



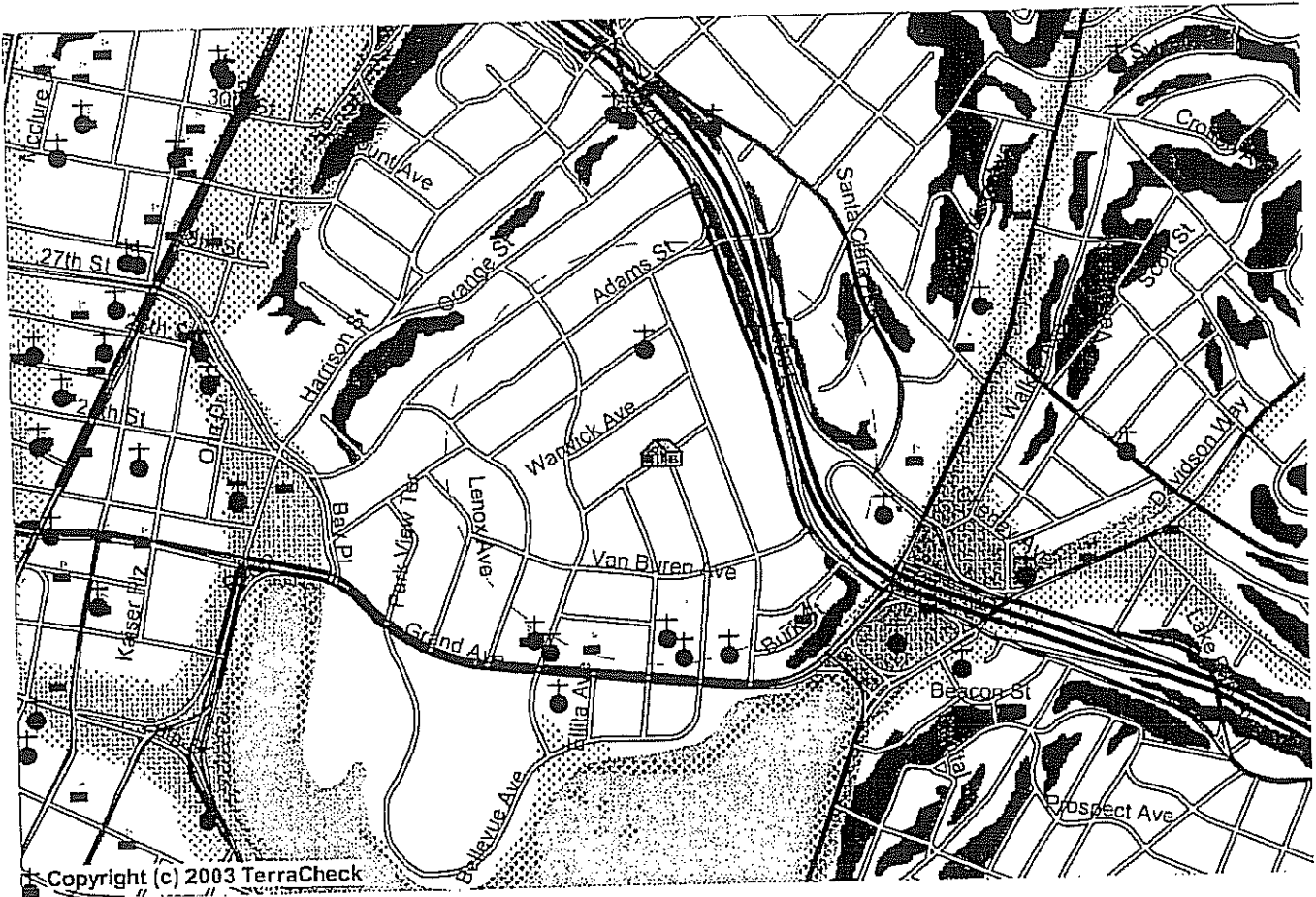
Web: www.terracheck.com
Tel: (408) 358-8282
Fax: (408) 358-5743
Email: customerservice@terracheck.com

Status as of 06/18/2003

\$95.00

Natural & Environmental Hazard Report

Address: 377 Palm Ave Apt 102, Oakland, CA, 94610



The above map is an approximate representation of the subject property location and the surrounding hazards. The house icon in the center of the map represents the subject property. The dotted line circle surrounding the house icon is a 1/4 mile radius measurement to determine the environmental zones (if applicable). Please refer to the table on the second page of this report for the specific data relating to the property.

RECEIVED AND READ














NUMBER OF PAGES 12

NAME _____ DATE _____

NAME _____ DATE _____

Natural & Environmental Hazard Report

Address: 377 Palm Ave Apt 102, Oakland, CA, 94610

State		SRA Fire Layer	OUT
State		Bates - Very High Hazard	OUT
FEMA		Special Flood Hazard Area	OUT
State		Dam Inundation	OUT
State		Alquist Priolo Fault Rupture	OUT
State		California Geological Survey Liquefaction Zone	OUT
State		California Geological Survey Landslide Zone	OUT
County		USGS High and Very High Liquefaction Susceptibility	OUT
State		Critical Habitat	OUT
State		EnviroFacts	1 Site
State		Leaking Underground Storage Tanks	4 Sites
Airports		Airports	No Sites
Munitions		Military Ordnance	OUT

Radon Zones

A map of Radon zones was developed by the Environmental Protection Agency (EPA) to determine radon potential in different geographical areas.

Sections 307 and 309 of the Indoor Radon Abatement Act of 1988 (IRAA) directed EPA to list and identify areas of the U.S. with the potential for elevated indoor radon levels. EPA's Map of Radon Zones assigns each of the 3,141 counties in the U.S. to one of three zones based on radon potential:

- Zone 1 counties have a predicted average indoor radon screening level greater than 4 pCi/L (picocuries per liter) (red zones)
- Zone 2 counties have a predicted average indoor radon screening level between 2 and 4 pCi/L (orange zones)
- Zone 3 counties have a predicted average indoor radon screening level less than 2 pCi/L (yellow zones)

Radon is a naturally occurring, invisible, odorless gas that comes from deposits of uranium in soil, rock, and water. It is harmlessly dispersed in outdoor air, but when trapped in buildings, can be harmful, especially at elevated levels. Radon is a radioactive decay product of radium, which is itself a decay product of uranium. Uranium and radium are both common elements in soil.

Radon is measured in picoCurries per liter of air (pCi/L), a measurement of radioactivity. The U.S. EPA and the Centers for Disease Control and Prevention recommend that homes with radon levels 4 pCi/L, or greater, be fixed.

Radon test kits that meet EPA guidelines can be obtained from a radon testing company or laboratory. Get a listing from your state radon office or local health department. They are available at local hardware stores and home improvement stores. Many are priced under \$25.00. Testing your home for radon is as simple as opening a package, placing a radon detector in a designated area, and, after the prescribed number of days, sealing the detector back in the package and mailing it to a lab. Information on testing your home for radon and how to get a test kit is also available by calling 1-800-SOS-RADON.

EnviroFacts:

Facility ID	Facility Name
CAD981658636	HERITAGE CLEANERS

Leaking Underground Storage Tanks:

Case Number	Case type	Site Name	Method of Abatement	Location	Status of Corrective Action at Leak Site
01-1908	No soil contamination has occurred, or only at such low levels as not to pose a threat to water quality	RESIDENCE	Excavate and dispose (landfill) of soil	299 EUCLID AVE	Case Closed
01-0878	Other ground or surface water is affected or threatened	LAKESIDE PARK	No remedial action taken	468 BELLEVUE AVE	Leak Being Confirmed
01-1467	Other ground or surface water is affected or threatened	EXXON	Excavate and dispose, Enhanced biodegradation	500 GRAND AVE	Pollution Characterization
01-0611	Other ground or surface water is affected or threatened	SERVICE STATION	Excavate and dispose (landfill) of soil	460 GRAND AVE	Case Closed

Radon Potential:

Radon Potential
Moderate Potential (from 2 to 4 pCi/L)



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Natural & Environmental Hazard Report

This statement applies to the following Property:
377 Palm Ave Apt 102, Oakland, CA, 94610

The representations made in this report are based upon information provided by TerraCheck, Inc., an independent third party. Neither the Seller nor the Seller's agent has independently verified the information contained in this report, or is personally aware of any errors or inaccuracies in the information contained on this report.

TerraCheck, Inc. Certifies that the above information is true and correct. TerraCheck, Inc. hereby agrees to indemnify the real estate brokers and agents ordering this report as covered by TerraCheck's Professional Liability Insurance Policy for damages to the extent they are caused by TerraCheck's negligent acts, errors, or omissions subject to the limitations of this report.



Seller

Date

9-25-03

Seller

Date

11

Signature of (Seller's) Agent

Date

Signature of (Buyer's) Agent

Date

9/8/03

The Buyer represents that he or she has read and understands this document.

Buyer

Date

9/10/03

Buyer

Date



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DESCRIPTIONS AND EXPLANATIONS OF ENVIRONMENTAL ZONES AND HAZARDS

FIRE HAZARD ZONES

State Responsibility Area (SRA) Zone

Existing law requires a seller of real property located in a SRA to disclose this information to buyers (Section 4136, California Code). With some limitations, (refer to the Statement of Liability Limitations) TerraCheck determines where the site is located on the appropriate SRA map.

These are lands that are used principally for range and/or forage purposes. These lands are covered wholly, or in part, by timber, brush undergrowth or grass to protect the soil from erosion, retard runoff of water, or accelerated percolation. A SRA is a zone where the state (as opposed to the city or county) has the responsibility for wildland fire suppression using the California Department of Forestry (CDF) fire protection services. Property owners in SRA areas are responsible for organizing structural fire protection services. This can be a volunteer group, or an officially organized service. If no such fire service exists, there may be significantly added risks associated with fires. In some SRAs, the CDF only provides seasonal fire services for wildland fires. Additionally, governmental institutions may force new or additional constraints in an SRA. The source of this data is the official "State Responsibility for Fire Protection Maps" which are published by the State of California.

Bates - Very High Fire Hazard Area

These are zones where the physical conditions of the area, including such factors as fuel, topography, development, and weather could cause fires that are more severe, more difficult to put out, and, as a result, could cause more damage. Residences located in these zones are required to implement fire defense improvements including installing either a Class "A" or "B" roof in the cases of new construction or roof replacement, and clearing a minimum of 30 feet around the structure. Sources of this data are government agencies or their appointed research contractors.

FLOOD HAZARD ZONES

Special Flood Hazard Area

The National Flood Insurance Act of 1968 established the National Flood Insurance Program (NFIP) which is administered by the Federal Insurance Administration of the Federal Emergency Management Agency (FEMA). This act required the establishment of flood-risk zones within the floodplain areas. These zones include "Special Flood Hazard Areas" where, in any given year, there is a 1% or higher probability that a portion or all of the property is likely to be inundated by floods. Some cities and/or

counties publish their own maps which designate local flood hazards that might vary from the FEMA maps. Where reasonably available, these maps are also used in the TerraCheck Reports.

The Flood Disaster Protection Act of 1973 added the mandatory purchase requirement which "requires the purchase of flood insurance by property owners who are being assisted by Federal programs or by Federally supervised, regulated, or insured agencies or institutions in the acquisition or improvement of land or facilities located or to be located in identified areas having special flood hazards". The cost of such insurance may be much greater than what would normally be the case. Additionally, governmental restrictions may impact new or additional construction in such a zone. The source of the FEMA data is the "Q3 Flood Data Maps" as produced by FEMA. Other map sources include reasonably available official and unofficial maps published by applicable city, county or regional governments.

Dam Inundation Zone

The establishment of flood-risk zones within the floodplains areas by The National Flood Insurance Act of 1968 includes areas where, in the event one or more nearby dam(s) or dyke(s) fail or over-spill; the property could be subject to flooding and/or damages associated with flash flooding caused by the dam or dyke failure(s). The maps were developed by dam owners to fulfill state law requirements. The maps are intended for emergency planning purposes. The maps were developed using engineering hydrology principals and represent the *best estimate* of where the water would flow if the dam completely failed with a full reservoir. The inundation pathway is based on completely emptying the reservoir and does not include run-off from storms. Some cities and/or counties publish their own maps which designate local flood hazards that might vary from the FEMA maps. Where reasonably available, these maps are also used in the TerraCheck Reports.

