

**DECLARATION OF
COVENANTS, CONDITIONS AND
RESTRICTIONS FOR
OLD SCHOOL HOUSE PLAZA**

January, 2005

TABLE OF CONTENTS

ARTICLE 1.	NAME, DIVISION INTO UNITS	1
Section 1.1.	Name.	1
Section 1.2.	Association.	1
Section 1.3.	Number of Units.	1
Section 1.4.	Identification of Units.	1
ARTICLE 2.	DEFINITIONS	2
Section 2.1.	Definitions.	2
ARTICLE 3.	MEMBERSHIP AND VOTING RIGHTS; ASSOCIATION OPERATIONS ...	4
Section 3.1.	The Association.	4
Section 3.2.	Powers.	4
Section 3.3.	Transfer of Membership.	4
Section 3.4.	Class of Membership.	4
Section 3.5.	Period of Declarant Control.	4
Section 3.6.	Compliance with Association Documents.	5
Section 3.7.	Books and Records.	5
Section 3.8.	Manager.	5
Section 3.9.	Implied Rights and Obligations.	5
Section 3.10.	Conveyance of Common Area.	6
ARTICLE 4.	PROPERTY RIGHTS OF OWNERS	6
Section 4.1.	Owner’s Easement of Enjoyment.	6
Section 4.2.	Recorded Easements.	6
Section 4.3.	Utility Easements.	6
Section 4.4.	Special Declarant Rights.	6
Section 4.5.	Reservation of Easements, Exceptions, and Exclusions.	7
Section 4.6.	Easement for Ingress and Egress.	7
Section 4.7.	General Maintenance Easement.	7
ARTICLE 5.	MAINTENANCE OF UNITS AND COMMON AREAS; UTILITIES	7
Section 5.1.	Maintenance of Units.	7
Section 5.2.	Maintenance of Common Area.	8
Section 5.3.	Utilities.	8
Section 5.4.	Limited Common Area Expense Allocation.	8
Section 5.5.	Allocation of Specified Common Area.	9
Section 5.6.	Maintenance Contract.	9
Section 5.7.	Owner’s Failure to Maintain.	9
ARTICLE 6.	INSURANCE	9
Section 6.1.	Association’s Insurance.	9
Section 6.2.	Insurance Obtained by Owners.	11
ARTICLE 7.	INCIDENTS OF OWNERSHIP	12
Section 7.1.	Inseparability.	12
Section 7.2.	No Partition of Common Area.	12
Section 7.3.	Permitted Use.	12
Section 7.4.	Vehicles, Equipment and Parking.	12

Section 7.5.	Subdivision of Units.	13
Section 7.6.	Continuity and Completion of Construction.	13
Section 7.7.	Association as Attorney-in-fact.	13
ARTICLE 8.	ASSESSMENTS	14
Section 8.1.	Obligation.	14
Section 8.2.	Purpose of Assessments.....	14
Section 8.3.	Budget.	14
Section 8.4.	Periodic Assessments.....	14
Section 8.5.	Apportionment of Assessments.	15
Section 8.6.	Special Assessments.	16
Section 8.7.	Default Assessments.	16
Section 8.8.	Effect of Nonpayment; Assessment Lien.	16
Section 8.9.	Personal Obligation.	17
Section 8.10.	Successor's Liability for Assessment.	17
Section 8.11.	Subordination of Lien.	18
Section 8.12.	Statement of Status of Assessment Payment.	18
ARTICLE 9.	PROTECTIVE COVENANTS	18
Section 9.1.	Improvements Prohibited.....	18
Section 9.2.	Timesharing.	19
Section 9.3.	Signs.	19
Section 9.4.	Trash.	19
Section 9.5.	Pets.....	19
Section 9.6.	Noxious or Offensive Activity.	19
Section 9.7.	Annoying Lights, Sounds or Odors.	20
Section 9.8.	Industrial and Manufacturing Activities.	20
Section 9.9.	Retail Sales of Liquor, Wine and Beer.	20
Section 9.10.	Laundromat, Laundry or Dry Cleaning Establishment.....	20
Section 9.11.	Competitive Commercial Sales.	20
Section 9.12.	Adult Entertainment.....	20
Section 9.13.	Hours of Operation.	21
Section 9.14.	Authority to Promulgate Use Restrictions.....	21
ARTICLE 10.	DAMAGE OR DESTRUCTION	21
Section 10.1.	The Role of the Executive Board.....	21
Section 10.2.	Estimate of Damages or Destruction.	21
Section 10.3.	Repair and Reconstruction.	21
Section 10.4.	Funds for Repair and Reconstruction.	22
Section 10.5.	Disbursement of Funds for Repair and Reconstruction.....	22
Section 10.6.	Decision Not to Rebuild Common Area.....	22
ARTICLE 11.	CONDEMNATION.....	22
Section 11.1.	Rights of Owners.	22
Section 11.2.	Partial Condemnation, Distribution of Award; Reconstruction.	23
Section 11.3.	Complete Condemnation.	23
ARTICLE 12.	ARCHITECTURAL REVIEW	23
Section 12.1.	Design Review by Declarant.	23
Section 12.2.	Design Review Committee.	24

