments, together with late payment penalties, interest, costs, and reasonable attorney fees for the collection thereof, are a charge and a continuing lien on the Condominium against which such Assessment is made. Each Assessment, together with late payment penalties, interest, costs and reasonable attorney fees, is also the personal obligation of the Person who was the Owner of the Condominium when the Assessment accrued. The personal obligation for delinquent Assessments may not pass to any new Owner (***"Purchaser"***) unless expressly assumed by the Purchaser or unless the Purchaser has actual or constructive knowledge of such delinquent Assessments, whether by virtue of the Recordation of a Notice of Delinquent Assessment or receipt from the Neighborhood Association of a certificate pursuant to California Civil Code Section 4525.

7.2. **NEIGHBORHOOD ASSOCIATION MAINTENANCE FUNDS**. The Neighborhood Association shall establish no fewer than two (2) separate Neighborhood Association Maintenance Fund accounts into which shall be deposited all money paid to the Neighborhood Association and from which disbursements shall be made, as provided in this Neighborhood Declaration. The Neighborhood Association Maintenance Funds may be established as trust accounts at a banking or savings institution and shall include: (a) an Operating Fund for current Common Expenses, (b) an adequate Reserve Fund for the portion of Common Expenses allocated to reserves for Improvements which the Board does not expect to repair or replace on an annual or more frequent basis, and (c) any other funds which the

Neighborhood Association may elect to establish. The Neighborhood Association shall require the bank or savings institution to send monthly account statements directly to the Neighborhood Association. If a Manager is retained by the Neighborhood Association, then the Manager shall maintain records and bank accounts for the Neighborhood Association separate from other associations that use its services, and the Manager shall have no authority to draw checks on, or transfer funds from, any Reserve Fund of the Neighborhood Association.

7.3. **PURPOSE OF ASSESSMENTS**. The Assessments shall be used exclusively to (a) promote the Owners' recreation and welfare, (b) operate, improve and maintain the Neighborhood Property, and (c) discharge any other Neighborhood Association obligations under this Neighborhood Declaration. All amounts deposited into the Neighborhood Association Maintenance Funds must be used solely for the common benefit of all Owners for purposes authorized by this Neighborhood Declaration. Disbursements from the Operating Fund generally shall be made by the Neighborhood Association to discharge Neighborhood Association responsibilities which cannot be discharged by disbursements from the Reserve Fund. However, if the Board determines that the Operating Fund contains excess funds, the Board may transfer the excess funds to any other Neighborhood Association Maintenance Fund. Disbursements from the Reserve Fund shall be made by the Neighborhood Association only for the purposes specified in this Article and in California Civil Code Sections 5510(b) and 5515, and only in accordance with California Civil Code Sections 5380, 5502, and 5510.

7.4. **WAIVER OF USE**. No Owner may be exempt from personal liability for Assessments duly levied by the Neighborhood Association, nor release such Owner's Condominium from the liens and charges thereof, by waiving use and enjoyment of the Neighborhood Property or by abandoning such Owner's Condominium.

7.5. **LIMITS ON ANNUAL ASSESSMENT INCREASES**. The following shall apply to the general component of Annual Assessments:

7.5.1. **Maximum Authorized Annual Assessment For Initial Year of Operations**. During the Fiscal Year in which Annual Assessments commence, the Board may levy an Annual Assessment per Condominium in an amount which exceeds one hundred twenty percent (120%) of the amount of Annual Assessments disclosed for the Neighborhood in the most current Budget filed with and reviewed by DRE only if the Board first obtains the approval of Owners casting a majority of votes at a meeting or election of the Neighborhood Association in which more than fifty percent (50%) of the Condominiums are represented (***"Increase Election"***). Notwithstanding the foregoing, per Section 5.1(i) of the Housing Plan for the Community, the amount of Annual Assessments required to be made by a purchaser of an "inclusionary unit" in the Neighborhood shall not be increased for a period of one (1) year following the date of the first Close of Escrow for the first "inclusionary "unit in the Neighborhood. This Section does not limit Annual Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 7.5.4.

7.5.2. **Maximum Authorized Annual Assessment For Subsequent Fiscal Years**. During the Fiscal Years following the Fiscal Year in which Annual Assessments commence, the Board may levy Annual Assessments which exceed the Annual Assessments for the immediately preceding Fiscal Year only as follows:

(a) If the increase in Annual Assessments is less than or equal to twenty percent (20%) of the Annual Assessments for the immediately preceding Fiscal Year, then the Board must either (1) have distributed the Budget for the current Fiscal Year in

accordance with California Civil Code Section 5300, or (2) obtain the approval of Owners casting a majority of votes in an Increase Election; or

(b) If the increase in Annual Assessments is greater than twenty percent (20%) of the Annual Assessments for the immediately preceding Fiscal Year, then the Board must obtain the approval of Owners casting a majority of votes in an Increase Election.

This Section does not limit Annual Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 7.5.4.

7.5.3. **Supplemental Annual Assessments**. If the Board determines that the Neighborhood Association's essential functions may be properly funded by an Annual Assessment in an amount less than the maximum authorized Annual Assessment described above, it may levy such lesser Annual Assessment. If the Board determines that the estimate of total charges for the current year is or will become inadequate to meet all Common Expenses, it shall immediately determine the approximate amount of the inadequacy. Subject to the limits described in Sections 7.5.1, 7.5.2 and 7.5.4, the Board may levy a supplemental Annual Assessment reflecting a revision of the total charges to be assessed against each Condominium.

7.5.4. **Emergency Situations**. For purposes of Sections 7.5.1, 7.5.2 and 7.7, an "Emergency Situation" is any one of the following:

(a) An extraordinary expense required by an order of a court;

(b) An extraordinary expense necessary to maintain the portion of the Neighborhood for which the Neighborhood Association is responsible where a threat to personal safety on the Neighborhood is discovered; and

(c) An extraordinary expense necessary to maintain the portion of the Neighborhood for which the Neighborhood Association is responsible that could not have been reasonably foreseen by the Board when preparing the Budget. Before imposing or collecting an Assessment pursuant to this Subsection (c), the Board shall adopt a resolution containing written findings regarding the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Owners with the notice of the assessment.

7.6. **ANNUAL ASSESSMENTS**.

7.6.1. **Commencement of Annual Assessments**. Except as provided below, Annual Assessments shall commence on all Condominiums in the Neighborhood on the first day of the first calendar month following the first Close of Escrow in the Neighborhood.

7.6.2. **Assessment and Proration**. Annual Assessments for fractions of a month shall be prorated. Neighborhood Builder shall pay its full pro rata share of the Annual Assessments on all unsold Condominiums for which Annual Assessments have commenced. The Board shall fix the amount of the Annual Assessment against each Condominium at least thirty (30) days in advance of each Annual Assessment period. However, unless otherwise established by the Board, the initial Annual Assessments shall be assessed in accordance with the most recent Budget on file with and reviewed by DRE. Written notice of any change in the amount of any Annual Assessment, Capital Improvement Assessment or Reconstruction

Assessment shall be sent by first-class mail to every Owner subject thereto not less than thirty (30) nor more than sixty (60) days before the increased Assessment becomes due.

7.6.3. **Apportionment of Annual Assessments**. All Annual Assessments shall be assessed uniformly and equally against the Owners and their Condominiums based on the number of Condominiums owned by each Owner, except for those items identified in the Budget and ***Exhibit VC*** attached hereto as variable components of Common Expenses.

(a) ***Disposition of Funds Remaining at End of Fiscal Year***. The Board may determine that funds remaining in the Operating Fund at the end of the Fiscal Year be retained and used to reduce the following Fiscal Year's Annual Assessments.

(b) ***Disposition of Funds Remaining at Abandonment or Termination of Neighborhood***. On dissolution of the Neighborhood Association incident to the abandonment or termination of the Neighborhood as a condominium project, any amounts remaining in any of the Neighborhood Association Maintenance Funds shall be distributed to or for the benefit of the Owners in the same proportions as such money was collected from the Owners.

(c) ***Variable Components of Common Expenses***. ***Exhibit VC*** lists Common Expenses that will be assessed at varying levels in rough proportion to the estimated base interior square footage of each Condominium Unit type, as described in more detail in the current Budget.

(d) ***Revisions to Budgeted Common Expenses***. The Board has the power to revise the Budget from time to time, including making changes to the Common Expenses and the variable components of Common Expenses listed in the Budget, without amending ***Exhibit VC*** or this Neighborhood Declaration. In the event of a conflict between this Neighborhood Declaration or ***Exhibit VC*** and the adopted Budget, the adopted Budget shall control.

7.6.4. **Payment of Annual Assessments**. Each Owner shall pay Annual Assessments in installments at such frequency, in such amounts and by such methods as are established by the Board. If the Neighborhood Association incurs additional expenses because of a payment method selected by an Owner, the Neighborhood Association shall charge the additional expenses to the Owner. Each installment of Annual Assessments may be paid to the Neighborhood Association in one (1) check or in separate checks as payments attributable to specified Neighborhood Association Maintenance Funds. If any payment of an Annual Assessment installment (a) is less than the amount assessed and (b) does not specify the Neighborhood Association Maintenance Fund or Funds into which it should be deposited, then the amount received shall be credited in order of priority first to the Operating Fund, until that portion of the Annual Assessment has been satisfied, and second to the Reserve Fund.

7.7. **SPECIAL ASSESSMENTS**. The Board may levy, in any Fiscal Year, (a) a Capital Improvement Assessment to defray, in whole or in part, the Neighborhood Association's costs described in Section 1.1.7, (b) a Reconstruction Assessment to defray the Neighborhood Association's extraordinary expense of repair or reconstruction of Neighborhood Property in the situations described in California Civil Code Section 5610, or (c) a Special Assessment or increase for other purposes permissible under California Civil Code Section 5610.

7.7.1. **Limitations**. No Capital Improvement Assessment or Special Assessment described in part (c) of Section 7.7 above may be levied in any Fiscal Year which, if added to the Capital Improvement Assessments already levied during such Fiscal Year, exceed five percent (5%) of the Neighborhood Association's Budgeted gross expenses for such Fiscal Year, may be levied without the vote or written consent of Owners casting a majority of votes at an Increase Election. This Section does not apply to Special Assessments described in Sections 1.1.79(a) or 1.1.79(b).

7.7.2. **Emergencies**. The Board may levy, in any Fiscal Year, a Reconstruction Assessment or Special Assessment described in part (c) of Section 7.7 above applicable to that Fiscal Year which exceeds five percent (5%) of the Neighborhood Association's Budgeted gross expenses for such Fiscal Year if such increase is necessary for addressing an Emergency Situation as defined in Section 7.5.4. This Section does not apply to Special Assessments described in Sections 1.1.79(a) or 1.1.79(b).

ARTICLE 8
INSURANCE

8.1. **DUTY TO OBTAIN INSURANCE; TYPES**. The Neighborhood Association shall obtain and keep in effect at all times the following insurance coverages:

8.1.1. **Commercial General Liability**. A policy of commercial general liability insurance (including coverage for medical payments), insuring the Neighborhood Association and the Owners against liability for bodily injury, death and property damage arising from or relating to the ownership or use of the Neighborhood Property. Such policy shall specify amounts and include protection from liability and risks as are customarily covered in similar condominium developments in the area of the Neighborhood, and shall include a severability of interest endorsement or the equivalent which shall preclude the insurer from denying the claim of an Owner because of negligent acts or omissions of other Owners, or the Neighborhood Association or the Neighborhood Association's officers and directors acting in their capacity as officers and directors. The Neighborhood Association's policies shall at all times specify limits no less than the minimum amounts required by California Civil Code Sections 5800 and 5805.

8.1.2. **Fire and Casualty Insurance**. A "master" or "blanket" policy of fire and casualty insurance with extended coverage, special form, without deduction for depreciation, in an amount as near as possible to the full replacement value of all insurable Improvements on the Neighborhood Property including fixtures, to the extent they are part of the Neighborhood Property, Condominium Building service equipment and supplies, and other common personal property belonging to the Neighborhood Association. The policy amount shall be at least equal to such coverage as is commonly required by prudent institutional mortgage investors in the area in which the Neighborhood is located. The Neighborhood Association shall not carry a policy of earthquake insurance unless the Board is directed to obtain earthquake coverage by a majority of the Neighborhood Association's voting power. If the Board is directed to obtain earthquake coverage, then it shall maintain such policies in effect until directed by a majority of the Neighborhood Association's voting power to discontinue coverage.

8.1.3. **Fidelity Bond Coverage**. The Neighborhood Association shall maintain fidelity bond coverage for any Person handling funds of the Neighborhood Association, including Neighborhood Association officers, directors, employees, volunteers, and agents, and the Manager and its employees), whether or not such persons are compensated for their

services, in an amount that is at least equal to or more than the combined amount of the reserves of the Neighborhood Association and three (3) months' worth of Annual Assessments on all Condominiums in the Neighborhood. The Neighborhood Association's fidelity bond shall also include coverage for computer fraud and funds transfer fraud. If the Neighborhood Association uses a Manager, then the Neighborhood Association's fidelity bond coverage shall additionally include coverage for dishonest acts by the Manager and its employees. The bonds shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least 10 days' prior written notice to the Neighborhood Association.

8.1.4. **Requirements of FHA, VA, Fannie Mae, Ginnie Mae, Freddie Mac and FHFA**. Notwithstanding anything in the Neighborhood Governing Documents to the contrary, the amount, term and coverage of any policy of insurance required under this Article 8 (including the endorsements, the amount of the deductible, the named insureds, the loss payees, standard mortgage clauses, notices of changes or cancellations, and the insurance company rating) shall also satisfy the minimum requirements established for this type of development (if applicable) by FHA, VA, Fannie Mae, Ginnie Mae, Freddie Mac and FHFA, and any successor to those entities, so long as any of those entities is a Mortgagee or Owner of a Condominium in the Neighborhood, except to the extent such coverage is not reasonably available or has been waived in writing by the entity requiring the insurance coverage. If the above entities have not established requirements on any policy required hereunder, the term, amount and coverage of such policy shall, subject to Section 8.1.1 above, be no less than that which is customary for similar policies on similar projects in the area of the Neighborhood.

8.1.5. **Flood Insurance**. If the Neighborhood is located in an area which has been officially identified by the Federal Emergency Management Agency as a "Special Flood Hazard Area" then the Neighborhood Association must carry at all times a Residential Condominium Building Neighborhood Association Policy for each Condominium Building that is located in a Special Flood Hazard Area. Such coverage shall include (a) Condominium Building coverage of 100% of insurable value including machinery or equipment; (b) contents coverage of 100% of insurable value of contents owned by Neighborhood Association ; and (c) coverage for each Unit of the lesser of $250,000 or replacement cost. If the Neighborhood Association does not purchase such policy covering the Units, then Unit Owners must obtain for their Condominiums such flood coverage as is specified in Section 8.3 below

8.1.6. **Other Insurance**. Such other insurance insuring other risks customarily insured by Neighborhood Association's managing condominium projects similar in construction, location and use. Such additional insurance may include general liability insurance and director's and officer's errors and omissions insurance in the minimum amounts established in California Civil Code Section 5805.

8.1.7. **Beneficiaries**. The Neighborhood Association's insurance shall be kept for the benefit of the Neighborhood Association, the Owners and the Mortgagees, as their interests may appear as named insureds, subject, however, to loss payment requirements established in this Neighborhood Declaration.

8.2. **WAIVER OF CLAIM AGAINST NEIGHBORHOOD ASSOCIATION** . All policies of insurance kept by or for the benefit of the Neighborhood Association and the Owners must provide that the Neighborhood Association and the Owners waive and release all claims against one another, the Board and Neighborhood Builder, to the extent of the insurance proceeds

available, whether or not the insurable damage or injury is caused by the negligence or breach of any agreement by any of the Persons.

8.3. **RIGHT AND DUTY OF OWNERS TO INSURE**. Each Owner is responsible for insuring the Owner's personal property and all other property and Improvements in the Owner's Condominium for which the Neighborhood Association has not purchased insurance in accordance with Section 8.1.

8.3.1. **Fire and Casualty Insurance**. Each Owner shall obtain and keep in effect at all times a policy of hazard insurance on form HO-6 or equivalent in at least the minimum amounts necessary to repair the Unit to its condition prior to the loss event.

8.3.2. **Liability Insurance**. Nothing in this Neighborhood Declaration precludes any Owner from carrying any public liability insurance he considers desirable; however, Owners' policies may not adversely affect or diminish any coverage under any of the Neighborhood Association's insurance policies.

8.3.3. **Policy Copies**. Duplicate copies of Owners' insurance policies shall be deposited with the Neighborhood Association on request.

8.3.4. **Assignment of Proceeds**. If any loss intended to be covered by the Neighborhood Association's insurance occurs and the proceeds payable are reduced due to insurance carried by any Owner, such Owner shall assign the proceeds of the Owner's insurance to the Neighborhood Association, to the extent of such reduction, for application to the same purposes as the reduced proceeds are to be applied.

8.4. **NOTICE OF EXPIRATION REQUIREMENTS**. If available, each of the Neighborhood Association's insurance policies must contain a provision that the policy may not be canceled, terminated, materially modified or allowed to expire by its terms, without at least ten (10) days' prior written notice to the Board and Neighborhood Builder, and to each Owner and Mortgagee, insurer and guarantor of a First Mortgage who has filed a written request with the carrier for such notice and every other Person in interest who requests such notice of the insurer. In addition, fidelity insurance shall provide that it may not be canceled or substantially modified without at least ten (10) days' prior written notice to any insurance trustee named pursuant to Section 8.5 and to each Fannie Mae servicer who has filed a written request with the carrier for such notice.

8.5. **TRUSTEE FOR POLICIES**. The Neighborhood Association is trustee of the interests of all named insureds under the Neighborhood Association's insurance policies. Unless an insurance policy provides for a different procedure for filing claims, all claims must be sent to the insurance carrier or agent by certified mail and be clearly identified as a claim. The Neighborhood Association shall keep a record of all claims made. All insurance proceeds under any Neighborhood Association insurance policies must be paid to the Board as trustees. The Board has the exclusive authority to negotiate loss settlements with insurance carriers, with participation, to the extent the Board desires, of First Mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction as provided in Section 9.4. The Board is authorized to make a settlement with any insurer for less than full coverage for any damage, so long as the Board acts in accordance with the standard of care established in this Neighborhood Declaration. Any two (2) officers of the Neighborhood Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures are binding on all the named insureds. A representative chosen

by the Board may be named as an insured, including a trustee with whom the Neighborhood Association may enter into an insurance trust agreement and any successor to such trustee, who shall have exclusive authority to negotiate losses under any insurance policy and to perform such other functions necessary to accomplish this purpose.

8.6. **ACTIONS AS TRUSTEE**. Except as otherwise specifically provided in this Neighborhood Declaration, the Board has the exclusive right to bind the Neighborhood Association and the Owners to all matters affecting insurance carried by the Neighborhood Association, the settlement of a loss claim, and the surrender, cancellation and modification of all such insurance. Duplicate originals or certificates of all policies of fire and casualty insurance kept by the Neighborhood Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Neighborhood Association to all Owners and Mortgagees who requested them in writing.

8.7. **ANNUAL INSURANCE REVIEW**. The Board shall review the Neighborhood Association's insurance policies at least annually to determine the amount of the casualty and fire insurance referred to in Section 8.1. If economically feasible, the Board shall obtain a current appraisal of the full replacement value of the Improvements in the Neighborhood Property except foundations and footings, without deduction for depreciation, from a qualified independent insurance appraiser, before each such annual review.

8.8. **REQUIRED WAIVER**. All of the Neighborhood Association's insurance policies insuring against physical damage must provide, if reasonably possible, for waiver of:

8.8.1. Subrogation of claims against the Owners and tenants of the Owners;

8.8.2. Any defense based on coinsurance;

8.8.3. Any right of setoff, counterclaim, apportionment, proration or contribution due to other insurance not carried by the Neighborhood Association ;

8.8.4. Any invalidity, other adverse effect or defense due to any breach of warranty or condition caused by the Neighborhood Association, any Owner or any tenant of any Owner, or arising from any act or omission of any named insured or the respective agents, contractors and employees of any insured;

8.8.5. Any right of the insurer to repair, rebuild or replace, and, if the Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured;

8.8.6. Notice of the assignment of any Owner of the Owner's interest in the insurance by virtue of a conveyance of any Condominium;

8.8.7. Any right to require any assignment of any Mortgage to the insurer;

8.8.8. Any denial of an Owner's claim because of negligence or willful acts by the Neighborhood Association or other Owners; and

8.8.9. Prejudice of the insurance by any acts or omissions of Owners that are not under the Neighborhood Association's control.

ARTICLE 9
DESTRUCTION OF IMPROVEMENTS

9.1. **RESTORATION OF THE NEIGHBORHOOD**. Except as otherwise authorized by the Owners, if any portion of the Neighborhood which the Neighborhood Association is responsible for maintaining is destroyed, the Neighborhood Association shall restore the same to its former condition as promptly as practical and in accordance with applicable law and City/County approvals, including plan checks, permits and fee payments. The Neighborhood Association shall use the proceeds of its insurance for reconstruction or repair of the Neighborhood unless otherwise authorized in this Neighborhood Declaration or by the Owners. The Board shall commence such reconstruction promptly. The Neighborhood shall be reconstructed or rebuilt substantially in accordance with the original construction plans if they are available, unless changes recommended by the Design Review Committee have been approved by at least a majority of the Owners. If the insurance proceeds amount to at least ninety percent (90%) of the estimated cost of restoration and repair, the Board shall levy a Reconstruction Assessment to provide the additional funds necessary for such reconstruction. If the insurance proceeds amount to less than ninety percent (90%) of the estimated cost of restoration and repair, the Board may levy a Reconstruction Assessment and proceed with the restoration and repair only if both of the following conditions (***"Conditions To Reconstruction"***) have been satisfied: (a) the levy of a Reconstruction Assessment to pay the costs of restoration and repair of the Neighborhood is approved by the Owners, and (b) within one (1) year after the date on which the destruction occurred, the Board Records a certificate of the resolution authorizing the restoration and repair (***"Reconstruction Certificate"***). If either of the Conditions to Reconstruction does not occur after a destruction for which insurance proceeds available for restoration and repair are less than ninety percent (90%) of the estimated cost of restoration and repair, then the Board shall proceed as provided in Section 9.2.

9.2. **SALE OF NEIGHBORHOOD AND RIGHT TO PARTITION**. No Owner shall have the right to partition of the Owner's interest in the Condominium and there shall be no judicial partition of the Neighborhood, or any part thereof, except as provided in California Civil Code Section 4610. For purposes of Subsection 4 of Section 4610(b) partition may occur only if all of the following conditions are satisfied: (a) either or both of the Conditions to Reconstruction described in Section 9.1 have failed to occur; (b) within six (6) months after the date on which destruction occurred, restoration or repair has not actually commenced; and (c) the Owners of at least sixty seven percent (67%) of the Condominiums in the Neighborhood and a Mortgagee Majority approve the partition. In such event, the Neighborhood Association shall prepare, execute and Record, as promptly as practical, the certificate stating that a majority of the Board may properly exercise an irrevocable power of attorney to sell the Neighborhood for the benefit of the Owners and execute such other documents and instruments as may be necessary for the Neighborhood Association to consummate the sale of the Neighborhood at the highest and best price obtainable, either in its damaged condition, or after damaged structures have been razed. Such certificate shall be conclusive evidence of such authority for any Person relying thereon in good faith. The net proceeds of such sale and the proceeds of any insurance carried by the Neighborhood Association shall be divided proportionately among the Owners, such proportions to be determined in accordance with the relative appraised fair market valuation of the Condominiums as of a date immediately before such destruction (or condemnation), expressed as percentages, and computed by dividing such appraised valuation of each Condominium by the total of such appraised valuations of all Condominiums in the Neighborhood. The Board is authorized to hire one (1) or more appraisers for such purpose and the cost of such appraisals shall be a Common Expense of the Neighborhood Association. However, the balance then due on any valid Mortgage shall be first paid in order of priority before the distribution of any

proceeds to an Owner whose Condominium is so encumbered. Nothing in this Neighborhood Declaration prevents partition of a co-tenancy in any Condominium. Except as provided above, each Owner and the successors of each Owner, whether by deed, gift, devise, or by operation of law, for their own benefit and for the Condominiums and for the benefit of all other Owners, specifically waive and abandon all rights, interests and causes of action for a judicial partition of the tenancy in common ownership of the Neighborhood and do further covenant that no action for such judicial partition shall be instituted, prosecuted or reduced to judgment.