GEOLOGIC AND SEISMIC HAZARD ZONES

Alquist-Priolo or Other Designated Earthquake Fault Zones

Earthquake fault zones are identified and adopted by the State of California as part of the Alquist-Priolo Special Studies Zone Act of 1972. These zones are areas on both sides of known or suspected active earthquake faults where a significant earthquake could cause the earth underneath the property to fracture. The purpose of identification of these zones is to ensure that any structures built for human occupancy are not constructed on top of active faults. A property located in an earthquake fault zone does not necessarily mean that a fault line exists on the property, because in some areas these zones are more than a ¼ mile wide. When a property is partially or wholly within an official earthquake fault zone, a geologic study may be necessary (per city, county or state requirements) prior to any new or additional construction, and construction requirements may be more expensive. In addition, the availability of insurance and its relative costs could be impacted.

This zoning information is derived from the official "Earthquake Fault Zone Maps" as maintained and published by the California Division of Mines and Geology, and from available City and/or County maps. Some cities and/or counties have created their own fault zone maps that add to or change boundaries of fault zones when compared to the Alquist-Priolo zones. Where reasonably available, in addition to the Earthquake Fault Zone Maps, TerraCheck uses local city or county agency maps.

California Geological Survey Seismic Hazard Zone

These are areas that the state has determined have some potential that weak soil and/or rock may be present beneath the property. If present, these weak materials can fail during an earthquake and can cause damage to structures.

These zones have been constructed conservatively. Not every area within the zone will be subject to liquefaction and /or earthquake induced landsliding.

If a property is undeveloped, a site-specific investigation by a licensed engineering geologist and/or civil engineer may be required before the parcel can be subdivided or before most structures can be permitted. Single family frame dwellings up to two stories not part of a development of four or more units are exempt from the state requirements. However, local agencies can be more restrictive than state law requires. Before a development permit can be issued or a subdivision approved, cities and counties must require a site-specific investigation to determine whether a significant hazard exists at the site and, if so, recommending measures to reduce the risk to an acceptable level. The investigation must be performed by state-licensed engineering geologists and/or civil engineers.

If the property is developed, and the homeowner desires to make significant changes to the existing structure, a site investigation report addressing seismic hazards may be required prior to receiving permits. This activity is dependent upon the individual cities, the seismic hazard involved and whether or not the home is located inside any additional hazard zones.

California Geological Survey LIQUEFACTION Zone

Liquefaction is a phenomenon in which the strength and rigidity of a soil is reduced by earthquake shaking or other rapid loading. When the ground liquefies in an earthquake, sandy or silty materials saturated with water behave like a liquid, causing pipes to leak, roads and airport runways to buckle, and building foundations to be damaged.

California Geological Survey LANDSLIDE Zone

Earthquake-Induced Landslide Zones Of Required Investigation are areas meeting one or more of the following criteria:

1. Areas where the California Geological Survey's analyses of geologic and geotechnical data indicate that the geologic materials are susceptible to earthquake-induced slope failure.
2. Areas identified as having past landslide movement, including both landslide deposits and source areas.
3. Areas known to have experienced earthquake-induced slope failure during historic earthquakes.

USGS Very High or High Liquefaction Susceptibility

Liquefaction is the transformation of a saturated granular material from a solid to a liquefied state as a result of increased pore pressure and decreased effective stress. Types of ground failure resulting from liquefaction can include sand boils, lateral spreads, ground settlement, ground cracking and ground warping. Observations of the effects of large-magnitude earthquakes show that the distribution of

liquefaction phenomena is not random; it occurs in areas underlain by loose, saturated, cohesionless sand, silt and gravel.

Under prolonged or high-level earthquake shaking, the ground can

- (a) lose its capacity to bear weight, which is most often associated with heavy buildings, which may sink or tilt; or buried tanks, which are buoyed up.
- (b) it can move laterally, which can be extensive on actual riverbanks and levees or on large gently sloping hillsides with large run off deposits.
- (c) and/or it can permit sandy water to escape to the surface in fissures or boils, which is marginally experienced except in large, nearly level areas.

Areas identified as having a Very High / High susceptibility to liquefaction are expected to experience most of the liquefaction that occurs in a larger sized earthquake, and it is expected that most of the future liquefaction failures will take place in these areas based upon the data from the liquefaction failures that occurred during past earthquakes.

ENVIRONMENTAL HAZARD ZONES

Envirofacts

U.S. Environmental Protection Agency CERCLIS or Superfund Sites

The Superfund Program was established in 1980 to eliminate the health and environmental threats posed by hazardous waste sites. The Environmental Protection Agency (EPA) administers the Superfund Program through the Office of Solid Waste and Emergency Response (OSWER) in cooperation with individual states and tribal governments. Superfund locates, investigates and cleans up the worst hazardous waste sites throughout the United States. The EPA has compiled a list of contaminated properties (the Superfund Sites List) which represent environmental concern for the discharge of hazardous materials by hazardous waste disposal sites and generators, and treatment and storage facilities.

The U.S. Environmental Protection Agency (EPA) has compiled this list of contaminated properties for designation under the Federal Superfund Program pursuant to the *Comprehensive Environmental Response Conservation and Liability Act (CERCLA)*. These sites represent environmental concern for the discharge of hazardous materials by hazardous waste generators, treatment and storage facilities, and hazardous waste disposal sites. This is the initial ranking by the U.S. EPA for sites that have been determined to have significant contamination with concern for migratory activity of the contaminants to neighboring sites. Any number of hazardous substances can be part of the overall assessment.

The Environmental Protection Agency has compiled the list from the designated CERCLIS list. The list targets those sites to receive remedial funding under the *Comprehensive Environmental Response Conservation and Liability Act (CERCLA)*. The NPL lists the nation's highest priority sites for remedial action. This intermediate ranking by the EPA indicates increased concern for significant risk to the environment and to human health. Only NPL sites can receive CERCLA funding.

Under California Civil Code, sellers of residential property must disclose whether they are aware of any substances on the property that may be environmental hazards. These include, but are not limited to, asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, or contaminated soil or water. If an environmental hazard is discovered, the affected parties should

consult the appropriate environmental expert for further assessment. The purpose of this report for a records search and is not a substitute for a Phase I Environmental Audit.

National Priority List (NPL) Sites

This list targets those sites to receive remedial funding under the Comprehensive Environmental Response Conservation and Liability Act (CERCLA). These sites are the national priorities among the known releases or threatened releases of hazardous substances, pollutants or contaminants throughout the United States. The purpose of the NPL is to serve as an information and management tool. Inclusion of a site on this list does not in itself reflect a judgement of the activities of its owner or operator, it does not require those persons to undertake any action, nor does it assign liability to any person. Only NPL sites can receive CERCLA funding.

Hazardous Waste Sites

The Resource Conservation and Recovery Information System (RCRIS) is used by the EPA to support its implementation of the Resource Conservation and Recovery Act (RCRA), as amended by the Hazardous and Solid Waste Amendments of 1984 (HSWA). RCRA requires that generators, transporters, treaters, storers and disposers of hazardous waste provide information concerning their activities to state environmental agencies. RCRIS is used to track handler permit or closure status, compliant with Federal and State regulations and clean up activities.

Sanitary Landfills

The California Waste Management Board maintains an inventory list of active, inactive, and closed solid waste disposal and transfer facilities pursuant to the Solid Waste Management and Resource Recovery Act of 1972.

Most communities dispose of solid waste in landfills. Some landfills accept only municipal solid waste while others are approved to receive a variety of industrial and agricultural hazardous wastes. While properly designed and operated landfills may minimize environmental contamination, some landfills have been found to pollute surface and subsurface water supplies. In the past, many companies improperly dumped hazardous wastes (toxic/ignitable / corrosive /infectious solids, liquids, or sludge). The California Integrated Waste Management Board learns of disposal facilities through permit applications and from local enforcement agencies.

The State of California Water Resources Control Board (WRCB) in Sacramento provides a list of all leaks of hazardous substances from underground tanks. This database provides information on contamination case types. Tanks, which are listed in this database, are leaking underground storage tanks that have ruptured and may contaminate the surrounding soil, and/or water system.

*Distance coordinates are provided as a convenience only. -Estimated distance is based on the mapping information provided by the U.S. Government Tiger and may vary from local street guide maps Site that are not provided with coordinates are generally the result of inaccurate information provided by Federal and State Government lists.

Leaking Underground Storage Tanks

A list of reported leaks from underground storage tanks and piping, overfills and spills is maintained by the State Water Resources Control Board. Section 25595 of the California Health and Safety Code requires this Board to maintain this list commonly known as the Leaking Underground Storage Tank Information System ("LUSTIS") list.

Military Ordnance

California Civil Code 1102.15 states: "The seller of residential real property subject to this article who has actual knowledge of any former federal or state ordnance locations within the neighborhood area shall give written notice of that knowledge as soon as practicable before transfer of title. For purposes of this section, "former federal or state ordnance locations" means an area identified by an agency or instrumentality of the federal or state government as an area once used for military training purposes which may contain potentially explosive munitions. "Neighborhood area" means within one mile of the residential real property."

Airport Proximity

The airport proximity discloses within a three mile proximity from the subject property any public airports. The subject property's proximity to a public airport is based upon currently available public records showing the present boundaries of the airport. This is not a noise (decibel level) disclosure and no disclosure is made regarding the proximity of private airports or landing strips. No physical inspection of the Subject's Property or the airport has been made, and this report does not consider the impact of any planned or approved airport expansion projects or modifications. No finding or opinion is expressed or implied in this report regarding the take-off and landing patterns utilized by airports or the noise levels experienced at the subject property as a result thereof. Properties lying beneath or near airport take-off or landing routes often experience significant and disturbing noise levels notwithstanding that they are located more than three miles from the airport. In addition, take-off and landing patterns may change based upon weather conditions, wind conditions and airport expansion/modification projects. For more information, please contact the Federal Aviation Administration and/or the nearest airport of concern.

STATEMENT OF LIABILITY LIMITATIONS, CONDITIONS, TERMS AND ASSUMPTIONS

This report is for the exclusive use of the individual(s), herein referred to as "Client", involved in the transaction (as identified by the address on the report) for which this report, herein referred to as "Report", was created. This Report may not be referred to or relied upon by any party other than Client without the written consent of TerraCheck Corporation, herein referred to as "TerraCheck". TerraCheck has no accountability, obligation or liability to any third party.

This Report concerns the land identified in the Report, herein referred to as "Property" which does NOT include any property beyond the lines of the area described, or referred to in this Report, nor any real property described as an easement in the Report, nor any right, title, interest, estate or easement in abutting streets, roads, alleys, lanes, ways, or waterways. TerraCheck has not made a physical inspection of the Property. This Report is not a substitute for a physical inspection of the Property, examination of its physical conditions, and/or its surroundings by Client and its consultants.

TerraCheck reviewed only those maps and records, herein referred to as "Records", specifically referred to in Report, which are readily available for public inspection and are provided by private and public Government sources. Conditions frequently change, and recent changes may not be reflected on the "official" maps, Government databases, or the Records. TerraCheck relies upon the information contained in the Records, and assumes their accuracy without any further investigation or analysis of that underlying data supporting the information embodied in the Records. Some of the Records are available in electronic format. For Records that are not available in this medium, TerraCheck has transposed the data into electronic format. The process of transposing data could be imperfect whether performed by TerraCheck or other entities. In situations where the Property appears to be close to a designated zone, TerraCheck recommends that any interested party consult with experts or perform additional research in order to be clear as to the conditions affecting the Property. No responsibility is assumed for the accuracy of information furnished by the Client, third parties, or Records.

The legal description of the Property in this Report was furnished to TerraCheck by Client and is assumed to be correct without independent verification by TerraCheck. TerraCheck is not responsible for the accuracy of the address or APN provided to TerraCheck. No opinion is rendered, nor responsibility assumed, and no representation is made as to the title to the Property, nor whether the Property is comprised of legal lots in conformance with the California Subdivision Map Act and local ordinances enacted pursuant thereto.

No responsibility is assumed, nor opinion rendered, and no representation is made concerning the condition of the Property whether architectural, structural, mechanical, engineering or legal in character or nature. TerraCheck assumes no responsibility regarding structural integrity or adequacy, nor soil conditions, potential for flooding, settlement, drainage, subsidence, fire, compliance with applicable laws and zoning regulations or other occurrences or problems arising from neither soil conditions, zones, areas, nor marketability of the Property. No opinion is expressed with respect to the presence or absence of hazardous or toxic materials or substances or any other defects on or within the Property. TerraCheck assumes no responsibility for conditions or consequences resulting from information that was withheld, concealed, misrepresented or not fully disclosed at the time the Report was compiled. TerraCheck is in no way responsible for any costs incurred to correct any deficiencies of any type present in the Property

TerraCheck assumes no responsibility for any costs or consequences arising due to the need, or the lack of need for earthquake, flood, casualty and/or liability insurance. The decision to insure or not to insure is a personal one of the owner and should be made in consultation with an insurance advisor.

