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TENANCY IN COMMON AGREEMENT
FOR
1338 – 1340 - 1340 ½ SOUTH CLOVERDALE AVENUE

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INTRODUCTION

This Agreement is intended to govern the ownership and operation of the real property commonly known as 1338 – 1340 - 1340 ½ SOUTH CLOVERDALE AVENUE, LOS ANGELES, CALIFORNIA (the "Property") and shall bind each current and future owner of any interest in the Property. The Parties wish to allocate all costs, obligations, benefits and rights associated with ownership of the Property as provided in this Agreement. The Parties also intend that this Agreement protect the interests of each Lender and recognize that Lenders will be relying on this protection when they decide to make loans secured by the Property.

ARTICLE 1—DEFINITIONS AND EXHIBIT LIST

The following initially capitalized nouns have the meanings set forth below whenever used in the Agreement:

"**Accounts Manager**" is defined in Section 6.3.

"**Assessment**" means the proportionate costs of operating, maintaining and managing the Property assessed against each Owner. There are three types of assessments: Regular Monthly Assessments, Special Assessments and Reimbursement Assessments. The characteristics of each are described in Article 4. All such Assessments shall be collectively referred to as "Assessments."

"**Association**" means the group of Owners described in this Agreement.

"**Association Maintenance Costs**" and "**Individual Maintenance Costs**" are defined in Article 5.

"**Association Manager**" is defined in Section 6.2.

"**Assumption of Obligations**" means an Assumption of Obligations in the form attached to this Agreement as Exhibit D under which the transferee of an Ownership Interest (or an interest in an Ownership Interest), and any other Parties comprising the Group that own such Ownership Interest, agree(s) to be bound be each term and condition of this Agreement.

"**Base Percentage**" is defined in Section 4.1A.

"**Common Area**" means the entire Property except for the Units.

"**Declaration**" means the "DECLARATION OF PROPERTY TAX, NONPARTITION, AND MAINTENANCE COVENANTS FOR 1338 – 1340 - 1340 ½ SOUTH CLOVERDALE AVENUE" recorded with the County Recorder of the County of Los Angeles, California on ________________ in Book _____ at Page _______, as amended.

"**Effective Date**" means the date determined under Sections 10.2.

"**Emergency**" shall be defined as a condition within the Property that (i) immediately endangers the integrity of Property, or the safety or health of the Occupants, guests or public, or (ii) is the subject of a condemnation or enforcement action by a governmental agency.

"**Exclusive Use Common Area**" consists of those portions of Common Area reserved for the exclusive use of a particular Owner in this Agreement, and any other building component designed to serve only one Unit but located outside the interior boundaries of that Unit.

"**Governmental Regulations**" means all applicable laws, ordinances, resolutions, procedures, orders, standards, conditions, approvals, rules, regulations and the like of any governmental entity with jurisdiction over the Property.

"**Group**" means a group of Parties who together constitute one Owner and who together hold one Ownership Interest.

"**Maintain**" and "**Maintenance**" shall mean, respectively, "maintain, repair and replace" or "maintenance, repair and replacement" except where the context clearly intends just the term "maintain" or "maintenance" to apply.

"**Maintenance Reserves**" means funds collected for repair and replacement of the major components of the Property that the Association is obligated to maintain.

"**Majority Owner Approval**" means the approval of a majority of non-abstaining Owners represented in person, or by proxy, at a properly Noticed and conducted Owner Meeting.

"**Mandatory Expenses**" means those expenses specifically described as such in this Agreement.

"**Lender**" is defined in Section 8.3.

"**Notice**" means a writing prepared and transmitted in accordance with Section 10.2.

"**Occupant**" means a person who sleeps in a Unit during more than 14 calendar days within any 30-calendar day period.

"**Owner**" means an individual person that owns the entirety of an Ownership Interest by themself. When an Ownership Interest is owned by a Group, the term "Owner" refers, collectively, to the Group.

"**Owner Representative**" is defined in Section 2.3.

"**Ownership Interest**" means a discrete set of rights and duties as defined in this Agreement, including a right to vote and a right to use the Property, and the duty to pay certain expenses and adhere to certain rules.

"**Party**" means any individual or entity that is an owner of any interest in the Property during the term of this Agreement, and any current or future signatory to this Agreement.

"**Promptly**" means within three calendar days of the event triggering the requirement to act.

"**Unanimous Owner Approval**" means the approval of all non-abstaining Owners represented in person, or by proxy, at a properly Noticed and conducted Owner Meeting.

"**Unit**" consists of the area bounded by the interior unfinished surfaces of its perimeter walls, bearing walls, floors, fireplaces, ceilings, windows and doors, and includes both the portions of the building so described and the airspace so encompassed. Each Unit also includes (i) the paint on all interior surfaces located or exposed within the Unit, (ii) the entirety of all windows and skylights, including hardware and frames, except for the exterior paint on window sashes or frames, (iii) the entirety of all doors, including door hardware and door frames, except for the exterior paint on the door and door frame surfaces that are directly exposed to Common Area, (v) plumbing, heating, air conditioning and electrical outlets, fixtures and appliances located or exposed within the Unit, and (vi) water heaters, furnaces and air conditioners serving only the Unit. Units do not include any structural component of walls, ceilings, and floors.

"**Utilities**" means gas, oil, electric, water, sewer, scavenger, and other similar services to the Property.

EXHIBIT A is the chart showing the Owner names, space assignments, purchase prices and percentages.

EXHIBIT B is the drawing of the Property showing where the assigned spaces are located.

EXHIBIT C is the Annual Update form, which the Association Manager is required to complete each year to reaffirm the validity of this Agreement and identify any modifications or amendments that have been made.

EXHIBIT D is the Assumption of Obligations form, which must be completed in connection with each resale or other transfer of an Ownership Interest.

EXHIBIT E is the Refinance Certificate form, which must be completed in connection with each refinance of an Ownership Interest.

ARTICLE 2--ORGANIZATIONAL MATTERS

2.1 UNDIVIDED PERCENTAGE OWNERSHIP. The Parties acknowledge that none of them will individually own any particular portion of the Property, or obtain a deeded right to exclusive occupancy of any portion of the Property. Instead, each of them will own an undivided percentage interest in the Property, and Parties may hold any of them responsible for any or all of the obligations and liabilities associated with ownership of the Property.

2.2 ALLOCATION OF RIGHTS AND BENEFITS. The Parties allocate all costs, obligations, benefits and rights associated with ownership of the Property as provided in this Agreement. They intend that these allocations supersede any presumptions regarding such matters which might otherwise arise as a result of (i) the price paid by a Party for their interest in the Property, (ii) the manner and percentages in which title to the Property is held, (iii) the acts or omissions of the Parties in relation to the Property, or (iv) the provisions of any other document signed by the Parties. Without limiting the generality of the preceding sentences, it is expressly provided, and acknowledged by all Parties on behalf of themselves and successors in interest, that the manner and percentages in which title is held do not determine or affect the allocation of (i) usage rights to Units or to Common Area, (ii) obligations to pay any expense, (iii) proceeds from sale of the entire Property, or (iv) proceeds from any additional or replacement financing secured by the Property. Each Party recognizes and acknowledges that, as a result of Unit improvements, market fluctuations and other factors, the allocations described in this Agreement will not necessarily reflect the relationship between the value of an individual Ownership Interest and the value of the entire Property.

2.3 OWNERSHIP INTERESTS AND OWNERS.

A. The Parties allocate ownership and control of the Property into separate shares referred to as Ownership Interests. The number of Ownership Interests is shown on Exhibit A of this Agreement and is intended to be permanently fixed (meaning it can only be changed with Unanimous Owner Agreement). The transfer of a portion of an Ownership Interest, by itself, shall never have the effect of creating one or more additional Ownership Interest, or adding to the number of Owners (which shall always be equal to the number of Ownership Interests). Rather, the transfer of a portion of an Ownership Interest shall mean that the transferee becomes part of the Group that owns such Ownership Interest. No person shall be entitled to claim that they are only obligated to pay or fulfill only a percentage or other portion of the obligations associated with an entire Ownership Interest.

B. Where an Ownership Interest is owned by a single natural person, such individual shall be deemed an Owner and a Party. Where an Ownership Interest is owned by a revocable living trust, the trust shall be deemed an Owner and each of the trustees shall be deemed a Party. Where an Ownership Interest is owned by a single entity other than a revocable living trust, the entity shall be deemed an Owner and a Party, but natural persons or entities that hold ownership or beneficial interests in the entity shall not be deemed Owners or Parties. Where an Ownership Interest is owned by a Group: (i) the Group shall be deemed a single Owner; (ii) each of the natural persons in the Group shall be deemed a Party; (iii) the trustees of each revocable living trust in the Group shall each be deemed a Party; (iv) each entity in the Group (other than a revocable living trust) shall be deemed a Party, but natural persons or entities that hold ownership or beneficial interests in the entity shall not be deemed Owners or Parties.

C. When an Ownership Interest is owned by a Group, the following additional provisions shall apply: (i) each Party within the Group shall be jointly and severally liable for all obligations and responsibilities associated with such Ownership Interest; (ii) any act or omission by any Party who is part of such Group, or any Invitee of any such Party, shall be deemed the act or omission of the Group; and (iii) all rights associated with the Ownership Interest are jointly held by the Parties within the Group and, absent a written agreement or provision of law to the contrary, each such Party shall be deemed to have equal control of such rights. Each Group must provide Notice to each Owner Representative and Manager within 10 calendar days of the date on which there is any addition, subtraction or other change to the Parties constituting the Group. In addition, within 10 calendar days from the Effective Date of a Notice from any Owner Representative or Manager so requesting, the Owner Representative for the Group shall: (i) disclose the full legal names of each person with any direct or indirect ownership interest in the Group; and (ii) obtain the signature of any person or entity within the Group on a document guaranteeing the obligations of the Group to the other Owners under the terms of this Agreement.

D. Whenever there is more than one person constituting the Owner of an Ownership Interest, or when the Owner is an entity, such Owner shall have an Owner Representative. Except as provided in the next sentence: (i) when the Owner consists of more than one person, the Owner Representative shall be the person who is oldest; and (ii) when the Owner is an entity, the Owner Representative shall be the entity's manager or president or, if there is no manager or president, the oldest natural person who holds an interest in the entity. An Owner may change the identity of its Owner Representative at any time by providing a Notice to each other Owner identifying the new Owner Representative, which Notice must be signed by all natural persons named on title and all natural persons with any ownership interest in any entity named on title. When a single natural person is the Owner, such person shall automatically be deemed the Owner Representative.

2.4 ORGANIZATIONAL STRUCTURE.

A. The Association shall not hold title to the Property or to any other real or personal property. The Association is empowered to obtain a Federal and state tax identification number, open deposit accounts, contract for goods and services as authorized by this Agreement, and perform such other functions on behalf of the Parties as are reasonably necessary to operate the Property and accomplish the purposes of this Agreement, in instances where doing so in the name of all of the Parties would be impossible, impractical or inefficient.

B. This Agreement is not intended to create a partnership or a joint venture. No Party is authorized to act as agent for or on behalf of any other Party, to do any act which would be binding on any other Party, or to incur any expenditures with respect to the Property except as specifically provided in this Agreement. Since the Parties do not intend to create a partnership, pursuant to §761 of the Internal Revenue Code of 1986, as amended, they elect out of sub-chapter K of chapter 1 of that Code and agree to report their respective shares of income, deductions and credits in a manner consistent with the exclusion from sub-chapter K.

ARTICLE 3—SPACE ASSIGNMENTS AND USAGE/ALTERATION RESTRICTIONS

3.1 ASSIGNMENT OF UNITS AND EXCLUSIVE USE COMMON AREAS. The Parties assign the exclusive right to occupy particular Units and Exclusive Use Common Areas to particular Ownership Interests as shown on the chart attached to this Agreement as Exhibit A. The location of the Units and Exclusive Use Common Areas is shown on the diagram attached to this Agreement as Exhibit B. Except as otherwise provided in this Agreement, the Party or Parties comprising the Owner of an Ownership Interest agree(s) not to claim a right of occupancy to, or a right to income derived from, any Ownership Interest.

3.2 EXCEPTIONS TO EXCLUSIVE USAGE RIGHTS. All exclusive usage rights assigned by this Agreement are subject to the following: (i) the right, reserved on behalf of all Occupants and their guests, to pass through all assigned areas for escape in an Emergency; (ii) the right, reserved by the Association, to enter all assigned areas for the purposes of performing its duties under this Agreement; (iii) the right, reserved by all Owners, to enter all assigned areas where necessary for the purposes of Maintaining any element for which the Owner is responsible under this Agreement; and (iv) the right, reserved by the Association and each Owner, for the continued placement of any Utility in the same approximate position where it exists as of the date shown in the footer of this Agreement. Whenever the Association or an Owner temporarily enters an assigned area based upon rights described in this Section, the entry shall be made with as little inconvenience as possible to the Occupants, following 72 hours prior Notice; however, no Notice is required for entry in the case of an Emergency.

3.3 RENTALS AND OTHER NON-PARTY USAGE.

A. Entitlement To Rent Assigned Areas.

(1) Subject to the restrictions and requirements of this Agreement and applicable law, each Owner is permitted to rent out any area of the Property assigned to them under this Agreement, and to keep any income generated from such rental.

(2) Notwithstanding the preceding paragraph, if tenants have been evicted from the Property pursuant to Government Code Sections 7060 *et seq* (the "Ellis Act") either before or after the effective date of this Agreement, all Owners must investigate and comply with any resulting restrictions, and individually bear any costs or losses resulting from the existence of such restrictions.

(3) Each Owner hereby grants the other Owners an irrevocable power of attorney to commence and pursue injunctive relief or an unlawful detainer action against any tenant or subtenant who is in violation of this Agreement.

B. Selection of Rental Tenants.

(1) Roommates and Cohabitation. The rental tenant selection requirements of Subsection (2) shall not apply to instances where a Party is changing the identity or number of Occupants residing with them in their assigned Unit, provided that a Party continues to be an Occupant of the Unit. However, at least seven calendar days prior to the date on which there will no longer be an Occupant who is a Party, the Owner assigned such Unit must comply with the tenant selection requirements with regard to each non-Party, and each non-Party who is disapproved as a rental tenant shall be required to vacate on the same date that the last Party Occupant vacates.

(2) Limited Right to Reject a Prospective Tenant. At least seven calendar days before entering into any arrangement (oral or written) under which an Owner (the "Proposing Owner") will allow one or more other individuals (each a "Prospective Tenant") to use an area of the Property assigned to the Proposing Owner, regardless of whether the Prospective Tenant will pay any rent for such usage, the Proposing Owner shall provide a Notice to each of the other Owners together with a standard form rental application completed by each Prospective Tenant. Each of the other Owners shall be entitled to contact each Prospective Tenant to arrange a personal or telephone interview and shall have 48 hours from the date of the Notice to provide a responsive Notice to the Proposing Owner stating disapproval of the Prospective Tenant. This time period is intentionally short to minimize the likelihood that the Prospective Tenant will locate an alternative property before the process is completed. Consequently, the inability of any Owner to arrange an interview shall not cause this time period to be extended. To be considered valid, the Notice of disapproval must: (i) be delivered within the required time frame; and (ii) state a reasonable basis not prohibited by law for disapproval. The fact that a Party does not want the Property to be rented is not a valid basis for disapproval. A Prospective Tenant shall be deemed approved unless the Proposing Owner receives valid Notices of disapproval from a majority of the other Owners. As provided in Section 8.3D, Lenders are exempt from the requirements of this Subsection.

C. Written Agreement. Before permitting a non-Party to begin a pattern of repeated usage of any portion of the Property, the Owner who is assigned the area to be used or shared shall ensure that the non-Party (including those who will use or share a space with a Party who is an Occupant) signs a written agreement describing the terms of usage and incorporating each of the usage and alteration restrictions in this Agreement. The Owner assigned the area to be used or shared by such non-Party shall provide a copy of such written agreement to each other Owner before the date the non-Party begins a pattern of repeated usage.

D. Responsibility For Non-Party User's Behavior. When an Owner allows a non-Party to use a Unit or Exclusive Use Common Area assigned to such Owner, the Owner becomes responsible for violations of this Agreement by the non-Party and any invitee of the non-Party. The consequence of such responsibility is that if the non-Party or invitee violates this Agreement, the responsible Owner is deemed to have committed a violation of this Agreement and is subject to the same procedures and consequences that would apply if the Owner themself committed the violation. No one other than the responsible Owner shall be required to seek compliance by, attempt to work things out with, or otherwise interact with, the violating non-Party or invitee; this means there is no obligation for any other Owner, or the Occupant of any other Owner's assigned Unit, to do anything.

E. Eviction Restrictions.

(1) For the purposes of this Subsection E, the term "Original Owner" shall mean each of Miguelangelo Padilla and Jacob Shelley. While either Original Owner remains a Party, either Original Owner is expressly authorized, at their sole expense and without the approval of any Owner, to (i) undertake a tenant buyout, and/or (ii) trigger the withdrawal of the Property from rental use pursuant to the Ellis Act on one or more occasions, and then trigger Ellis Act Eviction(s) based upon each such withdrawal, as further discussed in Subsection (5) below. To the extent that any eviction attempt undertaken pursuant to Subsection (5) fails, either Original Owner may trigger one or more additional Ellis Act eviction efforts under Subsection (5) without limitation.

(2) Under the circumstances described in Subsection 8.3D, Lenders and certain Parties who acquire an Ownership Interest following a foreclosure are also expressly authorized, at their sole expense and without the approval of any other Owner, to (i) undertake a tenant buyout, or (ii) trigger the withdrawal of the Property from rental use pursuant to the Ellis Act on one or more occasions, and then trigger Ellis Act Eviction(s) based upon each such withdrawal, as further discussed in Subsection (5) below. To the extent that any eviction attempt undertaken pursuant to Subsection (5) fails, Lenders and Parties who acquire an Ownership Interest following a foreclosure may trigger one or more additional Ellis Act eviction efforts under Subsection (5) without limitation.