Section 12.3.	Approval of Finishes and Remodels.	24
Section 12.4.	Compliance with Fire Regulations.	24
ARTICLE 13.	MORTGAGEE'S RIGHTS	25
Section 13.1.	Approval Requirements.	25
Section 13.2.	Right to Pay Taxes and Charges.	25
ARTICLE 14.	DURATION OF COVENANTS AND AMENDMENT	25
Section 14.1.	Term.	25
Section 14.2.	Amendment.	25
Section 14.3.	When Modifications Permitted.	26
Section 14.4.	Revocation.	26
ARTICLE 15.	GENERAL PROVISIONS	26
Section 15.1.	Enforcement.	26
Section 15.2.	Severability.	26
Section 15.3.	Conflicts Between Documents.	27
Section 15.4.	References to Local Government Standards.	27
Section 15.5.	Claims Regarding Declarant.	27

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR OLD SCHOOL HOUSE PLAZA

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR OLD SCHOOL HOUSE PLAZA (this "Declaration") is made as of January 1, 2005, by Old School House Plaza, LLC, a California limited liability company ("Declarant").

RECITALS

- A. Old School House Plaza is a planned commercial common interest development created pursuant to this Declaration and the Davis-Stirling Common Interest Development Act, and other applicable statutes [cite].
- B. This Declaration has been approved as required by California Law.

ARTICLE 1. NAME, DIVISION INTO UNITS

Section 1.1. Name.

The name of the project is **Old School House Plaza**, which is a planned commercial common interest development as defined in the California Common Interest Ownership Act (the "Act").

Section 1.2. Association.

The name of the Association is The Old School House Plaza Owners Association. Declarant has caused to be incorporated under the laws of the State of California the Association as a non-profit corporation with the purpose of exercising the functions as herein set forth.

Section 1.3. Number of Units.

The total number of Units in the project is sixteen (16). Two Units are to be used in a combined manner for a restaurant (101 and 102). Six Units are dedicated to retail operations on the ground floor (103 through 115). Eight Units are dedicated to office space on the second floor (200 through 215).

Section 1.4. Identification of Units.

The identification number of each unit is shown on the Final Condominium Map of Old School House Plaza, as recorded [recording information], Sonoma County, California (the "Map"). Units 101 and 102 are hereby declared to be joined together as a single property, and, together with the Limited Common Area designated on the Map as "101A", shall be used exclusively as a restaurant. The Owner of Units 101 and 102 shall have one vote in the Association.

ARTICLE 2. DEFINITIONS

Section 2.1. Definitions.

The following words when used in this Declaration, unless inconsistent with the context of this Declaration, shall have the following meanings:

A. “Act” means the California Common Interest Development Act, [cite] et seq., as amended from time to time. The Act governs this Project as provided in this Declaration and [statutory cite].

B. “Allocated Interests” means the common expense liability and ownership interest and votes in the Association as set forth in §3.4 below.

C. “Articles” mean the Articles of Incorporation for The Old School House Plaza Owners Association, currently on file with the California Secretary of State, and any amendments that may be made to those Articles from time to time.

D. “Association” means The Old School House Plaza Owners Association, a California nonprofit corporation, and its successors and assigns.

E. “Association Documents” means this Declaration, the Map, any other recorded plats affecting the Project, the Articles of Incorporation, the Bylaws of the Association, the Design Regulations and any procedures, rules, regulations, or policies adopted under such documents by the Association.

F. “Bylaws” means the Bylaws adopted by the Association, as amended from time to time.

G. “Common Area” means all the real property and improvements in which the Association owns an interest for the common use and enjoyment of all of the Owners on a non-exclusive basis. The Common Area primarily consists of the exterior of the building, the internal hallways, stairwells, bathrooms, driveways, walkways, parking areas, landscaped areas, trash dumpster areas, drainage and utility improvements benefiting more than one Owner.