This Report is intended to include only information pertaining to zones affirmatively addressed in the text hereof. This Report does not purport, either explicitly or by implication to include or provide information regarding any other matters not specifically addressed herein, including without limitation: (a) state of title of the Property, including without limitation any liens, encumbrances, covenants, conditions, restrictions, reservations, easements, mining claims, water rights, encroachments, or any other title matters adversely affecting title which would be identified through a correct survey of the Property and/or a real estate title examination; (b) status of the Property in relation to ordinances and regulations of the State of California, City and County where the Property is located, including but not limited to the California Subdivision Map Acts, and federal and state laws; (c) environmental protection laws and regulations; (d) property taxes, special assessments of any nature including without limitation Mello-Roos District assessments; (e) legal proceedings before any judicial or other adjudicative tribunal or any regulator or administrative agency or any governmental entity; (f) building codes, permits of any nature, income taxes, liquor licenses or other laws restricting, regulating or relating to the character, dimensions or location or any improvement now or hereafter created on the

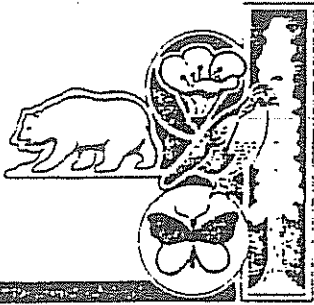
Property or the occupancy, use, anticipated use, or enjoyment of the Property; (g) in rem forfeiture laws; (h) rights of eminent domain and; (i) ordinances, administrative decision, rules and regulations of any special political subdivision, whether created or enabled through legislative action at the federal, state or regional level, such as but not limited to water agencies, school districts, flood control districts, Coastal Commission or joint powers districts.

This Report is issued as of the date specified herein. TerraCheck has no obligation to advise Client or any other interested party of any relevant fact, circumstance or change that occurs after the date specified herein which pertains to the Property or which modified or otherwise affects the information provided in this Report.

Should it become necessary for TerraCheck to give testimony in court or any hearing, or consult with Client or any other interested party after the issuance of this Report because of having issued this Report, a separate and special arrangement and additional fee agreement will apply. If testimony or deposition is required from TerraCheck because of any subpoena, the Client shall be responsible for any additional time, fees and charges of TerraCheck, regardless of which party issued the subpoena.

This Report shall be governed by and construed in accordance with the laws of the State of California.

ACCEPTANCE OF, AND/OR USE OF THIS REPORT BY CLIENT OR ANY OTHER INTERESTED PARTY CONSTITUTES ACCEPTANCE OF THE ABOVE LIMITATIONS, CONDITIONS, TERMS AND ASSUMPTIONS. TERRACHECK'S LIABILITY EXTENDS ONLY TO THE STATED CLIENT, NOT TO ANY OTHER INTERESTED PARTY OR USER (S). TERRACHECK IS NOT LIABLE FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE PREPARATION, ISSUANCE OR USE OF THIS REPORT.



State of California
OFFICE OF THE SECRETARY OF STATE

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

DATE NAME

DATE NAME

NUMBER OF PAGES
RECEIVED AND READ

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

FEB 22 1980



March Fong Eu
RECEIVED AND READ *3 page*
NUMBER OF PAGES *Secretary of State*

NAME DATE

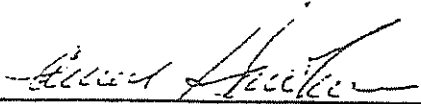
NAME DATE

DECLARATION

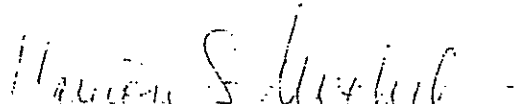
We are the persons whose names are subscribed below. We collectively are all of the incorporators of Palm Manor Homeowners' Association, Inc. and all of the initial directors named in the Articles of Incorporation and we have executed these Articles of incorporation. The foregoing Articles of Incorporation are our act and deed, jointly and severally.

Executed on February 12, 1980, at Oakland, California.

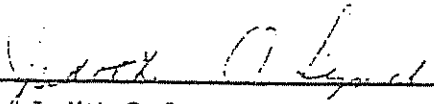
We, and each of us, declare that the foregoing is true and correct.



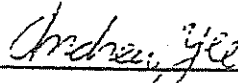
James Hawkins, Incorporator



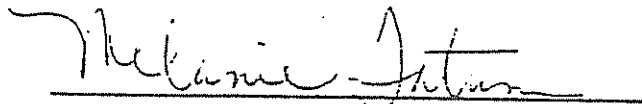
Marion Michel, Incorporator



Judith O. Lynch, Incorporator



Andrew Yee, Incorporator



Melanie Tatum, Incorporator

RECORDING REQUESTED BY
AND MAIL TO

THE LAW OFFICES OF
GRAVES & ALLEN

Graves + Allen
235 U. MacArthur 4th Floor
Oakland, Ca 94611 attn E Bolduc

RECEIVED
MAR 21 1980
GRAVES & ALLEN

SECOND AMENDED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF
PALM MANOR, A CONDOMINIUM PROJECT

RECEIVED AND READ
NUMBER OF PAGES 35

NAME _____ DATE _____
NAME _____ DATE _____

This Second Amended Declaration of Covenants, Conditions and Restrictions of Palm Manor, a condominium project, is made and executed this 21st day of January 1980, by each of the owners of condominiums located in Palm Manor.

WITNESSETH:

WHEREAS, a "Declaration of Covenants, Conditions and Restrictions of Palm Manor, A Condominium Project" was executed by the duly authorized officer of Magnacept, Inc., a California corporation, on August 30, 1978, and recorded on September 1, 1978, in Reel 5563, Image 65, as Instrument No. 78-170805, Alameda County Records; and

WHEREAS, a "First Amended Declaration of Covenants, Conditions and Restrictions of Palm Manor, a Condominium Project" was executed by the duly authorized officer of Magnacept, Inc., on October 10, 1978 and recorded October 12, 1978 at Reel 5621, Image 311, as Instrument No. 78-198723, Alameda County Records; and

WHEREAS, as of the date of the execution of this Second Amended Declaration of Covenants, Conditions and Restrictions of Palm Manor, a condominium project, Magnacept, Inc. has fully conveyed all units of the project to new owners; and

WHEREAS, the owners of Palm Manor, a condominium project, desire to amend and otherwise modify and change the aforesaid First Amended Declaration of Covenants, Conditions and Restrictions of Palm Manor.

NOW, THEREFORE, the owners of Palm Manor, a condominium project, hereby amend, change and otherwise modify the said October 12, 1978 "First Amended Declaration of Covenants, Conditions and Restrictions of Palm Manor, A Condominium Project", as follows:

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RECORDED IN OFFICIAL RECORDS
OF ALAMEDA COUNTY, CALIF.
FEB 22 1980
AT 12:25 P. M.
RENE C. DAVIDSON, County Recorder

That certain "First Amended Declaration of Covenants, Conditions and Restrictions of Palm Manor, A Condominium Project", executed on October 12, 1978 and recorded in Reel 5621, Image 311, as Instrument No. 78-198723, Alameda County Official Records, and each paragraph and provision thereof, is hereby amended as set forth herein and in the place and stead of said October 12, 1978 First Amended Declaration, the following Declaration of Covenants, Conditions and Restrictions of Palm Manor, a condominium project, is hereby substituted, as modification thereof.

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
PALM MANOR, A CONDOMINIUM PROJECT**

R E C I T A L S:

This Declaration is made with reference to the following facts:

1. The individuals listed on Exhibit A annexed hereto are the owners of all that certain real property located in the City of Oakland, County of Alameda, State of California, described as follows:

Units U101 through U108, inclusive, U201 through U208, inclusive, U302 through U308, inclusive, and U401, and the Common Area, all as shown on that certain Condominium Plan entitled "Tract 3944" City of Oakland, County of Alameda, California, recorded in the Office of the Recorder of Alameda County, State of California, on the 25th day of August 1978, in Book 104 of Maps at Pages 67 and 68, (hereafter referred to as "the plan").

2. The owners listed on Exhibit A, who are hereafter collectively referred to as the "owners", have elected to have all business matters relating to the condominium project and all powers and responsibilities with respect thereto vested in a California nonprofit corporation of the name of "Palm Manor Homeowners' Association, Inc."

3. The real property above described is a Project within the meaning of California Civil Code Section 1350(3) and is subject to the provisions of the California Condominium Act (Title VI, Part IV, Sections 1350-1370, inclusive) and it is the desire and intention of the owners to impose on said real property mutual beneficial restrictions, easements, assessments and liens under a general plan of improvement for the benefit of all the subject units and of the subject common area and the future owners of said units and common area.

NOW THEREFORE, the owners hereby declare that all of the real property described in the map is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved, subject to the following limitations,

restrictions, covenants, conditions, all of which are declared and agreed to be in furtherance of the plan for the subdivision, improvement and sale of said real property as a condominium project and are established and agreed upon for the purpose of enhancing the value, desirability and attractiveness of the real property and every part thereof. All of the limitations, easements, uses, obligations, covenants, restrictions and conditions stated herein shall run with the real property, shall be binding on all parties having or acquiring any right, title or interest in the described real property and shall be for the benefit of each owner of any portion of said real property or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest of the owners thereof. Each and all of the said limitations, easements, uses, obligations, covenants, conditions and restrictions shall be equitable servitudes, enforceable by any of the owners of the individual units against any other owner, tenant or occupant of the property, or any portion thereof.

1. DEFINITIONS: Unless otherwise indicated, the terms used herein, in the plan and in any deeds regarding the units in the project shall have the meanings specified in this Article.

1.01. Association: The term "association" shall mean and refer to Palm Manor Homeowners Association, Inc., a California nonprofit corporation, whose shareholders are the owners of condominium units in Palm Manor.

1.02. Board: The term "board" shall mean the Board of Directors of the association.

1.03. By-Laws: The term "By-Laws" shall mean the By-Laws of the association.

1.04. Condominium: The term "condominium" refers to the unit, together with the undivided interest in the common area conveyed in fee to an owner, and any easements appurtenant thereto, as defined in Section 783 of the California Civil Code.

1.05. Common Area: The term "common area" refers to all of the project described on the plan which is not included within any unit. Common area shall include, but shall not be limited to, all staircases and wells, hallways, elevators, central heating, roofs, foundations, pipes, ducts, flues, chutes, conduits, wires and such other utility installations to the outlets, floors, bearing walls, columns and girders, to the unfinished surfaces thereof, all regardless of location, parking and garage areas, storage, service areas and equipment areas, driveways, open spaces, planted and landscaped areas, patios, balconies and all other improvements which may be placed upon or located in the common area.

1.06. Declaration: The term "declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions.

1.07. Map: The term "map" refers to that certain subdivision map entitled "Tract 3944", filed in Book 104 of Maps, at Pages 67 and 68, Alameda County Records.

1.08. Parking Stall: The term "parking stall" refers to those areas designated on the plan as P-1 through P-24, some or all of which are to be granted as exclusive easements to unit owners for purposes of parking passenger motor vehicles.

1.09. Plan: The term "plan" refers to those certain portions of the map entitled "Tract 3944, a Condominium Project, Oakland, County of Alameda, California", prepared in accordance with Section 1351 of the California Civil Code, filed in the Alameda County Records in Book 104, at Pages 67 and 68.

1.10. Project: The term "project" shall mean the entire parcel of real property described on the map which is divided or to be divided into condominiums, including all structures thereon as shown on the plan.

1.11. Rules: The term "rules" shall mean the rules adopted by the association.

1.12. Unit: The term "unit" shall mean the elements of a condominium not owned in common with the owners of other condominiums in the project. Each unit is an individual residence which is shown, defined and delineated on the plan as a numbered parcel preceded by the words "Unit No.".

The boundaries of each unit shall be the following: the interior unfinished surfaces (exclusive of paint, paper, wax, tile, enamel or other finishes) of the floors, ceilings, interior beams and columns, perimeter walls, bearing walls, doors, doorframes and trim, and the interior unfinished surfaces and/or exposed surfaces of the fireplaces, if any, of said unit. The unit shall include the airspace so encompassed by said boundaries, excluding all bearing walls and all walls containing any utility conduit to the unfinished surfaces of any such walls.