9.3. **INTERIOR DAMAGE**. Except for any casualty or damage covered by insurance kept by the Neighborhood Association, restoration and repair of any damage to the interior of any individual Unit, including all fixtures, cabinets and improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, must be made by and at the individual expense of the Owner of the Unit so damaged. If a determination to rebuild the Neighborhood after partial or total destruction is made, as provided in this Article, such interior repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Design Review Committee as provided in this Neighborhood Declaration.

9.4. **NOTICE TO OWNERS AND FIRST MORTGAGEES**. The Board, immediately on having knowledge of any damage or destruction of a Unit or affecting a material portion of the Neighborhood, shall promptly notify all Owners and First Mortgagees.

9.5. **DAMAGE BY OWNERS**. Each Owner is liable to the Neighborhood Association for any damage to the Neighborhood Property not fully reimbursed to the Neighborhood Association by insurance proceeds (including any deductible amounts under any insurance policies against which the Neighborhood Association files a claim for such damage), in accordance with Section 2.1.1(e) above.

ARTICLE 10
EMINENT DOMAIN

The term "taking" as used in this Article means inverse condemnation by exercise of the power of eminent domain or by sale under threat of the exercise of the power of eminent domain. The Board shall represent the Owners in any proceedings, negotiations, settlements, or agreements regarding takings. All takings proceeds shall be payable to the Neighborhood Association for the benefit of the Owners and their Mortgagees, and shall be distributed to such Owners and Mortgagees as provided in this Article.

10.1. **PROPERTY CONDEMNATION**. If (a) there is a taking of an interest in all or part of the Neighborhood such that the ownership, operation and use of the Neighborhood in accordance with this Neighborhood Declaration is substantially and adversely affected, and (b) within one hundred twenty (120) days after the effective date of the taking the Owners of Units (1) not taken, or (2) only partially taken but capable of being restored to at least ninety-five percent (95%) of their floor area and to substantially their condition before the taking (collectively, the ***"Remaining Units"***) do not by affirmative vote of at least one third (1/3) of their voting power approve the continuation of the Neighborhood and the repair, restoration and replacement to the extent feasible of the Neighborhood Property and the Remaining Units, then, after obtaining the consent of a Mortgagee Majority, the Board shall proceed with the sale of that portion of the Neighborhood which was not taken and distribute the net proceeds of such sale after deducting any incidental fees and expenses, in the same proportion and manner as provided in Section 9.2.

10.2. **CONDEMNATION OF NEIGHBORHOOD PROPERTY**. If there is a taking of the Neighborhood Property (other than Exclusive Use Area) or any interest therein, then the award in condemnation shall be paid to the Neighborhood Association and shall be deposited in the Operating Fund.

10.3. **CONDEMNATION OF EXCLUSIVE USE AREA**. If there is a taking of all or any portion of an Exclusive Use Area, the award in condemnation shall be paid to the Owner of the Condominium to which the taken Exclusive Use Area was appurtenant; however, such award shall first be applied to the balance then due on any Mortgages encumbering such Owner's Condominium, in order of priority.

10.4. **CONDEMNATION OF CONDOMINIUMS**. If there is a taking of a Condominium, the award in condemnation shall be paid to the Owner of the Condominium; however, such award shall first be applied to the balance then due on any Mortgages encumbering such Owner's Condominium, in order of priority.

10.5. **CONDEMNATION OF PORTIONS OF UNITS**.

10.5.1. **Minor Takings Within Limits**. If (a) there is a taking of a portion of one or more Units such that the intended use of the Units as residential dwellings is not substantially and adversely affected, and (b) restoration of such Units can be accomplished at a cost less than or equal to the sum of (1) the amount of the condemnation awards for such takings plus (2) any amounts the Owners of the taken Units wish to contribute to restoration plus (3) an amount less than or equal to five percent (5%) of the Budgeted gross expenses of the Neighborhood Association for that Fiscal Year (collectively, the ***"Allowable Cost"***), then the Board shall contract for such restoration and levy a Reconstruction Assessment in an amount equal to the Allowable Cost minus the amount of the condemnation awards and Owners' contributions, and the condemnation awards, Owners' contributions and Reconstruction Assessment shall be applied to such restoration. If the restoration is accomplished at a cost less than the amount of the condemnation awards, then that portion of the condemnation awards which exceeds the restoration costs shall be paid to the Owners of the partially taken Units in proportion to the decreases in the fair market values of their Condominiums; however, such awards shall first be applied to the balance then due on any Mortgages encumbering such Owners' Condominiums, in order of priority.

10.5.2. **Minor Takings Exceeding Limits**. If (a) there is a taking of a portion of one or more Units such that the intended use of the Units as residential dwellings is not substantially and adversely affected, and (b) restoration cannot be accomplished at a cost less than or equal to the Allowable Cost, then the Board shall call a special meeting of the Owners. If more than fifty percent (50%) of the voting power of the Neighborhood Association is represented at such special meeting, either in person or by proxy, and a majority of the votes cast at such special meeting are in favor of levying a Reconstruction Assessment in an amount equal to the restoration costs minus the sum of the amount of the condemnation awards and the amounts the Owners of the taken Units wish to contribute to such restoration, then the Board shall contract for such restoration and levy a Reconstruction Assessment, and the condemnation awards, Owners' contributions and Reconstruction Assessment shall be applied to such restoration.

10.5.3. **Major Takings**. If neither Section 10.5.1 nor Section 10.5.2 applies to the taking of a Unit, then the award in condemnation shall be paid to the Owners of the taken Units; however, such award shall first be applied to the balance then due on any Mortgages

encumbering such Owner's Condominium, in order of priority. The Board shall have the remaining portions of the taken Units razed. The remaining portions of the taken Units and appurtenant Exclusive Use Areas shall become part of the Neighborhood Property, and the Owners of such taken Units, by acceptance of the award allotted to them in taking proceedings, relinquish (a) to the other Owners, on the basis of their relative ownership of the Condominium Common Area therein, such Owners' undivided interest in the Condominium Common Area, and (b) to the Neighborhood Association, the remaining portions of the Units and the appurtenant Exclusive Use Areas. Each Owner relinquishing the Owner's interest in the Condominium Common Area pursuant to this Section shall, at the Board's request and at the Neighborhood Association's expense, execute and acknowledge such deeds and other instruments which the Board considers necessary or convenient to evidence such relinquishment. Each Owner of a taken Unit is not liable for Assessments under this Neighborhood Declaration which accrue on or after the date such Owner accepts the Owner's condemnation award.

10.6. **PORTIONS OF AWARDS IN CONDEMNATION NOT COMPENSATORY FOR VALUE OF REAL PROPERTY**. Those portions of awards in condemnation which do not directly compensate Owners for takings of real property (for example, awards for takings of personal property, relocation expenses, moving expenses, or other allowances of a similar nature intended to facilitate relocation) shall be paid to the Owners whose personal property is taken, or whose relocation is intended to be facilitated.

10.7. **NOTICE TO OWNERS AND FIRST MORTGAGEES**. The Board, on learning of any taking affecting a Unit or a material portion of the Neighborhood, or any threat thereof, shall promptly notify all Owners and First Mortgagees.

ARTICLE 11
RIGHTS OF MORTGAGEES

11.1. **GENERAL PROTECTIONS**. No amendment or violation of this Neighborhood Declaration defeats or renders invalid the rights of the Mortgagee under any Mortgage encumbering one (1) or more Condominiums made in good faith and for value, provided that after the foreclosure of any such Mortgage, the foreclosed Condominium(s) will remain subject to this Neighborhood Declaration.

11.2. **ADDITIONAL RIGHTS**. To induce the VA, FHA, Freddie Mac, Ginnie Mae and Fannie Mae to participate in the financing of the sale of Condominiums, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of the Neighborhood Governing Documents, these added provisions control):

11.2.1. **Right of First Refusal**. Any "right of first refusal" created or purported to be created by the Neighborhood Governing Documents shall not apply to nor adversely affect the rights of a First Mortgagee to (a) foreclose or take title to a Condominium pursuant to the remedies in the First Mortgage, or (b) accept a deed or assignment in lieu of foreclosure in the event of default by a Mortgagor, or (c) sell or lease a Condominium acquired by the First Mortgagee through any of the remedies described in (a) or (b).

11.2.2. **Required Mortgagee Approvals**. A Mortgagee Majority must approve any amendment of any of the Neighborhood Governing Documents which is of a material adverse nature to First Mortgagees, as further described in Section 13.2.1.

11.2.3. **Deemed Approval**. Each First Mortgagee who receives proper written notices from the Neighborhood Association by certified or registered mail with a return receipt requested of any matter requiring the approval of a Mortgagee Majority is deemed to have approved that matter if that First Mortgagee does not submit a written response within sixty (60) days after the notice is delivered to the First Mortgagee.

11.2.4. **Notices**. Each Mortgagee, insurer and guarantor of a Mortgage encumbering one (1) or more Condominiums, upon filing a written request for notification with the Board, is entitled to written notification from the Neighborhood Association of: (a) any proposed amendment to the Neighborhood Governing Documents affecting a change in (i) the boundaries of any Unit, (ii) the interest in the Condominium Common Area appurtenant to any Unit or the liability for Common Expenses, (iii) the number of Neighborhood Association votes appurtenant to any Unit, or (iv) the purposes to which any Unit or the Neighborhood Property are restricted, (b) any proposed termination of the status of the Neighborhood as a "condominium project" as defined in California Civil Code Section 4125, (c) any condemnation or casualty loss which affects either a material portion of the Neighborhood or the Condominium(s) securing the respective First Mortgage, (d) any delinquency of sixty (60) days or more in the performance of any obligation under the Neighborhood Governing Documents, including the payment of Assessments or charges owed by the Owner(s) of the Condominium(s) securing the Mortgage, which notice each Owner hereby consents to and authorizes, (e) a lapse, cancellation, or material modification of any policy of insurance or fidelity bond kept by the Neighborhood Association, and (f) any proposed action that requires the consent of a specified percentage of First Mortgagees.

11.2.5. **First Mortgagee Rights Confirmed**. No provision of this Neighborhood Declaration or any other Neighborhood Governing Document gives any Owner or any other party priority over any rights of a First Mortgagee pursuant to its Mortgage concerning payment to the Owner of insurance proceeds or condemnation awards for losses to or taking of a Condominium or any portion of the Neighborhood Property.

11.2.6. **Unpaid Pre-Foreclosure Assessments.** The transfer of fee interest in a Condominium as the result of the exercise of the power of sale or a judicial foreclosure involving a default under the First Mortgage shall extinguish the lien of unpaid Assessments which were due and payable prior to the date of the transfer, and the transferee shall take title to the Condominium free and clear of all claims for such unpaid Assessments.

11.2.7. **Payment of Taxes**. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Neighborhood Property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for Neighborhood Property, and the Neighborhood Association shall immediately reimburse First Mortgagees who made such payments.

11.2.8. **Contracts**. The Board may enter into such contracts or agreements on behalf of the Neighborhood Association as are required in order to satisfy the guidelines of the VA, FHA, FHFA, Freddie Mac, Ginnie Mae, Fannie Mae or any similar entity, so as to allow for the purchase, insurance or guaranty of Condominiums, as the case may be, by such entities. Each Owner hereby agrees that it will benefit the Neighborhood Association and the Owners, as a class of potential Mortgage borrowers and potential sellers of their Units, if such agencies approve the Neighborhood as a qualifying subdivision under their respective policies, rules and

regulations. Each Owner hereby authorizes his Mortgagees to furnish information to the Board concerning the status of any Mortgage encumbering a Unit.

11.2.9. **Availability of Neighborhood Association Documents; Audits**. Notwithstanding any requirements of the Bylaws, upon request by a First Mortgagee, owner, lender, holder, insurer or guarantor of a First Mortgage or prospective purchaser, the Neighborhood Association shall make available for inspection, during normal business hours, and on the same terms as members those documents listed in California Civil Code Section 4525. Notwithstanding the foregoing, within a reasonable time after receipt of written request by a First Mortgagee, owner, lender, holder, insurer or guarantor of a First Mortgage or prospective purchaser, the Neighborhood Association shall prepare and furnish to such requesting party an audited financial statement of the Neighborhood Association for the immediately preceding fiscal year. The Neighborhood Association shall have the right to be reimbursed by such requesting party for its reasonable costs associated with furnishing an audited financial statement, and the reasonable costs associated with preparing an audited financial statement if the Neighborhood Association is not otherwise obligated to prepare such audited financial statement.

ARTICLE 12
ENFORCEMENT AND DISPUTE RESOLUTION

12.1. **ENFORCEMENT OF NEIGHBORHOOD GOVERNING DOCUMENTS**. All violations of the Neighborhood Governing Documents, except for those governed by Sections 12.2 or 12.3, shall be resolved in accordance with this Section 12.1. Disputes, claims and controversies subject to the Right to Repair Law are not subject to this Section 12.1, but shall be resolved in accordance with Neighborhood Builder's dispute resolution process described in Section 12.4 below or California Civil Code Section 6000, *et seq.,* as further set forth below.

12.1.1. **Right to Enforce**. The Board, the Neighborhood Association, the Neighborhood Builder and any Owner may enforce the Neighborhood Governing Documents as described in this Article, subject to California Civil Code Sections 5900, *et seq.,* and 5925, *et seq.* Each Owner has a right of action against the Neighborhood Association for the Neighborhood Association's failure to comply with the Neighborhood Governing Documents. Each remedy provided for in this Neighborhood Declaration is cumulative and not exclusive or exhaustive.

12.1.2. **Violations Identified by the Neighborhood Association.** If the Board or the Design Review Committee determines that there is a violation of the Neighborhood Governing Documents, other than nonpayment of any Assessment, then the Board shall give written notice to the responsible Owner identifying (a) the condition or violation complained of, and (b) the length of time the Owner has to remedy the violation including, if appropriate, the length of time the Owner has to submit plans to the Design Review Committee and the length of time the Owner has to complete the work proposed in the plans submitted to the Design Review Committee. This requirement shall apply notwithstanding the fact that this Neighborhood Declaration may duplicate City ordinances or regulations. If an Owner does not perform corrective action within the allotted time, the Board, after Notice and Hearing, may remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner as a Special Assessment. To the extent permitted by California law, the Board may place a lien on the violating Owner's Unit pursuant to the procedures established in Section 12.2.2. If the violation involves nonpayment of any Assessment, then the Board may collect such delinquent Assessment pursuant to the procedures established in Section 12.2.

12.1.3. **Violations Identified by an Owner**. If an Owner alleges that another Person is violating the Neighborhood Governing Documents (other than nonpayment of any Assessment), the complaining Owner must first submit the matter to the Board for Notice and Hearing before the complaining Owner may resort to alternative dispute resolution, as required by California Civil Code Section 5925, *et seq.*, or litigation for relief.

12.1.4. **Legal Proceedings**. Failure to comply with any of the terms of the Neighborhood Governing Documents by any Person is grounds for relief which may include an action to recover damages, injunctive relief, foreclosure of any lien, or any combination thereof; however, the procedures established in California Civil Code Sections 5900, *et seq.,* and 5925, *et seq.* and in Sections 12.1.2 and 12.1.3 must first be followed, if they apply.

12.1.5. **Additional Remedies**. After Notice and Hearing, the Board may impose any of the remedies provided for in the Bylaws. The Board may adopt a schedule of reasonable fines or penalties which, in its reasonable discretion, the Board may assess against a Person for the failure of such Person to comply with the Neighborhood Governing Documents. Such fines or penalties may only be assessed pursuant to California Civil Code Section 5850 and 5855. After Notice and Hearing, the Board may direct the officers of the Neighborhood Association to Record a notice of noncompliance (if allowed by law) against a Condominium owned by any Owner who has violated any provision of this Neighborhood Declaration. The notice shall include a legal description of the Condominium and shall specify the provision of this Neighborhood Declaration that was violated, the violation committed, and the steps required to remedy the noncompliance. Once the noncompliance is remedied or the noncomplying Owner has taken such other steps as reasonably required by the Board, the Board shall direct the officers of the Neighborhood Association to Record a notice that the noncompliance has been remedied.

12.1.6. **No Waiver**. Failure to enforce any provision of this Neighborhood Declaration does not waive the right to enforce that provision, or any other provision of this Neighborhood Declaration.

12.1.7. **Limit on Expenditures**. The Neighborhood Association may not incur litigation expenses, including attorneys' fees, or borrow money to fund litigation, where the Neighborhood Association initiates legal proceedings or is joined as a plaintiff in legal proceedings, unless the Neighborhood Association first obtains the consent of a majority of the Neighborhood Association's voting power (excluding the voting power of any Owner who would be a defendant in such proceedings) and, if applicable, complies with the requirements of California Civil Code Sections 5900, *et seq.,* and 5925, *et seq.* Provided, however, that no such approval shall apply to any legal proceedings initiated (a) to enforce the use restrictions contained in Article 2, (b) to enforce the architectural and landscaping control provisions contained in Article 5, (c) to collect any unpaid Assessments levied pursuant to the Neighborhood Governing Documents, (d) for a claim, the total value of which is less than Five Hundred Thousand Dollars ($500,000), or (e) as a cross-complaint in litigation to which the Neighborhood Association is already a party. If the Neighborhood Association decides to use or transfer Reserve Funds or borrow funds to pay for any litigation, the Neighborhood Association must notify the Owners of the decision by mail. Such notice shall provide an explanation of why the litigation is being initiated or defended, why Operating Funds cannot be used, how and when the Reserve Funds will be replaced or the loan will be repaid, and a proposed budget for the litigation. The notice must state that the Owners have a right to review an accounting for the litigation which will be available at the Neighborhood Association's office. The accounting shall be updated monthly.

12.1.8. **No Preconditions to Board Authority to Pursue Certain Claims.** Notwithstanding Section 12.1.7 above, nothing in this Neighborhood Declaration or the other Neighborhood Governing Documents shall be interpreted to impose any precondition or limitation on the Board's authority to commence and pursue any of the matters described in California Civil Code Section 5986(b) against a Neighborhood Builder Party, except as provided in California Civil Code Sections 5986(c) and 6150.

12.1.9. **City**. The City has the right, but not the obligation, to enforce any of the provisions of the Neighborhood Declaration.

12.2. **NONPAYMENT OF ASSESSMENTS; DELINQUENCY.**

12.2.1. **Delinquency**. Assessments are delinquent if not paid within fifteen (15) days after the due date established by the Neighborhood Association. Assessments not paid within thirty (30) days after the due date, plus all reasonable costs of collection (including attorneys' fees) and late charges bear interest at the maximum rate permitted by law commencing thirty (30) days after the due date until paid. The Neighborhood Association may also require the delinquent Owner to pay a late charge in accordance with California Civil Code Section 5650. The Neighborhood Association need not accept any tender of a partial payment of an Assessment and all costs and attorneys' fees attributable thereto. Acceptance of any such tender does not waive the Neighborhood Association's right to demand and receive full payment.

12.2.2. **Creation and Release of Lien**.

(a) ***Priority of Lien***. All liens levied in accordance with this Neighborhood Declaration shall be prior and superior to (1) any declaration of homestead Recorded after the Recordation of this Neighborhood Declaration, and (2) all other liens, except (A) all taxes, bonds, Assessments and other levies which, by law, would be superior thereto, and (B) the lien or charge of any First Mortgage made in good faith and for value and Recorded before the date on which the "Notice of Delinquent Assessment" (described in this Section) against the assessed Condominium was Recorded.

(b) ***Notice Before Creating Lien***. Before the Neighborhood Association may place a lien on an Owner's Condominium to collect a past due Assessment, the Neighborhood Association shall send written notice (***"Notice of Intent to Lien"***), at least thirty (30) days before Recording the lien, to the Owner by certified mail which contains the following information: (1) the Neighborhood Association's fee and penalty procedure, (2) an itemized statement of the charges owed by the Owner, including the principal owed, any late charges, any interest, the method of calculation, and any attorneys' fees, (3) the collection practices used by the Neighborhood Association, (4) a statement that the Neighborhood Association may recover reasonable costs of collecting past due Assessments, (5) a statement that the Owner has the right to inspect the Neighborhood Association's records, pursuant to California Corporations Code Section 8333, (6) the following statement in 14-point boldface type or all capital letters: "IMPORTANT NOTICE: IF YOUR CONDOMINIUM IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION," (7) a statement that the Owner shall not be liable to pay the charges, interest and costs of collection if it is determined the Assessment was paid on time to the Neighborhood Association, (8) a statement that the Owner has the right to request a meeting with the Board, as provided by California Civil Code Section 5705(b) and Section 12.2.2(g) below, (9) a statement concerning the Owner's right to dispute the

Assessment debt by submitting a written request for dispute resolution to the Neighborhood Association pursuant to the Neighborhood Association's "meet and confer" program required in California Civil Code Section 5900, *et seq.* and (10) a statement concerning the Owner's right to request alternative dispute resolution with a neutral third party pursuant to California Civil Code Section 5925 before the Neighborhood Association may initiate foreclosure against the Owner's Condominium, except that binding arbitration shall not be available if the Neighborhood Association intends to initiate a judicial foreclosure.

(c) ***Dispute Resolution Before Recording Lien***. Before Recording a Notice of Delinquent Assessment, the Neighborhood Association shall offer the Owner and, if the Owner so requests, participate in dispute resolution under the Neighborhood Association's "meet and confer" program.

(d) ***Dispute Resolution Before Foreclosure***. Before initiating a foreclosure for delinquent Assessments, the Neighborhood Association shall offer the Owner and, if the Owner so requests, shall participate in dispute resolution under the Neighborhood Association's "meet and confer" program or alternative dispute resolution with a neutral third party. The decision to pursue resolution or a particular type of alternative dispute resolution is the Owner's choice, except that binding arbitration is not available if the Neighborhood Association intends to initiate a judicial foreclosure.

(e) ***Board Approval***. The decision to Record a Notice of Delinquent Assessment shall be made only by the Board and may not be delegated to a Neighborhood Association agent. The Board must approve the decision by a majority vote of the Board members in an open meeting. The Board shall record the vote in the minutes of that meeting.

(f) ***Dispute by Owner***. An Owner may dispute the Notice of Intent to Lien by submitting to the Board a written explanation of the reasons for the Owner's dispute. The Board shall respond in writing to the Owner within fifteen (15) days after the date of the postmark of the explanation, if the explanation is mailed within fifteen (15) days after the postmark of the Notice of Intent to Lien.

(g) ***Owner's Right to Request Meeting***. An Owner may submit a written request to meet with the Board to discuss a payment plan for the debt noticed in Section 12.2.2(b) above. The Neighborhood Association shall provide the Owner with the standards for payment plans, if any exist. The Board shall meet with the Owner in executive session within forty-five (45) days after the date of the postmark of the request, if the request is mailed within fifteen (15) days after the date of the postmark of the Notice of Intent to Lien, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more members to meet with the Owner.

(h) ***Notice of Delinquent Assessment***. The lien becomes effective on Recordation by the Board or its authorized agent of a Notice of Delinquent Assessment (***"Notice of Delinquent Assessment"***) securing the payment of any Assessment or installment thereof levied by the Neighborhood Association against any Condominium Owner, as provided in California Civil Code Section 5675. The Notice of Delinquent Assessment must identify (1) the amount of the Assessment and other authorized charges and interest, including the cost of preparing and Recording the Notice of Delinquent Assessment, (2) the amount of collection costs incurred, including reasonable attorneys' fees, (3) a sufficient description of the Condominium that has been assessed, (4) the Neighborhood Association's name and address,

(5) the name of the Owner of the Condominium that has been assessed, and (6) if the lien is to be enforced by non-judicial foreclosure, the name and address of the trustee authorized by the Neighborhood Association to enforce the lien by sale. The Notice of Delinquent Assessment must be signed by an authorized Neighborhood Association officer or agent and must be mailed in the manner required by California Civil Code Section 2924b to the Owner of record of the Condominium no later than ten (10) calendar days after Recordation. The lien relates only to the individual Condominium against which the Assessment was levied and not to the Neighborhood as a whole.