H. “Common Expenses” As used in this Declaration, this term includes all charges levied by and for the benefit of the Association, pursuant to the Association Documents, including, but not limited to: (1) annual costs and expenses of the Association resulting from owning, leasing, using, maintaining, or otherwise controlling any real property and the Common Area; (ii) expenses incurred by the Association pursuant to Section 8.2; (iii) large, single item expenditures of the Association (including but not limited to, capital expenditures and “Special Assessments,” as defined in Section 8.6; and (iv) amounts necessary to fund reserves pursuant to Section 8.4 below.

I. “Declarant” means Old School House Plaza, L.L.C., a California limited liability company, and its successors and assigns,

J. “Declaration” means and refers to this Declaration of Covenants, Conditions and Restrictions for Old School House Plaza.

K. “Default Assessment” means the Assessments levied by the Association upon an Owner’s negligence or misconduct pursuant to Section 8.7. below.

L. “Executive Board” means the governing body of the Association elected to perform the obligations of the Association relative to the operation, maintenance, and management of the Property and all improvements on the Property.

M. “Limited Common Area” means a portion of the Common Area, designated in this Declaration, or on the Map, or by the Act, for the exclusive use of one or more but fewer than all of the Units, including water, sewer, electric and natural gas service lines and apparatus exclusively serving a Unit whether or not located within the internal boundaries of that Unit.

N. “Manager” shall mean a person or entity engaged by the Association to perform certain duties, powers, or functions of the Association, as the Executive Board may authorize from time to time.

O. “Map” means the Final Map of Old School House Plaza, recorded in the real property records of Sonoma County, California on -----, [recording information], and shall include without further reference any other supplemental map or plat for any part of this Project recorded in the records of Sonoma County.

P. “Member” shall mean every person or entity who holds membership in the Association.

Q. “Owner” means the owner of record, whether one or more persons or entities, of fee simple title to any Unit, but excludes those having such interest in a Unit merely as security for the performance of an obligation, including a Mortgagee, unless and until such person has acquired fee simple title to the Unit pursuant to foreclosure or other proceedings. Owner is further defined in the Act.

R. “Property” means 16 Units (numbered 101 through 215 with some gaps in numbering) according to the Map and the Common Areas, Old School House Plaza, Geyserville, California.

S. “Old School House Plaza” or “Project” shall mean the planned, commercial, common interest development created by this Declaration, consisting of the Property, improvements made in or to the Units, and any other improvements constructed on the Common Area.

T. “Special Assessment” means an assessment levied pursuant to Section 8.6 below on an irregular basis.

U. “Successor Declarant” means any party or entity to whom Declarant assigns any or all of its rights, obligations, or interest as Declarant, as evidenced by an assignment or deed of record in the office of the Clerk and Recorder of Sonoma County, California, designating such party as a Successor Declarant. Upon such recording, Declarant’s rights and obligations under this Declaration shall cease and terminate to the extent provided in such document.

V. “Unit” means 16 Units (numbered 101 through 215, with some gaps in numbering) of Old School House Plaza, as designated on the Map, together with all appurtenances and improvements, now or in the future in the Unit.

Each capitalized term as otherwise defined in this Declaration or in the Map shall have the same meanings specified or used in the Act.

ARTICLE 3. MEMBERSHIP AND VOTING RIGHTS; ASSOCIATION OPERATIONS

Section 3.1. The Association.

The business affairs of the project shall be managed by the Association, a California nonprofit corporation. The Association shall be governed by its Bylaws, as amended from time to time. Every Owner of a Unit shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit.

Section 3.2. Powers.

- A. The Association shall have all of the powers, authority and duties permitted pursuant to [statutory cite] of the Act, necessary and proper to manage the business and affairs of the Project.
- B. The Association may assign its future income including its rights to receive Common Expense assessments only by the affirmative vote of the Owners to which at least fifty-one percent (51 %) of the votes in the Association are allocated, at a meeting called for that purpose.

Section 3.3. Transfer of Membership.

An Owner shall not transfer, pledge, or alienate his membership in the Association in any way, except upon the sale or encumbrance of his Unit and then only to the purchaser or Mortgagee of his Unit.

Section 3.4. Class of Membership.