(3) Except as provided in Subsections (1) and (2), no Owner is permitted to undertake an Ellis Act Eviction, an Owner Move-In Eviction, or a tenant buyout, without Unanimous Owner Approval. Any Party who evicts a tenant from a Unit, or pays a tenant to vacate the Property, must comply with all aspects of applicable Governmental Regulations.

(4) All Parties acknowledge that an Ellis Act withdrawal triggered pursuant to Subsections (1) and (2) will need to include all renters then living in the Property, and that such an eviction will result in significant other burdens and restrictions, including (but not limited to) prohibitions and/or limits on the ability to rent all Units in the Property. Each Party agrees to familiarize his/herself with such potential burdens and restrictions before acquiring an interest in the Property. Should any Owner violate any restriction or requirement imposed on the Property following an Ellis Act withdrawal, such Owner shall fully indemnify and hold harmless all other Owners, and both Original Owners, from any resulting losses or liabilities.

(5) In any withdrawal(s) and eviction(s) triggered pursuant to Subsections (1) and (2), each Party agrees to: (i) be named as an evicting landlord in all documents filed or recorded in connection with the withdrawal of the Property from rental use; (ii) be named as an evicting property owner/landlord in each eviction notice relating to each person occupying all or part of any Unit in the Property and sign each such eviction. notice; (iii) be named as a plaintiff party in any unlawful detainer action relating to each person occupying all or part of any Unit in the Property, and sign as a plaintiff party on all documents relating to each such unlawful detainer action; and (iv) to fully and unconditionally cooperate in every aspect of any such withdraw and eviction and in any resulting litigation, with such cooperation to include the Party expressing a genuine intention on his/her part to withdraw the Property, including his/her assigned Unit, from rental use. In any withdrawal(s) and eviction(s) undertaken pursuant to Subsections (1) and (2), each Party shall, and in good faith, withdraw his/her assigned Unit from rental use, and comply with all resulting future rental prohibitions and restrictions resulting from such withdrawal. With regard to the signing of any eviction notices, complaints, or other documents relating to withdrawal of the Property from rental use, evictions pursuant to such a withdrawal, or unlawful detainer actions relating to such evictions, each Party shall sign each and every document within seven (7) calendar days of written request.

(6) With regard to any withdrawal(s) and eviction(s) triggered pursuant to Subsections (1) and (2), each Party recognizes and acknowledges that his/her failure to promptly and fully comply with any of the requirements imposed by Subsection (5) above will cause the Original Owner or Lender triggering the withdrawal(s) and/or eviction(s) significant financial loss and damage. Each Party explicitly agrees that he/she shall be liable to such Original Owner or Lender for all such loss and damage, including all costs of incurred by such Original Owner or Lender to own any interest in the Property during any delay caused by the failure to comply, and all lost profits and/or opportunity costs resulting from such delay.

3.4 OCCUPANCY LIMITATIONS. The maximum number of adult Occupants permitted in each of Units 1338 and 1340 shall be three. The maximum number of adult Occupants permitted in Unit 1340 ½ shall be two.

3.5 NON-RESIDENTIAL USE. The Property shall be solely for residential use except that an Occupant may engage in a professional or administrative occupation within the Property if: (i) there is no external evidence of business activity; (ii) it conforms to all applicable Governmental Regulations; and (iii) it is merely incidental to the use of the Unit as a residence.

3.6 NUISANCE.

A. No person shall use any part of the Property in a way that unreasonably interferes with the quiet enjoyment of anyone else, or which is noxious, illegal, seriously annoying or offensive to a person of reasonable and normal sensitivity. Without limiting the generality of the preceding Subsection, all Occupants specifically agree to use reasonable efforts to minimize noise and disruption at all times. No Owner shall do or permit anything to be done which is in violation of a Governmental Regulation or which will or may decrease the attractiveness, desirability or value of the Property. No activity may be carried on that adversely affects insurance coverage or rates on the Property. There shall be no exterior fires except in barbecue receptacles and firepits designed for that purpose.

B. The following shall be quiet hours: (i) beginning at 10:00 P.M. each night Sunday through Thursday and ending at 8:00 A.M. the next morning; and (ii) beginning at midnight each Friday and Saturday night and ending at 9:00 A.M. the next morning. During quiet hours, any noise an Occupant complains about must be ended regardless of whether the person making the noise believes the request is reasonable; however, this rule does not apply to noise generated by children under the age of eight.

C. All yard sales, rummage sales, and similar activities are strictly prohibited on the Property.

3.7 ANIMALS. Only the following animals are permitted to be kept in a Unit: domestic dogs and cats, fish, and provided they are inside a cage: birds, rodents and reptiles. The Occupants of a particular Unit may collectively keep not more than two non-caged four-legged pets. Each pet owner shall keep their animal under reasonable control at all times. Any dog on the Property must be kept on a hand-held leash when outside a Unit unless the dog is located within an Exclusive Use Common Area yard that is fully enclosed by fencing from which it cannot escape. No part of the Common Area, except for fully fenced Exclusive Use Common Area yards, may be used for toileting purposes. No animal shall be allowed to unreasonably annoy residents, to endanger the life or health of other animals or persons, or to substantially interfere with the quiet enjoyment of others. When an Occupant or their guest brings an animal to the Property, the Owner in whose assigned Unit the Occupant resides shall be liable for any damage to persons or property proximately caused by such animal.

3.8 PARKING. Each Owner may park or store motor vehicles within their assigned parking area provided that every part of each vehicle is contained entirely within the boundaries of such area. Except as provided in the preceding sentence, no one may park or store a motor vehicle of any kind anywhere on the Property. Strict compliance with this provision shall be required at all times; temporary or very short term violations shall be deemed no different from long-term parking or storage. Each Owner shall be responsible for violations of this provision by each Party comprising such Owner, each Occupant of such Owner's assigned Unit,

Owner Initials: ____________

Owner Initials: ____________

and each invitee of any such Party or Occupant. The Owners acknowledge that for this restriction to be meaningful there must be a significant consequence for a violation, and that the actual damage caused by such a violation would be difficult or impossible to calculate. So each Owner hereby agrees that the Owner who is deemed responsible (under the preceding sentence) for an improperly parked vehicle shall pay an Improper Parking Charge to the Association in the amount of $60 for each hour during which the vehicle is improperly parked, and the owner entitled to payment may either seek recovery by levying a Reimbursement Assessment or through an action in small claims court. Major repair of a motor vehicle is not permitted anywhere on the Property. Each Owner shall keep their designated parking space(s) neat and clean and shall remove any oil, grease or other waste.

3.9 STORAGE.

A. Within a porch, balcony and yard assigned as Exclusive Use Common Area, placement or storage of outdoor furniture, barbecues, plants, and other typical outdoor furnishings is permitted provided the amount or condition of such items does not significantly diminish the value or desirability of the Property. Within a parking area assigned as Exclusive Use Common Area, parking of motor vehicles is permitted provided such parking is in compliance with Section 3.8, and storage of non-hazardous material is permitted provided it is organized in a manner which does not create a fire hazard or impair the value or desirability of the Property.

B. Except as provided in the preceding Subsection, no one may store any item in Exclusive Use Common Area, or in Common Area, without prior written approval of all Owners. Each Owner is responsible for the non-compliance of any Occupant living in such Owner's assigned Unit. Any improperly stored item may be removed and disposed of by any Owner following reasonable advance Notice to the other Owners. The Owner responsible for the non-compliance shall pay the reasonable cost of such removal and disposal, which cost shall be levied as a Reimbursement Assessment. The fact that a non-compliance has been tolerated for an extended period shall not diminish or otherwise affect the application of the provisions of this Section or impose additional duties or responsibilities on any Owner.

3.10 SMOKING. Smoking of all substance, including through the use of electronic aerosol delivery devices, is prohibited everywhere on the Property, outdoors and indoors, including inside Units. Each Owner is responsible for the non-compliance of any Occupant living in such Owner's assigned Unit.

3.11 WINDOW COVERINGS. Unless otherwise approved by the Association, all window coverings visible from the street or Common Area shall be of a material and type commonly used for window coverings. No exterior-mounted window screens are permitted on street-facing or drive-court-facing windows.

3.12 GARBAGE DISPOSAL. The Association shall be responsible for arranging garbage, compost and recycling service for all Units. Equipment for the storage or disposal of garbage, recycling and compost shall be kept in a clean and sanitary condition and shall be kept only on the portion of the Common Area approved for this purpose by the Association. Each Occupant is responsible for knowing the refuse disposal company's recycling and compost program, and for placing only acceptable items in the appropriate bin. All items must be broken down and placed in the appropriate bin so that the lid can be fully closed. If an item will not fit in the appropriate bin, the Occupant shall keep the item in his/her Unit until such time as the item can be placed in such bid or, alternatively, the Occupant shall arrange for the removal of the item from the Property at such Occupant's expense. Each Occupant is responsible for taking their designated trash and recycling bins from the trash and recycling area to the curb on the day each week that the city service collects trash and recycling, and for removing such bins from the curb and placing them back in the designated trash and recycling area the day immediately after the city collects trash and recycling. Each Owner is responsible for the non-compliance of any Occupant living in such Owner's assigned Unit.

3.13 SIGNS. Each Owner may place one For Sale or For Rent sign not exceeding nine square feet in size on exterior building Common Area provided the sign is removed within three calendar days after the subject Unit has been sold or rented. Each Owner may also place non-commercial signs or other displays on interior surfaces of the windows located along the perimeter of their assigned Units provided these do not involve lighting of any kind. Except as provided in the preceding sentences, no signs, posters, flags, banners or similar items may be displayed anywhere on the Property in a manner allowing them to be seen from outdoors.

3.14 ELECTRIC VEHICLE CHARGING. As of March 8, 2025 there is an electrical vehicle charging unit metered and billed to Unit 1340. Notwithstanding anything to the contrary in this Agreement, such charging unit, and all Utility elements exclusive serving such charging Unit, shall be deemed Exclusive Use Common Area assigned to Ownership Interest Two. Notwithstanding anything to the contrary in this Agreement, Ownership Interest One and Ownership Interest Three shall be permitted to install electrical vehicle charging units metered and billed to their respective assigned Units, in which case such each such charging unit, and all Utility elements exclusive serving such charging Unit, shall be deemed Exclusive Use Common Area assigned to the Ownership Interest that installed it.

3.15 ALTERATIONS OF THE PROPERTY. Except for the replacement of an element of the Property with something that is identical to it in design, materials, and color, any modification of the Property shall be deemed an Alteration. Under this Agreement, each Alteration is classified as either a Restricted Alteration or a Permitted Alteration. Restricted Alterations require the approval of the Association, while Permitted Alterations do not.

A. Alterations Of Units. Alterations within the interior boundaries of a Unit are deemed Permitted Alterations provided they meet each of the following requirements: (i) they do not alter the exterior appearance of the Property; (ii) they do not directly or indirectly impact a Utility system serving Common Area or a Unit other than the one in/for which the Alteration is occurring (including by potentially interfering with a subsequent Alteration that could be made by the Association or another Owner); (iii) they do not impair the structural integrity, mechanical systems, value or desirability of the Property; and (v) they do not effectively divide the Unit into multiple Units.

B. Alterations Of Common Area. In general, all Alterations of Common Area, including Exclusive Use Common Area, are Restricted Alterations. However, notwithstanding this general rule, the following alterations of Exclusive Use Common Area shall be deemed Permitted Alterations:

(1) An Alteration within the interior boundaries of an assigned garage that does not alter its exterior appearance; and

(2) An Alteration of an assigned porch, balcony, or yard that does not effectively create an enclosure that will or could be used as additional habitation area, studio, office, workshop, etc.

C. Procedure For Alteration Approval.

(1) An Owner (the "Applicant Owner") wishing to make a Restricted Alteration shall call an Owner Meeting in accordance with the Notice and agenda requirements of this Agreement. The meeting Notice shall include a description of the proposed Alteration, including, as appropriate, its shape, height, width, elevation, materials, color, location and such further information as may be necessary to allow the Owners to evaluate it fully. Upon the reasonable request of any Owner made at the meeting, the Applicant Owner shall provide (i) a set of construction drawings prepared by an architect and/or engineer licensed by the State of California, and/or (ii) a certificate by an architect or engineer licensed by the State of California stating that the Alteration will not impair structural integrity or mechanical systems of the Property. When such a request is made by an Owner, the Applicant Owner shall be given Notice. The Applicant Owner shall then call another Owner Meeting in accordance with the Notice and agenda requirements of this Agreement when they can comply with the request, and include the newly requested information with the meeting Notice.

(2) Decisions shall be made at the first Owner Meeting at which all requested information has been provided, except that, upon the request of any Owner, such meeting may be continued for up to 30 calendar days for further investigation and consideration, in which case the decision shall be made by the conclusion of the continued meeting. The Association Manager shall provide Notice to the Applicant Owner of the Association decision. If the Association Manager fails to provide Notice to the Applicant Owner of its decision within 10 calendar days following the Owner Meeting at which the decision was required, the application shall be deemed approved. If a proposed change is disapproved, the written decision shall include an explanation of why the proposed change is disapproved.

(3) Decisions regarding Alteration approvals shall be made by Owner vote. Alterations shall require Majority Owner Approval unless they fall within one of the categories of decisions requiring Unanimous Owner Approval as described in Subsection 6.1C. The Association decision must be made in good faith and may not be unreasonable, arbitrary, or capricious. The Association shall approve an Alteration only if it makes an affirmative finding that the Alteration (i) will not impair the structural integrity or mechanical systems of the Property, (ii) will not detract from the appearance, harmony, attractiveness and enjoyment of the Property, and (iii) will not impose an unreasonable maintenance burden on the Association. The approval or disapproval of an Alteration shall not be deemed a waiver of the Association's subsequent right to approve or disapprove a similar Alteration or any other matter.

D. Timing and Pace of Work.

(1) Upon approval of an Alteration, the Applicant Owner must proceed with the commencement of all approved work within one year from the date of the approval. If the work is not commenced within one year, the approval given shall be deemed revoked unless the Association extends the time for commencement. Any request for an extension shall be in writing. The Association shall not grant the extension if it finds that there has been a change in the circumstances under which the original approval was granted.

(2) All Alteration work, including work for which approval was not required, must be diligently and consistently pursued through completion, and must be completed within a reasonable time.

E. Responsibility, Compliance and Inspection. Regardless of whether Alteration approval is required under this Section, any Owner undertaking work on the Property must comply with the provisions of Section 5.1 relating to building permits and work completion. Each Owner is responsible for violations of this Section by each Party comprising such Owner, each Occupant of such Owner's assigned Unit, and each invitee of any such Party or Occupant. Any Owner, following reasonable notice, may inspect any work performed on the Property to ensure it is done in compliance with this Agreement.

ARTICLE 4--EXPENSE ALLOCATION AND PAYMENT

4.1 ASSOCIATION EXPENSE ALLOCATIONS.

A. Base Percentages. The Base Percentage of each Ownership Interest shall be as shown in the chart below.

Ownership Interest	Assigned Unit	Base Percentage
Owner One	1338	40%
Owner Two	1340	40%
Owner Three	1340 ½	20%

B. Property Tax. All taxes and assessments imposed upon the Property (the "Property Tax") are a Mandatory Expense and shall generally be allocated among the Ownership Interests based upon two factors: (i) the amount paid for each Ownership Interest by its then-current Owner; and (ii) the amount the assessed value of the Property has been increased as a direct consequence of improvements to the Property made by the then-current Owner, and all prior Owners, of each Ownership Interest. However, when the buyer of an Ownership Interests pays less than the pre-purchase assessed value of such Ownership Interest, such buyer shall be deemed to have paid a price equal to such pre-purchase assessed value unless and until the Property is reassessed downward to reflect a lower price. When an Ownership Interest is gifted, the recipient shall be deemed to have paid the same price as the donor unless the assessed value of the Property is increased or decreased as a consequence of the gift, in which case the recipient shall have the full detriment or benefit of the increase or decrease. For the avoidance of doubt, it is specifically provided that a sale, gift or improvement of all or part of an Ownership Interest shall never cause another Ownership Interest's Property Tax to increase. Systematically applied annual inflation adjustments in assessed value shall be allocated among the Ownership Interests in proportion to the Property Tax that each Ownership Interest pays.

C. Insurance Costs. The cost of all insurance required by this Agreement to be maintained by the Association, (the "Association Insurance Costs") is a Mandatory Expense and shall be allocated according to Base Percentages. Costs associated with any additional insurance obtained by an Owner shall be the responsibility of that Owner.

D. Maintenance Costs. All costs associated with Maintenance of the Property shall be categorized as described in Sections 5.1, 5.2 and 5.3. Each Individual Maintenance Cost shall be paid entirely by a particular Ownership Interest as further discussed in Subsection 5.1A. Except as otherwise provided in Subsection H below, Association Maintenance Costs shall be allocated according to Base Percentage. For avoidance of doubt, it is specifically provided that Common Area (such as roof, foundation ,exterior paint, etc.) associated with each of the two buildings located on the Property shall be allocated among all three Ownership Interests according to Base Percentage. When an Association Maintenance Cost, must be incurred in order to keep an element of the Property in reasonably good operating condition and/or to avoid impairing the value or desirability of any Ownership Interest, then such Association Maintenance Cost shall be deemed a Mandatory Expense.

E. Utility Costs. Each Ownership Interest is responsible for the cost of all Utilities separately metered and billed to their assigned Unit. The cost of all other Utilities (the "Association Utility Costs") shall be deemed a Mandatory Expense and shall be allocated as follows. Charges for water/sewer service shall be allocated according to the percentages shown in the following chart.