(i) ***Service on Owner's Legal Representative***. In addition to the requirements of California Civil Code Section 2924, a Notice of Delinquent Assessment shall be served by the Neighborhood Association on the Owner's legal representative as provided in California Code of Civil Procedure Section 415.10, *et seq.*

(j) ***Secondary Addresses***. Upon receipt of an Owner's written request identifying a secondary address for purposes of collection notices, the Neighborhood Association shall send an additional copy of any Notice of Intent to Lien, Notice of Delinquent Assessment or other Notice given under Section 12.2.2 to the secondary address provided. The Neighborhood Association shall notify Owners of their right to submit secondary addresses to the Neighborhood Association, when the Neighborhood Association issues its pro forma operating budget under California Civil Code Section 5300. The Owner's request must be in writing and mailed to the Neighborhood Association in a manner which indicates the Neighborhood Association has received it. The Owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Neighborhood Association shall only be required to send Notices to the indicated secondary address from the point the Neighborhood Association receives the request.

(k) ***Exceptions***. Assessments described in California Civil Code Section 5725(b), and California Code of Regulations Section 2792.26(c) may not become a lien against an Owner's Condominium enforceable by the sale of the Condominium under California Civil Code Sections 2924, 2924b and 2924c.

(l) ***Release of Lien***. Within twenty-one (21) days after payment of the full amount claimed in the Notice of Delinquent Assessment, or other satisfaction thereof, the Board shall cause to be Recorded a Notice of Satisfaction and Release of Lien (***"Notice of Release"***) stating the satisfaction and release of the amount claimed. The Neighborhood Association shall provide the Owner with a copy of the Notice of Release or any other notice that the full amount claimed in the Notice of Delinquent Assessment has been satisfied. The Board may require the Owner to pay a reasonable charge for preparing and Recording the Notice of Release. Any purchaser or encumbrancer who has acted in good faith and extended value may rely on the Notice of Release as conclusive evidence of the full satisfaction of the sums identified as owed in the Notice of Delinquent Assessment.

12.2.3. **Enforcement of Liens**. The Board shall enforce the collection of amounts due under this Neighborhood Declaration by one (1) or more of the alternative means of relief afforded by this Neighborhood Declaration, subject to the restrictions in California Civil Code Sections 5705, 5715 and 5720.

(a) The lien on a Condominium may be enforced by foreclosure and sale of the Condominium after the Owners failure to pay any Assessment, or installment thereof, as provided in this Neighborhood Declaration.

(b) The decision to initiate foreclosure after Recording a Notice of Delinquent Assessment shall be made only by the Board and may not be delegated to a Neighborhood Association agent. The Board shall approve the decision by a majority vote of the Board members in an executive session. The Board shall record the vote in the minutes of the next Board meeting open to all members. The Board shall maintain the confidentiality of the Owner or Owners by identifying the matter in the minutes by the Unit number, rather than the name of the Owner or Owners. A Board vote to approve foreclosure of a lien shall take place at least 30 days before any public sale.

(c) The Board shall provide notice by personal service to an Owner who occupies the Unit or to the Owner's legal representative, if the Board votes to foreclose on the Unit. The Board shall provide written notice to an Owner who does not occupy the Unit by first-class mail, postage prepaid, at the most current address shown on the Neighborhood Association's books. Unless the Owner provides written notification of a different mailing address to the Neighborhood Association, the address of the Owner's Unit may be treated as the Owner's mailing address.

(d) The sale shall be conducted in accordance with the provisions of the California Civil Code applicable to the exercise of powers of sale in Mortgages, or in any manner permitted by law. The Neighborhood Association (or any Owner if the Neighborhood Association refuses to act) may sue to foreclose the lien if (1) at least thirty (30) days have elapsed since the date on which the Notice of Delinquent Assessment was Recorded, and (2) at least ten (10) days have elapsed since a copy of the Notice of Delinquent Assessment was mailed to the Owner affected thereby. The Neighborhood Association may bid on the Condominium at foreclosure sale, using as a credit bid the amounts secured by its lien plus trustee's fees and expenses, Neighborhood Association funds, or funds borrowed for such purpose, and acquire and hold, lease, mortgage and convey the same. On completion of the foreclosure sale, the Neighborhood Association or the purchaser at the sale may file suit to secure occupancy of the defaulting Owner's Condominium, and the defaulting Owner shall be required to pay the reasonable rental value for the Condominium during any period of continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner. A nonjudicial foreclosure to collect delinquent Assessments shall be subject to the right of redemption within ninety (90) days after the sale, as provided in California Civil Code Section 5715(b).

(e) A suit to recover a money judgment for unpaid Assessments may be brought without foreclosing or waiving any lien securing the same, subject to the provisions of California Civil Code Section 5655, but this provision or any suit to recover a money judgment does not affirm the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated pursuant to this Section may include reasonable attorneys' fees as fixed by the court.

12.2.4. **Priority of Assessment Lien**. Mortgages Recorded before a Notice of Delinquent Assessment have lien priority over the Notice of Delinquent Assessment. Sale or transfer of any Condominium does not affect the Assessment lien, except that the sale or transfer of any Condominium pursuant to judicial or non-judicial foreclosure of a First Mortgage extinguishes the lien of such Assessments as to payments which became due before such sale or transfer. No sale or transfer relieves such Condominium from liens for any Assessments thereafter becoming due. No Person who obtains title to a Condominium pursuant to a judicial or non-judicial foreclosure of the First Mortgage is liable for the share of the Common Expenses or Assessments chargeable to such Condominium which became due before the acquisition of

title to the Condominium by such Person. Such unpaid share of Common Expenses or Assessments is a Common Expense collectible from all Owners including such Person. The Neighborhood Association may take such action as is necessary to make any Assessment lien subordinate to the interests of the California Department of Veterans Affairs under its Cal-Vet loan contracts as if the Cal-Vet loan contracts were First Mortgages.

12.2.5. **Alternative Dispute Resolution**. An Owner may dispute the Assessments imposed by the Neighborhood Association as provided in this Neighborhood Declaration and in California Civil Code Section 5600, *et seq*. If it is determined through dispute resolution pursuant to the Neighborhood Association's "meet and confer" program required in this Neighborhood Declaration or alternative dispute resolution with a neutral third party pursuant to California Civil Code Section 5925, *et seq*., that the Neighborhood Association Recorded a Notice of Delinquent Assessment in error, the Neighborhood Association shall promptly reverse all late charges, fees, interest, attorney's fees, costs of collection, costs imposed for the Notice prescribed in Section 5660, and costs of Recordation and release of the lien authorized under Section 5720(b) and pay all costs related to the dispute resolution or alternative dispute resolution.

12.2.6. **Receivers**. In addition to the foreclosure and other remedies granted to the Neighborhood Association in this Neighborhood Declaration, each Owner, by acceptance of a deed to such Owner's Condominium, conveys to the Neighborhood Association all of such Owner's right, title and interest in all rents, issues and profits derived from and appurtenant to such Condominium, subject to the right of the Neighborhood Association to collect and apply such rents, issues and profits to any delinquent Assessments owed by such Owner, reserving to the Owner the right, before any default by the Owner in the payment of Assessments, to collect and retain such rents, issues and profits as they may become due and payable. On any such default, the Neighborhood Association may, on the expiration of thirty (30) days following delivery to the Owner of the "Notice of Delinquent Assessment" described in this Neighborhood Declaration, either in person, by agent or by receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness secured by the lien described in this Neighborhood Declaration, (a) enter in or on and take possession of the Condominium or any part thereof, (b) in the Neighborhood Association's name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and (c) apply the same, less allowable expenses of operation, to any delinquencies of the Owner, and in such order as the Neighborhood Association may determine. The entering upon and taking possession of the Condominium, the collection of rents, issues and profits and the application thereof, shall not cure or waive any default or notice of default under this Neighborhood Declaration or invalidate any act done pursuant to such notice.

12.2.7. **Compliance with Law**. To the extent that any provision in this Section 12.2 conflicts with the provisions of the CID Act, the statutory provisions shall control.

12.3. **ENFORCEMENT OF BONDED OBLIGATIONS**. If (a) the Neighborhood Property Improvements in the Neighborhood are not completed before DRE issues a Public Report, and (b) the Neighborhood Association is an obligee under a bond or other arrangement (a ***"Bond"***) required by DRE to secure performance of Neighborhood Builder's commitment to complete such Improvements, then the following provisions of this Section will apply:

12.3.1. **Consideration by the Board**. The Board shall consider and vote on the question of action by the Neighborhood Association to enforce the obligations under the Bond concerning any such 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 Neighborhood Association has given an extension in writing for the completion of any Neighborhood Property Improvement, then the Board shall be directed to consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension.

12.3.2. **Consideration by the Owners.** A special meeting of Owners for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the Board's failure to consider and vote on the question shall be held no fewer than thirty-five (35) nor more than forty-five (45) days after the Board receives a petition for such a meeting signed by Owners representing five percent (5%) of the Neighborhood Association's total voting power. A vote of a majority of the Neighborhood Association's voting power (excluding Neighborhood Builder) to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Neighborhood Association, and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the Neighborhood Association's name.

12.4. **DISPUTES WITH NEIGHBORHOOD BUILDER PARTIES**. Any dispute between the Neighborhood Association or any Owners, on the one hand, and the Neighborhood Builder, or any director, officer, partner, shareholder, member, employee, representative, contractor, subcontractor, design professional or agent of the Neighborhood Builder (each, a ***"Neighborhood Builder Party,"*** and collectively the ***"Neighborhood Builder Parties"***), on the other hand, which dispute:

(a) Arises under this Neighborhood Declaration or otherwise relates to the Neighborhood, including Right to Repair Law Claims and any other claims arising out of or relating to defects in design or construction;

(b) Involves neither Neighborhood Property completion bonds, nor the collection of delinquent Assessments from Neighborhood Builder;

(c) Concerns an amount in controversy that is greater than Five Thousand Dollars ($5,000), and

(d) Concerns matters that are not resolved under the written limited warranty provided by Neighborhood Builder.

shall be a "Dispute" for purposes of this Section 12.4.

In accordance with California Civil Code Section 912(f), Owners and the Neighborhood Association are advised that Chapter 4 of the Right to Repair Law at California Civil Code Sections 910 to 938 establish a non-adversarial procedures for the resolution of matters governed by the Right to Repair Law (***"Statutory Nonadversarial Procedure"***) which impacts the legal rights of Owners and the Neighborhood Association. Pursuant to California Civil Code Sections 912(f) and 914, Owners and the Neighborhood Association are hereby notified that the Neighborhood Builder intends to engage in its own alternative nonadversarial contractual procedure described in Sections 12.4.1, 12.4.2 and 12.4.3 below (***"Alternative Nonadversarial Contractual Procedure"***), for the resolution of matters governed by the Right to Repair Law, any other claims arising out of or relating to defects in design or construction, and all other matters satisfying the definition of "Dispute" above. The Neighborhood Builder's procedures are different from and are in lieu of the "Statutory Nonadversarial Procedure" described in Chapter 4

of the Right to Repair Law. Therefore, all Disputes shall be resolved in accordance with the following Alternative Nonadversarial Contractual Procedure, and if not resolved thereby, then submitted to binding arbitration as described in Section 12.4.4 below, instead of a jury trial.

12.4.1. **Notice**. Any Person with a Dispute shall give written notice of the Dispute by personal or mail service as authorized by California Code of Civil Procedure Sections 415.10, 415.20, 415.21, 415.30 or 415.40 to the party to whom the Dispute is directed (***"Respondent"***) describing the nature of the Dispute and any proposed remedy (the ***"Dispute Notice"***).

12.4.2. **Right to Inspect and Correct**. Commencing on the date the Dispute Notice is delivered to the Respondent and continuing until the Dispute is resolved, the Respondent and its representatives have the right to (a) meet with the party alleging the Dispute at a reasonable time and place to discuss the Dispute, (b) enter the Neighborhood to inspect any areas that are subject to the Dispute, and (c) conduct inspections and testing (including destructive or invasive testing) in a manner deemed appropriate by the Respondent. If Respondent elects to take any corrective action, Respondent and its representatives shall be provided full access to the Neighborhood to take and complete the corrective action. Respondent is not obligated to take any corrective action. Respondent, with the consent of Neighborhood Builder, has the right to select the corrective action Respondent believes is appropriate. The right to inspect and correct granted in this Section is in addition to the rights granted in the Calderon Act at California Civil Code Section 6000 that may be applicable. The procedures established in the Calderon Act, when applicable, may be implemented before, during or after the procedure in this Section is implemented.

12.4.3. **Mediation**. If the Dispute is not resolved within ninety (90) days after the Respondent receives the Dispute Notice, any party may submit the Dispute to mediation by delivering a request for mediation (a ***"Mediation Notice"***) in the same manner as allowed for delivery of the Dispute Notice. The Dispute shall be mediated pursuant to (a) the Judicial Arbitration and Mediation Service (***"JAMS"***) mediation procedures in existence when the Dispute Notice is delivered, as modified by this Section, or (b) the mediation procedures of any successor to JAMS in existence when the Dispute Notice is delivered, as modified by this Section, or (c) mediation procedures approved by the parties of any entity offering mediation services that are acceptable to the parties to the Dispute (each, a ***"Party"*** and collectively, the ***"Parties"***).

(a) ***Selection of Mediator***. The mediator shall be selected within sixty (60) days from delivery of the Mediation Notice. The mediator shall be selected by mutual agreement of the Parties. If the Parties cannot agree on a mediator, the mediator shall be selected by the entity providing the mediation service. No Person shall serve as a mediator in any Dispute in which the Person has any financial or personal interest in the result of the mediation, except by the written consent of all Parties. Before accepting any appointment, the prospective mediator shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the mediation process.

(b) ***Position Letter; Pre-Mediation Conference***. No later than sixty (60) days after selection of the mediator, each Party to the Dispute shall submit a letter (a ***"Position Statement"***) containing (1) a description of the Party's position concerning the issues that need to be resolved, (2) a detailed description of the defects allegedly at issue, and (3) a suggested plan of repair, remediation, correction, or resolution of the Dispute. The mediator may schedule a pre-mediation conference. All Parties shall attend unless otherwise mutually

agreed. The mediation shall be commenced within twenty (20) days after submittal of all Position Statements and shall be concluded within fifteen (15) days after the mediation began unless the Parties mutually agree to extend the mediation period. The mediation shall be held in the City or another place mutually acceptable to the Parties.

(c) ***Conduct of Mediation***. The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate to achieve the goal of settling the Dispute. The mediator is authorized to conduct joint and separate meetings with the Parties and to make oral and written recommendations for settlement. The mediator may also obtain expert advice concerning technical aspects of the Dispute, provided the Parties agree to and do assume the expenses of obtaining such advice. The mediator shall not have the authority to impose a settlement on the Parties.

(d) ***Application of Evidence Code***. The provisions of California Evidence Code Sections 1115 through 1128 shall be applicable to the mediation process. Use and disclosure of statements, evidence and communications offered or made in the course of the mediation shall be governed by these sections, including the sections which preclude use of material in future proceedings and the sections which provide for confidentiality of material.

(e) ***Parties Permitted at Mediation***. Persons other than the Parties, their liability insurers, Neighborhood Builder, attorneys for the Parties and the mediator may attend mediation sessions only with the permission of the Parties and the consent of the mediator. Neighborhood Builder has the right to attend the mediation session even if Neighborhood Builder is not one of the Parties.

(f) ***Record***. There shall be no stenographic, video or audio record of the mediation process.

(g) ***Expenses***. Each Party shall bear its own attorneys' fees and costs incurred in connection with the mediation. All other expenses of the mediation including the fees charged by the mediator and the cost of any proof or expert advice requested by the mediator shall be borne equally by each of Neighborhood Builder and the Neighborhood Builder Parties to whom the Dispute is directed, unless the Parties agree otherwise. This provision does not modify any provision of a contract between Neighborhood Builder and any Neighborhood Builder Party requiring indemnification or establishing a different allocation of costs between the Neighborhood Builder and the Neighborhood Builder Party.

12.4.4. **Binding Arbitration**. If a Dispute remains unresolved after the mediation required by Section 12.4.3 is completed, then such Dispute shall be submitted to neutral binding arbitration, provided that the Neighborhood Association must obtain the vote or written consent of Owners other than Neighborhood Builder who represent not less than sixty-seven percent (67%) of the Neighborhood Association's voting power (excluding the voting power of Neighborhood Builder) before initiating an arbitration proceeding in a Dispute with Neighborhood Builder or a Neighborhood Builder Party. ARBITRATION SHALL BE MANDATORY AND BINDING, AND SHALL BE GOVERNED BY THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT (TO THE EXTENT IT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT), AND CONDUCTED SUBJECT TO THE FOLLOWING PROCEDURES.

(a) ***Selection of Arbitrator***. Any Dispute subject to this Section 12.4.4 shall be submitted to neutral binding arbitration by and pursuant to the arbitration

rules and procedures of the American Arbitration Association (***"AAA"***) in effect at the time the request for arbitration is submitted. If AAA is for any reason unwilling or unable to serve as the arbitration service, then the Dispute shall be submitted to Judicial Mediation Services (***"JAMS"***). Nothing herein shall prevent the Parties from agreeing to use an alternative arbitration service.

(b) ***Federal Arbitration Act***. Disputes subject to arbitration under this Section 12.4.4 involve and concern interstate commerce and are governed by the provisions of the Federal Arbitration Act (9 U.S.C. §1, *et seq.*), to the exclusion of any different or inconsistent state or local law, ordinance, regulation, or judicial rule.

(c) ***Benefited Parties***. The arbitration provisions in this Section 12.4.4 shall inure to the benefit of, and be enforceable by the Neighborhood Builder Parties and each of their contractors, subcontractors, agents, vendors, suppliers, design professionals, insurers and any other person whom the applicable claimant may contend is responsible for any alleged loss, liability or damages incurred by the claimant as a result of the circumstances relating to such Dispute.

(d) ***Attorney's Fees***. If any Dispute is submitted to arbitration, each Party shall bear its own attorneys' fees and costs (including expert costs) for the arbitration.

(e) ***Remedies***. The arbitrator is authorized to provide all recognized remedies available in law or in equity for any cause of action that is the basis of the arbitration; however, the arbitrator shall have no power to grant any remedy not available to a judge of the Superior Court of the State of California under California law or equity.

(f) ***Decision***. The decision of the arbitrator is final and binding; provided, however, that the arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected for any such error on appeal to a court of competent jurisdiction in the City. Any application to confirm, vacate, modify, or correct an award rendered by the arbitrator shall be filed in any court of competent jurisdiction in the City.

(g) ***Choice of Law***. To the extent that any state or local law, ordinance, regulation, or judicial rule is inconsistent with any provision of the rules of the arbitration service under which the arbitration proceeding shall be conducted, the latter rules shall govern the conduct of the proceeding.

(h) ***Other Proceedings***. The participation by any Party in any judicial proceeding concerning this arbitration provision or any arbitrable issue hereunder shall not be asserted or accepted as a reason to delay, to refuse to participate in, or to refuse to enforce this arbitration agreement.

(i) ***Expenses***. The fees to initiate the arbitration shall be advanced by the Neighborhood Builder and any Neighborhood Builder Party. Subsequent fees and costs of the arbitration and/or the arbitrator shall be borne equally by the Parties to the arbitration; provided, however, that the fees and costs of the arbitration and/or the arbitrator ultimately shall be borne as determined in the discretion of the arbitrator. This provision does not modify any provision of a contract requiring indemnification or establishing a different allocation of costs between the Parties.

(j) ***Arbitrator***. The arbitrator appointed to serve shall be a neutral and impartial individual.

(k) ***Venue***. The venue of the arbitration shall be in the City unless the Parties agree in writing to another location.

(l) ***Severability***. If any provision of this Section 12.4.4 is determined to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable therefrom and enforceable according to their terms.

(m) ***Self-Executing***. This arbitration provision is self-executing. Any Dispute concerning the interpretation or the enforceability of the arbitration provisions in this Section 12.4.4, including its revocability or voidability for any cause, any challenges to the enforcement or the validity hereof, or the scope of arbitrable issues hereunder, and any defense relating to the enforcement of the arbitration agreement set forth in this Section 12.4.4, including, waiver, estoppel, or laches, shall be decided by an arbitrator in accordance with this arbitration provision and not by a court of law.

(n) ***AGREEMENT.*** BY TAKING TITLE TO ALL OR ANY PORTION OF THE NEIGHBORHOOD, THE NEIGHBORHOOD ASSOCIATION AND EACH OWNER ARE DEEMED TO AGREE TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS SECTION 12.4.4 DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT (TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT). ACKNOWLEDGEMENT OF THE FOREGOING IS A CONDITION TO CONVEYANCE OF TITLE TO ANY PORTION OF THE NEIGHBORHOOD TO SUCH PARTICIPANT. BY TAKING TITLE TO ANY PORTION OF THE NEIGHBORHOOD SUBJECT TO THIS SECTION 12.4.4, A PARTY IS DEEMED TO HAVE AGREED TO GIVE UP ANY RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE ANY DISPUTES SUBJECT HERETO LITIGATED IN A COURT OR JURY TRIAL, AS WELL AS THEIR RESPECTIVE JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. IF ANY SUCH PARTY REFUSES TO SUBMIT TO ARBITRATION AFTER TAKING TITLE TO ANY PORTION OF THE NEIGHBORHOOD AND AGREEING, IN CONNECTION THEREWITH, TO THE FOREGOING PROVISIONS, SUCH PARTY MAY BE COMPELLED TO ARBITRATE UNDER THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT (TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT). BY EXECUTING ANY GRANT DEED OR OTHER INSTRUMENT CONVEYING ANY PORTION OF THE NEIGHBORHOOD, THE GRANTEE THEREIN SHALL BE DEEMED TO ACKNOWLEDGE THAT ITS AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

12.4.5. **Statutes of Limitation**. Nothing in this Section 12.4 shall be considered to toll, stay, reduce or extend any applicable statute of limitations; provided, however, that Neighborhood Builder, the Neighborhood Builder Parties, the Neighborhood Association and any Owner may begin a legal action which in the good faith determination of that Person is necessary to preserve that Person's rights under any applicable statute of limitations as long as no further steps in processing the action are taken except those authorized in this Section 12.4.

12.4.6. **Agreement to Dispute Resolution; Waivers of Jury Trial**. NEIGHBORHOOD BUILDER, THE NEIGHBORHOOD ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 12.4 TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. NEIGHBORHOOD BUILDER, THE NEIGHBORHOOD ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS

PROVIDED IN THIS SECTION 12.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JURY. THIS SECTION 12.4 MAY NOT BE AMENDED WITHOUT NEIGHBORHOOD BUILDER'S PRIOR WRITTEN CONSENT.

12.4.7. **Class Actions Not Available**. NEIGHBORHOOD BUILDER, THE NEIGHBORHOOD ASSOCIATION AND EACH OWNER HAS AGREED TO WAIVE THE RIGHT FOR ANY CLAIM TO BE COMMENCED, HEARD OR RESOLVED AS A CLASS ACTION. NEIGHBORHOOD BUILDER, THE NEIGHBORHOOD ASSOCIATION AND EACH OWNER AGREE NOT TO ASSERT ANY CLASS ACTION OR REPRESENTATIVE ACTION CLAIMS AGAINST THE OTHER IN MEDIATION, ARBITRATION OR OTHERWISE, AND AGREE THAT IT IS THE EXPRESS INTENT OF EACH PARTY THAT CLASS ACTION AND REPRESENTATIVE ACTION PROCEDURES NOT BE ASSERTED OR APPLIED WITH RESPECT TO ANY CLAIM.

12.4.8. **Covenant Regarding Proceeds**. If the Neighborhood Association or any Owner prevail in a Dispute, and the judgment thereon or settlement terms thereof includes a monetary award, then the proceeds of the award shall be first applied to the remediation of the condition that gave rise to the Dispute.