- A. The Association shall have one (1) class of voting membership. Members shall be all Owners, who, except as otherwise provided for in this Declaration, shall be entitled to vote in Association matters pursuant to each Member's Allocated Interest, as follows: One Unit, One Vote, with the exception of Units 101 and 102, which together shall have one vote.
- B. When more than one person holds an ownership interest in any Unit, all such persons shall be considered to be members; however, the vote for such Unit shall be exercised by one person or alternative persons appointed by proxy in accordance with the Bylaws. In the absence of a proxy, the vote allocated to the Unit shall be suspended if more than one person or entity seeks to exercise the right to vote on any one matter. Any Owner of a leased Unit may assign his voting right to the tenant, provided that a copy of a proxy appointing the tenant is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right.

Section 3.5. Period of Declarant Control.

Declarant and any successor of Declarant who takes title to all or part of the Property for the purpose of development and sale of the Property and who is designated as Successor Declarant

in a recorded instrument executed by Declarant shall have exclusive power to appoint and remove members of the Executive Board and officers of the Association to the fullest extent permitted by California law and this Declaration. This period of Declarant control shall terminate no later than sixty (60) days after conveyance of 90% of the Units to Unit Owners other than Declarant. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the period of Declarant control, but, in that event, the Declarant may require for the duration of the period of Declarant control, that specified actions of the Association or the Executive Board, as described in a recorded instrument by the Declarant, be approved by the Declarant before they become effective.

Section 3.6. Compliance with Association Documents.

Each Owner shall abide by and benefit from each provision, covenant, condition, restriction and easement contained in the Association Documents. The obligations, burdens, and benefits of membership in the Association concern the land and shall be covenants running with each Owner's Unit for the benefit of all other Units.

Section 3.7. Books and Records.

The Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances, to Owners and to Mortgagees, current copies of the Association Documents and the books, records, and financial statements of the Association prepared pursuant to the Bylaws. The Association may charge a reasonable fee for copying such materials.

Section 3.8. Manager.

The Association may employ or contract for the services of a Manager to whom the Executive Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association. The Manager shall not have the authority to make expenditures except upon prior approval and direction by the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by a Manager of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

Section 3.9. Implied Rights and Obligations.

The Association may exercise any right or privilege expressly granted to the Association in the Association Documents, and every other right or privilege reasonably implied from the existence of any right or privilege given to the Association under the Association Documents or reasonably necessary to effect any such right or privilege. The Association shall perform all of the duties and obligations expressly imposed upon it by the Association Documents, and every other duty or obligation implied by the express provisions of the Association Documents or necessary to reasonably satisfy any such duty or obligation.

Section 3.10. Conveyance of Common Area.

In consideration for the performance by the Association of its obligations under this Declaration, Declarant sells and conveys the Common Area to the Association; provided however, that such conveyance is subject to the grant of an easement of a certain portion of the Common Area to Unit 24, as hereafter appears.

ARTICLE 4. PROPERTY RIGHTS OF OWNERS

Section 4.1. Owner's Easement of Enjoyment.

Every Owner has a right and easement of enjoyment in and to the Common Areas, except for any Limited Common Areas, the use of which is limited to one or more Unit Owners, their customers, guests, invitees and licensees. This owner's easement of enjoyment shall be appurtenant to and shall pass with the title to every Unit, subject to the provisions contained herein. Any Owner may delegate his right of enjoyment to the Common Area to his tenants, guests, licensees, and invitees, but only in accordance with and subject to the limitations of the Association Documents.

Section 4.2. Recorded Easements.

The Property shall be subject to all easements as shown on the Map and as listed in Exhibit A. In addition, the Property is subject to those easements set forth in this Article IV.

Section 4.3. Utility Easements.

There is hereby created a general easement upon, across, over, in, and under the Common Area for installation, replacement, repair, and maintenance of all utilities, including, but not limited to, gas, telephone, electrical, and cable communications systems. By virtue of this easement, it shall be expressly permissible and proper for the companies providing such services to install and maintain necessary equipment, sprinklers, wires, circuits, and conduits over, under and through the Property, including in the walls, floors and ceilings of the Property, as required. Utilities may temporarily be installed above ground during construction, if approved by Declarant.

Section 4.4. Special Declarant Rights.

Declarant, for itself and its successors and assigns, hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under across and through the Common Area, together with the right to store materials on the Common Area, to build and maintain temporary walls, and to make such other use of the Common Area as may be reasonably necessary or incident to any construction of or in the Units, of improvements on the Property or of other real property owned by Declarant, or other properties abutting and contiguous to the Property; provided, however, that no such rights shall be exercised by Declarant in a way that unreasonably interferes with the occupancy, use, enjoyment, or access to the Project by the Owners. Declarant reserves the right to maintain a sales office and signs on or in the Common Area and any Units owned by Declarant, to advertise the Project.

