

to be cast. Said vote shall be at a meeting duly called and noticed pursuant to the provisions of the Bylaws dealing with annual or special meetings of the Members; and

(b) written consents signed by the specified percentage of all of the votes which are entitled to be cast. Said vote by written consent shall be solicited pursuant to the procedures provided in the Bylaws.

Nothing in this Section or in any other provision of any of the Association Management Documents shall preclude Members from assenting to the amendment of any of the Association Management Documents by joining in the execution of, or attaching their written consent to, such amendment.

Section 3.11. Certificate Evidencing Approvals: The certificate of any officer or officers authorized by resolution of the Board or of the president and secretary certifying that the required voting power of the Association has approved the execution, delivery and/or recordation of an amendment to any of the Association Management Documents, any Supplementary Declaration or any other document requiring the approval of the voting power of the Association shall be deemed conclusive proof thereof.

Section 3.12. Appointment of Delegate: The Board shall appoint a Delegate to act on behalf of the Members at meetings of the Master Association in accordance with the terms of the Bylaws of the Master Association. The Delegate shall be a Member of the Association and of the Master Association.

#### ARTICLE 4 ASSESSMENTS

Section 4.1. Agreement to Pay: Subject to limitations contained in the Association Management Documents, the Association, through its Board, shall fix, establish and collect from time to time Assessments sufficient to perform its obligations under the Association Management Documents. Each Owner, including the Declarant to the extent Declarant is an Owner as defined herein, is deemed to covenant and agree to pay such Assessments to the Association.

Section 4.2. Maximum Assessments:

(a) Regular Assessment: The Board may not, without the vote or written consent of Members constituting a quorum, casting a majority of the votes at a meeting or election of the Association, impose a Regular Assessment per Condominium which is more than

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

(b) Assessment for Other Acts or Undertakings: In any fiscal year, the Board may not, without the vote or written assent of Members constituting a quorum, casting a majority of the votes at a meeting or election of the Association, levy an Assessment to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the Common Expenses of the Association for that fiscal year.

(c) Quorum and Meeting: For the purposes of this Section, a quorum means more than fifty percent (50%) of the voting power of the Association. Any meeting or election of the Association for the purposes of complying with this Section shall be conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3, Division 2 of Title 1 of the California Corporations Code and Section 7613 of the California Corporations Code.

(d) Emergency Situations: Notwithstanding any other provision contained in this Section, the Board may increase Assessments necessary for emergency situations. For purposes of this Section, an emergency situation is any one of the following:

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

(ii) an extraordinary expense necessary to repair or maintain the Property or any part of it for which the Association is responsible where a threat to personal safety on the property is discovered; and

(iii) an extraordinary expense necessary to repair or maintain the Property or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the Budget. However, prior to the imposition or collection of an Assessment under this subdivision, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Members with the notice of Assessment.

In the event the Board shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all Common Expenses for any reason, it shall then immediately determine the approximate amount of

such inadequacy, issue a supplemental estimate of the Common Expenses and to the extent permitted in this Section determine the revised amount of the Regular Assessment and the installments thereof, if applicable, allocable to each Condominium, and the date or dates when due. In the event the amount budgeted to meet Common Expenses for the then current year proves to be excessive in light of the actual Common Expenses, the Board in its discretion may either reduce the amount of the Regular Assessment or may abate collection of Regular Assessments as it deems appropriate except that as long as the Declarant is offering Condominiums for sale pursuant to a Final Subdivision Public Report, the Regular Assessment may not be decreased by ten percent (10%) or more without the express written consent of the Declarant and the DRE.

Section 4.3. Assessment Allocation:

(a) Equal Assessments: Assessments which are to be fixed at an equal amount for each Condominium shall be (i) Regular Assessments, (ii) Capital Improvement Assessments and Reconstruction Assessments levied for the repair, replacement or reconstruction of Common Property Improvements other than Structural Common Area, and (iii) Special Assessments levied against all Condominiums for an act or undertaking of the Association not covered under any other Assessment.