12.4.9. **Approval of Amendments**. No amendment may be made to this Section 12.4 without the prior written approval of Neighborhood Builder.

12.4.10. **Resolution of Disputes Involving the Master Declarant under the Master Declaration, the Master Association, the Master Common Area, the Master Maintenance Areas, and/or under the Master Declaration**. As set forth in the Master Declaration, all disputes that involve the Master Declarant, the Master Association, the Master Common Area, the Master Maintenance Areas, and/or a contractor affiliated with the Master Association shall be resolved in accordance with the dispute resolution provisions set forth in Section 12.4 of the Master Declaration. Notwithstanding the foregoing, any dispute between an Owner and Neighborhood Builder shall be resolved in accordance with this Section 12.4.

ARTICLE 13
DURATION AND AMENDMENT

13.1. **DURATION**. This Neighborhood Declaration shall continue in full force unless a declaration of termination satisfying the requirements of an amendment to this Neighborhood Declaration established in Section 13.2 is Recorded.

13.2. **TERMINATION AND AMENDMENT**.

13.2.1. **Amendment Approval**. Notice of the subject matter of a proposed amendment to this Neighborhood Declaration including "material amendments" and an "extraordinary action" (both defined below) in reasonably detailed form must be included in the notice of any Neighborhood Association meeting or election at which a proposed amendment is to be considered. To be effective, a proposed amendment (other than an amendment by Neighborhood Builder or by the Board, as described in Sections 13.2.6 or 13.2.7 respectively) or an extraordinary action must be (a) adopted by the vote, in person or by proxy, or written consent of Owners representing not less than (1) sixty-seven percent (67%) of the voting power of each Class of the Neighborhood Association and (2) sixty-seven percent (67%) of the Neighborhood Association's voting power represented by Owners other than Neighborhood Builder, provided that the specified percentage of the Neighborhood Association's voting power

necessary to amend a specific provision of this Neighborhood Declaration may not be less than the percentage of affirmative votes prescribed for action to be taken under the provision that is the subject of the proposed amendment or extraordinary action, and (b) approved by the requisite percentage of First Mortgagees of matters described in Sections 13.2.2(a) and 13.2.2(b) below, and (2) termination of the Neighborhood Declaration as described in Section 13.2.4.

13.2.2. **Mortgagee Consent**. In addition to the consents required by Section 13.2.1, a Mortgagee Majority must approve any material amendment to this Neighborhood Declaration, any Supplemental Neighborhood Declaration or extraordinary action, as defined below:

(a) ***Material Amendments***. Material amendments consist of any amendment adding, deleting or modifying any provision concerning any of the following:

(i) Voting rights;

(ii) Increases in Assessments that raise the existing Assessment by more than 25%, Assessment liens or the priority of Assessment liens;

(iii) Reductions in reserves for maintenance, repair and replacement of the Neighborhood Property;

(iv) Responsibility for maintenance and repairs;

(v) Reallocation of interest in the Condominium Common Area, reallocation of liability for Common Expenses, or reallocation of rights to the use of Neighborhood Property;

(vi) Redefinition of any Unit or Exclusive Use Area boundaries

(vii) Convertibility of Units into Neighborhood Property or vice versa;

(viii) Any amendment relating to (i) the insurance provisions in Article 8, (ii) the application of insurance proceeds in Article 9, or (iii) the disposition of any money received in any taking under condemnation proceedings.

(ix) Imposing restrictions on leasing or sale of Units;

(x) Restoration or repair of the Neighborhood (after damage or partial condemnation) in a manner other than that specified in this Neighborhood Declaration; or

(xi) Any amendment to a provision which is for the express benefit of Mortgagees, including:

(a) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Mortgagees, insurers or guarantors of Mortgages.

(b) Any amendment which would require a Mortgagee after it has acquired a Condominium through foreclosure to pay more than its proportionate share of any unpaid Assessment or Assessments accruing before such foreclosure.

(c) Any amendment which would or could result in a Mortgage being canceled by forfeiture, or in a Condominium not being separately assessed for tax purposes.

(d) Any amendment which would or could result in partition or subdivision of a Condominium in any manner inconsistent with this Neighborhood Declaration.

(e) Any amendment which would subject any Owner to a right of first refusal or other such restriction, if such Condominium is proposed to be transferred.

(b) ***Extraordinary Actions***. Extraordinary actions consist of the following:

(i) Expansion or contraction of the Neighborhood or the addition, annexation or deannexation of real property to or from the Neighborhood; or

(ii) Any decision by the Neighborhood Association to establish self-management if professional management had been required previously by the Neighborhood Governing Documents or by a Mortgagee majority or a majority vote of the Owners.

13.2.3. **Amendment of Right to Repair Law Provisions**. Neither this Section 13.2.3 nor Sections 1.1.38, 1.1.76, 1.1.77, 2.1, 2.2, 2.4, 2.5, 2.6, 3.37, 4.2.7, 4.2.21, 4.5.2, 12.1.7, 12.4, 12.4.7, 12.4.8, 13.2.6, or 15.7 may be amended without the prior written approval of Neighborhood Builder until the expiration of all applicable statutes of limitation or repose for the filing of a complaint or suit or other legal remedies against Neighborhood Builder or its affiliates under the Right to Repair Law (including tolling periods). References herein to Sections include their respective subparts.

13.2.4. **Termination Approval**. Termination of this Neighborhood Declaration requires approval of (a) a Mortgagee Majority pursuant to Section 13.2.1, (b) the Owners as provided in Section 13.2.1, and (c) Neighborhood Builder (until the expiration of all applicable statutes of limitation or repose for the filing of a complaint or suit or other legal remedies against Neighborhood Builder or its affiliates under the Right to Repair Law).

13.2.5. **Certificate**. A copy of each amendment must be certified by at least two (2) Neighborhood Association officers. The amendment becomes effective when a Certificate of Amendment is Recorded. The certificate, signed and sworn to by two (2) Neighborhood Association officers that the requisite number of Owners and Mortgagees have approved the amendment, when Recorded, is conclusive evidence of that fact. The Neighborhood Association shall keep in its files for at least four (4) years the record of all such approvals. The certificate reflecting any termination or amendment which requires the written consent of any of the First Mortgagees must include a certification that the requisite approval of such First Mortgagees was obtained or deemed given in accordance with Section 11.2.3.

13.2.6. **Amendment or Termination by Neighborhood Builder.**

(a) ***Before First Closing***. Notwithstanding any other provisions in this Article, (i) Neighborhood Builder may unilaterally amend or terminate this Neighborhood Declaration for any purpose, until the first Close of Escrow in the Neighborhood, and (ii) Neighborhood Builder may unilaterally amend or terminate a Supplemental Neighborhood Declaration for any purpose, until the first Close of Escrow in the real property affected by the Supplemental Neighborhood Declaration to be amended or terminated. Amendment or termination shall not be effective until Neighborhood Builder has Recorded in the Official Records an instrument signed and acknowledged by Neighborhood Builder.

(b) ***Minor Corrections***. Notwithstanding any other provisions of this Article, Neighborhood Builder (as long as Neighborhood Builder owns any portion of the Neighborhood) may unilaterally amend this Neighborhood Declaration, a Supplemental Neighborhood Declaration by Recording a written instrument signed by Neighborhood Builder to: (1) conform this Neighborhood Declaration, or the Supplemental Neighborhood Declaration to the rules, regulations or requirements of FHFA, VA, FHA, DRE, Fannie Mae, Ginnie Mae, Freddie Mac or the County or City, (2) amend, replace or substitute any exhibit to correct typographical or engineering errors, (3) include any exhibit that was inadvertently omitted at the time of Recording, (4) comply with any City, County, State or Federal laws or regulations, (5) correct minor errors in any provision of this Neighborhood Declaration or a Supplemental Neighborhood Declaration, (6) supplement this Neighborhood Declaration or a Supplemental Neighborhood Declaration with provisions which pertain to rights and obligations of Neighborhood Builder, the Neighborhood Association or Owners arising under the Right to Repair Law, (7) change any exhibit or provision of this Neighborhood Declaration or a Supplemental Neighborhood Declaration to conform to as-built conditions, and (8) amend any provision or exhibit of this Neighborhood Declaration or Supplemental Neighborhood Declaration for consistency with revisions to a Condominium Plan made pursuant to Section 15.8 below.

Nothing in this Section 13.2.6 may be amended or terminated without the prior written approval of Neighborhood Builder.

13.2.7. **Minor Corrections by the Board**. The Board may amend this Neighborhood Declaration, or a Supplemental Neighborhood Declaration, for the reasons stated in clauses (2), (3), (4), (5) or (7) of Section 13.2.6(b) by Recording a written instrument signed by two officers of the Neighborhood Association certifying that the Board approved the amendment for the purposes described therein. However, until the end of all applicable statutes of limitation or repose for the filing of a complaint or suit or other legal remedies against Neighborhood Builder or its affiliates under the Right to Repair Law (including tolling periods), the Board must obtain the prior written approval of Neighborhood Builder to any amendment approved by the Board, or any other amendment by the Board or Neighborhood Association that affects the rights of Neighborhood Builder under the Right to Repair Law, this Neighborhood Declaration or any Supplemental Neighborhood Declaration, or for any amendment by the Board concerning matters discussed in Articles 3 or 15.

13.2.8. **City Approval**. Notwithstanding any other provisions of this Section 13.2, no cancellation of this Neighborhood Declaration, nor any amendment to alter, modify, terminate or change any provision of this Neighborhood Declaration required by the Development and Entitlement Documents for the Neighborhood, shall be effective without the prior written approval of the City.

ARTICLE 14
GENERAL PROVISIONS

14.1. **MERGERS OR CONSOLIDATIONS**. In a merger or consolidation of the Neighborhood Association with another association, the property, rights and obligations of the Neighborhood Association may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the property, rights and obligations of another association may, by operation of law, be added to the property, rights and obligations of the Neighborhood Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by this Neighborhood Declaration governing the Neighborhood, together with the covenants and restrictions established on any other property, as one (1) plan.

14.2. **NO PUBLIC RIGHT OR DEDICATION**. Nothing in this Neighborhood Declaration is a gift or dedication of all or any part of the Neighborhood to the public, or for any public use.

14.3. **NOTICES**. Except as otherwise provided in this Neighborhood Declaration, notice to be given to an Owner must be in writing and may be delivered personally to the Owner. Personal delivery of such notice to one (1) or more co-Owners, or any general partner of a partnership owning a Condominium, constitutes delivery to all Owners. Personal delivery of such notice to any officer or agent for the service of process on a corporation or limited liability company constitutes delivery to the corporation or limited liability company. Such notice may also be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Neighborhood Association or, if no such address has been furnished, to the street address of such Owner's Condominium. Such notice is deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Owners or of the Board, in which case the notice provisions of the Bylaws control. Any notice to be given to the Neighborhood Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Neighborhood Association at such address as may be fixed and circulated to all Owners.

14.4. **CONSTRUCTIVE NOTICE AND ACCEPTANCE**. Every Person who owns, occupies or acquires any right, title, estate or interest in or to any Condominium or other portion of the Neighborhood consents and agrees to every limit, restriction, easement, reservation, condition and covenant contained in this Neighborhood Declaration, whether or not any reference to these restrictions is in the instrument by which such Person acquired an interest in the Neighborhood. As soon as practicable before sale or transfer of title to a Condominium or other Condominiums in the Neighborhood or execution of a real property sales contract therefor, the Owner of the Condominium or other separate interest shall provide to the purchaser copies of the Neighborhood Governing Documents listed in California Civil Code Section 4525.

ARTICLE 15
NEIGHBORHOOD BUILDER'S RIGHTS AND RESERVATIONS

If there is a conflict between any other portion of the Neighborhood Governing Documents and this Article, this Article shall control.

15.1. **CONSTRUCTION RIGHTS**. Until Neighborhood Builder no longer owns any portion of the Neighborhood, Neighborhood Builder has the right, without obtaining the approval of the Neighborhood Association, to (a) subdivide or re-subdivide the portions of the

Neighborhood owned by Neighborhood Builder, (b) complete or modify Improvements in the Neighborhood Property, or in any portion of the Neighborhood that is owned or leased solely or partially by Neighborhood Builder, (c) alter Improvements and Neighborhood Builder's construction plans and designs, (d) modify Neighborhood Builder's development plan for the Neighborhood, including reshaping the Condominiums and Neighborhood Property, and constructing dwellings of larger or smaller sizes, values, and of different types, (e) modify, extend, postpone or terminate the completion of the Neighborhood, for any purpose, including changed economic conditions, changes in Neighborhood Builder's business plans or other factors determined by Neighborhood Builder in its sole discretion, and (f) construct additional or different Improvements, all as Neighborhood Builder considers advisable in the course of development of the Neighborhood. Neighborhood Builder may temporarily erect barriers, close off and restrict access to portions of the Neighborhood Property as reasonably necessary to allow Neighborhood Builder to exercise the rights reserved in this Section so long as an Owner's access to that Owner's Condominium is not eliminated.

15.2. **SALES AND MARKETING RIGHTS**. Neighborhood Builder shall have the following rights related to sales and marketing, all of which may be exercised unilaterally by Neighborhood Builder in Neighborhood Builder's sole discretion. The rights reserved in this Section will terminate on the date of the last Close of Escrow for sale of a Condominium in the Neighborhood.

15.2.1. **Marketing and Sales Facilities**. Neighborhood Builder's rights under this Neighborhood Declaration include the right to install and maintain such structures, displays, signs, billboards, flags and sales offices in the Neighborhood, and the right to use any land, Units or mobile homes owned or leased by Neighborhood Builder in the Neighborhood as model home complexes, design centers, welcome centers, home-finding centers, real estate sales offices or leasing offices, all as may be reasonably necessary to conduct the business of completing construction, marketing and disposing of the Neighborhood by sale, resale, lease or otherwise. Furthermore, nothing in the Neighborhood Governing Documents shall be deemed to limit, and no Owner, nor the Neighborhood Association shall interfere with the rights of prospective purchasers, sales agents, or Neighborhood Builder to use any and all portions of the Neighborhood Property for access to the marketing and sales facilities of Neighborhood Builder. The exercise of the foregoing reserved rights shall be exercised in a way not to unreasonably interfere with the use and enjoyment thereof by the Owners or their Families, tenants and invitees of an Owner's Condominium or the Neighborhood Property, and such reserved rights shall automatically terminate on the date of the last Close of Escrow for the sale of a Condominium in the Neighborhood, at which time Neighborhood Builder shall remove the temporary structures and/or restore any permanent structures used by Neighborhood Builder to their intended residential or Neighborhood Property use and appearance.

15.2.2. **Use of Neighborhood Property**. Neighborhood Builder and its prospective purchasers of Condominiums are entitled to the nonexclusive use of the Neighborhood Property, including the Parking Garage, without further cost for access, ingress, egress, use or enjoyment, to (a) show the Neighborhood to prospective purchasers, and (b) dispose of the Neighborhood as provided in this Neighborhood Declaration. Neighborhood Builder, its employees, agents and prospective purchasers are also entitled to the nonexclusive use of the drives and walkways for ingress, egress and vehicle parking as necessary in connection with the marketing and sale of the Condominiums. Neither Neighborhood Builder, nor its employees, agents nor prospective purchasers shall make any use of the Neighborhood Property that will unreasonably interfere with the use and enjoyment thereof by the Owners.

15.2.3. **Gate Operations During Marketing Period**. Neighborhood Builder reserves for its benefit, the right to limit the operation of any vehicular entry gates during the period when Neighborhood Builder is offering Condominiums for sale in the Neighborhood. Until the last Close of Escrow occurs in the Neighborhood, the entry gates may be open to the general public. Neighborhood Builder may change the hours of gate operation in its sole discretion and without notice to accommodate construction and marketing activities.

15.3. **CREATING ADDITIONAL EASEMENTS**. At any time before the Close of Escrow for a Condominium, Neighborhood Builder reserves the unilateral right to establish on that Condominium additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as Neighborhood Builder determines are reasonably necessary to the proper development and disposal of the Neighborhood.

15.4. **ARCHITECTURAL RIGHTS**. Neighborhood Builder and any Person to whom Neighborhood Builder may assign all or a portion of its exemption under this Neighborhood Declaration need not seek or obtain Design Review Committee approval of any Improvements constructed anywhere on the Neighborhood by Neighborhood Builder or such Person. Neighborhood Builder may exclude portions of the Neighborhood from jurisdiction of the Design Review Committee in the applicable Supplemental Neighborhood Declaration. Neighborhood Builder, may, at its option, establish an additional design review committee for any area exempted from the jurisdiction of the Design Review Committee.

15.5. **DEVELOPER EXEMPTION**. Neighborhood Builder is exempt from the application of Article 2 of this Neighborhood Declaration and from all other restrictions on the use and enjoyment of real property and all maintenance covenants that are established for Owners under this Neighborhood Declaration, or in a Supplemental Neighborhood Declaration, or in any other Neighborhood Governing Documents, except to the extent that a particular provision expressly includes Neighborhood Builder among the parties covered thereby.

15.6. **ASSIGNMENT OF RIGHTS**. Neighborhood Builder may assign any or all of its rights and exemptions under this Article 15, and any other Neighborhood Builder rights, exemptions, appointment powers, veto powers or easements in the Neighborhood Governing Documents to any successor in interest to any portion of Neighborhood Builder's interest in the Neighborhood by a Recorded written assignment.

15.7. **AMENDMENT TO ARTICLE**. No amendment may be made to this Article without the prior written approval of Neighborhood Builder for so long as Neighborhood Builder owns any portion of the Neighborhood.

15.8. **POWER OF ATTORNEY**. Each Owner of a Condominium in the Neighborhood, by accepting a deed to a Condominium, shall be deemed to have constituted and irrevocably appointed Neighborhood Builder, as long as Neighborhood Builder owns all or any portion of the Neighborhood, as his attorney-in-fact, for himself and each of his Mortgagees, optionees, grantees, licensees, trustees, receivers, lessees, tenants, judgment creditors, heirs, legatees, devisees, administrators, executors, legal representatives, successors and assigns, whether voluntary or involuntary, and thereby to have conveyed a power of attorney coupled with an interest to Neighborhood Builder as his attorney-in-fact to prepare, execute, acknowledge and Record any amendment to or restatement of the Condominium Plan to correct errors, to conform to as-built conditions, or to bring the Condominium Plan into compliance with any City, County, State or Federal law or regulations, and to make such revisions to this Neighborhood Declaration or to a Supplemental Neighborhood Declaration, as Neighborhood Builder deems to

be reasonably necessary in light of the amendment or restatement of the Condominium Plan. The acceptance or creation of any Mortgage or other encumbrance, whether or not voluntary, created in good faith, or given for value, shall be accepted or created subject to each of the power of attorney provisions in this Section.

15.9. **COOPERATION AND PARTICIPATION.**

15.9.1. **Notice of Transfers; Other Notices.** Until the date of expiration of all applicable statutes of limitations or repose for the filing of a complaint or suit or other legal remedies against Neighborhood Builder by the Neighborhood Association under the Right to Repair Law (including any tolling periods), the Neighborhood Association shall provide Neighborhood Builder with written notice of the transfer of any Condominium and all notices and other documents to which a Mortgagee is entitled pursuant to this Neighborhood Declaration, provided that Neighborhood Builder shall not be required to make written request for such notices and other documents.

15.9.2. **Observation of Open Meetings.** In furtherance of Neighborhood Builder's rights and the performance of the obligations of Neighborhood Builder, the Neighborhood Association and Owners under the Right to Repair Law, Neighborhood Builder shall have the right to observe and speak at open meetings of the Board in accordance with this Section 15.9.2.

(a) ***Attendance and Limited Participation.*** Commencing on the date on which Neighborhood Builder no longer has a representative on the Board, and continuing until the date of expiration of all applicable statutes of limitations or repose for the filing of a complaint or suit or other legal remedies against Neighborhood Builder by the Neighborhood Association under the Right to Repair Law (including any tolling periods):

(i) The Neighborhood Association shall provide Neighborhood Builder with written notice of all meetings of the Board that any Owner is entitled to attend (each, an ***"Open Meeting"***), as if Neighborhood Builder was an Owner;

(ii) Neighborhood Builder shall be entitled to have its representatives attend all Open Meetings and speak (during the Owner comment period) on matters governed by the Right to Repair Law, including maintenance and repair of Neighborhood Property and the Condominiums and Improvements thereon; and

(iii) Neighborhood Builder representatives shall be entitled to receive copies of the minutes, proposed minutes and summary minutes of all Open Meetings and meetings of members, as well as copies of books, financial records, Neighborhood Governing Documents, or maintenance records, upon request for, and reimbursement of, the actual costs to copy and mail such materials

(b) ***Rights of Board.*** Notwithstanding the foregoing, the Board shall have the unilateral right to exclude Neighborhood Builder and its representatives from any Open Meeting or portion thereof, and to decline to provide Neighborhood Builder or its representatives with minutes, proposed minutes or summary minutes if, in the good faith judgment of the Board, the presence of Neighborhood Builder or its representatives at an Open Meeting, or delivery of minutes to Neighborhood Builder or its representatives would not be in the best interest of the Neighborhood Association. Such determination may be made if:

(i) the presence of Neighborhood Builder or its representatives at an Open Meeting or portion thereof would adversely affect the attorney-client privilege between the Neighborhood Association and its counsel; or

(ii) Neighborhood Builder or its representatives would have access to confidential information received or developed by the Neighborhood Association or its consultants.

(c) ***Further Limitations***. This Section creates no right in representatives of Neighborhood Builder to attend executive sessions of the Board or to participate in deliberations by the Board. Neighborhood Builder representatives shall attend any Open Meeting they are permitted to attend under this Section 15.9.2 in an observer capacity only, and they shall not have any right to vote on matters coming before the Board.

15.10. **NEIGHBORHOOD BUILDER APPROVAL OF ACTIONS**.

15.10.1. **General Rights**. Until Neighborhood Builder no longer owns a portion of the Neighborhood, Neighborhood Builder's prior written approval is required for any amendment to the Neighborhood Governing Documents which would impair or diminish Neighborhood Builder's right to complete the Neighborhood or sell or lease Condominiums therein.

15.10.2. **Limit on Actions**. Until the end of all applicable statutes of limitations or repose for the filing of a complaint or suit or other legal remedies against Neighborhood Builder under the Right to Repair Law (including any tolling periods), the following actions, before being undertaken by the Neighborhood Association, must first be approved in writing by Neighborhood Builder:

(a) Any amendment or action requiring the approval of First Mortgagees;

(b) The annexation to the Neighborhood of any additional real property;

(c) The levy of a Capital Improvement Assessment for the construction of new facilities not constructed on the Neighborhood Property by Neighborhood Builder;

(d) Any significant reduction of Neighborhood Association maintenance or other services; or

(e) Any modification or termination of any provision of the Neighborhood Governing Documents benefiting Neighborhood Builder.

15.11. **MARKETING NAME**. The Neighborhood shall be marketed under the general name ***"The Bristol at Cove Residences."*** Neighborhood Builder may change the marketing name of the Neighborhood or designate a different marketing name at any time in Neighborhood Builder's sole discretion. Neighborhood Builder shall notify DRE of any change in or addition to the marketing name or names of the Neighborhood.

15.12. **COUNTERPARTS**. This Neighborhood Declaration may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURES ON NEXT PAGE]

[SIGNATURE PAGE TO NEIGHBORHOOD DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF EASEMENTS]

This Neighborhood Declaration is dated for identification purposes March 17th, 2022.