Section 4.5. Reservation of Easements, Exceptions, and Exclusions.

Declarant reserves to itself and hereby grants to the Association the concurrent right to establish from time to time, by grant or otherwise, utility and other easements, permits, or licenses over the Common Area, for purposes including, but not limited to, streets, paths, walkways, drainage, recreation areas, parking areas, conduit installation areas, and to create other reservations, exceptions, and exclusions for the best interests of all the Owners and the Association.

Additionally, the area identified on the Map as “101A” shall be a Limited Common Area for the owner of Unit 101, for the purpose of providing outdoor seating appurtenant to the restaurant activity. The Owner of Unit 101 may use this Limited Common Area for his own purposes for so long as said Owner: (i) provides all necessary repairs and maintenance to such Limited Common Area and keeps it in a clean and orderly condition; (ii) uses such Limited Common Area exclusively for activities conducted in a restaurant or café; and (iii) does not permit its employees, agents, customers, guests and invitees to obstruct or impede in any way the public passageway tangent to said Limited Common Area. If such Owner fails to abide by these conditions, Declarant and/or the Executive Board shall have the right to revoke, temporarily or permanently, said Owner’s access to and use of such Limited Common Area.

Section 4.6. Easement for Ingress and Egress.

Declarant hereby grants as an appurtenance of each Unit a non-exclusive easement of ingress and egress across the Common Area as shown on the Map to each Unit to ensure access from public roads to each Unit. The specific means of ingress and egress shall be subject to change as Declarant shall from time to time deem necessary so long as a reasonable means of access is always provided. The parking areas and driveways on the Project are designated as private and are subject to such rules as the Association may impose.

Section 4.7. General Maintenance Easement.

An easement is hereby reserved to Declarant, and granted to the Association, and any member of the Executive Board or the Manager, and their respective officers, agents, employees, and assigns, upon, across, over, in, and under the Property and a right to make such use of the Property as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Association Documents, including the right to enter upon any Unit for purpose of performing maintenance to the utilities or the exterior of any improvement, as set forth in Section 8.4 below.

ARTICLE 5. MAINTENANCE OF UNITS AND COMMON AREAS; UTILITIES

Section 5.1. Maintenance of Units.

A. Except for the maintenance obligations assumed by the Association as provided below, each Owner shall be solely responsible for all interior maintenance and repair of the Owner’s Unit, including fixtures, utility lines, glass, and equipment located in or upon the Unit. Each Owner will maintain all utilities serving his Unit, whether or not the utility is physically present in a Unit or in the Common Area. Each Owner is required to maintain the Unit in a clean

condition and in good order, free from debris in accordance with the provisions of the Association Documents.

B. All expenses and liabilities for repair and maintenance of utility or service connections, facilities or other utility equipment and property located in, on or adjoining a Unit, which are used to supply a service or utility to such Unit shall be owned by the Owner of the Unit using such utility or service. Such expenses and liabilities shall be borne solely by the Owner of such Unit, who shall have a perpetual easement in and to that part of such other Units and Common Area containing such property for purposes of maintenance, repair and inspection. This obligation expressly includes any heating or air conditioning equipment found on the roof or other common area, but serving one or more specific Units.

C. No owner shall construct any structure or improvement or make or suffer any structural or design change (including a color scheme change), either permanent or temporary and of any type or nature whatsoever to the exterior of any building or construct any addition or improvement within his Unit unless: (i) such action complies fully with applicable building code requirements; (ii) all applicable building permits have been obtained; and (iii) the Executive Board shall have issued its consent thereto in writing, pursuant to the Design Regulations.

Section 5.2. Maintenance of Common Area.

The Association shall maintain and keep the Common Area and certain other property in good repair, and the cost of such maintenance shall be funded as provided in Article 8. This maintenance shall include, but shall not be limited to, upkeep, repair and replacement, subject to any insurance then in effect, of all hallways and rest rooms, storage locations, landscaping, walls, fences, Project signage, irrigation systems, drainage and detention facilities, driveways, parking areas, sidewalks, walls, roof and other improvements located in the Common Area. If the Association does not maintain or repair the Common Area, Declarant shall have the right, but not the obligation, to do so at the expense of the Association.