1.13. Unit Owner: The term "unit owner" refers to the holder or holders of record fee title to a condominium. Such term shall include the contract purchaser under an installment land contract and shall exclude those persons having an interest in a unit merely as security for performance of an obligation.

2. THE PROPERTY:

2.01. Property Subject to Declaration: All of the real property described on the map is hereby declared to be subject to these restrictions. Additional property may be annexed to the common area of the project and apportioned to each unit owner as set forth in Exhibit B hereto by vote or written assent of 75% of the members of the association.

2.02. Waiver of Partition: There shall be no judicial partition of the project or any part thereof, and except as provided in California Civil Code Section 1354, each unit owner and the successors of each owner specifically waive all rights and causes of action for a judicial partition of the tenancy in common ownership of the project and promise and covenant that no action for such judicial partition shall be instituted or prosecuted. Nothing in this paragraph shall be deemed to prevent the partition of an individual unit owned by co-tenants.

2.03. Common Area Ownership: A schedule setting forth the percentage of undivided interest in the common area which shall be conveyed with each respective unit is attached hereto as Exhibit B and made a part hereof. The owners, their successors, assigns and grantees agree that the undivided interest in the common area and the fee title to the respective units conveyed therewith, shall not be separated or separately conveyed, and each such undivided interest shall be deemed to be conveyed with its respective unit even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the unit. Each unit and each unit owner shall share the expenses of the common area proportionately as set forth in Article 4 below.

2.04. Restricted Common Area: The ownership of the common area shall be subject to the exclusive easements established in Article 6.05 for the benefit of each unit owner for use and possession of each owner's designated parking stall. An exclusive easement for the use and possession of one parking stall shall be granted for the individual use of each unit owner subject to the rules regulating the use thereof as established by the Board of Directors. Any parking stalls not assigned to individual unit owners shall remain as unrestricted common area for the use in common of all unit owners subject to the rules of the Board of Directors.

3. HOMEOWNERS ASSOCIATION: The association is a nonprofit, mutual benefit membership corporation, organized under the laws of the State of California, charged with the duties and invested with the powers prescribed by law and set forth herein, in the Articles of Incorporation and in the association By-Laws.

3.02. Membership: Each owner of a unit shall be a member of the association, provided that any person or entity who holds an interest in a unit merely as security for the performance of an obligation shall not be a member. One membership shall be allocated to each unit and membership shall be shared by all owners of the units as their interests may appear. Association membership shall be appurtenant to and may not be separate from the ownership of any unit. Upon termination of unit ownership, the membership in the association shall also terminate. Ownership of a unit shall be the sole qualification for membership in the association. Except as otherwise provided herein, the rights, duties, privileges and obligations of all members of the association shall be as provided in these restrictions, By-Laws and rules of the association.

3.03. Voting Classes: The association shall have one class of voting members. Each membership shall be entitled to cast one vote, regardless of the number of owners sharing such membership. Any person or entity owning more than one membership by reason of having acquired more than one unit shall be entitled to vote each membership.

3.04. Voting Procedures: Any vote may be cast by a member in person or by proxy. All proxies shall be in writing, dated, signed by the owners and filed with the Board of Directors before the commencement of any meeting. No proxy shall extend beyond a period of 11 months after the filing of such proxy with the board. Every proxy shall be revocable at any time and shall automatically cease upon the sale of the unit, upon the death of an owner, or upon a judicial declaration of mental incompetency of an owner. When voting for the election or removal of a director, each owner may cumulate his votes as provided in the By-Laws of the association; and such voting for the election or removal of a director shall be by secret written ballot.

3.05. Approval of Membership: Any action by the association which must have the approval of the association membership before being taken shall expressly require the vote or written consent of a majority or the specified percent of the membership.

3.06. Membership Meetings; Time; Place; Notice; Quorum Requirements: Written notice of regular and special meetings shall be sent to all members of the association by the Secretary not less than ten days in advance of the meeting, except in emergency situations where notice may be less than ten days. The presence of members or of proxies entitled to cast 50% of all the votes shall constitute a quorum. The location of all such meetings shall be within the project. The written notice of such meeting shall state the location thereof, the day and hour, and, in the case of a special meeting, the nature of the business to be undertaken.

3.06.01. The association shall have at least one annual meeting.

3.06.02. A special meeting of the members of the association shall be called by any member of the Board of Directors upon:

3.06.02.01. The vote for such a special meeting by a majority of a quorum of the Board of Directors; or

3.06.02.02. Receipt by the Board of Directors of a written request for such a special meeting signed by members representing not less than 15% of the total voting power of the association.

3.07. Board of Directors: The board shall undertake all duties and responsibilities of the association and the management and conduct of the affairs thereof, except as expressly is reserved herein to a vote of the members. The initial Board of Directors of the association, consisting of five directors, shall be comprised of the members of the Board of Directors of Palm Manor, a condominium project, immediately prior to the formation of the association as a corporation. Such board shall continue to hold office until the first annual meeting of the association held in accordance with the By-Laws of the association. At said meeting a new board of five directors shall be elected by written ballot to serve until the next regular annual meeting of the association members, or until their successors are elected. At each subsequent annual meeting, the membership shall elect a Board of Directors.

3.08. General Powers, Duties and Authority of the Association: The association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the association by virtue of this declaration and to perform any act which may be necessary for the exercise of any of the express powers of the association or for the peace, health, comfort, safety and/or general welfare of the owners and guests of the owners. The association may delegate any of its power to such committees, officers or employees thereof as a majority of the board may deem appropriate. The association, for the benefit of all condominiums and all unit owners, shall have the power, obligation and duty to enforce the provisions of this declaration, and shall obtain and pay for out of the maintenance fund all of the following:

3.08.01. Water, sewage, garbage, electrical, gas, telephone and other necessary utility service for the common area, and (to the extent not separately metered) for the units.

- 3.08.02. Gardening and landscaping services for the common area.
- 3.08.03. Maintenance, cleaning and repair of any swimming pool and swimming pool equipment.
- 3.08.04. Elevator maintenance and service charges.
- 3.08.05. Charges for maintaining and cleaning any portion of the common area.
- 3.08.06. A policy of fire and casualty insurance, with extended coverage endorsement, for the full insurable value of the units and common area, payable as provided in Article 7 hereof, or such other fire and casualty insurance as the board shall determine gives substantially equal or greater protection to the owners and their mortgagees.
- 3.08.07. A policy or policies of comprehensive public liability insurance insuring the association, the board, the owners, and any manager appointed as hereafter provided against any liability to the public or to the unit owners incident to the ownership and/or use of the project and to protect against any liability to the public or to any unit owner incident to the use of, or resulting from any accident or intentional act occurring in or about any unit or the common area. The minimum limits of such insurance shall be determined by the board. The board shall review the limits and coverage of such insurance at least every year and shall increase or adjust the same if necessary.
- 3.08.08. Any insurance acquired by the board may be taken in the name of the association, as trustee, for the use and benefit of the board, the manager and all unit owners. The board may acquire any other types of insurance or insurance in amounts in excess of the limits provided above if the board shall determine the same to be necessary in its sole discretion to fully protect itself and/or the interest of the unit owners.
- 3.08.09. Worker's compensation insurance to the extent necessary to comply with all applicable laws of the State of California, or the regulations of any governmental body or authority having jurisdiction over the project.
- 3.08.10. Legal, accounting and management services necessary or proper for the maintenance and operation of the common area or the enforcement of this declaration.
- 3.08.11. All taxes and assessments, if any, levied or assessed separately against the common area.
- 3.08.12. Maintenance and repair of any unit if such maintenance or repair is necessary, in the discretion of the board to protect the common area or preserve the appearance and value of the project, and the owner or owners of said unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice from the board. The board shall levy a special assessment against such condominium for the cost of said maintenance or repair; provided, however, that the board shall first conduct a hearing after ten days written notice to the owner, at which hearing the board shall afford the owner involved an opportunity to be heard.

3.08.13. Any other goods, materials, supplies, labor, services, painting, maintenance, repairs, structural alterations, insurance, taxes or assessments which the board is authorized to secure or pay for pursuant to the terms of this declaration, or which is necessary for the operation of the common area.

3.08.14. All costs of enforcing the provisions of this declaration, including attorneys' fees and court costs, provided that all costs incurred in the enforcement of the provisions of this declaration against any condominium owner shall be assessed specially against such condominium unit.

3.09. Sale of Property of Association: The board shall be prohibited from selling, during any fiscal year of the association, any property of the association having an aggregate fair market value greater than 5% of the budgeted gross expenses of the association for that fiscal year, except on the vote or written assent of a majority of the voting power of the association residing in the members.

3.10. Compensation of Board Members and Officers: The board shall be prohibited from paying compensation to members of the board or to officers of the association for services performed in the conduct of the association's business, except on the vote or written assent of the majority of the voting power of the association; provided, however, that the board may cause a member of the board or officer to be reimbursed for expenses incurred in carrying on the business of the association.

3.11. Capital Improvements: The association may purchase or construct capital improvements in the common area and assess the owners for the costs thereof, provided that if the costs of such capital improvement, including furniture and fixtures, shall be in excess of 5% of the budgeted gross expenses for the current fiscal year, the authorization for such purchase must be by the affirmative vote of at least two-thirds of the membership.

3.12. Power of Attorney: Whenever partition may be had pursuant to Civil Code Section 1354(b) or this declaration, each unit owner, his successors and assigns does hereby grant to the association an irrevocable power of attorney to sell the entire project covered hereby for the benefit of all of the unit owners thereof, said power of sale to be exercised pursuant to Civil Code Section 1355(b)(9).

3.13. Maintenance of Common Area: The association shall have full authority to act on behalf of all of the unit owners, and shall keep and maintain the common area in good condition and repair; shall provide for lighting, landscaping, gardening and janitorial services as needed, and shall cause any other acts to be done which may be necessary, including painting of the exterior of the building and such other portion of the common area as the board determines to be necessary. No contract executed by the board for materials and/or services for the common area shall exceed one year in duration.

3.14. Authority for Entry for Maintenance or Construction: The association or its agents may enter any unit whenever such entry is reasonably necessary in connection with the performance of any maintenance or construction for which the board is responsible. Such entry shall be made with as little inconvenience to a unit owner as practicable, and only upon reasonable advance written notice of at least 24 hours, except in emergency situations.

3.15. Annual Operating Statement and Balance Sheet: The board shall prepare an annual operating statement reflecting income and expenditures of the board from the maintenance fund and a balance sheet reflecting the financial condition of the association as of the last day of the immediately preceding fiscal year and the allocation thereof to each unit. A copy of such report shall be distributed to each unit owner within 90 days after the end of each fiscal year. The board shall also prepare pro forma operating statement (budget) and balance sheet and shall distribute same to unit owners at least 60 days prior to the beginning of each fiscal year.

3.16. Additional Insurance by Unit Owners: No provision contained herein shall prevent any unit owner from obtaining such additional insurance coverage as such owner may consider necessary.

3.17. Manager: The board may employ a manager and delegate the daily management duties to said manager who shall be subject to the direction of the board; provided, however, that the board shall be prohibited from executing a management contract between the association and a manager for a term longer than one year, except on the vote or written assent of a majority of the voting power of the association residing in the members, unless the terms of such management contract have been approved by the Federal Housing Administration or Veteran's Administration.

3.18. Project Rules:

3.18.01. The board may, from time to time, and subject to the provisions of the declaration, propose such rules as the board may deem necessary for the project, which rules shall become effective and binding on all unit owners after adoption by 51% of the membership at a meeting duly called for that purpose, or by the written consent of the above number of unit owners appended to a copy of the proposed house rules. Such rules may concern, but need not be limited to the following subjects:

3.18.01.01. Use of the common area;

3.18.01.02. Signs;

3.18.01.03. Collection and disposal of refuse;

3.18.01.04. Use of the swimming pool or other recreational facility;

3.18.01.05. Minimum standards of maintenance of the property; and

3.18.01.06. Any other subject or matter within the jurisdiction of the association as provided in this declaration.

3.18.02. With respect to subparagraph 3.18.01, the rules may include with respect to the common area, but not any public streets adjacent thereto:

3.18.02.01. Parking restrictions and limitations on the common area;

3.18.02.02. Limitations upon vehicular travel; and

3.18.02.03. The types of vehicles which may be permitted to use the common area.

3.18.03. A copy of the rules so adopted shall be furnished to each unit owner. Each unit owner, his family, guests, invitees, licensees or tenants shall comply with such house rules.