(b) Square Footage: Reconstruction Assessments and Capital Improvement Assessments levied for the repair, replacement or reconstruction of Structural Common Area shall be determined by multiplying the total amount required to be collected by a fraction, the denominator of which is the total square feet of floor area for all Residential Elements of Units which are to be assessed, and the numerator of which is the total square feet of floor area of the Residential Element of the appropriate Unit for which such Assessment is being determined as such square footage is shown on the Condominium Plan or Plans describing such Residences. Capital Improvement Assessments pursuant to this paragraph shall be calculated on the basis that such square footage of each such Owner's Residential Element bears to such total square footage of the Residential Elements of the Units of all such Owners. Reconstruction Assessments pursuant to this paragraph shall be calculated on the basis that such square footage of each such Insured Owner's Residential Element bears to such total square footage of the Residential Elements of the Units of all Insured Owners.

(c) Affected Owners: A Reconstruction Assessment levied for the repair, replacement or

reconstruction of any Residence Improvements covered by the fire and casualty insurance policy maintained by the Association shall be levied individually against the Owner of such Residence Improvements in the amount necessary to cover the cost of repair, replacement or reconstruction in excess of insurance proceeds available for such purpose.

(d) Cable Television: In the event the Board elects to contract with a cable television service company to provide service for the benefit of Owners, Cable Television Service Assessments shall be levied against Owners who have subscribed with the Association for such services.

All Assessments may be collected at intervals selected by the Board except that Regular Assessments must be paid in monthly installments.

Section 4.4. Certificate of Payment: The Association shall, upon demand, furnish to any Owner liable for Assessments a certificate in writing signed by an authorized agent of the Association or by the president setting forth whether the Assessments on such Owner's Condominium have been paid, and the amount of delinquency, if any. A reasonable charge may be collected by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 4.5. Exempt Property: All properties dedicated to and accepted by, or otherwise owned or acquired by, a public authority shall be exempt from the Assessments created herein.

Section 4.6. Date of Commencement: The Regular Assessments shall commence with respect to all Condominiums in a Phase on the first day of the month following the first conveyance of a Condominium within such Phase or the first day of the month following the conveyance of the Association Property, if any, in such Phase to the Association, whichever occurs earlier. The first Regular Assessment shall be adjusted according to the number of months remaining in the fiscal year.

Reconstruction Assessments may be levied against any Insured Owner. All other Assessments may be levied against an Owner when Regular Assessments have commenced against such Owner's Condominium.

Section 4.7. No Offsets: All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason.

Section 4.8. Homestead Waiver: Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of California now in effect or in effect from time to time hereafter.

Section 4.9. Taxation of Association: In the event that any taxes are assessed against the Nonexclusive Use Common Area or the personal property of the Association, rather than against the individual Condominiums, said taxes shall be added to the annual Regular Assessments, or, if necessary, a Special Assessment may be levied against the Condominiums in an amount equal to said taxes, to be paid in two (2) installments thirty (30) days prior to the due date of each tax installment.

Section 4.10. Delinquency: Any Assessment provided for in this Declaration which is not paid shall be delinquent fifteen (15) days after such Assessment was due (the "delinquency date") and Allowable Charges may be recovered if an Assessment becomes delinquent. The Association may at its option, and without waiving the right to judicially foreclose its lien against the Condominium, pursue any available remedies, including, without limitation, bringing an action at law against the Owner personally obligated to pay the same, and/or upon compliance with the notice provisions set forth in the Section entitled "Personal Obligation; Lien" of this Article, to foreclose the lien against the Condominium under the power of sale granted herein. Each Owner vests in the Association, or its assigns, the right and power to bring all actions at law or any lien foreclosure against such Owner or other Owners for the collection of such delinquent Assessments.

Section 4.11. Limitation on Fees: The Association shall comply with Section 1366.1 and 1368(c) of the California Civil Code and until such Sections are amended to provide otherwise, shall not:

(a) impose or collect an Assessment, penalty or fee that exceeds the amount necessary for the purposes for which it is levied; and

(b) impose or collect any Assessment, penalty, or fee in connection with a transfer of title or any other interest except the Association's actual cost to change its records and that authorized in connection with Section 9.1 of the Bylaws to provide copies of Association Management Documents, copies of financial statements and statements of unpaid Assessments and Allowable Charges.