Section 5.3. Utilities.

Water shall be separately metered and sewer shall be separately charged to Units 101 and 102. Units 101 and 102 shall also be responsible for maintenance of a grease trap. Otherwise, water and sewer shall be common to all Units and the Common Areas, and shall be allocated as part of an Association assessment to all Units, including Units 101 and 102. Each Unit shall be responsible for its own electrical, gas, telephone and other utilities. The cost of such utilities to the Common Areas will be allocated as part of an Association assessment to all Units.

Section 5.4. Limited Common Area Expense Allocation.

Any expense associated with taxes, insurance and the maintenance, repair or replacement of Limited Common Area appurtenant to all Units in the Project shall be assessed as a Common Expense. Any expense associated with taxes, insurance and the maintenance, repair or replacement of a Limited Common Area that is not provided to all Units shall be assessed against the Unit or Units for which the expense is incurred.

Section 5.5. Allocation of Specified Common Area.

The Executive Board may designate parts of the Common Area from time to time for use by less than all of the Unit Owners or by non-owners for specified periods of time or by only those persons paying fees or satisfying other reasonable conditions for use as may be established by the Executive Board. Any such designation by the Executive Board shall not be a sale or disposition of such portions of the Common Area.

Section 5.6. Maintenance Contract.

The Executive Board may employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions, or duties of the Association to maintain the Common Area and other Property of Declarant. The employed individual or maintenance company shall have the authority to make expenditures upon prior approval and direction of the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by the employed individual or management company of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

Section 5.7. Owner's Failure to Maintain.

If a Unit and the improvements therein are not properly maintained by an Owner, then the Association, after ten (10) days' prior written notice to the Owner and with the approval of the Executive Board, shall have the right to enter the Unit to perform such work as is reasonably required to restore the Unit and the building and other improvements to a condition of good order and repair. All costs incurred by the Association in connection with the Owner's obligations performed by the Association shall be reimbursed to the Association by the Owner of the Unit, upon demand. All unreimbursed costs shall be a lien upon the Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid assessment levied in accordance with Article 8 of this Declaration.

ARTICLE 6. INSURANCE

Section 6.1. Association's Insurance.

The Association will maintain, to the extent reasonably available:

A. Property insurance on the Common Area for special form covered causes of loss; except that the total amount of insurance must be not less than the full insurable replacement cost of the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies; and

B. Commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the Common Area, in an amount deemed sufficient in the judgment of the Executive Board, insuring the Executive Board, the Association, the Manager, and their respective employees, agents and all persons acting as agents. The Owners will be included as additional insureds but only for claims and liabilities arising in

connection with the ownership, existence, use or management of the common elements. The insurance will cover claims of one or more insured parties against other insured parties.

C. Premiums for insurance that the Association acquires and other expenses connected with acquiring such insurance are Common Expenses.

D. If the insurance described in subsections A and B of this section is not reasonably available, or if any policy of such insurance is canceled or not renewed without a replacement policy therefore obtained, the Association promptly will cause notice of the fact to be hand delivered or sent prepaid by United States mail to all Owners. The Association in any event may carry any other insurance it considers appropriate, to protect the Association or the Owners.

E. Insurance policies carried pursuant to subsections A and B of this section must provide that:

- (i) Each Owner is an insured person under the policy with respect to liability arising out of such Owner's membership in the Association;
- (ii) The insurer waives its rights to subrogation under the policy against any Owner or member of his household;
- (iii) No act or omission by any Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and
- (iv) If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

F. Any loss covered by the property insurance policy described in paragraph A of this section must be adjusted with the Association, but the insurance proceeds for that loss will be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a security interest. The insurance trustee or the Association will hold any insurance proceeds in trust for the Association, Owners and lienholders as their interests may appear. Subject to the provisions of subsection J of this section, the proceeds must be disbursed first for the repair or restoration of the damaged property, and the Association, Owners, and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the common interest community is terminated.

G. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submission of claims, responsibility for deductibles, and any other matters of claims adjustment. The Association will have the authority to assess Owners causing such loss or benefiting from such repair or restoration all deductibles paid by the Association. In the event that more than one Unit is damaged by a loss, the Association in its reasonable discretion may assess each Owner a pro rata share of any deductible paid by the Association.

H. An insurance policy issued to the Association does not obviate the need for Owners to obtain insurance for their own benefit.