YBI PHASE 1 INVESTORS, LLC,
a Delaware limited liability company

By: STOCKBRIDGE/WILSON MEANY YBI INVESTORS, LLC,
a Delaware limited liability company
its Managing Member

By: _____
Darren Drake
Authorized Signatory

Neighborhood Builder

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF San Francisco

On March 17 2022, before me, Renee Adams, Notary Public
(here insert name and title of the officer)

personally appeared Darren Drake,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Renee Adams
Signature (Seal)

RENEE ADAMS
Notary Public - California
San Francisco County
Commission # 2306717
My Comm. Expires Oct 21, 2023

LENDER SUBORDINATION

The undersigned, as Beneficiary of the beneficial interest in and under that certain Deed of Trust dated May 14, 2019, and recorded on May 14, 2019, as Document No. 2019-K766278-00, as amended by a First Amendment thereto, recorded on September 8, 2020, as Document No. 2020-013976, both in the Official Records of San Francisco County, California (collectively, the ***"Deed of Trust"***), which Deed of Trust is by and between YBI Phase 1 Investors, LLC, a Delaware limited liability company, as Trustor, and First American Title Insurance Company, a Nebraska corporation, as Trustee, and Pacific Western Bank, a California state-chartered bank, as Beneficiary, expressly subordinates said Deed of Trust and its beneficial interest thereunder to the foregoing Neighborhood Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for The Bristol at Cove Residences (the ***"Neighborhood Declaration"***) and to all easements to be conveyed to the Neighborhood Association in accordance with the Neighborhood Declaration and any Supplemental Neighborhood Declaration. By executing this Subordination, the undersigned agrees that if the undersigned acquires title to all or any portion of the Neighborhood by foreclosure (whether judicial or non-judicial), deed-in-lieu of foreclosure or any other remedy in or relating to the Deed of Trust, the undersigned will acquire title subject to the provisions of the Neighborhood Declaration, and any applicable Supplemental Neighborhood Declaration, which shall remain in full force and effect.

Dated: March 21st, 2022

PACIFIC WESTERN BANK,
a California state-chartered bank

By: _____

Name: Elias Bouzakis
Title: SVP, Portfolio Manager

[NOTARIAL ACKNOWLEDGMENT ON NEXT PAGE]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF ~~CALIFORNIA~~ Connecticut
COUNTY OF Hartford.

On March 21, 2022, before me, Nicole Albano
(here insert name and title of the officer)

personally appeared Elias Bouzakis, SVP, Portfolio Manager,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of ~~California~~ Connecticut that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Nicole Albano
Signature (Seal)

NICOLE ALBANO
NOTARY PUBLIC
REG # 159466
MY COMMISSION EXPIRES
10/31/2026
CONNECTICUT

LENDER SUBORDINATION

The undersigned, as Beneficiary of the beneficial interest in and under that certain Deed of Trust dated June 22, 2018, and recorded on June 22, 2018, as Document No. 2018-K629742, as amended by a Partial Assignment and Assumption, recorded on May 14, 2019, as Instrument No. 2019-K766277, and as further amended by a Partial Assignment and Assumption, recorded on September 8, 2020, as Instrument No. 2020013979, all in the Official Records of San Francisco County, California (collectively, the ***"Deed of Trust"***), which Deed of Trust is by and between YBI Phase 1 Investors, LLC, a Delaware limited liability company, as Trustor, and First American Title Insurance Company, a Nebraska corporation, as Trustee, and Treasure Island Series 1, LLC, a Delaware limited liability company, as Beneficiary, expressly subordinates said Deed of Trust and its beneficial interest thereunder to the foregoing Neighborhood Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for The Bristol at Cove Residences, as amended or restated (the ***"Neighborhood Declaration"***), to any Supplemental Neighborhood Declaration, as amended or restated, and to all easements to be conveyed to the Neighborhood Association in accordance with the Neighborhood Declaration and any Supplemental Neighborhood Declaration. By executing this Subordination, the undersigned agrees that if the undersigned acquires title to all or any portion of the Neighborhood by foreclosure (whether judicial or non-judicial), deed-in-lieu of foreclosure or any other remedy in or relating to the Deed of Trust, the undersigned will acquire title subject to the provisions of the Neighborhood Declaration, and any applicable Supplemental Neighborhood Declaration, which shall remain in full force and effect.

Dated: 3/21/22

TREASURE ISLAND SERIES 1, LLC,
a Delaware limited liability company

By: _____
Print Name: Christopher Meany
Title: Authorized Signatory

By: _____
Print Name: _____
Title: _____

[NOTARIAL ACKNOWLEDGMENT ON NEXT PAGE]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF San Francisco

On March 21, 2022, before me, Renee Adams, Notary Public
(here insert name and title of the officer)

personally appeared Christopher Meany,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

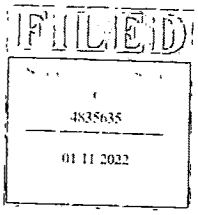
Renee Adams
Signature (Seal)

RENEE ADAMS
Notary Public - California
San Francisco County
Commission # 2306717
My Comm. Expires Oct 21, 2023

EXHIBIT AI

ARTICLES OF INCORPORATION OF THE NEIGHBORHOOD ASSOCIATION

ARTICLES OF INCORPORATION
OF
THE BRISTOL OWNERS ASSOCIATION



Certified Copy

ONE: The name of this corporation is THE BRISTOL OWNERS ASSOCIATION (the "***Corporation***").

TWO: This Corporation is a nonprofit mutual benefit corporation organized under the California Nonprofit Mutual Benefit Corporation Law. The purpose of this Corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law.

THREE: The Corporation's initial agent for service of process is Lindsay Vargo, whose business address is Four Embarcadero Center, Suite 3330, San Francisco, CA 94111.

FOUR: The Corporation's street and mailing address is Four Embarcadero Center, Suite 3330, San Francisco, CA 94111.

FIVE: The Corporation is organized and operated exclusively as a homeowner's association within the meaning of Section 23701t of the California Revenue and Taxation Code and Section 528 of the Internal Revenue Code, and it shall have and exercise any and all powers, rights and privileges which a corporation organized under the California Nonprofit Mutual Benefit Corporation Law may now or hereafter have or exercise, provided that the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of the Corporation, which is to operate a homeowners association and to manage a common interest development under the Davis-Stirling Common Interest Development Act. The Corporation does not have a corporate office. The common interest development is near the intersection of Macalla Road and Yerba Buena Road, San Francisco, California 94130-0000.

SIX: The classes of Membership and the voting and other rights and privileges of Members are set forth in the Bylaws. So long as two classes of Membership make up the voting power of the Corporation, the amendment of these Articles of Incorporation shall require the assent (by vote or written consent) of (i) a bare majority of the Board of Directors of the Corporation, and (ii) Members representing a bare majority of the voting power of each class of Members. After conversion of the Class B Membership to Class A Membership, the amendment of these Articles of Incorporation shall require the assent (by vote or written consent) of (i) a bare majority of the Board of Directors of the Corporation, (ii) Members representing a bare majority of the total voting power of the Members, and (iii) Members representing a bare majority of the voting power of the Members other than the subdivider of the Community. Notwithstanding the foregoing, the percentage of voting power required to amend a specific clause of these Articles shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

SEVEN: The Corporation has no managing agent.

2 01/22/2022 SHIRLEY N WEBER PH D

The undersigned, who is the incorporator of the Corporation, has executed these Articles of Incorporation on January 7th, 2022.

Lindsay Vargo

Lindsay Vargo, Incorporator

EXHIBIT BL

BYLAWS OF THE NEIGHBORHOOD ASSOCIATION

BYLAWS

OF

THE BRISTOL OWNERS ASSOCIATION

TABLE OF CONTENTS

BYLAWS
OF
THE BRISTOL OWNERS ASSOCIATION

		Page
ARTICLE I	PLAN OF OWNERSHIP	1
1.1	Definitions and Interpretation	1
1.2	Name and Principal Office	1
1.3	Application	1
ARTICLE II	BOARD OF DIRECTORS	1
2.1	Number of Directors	1
2.2	Qualifications for Holding Office	2
2.3	Election	4
2.4	Term of Office	5
2.5	Vacancies	6
2.6	Removal of Directors	7
2.7	Compensation	8
2.8	Meetings of the Board	8
2.9	Committees	10
2.10	General Powers and Duties	10
2.11	Powers and Duties; limitations	12
2.12	Distribution of Information	14
ARTICLE III	OFFICERS	20
3.1	Enumeration of Officers	20
3.2	Election of Officers	20
3.3	Removal of Officers; Resignation	20
3.4	Compensation	20
3.5	President	21
3.6	Vice President	21
3.7	Secretary	21
3.8	Treasurer/Chief Financial Officer	21
ARTICLE IV	OWNERS	22
4.1	Owner Voting Rights	22
4.2	Owner Meetings	22
4.3	Record Dates	25
4.4	Action Without Meeting	25
ARTICLE V	AMENDMENTS	26
ARTICLE VI	MISCELLANEOUS	26
6.1	Relinquishment of Control Over Initiation of Right To Repair Law Claim	26

TABLE OF CONTENTS
(continued)

Page

6.2	Checks, Drafts and Documents	26
6.3	Conflicts	27
6.4	Execution of Documents	27
6.5	Availability of Neighborhood Association Documents	27
6.6	Fiscal Year	28
6.7	Changes in Applicable Law	28
ARTICLE VII	NOTICE AND HEARING PROCEDURE	28
7.1	Initial Complaint	28
7.2	Scheduling Hearings	28
7.3	Conduct of Hearing	29
7.4	Imposition of Sanctions	29
7.5	Limits on Remedies	29

CERTIFICATE OF SECRETARY

BYLAWS

OF

THE BRISTOL OWNERS ASSOCIATION

ARTICLE I
PLAN OF OWNERSHIP

1.1 **DEFINITIONS AND INTERPRETATION.** Unless otherwise provided in these Bylaws, the capitalized terms used in these Bylaws have the meanings they are given in the Neighborhood Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for The Bristol at Cove Residences (the ***"Neighborhood Declaration"***), which was Recorded in the Official Records of the County against the Neighborhood. These Bylaws shall be interpreted in accordance with Section 1.2 of the Neighborhood Declaration. Capitalized terms not defined herein shall have the meaning provided in the Neighborhood Declaration.

1.2 **NAME AND PRINCIPAL OFFICE.** The name of the Neighborhood Association is The Bristol Owners Association. The principal office of the Neighborhood Association, if any, shall be located in the County or such other location as the Board may designate.

1.3 **APPLICATION.** These Bylaws apply to the residential condominium project known as The Bristol at Cove Residences (***"Neighborhood"***), which is located in the County. All Persons who use the facilities of the Neighborhood in any manner are subject to the terms and provisions of these Bylaws, the Neighborhood Declaration, and the other Neighborhood Governing Documents of the Neighborhood. Use of any Condominium in the Neighborhood signifies acceptance and ratification of these Bylaws.

ARTICLE II
BOARD OF DIRECTORS

2.1 **NUMBER OF DIRECTORS.**

2.1.1 **Interim Directors.** Until the first annual meeting of the Owners, the Neighborhood Association's property, business and affairs shall be governed and managed by a Board of Directors composed of three (3) persons appointed by Neighborhood Builder to serve as interim Directors until Directors are elected at the first annual meeting of the Owners.

2.1.2 **Elected Directors.** The Neighborhood Association's property, business and affairs shall be governed and managed by a Board of Directors composed of no fewer than three (3) nor more than five (5) persons elected or appointed at the first annual meeting. Beginning with the first annual meeting of the Owners, the initial authorized number of Directors will be fixed at five (5). The authorized number of Directors may be adjusted within the range stated above with the approval of the Board from time to time without having to amend these Bylaws. The size of the Board may be increased beyond five (5) Directors by duly adopted amendment to these Bylaws.

2.2 **QUALIFICATIONS FOR HOLDING OFFICE.** Each Director, except for those initially appointed by Neighborhood Builder to serve as interim Directors until the first annual meeting, must be either: (a) an individual Owner (subject to Section 2.2.4 below) who meets the candidacy and incumbency requirements in Sections 2.2.1 and 2.2.2 below; or (b) as long as Neighborhood Builder owns any portion of the Neighborhood, an employee or agent of Neighborhood Builder (who need not be an Owner) or (c) appointed to office by exercise of the Board Appointment Right (as defined in Section 4.4.4 of the Neighborhood Declaration). Such appointee need not be an Owner.

2.2.1 **Candidacy Requirements for Owners.** Owners who meet the following criteria are qualified to be nominated and elected to the Board of Directors:

(a) The Owner is an Owner of a Condominium within the Neighborhood at the time of nomination;

(b) Not be subject to disqualification pursuant to Section 2.2.3 below;

(c) The Owner, if elected, would not be serving on the Board at the same time as another Person who holds a joint ownership interest in the same Condominium and the other Person is either properly nominated for the current election or is an incumbent Director; and

(d) The Owner must be not more than two (2) months in arrears in the payment of any Assessments (which are consumer debts subject to validation) as of the deadline for nomination for election to the Board of Directors; provided however, that the Owner shall not be disqualified if either of the following circumstances is true:

(i) The Owner has paid the Assessment(s) under protest pursuant to California Civil Code Section 5658; or

(ii) The Owner has entered into a payment plan with the Neighborhood Association for such delinquent Assessment(s) pursuant to California Civil Code Section 5665.

2.2.2 **Incumbent Requirements for Owners.** To remain qualified to serve on the Board of Directors, an Owner who has been elected to the Board of Directors must:

(a) Remain at all times an Owner of a Condominium in the Neighborhood;

(b) Not be absent from more than three (3) consecutive regularly scheduled meetings of the Board;

(c) Attend at least seventy-five percent (75%) of the Board meetings held during the year and attend the entire meeting each time;

(d) Comply with every duly approved action of the Board;

(e) Comply with the Governing Documents and correct, within five (5) days after receipt of notice, any violation of the Governing Documents for which that Director has been determined to be responsible pursuant to applicable due process requirements;

(f) Exhibit respect, professionalism and courteous behavior to other Directors, Owners, committee members, vendors, the Manager and its staff, and any other Persons associated with or retained by the Neighborhood Association;

(g) Be at all times an Owner in good standing;

(h) Refuse any type of gain, such as money, services, products, gifts or gratuities of a significant value, as determined by a majority vote of the Directors who meet all of the required qualifications to serve as such, which gain is offered in relation to the Owner's service as a Director. In addition, the Owner must disclose such offers at an open meeting of the Board. Compensation for services duly approved by the Board and unrelated to duties as a Director or Officer of the Neighborhood Association, and reimbursement of expenses associated with services to the Neighborhood Association, do not constitute prohibited gain within the meaning of this subsection;

(i) Not act in a manner determined by a majority vote of the Directors to be grossly detrimental to the general safety, health or welfare of the Neighborhood Association and its members;

(j) Not be subject to disqualification pursuant to Section 2.2.3 below; and

(k) Not be more than two (2) months in arrears in the payment of any Assessments (which are consumer debts subject to validation); provided however, that the Owner shall not become disqualified to continue to serve on the Board if either of the following circumstances is true:

(i) The Owner has paid the Assessment(s) under protest pursuant to California Civil Code Section 5658; or

(ii) The Owner has entered into a payment plan with the Neighborhood Association for such delinquent Assessment(s) pursuant to California Civil Code Section 5665.

2.2.3 **Disqualification due to Criminal Conviction.** A Director must disclose any criminal convictions that may be required by the Neighborhood Association's fidelity bond carrier. An Owner shall be disqualified for nomination as a candidate to the Board, or, if such Owner is an incumbent Director, shall become disqualified to continue to serve on the Board, if such Owner discloses, or if the Neighborhood Association is aware of becomes aware of, a criminal conviction that would either prevent or make economically infeasible the Neighborhood Association's purchase of the fidelity bond coverage required by California Civil Code Section 5806 or cause termination of the Neighborhood Association's existing fidelity bond coverage.

2.2.4 **Ownership by Legal Entity**. A Director must be a natural person. However, in accordance with California Civil Code Section 5105(b)(2), if title to a Condominium is held by a legal entity recognized under California law (***"Entity Owner"***) that is not a natural person, the governing authority of such Entity Owner shall have the power to designate in writing to the Neighborhood Association one (1) natural person (***"Entity Owner Representative"***) to be a member for purposes of exercising the Entity Owner's voting rights attributable to such Condominium and for qualification to serve on the Board of Directors. Notwithstanding the foregoing, for such Entity Owner Representative to be qualified for nomination and election to the Board, or to remain qualified to serve on the Board (as applicable), (a) the Entity Owner Representative shall be subject to the qualification requirements of Section 2.2.3 above, and (b) the Entity Owner shall be subject to the qualification requirements of Sections 2.2.1 and 2.2.2. If the Entity Owner Representative is elected to the Board and the governing authority of the Entity Owner revokes the designation of the Entity Owner Representative in writing delivered to the Neighborhood Association's Board during the Entity Owner Representative's term, then the Entity Owner Representative's seat on the Board shall be deemed vacant, and the vacancy filled in accordance with Section 2.5.5 by the Board or by the Owners.

2.2.5 **Disqualification for Nonpayment of Assessments**. As provided in Sections 2.2.1 and 2.2.2 above, an Owner may be disqualified for the Board for nonpayment of Assessments in certain circumstances. However, pursuant to California Civil Code Section 5105(d), the Neighborhood Association may not disqualify an Owner for nonpayment of fines, fines renamed as assessments, collection charges, late charges, or costs levied by a third party.

2.2.6 **Disqualification of Candidates**. The Neighborhood Association shall not disqualify an Owner from nomination as a candidate to the Board if such Owner has not been provided the opportunity to engage in internal dispute resolution pursuant to California Civil Code Section 5900, *et seq.*

2.3 **ELECTION**.

2.3.1 **General Procedure**. On the date of the first annual meeting of the Owners, the offices of the three interim Directors shall be deemed to be vacant, and the Members of the Neighborhood Association (including Neighborhood Builder) shall elect new Directors to fill all Board seats not filled by Neighborhood Builder appointees as described below. At each annual meeting thereafter (as described in Section 4.2), new Directors shall be elected or appointed (as applicable) to fill vacancies on the Board. In the event that the number of candidates is equal to or less than the number of open positions, the Neighborhood Association may dispense with balloting and announce that the candidates are elected by acclamation as of the date of the annual meeting. If an annual meeting is not held, or all vacancies on the Board are not filled at the annual meeting, vacancies may be filled in accordance with the procedure for filling vacancies set forth in Section 2.5. Pursuant to California Civil Code Section 5100(a)(2), the Neighborhood Association shall hold an election for a seat on the Board at the expiration of the corresponding Director's term and, in any event, at least once every four (4) years.

2.3.2 **Nomination**. The Board of Directors or a nominating committee established by the Board of Directors may propose the nomination of candidates. Any Owner

may nominate any other Owner or himself or herself by submitting written notice of the nomination to the Board or its nominating committee (if one is formed). The Neighborhood Association shall provide general notice of the procedure and deadline for submitting a nomination at least thirty (30) days before any deadline for submitting a nomination. Individual notice shall be delivered pursuant to California Civil Code Section 4040 if individual notice is requested by a member.

2.3.3 **Voting.** Voting shall be by secret written ballot in accordance with the procedure described in California Civil Code Section 5100, *et seq.* An Owner may cumulate his votes for any candidate for the Board in any election in which more than two (2) Directors are to be elected if (a) the candidate's name has been placed in nomination before the voting takes place, and (b) the Owner has given notice at the meeting before the voting of such Owner's intent to cumulate votes. If an Owner cumulates his votes, such Owner may cast a number of votes equal to the Owner's share of the voting power multiplied by the number of Directors to be elected. If any one Owner has given this notice, all Owners may cumulate their votes for candidates in nomination.

2.3.4 **Special Election Requirement.** So long as either (a) Neighborhood Builder is entitled to exercise its Board Appointment Right (as described in the Neighborhood Declaration), or (b) Neighborhood Builder is entitled to exercise a majority of the Neighborhood Association's voting power, at least one (1) of the members of the Board must be elected solely by the votes of Owners other than Neighborhood Builder. Furthermore, until expiration of the Board Appointment Right, Neighborhood Builder shall not cast any Class A or Class B vote to elect any Director.

2.4 **TERM OF OFFICE.** Each Director shall hold office until the earlier to occur of (a) the end of the Director's term of office after a successor has been elected, or (b) his death, resignation, removal or judicial adjudication of mental incompetence.

At the first annual meeting, and at any future election in which all Board seats are to be filled, the term of office of the three (3) Directors receiving the highest number of votes shall be three (3) years and the term of office of the two (2) Directors receiving the next highest number of votes shall be two (2) years. At the first annual meeting and at any future election in which all Board seats are to be filled, Directors who are appointed by exercise of Neighborhood Builder's Board Appointment Right shall be deemed to have received the highest number of votes and therefore they shall occupy the seats with three (3)-year terms of office. Thereafter, new Directors shall be elected or appointed to fill any vacancies.

At any future election in which all Board seats are to be filled, the term of office of each Director elected to fill a vacancy created by expiration of a Director's term of office shall be two (2) years. The term of office of each Director elected or appointed to the Board for any other reason shall be the balance of the unserved term. Any person serving as a Director may be reelected. There is no limit on the number of terms which a Director may serve.

2.4.1 **Term for Appointee Directors.** Notwithstanding anything in these Bylaws to the contrary, all Directors appointed at any time by exercise of the Board Appointment Right shall serve until the earliest to occur of:

(a) Removal of the Director by Neighborhood Builder;

(b) The date of the appointed Director's death, resignation from employment by Neighborhood Builder or termination of employment by Neighborhood Builder or resignation from the Board of Directors; or

(c) The expiration of the Director's term of office; or

(d) The date that is three (3) years after the date on which the Board Appointment Right expires.

2.5 **VACANCIES.**

2.5.1 **Resignation.** Any Director may resign from the Board at any time by giving written notice of resignation to the Board.

2.5.2 **Deemed Vacancies.** A vacancy on the Board is deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director or if the Owners fail to elect the full number of authorized Directors at any meeting at which a Directors election is to take place.

2.5.3 **Declared Vacancies.** The Board by majority vote of Directors who meet all of the requirements for incumbent Directors in Sections 2.2.2 and 2.2.3 above, and any Directors who are agents or employees of Neighborhood Builder, may declare vacant one or more Director seats for cause pursuant to Section 2.6.3 below.

2.5.4 **Employees and Agents of Neighborhood Builder.** Notwithstanding anything in these Bylaws to the contrary, the office of any Director who is an employee or other agent of the Neighborhood Builder shall be deemed to be vacant on the earliest to occur of the date on which the Director resigns from the Board, ceases to be an employee or agent of Neighborhood Builder, or the date on which the Board receives notice from Neighborhood Builder that the Director has been replaced by Neighborhood Builder under Section 2.5.5, or has ceased to be an employee or agent of Neighborhood Builder. Furthermore, on the date on which the Neighborhood Builder no longer owns any portion of the Neighborhood, the offices of any Directors who are non-Owner agents of Neighborhood Builder serving under Section 2.2(b) shall be deemed vacant, and the vacancies filled in accordance with Section 2.5.5 by the Board or by the Owners. Provided, however, that to the extent necessary to enable the Board to continue to act and discharge its obligations, the non-Owner agents of Neighborhood Builder may continue to serve as Directors until they are replaced by the independent Directors or by the Owners.

2.5.5 **Replacement.** Vacancies in elected seats on the Board caused by death, resignation, or any other reason besides the removal of a Director by the Board or by the Owners may be filled by either (a) a vote of a majority of the remaining Directors, even though they may constitute less than a quorum, or (b) by vote of the Owners. Any vacancy caused by the removal of a Director must be filled by a vote of the Owners.

Notwithstanding the foregoing or anything else to the contrary in these Bylaws, vacancies arising for any reason in the seats of any Directors who are serving as agents of

Neighborhood Builder may be filled solely by Neighborhood Builder while the Board Appointment Right is in effect. If the vacancy occurs after the Board Appointment Right has expired, then Neighborhood Builder has the right to fill the vacancy with an appointee to serve the unserved remainder of the term, until the earliest to occur of:

(a) The date on which the unserved remainder of the term expires; or

(b) The date that is three (3) years after the date on which the Board Appointment Right expires; or

(c) The date on which Neighborhood Builder no longer owns any portion of the Neighborhood; or

(d) The date on which Neighborhood Builder delivers written notice to the Board that it has waived its right to appoint a replacement for the departing appointee.

2.6 **REMOVAL OF DIRECTORS.**

2.6.1 **Generally**. At any meeting of the Owners, any individual Director or the entire Board may be removed before the expiration of their terms of office with or without cause as follows: (a) as long as fewer than fifty (50) Condominiums are included in the Neighborhood, by the vote of Owners representing a majority of the Neighborhood Association's total voting power (including votes attributable to Neighborhood Builder), and (b) once fifty (50) or more Condominiums are included in the Neighborhood, by the vote of Owners representing a majority of a quorum of Owners.