Ownership Interest	Assigned Unit	Water/Sewer Percentage
Owner One	1338	38.87%
Owner Two	1340	36.32%
Owner Three	1340 ½	25.81%

The cost of routine periodic of ordinary household refuse generated by the use of the Units shall be allocated according to the number of Occupants in each Unit. All other Association Utility Costs shall be allocated equally among all three Ownership Interests. If a Utility serving the Common Area is metered to a Unit, the Association shall compute the cost of such Utility that is attributable to Common Area service, categorize such portion as an Association Utility Cost, and reimburse the affected Ownership Interest for such cost on a monthly basis. Conversely, if a Utility serving a Unit or an Exclusive Use Common Area is metered to the Common Area, the Association shall compute the portion of the cost of such Utility that serves the Unit and shall assess such cost against the consuming Owner as a Reimbursement Assessment.

F. Management Costs. The compensation of the Accounts Manager as described in Section 6.3 (the "Management Costs") is a Mandatory Expense and shall be allocated equally among all three Ownership Interests.

G. Rental Expenses. Any Owner who rents out a portion of the Property shall be responsible for all costs associated with such rental including solicitation of tenants, rent collection, eviction, and any liabilities or damages of any kind resulting directly or indirectly from the rental.

H. Routine Landscape Maintenance. The cost of routine landscape maintenance as described in Subsection 5.2A (the "Routine Landscape Maintenance") shall be deemed a Mandatory Expense and shall be allocated equally among all three Ownership Interests.

I. Other Expenses. Except as specifically provided elsewhere in this Agreement, all expenses shall be allocated equally among all three Ownership Interests.

J. Method of Payment. Each Owner shall pay their share of Property Tax, Association Insurance Costs, Association Utility Costs, and Maintenance Reserves as part of their Regular Monthly Assessment. Each Owner shall pay the remainder of their share of Mandatory Expenses through Special Assessments.

4.2 OPERATING BUDGET AND REGULAR MONTHLY ASSESSMENTS.

A. Explanation of Operating Budget and Regular Monthly Assessments. The Association shall have an Operating Budget for each calendar year. The Operating Budget shall consist of the Operating Expenses, which shall include Property Tax, Association Insurance Costs, Association Utility Costs, Maintenance Reserves, and Routine Landscape Maintenance. The total amount allocated to each Ownership Interest shall then be divided into 12 equal monthly payments to be referred to as Regular Monthly Assessments. Payment of Regular Monthly Assessments shall be due on the first day of each month without offset or deduction of any kind.

B. Establishing Operating Budget and Regular Monthly Assessments.

(1) Calculating Maintenance Reserves. The Association Manager shall estimate the remaining useful life of each major component of the Property that the Association is obligated to maintain. Only those components with a remaining useful life of less than 25 years shall be included. With regard to each such component, the Accounts Manager shall then: (i) estimate the replacement cost, making reasonable allowances for inflation; (ii) subtract any amounts previously collected and currently in Association accounts specifically for payment of the replacement cost; and (iii) divide the difference by the number of years of remaining useful life. This computation shall determine the amount to be collected during the year for each component. The sum of the computations for each component shall be the amount the Association collects for Maintenance Reserves for the year and shall be allocated as provided for Association Maintenance Costs in this Agreement.

(2) Preparation and Notification. For each calendar year including the year this Agreement is first signed, the Accounts Manager shall create an Operating Budget and determine each Owner's Regular Monthly Assessment. In addition, when there is a demonstrable increase or decrease in the cost of an item included in the Operating Budget during the course of a calendar year, the Accounts Manager may revise the Operating Budget to correspond with such increase or decrease, and adjust the Regular Monthly Assessments accordingly. The Accounts Manager shall provide Notice to each Owner of the amount of the Regular Monthly Assessments at the same time they distribute each Operating Budget. An Operating Budget prepared by the Accounts Manager, and the resulting Regular Monthly Assessment for each Ownership Interest, shall be valid and binding without an Association vote; however, Owners who disagree with such an Operating Budget may challenge it as described in the next Subsection.

(3) Challenge of Operating Budget. Any Owner may challenge the accuracy or validity of an Operating Budget by convening an Owner Meeting, during which the Owners may alter it with Majority Owner Approval provided there is a reasonable basis for doing so. However, the intention of an Owner to challenge the Operating Budget shall not provide a legitimate basis for not paying the Regular Monthly Assessment based upon that budget; rather, such Regular Monthly Assessment shall be payable until it is changed by Majority Owner Approval. Any change approved by Majority Owner Approval shall be retroactive to the date that the Regular Monthly Assessment based upon the challenged Operating Budget first became due. Within a reasonable time after such change, the Accounts Manager shall prepare a reconciliation to determine the amount by which any Owner has over- or under-paid, and shall provide Notice to each Owner showing such reconciliation. Within 30 calendar days of the Effective Date of such Notice, each affected Owner shall provide to, or receive from, the Association any funds necessary to accomplish such adjustment.

(4) Lender Impounds. When a Lender requires an Owner (an "Impound Owner") to pay their portion of the Property Tax and Association Insurance Costs into an impound account, the Impound Owner shall not be required to pay their portion of Property Tax and/or Association Insurance Costs as part of their Regular Monthly Assessment. It shall be the responsibility of the Impound Owner to negotiate all aspects of the collection and disbursement of funds with their Lender and neither the Association nor the Accounts Manager shall be responsible to communicate with Lender regarding any aspect of the amount, collection or disbursement of such funds, or any other matter. No later than the first day of each month, the Impound Owner shall provide the Accounts Manager with a copy of the most recent monthly statement from the impounding Lender as evidence that Property Tax and the Association Insurance Costs have been properly impounded. At least 60 calendar days before the Association is required to pay an installment of Property Tax or Association Insurance Costs, the Accounts Manager shall provide the Impound Owner with a statement showing the amount required to fulfill such Owner's obligations relating to such payment, including, in the case of Property Tax, any expected or anticipated supplemental or escaped tax obligations that have not yet been assessed or billed. No later than 30 calendar days prior to the date that the Association is required to make its payment, the Impound Owner must pay the amount shown in the statement to the Accounts Manager. This obligation shall not be diminished, delayed or otherwise affected by whether or not such Owner has received any portion of the impounded amount from their Lender. The obligations of the Impound Owner under this Agreement shall not be diminished, delayed or otherwise affected by any mistake or failure on the part of the Lender to (i) collect the impounds from the Impound Owner, or (ii) determine the amount owed by the Owner to the Association. Without limiting the generality of the preceding sentence, it is expressly provided that the Impound Owner shall be responsible for the entirety of any penalties or interest incurred by the Association as a result of their failure to make timely payment to the Accounts Manager as required under this Section, even if such failure is fully or partially the fault of the Lender.

4.3 SPECIAL ASSESSMENTS.

A. Definition of Special Assessment. The Association may impose Special Assessments to defray any Association expenses that were not anticipated in the Operating Budget. Special Assessments shall be imposed on all Owners. (Assessments imposed against fewer than all Owners shall be deemed Reimbursement Assessments rather than Special Assessments.)

B. Mandatory Special Assessments. A Mandatory Special Assessment is a Special Assessment imposed to pay a Mandatory Expense for which insufficient funds have been collected through Regular Monthly Assessments, and shall be allocated among the Ownership Interests as described in Section 4.1. Any single Owner Representative may unilaterally impose a Mandatory Special Assessment on behalf of the Association provided the Mandatory Special Assessment meets the requirements of the preceding sentence. Such Owner Representative must provide to each other Owner Representative a Notice of the Special Assessment, including the amount and due date of the Assessment together with reasonable justification for its imposition, at least 15 calendar days before the due date of the Assessment. Any Owner Representative may challenge the necessity of a Mandatory Special Assessment by convening an Owner Meeting at which the Mandatory Special Assessment imposition may be altered or reversed if (and only if) an alternative method for timely payment receives Majority Owner Approval, and such alternative will not result in a violation of a mandatory obligation of the Association. The intention of an Owner to challenge the validity of a Mandatory Special Assessment shall not provide a legitimate basis for not paying the Assessment in full and on time; rather, if the due date of the Mandatory Special Assessment arrives before the Assessment is altered or reversed as described above, the Mandatory Special Assessment is payable in full and on time, and failure to pay it in full will constitute a violation of this Agreement. If the Mandatory Special Assessment is altered or reversed after payment, then there shall be a reconciliation and reimbursement in accordance with such alteration or reversal.

C. Discretionary Special Assessments. Any Owner Representative may propose a Special Assessment for a purpose other than paying a Mandatory Expense. Such a Special Assessment shall be referred to as a Discretionary Special Assessment. Any proposal for a Discretionary Special Assessment shall be made at an Owner Meeting where Notice of the meeting includes an agenda item describing the proposed Discretionary Special Assessment. If the Discretionary Special Assessment is approved, the Association Manager shall Promptly prepare a Notice for each Owner stating the amount and due date. The due date must be at least 30 calendar days after the Effective Date of the Notice.

4.4 REIMBURSEMENT ASSESSMENTS.

A. In instances where this Agreement specifically mandates the imposition of a Reimbursement Assessment, the Assessment may be imposed by any Owner without Association approval. The Owner imposing the Assessment shall prepare a statement for the affected Owner stating the amount due from that Owner and the due date. The due date must be at least 15 calendar days after the Effective Date of the Notice.

B. In all other instances, a Reimbursement Assessment may be levied by the Association against any Owner to enforce such Owner's obligations and responsibilities under this Agreement, and any Manager or any Owner may propose the Reimbursement Assessment at an Owner Meeting. Notice of the meeting shall include an agenda item describing the proposed Reimbursement Assessment. If the Reimbursement Assessment is approved, the Association Manager shall Promptly send a Notice to the affected Owner stating the amount due and the due date. The due date must be at least 15 calendar days from the Effective Date of the Notice.

4.5 ACCOUNT ADMINISTRATION. The Owner Representative for each Owner shall be an authorized signatory to each Association account described below; however, no Party shall be entitled to withdraw funds from any Association account except as explicitly authorized by this Agreement.

A. Operating Account. The Operating Account shall be the depository for all Association funds and the source of payment for all Association expenses. The Operating Account shall be maintained at a federally insured banking institution. A minimum balance of $1,000 shall be maintained in the Operating Account at all times, and any shortfall in the minimum balance shall be recouped by Special Assessment. The Accounts Manager, without prior authorization or approval, may make disbursements from the Operating Account for Mandatory Expenses. All other disbursements must be approved in accordance with the voting requirements described in the voting provisions of this Agreement. An Owner shall not be entitled to withdraw any funds from the Operating Account in connection with a transfer of their Ownership Interest.

B. Maintenance Reserve Account. The Maintenance Reserve Account shall be the segregated depository for Maintenance Reserves. The Maintenance Reserve Account shall be maintained at a federally insured banking institution. A minimum balance of $1,000 shall be maintained at all times, and any shortfall in the minimum balance shall be recouped by Special Assessment. Withdrawal shall require the signatures of two Owners. The Association may not expend Maintenance Reserves for any purpose other than Maintenance, litigation or arbitration involving Maintenance of items that the Association is obligated to Maintain, without Unanimous Owner Approval.

C. Default Reserve Fund Account. The Default Reserve Fund Account shall be the segregated depository for the Default Reserve Fund. To protect the equity in the Property, and the credit ratings and other assets of the Parties, the Owners shall establish, and at all times thereafter maintain, a Default Reserve Fund.

(1) Default Reserve Fund Account Requirements. The first purchaser of each Ownership Interest shall deposit an amount equal to two Regular Monthly Assessments into the Default Reserve Fund Account immediately following recordation of the deed conveying his/her Ownership Interest. The Default Reserve Fund Account shall be maintained at an insured banking institution. The funds in the Default Fund shall be held in trust for the benefit of the non-Defaulting Owners. Withdrawal shall require the signatures of the Owner Representatives for two Owners.

(2) Using Default Reserve Funds. The Association shall not expend Default Reserve Funds except in the case of an Actionable Violation by an Owner, and then only upon approval of Owner Representatives for two Owners. Anytime money is withdrawn from the Default Reserve Fund to satisfy an obligation of an Owner, such Owner shall be required to replace such funds Promptly. The fact that money from the Default Reserve Fund has been used in response to a nonpayment or other Actionable Violation of an Owner shall not change the fact that such Owner has violated this Agreement, diminish the amount such Owner owes the Association, or otherwise affect the consequences of the violation or such Owners' obligations under this Agreement in any manner. *AN OWNER SHALL NOT BE ENTITLED TO WITHDRAW ANY FUNDS FROM THE DEFAULT RESERVE FUND IN CONNECTION WITH A TRANSFER OF THEIR OWNERSHIP INTEREST; RATHER, A TRANSFERRING OWNER WHO WANTS TO BE REIMBURSED FOR SUCH CONTRIBUTIONS SHALL BE RESPONSIBLE TO COLLECT SUCH AMOUNTS FROM THEM.*

ARTICLE 5—MAINTENANCE AND INSURANCE

5.1 INDIVIDUAL MAINTENANCE.

A. Assigned Unit. Each Ownership Interest shall Maintain all elements of its assigned Unit in a condition that does not impair the value or desirability of other Units or the Property as a whole. Except as otherwise provided in Section 5.3, the cost associated with such maintenance, repair and replacement shall be deemed an Individual Maintenance Cost of such Ownership Interest.

B. Exclusive Use Common Area. Each Ownership Interest shall Maintain the following elements of its assigned Exclusive Use Common Area in a condition that does not impair the value or desirability of other Units or the Property as a whole:

(1) Any finished wall, floor, or ceiling surfaces which serve only their assigned garage(s), and all elements (except exterior paint) of any door and window, including the opening mechanism, which serve only such assigned garage(s);

(2) Except as otherwise provided in Subsection 5.2A, all landscaping, all paving or other hardscape, and all perimeter walls or fencing, of their assigned yards, excluding structural or retaining walls and drainage systems;

(3) All elements of any electric vehicle charging unit, including all related Utility installations, that are assigned to such Ownership Interest pursuant to Section 3.14; and

(4) All elements of any porch or balcony, and any rails, stair, and doors that serve only the porch or balcony. The Owner shall also be responsible for any additional cost for maintenance, repair or replacement of any Common Area element that is a consequence of the installation or existence of the porch or balcony.

Except as otherwise provided in Section 5.2, the cost associated with such Maintenance shall be deemed an Individual Maintenance Cost of such Ownership Interest under Subsection 4.1D.

C. Failure To Maintain. If an Ownership Interest fails to satisfy their Maintenance, requirements, the Association may do so and assess any associated expense as a Reimbursement Assessment. However, the failure of the Association to do so shall not shift to it the responsibility for any loss or damage resulting from the Owner's failure.

D. Building Permits and Approvals. Any Ownership Interest performing or arranging for performance of work shall: (i) ensure that all required permits and approvals are first obtained; (ii) provide Notice with a copy of such permits and approvals to each Owner Representative at least 10 calendar days before the work begins; and (iii) ensure that all final governmental inspections and approvals are obtained. Any of the requirements imposed by this Subsection may be waived, but any such waiver must receive Majority Owner Approval.

E. Timing of Work Completion. All work performed by or on behalf of an Ownership Interest must be diligently and consistently pursued through completion and completed within a reasonable time.

5.2 ASSOCIATION MAINTENANCE.

A. Routine Landscape Maintenance. The Association shall arrange for routine periodic Maintenance of all yards located on the Property, including those that are assigned as Exclusive Use Common Areas. Except as otherwise provided in Section 5.3, the costs associated with the Maintenance described in this Section shall be deemed Routine Landscape Maintenance under Subsection 4.1H.

B. Other Association Maintenance. Except as otherwise provided in Subsection 5.1B, the Association shall Maintain all Common Area, including all Exclusive Use Common Area, in good condition and repair. For avoidance of doubt, it is specifically provided that this responsibility extends to the Common Area (such as roof, foundation ,exterior paint, etc.) associated with each of the two buildings located on the Property. Except as otherwise provided in Section 5.3, the costs associated with the Maintenance described in this Subsection for both buildings shall be deemed Association Maintenance Costs under Subsection 4.1D.

5.3 CONSEQUENTIAL DAMAGE AND LOSS. The following provisions shall supersede the general rules described in Sections 5.1 and 5.2.

A. Damage Due to Conduct.

(1) Owner Responsibility. Each Ownership Interest is responsible for the cost of maintenance, repair and replacement of all areas of the Property necessitated by the acts or omissions of any Party who owns all or any portion of such Ownership Interest, any Occupant of the Ownership Interest's assigned Unit, any guest of such an Occupant, and anyone performing services on the Property exclusively on behalf of any such Party or Occupant. When an Ownership Interest becomes responsible for a cost under this Subsection, such cost becomes an Individual Maintenance Cost of such Ownership Interest under Subsection 4.1D.

(2) Association Responsibility. The Association is responsible for the costs of all Maintenance of all areas of the Property necessitated by the conduct and behavior of its invitees (including independent contractors and employees). When the Association becomes responsible for a cost under this Subsection, such cost becomes an Association Maintenance Cost under Subsection 4.1D.

B. Damage Due to Malfunction. This Subsection B shall apply when the malfunction of a part of the Property or an item of personal property located on the Property creates a need for repair and/or replacement of another part of the Property or another item of personal property. Under such circumstances, the part of the Property or item of personal property that malfunctioned shall be referred to the as the Point of Origin, and the cost of repair or replacement of the other parts of the Property or items of personal property shall be referred to the as Consequential Loss.

(1) Association Insurance Covers Consequential Loss. If a Consequential Loss is reasonably likely to be covered under an insurance policy the Association must carry, the Association shall submit a claim. If the Consequential Loss exceeds policy limits or is within the policy deductible, or if coverage is denied despite reasonable efforts by the Association, the Consequential Loss shall be allocated based on Point of Origin as provided in Subsection (3) below. But if there is no coverage because the Association did not comply with the insurance requirements of this Agreement, the Association shall pay the entire Consequential Loss.