I. An insurer that has issued an insurance policy for the insurance described in subsections A and B of this section will issue certificates or memoranda of insurance to the Association and, upon request, to any Owner or holder of a security interest. Unless otherwise provided by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty days after notice of the proposed cancellation or non-renewal has been mailed to the Association, and each Owner and holder of a security interest to whom a certificate or memorandum of insurance has been issued, at their respective last-known addresses.

J. Any portion of the project for which insurance is required under this section which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- (i) The planned community is terminated, in which case [statutory cite] will apply;
- (ii) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; or
- (iii) Sixty-seven percent of the Owners, including every Owner of a Unit that will not be rebuilt, vote not to rebuild.

K. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If the entire project is not repaired or replaced, the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the project, and, except to the extent that other persons will be distributees, the insurance proceeds attributable to Units and Limited Common Area that are not rebuilt must be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Areas were allocated, or to lienholders, as their interests may appear, and the remainder of the proceeds must be distributed to all the Owners or lienholders, as their interests may appear in proportion to the Common Expense liabilities of all the Units.

L. The Association must obtain and maintain, to the extent reasonably available, fidelity insurance. Recommended coverage will not be less in aggregate than two months' current Assessments plus reserves, as calculated from the current budget of the Association.

M. The Association may require any independent contractor employed as a Manager to carry more fidelity insurance coverage than required in subsection L of this section.

Section 6.2. Insurance Obtained by Owners.

A. An Owner will obtain special form property insurance on all Units, such that each Owner shall be covered in the event of damage to another Unit. An Owner may obtain such other and additional insurance coverage on the Unit as such Owner in the Owner's sole discretion shall conclude to be desirable; provided however, that none of such insurance coverage obtained by the Owner shall operate to decrease the amount which the Executive Board, on behalf of all Owners, may realize under any policy maintained by the Board or otherwise affect any insurance

coverage obtained by the Association or cause the diminution or termination of that insurance coverage. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners. No Owner shall obtain separate insurance policies on the Common Elements.

B. Upon determination of the Executive Board, the Association may require a master property policy for all Units rather than require all Owners to individually obtain such insurance.

C. The Executive Board may require an Owner who purchases insurance coverage for the Owner's Unit (other than coverage for the Owner's personal property) to file copies of such policies with the Association within thirty (30) days after purchase of the coverage to eliminate potential conflicts with any master property policy carried by the Association.

D. Each Owner may obtain liability insurance against claims and liabilities arising in connection with the ownership, existence and use of the Owner's Unit.

E. Each Owner shall be separately responsible for all insurance covering loss or damage to improvements and betterments installed by Owners and personal property on his respective Unit.

ARTICLE 7. INCIDENTS OF OWNERSHIP

Section 7.1. Inseparability.

Every gift, devise, bequest, transfer, encumbrance, conveyance, or other disposition of a Unit and improvements thereon shall be presumed to be a gift, devise, bequest, transfer, encumbrance, or conveyance respectively of the entire Unit, including each easement, license, and all other appurtenant rights created by this Declaration.

Section 7.2. No Partition of Common Area.

The Common Area shall be owned by the Association, and no Owner, group of Owners or the Association shall bring any action for partition or division of the Common Area.

Section 7.3. Permitted Use.

A Unit may be used for any purpose that is a lawful use in Sonoma County unless limited by this Declaration. All development on the Project shall comply with the development standards of the Sonoma County Permit & Resource Management Department and the Design Regulations for Old School House Plaza, if promulgated under Article 12 hereof.

Section 7.4. Vehicles, Equipment and Parking.

A. No automobile, truck, pickup, camper, motorbike or motorcycle, trail bike, trailer, mobile home, recreational vehicle, tractor or any other vehicle of any type, except bicycles (in any case, "Vehicles"), or garden and maintenance equipment shall be parked, stored or operated upon the Property, except as provided below.

B. Unless approved by the Executive Board, only vehicles under 10,000 pounds gross vehicle weight shall be parked upon the exterior parking spaces on the Common Area.

C. Bicycle use shall be encouraged and permitted in areas designated by the Executive Board on the Common Area; however, skates, skating, skateboards and skateboarding shall not be permitted.

D. Employee parking for any business on the Project and use of the loading zones may be regulated as the Executive Board shall determine.

E. Any use requiring overnight parking shall be permitted only as designated on the Map or by resolution of the Executive Board.