However, if the entire Board is not removed as a group pursuant to a single vote, no individual Director may be removed if the number of votes cast against removal would be sufficient to elect such Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the Director's most recent election were then being elected. Any Director whose removal has been proposed by the Owners must be given an opportunity to be heard at the meeting. If any Directors are removed, new Directors may be elected at the same meeting.

2.6.2 **Restrictions on Removal Powers**. Notwithstanding anything in these Bylaws to the contrary concerning the removal of Directors, any Director elected to office solely by the votes of Owners other than Neighborhood Builder pursuant to Section 2.3.4 may be removed only by the vote of at least a simple majority of the Neighborhood Association's voting power represented by Owners other than Neighborhood Builder, or by the Board pursuant to Section 2.6.3. Any Director appointed by Neighborhood Builder may only be removed by Neighborhood Builder, and the vacancy filled only by a Director appointed by Neighborhood Builder, or elected by the votes of Neighborhood Builder (as applicable) until the earlier of:

(a) The date that is three (3) years after the date on which the Board Appointment Right expires; or

(b) The date on which Neighborhood Builder no longer owns any portion of the Neighborhood.

2.6.3 **Removal by Board for Failure to Qualify.** Except as provided in Section 2.6.2, the Board by a majority vote of the Directors who meet the applicable qualifications to serve as a Director in Section 2.2 above, may declare vacant the office of any Director who was not appointed by Neighborhood Builder or elected by the votes of Neighborhood Builder if the Director fails or ceases to meet any one or more of the qualifications then applicable to the Director under Section 2.2 above.

2.7 **COMPENSATION.** Directors may not receive any compensation for their services as Directors unless such compensation is first approved by Owners representing at least a majority of the Neighborhood Association's voting power. However, (a) nothing in these Bylaws precludes any Director from serving the Neighborhood Association in some other capacity and receiving compensation therefor, and (b) any Director may be reimbursed for actual expenses incurred in performance of Neighborhood Association duties, and (c) no agent, officer, employee or director of Neighborhood Builder or any affiliate of Neighborhood Builder may receive any compensation from the Neighborhood Association for service as a Director of the Neighborhood Association.

2.8 **MEETINGS OF THE BOARD.** Except in certain emergency situations described below, the Directors may not take action on any item of business outside of a meeting.

2.8.1 **Conduct of Meeting; Attendees.** Any meeting of the Board may be conducted by teleconference at which a majority of the Directors are connected by electronic means, through audio or video or both, with at least one physical location so that the Members may attend and at least one Director, or other person designated by the Board, is present at that location, and so long as the requirements for attendance and participation of Directors and Members at the meeting under California Civil Code Section 4090 and the California Corporations Code are met. In these cases, all Directors who participate in a meeting by any of these methods will be deemed to be present in person at the meeting.

2.8.2 **Regular Meetings.**

(a) ***Time and Place.*** Regular meetings may be held at such time and place fixed from time to time by resolution adopted by a majority of a quorum of the Directors. The meeting place shall ordinarily be within the Neighborhood unless in the judgment of the Board a larger meeting room is required than exists within the Neighborhood, in which case, the meeting room selected shall be as close as possible to the Neighborhood.

(b) ***Frequency.*** Regular meetings shall be conducted as frequently as the business of the Board justifies, but in no event may regular meetings be held any less frequently than quarterly.

(c) ***Notice.*** Each Director and the Members shall be given notice of the time and place of regular meetings of the Board not less than four (4) days before the date of the meeting, except in the case of an emergency meeting or a meeting that will be solely held in executive session (as described below).

2.8.3 **Special Meetings**. Special meetings may be called by the President or by any two (2) Directors other than the President. Notice of the time and place of special meetings of the Board shall be posted and communicated in the manner prescribed for regular meetings, but it shall be sent to all Directors not less than seventy-two (72) hours prior to the scheduled time of the special meeting. Such notice is not required to be sent to any Director who has signed a waiver of notice or a written consent to holding of the meeting. The notice shall specify the time and place of the meeting and the nature of any special business to be considered.

2.8.4 **Executive Sessions**. Any Member of the Neighborhood Association, and for a period of ten (10) years after the Close of Escrow for the sale of the last Condominium in the Neighborhood, Neighborhood Builder, may attend meetings of the Board, except when the Board adjourns to executive session to consider litigation, matters relating to the formation of contracts with third parties, Member discipline, personnel matters, or to meet with a Member, upon the Member's request, regarding the Member's payment of Assessments, as specified in California Civil Code Section 5665. The Board shall meet in executive session, if requested by a Member who may be subject to a fine, penalty, or other form of discipline, and the Member shall be entitled to attend the executive session. Except as expressly permitted in this Section, only Directors, the Neighborhood Association's counsel and the Neighborhood Association's consultants may attend executive sessions. Except for an emergency meeting, Members shall be given notice of the time and place of a meeting that will be held solely in executive session at least two (2) days prior to the meeting, pursuant to the means of giving notice described below. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire membership.

2.8.5 **Emergency Meetings of the Board**. If there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board and which of necessity make it impractical to provide notice to the Members, then an emergency meeting of the Board may be called by the President or any two other members of the Board without providing notice to the Members. Electronic transmissions may be used as a method of conducting an emergency meeting if all Directors consent in writing to that action and the written consents are filed with the minutes of the meeting. Written consent to conduct an emergency meeting may be transmitted electronically. Emergency meetings must comply with all applicable provisions of California Civil Code Section 4900, *et seq*.

2.8.6 **Organizational Meeting for New Board**. The first regular "organizational" meeting of a newly elected Board must be held within ten (10) days of election of the Board, at such place as is fixed and announced by the Directors at the meeting at which such Directors were elected, to organize, elect officers and transact other business. No prior notice of such meeting is required for the newly elected Directors so long as (a) a majority of the whole Board is present at the meeting of the Owners when the time and place for the organizational meeting are announced, and (b) the organizational meeting is held on the same day and at the same place as the meeting of the Owners at which the newly constituted Board was elected.

2.8.7 **Other Meetings**. Any congregation of a majority of the Directors at the same time and place, and any teleconference at which a majority of the Directors are connected at different locations by electronic means, through audio or video or both, to hear,

discuss or deliberate on any item of business that is within the authority of the Board, shall constitute a meeting of the Board. All Owners and, for a period of ten (10) years after the Close of Escrow for the sale of the last Condominium in the Neighborhood, Neighborhood Builder shall have the right to attend any regular, special or other meeting of the Board, except an executive session as described above. Owners who are not Directors may not participate in any deliberation or discussion at such meetings unless authorized by a vote of a majority of a quorum of the Board. However, at each Board meeting, except for executive sessions, the Board must set aside time for Owners to speak, subject to reasonable limits imposed by the Board.

2.8.8 **Form of Notice to Owners.** Notice of a meeting of the Board shall be given by posting in a prominent place or places in the Neighborhood Property and by mail to any Member who requested notification of meetings by mail at the address requested by the Member. Notice may also be given by mail, by delivery to each Condominium, by newsletter or similar means of communication, or, with the consent of the Member, by electronic means. Notice of a meeting need not be given to any Director who has signed a waiver of notice or written consent to holding of the meeting.

2.8.9 **Waiver of Notice.** Before or after any meeting of the Board, any Director may, in writing, waive personal notice of such meeting. Attendance by a Director at any Board meeting waives the requirement of personal notice. If all Directors are present at a Board meeting, no notice to Directors is required and any business may be transacted at such meeting. The transactions of any Board meeting however called and noticed or wherever held, are valid as though had at a meeting duly held after regular call and notice, if (a) a quorum is present, (b) notice to the Owners of such meeting was posted as provided in Sections 2.8.2 and 2.8.3, and (c) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding such meeting, or an approval of the minutes thereof. The Secretary shall file all such waivers, consents and approvals with the Neighborhood Association's records or make them a part of the minutes of the meeting.

2.8.10 **Quorum and Adjournment.** Except as otherwise expressly provided in these Bylaws, at all meetings of the Board, a majority of the Directors constitutes a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present are the acts of the Board. At any meeting of the Board when less than a quorum is present, the majority of those present may adjourn the meeting to another time. At any such reconvened meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice if a quorum is present.

2.9 **COMMITTEES.** The Board may by resolution establish such committees as it desires, and may establish the purposes and powers of each such committee created. The resolution establishing the committee must (a) provide for the appointment of its members and a chairman, (b) state the purposes of the committee, and (c) provide for reports, termination and other administrative matters as the Board considers appropriate.

2.10 **GENERAL POWERS AND DUTIES.** Subject to the limits described in Section 2.11, the Neighborhood Declaration and under applicable law governing homeowners associations, the Neighborhood Association has the general powers of a nonprofit mutual benefit corporation organized under California law, to the extent necessary to administer its affairs. All

the Neighborhood Association's powers shall be exercised by the Board except those powers specifically reserved to the Owners. The powers and duties of the Neighborhood Association include the following:

2.10.1 **Enforcement**. The power and duty to enforce applicable provisions of the Governing Documents, and the power to initiate and execute disciplinary proceedings against Members for violations of the Governing Documents in accordance with procedures set forth in the Governing Documents. Such powers include the power to impose sanctions and fines against Owners for violations of the Governing Documents.

2.10.2 **Payment of Taxes**. Payment of taxes and assessments which are, or could become, a lien on any property owned by the Neighborhood Association or portion thereof.

2.10.3 **Assessments**. The power and duty to fix and levy Assessments and identify the due date for payment of Assessments. The Board may incur Common Expenses. The Neighborhood Association's funds shall be held in trust for the Owners.

2.10.4 **Insurance**. The power and duty to contract and pay for casualty, liability and other insurance on behalf of the Neighborhood Association in accordance with the Neighborhood Declaration. The insurance shall provide coverage against such damages or injuries as the Board considers advisable (which coverage may include medical expenses of persons injured on the Neighborhood Property). The Board shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board on the Neighborhood Association's behalf.

2.10.5 **Obtaining Goods and Services**. Subject to the limitations on contracts set forth in Section 2.11.3 below, the power to contract for goods and services for the Neighborhood Property or for the Neighborhood Association, including (a) contracts for maintenance, landscaping and common utilities services, (b) contracts for materials and supplies necessary for the operation and maintenance of the Neighborhood Property, (c) contracts to obtain the services of personnel necessary to operate and manage the Neighborhood, including management, legal and accounting services, and (d) contracts to pay the cost of construction, maintenance, repair, removal and replacement of Improvements on the Neighborhood Property.

2.10.6 **Delegation**. The power but not the duty to delegate its powers to committees, officers and employees of the Neighborhood Association as authorized under the Governing Documents.

2.10.7 **Rules and Regulations**. The power and duty to formulate rules of operation of the Neighborhood Property.

2.10.8 **Budgets and Financial Reporting**. The power and duty to prepare budgets and financial statements for the Neighborhood Association as prescribed in the Governing Documents.

2.10.9 **Right of Entry**. The power to enter upon any privately-owned Condominium as necessary in connection with construction, maintenance or emergency repair for the benefit of the Neighborhood Property or the Owners in common.

2.10.10 **Filling Vacancies**. The power and duty to fill vacancies on the Board except for a vacancy created by the removal of a Director.

2.10.11 **Officers, Agents and Employees**. The power and duty to select, appoint and remove all Neighborhood Association officers, agents and employees, to prescribe such powers and duties for them as may be consistent with law and with the Governing Documents, to fix their compensation, to require from them such security for faithful service as the Board considers advisable, and to contract to provide them with such indemnification as the Board determines is appropriate.

2.10.12 **Bylaws**. The power and duty to adopt these Bylaws.

2.10.13 **Records**. The power and duty to keep a complete record of Neighborhood Association acts and corporate affairs.

2.10.14 **Manager**. The power to engage a professional Manager for the Neighborhood Association at a compensation established by the Board to perform such duties and services as the Board authorizes.

2.10.15 **Agreements with Neighborhood Builder**. The power but not the duty to negotiate and enter into agreements with Neighborhood Builder subject to applicable restrictions in the Governing Documents.

2.10.16 **Principal Office, Place of Meetings, Seal**. The power but not the duty to move the Neighborhood Association's principal office from one location to another in the County; to designate any place in the County for holding any meetings of Owners consistent with the provisions of Section 4.2.4; and to adopt and use a corporate seal and to alter the form of such seal.

2.10.17 **Rules for Elections; Inspector of Elections**. The power and duty to adopt rules governing elections in accordance with the procedures prescribed in California Civil Code Section 5105, and the power and duty to select an independent inspector of election in accordance with California Civil Code Section 5110. In accordance with California Civil Code Section 5105(h), election rules adopted pursuant to California Civil Code Section 5105 shall not be amended less than ninety (90) days prior to an election.

2.11 **POWERS AND DUTIES; LIMITATIONS**. Without limiting the scope of the Board's general powers and duties, the Board is granted the following powers and duties:

2.11.1 **Sale or other Transfer of Property**. The power but not the duty to sell property of the Neighborhood Association. Approval from Owners representing at least a majority of the Neighborhood Association's voting power must be obtained before property of the Neighborhood Association having an aggregate fair market value greater than five percent

(5%) of the Neighborhood Association's budgeted gross expenses for the Fiscal Year is sold in a single Fiscal Year.

2.11.2 **Capital Improvement Expenditures.** The power to incur expenditures for capital improvements to the Neighborhood Property. Approval from a majority of the Owners (excluding Neighborhood Builder), representing a quorum of more than fifty percent (50%) of non-Neighborhood Builder votes, must be obtained before the Neighborhood Association incurs, in any Fiscal Year, aggregate expenditures for capital improvements to the Neighborhood Property in excess of five percent (5%) of the Neighborhood Association's budgeted gross expenses for that Fiscal Year.

2.11.3 **Certain Contracts.** Notwithstanding anything in these Bylaws to the contrary, the Board is prohibited from taking any of the following actions, except with the assent, by vote at a meeting of the Neighborhood Association or by written ballot without a meeting pursuant to California Corporations Code Section 7513, of a simple majority of the Members, other than the Neighborhood Builder, constituting a quorum consisting of more than fifty percent (50%) of the voting power of the Neighborhood Association residing in Members other than the Neighborhood Builder:

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

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

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

(iii) Entering into Agreements for "bulk service" cable television services and equipment or satellite dish television services and equipment or data services and equipment (or any combination of the foregoing) of not to exceed five (5) years duration provided that the supplier is not an entity in which Neighborhood Builder has a direct or indirect ownership interest of ten percent (10%) or more.

(iv) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five (5) years duration provided that the supplier or suppliers are not entities in which the subdivider has a direct or indirect ownership interest of ten percent (10%) or more.

(v) A contract for a term not to exceed three (3) years that is terminable by the Neighborhood Association after no longer than one (1) year without cause, penalty, or other obligation upon ninety (90) days written notice of termination to the other party.

(vi) A contract reviewed by DRE.

(vii) Contracts in which the Neighborhood Association enters into litigation or any alternative dispute resolution procedure when the Neighborhood Association's obligation to pay for services is set in whole or in part on a contingency basis only if they are (1) contracts for collection of assessments or other accounts receivable, (2) or contracts involving evaluation of services, or (3) contracts with a total amount to be paid by the Neighborhood Association not in excess of Forty Thousand Dollars ($40,000.00).

(b) Incurring aggregate expenditures for capital Improvements to the Neighborhood Property in any Fiscal Year in excess of five percent (5%) of the budgeted gross expenses of the Neighborhood Association for that Fiscal Year.

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

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

2.12 **DISTRIBUTION OF INFORMATION.** The Board shall distribute the following financial information to all Owners (and any Beneficiary, insurer and guarantor of a First Mortgage on request), regardless of the number of Owners or the amount of assets of the Neighborhood Association:

2.12.1 **Budget.** A pro forma operating budget for each Fiscal Year containing the information required under California Civil Code Section 5300(b), and including at least the following information must be distributed not less than thirty (30) nor more than ninety (90) days before the beginning of the Fiscal Year:

(a) Estimated revenue and Common Expenses computed on an accrual basis.

(b) A summary of the Neighborhood Association's reserves based on the most recent review or study conducted pursuant to California Civil Code Section 5550, which must be printed in bold type and include all of the following:

(i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component of the Neighborhood Property for which the Neighborhood Association is responsible.

(ii) As of the end of the Fiscal Year for which the study is prepared:

(1) The current estimate of the amount of cash reserves necessary to restore or maintain the major components of the Neighborhood Property for which the Neighborhood Association is responsible (***"Estimated Reserves"***).

(2) The current amount of accumulated cash reserves actually set aside to restore or maintain the major components of the Neighborhood Property for which the Neighborhood Association is responsible (***"Actual Reserves"***).

(iii) The percentage that the Actual Reserves is of the Estimated Reserves.

(c) A statement of whether the Board has determined or expects that the levy of one or more Capital Improvement or Reconstruction Assessments will be required to repair, replace, or restore any major component of the Neighborhood Property for which the Neighborhood Association is responsible or to provide adequate reserves therefor.

(d) A general statement setting forth the procedures used by the Board in calculating and establishing reserves to defray the costs of repair and replacement of, or additions to, major components of the Neighborhood Property and facilities for which the Neighborhood Association is responsible.

The Board may distribute a summary of each of the Budgets instead of the Budgets themselves, so long as the Board complies with the provisions of California Civil Code Section 5305.

2.12.2 **Financial Report.** A report consisting of at least the following must be distributed within one hundred twenty (120) days after the close of the Fiscal Year:

(a) A balance sheet as of the end of the Fiscal Year.

(b) An operating (income) statement for the Fiscal Year.

(c) A statement of changes in financial position for the Fiscal Year.

(d) Any information required to be reported under California Corporations Code Section 8322.

(e) For any Fiscal Year in which the Neighborhood Association's gross income exceeds Seventy Five Thousand Dollars ($75,000), a copy of a review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

(f) A statement of the place where the names and addresses of the current Owners are located.

If the report referred to in Section 2.12.2 is not prepared by an independent accountant, it must be accompanied by the certificate of an authorized Neighborhood Association officer stating that the statement was prepared from the Neighborhood Association's books and records without independent audit or review.

2.12.3 **Insurance Information.** The Neighborhood Association shall distribute to all Owners a summary of the Neighborhood Association's property, general

liability, earthquake, flood and fidelity insurance policies (all as applicable) not less than thirty (30) nor more than ninety (90) days before the beginning of the Neighborhood Association's Fiscal Year, that includes all of the following information: (a) the name of the insurer, (b) the type of insurance, (c) the policy limits of coverage, and (d) the amount of the deductibles, if any.

(a) The Neighborhood Association shall, as soon as reasonably practical, notify the Owners by first-class mail if any of the policies described above have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, for any of those policies. If the Neighborhood Association receives any notice of nonrenewal of a policy described above, the Neighborhood Association shall immediately notify the Owners if replacement coverage will not be in effect by the date the existing coverage will lapse.

(b) To the extent that any of the information required to be disclosed is specified in the insurance policy declaration page, the Neighborhood Association may meet its obligation to disclose that information by making copies of that page and distributing it to all Owners.

(c) The summary distributed above shall contain, in at least 10-point boldface type, the following statement:

> **"This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage."**

2.12.4 **Enforcement Policies.** In addition to financial statements, the Board shall annually distribute not less than thirty (30) nor more than ninety (90) days before the beginning of the Neighborhood Association's Fiscal Year a statement of the Neighborhood Association's policies and practices in enforcing its lien rights or other legal remedies against Owners for defaults in the payment of Assessments, including the recording and foreclosing of liens against Condominiums.

2.12.5 **Assessment and Foreclosure Notice.**

(a) The Neighborhood Association shall distribute the written notice described in subsection (b) below to each Neighborhood Association member during the 30-90-day period immediately preceding the beginning of the Neighborhood Association's Fiscal Year. The notice shall be printed in at least 12-point type. A Neighborhood Association member may provide written notice of a secondary address to the Neighborhood Association by facsimile transmission or United States mail. If a secondary address is provided, the Neighborhood Association shall send any correspondence and legal notices required pursuant to these Bylaws both to the primary and the secondary address.

(b) The notice required by this Section shall read as follows:

"NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars ($1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars ($1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so

doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)"

2.12.6 **Accounts**. On at least a monthly basis, the Board shall: (a) cause to be completed and review a current reconciliation of the Neighborhood Association's operating and reserve accounts, (b) review the current Fiscal Year's actual operating revenues and expenses compared to the current year's Budget, (c) review the latest account statements prepared by the financial institutions where the Neighborhood Association keeps its operating and reserve accounts, (d) review an income and expense statement for the Neighborhood Association's operating and reserve accounts, (e) review the check register, monthly general ledger, and delinquent Assessment receivable reports, and (f) fulfill any additional duties established by California Civil Code Section 5500. The signatures of two (2) Directors are required for the withdrawal of money from the Neighborhood Association's reserve accounts, and notwithstanding anything to the contrary in the Governing Documents, transfers of greater than ten thousand dollars ($10,000.00) or five percent (5%) of the Neighborhood Association's total combined reserve and operating account deposits, whichever is lower, shall not be authorized without the prior written approval of the Board. As used in this Subsection, the term "reserve accounts" means Budgeted funds that the Board has designated for use to defray the future repair

and replacement of, or additions to, those major components of the Neighborhood Property which the Neighborhood Association is obligated to maintain. Provided, however, that if the Board meets less frequently than monthly, the monthly review requirements of this Section may be met when every Director, or a subcommittee of the Board consisting of the Treasurer/Chief Financial Officer and at least one (1) other Director, reviews the materials specified in this Section independent of a Board meeting, so long as the review(s) are ratified at the Board meeting subsequent to the review(s), and the ratification is reflected in the minutes of the Board meeting.

2.12.7 **Reserve Study**. The Board shall cause a study of the reserve account requirements of the Neighborhood to be conducted in accordance with California Civil Code Section 5550, *et seq*. As used in this Subsection, "reserve account requirements" means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace or restore those major components of the Neighborhood Property which the Neighborhood Association is obligated to maintain.

ARTICLE III
OFFICERS

3.1 **ENUMERATION OF OFFICERS**. The Neighborhood Association's principal officers are a President, a Vice President, a Secretary, and a Treasurer, all elected by the Board. The Board may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as it determines to be necessary. Officers other than the President need not be Directors. Any person may hold more than one office.

3.2 **ELECTION OF OFFICERS**. The Board shall annually elect the Neighborhood Association's officers at the first meeting of the Board to occur following the annual meeting of the Members. The Board shall adopt rules relating to the election of officers according to the procedures prescribed by California Civil Code Section 4340, *et seq*. Each officer shall hold his office at the pleasure of the Board, until he resigns or is removed, is otherwise found to be disqualified to serve or a successor is elected and qualified to serve.

3.3 **REMOVAL OF OFFICERS; RESIGNATION**. On an affirmative vote of a majority of the entire Board, any officer may be removed, either with or without cause, and a successor elected at any meeting of the Board. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary. Any such resignation is effective on the date of receipt of such notice or at any later time specified therein. Unless specified in the notice, acceptance of the resignation by the Board is not necessary to make it effective.

3.4 **COMPENSATION**. No officer may receive any compensation for services performed in the conduct of the Neighborhood Association's business unless such compensation is approved by the vote or written consent of Owners representing at least a majority of the Neighborhood Association's voting power; however (a) nothing in these Bylaws precludes any officer from serving the Neighborhood Association in some other capacity and receiving compensation therefor, and (b) any officer may be reimbursed for actual expenses incurred in the performance of Neighborhood Association duties. Appointment of any officer does not create contractual rights of compensation for services performed by such officer. No officer, employee

or director of Neighborhood Builder or any affiliate of Neighborhood Builder may receive any compensation for service as an officer of the Neighborhood Association.

3.5 **PRESIDENT.** The President is the chief executive officer of the Neighborhood Association and shall (a) preside at all Neighborhood Association and Board meetings, (b) have the general powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power to appoint committees from among the Owners as the President decides is appropriate to assist in the conduct of the Neighborhood Association's affairs, and (c) subject to the control of the Board, have general supervision, direction and control of the Neighborhood Association's business.