(2) Owner's Insurance Covers Consequential Loss. If a Consequential Loss is reasonably likely to be covered under an insurance policy an individual Owner must carry, such Owner shall submit a claim. Since each Owner will have chosen their own policy limits and deductibles, each shall be responsible for any cost exceeding their policy limits or within their policy deductible. If coverage is denied despite reasonable efforts by the Owner, the Consequential Loss shall be allocated based on Point of Origin as provided in Subsection (3) below. But if there is no coverage because the Owner did not comply with the insurance requirements of this Agreement, such Owner shall pay the entire Consequential Loss.

(3) Allocation Based On Point of Origin. When either of the preceding Subsections provides that a Consequential Loss is to be allocated based on Point of Origin, or when neither of the preceding Subsections applies, the Consequential Loss shall be allocated as described in this Subsection. For the purposes of this Subsection, the term Responsible Ownership Interest shall mean any Ownership Interest responsible to Maintain the part of the Property or the item of personal property that is the Point of Origin. When the Point of Origin is an item of personal property owned by a Party who owns all or any portion of an Ownership Interest, any Occupant of the Ownership Interest's assigned Unit, any guest of such an Occupant, such Ownership Interest shall be deemed a Responsible Ownership Interest. In instances where there is only one Responsible Ownership Interest, such Ownership Interest shall pay the entirety of the Consequential Loss. When there is more than one Responsible Ownership Interest, the Consequential Loss shall be allocated equally among the Responsible Ownership Interests. Reimbursement Assessments shall be imposed to collect any amounts owed by a Responsible Ownership Interest pursuant to this Subsection.

5.4 INSURANCE COVERAGE.

A. Liability Insurance.

(1) The Association shall maintain a policy insuring all Owners against public liability incident to the ownership and use of the Property, including claims for wrongful eviction. Limits of liability shall not be less than a combined limit of $2,000,000 for injury, death and property damage. The policy shall contain a severability of interest endorsement precluding the insurer from denying coverage to a named insured because their act or omission created liability in favor of another insured.

(2) Unless such coverage is provided for all Owners by the policy described in Subsection (1) above, each Owner shall maintain insurance covering their personal liability. Limits of liability shall not be less than a combined limit of $500,000 for injury, death and property damage.

B. Casualty Insurance.

(1) The Association shall maintain a master policy of fire and casualty insurance covering the Property, including all cabinetry, counters, built-in appliances, or other fixtures or elements permanently attached to the Property. Such policy shall provide a multi-peril coverage endorsement, and coverage for such other risks as are commonly covered with respect to Properties similar to the Property in construction, location and use, or such other fire and casualty insurance as the Association determines gives substantially equal or greater protection. Coverage shall be in an amount equal to the full replacement value of the insured items and elements.

(2) Each Owner or, in the case of a leased or rented Unit, the Occupants of the Unit, must obtain and maintain insurance covering those portions of their personal property not covered by the Association casualty insurance coverage.

(3) For the purposes of interpreting and applying any and all provisions of any casualty insurance policy covering any portion of the Property and its contents, a Unit and Exclusive Use Common Area shall not be deemed to include, and Common Area shall be deemed to include, cabinetry, counters, built-in appliances, and other fixtures or elements permanently attached to the Property, even if such elements are located within the perimeter boundaries of a Unit. These modified definitions shall apply for the exclusive purposes of interpreting and applying provisions of casualty insurance policies, and for absolutely no other purposes. Other provisions of this Agreement shall be used for all other purposes, including the allocation of responsibility and cost for Maintenance between the Owners and the Association, and the allocation of such responsibility and cost among the Owners.

C. Inability To Obtain Insurance. If any insurance required by this Agreement is difficult, impractical or unduly expensive to obtain, the party responsible for carrying the insurance shall obtain coverage as nearly equivalent as reasonably available.

D. Claims Against Association Insurance. A decision not to submit a particular claim to an Association insurance carrier must be approved by any Owner who will be responsible for the additional costs that will result from the decision.

E. Casualty Insurance Proceeds.

(1) When a particular Owner is responsible to Maintain an item under this Agreement (as opposed to where they are responsible only to pay the Maintenance cost), and the Association receives insurance proceeds for such Maintenance, the proceeds shall be distributed to such Owner subject to the limitations in Subsection (2) below.

(2) When Subsection (1) entitles one or more Owners to receive insurance proceeds, but such proceeds must be allocated between Owners or between the Association and one or more Owners, the Association shall base the allocation on the information (if any) provided by the insurance carrier relating to how the proceeds amount was calculated. Otherwise, proceeds shall be allocated in proportion to the cost of repair or replacement of the damaged or lost items.

(3) If Association insurance proceeds allocated to a particular Owner are insufficient to pay the costs of repair or replacement for which such Owner is responsible, the Owner shall pay the additional amounts.

ARTICLE 6-- DECISIONMAKING AND MANAGEMENT

6.1 VOTING.

A. Meetings and Agenda. Owner Meetings may be called by any Owner Representative at any reasonable weekend or evening time provided they provide Notice and an agenda to each other Owner Representative at least 14 calendar days before the Owner Meeting. Matters not described on an agenda may not be decided at the Owner Meeting unless each Ownership Interest is represented by its Owner Representative or a proxy designated in accordance with this Agreement. Decisions described on an agenda may be made only if at least two Ownership Interests are represented by their Owner Representatives or proxies designated in accordance with this Agreement. The Association Manager shall prepare minutes of each Owner Meeting.

B. Voting Power and Abstention. Each Ownership Interest shall have one vote of equal weight. Only the Owner Representative for an Ownership Interest shall be permitted to vote on behalf of such Ownership Interest, and it shall be conclusively presumed for all purposes that such Owner Representative was acting with the authority and consent of all Parties holding any part of such Ownership Interest. Fractional votes are not allowed. If no vote is cast on behalf of an Ownership Interest by its Owner Representative (or by a proxy designated in accordance with this Agreement), such Ownership Interest shall be deemed to have abstained.

C. Vote Required For Association Action. Except as otherwise provided in this Agreement, Majority Owner Approval shall be required for Association action. The following acts require Unanimous Owner Approval:

(1) Selling the entire Property;

(2) Approving a Discretionary Special Assessment proposed under Subsection 4.3C if the sum of the Discretionary Special Assessment and all other Discretionary Special Assessment made within the preceding three month period would exceed $1,000;

(3) Approving any disbursement of funds from an Association account if either: (i) such disbursement is not for payment of a Mandatory Expense, and the sum of the disbursement and all other such disbursements made within the preceding three month period would exceed $1,000; or (ii) such disbursement is for payment of a Mandatory Expense, but the disbursement would effectively take funds collected for one Mandatory Expense and use them for payment of a different Mandatory Expense;

(4) Except as specifically provided in this Agreement, altering, reconfiguring or redefining the boundaries of a Unit or Exclusive Use Common Area, reassigning usage or possessory rights to any area of the Property, or removing or modifying any entitlement for additions or alterations;

(5) Changing the allocation of responsibility for maintenance, repair or replacement of the Property between the individual Owners and the Association;

(6) Changing the method of allocating expenses or distributions among the Owners, including borrowing rights;

(7) Engaging in any business other than the operation of the subject Property with Association funds;

(8) Entering into any contract with any entity owned by or affiliated with any Party; and

(9) Changing any usage rule that would significantly diminish a usage right, such as rental rights, or Occupant or pet allowances.

D. Deadlock. If only two Owner Representatives vote, and such votes conflict, the Owners shall first determine whether this Agreement mandates a particular course of action. When it does not, the matter shall be resolved as provided in Section 10.3. Absent law or a provision of this Agreement requiring a particular decision, the arbitrator shall make their decision based on what they believe is the course of action most likely to preserve and enhance the value of the Property without placing an unnecessary financial hardship on any Owner.

E. Proxies. Owner Representatives may vote in person or by proxy. To vote by proxy, an Owner Representative must provide to each other Owner Representative a signed and dated written document identifying who will vote on the former's behalf before the proxy holder casts any vote. Every proxy shall be revocable and shall automatically cease upon any of the following events: (i) conveyance of the Ownership Interest represented by the proxy, (ii) designation of a new Owner Representative in place of the one represented by the proxy; (iii) death or judicially declared incompetence of the Owner Representative represented by the proxy; or (iv) arrival of the expiration date or, if there is no expiration date, the first anniversary of the date the proxy was signed.

F. Suspension of Voting Rights. During any period when an Owner is in Default, all voting rights of such Owner shall be suspended.

6.2 ASSOCIATION MANAGER. Unless otherwise agreed by all Owner Representatives, each Owner Representative shall serve as Association Manager for one calendar year on a rotating basis unless terminated as provided in Subsection F below. The Association Manager's duties shall be as provided below.

A. Association Maintenance. The Association Manager shall facilitate all Maintenance undertaken by the Association as follows.

(1) If they reasonably believe that the work is mandated by this Agreement, they may proceed with it without further Association approval, provided that if the work will cost more than $1,500 and is not needed to end an Emergency, they must solicit and obtain at least two bids prior to contracting for it.

(2) If they do not believe that the Maintenance is mandated by this Agreement, they shall convene an Owner Meeting at which the Owners shall not proceed with the work unless all aspects of the project are approved by the Association.

(3) In all instances, they shall: (i) use only licensed and fully insured contractors; (ii) where a building permit is legally required, ensure that the contractor obtain all required permits, inspections and approvals; (iii) enter into a written agreement for the work that describes, in detail, the scope of work, and amount and timing of payment; (iv) arrange for access to the work area; (v) monitor the progress of the work by inspecting it with reasonable regularity; and (vi) upon completion of the work, perform a reasonable inspection to determine completeness and quality prior to making final payment. Any of the requirements imposed by this Subsection may be waived, but any such waiver must be approved by the Association.

(4) Unless the Association Manager does the work themself, they shall not be responsible for improper performance.

B. Cleaning. The Association Manager shall arrange and facilitate regular cleaning and Maintenance of Common Areas.

C. Keys. The Association Manager shall maintain keys to all Units and locked Exclusive Use Common Areas, but may enter these areas only in an Emergency.

D. Certifications, Resales and Refinancing.

(1) At least once each Calendar year, the Association Manager shall prepare, and provide to each Lender, an Annual Update either in the form attached as Exhibit C, or in such other form as has been approved by all Lenders. An additional update must be prepared and provided to each Lender, again using the form attached as Exhibit C or such other form as has been approved by all Lenders, in each of the following circumstances: (i) upon the request of any Lender; (ii) upon the transfer of any Ownership Interest; and (iii) upon the creation or refinancing of any loan secured by any interest in the Property.

(2) Promptly upon the request of the transferor of an Ownership Interest or their agent or, if no such request is made in connection with a particular transfer of Ownership Interest, then prior to completion of the transfer, the Association Manager shall complete and sign an Assumption of Obligations either in the form attached as Exhibit D, or in such other form as has been approved by all Lenders. The Association Manager shall provide a copy of each Assumption of Obligations form to each Lender.

(3) Promptly upon the request of any Owner seeking to create or refinance any loan secured by any interest in the Property or, if no such request is made in connection with particular financing, then prior to recordation of the trust deed securing such financing, the Association Manager shall complete and sign a Refinance Certificate either in the form attached as Exhibit E, or in such other form as has been approved by all Lenders. The Association Manager shall provide a copy of each Refinance Certificate form to each Lender.

E. Record Keeping. The Association Manager shall keep the Association records, which shall include the following: (i) a copy of the signed Agreement, copies of signed Annual Updates, Assumption of Obligations forms, and any amendments to the Agreement; (ii) the minutes of all Owner Meetings; and (iii) a current list of all Owners and the contact information for each Owner.

F. Other Duties. In addition to those duties listed above, the Association Manager shall perform other duties as described elsewhere in this Agreement.

G. Refusal/Inability To Serve As Association Manager. If any duty required of the Association Manager involves taking action against the interest of the individual then serving, that duty may be undertaken by any Owner Representative. If an Owner Representative is unable or unwilling to act as Manager during the Owner Representative's rotation, they shall arrange for another Owner Representative to act as Association Manager on their behalf, and shall compensate that person in an amount to be negotiated between them. If such an agreement cannot be reached, the Owner Representative who is unable or unwilling to act shall arrange with a another person or firm to provide the required services during their rotation, and shall be responsible for compensating that person or firm. Should an Owner Representative fail to make such an arrangement, any Owner may do so and the Owner Representative who is unable or unwilling to act as Manager shall be individually and solely responsible for compensating such person in an amount equivalent to the customary charge by managers for such services. An Owner Representative acting as Association Manager may be removed from office for cause, and such Owner Representative shall be considered "unable to act as Manager" under this Subsection.

6.3 ACCOUNTS MANAGER. A person or entity designated by the Owners shall be the Accounts Manager and shall serve until terminated as described in Subsection D below. Upon termination, the Association shall select a new Accounts Manager by Majority Owner Approval. The Accounts Manager may be a Party or a non-Party or management company. Unless they wish to serve as a volunteer, each Accounts Manager shall be compensated based upon market conditions for their services. Some individual or entity shall serve as Accounts Manager at all times unless the Owners unanimously agree that there shall be no Accounts Manager. In the event of such unanimous agreement not to have an Accounts Manager, the absence of an Accounts Manager shall continue only until any one Owner wishes to reverse the decision, in which case, following Notice by such one Owner to the each of the other Owners, the Owners shall immediately hire an individual or entity to serve as Accounts Manager. If the Owners do not act within a reasonable time, the Owner desiring a Accounts Manager may select one in their sole and absolute discretion, and may enter into a management agreement on behalf of the Association for a duration of up to one year. In addition to any other duties enumerated in this Agreement, the Accounts Manager shall perform the following duties.

A. Accounting. The Accounts Manager shall: (i) use their best efforts to collect all funds owed to the Association by all individuals including Owners, and to provide Notice to all Owners when any funds owed to the Association are five calendar days overdue; (ii) timely pay all Association debts to others from funds in the Operating Account (regardless of whether all Owners are current in their payments to the Association) and immediately provide Notice to all Owners when it becomes evident that funds in the Operating Account will be insufficient to satisfy current obligations; and (iii) maintain proper and complete books of account of the Association at their home or principal place of business which shall be open to inspection by any representative of any Owner at any reasonable time.

B. Assessments and Expenditures. Acting without Association approval, the Accounts Manager may, or under certain circumstances shall, (i) adjust the Operating Budget and/or impose Assessments, or (ii) make Mandatory Disbursements of Association funds, as described in this Agreement.

C. Other Duties. In addition to those duties listed above, the Accounts Manager shall perform other duties as described elsewhere in this Agreement.

D. Removal and Resignation of Accounts Manager. An Accounts Manager may be terminated at any time with Majority Owner Approval provided that such termination shall not become effective until either a replacement Accounts Manager has been approved or the Owners unanimously agree that there shall be no Accounts Manager. If any duty required of an Accounts Manager involves taking action against the interest of the individual then serving, that duty shall be undertaken by any Owner.

6.4 NO COMPENSATION FOR SERVICES. Under no circumstances shall a Party be entitled to any reimbursement for any expenditure of time or money related to the Property unless such expenditure has been specifically authorized by this Agreement or explicitly approved by the Association.

ARTICLE 7—SALES AND OTHER TRANSFERS

7.1 GENERAL TRANSFER RESTRICTION. No Party shall transfer any portion of their interest in the Property except as provided in this Agreement. Any other purported transfer is void.

7.2 TRANSFER NOTIFICATION AND SIGNATURE REQUIREMENT.

A. Prior to transferring any interest in the Property, each transferring Party shall provide a Notice to the Association Manager and to each Owner of their intention to do so. Within five calendars of such Notice, the Association Manager shall provide the transferring Party with copies of each of the following (the "TIC Agreement Documents"): (i) the Agreement with the signatures of each of the original signatories; (ii) all prior Assumption of Obligations forms; (iii) all amendments to the Agreement with all signatures required for adoption; and (iv) an Exhibit A that lists the names of each then-current Owner together with space assignments and purchase price. If the Association Manager is unable to provide each of these items, then it shall be the responsibility of the Association to attempt to remedy the situation at its expense; however, when the

Association expends funds in such an attempt, it shall be entitled to recover such funds based on Subsection C below. With regard to items missing the signature of a person who is no longer a Party, the Association's obligation shall be limited to preparing such documentation as is legally necessary to ensure that all then-current Parties are bound by the Agreement (as amended) and making best efforts to obtain the signatures of all then-current Parties on such documentation

B. Except as otherwise provided in Subsection 8.3U, no person shall have a right to enjoy the benefits of owning an Ownership Interest unless and until: (i) such person, along with all other Parties comprising a Group that will own an Ownership Interest together with such person, has/have signed a completed Assumption of Obligations and, by doing so, agreed to be bound be each term and condition of this Agreement; and (ii) such person has provided a copy of such Assumption of Obligations to the Owner Representative of each Owner and the Association Manager. Unless and until this requirement has been satisfied, such person shall not be entitled to: (i) occupy any Unit or other portion of the Property; (ii) cast any vote or otherwise participate in any decision-making process relating to the Association or to the Property; or (iii) enjoy or participate in any other benefits emanating from ownership of the Property.

C. It shall be the responsibility of the Party transferring an interest in the Property to ensure that the Notice and signature requirements of imposed by Subsections A and B are satisfied, and each transferring Party shall be liable for all losses, damages, costs and expenses, including attorney fees, resulting from their failure either to: (i) provide the Notice required under Subsection A; or (ii) ensure that their interest is not transferred unless the transferee has complied with the requirements of Subsection B. Without limiting the generality of the preceding sentence, it is expressly provided that such liability extends to costs incurred if and when the Association Manager fulfills the requirements of Subsection D. The responsibilities imposed by this Subsection may not be delegated or assigned to an employee or agent in a manner that would relieve the transferring Party of liability under this Subsection.