3.19. Enforcement: The board shall have the power and duty to enforce the provisions of this declaration, the By-Laws and the rules. In the event of a breach of any of the restrictions contained in this declaration or of any rules by a unit owner, his family, guests, employees, invitees, licensees or tenants, the board, on behalf of all other unit owners, may enforce the obligations of each owner to obey such rules or restrictions in any manner provided by law or in equity, including, but not limited to, appropriate legal action, suspension of the owner's right to use the common facilities of the project or suspension of the owner's voting rights; provided, however, such suspension may not be for a period in excess of 30 days after notice and hearing as herein provided, for an infraction of such rules. In addition to the other remedies herein set forth, the board, by majority vote, may levy a fine against such owner, after appropriate notice and hearing as herein provided, in an amount not to exceed \$100 for each such violation and the payment of such fine may be enforced in the same manner as set forth in Article 4 hereof. Prior to making a decision to impose any penalty provided herein for breach of any rules enacted hereunder or restrictions contained in this declaration, the board shall send written notice to the unit owner specifying the nature of the infraction and providing an opportunity to the unit owner to a hearing before the board regarding such infraction and the penalty to be imposed. Notwithstanding anything to the contrary herein contained, neither the board nor the association shall have the power to cause a forfeiture or abridgement of an owner's right to the full use and enjoyment of his individually owned unit on account of such owner's failure to comply with the provisions of these restrictions or of the By-Laws or any rules adopted by the board. In the event legal action is instituted by the board pursuant to this paragraph, any judgment rendered in any such action shall include costs of collection, court costs and reasonable attorneys' fees.

4. MAINTENANCE ASSESSMENTS AND ASSOCIATION FUNDS:

4.01. Covenants for Maintenance Assessments: Each owner hereby covenants and agrees to pay to the association the assessments levied pursuant to this Article 4 and thereby vest in the association the right, power and authority to bring all actions for the collection of such charges and for the enforcement of the lien created hereby. Such right and power shall continue in the association and such obligations shall run with the land, so that each successive owner or owners of record of a condominium in the project shall become liable to pay all such assessments which shall become a lien thereon during the time they are the record owner of any condominium in the project. Each assessment levied by the association under this Article 4 shall constitute a separate assessment. Each assessment, together with interest thereon, costs of collection and reasonable attorneys' fees, shall be a charge on the condominium unit and shall be a continuing lien upon the condominium unit against which each such assessment is made. The association, as the agent of all unit owners, shall have a separate lien, and a separate lien with power of sale is hereby created upon each condominium against which an

assessment is made to secure the payment of any assessments under this Article 4. Each such lien for any particular month's charge shall likewise secure interest thereon if the same is not paid when due, and costs of suit and reasonable attorneys' fees to be fixed by the court if action or suit is brought to collect such charge. The priority of all such liens shall be in inverse order so that upon the foreclosure of the lien for a particular month's charge, any foreclosure sale pursuant thereto will be made subject to all liens securing the respective monthly charges on such condominium unit for succeeding months. Each such assessment, together with such interest, attorneys' fees and costs of collection, shall also be a separate, distinct and personal obligation of the unit owner of the condominium at the time when the assessment fell due and shall bind his heirs, devisees, personal representatives and assigns. The personal obligation for delinquent assessment shall not pass to an owner's successor in title unless expressly assumed by such successor, but the lien for such delinquent assessment shall remain and if unpaid by such successive unit owner, it may be foreclosed as herein provided. No such assumption of personal liability by a successor unit owner shall relieve any unit owner personally obligated hereby for delinquent assessment for such owner's personal liability therefor. A contract seller of any condominium unit shall continue to be liable for all such charges until a conveyance by him of the condominium subject to the assessment is recorded.

4.02. Monthly Assessments:

4.02.01. Regular Assessments: The board shall establish regular monthly assessments for operation and maintenance of the project by the procedures established in this paragraph. The assessments shall be due and payable in monthly installments on the first day of each month during the continuance of this declaration.

4.02.02 Budgeting: Not less than 60 days prior to the beginning of each fiscal year, the board shall estimate the total charges to be paid out of the maintenance fund during such year (including a reasonable reserve for contingencies and replacement for the remainder of the fiscal year and less any expected surplus from the prior year), and distribute a copy of a pro forma operating statement (budget) to each member. Provided, however, the board may not, without the prior vote or written consent of a majority of the membership of the association, impose a regular annual assessment per condominium unit which is more than 5% greater than the regular assessment per condominium unit for the immediately preceding fiscal year. The association shall assess equally the total charges to each unit owner, save and except for the following five budget items:

Gas
Building, fire and liability insurance as set
forth in paragraphs 3.08.06 and 3.08.07 herein
Paint reserve
Roof Reserve
Boiler reserve

The cost of the above listed items shall be assessed to each unit owner in proportion to such unit owner's respective interests as set forth in Exhibit C hereto.

4.02.03. Additional Assessments: In the event the association is required to make any expenditure which was not foreseen, or if the board's original estimate of the annual assessment is inadequate the board may levy an additional assessment, which additional assessment shall be charged to all unit owners, in the same manner as regular assessments. Provided, however, the board shall not in any fiscal year of the association, levy additional assessments to defray the costs of any action or undertaking on behalf of the association which in the aggregate exceed 5% of the budgeted gross expenses of the association of that fiscal year unless the prior vote or written consent of a majority of the membership of the association is first obtained.

4.03. Special Assessments: In addition to the regular assessments authorized by subparagraph 4.02, the association may levy a special assessment in the same proportions as set forth in Exhibit C, which shall be applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described improvement upon the common area; provided that any such assessment shall have the assent of two-thirds of the membership of the association, voting in person or by proxy, at a meeting duly called for this purpose. Written notice of such meeting shall be given to all members at least 30 days in advance and shall set forth the date, place, time and purpose of the meeting.

4.04. Nonwaiver of Assessments: The omission by the board, before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this declaration, or a release of any unit owner from the obligations to pay the assessments, but the assessment fixed for the preceding year shall continue until a new assessment is fixed. No unit owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the common area or abandonment of the condominium.

4.05. Enforcement: Each unit owner, on becoming such owner, is and shall be deemed to covenant and agree to pay to the association each of the assessments provided for in this declaration, and shall be deemed to covenant and agree to the enforcement of all such assessments, in the manner herein specified. In the event an attorney or attorneys are employed for collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this declaration, each unit owner agrees to pay reasonable attorneys' fees and costs thereby incurred, in addition to any other amounts due or any other relief or remedy obtained against said unit owner. Any assessment not paid when due shall be deemed to be delinquent. Any assessment not paid within 30 days after the date on which it becomes due shall thereafter bear interest from the date of delinquency at the rate of 10% per annum. The association may enforce the obligation of the owners to pay the assessments provided for in this declaration by either, but not both, of the procedures set forth in paragraphs 4.05.01 or 4.05.02 below:

4.05.01. Enforcement by Suit: By commencement and maintenance of a suit at law against any unit owner or owners personally obligated to pay assessments for such delinquent assessments, such suit to be maintained in the name of the association.

4.05.02. Enforcement by Lien: There is a present lien, with power of sale, on each condominium unit to secure payment to the association of any assessment levied against such condominium unit pursuant to this declaration, together with interest thereon as herein provided and all costs of collection which may be paid or incurred by the association in connection therewith, including reasonable attorneys' fees. No action shall be brought to foreclose the lien securing an unpaid assessment until notice of assessment due, signed by the board, has been delivered to the unit owner of the condominium unit subject to such assessment, and a copy of such notice recorded in the office of the Recorder of Alameda County. Said notice shall state the amount of the assessment, together with the interest, costs and reasonable attorneys' fees, a description of the condominium unit against which the same has been assessed and the name of the record unit owner thereof. After the expiration of 30 days from the date such notice of assessment due has been recorded, an action may be commenced in the name of the association to foreclose the lien. Upon the declaration of an assessment and the recording of notice thereof, the association may, at its option, declare the entire balance of all sums then due or to become due from the unit owner due and payable, which total sum may then be included in any suit brought to collect said sum, including all costs, charges and attorneys' fees. Notwithstanding anything contained in this declaration to the contrary, no action may be brought to foreclose the lien created hereunder, whether judicially, by power of sale, or otherwise, until the expiration of ten days after a copy of said notice of assessment due, showing the date of recordation thereof has been mailed to the unit owner of the condominium unit which is described in such notice.

4.06. Power of Foreclosure and Sale: Each of the unit owners does hereby grant and appoint the association as trustee to enforce any lien created pursuant to this declaration and to foreclose such lien by private power of sale as provided in Title XIV, Chapter 2, Article I of the Civil Code of the State of California and Civil Code Section 1356, as such statutes may be revised, from time to time, or by judicial foreclosure and does further grant the association, as such trustee, the power and authority to sell the condominium unit of any such defaulting unit owner to satisfy said lien.

The lien provided for herein shall be in favor of the association and shall be for the benefit of all unit owners and shall secure payment of all sums set forth in the notice of assessment, together with all sums becoming due and payable in accordance with this declaration after the date of recordation of said notice of assessment. The association shall have the power to bid in at any foreclosure sale and to purchase, hold, lease, mortgage and convey any condominium. In the event such foreclosure is by action in court, reasonable attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law.

4.07. Certificate of Discharge of Lien: Upon payment of the delinquent assessment or the satisfaction thereof, the association shall cause to be recorded in the same manner as the notice of assessment a further certificate stating the satisfaction and release of the lien thereof.

4.08. Subordination of Lien to Encumbrance: Notwithstanding any provision to the contrary herein contained, the lien for assessments created by this declaration shall be subject and subordinate to and shall not affect the rights of the holder of any recorded first deed of trust upon such condominium unit made in good faith and for value. In the event any lien imposed under the provisions hereof is destroyed by reason of the foreclosure of any mortgage or deed on the condominium unit subject to such lien, there shall be a lien on the interest or the purchaser at such foreclosure sale to secure all assessments charged to such condominium after the date of such foreclosure sale, which lien shall have the same effect and be enforced in the same manner as provided herein.

4.09. Association Funds: The assessment collected by the association shall be property deposited into two separate bank accounts designated as the "Current Maintenance and Operation Account" and the "Deferred Capital Maintenance and Replacement Account". The assessments collected by the association shall be held in trust by the association for and on behalf of each unit owner and shall be used solely for the operation, care and maintenance of the project as provided in this declaration. The board shall allocate a portion of said funds as collected for the annual maintenance and operation of the project as specified in the annual budget and the board shall allocate a portion of said funds as collected as reserve of the capital improvements of the project as specified in the annual budget. Upon sale or transfer of any unit by any owner, the owner's interest in the trust funds shall be deemed automatically transferred to the successor or transferee of such owner.

4.10. Books of Account: The board shall maintain complete membership register, books of account of the operation of the project, vouchers, supporting expenditures and minutes of meetings of the board, its committees and of the membership, and the same shall be open and available during reasonable business hours for inspection and copying by any unit owner or his duly authorized representative for a purpose reasonably related to his interest as a unit owner; and the same shall be maintained at the office of the association or at such other location within the subdivision as the board shall prescribe. Said books and records shall accurately detail the receipts and expenditures affecting the common area.

5. USES, RESTRICTIONS AND COVENANTS:

5.01. Proper Use of Premises:

5.01.01. Single Family Residence: Each unit shall be used as residence and for no other purpose. A unit owner shall be entitled to rent said unit to a single family. If the unit owner is the sole occupant of a unit, he may allow one individual to share or lease said unit as a residence.

5.01.02. Restrictions on Children: No person under 18 years of age shall be a resident of the project; provided, however, that persons under that age may be guests for a period not to exceed 60 days in any calendar year.

5.01.03. Garage Area: The garage area shall be used only for the parking of passenger motor vehicles by the unit owner or tenants of unit owners, and appropriate storage authorized by the association. No other person may park in a parking space assigned to a unit owner.

5.01.04. Rental of Units: Any rental or lease of a unit shall be subject to this declaration and the rules and regulations established by the board. The unit owner shall be responsible for tenant's or lessee's compliance with all provisions of this declaration and the rules pertinent to the occupancy and use of the unit and the use of the common area.

5.01.05. Use of Common Areas: There shall be no use of the common area, except by the owners thereof, their invitees, guests or tenants. Nothing shall be stored, kept or parked in the common area without the prior consent of the association. Nothing shall be done or kept in the common area which will increase the rate of insurance on any of the community facilities without the prior written consent of the board.

5.01.06. Use of Units: No unit owner may permit or suffer anything to be done or kept upon, in or about his unit which will interfere with the rights of other unit owners or annoy other unit owners by unreasonable noise, smell or otherwise, or which will be offensive to other unit owners. Each unit owner shall comply with all of the requirements of all governmental authorities and all laws, rules and regulations applicable to his unit.