Section 4.12. Personal Obligation; Lien: An Assessment and any Allowable Charges shall be a personal obligation and debt of the Owner of the Condominium at the time the Assessment or Allowable Charges are levied and shall not pass to successors in title unless assumed by the successors in title. The amount of the Assessment, plus any Allowable Charges, shall be a lien on the Owner's Condominium from and after the time the Association causes to be recorded in the Official Records a notice of delinquent Assessment which shall state (i) the amount of the Assessment and Allowable Charges, (ii) a description of the Owner's Condominium against which the Assessment and Allowable Charges are levied, (iii) the name of the record Owner of the Condominium against which the lien is imposed, and (iv) in order for the lien to be enforced by nonjudicial foreclosure as hereinafter provided, the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice of delinquent Assessment shall be signed by the officers or managing agent authorized for such purpose by resolution of the Board or by the president of the Association. Upon payment of the sums specified in the notice of delinquent Assessment, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof. A lien created pursuant to this Section shall be prior to all other liens recorded subsequent to the notice of delinquent Assessment, except (i) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (ii) the lien or charge of any First Mortgage.

Section 4.13. Not Subject to Lien: Penalty Assessments and Allowable Charges incurred in connection with Penalty Assessments may not be characterized nor treated as an Assessment which may become a lien against an Owner's Condominium enforceable in accordance with the Section entitled "Foreclosure Sale" of this Article. Nothing in this Declaration, however, shall prevent the Association from bringing an action at law or in equity against an Owner to collect Penalty Assessments.

Section 4.14. Foreclosure Sale: Said lien created pursuant to this Article may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted pursuant to Section 2934a of the California Civil Code. Any sale by a trustee provided for above is to be conducted in accordance with the provisions of Sections 2924, et seq., and Section 1367 of the California Civil Code as said statutes may from time to time be amended, applicable to the exercise of powers of sale in mortgages and deeds of trust. Upon the affirmative vote of a majority of the voting power of the Association, the Association, through its duly authorized agents, shall

have the power to bid on the Condominium, using Association funds, or funds borrowed for such purpose, at the sale, and to acquire and hold, lease, mortgage and convey the same. Nothing in this Section prohibits actions against any Owner to recover sums for which a lien is created pursuant to this Article or prohibits the Association from taking a deed in lieu of foreclosure.

Section 4.15. Subordination of Assessment Liens: The lien of the Assessments and Allowable Charges provided for in this Declaration shall be subordinate to the lien of any First Mortgage upon any Condominium. The foreclosure of any lien provided for in this Article for the payment of Assessments and Allowable Charges shall not operate to affect or impair the lien of a First Mortgage and the foreclosure of the lien of a First Mortgage or the sale under a power of sale included in such First Mortgage (such events being hereinafter referred to as "Events of Foreclosure") shall not operate to affect or impair such Assessment lien, except that any persons who obtain an interest through any of the Events of Foreclosure, and the successors in interest, shall take title free of such Assessment lien or any personal obligation for said charges as shall have accrued up to the time of any of the Events of Foreclosure, but subject to the Assessment lien for all said charges that shall accrue subsequent to the Events of Foreclosure. Notwithstanding the foregoing, any such delinquent Assessments that were extinguished pursuant to this paragraph may be reallocated and assessed to all Condominiums as a Common Expense.

A First Mortgagee's rights pursuant to this Section shall not be affected by the failure of such First Mortgagee to deliver a notice to the Board.

The lien of the Assessments and Allowable Charges as aforesaid shall also be subordinate to the interests of the Department of Veterans Affairs of the State of California as the vendor under its Cal-Vet loan contracts to the same extent that the said liens are made subordinate to the liens or charges of First Mortgages as provided above.

Section 4.16. Master Association Assessments: In addition to the payment of assessments to the Association as set forth and described in this Article 4, each Member shall also be required to pay assessments to the Master Association in accordance with the budget of the Master Association and pursuant to the provisions of the Master Declaration. Common Assessments, as defined in the Master Declaration, shall commence as to all Units on the date provided in Section 4.09 of the Master Declaration. Assessments set and collected by the Master Association are independent of and not necessarily coordinated with assessments payable to the Association.