D. Upon learning of any person acquiring any right, title or interest in the Property without complying with the requirements of Subsection B, the Association Manager shall promptly demand that such person comply with such requirements. If the person refuses to do so within 14 calendar days of written demand, the Association Manager, acting on behalf of the Association and the Parties, may take legal action with the goal of forcing the claimant to either satisfy the requirements or sell their interest to someone willing to satisfy the requirements. All Parties recognize that an owner who has not complied with the requirements of Subsection B may: (i) interfere with the exclusive occupancy rights of a Party; (ii) not contribute their share of the expenses of owning and operating the Property resulting in other Owners needing to contribute more than their shares; and/or (iii) fail to comply with other aspects of this Agreement. Accordingly, all Owners expressly consent to the imposition of Special Assessments as needed to fund the legal action mandated by this Subsection.

7.3 TRANSFEREE AND SUCCESSOR OBLIGATION. For the purposes of this Section, the term Transferee shall be deemed to include any successor, assignee or personal representative of any Party. Each Transferee, whether voluntary or involuntary, shall immediately be deemed to assume all obligations and liabilities of the Party whose ownership interest they obtained, regardless of whether they have complied with the requirements imposed by Section 7.2. The purpose of this Section is to provide additional protection to the Association and all Parties in the event some individual or entity acquires an interest in the Property without complying but is not intended to diminish or limit the responsibilities and liabilities imposed by Section 7.2. In addition, nothing in this Section or in this Agreement shall be interpreted to alter a former Party's obligations, responsibilities or liabilities under this Agreement up to and including the date of any transfer.

7.4 MARRIAGE OR REMARRIAGE OF PARTY. Without limiting the generality of Sections 7.2 and 7.3, it is expressly provided that, if a Party marries or enters into a registered domestic partnership, the spouse or domestic partner of such Party shall be deemed a Transferee of such Party's interest under such Sections regardless of whether the Party actually transfers all or any portion of their interest to their spouse or domestic partner. The purpose of this provision is to avoid the circumstance where a series of events, perhaps unintended, coupled with the operation of law, effectively transfers all or a portion of an Ownership Interest to a spouse or domestic partner who is not bound by this Agreement. Should a Party wish to prevent or restrict the rights of their spouse or domestic partner, and/or indemnify such spouse or domestic partner from obligations or responsibilities imposed by this Agreement, the Party may do so through a separate and private agreement between themself and such spouse or domestic partner.

ARTICLE 8--FINANCING

8.1 GENERAL PROHIBITION AGAINST LIENS. Except as specifically provided in Section 8.3, no Owner shall incur any obligation in the name of the Association or individually, which obligation shall be secured either intentionally or unintentionally by a lien or encumbrance of any kind on the Property without Unanimous Owner Approval. Creation of such a lien or encumbrance shall be considered a violation of this Agreement.

8.2 MECHANICS LIENS. Whenever a Party enters into an oral or written agreement under which labor or materials are to be provided to or for the Property and associated costs are to be Individual Maintenance Costs, (i) the Owner in which that Party holds an ownership interest shall be deemed the Contracting Owner, and (ii) all labor and materials provided under the agreement shall be deemed the Contracted Labor and Materials. The Contracting Owner shall pay all costs associated with their Contracted Labor and Materials when due and shall keep the Property free of mechanics and other liens resulting from actual or alleged non-payment of such costs. The Contracting Owner shall indemnify and hold harmless all Parties against any loss or expense associated with the existence of liens resulting from actual or alleged non-payment of costs associated with their Contracted Labor and Materials. If the Contracting Owner wishes to contest such a lien, they shall furnish the Association with a cash deposit, or a bond from a responsible corporate surety meeting the requirements of Civil Code §3143, in the anticipated amount of the claim underlying the lien including estimated costs and interest. If a final judgment establishing the validity of the claim underlying the lien is entered, the Contracting Owner shall satisfy the judgment within 30 calendar days. If a lien has been created and the Contracting Owner has failed to provide the Association with a cash deposit or a bond as required by this Section, the Association may pay the claim underlying the lien, and any amount so paid shall be immediately due from the Contracting Owner.

8.3 ENCUMBRANCES AND MORTGAGE PROTECTION. This Section shall be binding upon all successors in interest (including assignees and future Lenders) of the Association and of each Owner and Party, including any successors in interest or assignees of an Owner or Party who is not a Borrower, and upon any other entity or individual owning or managing the Property. The terms and conditions of this Section shall supersede any contrary provisions contained anywhere in this Agreement to the extent that they conflict with the provisions of this Section. The Lender(s), and its successors and assigns are a third party beneficiary of this Agreement and may enforce each provision of the Agreement.

A. Definitions Applicable To Mortgage Protection.

(1) "**Lender**" means any financial institution, individual or entity that loans money to a Party secured by the Property or a Party's interest in the Property.

(2) "**Borrower**" means any individual, group or entity that has borrowed money from a Lender, secured by the Property or a Party's interest in the Property.

(3) "**Owner Through Foreclosure**" means any individual or entity, other than a Lender, acquiring title to an Ownership Interest through foreclosure, or by way of a deed in lieu of foreclosure, and any successor in interest to such person or entity.

(4) "**Loan Document**" means: (i) any evidence of a written promise by a Borrower to a Lender for payment of funds (including loan principal, interest, any amounts expended or advanced by the Lender to enforce the Borrower's obligations, or other costs or expenses), together with all renewals, extensions, modifications, consolidations, and substitutions; (ii) a security instrument (including a mortgage or a deed of trust) given by a Borrower to a Lender, which security interest grants the Lender a lien on the Property and/or Association to repay indebtedness; or (iii) credit arrangements, loan agreements, environmental agreements, security agreements, security deeds, collateral mortgages and all other instruments, agreements and documents, whether now or hereafter existing, signed in connection with any other Loan Document.

(5) "**TIC Agreement"** means the Agreement governing the rights and obligations of all Parties for purposes of managing and maintaining the Property.

B. Right To Create Encumbrance. Any Owner may create an encumbrance which is solely against their interest in the Property provided that (i) any holder of the encumbrance, or purchaser following foreclosure, shall take title to any interest in the Property subject to all of the provisions of the TIC Agreement and shall be entitled to no greater rights than the person(s) who signed the document creating the encumbrance (except as provided below in this Section), and (ii) if such encumbrance secures an obligation to an institutional lender, it is fully assumable by a reasonably qualified successor in interest (under the Lender's normal underwriting guidelines applicable to Association financing) for a reasonable fee. Under no circumstances shall any Party or the Association incur any obligation in the name of the Association or individually, which obligation shall be secured by a blanket lien or encumbrance on the entire Property.

C. Obligation To Protect Lenders from Liens. The Association must collect and pay, prior to the date when payments are due, required payments for taxes, special taxes, assessments or charges (including water and sewer), fines, or impositions which are levied against or on account of the Property, which taxes, special taxes, assessments or charges (including water and sewer), fines, or impositions have priority over or are equal to the interest of a Lender under a Loan Document. The Association shall notify each Lender within 30 calendar days of the date that there is a failure by the Association or any Owner to make a required payment owing to the Association, or when the failure to make required payments to any individual or entity could result, or has resulted, in the imposition of a lien on the Property.

D. Post-Foreclosure Rights.

(1) An Owner Through Foreclosure, or a Lender: (i) shall each be entitled to all of the rights allocated by the TIC Agreement to the person whose interest was foreclosed, which rights shall not be diminished by any prior or subsequent act or omission of such person; and (ii) except as provided elsewhere in this Section, shall be otherwise subject to the provisions of the TIC Agreement.

(2) Each Lender shall be exempt from the requirements of Section 3.3B(2) provided, however, that an Owner Through Foreclosure that is not a Lender shall be exempt from such requirements only when such Owner Through Foreclosure acquired their Ownership Interest for the purpose of preparing, managing or transferring such Ownership Interest for sale to a member of the general public who will not be exempt from such requirements.

(3) Notwithstanding anything to the contrary in this Agreement, in addition to all remedies available under applicable law (including the remedies for breach of a rental agreement), a Lender or Owner Through Foreclosure shall be permitted to undertake an Ellis Act eviction of renters as provided in Section 3.3D if both of the following conditions are satisfied: (i) the Unit assigned to the Owner foreclosed upon (the "Foreclosed Owner") is tenant-occupied at the time of the foreclosure; and (ii) the monthly rent paid by such tenant is less then 85% of the sum of the Foreclosed Owner's monthly mortgage payment and Regular Monthly Assessment. The following requirements and provisions shall apply to any such eviction.

(a) At least 40 calendar days prior to invoking the Ellis Act, the Owner Through Foreclosure, or the Lender, shall provide all Owners with a Notice of Right To Purchase, sent by certified mail, showing the purchase price and the basis for its computation (as described below) and the contact information for the representative or agent who has the authority to conduct the sales transaction (the "Lender's Agent"). The purchase price shall be the sum of: (i) all amounts owing to Lender at the time of foreclosure (whether or not Lender entered a full credit bid); (ii) interest at the legal rate from the time of the foreclosure sale to the date of the sale to the Owner Through Foreclosure; and (iii) any costs associated with the sale of the Lender's interest to the Owner Through Foreclosure. Once an Owner Through Foreclosure or a Lender has provided the Notice of Right to Purchase, that same Owner Through Foreclosure or Lender shall not be required to provide any additional such Notice(s) in connection with subsequent invocations of the Ellis Act relating to the same foreclosure.

(b) An Owner may exercise the purchase right by providing to the Lender's Agent written notice of their tentative intent to purchase (a "Notice of Tentative Intent") by certified mail postmarked no later than 10 calendar days from the date of the postmark of the Notice of Right To Purchase, and then providing to the Lender's Agent written notice of their final intent to purchase (a "Notice of Final Intent") by certified mail postmarked no later than 10 calendar days from the date of the postmark of the Notice of Tentative Intent. The Notice of Final Intent shall be binding. If more than one Owner provides a Notice of Final Intent, competitive bidding shall be permitted and the Lender's Agent shall determine the purchaser.

(c) Failure to complete the purchase on the terms and conditions stated in the Notice of Final Intent within 40 calendar days of the Notice of Final Intent shall be a violation of this Agreement. The time periods provided in this Section will not be extended under any circumstances, including filing of bankruptcy, unless the Lender's Agent provides written consent.

(d) If no Owner completes a purchase on the terms and conditions stated in the Notice of Final Intent within 40 calendar days of the postmark of the Notice of Final Intent, the Owner Through Foreclosure, or Lender, at its sole discretion, shall be permitted to invoke the Ellis Act. If they choose the latter approach, they must serve all tenants residing in each residential Unit with an eviction notice within 12 months of acquiring title to the foreclosed interest.

E. Effect Of Association Enforcement. No action taken by the Association, or by any Party, to enforce an obligation imposed by the TIC Agreement, including but not limited to a forced sale, a judicial or non-judicial foreclosure, or the creation of a lien of any kind, shall:

(1) Diminish, undermine or in any way affect, the rights of any Lender under a Loan Document, including a Loan Document recorded after the occurrence that provides the basis for the enforcement action;

(2) Impair the right of a Lender, under a Loan Document, or of any Owner Through Foreclosure, to transfer the usage or possessory rights explicitly assigned to such Lender's Borrower under the TIC Agreement in effect at the time the Loan Document was created. In furtherance of the preceding sentence, the Association shall cooperate in the efforts of a Lender to transfer usage or possessory rights, including allowing open houses, and signing deeds and related sales documentation. Each Party agrees not to assert the failure of another Party, or of the Association, to fulfill any obligation under this Agreement, including an obligation to pay taxes, special taxes, assessments or charges (including water and sewer), fines, or impositions that are levied against or on account of the Property, as a defense to a foreclosure or other enforcement action by a Lender.

An Owner Through Foreclosure, or a Lender, shall take title free of any liens or claims and shall be obligated to pay only assessments or other charges that come due and payable after the date they acquired title. Accordingly, any claims of equitable subordination or subrogation that could be raised against any such Owner Through Foreclosure under California Civil Code §2903 or any successor or corollary statute are waived by all Parties and by the Association.

F. Rights Of First Refusal. No right of first refusal or purchase option shall bind a Lender or impair the rights of a Lender: (i) to foreclose or take title pursuant to the remedies provided in a Loan Document; (ii) to accept a deed (or assignment) in lieu of foreclosure in the event of a default under a Loan Document; or (iii) to sell, lease or transfer an Ownership Interest acquired by the Lender following default under a Loan Document.

G. Borrower Information. Any Lender can, but is not obligated to, furnish information to the Association concerning the status of any Loan Document or related Borrower obligation.

H. Proceeds Priority. Each Lender shall have priority over the rights of its Borrower, the Association, and their assignees and/or successors, in case of distribution of proceeds allocated to the Lender's Borrower under this Agreement, including distributions resulting from a voluntary or involuntary sale of the entire Property (regardless of the manner in which such sale is triggered and who or how it is triggered), from distribution of insurance, or from condemnation awards for losses to, or a taking of, such Borrower's interest in the Property. Any provision to the contrary in the TIC Agreement is void. Each Lender shall be named as a loss payee in each fire, physical loss and extended coverage insurance policy covering the entire Property and/or improvements assigned by the TIC Agreement to such Lender's Borrower, and the provisions of this Subsection shall be conclusive evidence of the Lender's rights under any such policy. Any Lender may demand that any insurance proceeds to which it is entitled under this Subsection be paid directly to it, and the Association and all Parties shall comply with such a demand.

I. Acts Requiring Lender Consent. The prior written consent of all Lenders shall be required to take any of the following actions:

(1) Abandoning the Property, terminating the TIC Agreement, or taking any action which would trigger a legal requirement or claim that any previously owner-occupied portion of the Property be rented; at any Lender's option, a Loan Document may provide that any of these events will automatically be deemed to impair Lender's security interest in the Property; as a condition of giving its consent, any Lender may require that any insurance proceeds shall be used to pay it, which requirement shall be honored by the TIC provided it can do so without violating the provisions of Subsection H;

(2) Changing the method of determining the obligations, assessments, dues or other charges that may be levied against an Owner, or changing the allocation of any distributions of hazard insurance proceeds or condemnation awards;

(3) Failing to maintain fire and extended coverage on the Property in an amount not less than one 100% of the insurable value based on current replacement cost; and

(4) Amending any provision of the TIC Agreement.

In addition, a sale of the entire Property shall require the approval of all Owners and Lenders. Any action taken in violation of this Subsection is void and unenforceable against every Lender and its successors. Lender consent may be withheld solely at the discretion of the Lender.

J. Acts Requiring Lender Notice. As provided in Section 6.2, the Association shall provide each Lender with a copy of the Annual Update certified by all Owner Representatives to be a true and correct copy. The Association shall also provide each Lender with written notice of the following:

(1) Any notice that the Association gives to an Owner upon whose interest the Lender has a lien, regarding any breach of the TIC Agreement or any termination of any such Owner's rights to use, rent, or remain in possession of their assigned Unit and/or Exclusive Use Common Area;

(2) Any amendment to the TIC Agreement;

(3) Any legal action that the Association commences to enforce any rights or remedies provided in the TIC Agreement against an Owner upon whose interest the Lender has a lien;

(4) The occurrence of any loss, casualty, condemnation, or eminent domain which decreases or impairs the value of the interest encumbered by any of its Loan Documents;

(5) The initiation of a lawsuit or legal proceeding against the Association or any Owner, seeking to challenge or invalidate any particular use of the Property, asserting that the Property is in violation of any local, state, or federal law or regulation, or challenging the enforceability of the TIC Agreement; and

(6) Any lapse or cancellation of any Association insurance policy.

Failure of a Lender to receive a notice required by this Section shall not be construed to benefit a Party or to impede the Association or any Owner from enforcing the TIC Agreement against a Party.

K. Lender Entry. The Association and each Party hereby represent and acknowledge that each Lender shall have the following rights and licenses in addition to, and separate and independent of, the rights of any Party upon whose interest such Lender has a lien:

(1) The right and license at any time, during the term of any such Lender's Loan Documents and in furtherance of or subsequent to judicial or non-judicial foreclosure by the Lender under any of the Lender's Loan Documents, to enter its Borrower's assigned Unit and Exclusive Use Common Area in person, or by agent or receiver, and to possess and use the Unit and Exclusive Use Common Areas for the purpose of exercising any of its rights, powers or remedies with respect to the Property or any personal property collateral for its loan, including but not limited to the right to remove any and all personal property collateral from the Unit and Exclusive Use Common Area, and to take such other action as the Lender desires with respect to any and all of the personal property collateral; and

(2) Subject to at least 10 calendar days prior written notice from the Lender to the Association, the right and license, at any time during the term of any of the Lender's Loan Documents, to exercise any creditor's rights; provided, however, that if any emergency exists that makes the giving of such notice impracticable, or would materially jeopardize the Lender's rights, then only reasonable notice under the circumstances shall be required.

As a condition to the exercise of the rights set forth in this Subsection, all Regular Monthly Assessments owed by the Lender's Borrower for all periods during which use and possession of the Unit is retained by the Lender, and for those periods only, shall be paid by the Lender (if they have not already been paid by the Lender's Borrower). To the extent there is a conflict between the terms of this Subsection and the Loan Documents, the terms of this Subsection shall be superseded by the Loan Documents.

L. Lender Right to Attend Meetings. Because of its financial interest in the Property, any Lender may, but has no duty to, appear at meetings of Owners or any board or committee to draw attention to violations of this Agreement that have not been corrected or that have been made the subject of remedial proceedings or assessments, or for general information purposes. Except as otherwise provided in the TIC Agreement, the Lender cannot vote at any such meeting. No provision of the TIC Agreement shall operate to make any Lender directly responsible for an obligation of its Borrower, unless that obligation is assumed in writing by an authorized representative of the Lender.

M. Lender Right to Inspect Records. Because of its financial interest in the Property, any Lender may inspect and copy any Association record, including those containing any Party's current address, the books of accounts and other financial records, and minutes of meetings of the Owners or any board or committee, for any purpose reasonably related to the Lender's interests. At the request of any Lender, the custodian of Association records shall provide the names, mailing addresses, telephone numbers and voting rights of each Owner. The Association shall establish reasonable rules for: (i) notice to be given to the custodian of Association records by a Lender requesting inspection and copying of documents; (ii) hours and days of the week during which inspection and copying shall be permitted; and (iii) payment of copying costs. No original documents shall be removed for copying. Inspection and/or copying of records shall be in the city where the Property is located, during normal business hours, and within 15 business days of receipt of the Lender notice requesting inspection and copying.