3.6 **VICE PRESIDENT.** The Vice President shall take the President's place and perform the President's duties whenever the President is absent, disabled, fails or refuses to act. If neither the President nor the Vice President is available to perform the President's duties, the Board shall appoint another member of the Board to do so on an interim basis. The Vice President has such other powers and duties as may be prescribed by the Board or these Bylaws.

3.7 **SECRETARY.** The Secretary shall (a) keep the minutes of all meetings of the Board and of the Neighborhood Association at the Neighborhood Association's principal office or at such other place as the Board may order, (b) keep the Neighborhood Association's seal in safe custody, (c) have charge of such books and papers as the Board may direct, (d) in general, perform the duties incident to the office of Secretary, (e) give, or cause to be given, notices of meetings of the Owners and of the Board required by these Bylaws or by law to be given, (f) keep a record book of Owners, listing the names, mailing addresses and telephone numbers of Owners, as furnished to the Neighborhood Association (***"Membership Register"***), and (g) record in the Membership Register the termination or transfer of ownership by any Owner, together with the date of the transfer. The Secretary has such other powers and duties as may be prescribed by the Board or these Bylaws.

3.8 **TREASURER/CHIEF FINANCIAL OFFICER.** The Treasurer or Chief Financial Officer is the Neighborhood Association's chief financial officer and is responsible for Neighborhood Association funds. The Treasurer or Chief Financial Officer shall (a) keep, or cause to be kept, full and accurate accounts and tax and business records of the Neighborhood Association, including accounts of all assets, liabilities, receipts and disbursements, (b) be responsible for the deposit of all funds in the name of the Neighborhood Association in such depositories as the Board designates, (c) disburse the Neighborhood Association's funds as ordered by the Board, and (d) render to the President and Directors, on request, an account of all transactions as Treasurer or Chief Financial Officer and of the Neighborhood Association's financial condition. The Treasurer or Chief Financial Officer has such other powers and duties as may be prescribed by the Board or these Bylaws.

ARTICLE IV
OWNERS

4.1 OWNER VOTING RIGHTS.

4.1.1 **Classes of Membership.** The Neighborhood Association has two (2) classes of Membership, as described in the Neighborhood Declaration. The Class A and Class B Memberships are voting Memberships. However, the Neighborhood Builder's Board Appointment Right is to be exercised solely for the appointment of Directors in accordance with these Bylaws and the Neighborhood Declaration. Until the expiration of Neighborhood Builder's Board Appointment Right, Neighborhood Builder shall not cast any Class A or Class B vote to elect any Director.

4.1.2 **Interpretation.** Any provision of the Bylaws which requires the vote or written consent of a specified percentage of the Neighborhood Association's voting power (i.e., actions requiring more than merely the vote or written consent of a majority of a quorum), requires the approval of such specified percentage of all of the following: (a) the Class A Membership; (b) the Class B Membership (so long as a Class B Membership exists); (c) the Neighborhood Association's total voting power; and (d) the voting power represented by Owners other than Neighborhood Builder. Whenever a reference is made in these Bylaws or the Neighborhood Declaration to the Neighborhood Association's voting power, it is a reference to the voting power of the Class A and Class B Memberships, and not to the Board Appointment Right of Neighborhood Builder.

4.1.3 **Ownership by Legal Entity.** As described in Section 2.2.4 above, an Entity Owner shall have the power to designate in writing to the Neighborhood Association one (1) natural person as its Entity Owner Representative for purposes of exercising the Entity Owner's voting rights attributable to such Condominium and for qualification to serve on the Board of Directors. Where no designation of an Entity Owner Representative is made or if the designation is revoked, the vote for the Condominium shall be exercised as determined by the Entity Owner. Fractional votes shall not be allowed. Unless the Association receives a written objection in advance of the election from the governing authority of the Entity Owner, it shall be conclusively presumed that the vote exercised by the Entity Owner was properly exercised in accordance with the Entity Owner's procedures.

4.2 OWNER MEETINGS.

4.2.1 **First Annual Meeting.** The first annual meeting of Owners, whether regular or special, shall be held on the earlier to occur of (a) the date that is forty-five (45) days after the Close of Escrow for the sale of the Condominium representing the fifty-first (51^{st}) percentile Condominium in the Neighborhood, or (b) the date that is six (6) months after the Close of Escrow for the first sale of a Condominium in the Neighborhood.

4.2.2 **Regular Meetings of Owners.** Regular meetings shall be held at least annually on or about the anniversary date of the first annual meeting. Each First Mortgagee may designate a representative to attend all annual meetings.

4.2.3 **Special Meetings of Owners.** The Board shall call a special meeting of the Owners (a) as directed by resolution of a majority of a quorum of the Board, (b) by request of the President of the Neighborhood Association, or (c) on receipt of a written request for a special meeting signed by Owners representing at least five percent (5%) of the Neighborhood Association's total voting power. The Secretary shall give written notice of any special meeting not less than ten (10) nor more than ninety (90) days before the date of the meeting at which members are required or permitted to take any action. The notice must state the date, time and place of the special meeting and the general nature of the business to be transacted. The special meeting must be held not less than thirty-five (35) nor more than ninety (90) days after adoption of such resolution or receipt of such request or petition. No business may be transacted at a special meeting except as stated in the notice. Each First Mortgagee may designate a representative to attend all special meetings.

4.2.4 **Place.** Meetings of the Owners shall be held in the Neighborhood, or such other suitable place as proximate to the Neighborhood as practical and convenient to the Owners, as designated by the Board.

4.2.5 **Adjourned Meetings.** If a quorum is not present at the time and place established for a meeting, a majority of the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days after the original meeting date, at which meeting the quorum requirement is the presence in person or by proxy of Owners holding at least twenty-five percent (25%) of the Neighborhood Association's voting power. Such an adjourned meeting may be held without the notice required by these Bylaws if notice thereof is given by announcement at the meeting at which such adjournment is taken.

4.2.6 **Order of Business.** Meetings of Owners must be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Neighborhood Association may adopt. The order of business at all meetings of the Owners is as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of election (at annual meetings or special meetings held for such purpose); (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business.

4.2.7 **Minutes, Presumption of Notice.** Minutes or a similar record of the proceedings of meetings of Owners, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters described therein. A recitation in the minutes executed by the Secretary that proper notice of the meeting was given constitutes prima facie evidence that such notice was given.

4.2.8 **Consent of Absentees; Waiver of Notice.** The actions taken at any meeting of Owners, held without regular call and notice, are valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present either in person or by proxy, and (b) either before or after the meeting, each of the Owners not present in person or by proxy signs (1) a written waiver of notice, (2) a consent to the holding of such meeting, or (3) an approval of

the minutes thereof. The Secretary shall file all such waivers, consents or approvals with the corporate records or make them a part of the minutes of the meeting. In addition, notice of such meeting shall be deemed given to any person who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

4.2.9 **Quorum**. Except as otherwise provided in these Bylaws, the presence in person or by proxy of at least twenty-five percent (25%) of the Neighborhood Association's voting power constitutes a quorum of the Membership. Owners present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, despite the withdrawal of enough Owners to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of a quorum. If a meeting is actually attended, in person or by proxy, by Owners having less than one-third (1/3) of the Neighborhood Association's voting power, then no matter may be voted on except matters which were generally described in the notice of the meeting. No action by the Owners on any matter is effective if the votes cast in favor are fewer than the minimum number of votes required by the Governing Documents to approve the action.

4.2.10 **Majority of Quorum**. Unless otherwise provided in the Governing Documents, any action which may be taken by the Neighborhood Association may be taken by a majority of a quorum of the Neighborhood Association's voting power.

4.2.11 **Proxies**. Votes may be cast in person or by proxy. Proxies must be in writing, comply in form with the requirements of California Civil Code Section 5130, and be filed with the Secretary in advance of each meeting. Every proxy is revocable and automatically ceases to have any further legal effect after completion of the meeting for which the proxy was filed. Any form of proxy or written ballot distributed by any Person to the Owners must afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted on, except it is not mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot must provide that, when the Owner specifies a choice, the vote shall be cast in accordance with that choice. The proxy must also identify the person authorized to exercise the proxy and the length of time it will be valid. No proxy is valid concerning a vote on any matter described in California Corporations Code Section 7613(g) unless the general nature of the proposal was described in the proxy.

4.2.12 **Notice**. The Secretary shall send to each Owner of record, and to each first Mortgagee who has filed a written request for notice with the Secretary, a notice of each annual or special meeting. The notice must be sent by first-class mail, at least ten (10) but not more than forty-five (45) days before the meeting. The notice must state the purpose for the meeting as well as the day, hour and place where it is to be held. The notice may establish time limits for speakers and nominating procedures for the meeting. The notice must specify those matters the Board intends to present for action by the Owners, but, except as otherwise provided by law, any proper matter may be presented for action at the meeting. The notice of any meeting at which Directors are to be elected must include the names of all nominees when the notice is given to the Owners. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, forty-eight (48) hours after the notice has been deposited in a regular depository of the United States mail. Such notice must be posted in a

conspicuous place on the Neighborhood Property and is deemed served on an Owner on posting if no address for such Owner has been then furnished the Secretary.

4.2.13 **Matters Requiring Special Notice to Owners.** Notwithstanding any other provision of these Bylaws, approval by the Owners of any of the following proposals, other than by unanimous approval of those Owners entitled to vote, is not valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice: (a) removing a Director without cause; (b) filling vacancies on the Board; (c) approving a contract or transaction between the Neighborhood Association and one or more Directors, or between the Neighborhood Association and any entity in which a Director has a material financial interest; (d) amendment of the Articles; or (e) electing to wind up and dissolve the Neighborhood Association.

4.2.14 **Matters Requiring Secret Ballot.** Notwithstanding any other law or provision of the Governing Documents, an election regarding Assessments, selection of Board members, amendments to the Governing Documents, or the grant of exclusive use of Neighborhood Property under California Civil Code Section 4600, shall be held by secret ballot according to the procedures set forth in California Civil Code Section 5100, *et seq.* and Section 2.3.3 above. The Neighborhood Association shall provide general notice in accordance with California Civil Code Section 5115(b) at least thirty (30) days before the ballots are distributed.

4.3 **RECORD DATES.** The Board may fix a date in the future as a record date for determining which Owners are entitled to notice of any meeting of Owners. The record date so fixed must be not less than ten (10) nor more than sixty (60) days before the date of the meeting. If the Board does not fix a record date for notice to Owners, the record date for notice is the close of business on the business day preceding the day on which notice is given. In addition, the Board may fix a date in the future as a record date for determining the Owners entitled to vote at any meeting of Owners. The record date so fixed must be not less than ten (10) nor more than sixty (60) days before the date of the meeting. If the Board does not fix a record date for determining Owners entitled to vote, Owners on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

4.4 **ACTION WITHOUT MEETING.** Except for election of Directors, any action which may be taken at a meeting of the Owners may be taken without a meeting by written ballot of the Owners, according to the provisions of California Civil Code Section 5115 and California Corporations Code Section 7513. Solicitations for ballots must specify (a) the number of responses needed to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, and (c) the time by which ballots must be received to be counted. The form of written ballot must afford an opportunity to specify a choice between approval and disapproval of each matter and must provide that, where the Owner specifies a choice, the vote shall be cast in accordance therewith. Receipt within the time period specified in the solicitation of (1) ballots which equal or exceed the quorum which would be required if the action were taken at a meeting, and (2) approvals which equal or exceed the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast, constitutes approval by written ballot.

ARTICLE V
AMENDMENTS

These Bylaws may be amended by the vote or written consent of Owners representing at least (a) a majority of the voting power of each class of the Owners, and (b) a majority of the Neighborhood Association's voting power represented by Owners other than Neighborhood Builder; provided that the specified percentage of each class of Owners necessary to amend a specific provision of these Bylaws may not be less than the percentage of affirmative votes prescribed for action to be taken under that provision. These Bylaws may be amended by a majority of the entire Board, (1) at any time before the Close of Escrow for the sale of the first Condominium, or (2) if the amendment is within the Board's power to adopt without Owner approval pursuant to the California Corporations Code and either (a) the proposed amendment conforms the Bylaws to California law or the requirements of DRE, FHFA, FHA, VA, Fannie Mae, Ginnie Mae or Freddie Mac, or (b) the proposed amendment corrects a typographical error in the Bylaws. Any amendment to these Bylaws which materially affects the rights of Mortgagees as described in Article 11 or Section 13.2 of the Neighborhood Declaration must be approved by at least the percentage of Mortgagees specified in the applicable provision of Article 11 or Section 13.2 of the Neighborhood Declaration. If an amendment to these Bylaws materially affects matters listed in both Article 11 and Section 13.2 of the Neighborhood Declaration, then the amendment must be approved pursuant to the requirements of both Article 11 and Section 13.2 of the Neighborhood Declaration. Notwithstanding anything to the contrary in these Bylaws or in the other Governing Documents of the Neighborhood Association, during the term of Neighborhood Builder's Board Appointment Right (described in Section 2.3.4 above), no amendment concerning the Board Appointment Right shall be effective without the prior written consent of the Neighborhood Builder, which consent it may withhold in its sole discretion.

ARTICLE VI
MISCELLANEOUS

6.1 **RELINQUISHMENT OF CONTROL OVER INITIATION OF RIGHT TO REPAIR LAW CLAIM.** Beginning on the date of the first annual meeting of the Owners, Neighborhood Builder relinquishes control over the Neighborhood Association's ability to decide whether to initiate a Right to Repair Law Claim. This means that Neighborhood Builder and Directors who are current employees or agents of Neighborhood Builder or elected by a majority of votes cast by Neighborhood Builder whether appointed by exercise of Neighborhood Builder's Board Appointment Right or elected by a majority of votes cast by Neighborhood Builder and all other Persons whose vote or written consent is inconsistent with the intent of the preceding sentence, are prohibited from participating and voting in any decision of the Neighborhood Association Board or Owners to initiate a Right to Repair Law Claim.

6.2 **CHECKS, DRAFTS AND DOCUMENTS.** All checks, drafts, orders for payment of money, notes and other evidences of indebtedness issued in the name of or payable to the Neighborhood Association must be signed or endorsed in the manner and by the person or persons the Board designates by resolution, subject to the requirements of Section 2.12.6 for withdrawing money from the Neighborhood Association's reserve accounts.

6.3 **CONFLICTS.** If any of these Bylaws conflict with any California law, such conflicting Bylaws shall be void on final court determination to such effect, but all other Bylaws shall remain in full force. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control. In case of any conflict between the Neighborhood Declaration and these Bylaws, the Neighborhood Declaration shall control.

6.4 **EXECUTION OF DOCUMENTS.** The Board may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name and on behalf of the Neighborhood Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent, committee member or employee may bind the Neighborhood Association by any contract or pledge its credit or render it liable for any purpose in any amount.

6.5 **AVAILABILITY OF NEIGHBORHOOD ASSOCIATION DOCUMENTS.**

6.5.1 **Records To Be Maintained.** The Neighborhood Association shall keep at its principal office (or at such other place in or near the Neighborhood as the Board may prescribe) the Governing Documents and the Neighborhood Association's records, as defined in California Civil Code Section 5200, *et seq.* (collectively, the ***"Neighborhood Association Documents"***). The Neighborhood Association Documents shall be made available for inspection and copying by any Owner or the Owner's duly appointed representative for a purpose reasonably related to the Owner's interest as an Owner.

6.5.2 **Inspection Rights.** Subject to reasonable Rules and Regulations adopted from time to time by the Board, the Neighborhood Association shall make Neighborhood Association Documents available for the time periods and within the timeframes provided in California Civil Code Sections 5210 (a) and (b) for inspection and copying by a Neighborhood Association member, or the member's designated representative. The Neighborhood Association may bill the requesting member for the direct and actual cost of copying requested documents. The Neighborhood Association shall inform the member of the amount of the copying costs before copying the requested documents. The Neighborhood Association shall permit Neighborhood Association members to verify the accuracy of their individual information on the candidate registration list and voter list maintained pursuant to California Civil Code Section 5105(a)(7) at least thirty (30) days before election ballots are distributed.

6.5.3 **Manner of Inspection.** The Neighborhood Association shall make the specified Neighborhood Association Documents available for inspection and copying in compliance with California Civil Code Sections 5205 and 5215. The inspection and copying rights provided in these Bylaws are subject to the rights and restrictions set forth in California Civil Code Sections 5200, *et seq.*

6.5.4 **Limitation on Information Disclosed.** The Neighborhood Association may withhold or redact information from the Neighborhood Association's Documents for any of the reasons as set forth in California Civil Code Section 5215.

6.5.5 **Distribution of Records on Sale or Transfer of Title.** No later than ten (10) days after the Neighborhood Association receives written request from any Owner, the Neighborhood Association shall provide to that Owner a copy of each of the documents listed in California Civil Code Section 4525 that have been requested by the Owner.

6.5.6 **Distribution of Budget, Minutes.** Owners must be notified in writing when the budget required in Section 2.12.1 is distributed or at the time of any general mailing to the entire Neighborhood Association Membership of their right to have copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

6.6 **FISCAL YEAR.** The Board shall select the Neighborhood Association's Fiscal Year. The Fiscal Year is subject to change as the Board determines.

6.7 **CHANGES IN APPLICABLE LAW.** Provisions of various laws, including the Davis-Stirling Common Interest Development Act, various provisions of the California Corporations Code, including the General Corporation Law at Section 100, the Nonprofit Corporation Law at Section 5000, *et seq.*, and the Nonprofit Mutual Benefit Corporation Law at Section 7000, *et seq.*, or the Federal Fair Housing Act codified at Title 42 United States Code, Section 3601, *et seq.*, may in the future be amended, in which case such amendment will be deemed to supplement or override applicable provisions of these Bylaws (as applicable).

ARTICLE VII
NOTICE AND HEARING PROCEDURE

7.1 **INITIAL COMPLAINT.** Persons who believe a violation of the Governing Documents has occurred may file a complaint with a Person designated by the Board on a form approved by the Board. The Board will commence the enforcement process and determine whether a violation has occurred. In its discretion, the Board may issue one or two violation letters to the Person alleged to have committed the violation (***"Respondent"***) or set a hearing described in Section 7.2 below. The Board may direct the Manager to assist the Board in any of the steps the Board chooses to take in enforcing the Governing Documents except that decisions made at hearings must be made by the Board.

7.2 **SCHEDULING HEARINGS.** A hearing before the Board to determine whether a sanction should be imposed may be initiated by the Board after receipt of at least one complaint or for violations noted during a physical inspection. To initiate a hearing, the Board must deliver to the Respondent a notice which includes the following:

7.2.1 **Complaint.** A written statement setting forth in ordinary and concise language the acts or omissions with which the Respondent is charged,

7.2.2 **Basis for Violation.** A reference to the specific provisions of the Governing Documents which the Respondent is alleged to have violated,

7.2.3 **Hearing Schedule.** The date, time and place of the scheduled hearing,

7.2.4 **Sanctions.** A list of sanctions which may be imposed at the hearing.

The date for the hearing may be not less than fifteen (15) days after the date the notice of hearing is mailed or delivered to the Respondent. The Respondent is entitled to attend the hearing, submit a statement of defense to the Board in advance of the hearing, or present a statement of defense and supporting witnesses at the hearing. If the Respondent does not attend the hearing, the Respondent waives these rights.

7.3 **CONDUCT OF HEARING.** The Board shall conduct the hearing in executive session (if so requested by the Respondent), and shall afford the Respondent a reasonable opportunity to be heard. Before a sanction will be effective, proof of notice and the invitation to be heard must be placed in the minutes of the meeting. Such proof is adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the Neighborhood Association officer or Board member who mailed or delivered such notice. The record of the meeting must contain a written statement of the results of the hearing and the sanction imposed (if any).

7.4 **IMPOSITION OF SANCTIONS.** After affording the Respondent an opportunity for a hearing before the Board, the Board may impose any one or more of the following sanctions: (a) levy a Special Assessment as authorized in the Neighborhood Declaration; (b) suspend or condition the Respondent's right to use any recreational facilities the Neighborhood Association owns, operates or maintains commencing on a date in the future selected by the Board; (c) enter into a Condominium to perform maintenance which, according to the Neighborhood Declaration, is the responsibility of the Respondent; or (d) record a notice of noncompliance if allowed by law. Any suspension of Membership privileges may not be for a period of more than thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction (including continuing failure to pay any Assessment after it becomes delinquent) may be imposed as long as the violation continues. Written notice of any sanctions to be imposed must be delivered to the Respondent personally, by any system or technology designed to record and communicate messages, facsimile, electronic mail, or other electronic means, by first class mail or certified mail return receipt requested, or any combination of the foregoing. No action against the Respondent arising from the alleged violation may take effect before five (5) days after the hearing. The Board shall not impose any sanction that will interfere with or prevent Neighborhood Builder's exercise of any rights reserved in Article 15 of the Neighborhood Declaration.

7.5 **LIMITS ON REMEDIES.** The Board's failure to enforce the Governing Documents does not waive the right to enforce them. The remedies provided by the Governing Documents are cumulative and not exclusive. However, any individual Owner must exhaust all available internal Neighborhood Association remedies prescribed by the Governing Documents before that Owner may resort to a court of law for relief concerning any alleged violation of the Governing Documents by another Owner.

CERTIFICATE OF SECRETARY

I, the undersigned, certify that:

1. I am the duly elected and acting Secretary of THE BRISTOL OWNERS ASSOCIATION, a California nonprofit mutual benefit corporation (the ***"Neighborhood Association"***); and

2. The foregoing Bylaws comprising 33 pages (including the title page, table of contents and this page) constitute the Bylaws of the Neighborhood Association duly adopted by the Neighborhood Association Board of Directors on January 31, 2022.

I have signed this Certificate and affixed the seal of the Neighborhood Association effective on January 31, 2022.

Lindsay Vargo

Lindsay Vargo, Secretary

(SEAL)

EXHIBIT MO

SPECIFIC MAINTENANCE OBLIGATIONS

COMPONENT	OWNER	NEIGHBORHOOD ASSOCIATION
Roof, Structural Integrity of Condominium Building		
Roof	N/A	Maintain per schedule in a leak-free and weather tight condition.
Foundation	N/A	Maintain per schedule.
Internal Structural Components of Condominium Building	N/A	Maintain per schedule, including any fire assembly and noise mitigation measures between Units (does not include any noise mitigating floor covering materials installed in the Unit).
Outer Surface of Condominium Building Walls		
Stucco/Stone/Veneer	N/A	Maintain per schedule.
Siding/Pot Shelves/Ornaments	N/A	Maintain per schedule.
Surface Finishes	N/A	Maintain per schedule.
Parking Garage	N/A	Maintain per schedule.
Unit Entry Doors		
Door Hardware	Maintain weather-stripping, locks and handle hardware, and replace any broken glass.	Maintain per schedule.
Frame	N/A	Maintain per schedule.
Replacement of Door	Replace with identical design to that originally installed by or as approved in writing by the Committee.	N/A
Exterior Surface/Outdoor Paint or Other Finish	N/A	If door is not factory-prefinished, then maintain exterior surface paint or finish per Condominium Building paint and finish schedule.
Indoor Paint or Other Finish	Maintain.	N/A
Windows/Balcony and Patio Doors		
Windows (except sliding glass/balcony and patio doors)	Maintain and regularly clean indoor and outdoor	Maintain frame per schedule. Wash exterior surfaces of the

COMPONENT	OWNER	NEIGHBORHOOD ASSOCIATION
	surfaces of glass if accessible from outdoors. Maintain weather-stripping, caulking, locks, and screens.	inaccessible windows in the Condominium Building (e.g., windows not in Exclusive Use Areas), at the frequency specified in the adopted Budget. Replace glass when necessary due to ordinary wear and tear. Glass replacement that is necessary due to negligence or willful wrongdoing shall be charged to the Owner of the Unit
Sliding Glass/Balcony and Patio Doors	Maintain and regularly clean indoor and outdoor surfaces of glass if accessible from outdoors. Maintain weather-stripping, caulking, locks, screens and replace broken glass. Replacement glass must be same as originally installed by Neighborhood Builder or Neighborhood Association - approved equivalent, and have same noise and fire rating. Maintain frame as necessary to prevent water intrusion. Maintain lock, weather stripping, rollers, screen door (including screen, frame and lock) keep track clear of obstructions	N/A
Exclusive Use Areas		
Balcony and Patios (including Juliette Balcony)	Sweep floor surface regularly; keep free of standing water. Maintain sliding door at Unit entrance. Do not place any personal property (e.g., flower pots, wet towels, laundry, rugs, athletic equipment or other personal or household items) on or over a balcony or patio railing.	Balcony and patio surfaces and interior structural components of the balcony and patio, and railing are part of Condominium Building maintained by the Neighborhood Association. Maintain surface membrane (if any) per schedule. Maintain railing, surface finishes, and all interior and exterior trim and structural components of balcony and patio. Waterproof balconies and patios as required.