5.01.07. Care of Storage Area: Each unit owner shall keep the interior of any storage area to which he has been granted the right to use clean and free of debris.

5.01.08. Common Area Improvements: No person other than the board and its duly authorized agent shall construct or alter the common area.

5.01.09. Unauthorized Vehicles: No dilapidated automobile, boat, trailer, recreation vehicle, camper, truck or other such vehicular machine shall be parked or left in any part of the project. There shall be no repair or reconstruction of automobiles within the project, except for emergency repairs. The association may remove any unauthorized vehicle at the expense of the owner therein.

5.01.10. Signs: No sign of any kind shall be displayed to the public view on or from any unit or the common area; provided, however, (1) that one sign of not more than one square foot may be placed at a central location previously designated by the association advertising a unit for sale or rent; (2) the association may maintain and display such signs identifying the project as the board may deem appropriate. Such signs shall be compatible with the design of the project and shall comply with any applicable city ordinances.

5.01.11. Animals: No animals of any kind shall be kept in any unit or in the common area, except that one dog, cat or other customary household pet may be kept; provided that it is not kept for any commercial purposes, and provided further, that the project rules may limit or restrict the keeping of any such pets. The board shall specifically have the right to prohibit the maintenance of any pet, which, in the opinion of the board, after notice and hearing constitutes a nuisance.

5.01.12. Structural Integrity: Nothing shall be done in any unit or the common area which will impair the structural integrity of the project. Radio, C.B. or television aerials may not be erected by the owner of any unit, without the prior written consent of the association. ?

5.01.13. Restriction on Businesses: No business of any kind whatsoever shall be established, operated or conducted on the project.

5.02. Maintenance by Unit Owner: The association shall have the exclusive right to contract for all goods and services, payment for which is to be made from the maintenance fund. Each unit owner shall have the exclusive right, at his expense, to maintain, repair, paint, paper, panel, plaster, tile and finish the interior surfaces of the ceilings, floors and the perimeter walls of his unit and surfaces of the bearing walls located within the said unit. Said owners and their agents have the exclusive right to maintain, repair, paint, finish, alter, substitute, add or remove any fixtures attached to said ceilings, floors or walls. This paragraph shall not be construed as permitting any interference with or damage to the structural integrity of the building. The unit owner shall be responsible and liable for the maintenance and replacement of the finishes of the interior walls, floors, ceilings when the unit boundaries are to, but not including, the unfinished surfaces of said walls, floors and ceilings. The unit owner shall not be responsible and liable for maintenance of any such finishes if the unit boundary is defined as being to, but not including, the finished surfaces of any wall, ceiling or floor; said finishes shall then be a part of the common area and shall be replaced and/or maintained as common area as herein provided.

5.03. Alterations or Additions: A proposal for any structural alteration or addition to the community facilities or the common area may be made at any regular or special meeting of the association, provided that said proposal shall be accepted only upon the affirmative vote of at least two-thirds of the voting members. Unless otherwise agreed at the meeting of such members, the cost of the alteration or addition so approved shall be paid from the maintenance fund, and the association shall levy a special assessment to cover said cost, which shall be shared among the unit owners in proportion to their respective interests shown in Exhibit C hereto. The board shall review such proposals to determine whether such proposals would be compatible with the design and standards of the project and that such proposed improvements would not interfere with or disturb any other owner's use or enjoyment of his unit. The board may appoint an architectural design review committee, in accordance with the provisions of this declaration from owners in the project and delegate to said committee the review function herein provided.

5.04. Architectural Design Review Committee:

5.04.01. Duties: The architectural design review committee (hereafter design committee) shall consider and act upon all proposals and plans for construction work to be performed on the property as provided in this declaration, pursuant to the provisions of this declaration, the rules and criteria as shall be adopted from time to time by the design committee, and good architectural and construction practices.

5.04.02. Organization: The design committee shall consist of three members. The design committee initially shall designate at least three alternate members who are to act in the absence of the regular members. The initial regular and alternate members shall serve for a term of one year, or if sooner, until they resign, voluntarily or involuntarily, by death or incompetency, or are removed. The board shall have the right and power to designate and remove all of the members of the design committee. Any member designated by the board must be at all times a member of the association.

5.04.03. Operation of the Design Committee: The design committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote at a meeting or written consent of any two members without a meeting shall constitute an act by the design committee unless the unanimous decision of its members is otherwise required pursuant to such rules and regulations as shall be adopted from time to time by the design committee. The design committee shall keep and maintain a record of all action from time to time taken by the design committee at such meetings or otherwise, and shall keep and maintain files of all documents submitted to it, along with files and records of all of its activities. Unless authorized by the association in accordance with this declaration, the members of the design committee shall not receive any compensation for services rendered. All members shall be entitled to reimbursement by the association for reasonable expenses incurred by them in connection with the performance of any design committee function.

5.04.04. Design Committee Rules: The design committee shall, from time to time and at its sole discretion, adopt, amend and repeal by unanimous vote, rules and regulations, to be known as "design committee rules", interpreting or implementing the provisions of these restrictions, and setting forth fees to be charged and procedures and design and construction criteria to be followed in submitting proposals to the committee. A copy of the design committee rules, as they may from time to time be adopted, amended or repealed, certified by any member of the design committee, shall be maintained at the office of the association and shall be available for inspection and copying by any member at any reasonable time during business hours of the association.

5.04.05. Nonwaiver: The approval by the design committee of any proposal, plan or specification for any work done or proposed, or in connection with any other matter requiring the approval of the design committee under this declaration shall not be deemed to constitute a waiver of any right to withhold approval as to any similar proposal, plan, specification or matter whenever subsequently or additionally submitted for approval.

5.04.06. Estoppel Certificate: Within 30 days after written demand therefor as delivered to the design committee by any owner or association and upon payment therewith to the association of a reasonable fee from time to time to be fixed by the association, the design committee shall designate and deliver in recordable form, if requested, an estoppel certificate executed by any two of its members, certifying with respect to any lot of said owner, that as of the date thereof either (a) all improvements and other work made or done upon or within said lot by the owner, or otherwise, comply with this declaration; or (b) such improvements and/or work do not so comply, in which event the certificate shall also (1) identify the noncomplying improvements and/or work, and (2) set forth with particularity the cause or causes for such noncompliance. Any purchaser from the owner, or mortgagee or other encumbrancer shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as between the association and all owners, and such purchaser, mortgagee or other encumbrancer.

5.04.07. Liability: Neither the design committee nor any member thereof shall be liable to the association or to any owner for any damage, loss or prejudice suffered or claimed on account of (a) the approval of any proposal, plan or specification, whether or not defective; (b) the construction or performance of any work, whether or

not pursuant to approved proposals, plans or specification; (c) the development, or manner of development of any improvements on the property; or (d) the execution and filing of an estoppel certificate pursuant to 5.04.06, whether or not the facts therein are correct; provided, however, that such member has, with the actual knowledge possessed by him, acted in good faith. Without in any way limiting the generality of the foregoing, the design committee or any member thereof may, but is not required to, consult with or meet with the board or any owner with respect to any proposals, plans or specifications submitted to the design committee.

5.05. Use of Common Facilities: The unit owners and their invitees, tenants and guests may enjoy in common with all other unit owners in the project use of all facilities in the common area so long as they abide by the terms of this declaration and any rules and regulations which may be adopted by the association.

6. EASEMENT: There are hereby specifically reserved for the benefit of the unit owners, in common and for each unit owner severally, and the association as their respective interests shall obtain the easements, reciprocal negative easements, secondary easements, and rights of way as particularly identified in this Article.

6.01. There is reserved for the benefit of each unit, as dominant tenement, an easement for utility services over, under and through the project, including the common area and each other unit, jointly, as the servient tenement.

6.02. There is reserved for the benefit of each unit, as dominant tenement, an easement for encroachment, support, occupancy and use of such portion of the project and each other unit and the common area jointly as the servient tenement, as shall be encroached upon, used and occupied by the dominant tenement as a result of any accretion, erosion, addition, subsidence, deterioration, decay, construction error, movement or subsidence of any residence building or structure or any portion thereof or any other cause. The easement of encroachment may be cured by repair and restoration of the structure.

6.03. There is hereby reserved to the association an easement appurtenant to the common area and all other units, as dominant tenements, through each unit, as servient tenement, for the maintenance and repair of the common area.

6.04. There is hereby reserved to each unit, as dominant tenement, a nonexclusive easement appurtenant to each unit over and across the common area, as servient tenement for ingress and egress, and use and enjoyment of said common area subject to the limitations provided in this declaration.

6.05. Each unit and unit owner shall have an exclusive easement, and such exclusive easement is hereby granted, for the use, possession and enjoyment of the storage area and the parking stall bearing the number to be designated. Said exclusive easement shall be subject, however, to the right of the association to enter in and upon said parking stall or storage area for the purpose of maintaining and repairing the same and any other portion of the common area.

7. DAMAGE OR DESTRUCTION OF BUILDING: CONDEMNATION:

7.01. Damage to Single Unit: If the project is damaged by fire or other casualty which is insured against and said damage is limited to a single unit, the insurance proceeds shall be paid to the owner of such unit, or the mortgagees thereof as their respective interests appear, and such owner or mortgagees shall use the same to rebuild or repair such unit. In the event the insurance proceeds are insufficient to complete such work, the unit owner shall pay and advance such additional sums as may be necessary to complete such rebuilding and repair.

7.02. Damage to Two or More Units or Common Area: If such damage exceeds to two or more units or extends to any part of the common area, then and in that event:

7.02.01. If the amount of available insurance proceeds is at least 85% of the cost of repairing or rebuilding the damaged property to its original design and specifications, the insurance proceeds shall be paid to the association, and the board shall thereupon contract to repair or rebuild the damaged portions of the project, including all units and the common area so damaged. In the event the insurance proceeds are insufficient to pay all of the costs of repairing and/or rebuilding, the board shall levy a special assessment against all unit owners according to the schedule set forth in Exhibit C to make up any deficiency; provided, however, that if the aggregate amount of any such special assessment exceeds 5% of the annual budgeted gross expenses of the association, no such special assessment shall be levied by the board without the vote or written assent of a majority of the voting power of the association.

7.02.02. In the event that the amount available from such insurance proceeds is less than 85% of the cost of repairing or rebuilding, then such insurance proceeds shall be paid to a bank or savings and loan association designated by the board. Said funds shall be held for the benefit of all unit owners and their mortgagees, as their respective interests shall appear, pursuant to an agreement consistent with the provisions of this declaration, approved and executed by the board. The board shall obtain bids from responsible contractors to restore the project, including all damaged units and all damaged common area to its condition immediately prior to such damage or destruction and shall, as soon as possible, call a special meeting of the association members and all first mortgagees of record to consider such bids. At such special meeting, the members shall accept or reject such bids by a vote of not less than 60% of voting members. In the event a bid is accepted, the board shall levy a special assessment against all unit owners according to the schedule set forth in Exhibit C to make up the deficiency, if any, between the total insurance proceeds and the contract price for such repair or rebuilding. All insurance proceeds, including any subject to liens of mortgagees or beneficiaries of deeds of trust, shall be used for such rebuilding or repair. If any bid shall be accepted to repair or rebuild, the contractor shall provide a completion bond naming the association and each unit owner as beneficiaries. In the event all bids are rejected, the board shall recommence such alternative reconstruction of the damaged or destroyed improvements at a lesser cost as it deems reasonable or adequate, which alternatives shall be placed to bid and voted upon as previously provided. In the event that no such alternatives are accepted by the owners and first mortgagees, then the board is hereby empowered to, as the agent for all owners, sell the entire project, including all units, and the common area in its then present condition, on terms satisfactory to the board. The net proceeds of such sale, together with the insurance proceeds, shall thereupon be distributed to the unit owners (and/or to the mortgagee or beneficiary of any deed of trust upon any condominium as their respective interest may appear) according to the schedule set forth in Exhibit C.

7.03. Condemnation of Common Area: If at any time all or any portion of any common area be taken for any public use by right of eminent domain, the entire award in condemnation shall be paid to the holder of the fee title to such area as their interests may appear. Any such award to the association shall be deposited into the operating fund of the association. No owner shall be entitled to any portion of such award, and no owner shall be entitled to participate as a party in any proceedings relating to such condemnation, such right of participation being herein reverted exclusively to the association.