N. Bankruptcy Effect. The initiation of any proceedings under the United States Bankruptcy Code by the Association, or by any Owner or Party, shall not operate to alter, supersede, or diminish the rights of any Lender under the TIC Agreement. Any trustee or successor in interest to any Party under the United States Bankruptcy Code shall be bound by all of the provisions of this Agreement.

O. Condominium Conversion Effect. Subdivision of the Property shall not alter or amend any obligations of any Borrower to their Lender. Neither the Association nor any Owner shall transfer title to any subdivision of the Property that includes an area assigned of which exclusive usage rights by were by the TIC Agreement to a Lender's Borrower without the consent of such Lender.

P. Marriage Effect. If a Borrower marries or enters into a registered domestic partnership during the term of the TIC Agreement, the Borrower shall comply with all provisions of the TIC Agreement, including Sections 7.2 and 7.4, and shall present evidence of such compliance to their Lender. If a Borrower marries or enters into a registered domestic partnership during the term of the TIC Agreement, the spouse/domestic partner of the Borrower shall be equally bound to each of the terms and conditions of the TIC Agreement. In addition, each of the terms and conditions of the TIC Agreement shall be enforceable if the Property or any rights under the TIC Agreement is transferred or awarded to the Borrower's spouse/domestic partner or creditors under a decree of divorce or judgment of dissolution or separate maintenance.

Q. Partition. The Association, each Party and all successors in interest, and all Lenders and their successors in interest, for a period of 75 years, unconditionally waive the right to partition the Property under California Code of Civil Procedure

Owner Initials: ______________________

Owner Initials: ______________________

§872.010, et seq. or any successor or corollary statute or law, unless one of the following conditions is satisfied: (i) more than three years before the filing of the action, the Property was damaged or destroyed, so that a material part was rendered unfit for its prior use, and the Property has not been rebuilt or repaired substantially to its state prior to the damage or destruction, or (ii) three-fourths or more of the Property is destroyed or substantially damaged and more than 50% of the Owners oppose repair or restoration. Without acknowledging the right of any person to do so, in the event of partition of the Property, the Association, each Party and any successors in interest, and all assignees or creditors of such parties, waive any right to claim that said action in any way prohibits, limits, diminishes or interferes with any Lender's rights under the TIC Agreement, and further waive any right to claim that said action in any way prohibits, limits, diminishes or interferes with any Lender's right to pursue all rights and remedies under its Loan Documents, including but not limited to the right to foreclose and the right to obtain timely and full payment of its loan prior to any payment to such Lender's Borrower under the partition action.

R. Dispute Resolution Lender shall not be subject to the alternative dispute resolution provisions of the TIC Agreement.

S. Foreclosure by Lender. Notwithstanding the provisions of Sections 7.1 and 7.2, when an Ownership Interest is transferred to a foreclosing Lender by deed in lieu of foreclosure or as a result of a Trustee's sale resulting from a foreclosure, such Lender shall not be required to execute this Agreement.

T. Interpretation. For the purpose of this Subsection, an Approved Loan Document shall be a Loan Document: (i) executed by a Borrower; (ii) recorded in connection with the Borrower's initial purchase or refinance of that Borrower's undivided interest in the Property, and (iii) encumbering only the Borrower's undivided interest in the Property. In the event of an inconsistency between this Agreement and an Approved Loan Document that would fully or partially obviate, or otherwise interfere with, a Borrowers obligation to repay a Lender, the terms of the Approved Loan Document shall control; however, this language is not intended to alter or supersede the provisions of Section 10.1.

U. Transfer Requirements Exemption. A Lender and an Owner Through Foreclosure shall be exempt from the requirements of Section 7.2 while it is in the process of obtaining title to its security from its borrower or from its borrower's bankruptcy estate.

ARTICLE 9--DEFAULT

9.1 ENFORCEMENT. The Association shall exercise prudent business judgment in determining whether, when and how to enforce this Agreement. The Association, with Majority Owner Approval, is authorized to impose fines, suspend voting rights, and impose any other disciplinary action for violation of this Agreement to the fullest extent permitted by California law. Before a policy involving the imposition of monetary penalties takes effect, and any time such penalties are revised, the Association shall provide each Owner with a written schedule of penalties. Each Owner shall have a right of action against another Owner or the Association for failure to comply with this Agreement or with a decision of the Association. A failure by the Association to enforce any provision of this Agreement on one or more occasions shall not be deemed a waiver or estoppel of the Association's right to enforce a similar or other violation of this Agreement.

9.2 DELINQUENT ASSESSMENTS.

A. Delinquency Timing and Charges. Assessments are due and payable on their due dates without deduction or offset for any claim an Owner may have against the Association. Each Assessment, together with authorized charges, is the joint and several personal obligation of all Owners of the Ownership Interest against which it is levied. No Owner may exempt themself from liability for payment of Assessments. An Owner is permitted to pay any amount owed to the Association under protest. The Association may impose a late charge in the maximum amount permitted by applicable law on delinquent payments as compensation for additional administrative costs, charge, recover reasonable costs incurred in collecting delinquent Assessments including reasonable attorney fees, and charge interest on delinquent payments, late charges, collection costs, and attorney fees, at the maximum amount permitted by applicable law, beginning 30 calendar days after the due date and continuing until the date payment is received.

B. Repeated Delinquency. If a Regular Monthly Assessment installment is not paid within 15 calendar days of the due date more than three times during a calendar year, the Association may declare the entire remaining unpaid balance of the Regular Monthly Assessment for that calendar year immediately due and payable in full by providing Individual Notice to the Owner.

C. Payment of Delinquent Assessments. Payment toward a delinquent Assessment shall be credited first to satisfying the Assessment, and then to late charges, collection costs, attorney fees and interest. Upon payment of delinquent sums, the Association shall promptly record a notice acknowledging satisfaction and releasing the lien. The lien shall not be affected by the sale or transfer (other than through foreclosure) of the affected Owner's Ownership Interest. Upon receipt of Association Notice from an Owner containing a request, the Association shall provide the Owner with a written statement, signed by the Association Manager, stating the amount of all unpaid Assessments, fines, penalties, charges and other financial obligations owed to the Association by the Owner as of the date of the statement. The statement shall be conclusively presumed accurate as of its date in favor of any good faith purchaser of an Ownership Interest who relies on it. The Association may charge a reasonable fee for the statement that shall not exceed the actual administrative cost.

D. Homestead Waiver. Each Owner waives the benefit of statutory debtor protection, including homestead and exemption rights, to the full extent permitted by California and Federal law with respect to collection of Assessments and enforcement of Assessment liens.

9.3 VIOLATION PROCEDURES.

A. Violation Types. Violations of this Agreement shall be categorized and referred to as follows: (i) the nonpayment or underpayment of a Regular Monthly Assessment, Special Assessment, or Reimbursement Assessment, shall be referred to as a Payment Violation; (ii) violating behavior that is continuous (such as non-permitted storage or a non-permitted alteration) shall be referred to as a Continuing Violation; and (iii) violating behavior that is episodic (such as smoking or pet violations) shall be referred to as an Episodic Violation.

B. Accusation Notice. When a Party believes that an Owner (an "Accused Owner") has committed a violation of this Agreement, such Party shall provide to each Owner Representative a Notice (an "Accusation Notice") describing the alleged violation.

C. Payment Violation. If the Accusation Notice describes a Payment Violation, the Accused Owner shall have seven calendar days after the Effective Date of the Notice to do one of the following: (i) provide a Notice to each Owner Representative establishing that the payment was made in full; or (ii) pay the disputed amount in full, in which case such payment may be made under protest and the Accused Owner may initiate the dispute resolution procedures to recover the amount paid. If the Accused Owner fails to do either of these two things, such Owner shall be deemed to be in Default on the eighth calendar day after the Effective Date of the Accusation Notice. For the avoidance of doubt, it is repeated here that an Accused Owner may only challenge the validity of an Assessment by initiating dispute resolution after paying the Assessment in full under protest.

D. Continuing Violation. If the Accusation Notice describes a Continuing Violation, the Accused Owner shall have seven calendar days after the Effective Date of the Notice to do one of the following: (i) permanently cease the behavior described in the Accusation Notice; or (ii) initiate the dispute resolution procedures to contest whether the alleged behavior is occurring and is a violation of this Agreement. If the Accused Owner fails to do either of these two things, such Owner shall be deemed to be in Default on the eighth calendar day after the Effective Date of the Accusation Notice.. If the Accused Owner timely initiates dispute resolution, enforcement action shall be prohibited for so long as the Accused Owner actively participates in the dispute resolution process; however, the Accused Owner shall be deemed to be in Default if they cease to actively participate in the dispute resolution process, or they fail to perform all acts described in a final arbitration order or in an agreement resulting from another alternative dispute resolution process. For the purposes of further clarifying the meaning of permanent cessation of behavior, the following specific examples are provided. Where the alleged behavior is non-permitted placement or storage of an item at the Property, the requirement for cessation would be the removal of the item from the Property within the seven-day period. Where the alleged behavior is non-permitted alteration, the requirement for cessation would be the complete removal or reversal of the alteration.

E. Episodic Violation. If the Accusation Notice describes an Episodic Violation, the Accused Owner shall have seven calendar days after the Effective Date of the Notice to initiate the dispute resolution procedures to contest whether the alleged behavior occurred and was a violation of this Agreement. If the Accused Owner fails to initiate dispute resolution, and has received more than four Accusation Notices for the same or similar acts or omissions within the previous 24 months, such Owner shall be deemed to be in Default on the eighth calendar day after the Effective Date of the Accusation Notice. If the Accused Owner timely initiates dispute resolution, enforcement action shall be prohibited for so long as the Accused Owner actively participates in the dispute resolution process; however, the Accused Owner shall be deemed to be in Default if they cease to actively participate in the dispute resolution process, or they fail to perform all acts described in a final arbitration order or in an agreement resulting from another alternative dispute resolution process.

9.4 DEFAULT.

A. Special Definitions. The following initially capitalized nouns have the meanings set forth below when used in this Section: (i) an Owner in Default shall be referred to as a Defaulting Owner; and (ii) the Ownership Interest of a Defaulting Owner shall be referred to as a Defaulting Ownership Interest.

B. General Rights and Remedies. Following Default, the Association shall be immediately entitled to any remedy described in this Agreement or available at law or equity, serially or concurrently. The pursuit of any remedy shall not be deemed a waiver of the right to subsequently elect any other remedy. The procedures described in Section 9.3 are intended to be the exclusive means for an Owner to contest or suspend an alleged violation; if an Owner fails to avail itself of these procedures, such Owner shall not be entitled to dispute or contest the violation underlying the Default, or to suspend or challenge the imposition of the Default remedies.

C. Lien and Foreclosure Following Non-Payment of Certain Assessments. Under certain circumstances as further described in Section 9.5, the Association may pursue the lien and foreclosure remedies described in such Section.

D. Loss of Usage Rights. Under certain circumstances as further described in Section 9.6, The Association may suspend an Owner's right to use their assigned Unit and Exclusive Use Common Area.

E. Loss of Voting Rights. A Defaulting Owner shall be disqualified from voting on any matter relating to their alleged violation of this Agreement and on the consequences of such violation.

F. Post-Default Purchase Option.

(1) For valuable consideration receipt of which is hereby acknowledged, each Owner hereby irrevocably grants to each other Owner an option (a "Post-Default Purchase Option") to purchase their Ownership Interest for its Option Price under certain circumstances as described in this Subsection F. Any such purchase shall not interfere with the validity or enforceability of any deed of trust secured by the purchased Ownership Interest; rather, the purchaser shall take title to the Ownership Interest subject to each of the terms and conditions of such deed of trust and any obligation it secures.

(2) The Association Manager shall establish the Option Price for a Defaulting Ownership Interest as soon as reasonably possible following the Default. To establish the Option Price, the Association Manager shall determine the Fair Market Value of the Defaulting Ownership Interest as follows. The Manager shall obtain comparative market analyses, including supporting documentation, from four licensed real estate agents who have each sold at least three TIC ownership interests, condominiums, or single-family homes located within a 10-mile radius of the Property within the immediately preceding two years. The Association Manager shall then disregard the highest and lowest valuation and the Fair Market Value shall be deemed to be the average of the remaining two valuations. From such amount, the Association Manager shall subtract: (i) 6% as the likely sales commission that would have been paid had the Defaulting Ownership Interest been sold on the open market; (ii) 10% as liquidated damages for the effort, inconvenience and time incurred in dealing with the Default; (iii) the full outstanding balance of all amounts owed on any debt secured by the Defaulting Ownership Interest or, if the Association Manager is unable to obtain such information despite reasonable efforts, the Association Manager's estimate of such balance based upon available information; and (iv) all amounts owed by the Defaulting Owner to the Association, including interest as due under this Agreement, attorney fees, and any other enforcement costs. The remaining amount shall be the Option Price. Upon determination of the Option Price, the Association Manager shall provide to each Owner a Notice of Valuation stating the Option Price and including the supporting data and calculations.

(3) Any Owner Representative may exercise the Post-Default Purchase Option by providing to each other Owner Representative, within 30 days of the Effective Date of the Notice of Valuation, a Notice of Intent stating the intent to purchase at the Option Price. The Owner of the Ownership Interest (if any) on whose behalf the Notice of Intent was provided shall be the purchaser. If more than one Owner Representative provides a Notice of Intent, The Association Manager shall conduct an auction, and the Owner willing to offer the greatest premium above the original Option Price shall be the purchaser. In such auction process, each time an Owner increases the amount he is willing to pay, such increase shall be a minimum of $1,000 from the last offer. The purchase option resulting from a particular Default shall expire if it is not timely exercised as required in this Subsection.

(4) Upon conveyance of the Defaulting Ownership Interest to the purchaser, such purchaser shall assume all obligations of the Defaulting Owner to the Association and to any debtor with debt secured by the Defaulting Ownership Interest. The purchaser shall pay the Option Price to the Defaulting Owner in instalments as follows: 20% of the Option Price shall be payable in cash on the first, second, third, fourth and fifth anniversaries of the Effective Date of the Option Exercise Notice. The purchaser shall be permitted to prepay all or any portion of the Option Price before its dues date. No unpaid portion of the Option Price shall bear interest.

(5) Any option purchase under this Section 9.4 may be enforced through an action for Specific Performance. Notwithstanding anything to the contrary in this Agreement, such an action for Specific Performance shall not be subject to the arbitration provisions of this Agreement.

9.5 LIENS AND FORECLOSURE.

A. Assessment Liens. A delinquent Assessment, regardless of type, plus any late charges, interest, costs of collection or related charges, shall become a lien on the delinquent Owner's Ownership Interest beginning on the date the Association records a notice of delinquent Assessment with the County Recorder. Such a lien may be enforced in any manner permitted by law.

B. Non-judicial Foreclosure. A lien for delinquent Regular Monthly Assessments and Special Assessments, and a lien for delinquent Reimbursement Assessments levied to reimburse costs associated with repair of damage to the Property, may be enforced by nonjudicial foreclosure as provided in the Declaration. A penalty, fine, charge or other financial obligation, including costs and expenses of collection, levied by the Association against an Owner as a Reimbursement Assessment, may also be made a lien against the Ownership Interest of such Owner, but may not be enforced by nonjudicial foreclosure where expressly prohibited by law.

9.6 SUSPENSION OF USAGE RIGHTS.

A. Association Rights and General Procedural Requirements. The Association may suspend an Owner's right to use their assigned Unit and Exclusive Use Common Area only if the infraction upon which the suspension is based is either: (i) non-payment or underpayment of a Regular Monthly Assessment, Special Assessment, or Reimbursement Assessment; or (ii) there has been an arbitrator's decision, or a court judgment, under which the existence of the infraction has been confirmed. In the event of a suspension of usage rights, the Association may seek a rental tenant for any portion of the Property assigned to the defaulting Owner and, to the extent that rental income is derived, the Association shall apply such income to repay amounts owned by the defaulting Owner. In instances where a rental tenant is occupying the Owner's assigned Unit at the time of suspension, all rent payable by that rental tenant shall become payable to the Association beginning when the suspension takes effect. Each Owner agrees that, if a rental tenant occupying their assigned Unit reasonably believes that the occupancy rights of their Owner/landlord have been suspended based on information provided by the Association, such rental tenant is required to begin paying all rents to the Association and further agrees that, if such rental tenant does so, the Owner shall have no recourse whatsoever against the rental tenant for nonpayment of rent even if it is later determined that the suspension of occupancy and income rights was wrongful.

B. Lender Protections. Notwithstanding anything to the contrary in Subsection A, where a Lender has a deed of trust recorded against an Owner's interest in the Property, the loss of occupancy and income rights shall not take effect against such Owner unless the Lender has received written notice of the Association's intent to suspend such rights and, within 60 calendar days of receiving such notice, failed to initiate remedies under its Loan Documents with the Owner. No loss of occupancy or income rights shall apply to any successor in interest to the Owner who is an Owner Through Foreclosure as defined in this Agreement.

ARTICLE 10--GENERAL PROVISIONS

10.1 DISTRIBUTIONS.

A. Proceeds from condemnation, partition, or sale of the entire Property shall be distributed among the Ownership Interests based upon the Relative Value Percentages of their Assigned Spaces. Each Ownership Interest's Assigned Space shall consist of its assigned Unit and its Exclusive Use Common Area. The Relative Value Percentage of an Ownership Interest's Assigned Space shall be determined as follows: the Owners shall determine the fair market value of the Ownership Interest's Assigned Space as described in Subsection B, and then divide such fair market value into the combined fair market values of all Ownership Interests' Assigned Spaces. Unless otherwise agreed by all Parties and all Lenders, distribution allocations shall never be based on the manner or percentage in which title to the Property is held, or the manner in which any ownership expense is allocated.