COMPONENT	OWNER	NEIGHBORHOOD ASSOCIATION
Parking Space	Keep free of debris and trash.	Maintain per schedule.
Storage Space	Keep free of debris and trash. Maintain lock on door.	Maintain door and door hardware per schedule.
Entryway Stairways, handrails and gates that are not inside the Units	Keep stairway and walkway free of debris and trash.	Maintain structural components and exterior finishes of entryway stairways, handrails and gates per schedule.
Air Conditioning Compressor Pad and related equipment serving individual Unit.	N/A	Maintain all HVAC components located on the roof of the Condominium Building that serve one or more Units
Telephone wiring exclusively serving a Unit.	Maintain.	N/A
Utility Service	Maintain gas lines not serviced by Gas Company or Neighborhood Association and water and electrical utilities not serviced by provider or Neighborhood Association.	Maintain all utilities serving Neighborhood Property or more than one Unit
Interior of Unit		
Unit systems – Water pressure regulator, water heater, plumbing outlets and fixtures, furnaces, ducts, built-in appliances (microwave, range, and ovens), electrical wiring and circuit breakers.	Maintain systems and appliances in the Owner's Unit; but see also "Plumbing" below.	N/A
Forced-air heater in Unit	Maintain heater and all ductwork inside the Unit	N/A
Indoor floor coverings	Maintain; Committee to pre-approve in writing replacement floorings and noise mitigating underlayments.	N/A
Indoor wall surfaces and ceiling	Maintain surface, including paint and other wall coverings, and patch and repair damage to drywall. No removal or replacement of drywall or ceiling without prior written approval of	Maintain shear walls, fire assembly and any noise mitigation measures installed between walls in the Condominium Building. Interior structural components of indoor walls between adjoining Units, walls that are necessary for

COMPONENT	OWNER	NEIGHBORHOOD ASSOCIATION
	Committee. Between-room walls or partitions in the Unit boundaries that are not necessary for structural support of the Condominium Building are maintained by the Owners. Modifications may be made with prior written consent of the Committee. The interior structural components of walls between adjacent Units are part of the Neighborhood Property maintained by the Neighborhood Association.	structural support of the Condominium Building, and the ceilings are Neighborhood Property.
Plumbing	Immediately report water leaks, sewer backups and overflowing tubs and sinks to the Neighborhood Association. Maintain in-Unit plumbing fixtures, including sinks, toilets, bath, shower, faucets, sink hardware, and drain lines for washing machine and dishwasher and gas line and vent line (if any) for dryer. Owners and tenants must regularly inspect water supply lines/hoses connected to washing machine, toilets, faucets and dishwasher for leaks and replace when necessary at Owner's expense. Do not leave running faucets or running/leaking toilets unattended. Owners are also responsible for removing blockages from all drains and sewer lines serving the Unit through laterals to the main line. Owners are responsible for damage to the Unit, to other Units and to Neighborhood Property to extent caused by Owner or tenant failure	Maintain pipes and other fixtures serving more than one Unit.

COMPONENT	OWNER	NEIGHBORHOOD ASSOCIATION
	to prevent or stop leaks or overflows in the Unit and for damage caused by negligent plumbing repairs by or on behalf of Owner, wherever located. Residents who plan to leave the Unit unoccupied for more than 24 hours should shut off water supplies to fixtures and appliances to prevent leaks during their absence. Owners are encouraged to hire qualified plumbers for all plumbing work, but are required to hire qualified plumbers to perform all work outside the Unit airspace. Plumbers hired by Owners must be approved by the Neighborhood Association.	
Cabinets	Maintain.	N/A
Interior doors and hardware	Maintain.	N/A
Appliances	Maintain.	N/A
Electrical	Maintain outlets and switch wiring and distribution exclusively serving the Unit wherever located. Owner shall hire qualified electrical contractor approved by the Neighborhood Association for all electrical maintenance work.	Maintain wiring and distribution equipment serving more than one Unit.
Fire Sprinklers	Keep heads free of dust and debris. Do not obstruct heads nor expose them to open flame or high heat sources. Do not disable heads. Immediately report to Neighborhood Association any damage, leak or malfunction. Cooperate with Neighborhood Association and its contractors in regular inspections and pressure testing.	Maintain per schedule the pipes, valve, pressure gauges. Test all systems per schedule.

COMPONENT	OWNER	NEIGHBORHOOD ASSOCIATION
Carbon Monoxide Detectors/Smoke Detectors/Fire-Life Safety Systems	Maintain (including periodic testing and battery replacement). Report malfunction to servicer specified in Maintenance Guidelines. Keep free of dust; do not disable.	N/A
Utility Submeter	N/A .	Maintain submeter. Owner responsible for cost of replacement or repair or damage caused by Owner or Owner's Family, tenants or guest.
Outdoor Lighting Fixtures		
Controlled by switch in Unit or separately metered to Unit.	Relamp as necessary.	Maintain fixtures per schedule and wiring.
Controlled by photocell or switch in Neighborhood Property	N/A	Maintain fixtures, photocell and wiring per schedule; relamp as necessary.
Other		
Solar Energy System	Maintain any Solar Energy System that serves and/or benefits Owner's Unit in accordance with Section 2.29. Owner is responsible for removal, storage, and replacement (and costs thereof) of any component of a Solar Energy System if it must be removed for purposes of the Neighborhood Association's maintenance of the Condominium Building roof or other Neighborhood Property. Any Solar Contractor, Solar Provider or other Person who enters upon the Condominium Building roof or other portion of the Neighborhood Property to perform any work associated with Owner's Solar Energy System must be pre-approved by the Neighborhood Association.	Maintain any Solar Energy System that serves the Neighborhood Association or Neighborhood Association Property unless maintenance is performed in accordance with an agreement between Neighborhood Association and Solar Provider or Solar Contractor.

COMPONENT	OWNER	NEIGHBORHOOD ASSOCIATION
Mailbox	Replace lost key or broken lock as necessary.	Maintain per schedule.
Landscaping	N/A	Maintain landscaping per schedule.
Common Amenities including Fitness Center, Kids Club, Rooftop Terrace, Courtyard, entry lobbies, elevators and hallways	N/A	Maintain per schedule
Neighborhood Walls	N/A	Maintain per schedule.

NOTES:

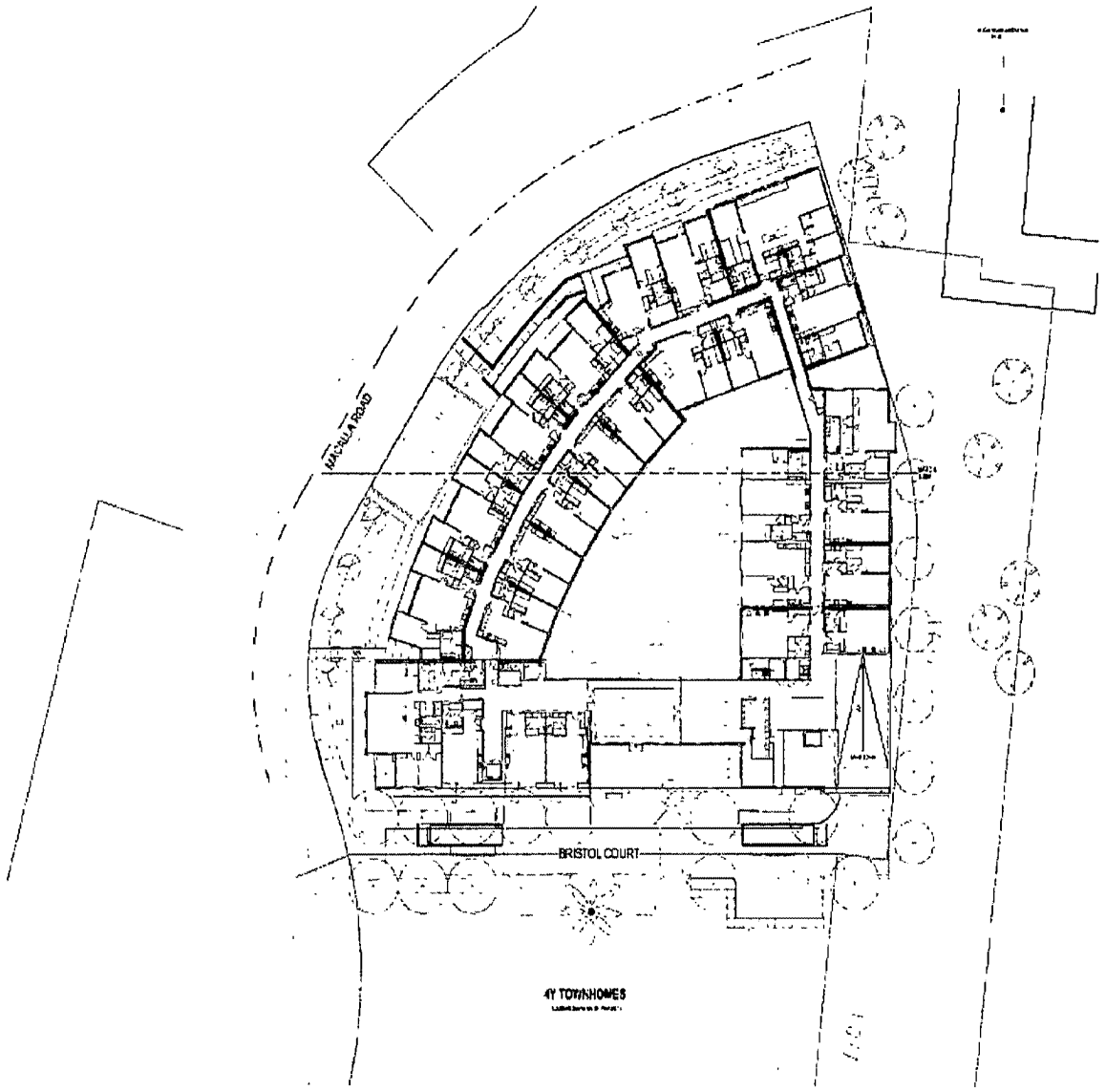
Maintain, capitalized or not, means "maintain, repair and replace." Notwithstanding anything in the Neighborhood Declaration or this exhibit to the contrary, all maintenance by Owners must at least conform to the recommendations in the Maintenance Guidelines. If any maintenance item in Neighborhood Property is not specifically assigned to individual Owners, it will be the responsibility of the Neighborhood Association.

This exhibit is not intended to be an exhaustive list of Neighborhood Association maintenance obligations; it is intended to supplement relevant provisions of the Neighborhood Declaration, the applicable Supplemental Neighborhood Declaration, the Maintenance Guidelines, and the Neighborhood Association's latest adopted budget.

The phrase "per schedule," when used in connection with Neighborhood Association maintenance obligations, shall mean and refer to maintenance levels and frequencies in the latest adopted Budget; provided, however, that the Neighborhood Association shall not permit any required maintenance to fall below the levels specified in the Maintenance Guidelines (if any are specified for the Improvement). If a particular maintained Improvement requires replacement before the end of its expected life, the Neighborhood Association may bill the Owner responsible for any damage beyond normal wear and tear that is caused by the Owner.

EXHIBIT NW

APPROXIMATE DEPICTION OF NEIGHBORHOOD WALLS IN THE NEIGHBORHOOD



Neighborhood Walls

YERBA BUENA ISLAND

EXHIBIT NW I NEIGHBORHOOD WALLS - THE BRISTOL
SAN FRANCISCO, CALIFORNIA

5671-126732\CCRS\1437883.15
3/14/22

EXHIBIT TPP

TRANSIT PASS PROGRAM

As indicated in Section 3.29 of this Neighborhood Declaration, the purpose of the Transit Pass Program is to provide a monthly transit pass or voucher for public transit trips on and off Treasure Island/Yerba Buena Island. The exact program parameters will be determined by the Treasure Island Mobility Management Agency (***"TIMMA"***); the program description below is based on the currently anticipated structure, which is subject to change. The Master Association is required coordinate with TIMMA to implement the Transit Pass Program. It is currently anticipated that a portion of the Annual Assessments will be comprised of mandatory pre-paid transit voucher and/or transit pass payments, to be assessed and implemented by TIMMA in furtherance of the Transportation Implementation Plan (the "***Transit Pass***"). In the event of any inconsistencies or conflicts between the terms and provisions of this Neighborhood Declaration and specific policies adopted by TIMMA to implement the Transportation Implementation Plan, the terms and provisions of TIMMA's policies shall control.

1. Implementation of the Transit Pass Program. TIMMA shall implement and manage the Transit Pass Program. Upon implementation of the Transit Pass Program as directed by TIMMA, the Master Declarant or the Master Association shall provide a description of the Transit Pass Program on the website for the Master Community, together with information describing how to enroll in the Transit Pass Program. The website shall include contact information (by both telephone and email) for TIMMA.

2. Transit Pass Requirements. The Master Association shall collect the fees required to participate in the Transit Pass Program from each household on a monthly basis as part of the Master Association's Annual Assessments. Each household of a Residence in the Master Community is required to pay these fees as part of its monthly assessment and will be given one (1) Transit Pass per household; provided, however, that households of any affordable or inclusionary unit in the Master Community will be given two (2) Transit Passes per household. Households may purchase additional transit passes directly from TIMMA if they choose. Transit Passes are non-transferable and may be used only by the enrolled resident(s).

3. Transit Pass Fees. On or before the 5th day of each month, the Master Association shall pay to TIMMA the Transit Pass Fee for that month; provided that the payment of the Transit Pass Fee for each Residence in the Master Community shall apply only after a Close of Escrow has occurred for the sale of a Residence to a member of the homebuying public. As of the date of this Neighborhood Declaration, the cost of each Transit Pass for a Residence in the Master Community is [anticipated to be] $150.00 (the "***Transit Pass Fee***"). Because the Transportation Implementation Plan will be implemented over time and the Transit Pass Fee is subject to change as development of Treasure Island and Yerba Buena Island progresses, on or before the 5th day of each month, TIMMA shall provide to the Master Association the current Transit Pass Fee for each Residence in the Master Community for the following month. In addition, TIMMA shall provide the Master Association with prior written notice of any change in the Transit Pass Fee or services provided under the Transportation Implementation Plan at least six (6) months before such change is implemented. This notice is required to provide the

Master Association with the time necessary to notify the Owners of the Residences in the Master Community of such changes.

As of the date of this Neighborhood Declaration, TIMMA estimates that the Transit Pass Fee will be approximately $150.00 per month when the Transportation Implementation Plan is fully implemented (the ***"Estimated Full Fee"***). Before the Transportation Implementation Plan has been fully implemented, the Master Association may collect the Estimated Full Fee from each household each month, and any funds collected in excess of the current Transit Pass Fee may be retained by the Master Association and used to support transportation initiatives intended to reduce private vehicle use by Master Association members, other island residents and/or island visitors, including, but not limited to, providing boat transportation to and from Treasure Island.

4. Transit Pass Enrollment. TIMMA will manage Transit Pass enrollment as part of the Treasure Island Transportation Demand Management (TDM) program. TIMMA will work with the Master Association to enroll residents to the Transit Pass program. To enroll residents to the Transit Pass program, every month the Master Association will provide TIMMA a list of changes in the Transit Pass program, e.g. new residents in need of a Transit Pass or departing residents whose passes need to be cancelled. TIMMA and the TDM program manager will work with Clipper or an alternate provider to provide the transit passes to enrolled residents electronically. Physical passes may be provided on a short-term basis if electronic passes are not immediately available. The logistics of resident enrollment will be determined as a part of TDM program development; e.g., residents may be able to manage Transit Pass participation electronically via the Clipper or TDM program website.

EXHIBIT GHM

GOOD HOUSEKEEPING MEASURES

General

- Clear litter, sediment, visible contaminants, debris, and loose vegetation from roads, gutters, collection and conveyance system, and screens.
- Inspect and maintain drains to prevent blockages and overflow.
- Keep roadways clean but avoid using water to clean streets. Street sweeping and vacuuming may be used to remove tracked soils, sand and other debris from streets and paved areas.

Landscape & Irrigation

- Protect existing vegetation by performing proper maintenance.
- Stabilize slopes by replanting, applying mulch, and/or installing temporary measures, such as hydroseeding, as necessary.
- Use non-toxic or less-toxic products for landscape maintenance.
- Ensure maintenance staff is familiar with proper pest management with minimal pesticide use. Use pesticides only after monitoring indicates a need.
- Do not dispose of plant waste into storm drain or sanitary sewer systems.
- Keep water and irrigation systems in good working order and promptly repair leaks or breaks.

Illicit Connections/Illegal Discharges

Only rainwater shall be allowed to drain to the storm drain system. Conduct periodic inspections to prevent illicit connections or illegally discharged material from entering the storm systems. Signs of illegal discharge can include:

- visible signs of staining or unusual colors on the pavement or adjacent soils;
- pungent odors coming from the drainage system;
- discoloration or oily substances in the water, or stains and residues within drainage structures;
- abnormal water flow during the dry weather season; and
- excessive sediment deposits.

Report illegal discharges to management or call 311.

Pollution Prevention

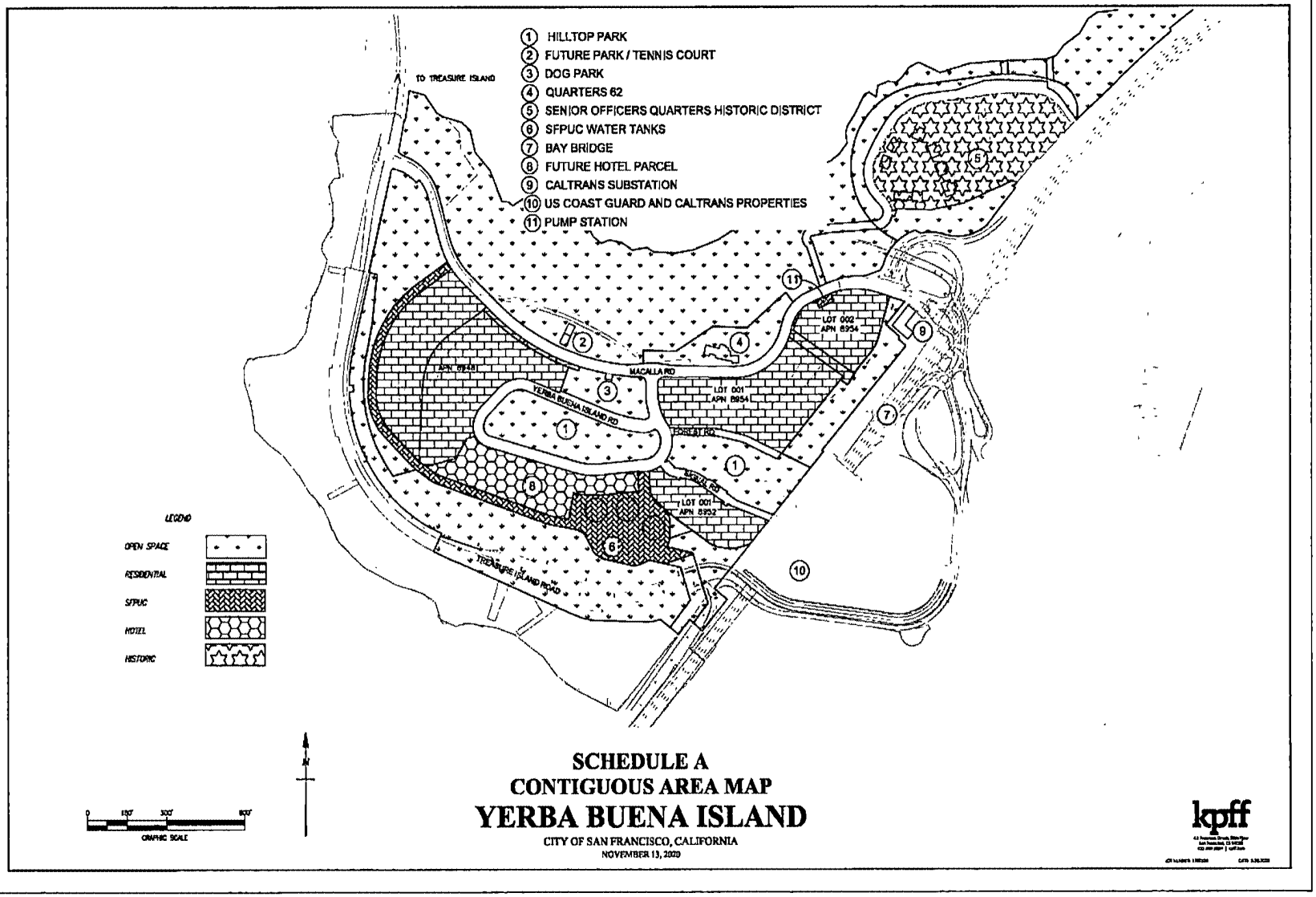
Prevent pollutants such as trash, pet waste, pesticides, and motor oil may from ending up the storm drains by:

- properly disposing pesticides that remove lice, ticks, fleas, ants, and any other outdoor pest as hazardous waste;
- disposing household chemicals at a recycling center or household hazardous waste facility;
- immediately picking up pet waste and disposing bagged waste in the trash;
- properly disposing trash, never littering; and
- having vehicles washed at professional car washing facilities to prevent soapy runoff from polluting local waters.

EXHIBIT CAM

CONTIGUOUS AREA MAP

(SEE ATTACHED)



SCHEDULE A
CONTIGUOUS AREA MAP
YERBA BUENA ISLAND

CITY OF SAN FRANCISCO, CALIFORNIA
NOVEMBER 13, 2020

kpff

5671-126732\CCRS\1437883.15
3/14/22

EXHIBIT VC

VARIABLE COMPONENTS OF COMMON EXPENSE

Variable Common Expense Component of Annual Assessments. The variable Common Expense component of Annual Assessments shall be allocated and assessed against all Condominiums roughly in proportion to an estimate of the base interior square footage of each Owner's Condominium Unit type, all as described in the current Budget of the Neighborhood Association, as it may be amended from time to time.

Under the current Budget of the Neighborhood Association, the following items are listed as variable Common Expenses:

Insurance
Paint
Roof
Domestic Gas

The variable Common Expense items listed above may change from time to time as the Neighborhood Association's Budget is modified or replaced by the Board. In the event of a conflict between the current adopted Budget of the Neighborhood Association and this ***Exhibit VC***, the current adopted Budget shall control, and this Exhibit shall be deemed replaced by such amended Budget without the need to amend this Neighborhood Declaration.

NOTE: The current Budget lists estimated or approximate floor areas for each Unit type as a means of fairly allocating the budgeted variable Common Expense items among the Owners and their Condominiums based on the ratio that the stated estimated interior square footage of an Owner's Unit bears to total estimated interior square footage of all the Units. The estimated square footages used in the Budget do not necessarily match as-built conditions. The estimates are only to be used in the calculation of Variable Assessments; they are not stated as estimations or representations by Neighborhood Builder or the Neighborhood Association of the actual usable interior floor area, nor are they intended by Neighborhood Builder or the Neighborhood Association to be relied upon as such by any Owner. All estimated square footages stated in the Budget were derived from approximations stated in materials prepared before construction of the Neighborhood was complete, including architectural plans. Therefore, the actual usable interior floor area of a particular Unit, as constructed and as measured by the Owner, may be smaller or larger than the estimates used to allocate variable Common Expenses in the Budget.