8. RIGHTS OF MORTGAGEES AND TRUST DEED BENEFICIARIES: The trust deed beneficiaries of first deeds of trust or mortgagees of units in the subject property, herein called beneficiaries, shall be entitled to the following rights and privileges:

8.01. Notice of Default: Beneficiaries and/or their successors and assigns having so requested in writing to the association of such a notice, shall be entitled to written notification from the association of any default by the mortgagor of any unit in the performance of such mortgagor's obligations under the declaration and By-Laws which is not cured within 30 days.

8.02. Unpaid Assessments: Beneficiaries who come into possession of the unit pursuant to the remedies provided in the mortgage or deed of trust for foreclosure of the mortgage, excluding, however, any conveyance in lieu of foreclosure, shall take the property free of any claims for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such holder comes into possession of the unit, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all units, including the mortgaged unit.

8.03. Beneficiaries Approval: Unless at least 75% of the beneficiaries, based upon one vote for each mortgage owned, of condominium units, or 75% of the unit owners have given their prior written approval, the association shall not be entitled to:

8.03.01. By act or omission seek to abandon or terminate the condominium regimes;

8.03.02. Change the pro rata interest or obligations of any condominium unit for (a) purposes of levying assessments or charges or allocating distributions of hazard insurance, proceeds or condemnation awards, and for (b) determining the pro rata share of ownership of each unit in appurtenant real estate and any improvements thereon which are owned by the unit owners in the condominium project undivided pro rata interests;

8.03.03. Partition for subdivision of any condominium unit;

8.03.04. By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common area. The granting of easements of public utilities or for other public purposes consistent with the intended use of the common area by the condominium project shall not be deemed a transfer within the meaning of this clause;

8.03.05. Use hazard insurance proceeds for losses to a condominium property, whether to units or to the common area, for other than the repair, replacement or reconstruction of such improvements, except as provided by statute in case of substantial loss to the units and/or the common area of the condominium project.

8.04. Records and Meetings: Beneficiaries shall have the right to examine the books and records of the association for the condominium project. Upon request, beneficiaries shall be entitled to receive an annual audited financial statement of the association within 90 days following the end of any fiscal year and written notice of all meetings of the association, and be permitted to designate a representative to attend all such meetings.

8.05. Priority: No provision of this declaration shall give a condominium owner, or any other party, priority over any rights of the beneficiaries pursuant to their mortgages in the case of a distribution award for lessees to or a taking of condominium unit and/or the common area.

8.06. Management: Any agreement for professional management of the condominium project shall provide that the management contract may be terminated for cause on 30 days' written notice, and the term of any such contract shall not exceed one year, renewable by agreement of the parties for successive one year periods.

8.07. Notice of Damage: The association shall agree to give the beneficiaries notice in writing of any loss to, or taking of, the common area of the condominium project, if such loss or taking exceeds \$10,000.

8.08. Reserve Fund: An adequate reserve fund for replacement and maintenance of the common area must be established by the association and be funded by regular monthly assessments of the owners.

8.09. Rentals: No unit owner shall rent or lease his unit for transient or hotel purposes nor rent less than his entire unit, and in no event shall any rental be for a period of less than one year. All leases or rentals shall be written agreements, specifying that lessee shall be subject to all provisions of this declaration and the By-Laws, and that a failure to comply therewith shall be a default under such lease.

9. MISCELLANEOUS PROVISIONS:

9.01. Mechanic's Liens: In case there shall be filed a notice of mechanic's lien against the project for labor or material alleged to have been furnished to the project or any condominium unit for the unit owner, the unit owner shall forthwith cause such lien to be discharged by payment, bonding or otherwise. If the unit owner shall fail to cause such lien to be discharged by payment, bonding or otherwise, the board may send written notice to said unit owner specifying that unless said unit owner discharges said lien within five days from the date of said notice, then the board may cause said lien to be discharged by payment or bond or otherwise. Within said five day period, the unit owner shall be permitted to address a hearing of the board regarding the validity of such lien or any offsets or defenses thereto. The board shall determine whether such lien adversely affects and encumbers the ownership interests of other unit owners. Such determination by the board shall be deemed final. Should the board determine that said lien adversely affects and encumbers ownership interests of other unit owners and that no

adequate protection of said interests has been provided, the board may cause said lien to be discharged by payment, bond or otherwise. The board shall have the right to collect from the unit owner responsible for said lien all amounts so paid, together with interest thereon at the legal rate and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees.

9.02. Term of Declaration: The provisions of this declaration shall continue and be effective for a term of 50 years from the date of this declaration after which time this declaration shall be automatically extended for successive periods of ten years, until a majority vote of the unit owners shall determine that this declaration shall terminate.

9.03. Amendments: The provisions of this declaration may be amended by a vote or the written assent of the owners constituting no less than 75% of the membership of the association. Such amendments shall be effective upon recordation in the office of the Recorder of Alameda County.

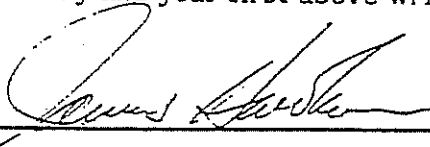
9.04. Construction of Provisions: The provisions of this declaration shall be construed to effect its purposes of creating a uniform plan for the development and operation of a condominium development pursuant to the provisions of section 1350, et seq, of the Civil Code of the State of California. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

9.05. Binding: This declaration shall be for the benefit of and be binding upon all unit owners, their respective heirs, legatees, devisees, executors, administrators, guardians, conservators, successors, purchasers, lessees, encumbrancers, donees, grantees, mortgagees, lienors and assigns.

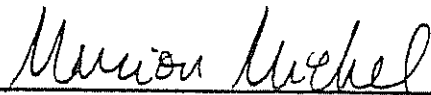
9.06. Severability of Provisions: The provisions hereof shall be deemed independent and severable, and the invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

9.07. Gender, Number and Captions: As used herein the singular shall include the plural and the masculine shall include the feminine. The titles and captions of each paragraph hereof are not a part hereof and shall not affect the construction or interpretation of any part hereof.

IN WITNESS WHEREOF, the undersigned have executed the within declaration as of the day and year first above written.



James Hawkins



Marion Michel

Kenneth Hobbs
Kenneth Hobbs

Harvey C. Levy
Harvey Levy

Walter Bickel
Walter Bickel

Jeanne Bickel
Jeanne Bickel

Andrew Yee
Andrew Yee

Calvin Lee
Calvin Lee

Helen Yee
Helen Yee

Renee Zuckerman
Renee Zuckerman

Judith Lynch
Judith Lynch

Helen Field
Helen Field

Pamela G. Olhausen
Pamela Olhausen

Kuo Frang Yang
Kuo Frang Yang

Karen Westphal
Karen Westphal

Elfie Kuehn
Elfie Kuehn

Shirley Ervin
Shirley Ervin

Bill Ervin
Bill Ervin

Robert Glowacki
Robert Glowacki

Pamela Richmond
Pamela Richmond

Ruth Oreck
Ruth Oreck

Susanne Bratter
Susanne Bratter

Eugene Oreck
Eugene Oreck

Hilde Heller

Hilde Heller

SAY HEY, INC.

By Hilde Heller

Authorized Officer

STATE OF CALIFORNIA
COUNTY OF San Mateo

80-031685

On this 5th day of February in the year one thousand nine hundred and Eighty, before me, RITA W. CHAPUT, a Notary Public, State of California, duly commissioned and sworn, personally appeared Hilde Heller

known to me to be the Authorized Officer of the corporation described in and that executed the within instrument, and also known to me to be the person _____ who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same _____

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

Rita W. Chaput
Notary Public, State of California

My commission expires July 27, 1982



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Cowdery's Form No. 28 — Acknowledgement
Corporation (C. C. Secs. 1190-1190.1)

STATE OF CALIFORNIA
COUNTY OF San Mateo

80-031685

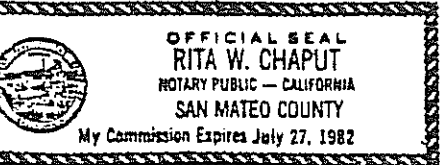
On this 5th day of February in the year one thousand nine hundred and Eighty, before me, RITA W. CHAPUT, a Notary Public, State of California, duly commissioned and sworn, personally appeared Hilde Heller

_____ known to me to be the person _____ whose name sdv subscribed to the within instrument and acknowledged to me that she executed the same.

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

Rita W. Chaput
Notary Public, State of California

My commission expires July 27, 1982

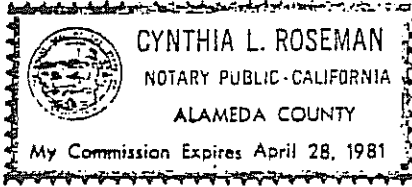


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Cowdery's Form No. 32 — Acknowledgement — General (C. C. Sec. 1190a)

STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this 21st day of January in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
James Hawkins



80-031685

_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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

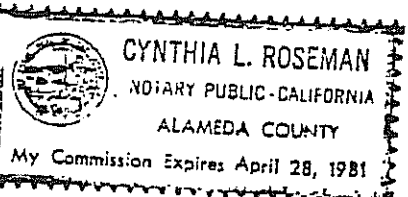
Cynthia L. Roseman
Notary Public, State of California
My commission expires April 28, 1981

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validity of any provision or the suitability of these forms in any specific transaction.

STATE OF CALIFORNIA
COUNTY OF A:A.EDA

80-031685

On this 26th day of January in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Marion Michel



_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ s. he _____ executed the same.

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

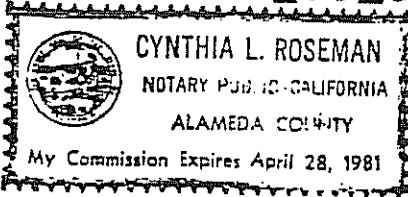
Cynthia L. Roseman
Notary Public, State of California
My commission expires April 28, 1981

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STATE OF CALIFORNIA
COUNTY OF ALAMEDA

80-031685

On this 26th day of January in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Kenneth Hobbs



_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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

Cynthia L. Roseman
Notary Public, State of California
My commission expires April 28, 1981


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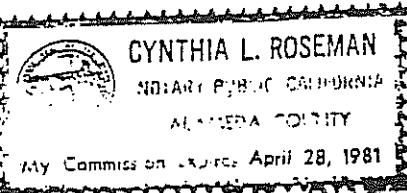
STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this 26th day of January in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Harvey Levy

_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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


Notary Public, State of California
My commission expires April 28, 1981



80-031685

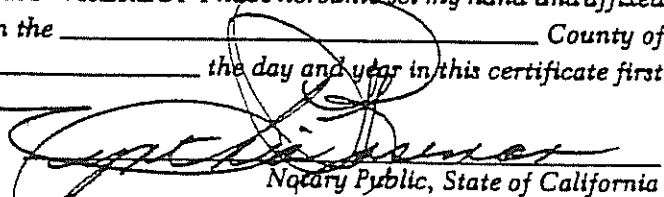
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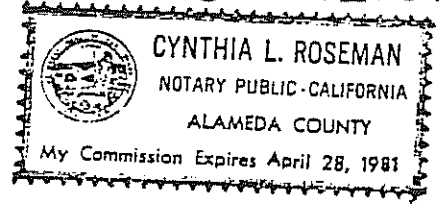
STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this first day of February in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Jeanne Bickel

_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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


Notary Public, State of California
My commission expires April 28, 1981



80-031685

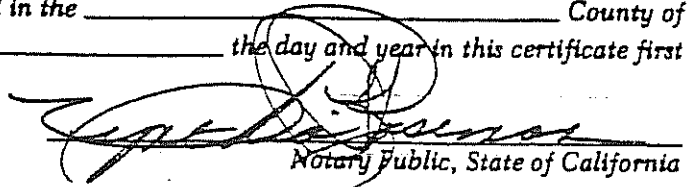
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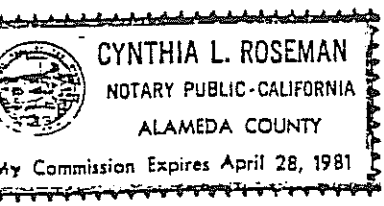
STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this first day of FEBRUARY in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Walter Bickel

_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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


Notary Public, State of California
My commission expires April 28, 1981

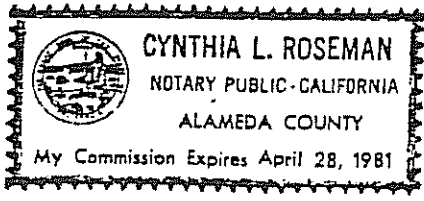


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STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this 28th day of January in the year one thousand nine hundred and eighty, before me, Cynthia L. Roseman, a Notary Public, State of California, duly commissioned and sworn, personally appeared Calvin Yee



80-031685

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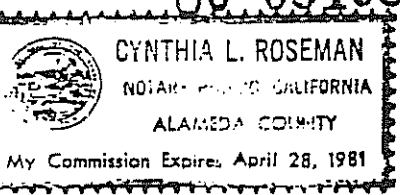
_____ known to me to be the person _____ whose name is _____ subscribed to the within instrument and acknowledged to me that _____ he _____ executed the same.