B. Any Owner Representative may initiate a determination of Relative Value Percentages at any time provided both of the following criteria area satisfied: (i) there is a purpose for doing so, such as an agreement between the Owners to sell the entire Property in a single transaction, a condemnation, or conditions under which a partition would be permitted under this Agreement; and (ii) there has been no Relative Value Percentage determination within the immediately preceding six-month period. To initiate such determination, the Owner Representative shall provide a Notice so demanding to each of the other Owner Representatives. Then, each Owner Representative shall retain two persons meeting the following requirements (a "Qualified Valuation Consultant"): (i) having at least two years' experience appraising or selling real estate similar to the Property in the area where the Property is located; (ii) holding a valid real estate sales, brokerage or appraisal license; and (iii) having no prior personal relationship with any Party. Each Owner Representative shall instruct each Qualified Valuation Consultant to determine fair market value of each Owner's Assigned Spaces based on the physical conditions that existing as of the date of their valuation or, in instances where an event beyond the control of the Parties has caused sudden and unexpected physical damage to the Property, as of the date immediately preceding the event. Not later than 15 calendar days from the Effective Date of the Notice described in the second sentence of this Subsection, each Owner Representative shall provide to the others a complete and unaltered copy of the two valuations they obtain. The Owners shall then disregard the lowest and highest of the values for each Ownership Interest's Assigned Spaces, then average the remaining values for such Assigned Spaces, and such average shall be the final and binding fair market value for such Ownership Interest's Assigned Spaces.

10.2 NOTICES. Except where expressly prohibited by law, whenever Notice is required to be given to an Owner or the Association, such Notice shall be deemed properly given if done so in accordance with the following provisions. Notices shall be considered properly given to the Association when given to all Owner Representatives. Notices shall be considered properly given to an Owner when given to such Owner's Owner Representative.

A. Notice by Email. Notice to an Owner Representative may be given via an email transmission to their last known email address, except when otherwise required by this Agreement or by law. Each Party that is a natural person hereby agrees that, during periods while they are acting as an Owner Representative, Notices may be transmitted to them via email; similarly, each Party that is an entity hereby agrees that, during periods while a natural person with an affiliation with such entity is acting as an Owner Representative, Notices may be transmitted to them via email. It shall be the responsibility of each Owner Representative: (i) to regularly monitor their email communication; and (ii) to provide Notice to the other Owner Representatives when their email address changes. Under no circumstances shall any Owner, the Association, or any of its employees, representatives, assignees or subcontractors, be responsible for the consequences when any Owner Representative fails to receive a Notice because the intended recipient either: (i) failed to check their email account with reasonable regularity (to be defined as once every seven calendar days); or (ii) has failed to timely provide Notice to the other Owner Representatives of a change in their email address within a reasonable time after such change (to be defined as within seven calendar days of the change).

B. Notice by Other Method. Where Notice by email is expressly made inadequate by operation of law, or in other instances at the discretion of the sender, Notice may be accomplished in any manner permitted by law.

C. Effective Date of Notice. The Effective Date of a Notice shall be seven calendar days after emailing, unless otherwise specifically provided or unless the context requires a different time limit to apply. Where Notice by email is expressly made inadequate by operation of law, the Effective Date of the Notice shall be the date specified by law for the manner in which the Notice is given or, if no such date is specified, shall be 10 calendar days after the Notice is sent or published.

10.3 DISPUTE RESOLUTION.

A. Applicability of ADR Provisions. In general, the provisions of this Section shall apply to all disputes between Parties, or between the Association and any Party, relating to this Agreement or the Property. However, where the Association is attempting to collect all or any portion of a Regular Monthly Assessment, Special Assessment, or Reimbursement Assessment, it shall be permitted, but not obligated, to use all or some of the procedures described below, in its sole discretion. If it chooses to invoke any of these procedures, any Party from whom it is attempting to collect such Assessment shall be obligated to participate and, in the case of arbitration, the result of the procedure shall be binding. A Party that wishes to challenge the validity of the Assessment may do so only after paying the Assessment. An action or proceeding brought by a Lender to foreclose, evict or otherwise enforce its rights under its Note and Deed of Trust or to enforce the Lender protection provisions of this Agreement is excluded from the provisions of this Section.

B. Arbitration.

(1) Arbitration is a voluntary or mandatory method of resolving a dispute by delegating decision making authority to a neutral individual or panel. Except as otherwise provided in this Agreement, any dispute among Parties related to this Agreement or the Property shall be resolved through mandatory arbitration by the Judicial Arbitration and Mediation Service ("JAMS") in the JAMS location closest to the Property. Any Party affected by a dispute may initiate arbitration by written demand and advancing all JAMS fees. All Parties shall pursue arbitration to a conclusion as quickly as possible and conclude every case within six months from the date of the initial written demand for arbitration. Arbitrators shall have discretion to allow the Parties reasonable and necessary discovery in accordance with Code of Civil Procedure §1283.05, but shall exercise that discretion mindful of the need to promptly and inexpensively resolve the dispute. If a Party refuses to proceed with or unduly delays the arbitration process, any other Party may petition a court for an order compelling arbitration or other related act, and shall recover all related expenses, including reasonable attorney fees, unless the court finds that the Party against whom the petition is filed acted with substantial justification or that other circumstances make the recovery of such expenses unjust. The arbitration award shall be binding in every case. An arbitration order or award, including a ruling for specific performance or other injunctive relief, may be entered as a court judgment and enforced using all legally available mechanisms.

(2) *EACH PARTY IS AGREEING TO HAVE ANY DISPUTE RELATED TO THE PROPERTY OR THE ASSOCIATION DECIDED BY ARBITRATION AND IS GIVING UP ANY RIGHTS THEY MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. EACH PARTY IS SPECIFICALLY AND IRREVOCABLY WAIVING ANY AND ALL RIGHTS THEY MAY HAVE UNDER THE CALIFORNIA CODE OF CIVIL PROCEDURE TO SEEK THE JUDICIAL REVOCATION OR MODIFICATION OF ANY ARBITRATION ORDER, AWARD OR JUDGMENT. ALL ARBITRATION ORDERS, AWARDS OR JUDGMENTS HEREUNDER ARE FINAL, BINDING, AND UNAPPEALABLE. IF A PARTY REFUSES TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, THEY*

MAY BE COMPELLED TO ARBITRATE. EACH PARTY'S AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

(3) The following matters need not be submitted to binding arbitration: (i) an action for unlawful detainer; (ii) an action brought pursuant to the California Small Claims Act; (iii) an action or proceeding to compel arbitration, including an action to impose sanctions for frivolous or bad faith activity designed to delay or frustrate arbitration; (iv) an action or proceeding which is within the jurisdiction of a probate or domestic relations court; (v) an action to record a notice of pending action, or for an order of attachment, receivership, injunction or other provisional remedy which action shall not constitute a waiver of the right to compel arbitration.; or (vi) an action or proceeding brought by a Lender to foreclose, evict or otherwise enforce its rights.

10.4 ATTORNEY FEES. If any dispute between the Parties related to this Agreement or to the Property should result in arbitration or litigation, the prevailing Party in such dispute shall be entitled to recover from the other Party all reasonable fees, costs and expenses of enforcing any right of the prevailing Party, including without limitation, reasonable attorney fees and expenses, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of reasonable attorney fees and costs incurred in enforcing such judgment and an award of prejudgment interest from the date of the breach at the maximum rate allowed by law. For the purposes of this Section: (i) attorney fees shall include, without limitation, fees incurred in postjudgment motions, contempt proceedings, collection-related third Party examinations, discovery, and bankruptcy litigation; and (ii) prevailing Party shall mean the Party who is determined in the proceeding to have prevailed or who prevails by dismissal, default or otherwise.

10.5 INDEMNITY. Each Owner shall indemnify, defend and hold harmless the Association, and the other Owners, from any loss, cost or liability, including attorney fees, resulting from: (i) any claim made by any person, including a claim made by an Occupant, guest or invitee of such Owner's assigned Unit, for personal injury or property damage occurring within their assigned Unit or within any Exclusive Use Common Area assigned to them, unless the injury or damage occurred by reason of the negligence of another Owner temporarily visiting in their Unit or Exclusive Use Common Area, or is fully covered by insurance; (ii) any claim for personal injury or property damage sustained or occurring anywhere on the Property resulting directly or indirectly from the use of their assigned Unit as a rental, unless the injury or damage is fully covered by insurance; (iii) without limiting the generality of the preceding clauses, any loss, cost or liability, including attorney fees, arising out of claims related to an animal brought to the Property by an Occupant of such Owner's assigned Unit, or a guest of such Occupant; and (iv) any claims related to the ownership, maintenance or use of motor vehicles on the Property by such Owner, such Owner's invitees, the Occupants of such Owner's Unit, and the invitees of any such Occupant. If a Party becomes subject to any claim, liability, obligation, or loss arising from or related to the willful or negligent act or omission of another Party, such other Party, and the Owner in which they hold an ownership interest, shall fully indemnify them from all associated costs and expenses including attorney fees.

10.6 PARTITION. Except as otherwise provided in Subsection 8.3Q, each Party agrees to waive their right to seek partition or sale in lieu of partition. In the event of a partition, any proceeds shall be distributed as provided in Section 10.1.

10.7 OTHER GENERAL PROVISIONS. Except as specifically provided in this Agreement, no Party shall have the right to assign any of their rights or to delegate any of their duties under this Agreement without the written consent of all Owners. Time is expressly declared to be of the essence in this Agreement. Except as specifically provided in this Agreement, a provision of the Agreement shall be waived by an Owner, only when a written document explicitly describing the waiver is signed by one representative of the Owner. No waiver of any breach of this Agreement shall constitute a waiver of any subsequent breach of the same or different provision of this Agreement. This document contains the entire agreement of the Parties relating to any matter regarding the Property. Any prior or contemporaneous written or oral representations, modifications or agreements regarding these matters, including but not limited to those contained in any purchase agreement or preliminary commitment, shall be of no force and effect unless contained in a subsequently dated, written document expressly stating such representation, modification or agreement, signed by one representative of each Owner. All pronouns shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the context in which they are used may require. All headings are inserted only for convenience and ease of reference and are not to be considered in the interpretation of any provision of this Agreement. Numbered or lettered articles, sections and subsections refer to articles, sections and subsections of this Agreement unless otherwise expressly stated. In the event any claim is made by any Party relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Party or his or her counsel. Each Party hereby consents to the exclusive jurisdiction of the state and federal courts sitting in California in any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement. Each Party further agrees that personal jurisdiction over them may be effected by service of process by registered or certified mail addressed as provided in this Agreement, and that when so made shall be as if served upon him or her personally within the State of California. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is held invalid shall not be affected. This Agreement may be signed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

10.8 ATTORNEY DISCLOSURES. Each Party understands and acknowledges that their interests conflict with the interests of the other Parties and that the attorney preparing this Agreement is unable to adequately represent the interests of any Party individually. The Parties acknowledge that the legal and tax aspects of cotenancy have not yet been fully tested through litigation in the court or tax system. The Parties acknowledge that they have been advised to independently hire economic, tax and legal counsel to evaluate and review the financial, tax and legal consequences of this transaction and this Agreement. The Parties acknowledge that they have either conducted their own independent tax and legal analysis of each of the terms of this Agreement or hereby knowingly waive their right to do so.

10.9 AGREEMENT VALIDITY AND AMENDMENT.

A. Conflicting Versions. The Reference Date of this Agreement shall be the date referred to as the date of the Agreement in the Declaration. Each authentic page of this Agreement shall bear the Reference Date in its footer, and pages that fail to do so shall not be deemed authentic. Where different versions of a page bear a different Reference Date, the latest version on record in the files of SirkinLaw APC shall be deemed the controlling version.

B. Amendments. This Agreement may be amended at any time and from time to time, but any amendment must be in writing and signed by each Owner Representative.

C. Termination. This Agreement shall bind the Parties for 90 years or until such time as one of the following events occurs: (i) 100% of the Property is resold in a single transaction; (ii) all Owners explicitly agree in writing to no longer be bound by this Agreement; or (iv) this Agreement is superseded or lapses by operation of law.

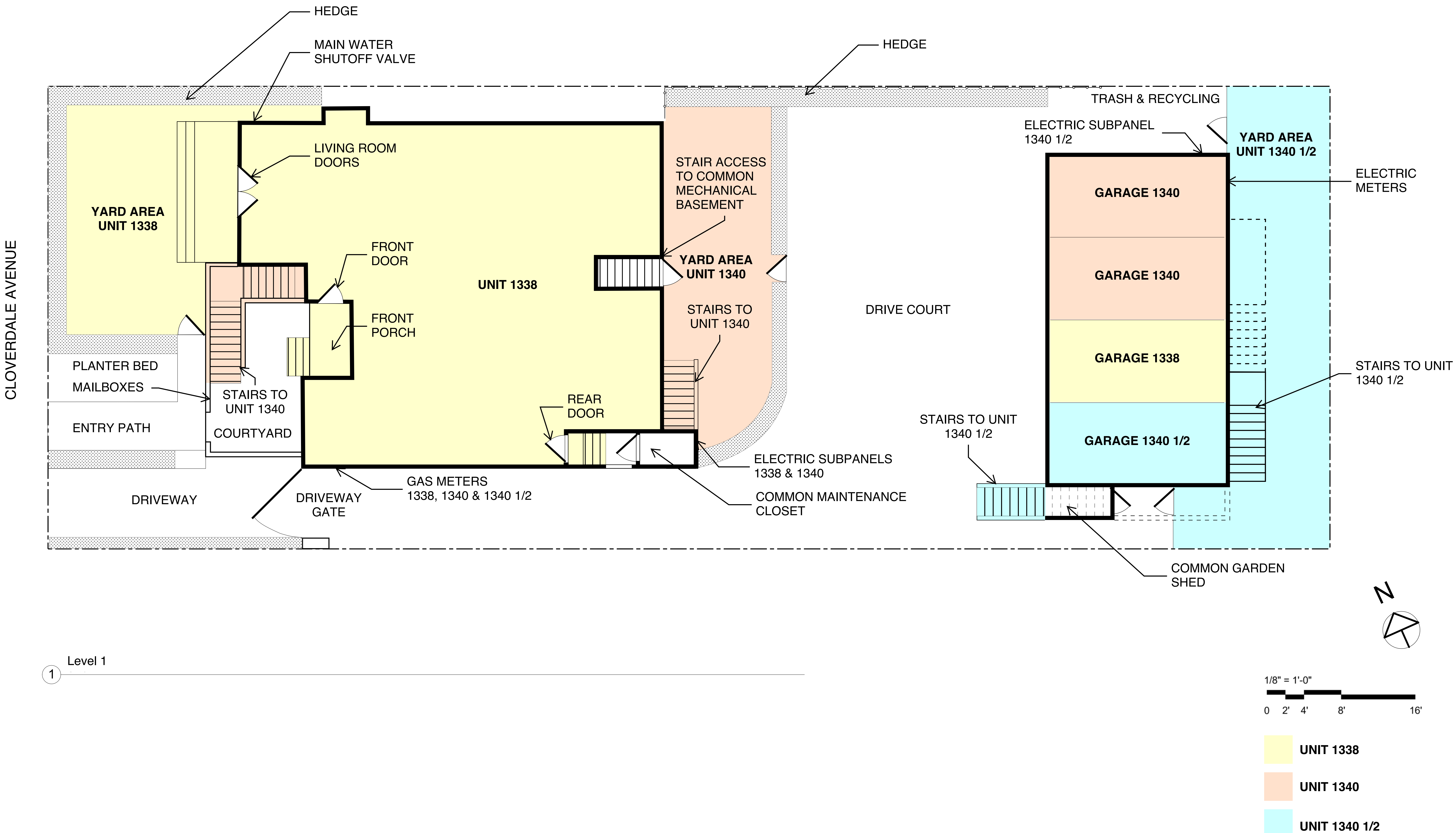
D. Signatures and Certifications. Each Party to this Agreement hereby states that they have read and fully understands all of the terms and conditions of this Agreement, and that they agree to abide by each and every one of them. Each Party further represents that, to the best of their knowledge as of the date they sign the Agreement, the information on Exhibit A is correct, and no individual or entity not listed on Exhibit A has an ownership in the Property or any obligations under the Agreement. Each Party shall assume all of the duties and obligations, and shall be entitled to all the rights and benefits, of their assigned Ownership Interest as shown on Exhibit A. Each Party to this Agreement shall signify all of the above by doing all of the following: (i) initialing the bottom of each page of the Agreement; (ii) initialing Exhibit A ("Owner Identities") in the space adjacent to the Ownership Interest they are acquiring; and (iii) Signing below if they are one of the original signatories to this Agreement or, if they are not one of the original signatories, Signing an Assumption of Obligations form.

______________________	DATE	______________________	DATE
______________________		______________________	
Miguelangelo Padilla	DATE	Jacob Shelley	DATE

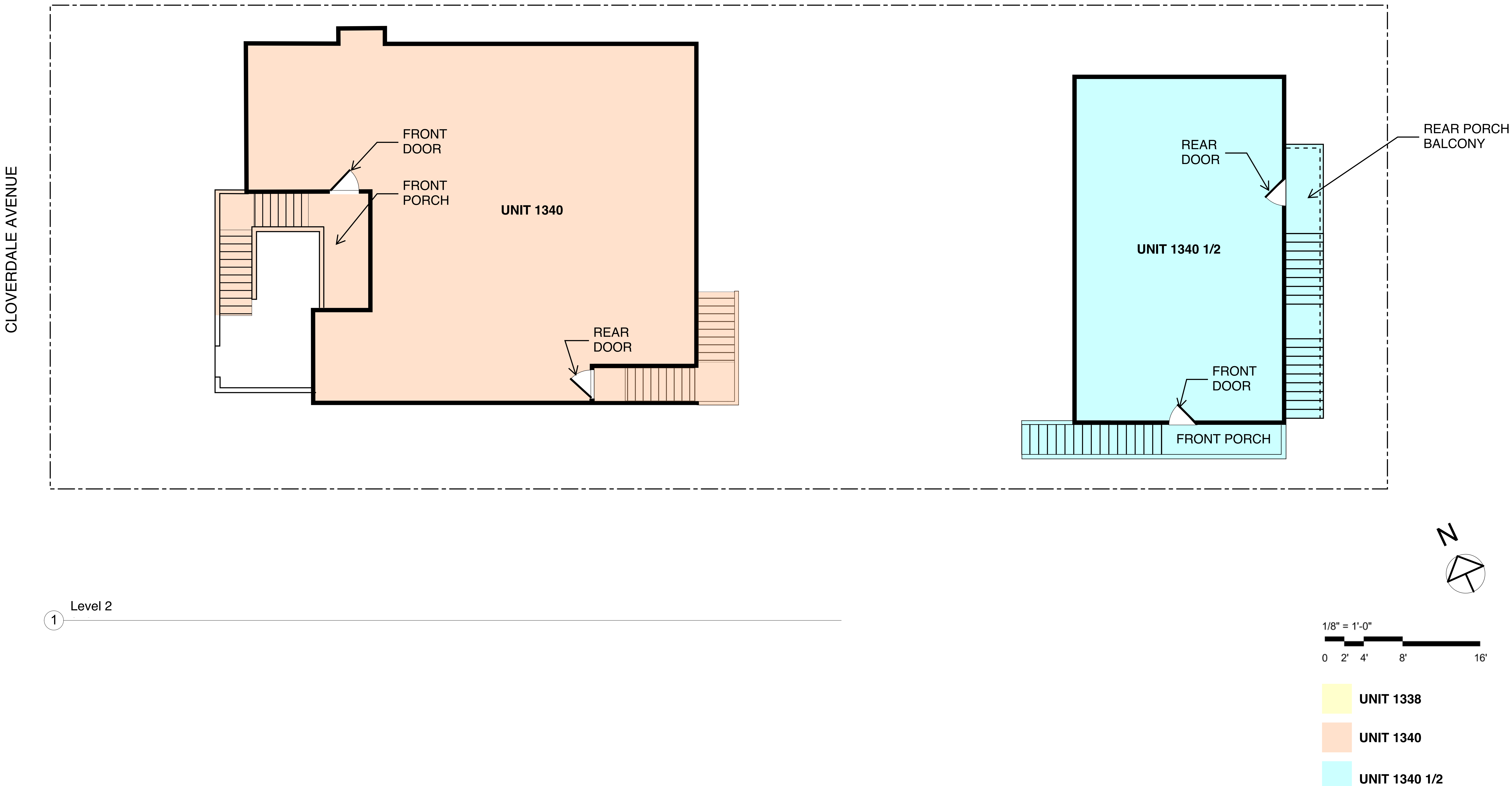
TENANCY IN COMMON AGREEMENT
FOR
1338 – 1340 - 1340 ½ SOUTH CLOVERDALE AVENUE
EXHIBIT A—OWNER IDENTITIES

OWNERS	INITIALS	UNIT	PRICE	TITLE	E.U.C.A.
Ownership Interest One: Miguelangelo Padilla Jacob Shelley		1338	$616, 561	40%	garage and yard area, each as shown on Exhibit B
Ownership Interest Two: Miguelangelo Padilla Jacob Shelley		1340	$616, 561	40%	garages (2), yard area, and front porch/stair assembly, all as shown on Exhibit B
Ownership Interest Three: Miguelangelo Padilla Jacob Shelley		1340 ½	$308,281	20%	garage, yard area, front porch/stair assembly, rear porch/balcony/stair assembly, all as shown on Exhibit B

TENANCY IN COMMON AGREEMENT
FOR
1338 – 1340 - 1340 ½ SOUTH CLOVERDALE AVENUE
EXHIBIT B—UNIT DIAGRAMS
[BEGINS ON FOLLOWING PAGE]


HEDGE
MAIN WATER SHUTOFF VALVE
HEDGE
TRASH & RECYCLING
ELECTRIC SUBPANEL 1340 1/2
YARD AREA UNIT 1340 1/2
ELECTRIC METERS
LIVING ROOM DOORS
STAIR ACCESS TO COMMON MECHANICAL BASEMENT
YARD AREA UNIT 1338
GARAGE 1340
GARAGE 1340
FRONT DOOR
YARD AREA UNIT 1340
UNIT 1338
CLOVERDALE AVENUE
FRONT PORCH
STAIRS TO UNIT 1340
DRIVE COURT
GARAGE 1338
STAIRS TO UNIT 1340 1/2
PLANTER BED
MAILBOXES
STAIRS TO UNIT 1340
REAR DOOR
STAIRS TO UNIT 1340 1/2
ENTRY PATH
COURTYARD
GARAGE 1340 1/2
ELECTRIC SUBPANELS 1338 & 1340
GAS METERS 1338, 1340 & 1340 1/2
DRIVEWAY
DRIVEWAY GATE
COMMON MAINTENANCE CLOSET
COMMON GARDEN SHED
N
1/8" = 1'-0"
0 2' 4' 8' 16'
UNIT 1338
UNIT 1340
UNIT 1340 1/2

1 Level 1


CLOVERDALE AVENUE
FRONT DOOR
FRONT PORCH
UNIT 1340
REAR DOOR
REAR DOOR
UNIT 1340 1/2
REAR PORCH / BALCONY
FRONT DOOR
FRONT PORCH
N
1/8" = 1'-0"
0 2' 4' 8' 16'
UNIT 1338
UNIT 1340
UNIT 1340 1/2

1 Level 2

TENANCY IN COMMON AGREEMENT
FOR
1338 – 1340 - 1340 ½ SOUTH CLOVERDALE AVENUE
EXHIBIT C-- ANNUAL UPDATE

THIS ANNUAL UPDATE relates to the TENANCY IN COMMON AGREEMENT FOR 1338 – 1340 - 1340 ½ SOUTH CLOVERDALE AVENUE dated March 8, 2025 (the "Agreement") and is intended to create a record of (i) all changes to the Agreement, and (ii) all renters and other non-owners living in the Property. The Update must be signed by the Owner Representative for each Ownership Interest, and by a manager or officer of the Association.

SECTION A: RECORD OF CHANGES TO AGREEMENT

In this Section, list all changes and additions to the Agreement and related documents. Examples of things that must be included are amendments to the Agreement or to the Declaration, and Assumption of Obligations forms used when a TIC ownership interest is sold or gifted. The chart below is intended as a sample of a possible format for the list, and shows what information must be provided for each item on the list. IMPORTANT: If the date in the footer of the Agreement being used is not the same as date shown in the first paragraph of this Update, list the agreement you are using as the first entry in the chart below.

Document Name	Date	Signers and Their Assigned Units	Summary of Content/Purpose (For Assumption of Obligations forms, name buyer, and ownership interest number)

SECTION B: RECORD OF RENTERS AND OTHER NON-OWNERS

In this Section, list all people living in the any Unit that is not owner-occupied; you do not need to include roommates, spouses, or children living in a Unit together with an owner. The chart below is intended as a sample of a possible format for the list, and shows what information must be provided for each Unit on the list.

Unit	Occupant Names	Rent Amount

SECTION C: OWNER SIGNATURES

By signing below, each Owner Representative certifies that the information in this Update is accurate and complete as of the date adjacent to their signature.

Ownership Interest	Assigned Unit	Owner Representative Name	Owner Representative Signature	Date

SECTION D: ASSOCIATION MANAGER SIGNATURE

By signing below, the Association Manager certifies that the information in this Update is accurate and complete as of the date adjacent to their signature.

Printed Name	Signature	Date

TENANCY IN COMMON AGREEMENT
FOR
1338 – 1340 - 1340 ½ SOUTH CLOVERDALE AVENUE
EXHIBIT D--ASSUMPTION OF OBLIGATIONS

[USE THIS WHEN AN OWNERSHIP INTEREST IS SOLD OR OTHERWISE TRANSFERRED]

THIS ASSUMPTION OF OBLIGATIONS relates to the TENANCY IN COMMON AGREEMENT FOR 1338 – 1340 - 1340 ½ SOUTH CLOVERDALE AVENUE dated March 8, 2025 (the "Agreement"). An Ownership Interest identified as Ownership Interest ___ (the "Affected Ownership Interest") is being or has been fully or partially transferred.

ASSUMPTION: By signing below, each person that will hold any interest in the Affected Ownership Interest immediately following the transfer signifies that they:

- Have: (i) carefully read this Agreement; (ii) had an opportunity to have this Agreement reviewed by the attorneys and other professionals of their choice before signing, and has either done so or voluntarily chosen not to do so; (iii) completely understand all of the provisions of this Agreement; and (iv) unconditionally promise to adhere to each provision of this Agreement;
- Agree that they, together with each other person signing this Assumption of Obligations, shall jointly and severally assume all of the duties and obligations associated with the Affected Ownership Interest;
- Certify that no person who has not signed this Assumption of Obligations is a direct or indirect owner of beneficiary of any right, title or interest in the Affected Ownership Interest; and
- Agree that ____________________________ [fill-in name of one of the natural persons signing below] shall be the Owner Representative for the Affected Ownership Interest.

PRINTED NAME	SIGNATURE	NOTICE EMAIL ADDRESS
____________________________	____________________________	

PRINTED NAME	SIGNATURE	NOTICE EMAIL ADDRESS
____________________________	____________________________	

PRINTED NAME	SIGNATURE	NOTICE EMAIL ADDRESS
____________________________	____________________________	

PRINTED NAME	SIGNATURE	NOTICE EMAIL ADDRESS
____________________________	____________________________	

MANAGER CERTIFICATIONS: By signing below, the Association Manager certifies that: (i) Exhibit A of the Agreement is replaced and superseded by Exhibit A to this Assumption of Obligations; and (ii) that any amendments to the Agreement are mentioned in the chart below:

DATE OF AMENDMENT	TITLE OF AMENDMENT

______________________________________ ______________________________________

Printed Name of Association Manager Association Manager's Signature Date

ATTACH NOTARY ACKNOWLEDGEMENT FOR ASSOCIATION MANAGER SIGNATURE

TENANCY IN COMMON AGREEMENT
FOR
1338 – 1340 - 1340 ½ SOUTH CLOVERDALE AVENUE
EXHIBIT E--REFINANCE CERTIFICATE

THIS REFINANCE CERTIFICATE relates to the TENANCY IN COMMON AGREEMENT FOR 1338 – 1340 - 1340 ½ SOUTH CLOVERDALE AVENUE dated March 8, 2025 (the "Agreement"). The purpose of this Refinance Certificate is to assist __________________ (the "Refinancing Owner") with an application to refinance an individual encumbrance on their Ownership Interest by documenting changes to the Agreement. Pursuant to Subsection 6.2D of the Agreement, this form, (or an alternate form approved by Lender) must be signed by the Association Manager.

1. **AMENDMENTS:** The following Amendments have been made to the Agreement. True and correct copies of all Amendments are attached to this Refinance Certificate.

Date of Amendment	Title of Amendment

2. **TRANSFER OF OWNERSHIP:** The following Ownership Interests have been transferred since the Agreement was first signed. True and correct copies of all Assumption of Obligations forms for each transfer are attached to this Refinance Certificate.

Date of Transfer	Ownership Interest Number

3. **CURRENT THIRD PARTY RENTALS:** The following chart accurately lists all Units located in the Property that are not owner-occupied as of the date of this Refinance Certificate, the names of all occupants, the rental amount, and the remaining duration of any rental agreement.

Unit #	Names of All Tenants and Occupants	Rent	Lease End

REFINANCING OWNER(S):

______________________________ DATE

______________________________ DATE

ASSOCIATION MANAGER:

______________________________ DATE

ATTACH NOTARY ACKNOWLEDGEMENT FOR ASSOCIATION MANAGER SIGNATURE

HōmWorks
PROPERTY SERVICES

Budget

1338 - 1340 12 S Cloverdale TIC

Annual Amount	Annual Amount	Monthly Amount
Monthly by Percent	$ 7,826.16	$ 652.18
Monthly Equal	$ 2,100.00	$ 175.00
Monthly by Occupant	$ -	$ -
Water/Sewer	$ 3,400.00	$ 283.33
Total	$ 13,326.16	$ 827.18

Unit	Number of Occupants	Expense Percent	Water/ Sewer Percent	Monthly by Occupant	Monthly Equal	Monthly by Percent	Water/ Sewer Share	Operating Dues w/o Insurance	Association Operating Dues	Association Reserves	Total Monthly (Association + Reserves)
1338	2	40.00%	37.87%	$ -	$ 58.33	$ 260.87	$ 107.30	$ 217.63	$ 426.50	$ 60.00	$ 486.50
1340	2	40.00%	36.32%	$ -	$ 58.33	$ 260.87	$ 102.91	$ 213.24	$ 422.11	$ 60.00	$ 482.11
1340 1/2	2	20.00%	25.81%	$ -	$ 58.33	$ 130.44	$ 73.13	$ 157.46	$ 261.90	$ 30.00	$ 291.90
3	6	100.00%	100.00%	$ -	$ 175.00	$ 652.18	$ 283.33	$ 588.33	$ 1,110.51	$ 150.00	$ 1,260.51
		Yearly Association Dues							$ 13,326.16	$ 1,800.00	$ 15,126.16

Item	Annual Amount	Monthly Amount	Monthly by Percent	Monthly Equal	Water/ Sewer
Insurance	$ 6,266.16	$ 522.18	$ 522.18		
Water & Sewer	$ 3,400.00	$ 283.33			$ 283.33
Landscaping	$ 1,560.00	$ 130.00	$ 130.00		
Pest Control	$ -	$ -	$ -		
Legal/Accounting	$ -	$ -		$ -	
Financial Management	$ 2,100.00	$ 175.00		$ 175.00	
Total	$ 13,326.16	$ 1,110.51	$ 652.18	$ 175.00	$ 283.33

Reserves					
Unit	Number of Occupants	Expense Percent	Monthly Equal	Monthly by Percent	Association Reserves
1338	2	40.00%	$ -	$ 60.00	$ 60.00
1340	2	40.00%	$ -	$ 60.00	$ 60.00
1340 1/2	2	20.00%	$ -	$ 30.00	$ 30.00
3	6	100.00%	$ -	$ 150.00	$ 150.00
		Yearly Reserves			$ 1,800.00

Reseve Funding	Annual Amount	Monthly Amount	Monthly by Percent	Monthly Equal
Reserves	$ 1,800.00	$ 150.00	$ 150.00	
Reserves A		$ -		
Reserves B		$ -	$ -	
Total	$ 1,800.00	$ 150.00	$ 150.00	$ -

o This is a draft budget. We will know how much the Association dues will be once we have 9 - 12 months of actual expenses
o Property Taxes are not included as these are based on purchase price
o All amounts are estimates. Please review
o Routine are based on occupant. Draft budgets for Assocations are listed at two per occupant. Please alert of if this needs to be changed

Seller Disclosure – Property Improvements and Conditions

1. Improvements Completed Without Building Permits

Seller discloses that certain repairs, replacements, alterations, and improvements to the Property were completed without obtaining permits from the Los Angeles Department of Building and Safety (“LADBS”). Such work includes, but is not necessarily limited to, the following:

- Replacement of a deteriorated second-floor front porch beam serving Unit 1340.
- Replacement of deteriorated framing surrounding the primary bedroom windows in Units 1338 and 1340.
- Replacement of the living room window with French doors and front garden steps serving Unit 1338.
- Relocation of the main building sewer cleanout located in the front yard.
- Relocation of the main domestic water shutoff valve.
- Installation of electrical subpanels to provide future electric vehicle charging capability in the garages.
- Upgrades to the electrical subpanels serving Units 1338 and 1340.
- Replacement of the underground domestic water service line connecting the building containing Units 1338 and 1340 to the building containing Unit 1340½ with a new underground copper water line.
- Installation of supplemental framing beneath the front stairway serving Unit 1340 to reinforce the existing structure.
- Installation of a new driveway gate and gate operator.
- Installation of new garage door operators for all garage bays.

Except as expressly disclosed herein, Seller makes no representation regarding the permit status of any improvements.

2. Lead-Based Paint

Because the improvements on the Property were constructed prior to 1978, lead-based paint and/or lead-based paint hazards may be present. Seller further discloses that certain original painted building components have been stabilized and encapsulated, including, but not limited to:

- Windows
- Doors
- Baseboards and trim
- Breakfast room corner cabinetry
- Bathroom cabinetry
- Any other original painted wood architectural features

Purchaser is advised to review all lead-based paint disclosures provided in connection with this transaction.

3. Ellis Act Withdrawal of the Property from the Residential Rental Market

Seller discloses that the property was withdrawn from the rental market pursuant to the Ellis Act (Government Code §7060 et seq.) and the Los Angeles Rent Stabilization Ordinance (LAMC §151.22-151.28). The Ellis Act withdrawal was filed with the Los Angeles Housing Department (LAHD) on November 2, 2023. The affected tenants exercised their statutory rights to extend the termination of their tenancy by one (1) year, and the tenancy terminated on or about November 3, 2024.

Buyer acknowledges and agrees that by purchasing this property, Buyer assumes all obligations of the Owner under the Ellis Act and the Los Angeles Rent Stabilization Ordinance, including but not limited to:

- Offering displaced tenants the right to re-occupy their former unit(s) before re-renting;
- Providing proper written notice to displaced tenants of any intent to re-rent;
- Renting any re-offered unit at the lawful restricted rent;
- Maintaining records of all displaced tenant contact information.

Buyer acknowledges that Buyer has had the opportunity to consult with independent legal counsel regarding these obligations and independently verified the Ellis Act filing status with LAHD. Buyer assumes full responsibility for compliance with all Ellis Act and RSO obligations from and after the close of escrow.