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

[Signature]
Notary Public, State of California
April 28, 1981

STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this 26th day of January in the year one thousand nine hundred and eighty, before me, Cynthia L. Roseman, a Notary Public, State of California, duly commissioned and sworn, personally appeared Andrew Yee



80-031685

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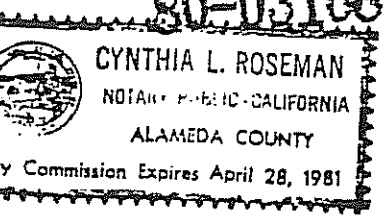
_____ known to me to be the person _____ whose name is _____ subscribed to the within instrument and acknowledged to me that _____ he _____ executed the same.

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

[Signature]
Notary Public, State of California
My commission expires April 28, 1981

STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this 26th day of January in the year one thousand nine hundred and eighty, before me, Cynthia L. Roseman, a Notary Public, State of California, duly commissioned and sworn, personally appeared Renee Zuckerman



80-031685

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_____ known to me to be the person _____ whose name is _____ subscribed to the within instrument and acknowledged to me that she _____ executed the same.

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

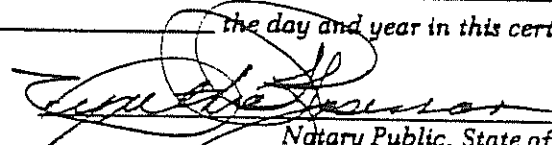
[Signature]
Notary Public, State of California
My commission expires April 28, 1981

STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this 26th day of January in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Pamela Olhausen

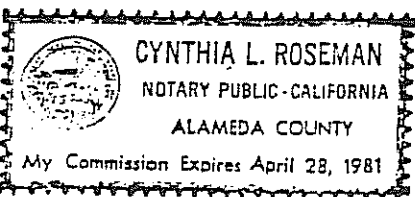
_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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



Notary Public, State of California
My commission expires April 28, 1981

80-031685



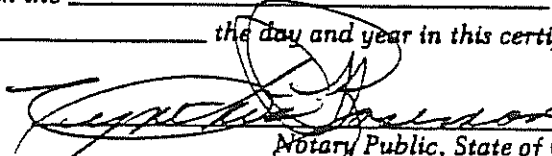
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STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this 26th day of January in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Kuo Yang

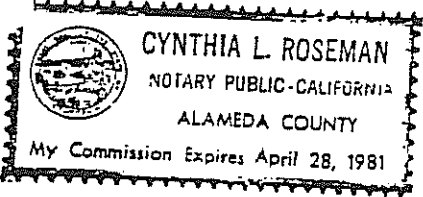
_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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



Notary Public, State of California
My commission expires April 28, 1981

80-031685



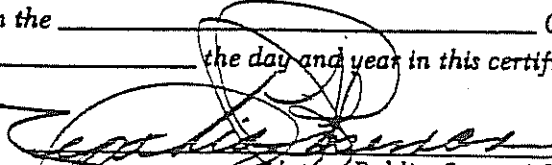
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STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this 20th day of January in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Elfie Kuehn

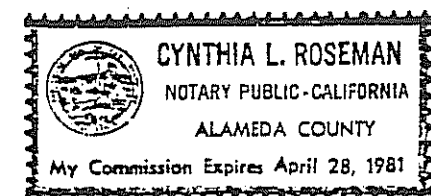
_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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



Notary Public, State of California
My commission expires April 28, 1981

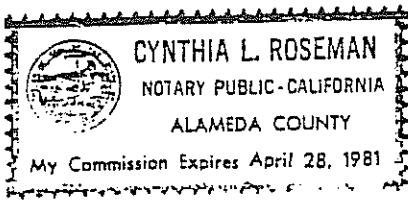
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STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this 25th day of January in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Karen Westphal



_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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

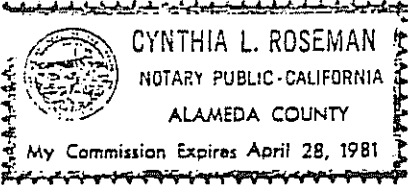
Notary Public, State of California
My commission expires April 28, 1981

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80-031685

STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this 26th day of January in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Bill Ervin



_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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

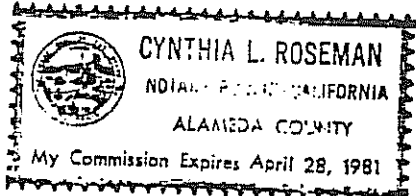
Notary Public, State of California
My commission expires April 28, 1981

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80-031685

STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this 26th day of JANUARY in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Shirley Ervin



_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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

Notary Public, State of California
My commission expires April 28, 1981

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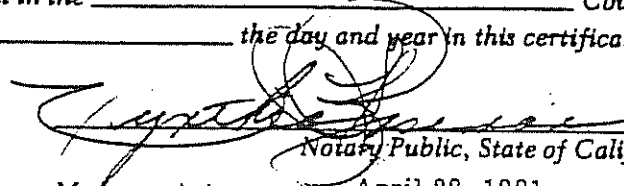
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STATE OF CALIFORNIA
COUNTY OF ALAMEDA

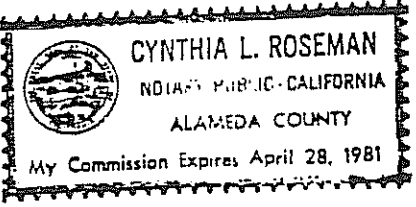
On this 26th day of January in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Pamela Richmond

_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that s he _____ executed the same.

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



Notary Public, State of California
My commission expires April 28, 1981



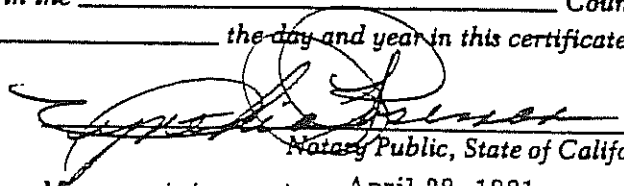
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STATE OF CALIFORNIA
COUNTY OF ALAMEDA

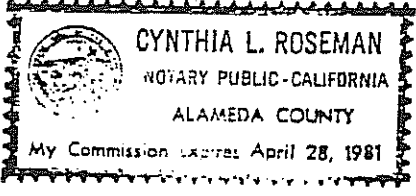
On this 26th day of January in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Robert Glowacki

_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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



Notary Public, State of California
My commission expires April 28, 1981



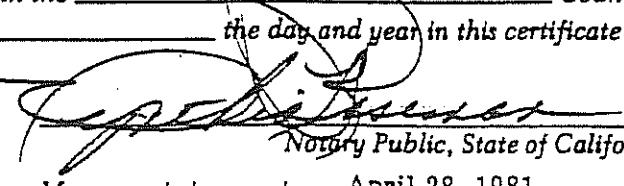
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STATE OF CALIFORNIA
COUNTY OF ALAMEDA

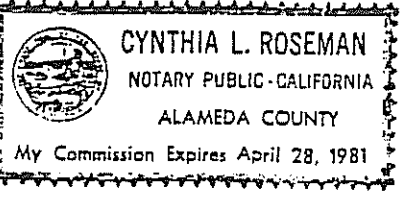
On this _____ first _____ day of February in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Susanne Bratter

_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that s he _____ executed the same.

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



Notary Public, State of California
My commission expires April 28, 1981



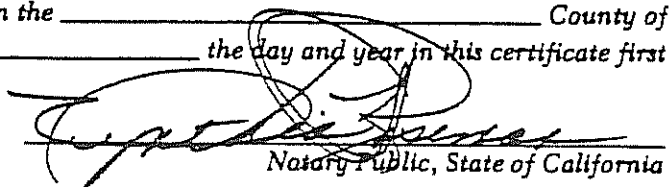
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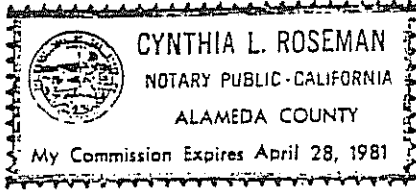
STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this first day of February in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Ruth Oreck

_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that s he _____ executed the same.

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


Notary Public, State of California
My commission expires April 28, 1981



80-031685

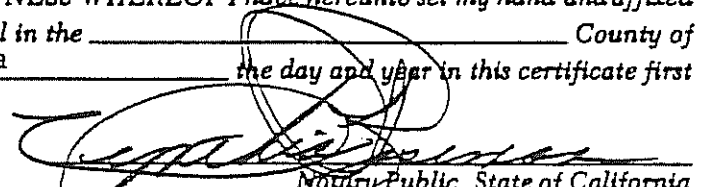
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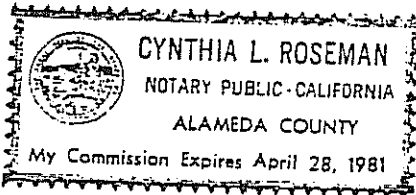
STATE OF CALIFORNIA
COUNTY OF ALAMEDA

On this first day of February in the year one
thousand nine hundred and eighty, before me,
Cynthia L. Roseman, a Notary Public, State of California,
duly commissioned and sworn, personally appeared _____
Eugene Oreck

_____ known to me to be the person _____ whose name
is _____ subscribed to the within instrument and acknowledged to me
that _____ he _____ executed the same.

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


Notary Public, State of California
My commission expires April 28, 1981



80-031685

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EXHIBIT A

PALM MANOR HOMEOWNERS' ASSOCIATION

Unit No.

101	Kenneth Hobbs
102	Marion Michel
103	Willie Mays, Sr., Willie Mays, Jr.
104	Harvey Levy
105	Mae and Willie Mays, Jr.
106	Charles Bergson
107	Jean and Walter Bickel
108	Hilde Heller
201	Renee Zuckerman
202	Andrew, Calvin and Helen Yee
203	Helen Field
204	Judith Lynch
205	Pamela Olhausen
206	Kuo Yang
207	Judy Alter, Howe Foster
208	Robert White, Marie, Hazel and Donald Baker
302	Elfie Kuehn, Karin Westphal
303	Melanie Tatum, Douglas Sykes
304	James Hawkins
305	Bill and Shirley Ervin
306	Pamela Richmond
307	Robert Glowacki
308	Susanne Bratter, Ruth and Eugene Oreck
401	Say Hey, Inc.

EXHIBIT B

SCHEDULE OF THE PERCENTAGE OF
UNDIVIDED INTEREST IN THE COMMON AREA

<u>Unit No.</u>	<u>Square Footage</u>	<u>Percentage of Interest</u>
101	605	2.9486
102	690	3.3629
103	1,040	5.0687
104	637	3.1046
105	891	4.3425
106	649	3.1631
107	649	3.1631
108	1,041	5.0736
201	605	2.9486
202	690	3.3629
203	1,040	5.0687
204	637	3.1046
205	891	4.3425
206	649	3.1631
207	649	3.1631
208	1,041	5.0736
302	1,305	6.3603
303	1,040	5.0687
304	637	3.1046
305	891	4.3425
306	649	3.1631
307	649	3.1631
308	1,041	5.0736
401	1,902	9.2699

EXHIBIT C

Schedule of the Percentage of
 Undivided Interest in the Common Area
 and for Assessment Purposes

<u>Unit No.</u>	<u>Percentage of Undivided Interest in Common Area</u>	<u>Percentage of Undivided Interest for Assessment Purposes</u>
101	2.9486	2.899
102	3.3629	2.899
103	5.0687	5.797
104	3.1046	2.899
105	4.3425	4.347
106	3.1631	2.899
107	3.1631	2.899
108	5.0736	5.797
201	2.9486	2.899
202	3.3629	2.899
203	5.0687	5.797
204	3.1046	2.899
205	4.3425	4.347
206	3.1631	2.899
207	3.1631	2.899
208	5.0736	5.797
302	6.3603	7.245
303	5.0687	5.797
304	3.1046	2.899
305	4.3425	4.347
306	3.1631	2.899
307	3.1631	2.899
308	5.0736	5.797
401	9.2699	7.245