F. Parking spaces shall be provided for Owners, their employees, customers, guests and invitees. The Executive Board shall determine the location, signage and striping of parking locations on the Property, as well as the required allocation for handicapped parking. No Units shall have dedicated parking spaces, but the number of parking spaces required according to the use of the respective Units is as follows:

Use	Sq. Ft.	Ratio	Spaces Required
Dining (101, 102)	1,886	1:60	31
Furniture Store (103)	891	1:500	2
General Retail (108-115)	3,399	1:200	17
Office (200-215)	7,069	1:250	28
Total			78

Section 7.5. Subdivision of Units.

A Unit may not be subdivided into units unless the same is approved by the County of Sonoma and by all Owners under this Declaration.

Section 7.6. Continuity and Completion of Construction.

Owner finishes in the Units shall be prosecuted diligently to completion and completed within three (3) months after issuance of the building permit.

Section 7.7. Association as Attorney-in-fact.

Each Owner, by his acceptance of a deed or other conveyance vesting in him an interest in a Unit, does irrevocably constitute and appoint the Association and/or Declarant with full power of substitution as the Owner's name, place and stead to deal with Owner's interest in order to effectuate the rights reserved by Declarant or granted to the Association, as applicable, with full power, right and authorization to execute and deliver any instrument affecting the interest of the

Owner and to take any other action which the Association or Declarant may consider necessary or advisable to give effect to the provisions of this Section and this Declaration generally, The Association shall have full authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact. If requested to do so by the Association or Declarant, each Owner shall execute and deliver a written, acknowledged instrument confirming such appointment. No Owner shall have any rights against the Association or Declarant or any of their officers or directors with respect thereto except in the case of fraud or gross negligence.

ARTICLE 8. ASSESSMENTS

Section 8.1. Obligation.

Declarant, for each Unit owned by Declarant, covenants, and each Owner, by accepting a deed for a Unit, is deemed to covenant to pay to the Association (1) the Periodic Assessments imposed by the Executive Board as necessary to meet the Common Expenses of maintenance, operation, and management of the Common Area and to perform the functions of the Association; (2) Special Assessments for capital improvements and other purposes as stated in this Declaration, if permitted by law; and (3) Default Assessments which may be assessed against a Unit for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense on behalf of the Owner under the Association Documents.

Section 8.2. Purpose of Assessments.

The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and occupants, and for the improvement and maintenance of the Common Area, all as more fully set forth in this Declaration.

Section 8.3. Budget.

The Executive Board shall annually adopt a budget anticipating the Common Expenses to be incurred in the operation and maintenance of the Project. The Executive Board shall mail, by ordinary first class mail, or otherwise deliver a summary of the budget to all the Owners.

Section 8.4. Periodic Assessments.

Assessments for Common Expenses made shall be based upon the estimated cash requirements as the Executive Board shall from time to time determine to be paid by all of the Owners. Estimated Common Expenses shall include, but shall not be limited to the cost of routine maintenance, management and operation of the Common Area; taxes and special governmental assessments pertaining to the Common Area and insurance premiums for insurance coverage as deemed desirable or necessary by the Association; landscaping, care of grounds and improvements within the Project; routine repairs and renovations within the Common Area; wages; water, sewer and utility charges for the Common Area; legal and accounting fees; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; and the creation of a

reasonable contingency or other reserve or surplus fund in an amount not less than ten percent (10%) of total Common Expenses for general, routine maintenance, repairs, and replacement of improvements within the Common Area, on a periodic basis, as needed.

Assessments for a given Unit shall begin on the first day of the month in which such Unit is conveyed to an Owner other than the Declarant. Assessments shall be payable on a prorated basis each in advance due on the first day of each month, or in such other periods as the Executive Board may determine. The omission or failure of the Association to fix the Assessments for any assessment period shall not be deemed a waiver, modification, or release of the owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Periodic Assessments in excess of the actual expenses incurred in any fiscal year.

Section 8.5. Apportionment of Assessments.

Except as provided below, Periodic Assessments for Common Expenses shall be divided among the Owners in accordance with the square footage of the respective Units, as follows:

Unit No.	Square Footage	Unit No.	Square Footage
101	894	200	850
102	879	201	736
103	926	202	736
108	1764	203	768
112	336	210	1764
113	788	213	687
114	788	214	647
115	816	215	718
Total Allocable Square Footage:		15020	

In addition:

A. Any Common Expense for services provided by the Association to an individual Unit pursuant to the Association Documents or at the request of the Owner may be assessed against that Unit.

B. Any expense incurred by the Association with respect to a Limited Common Area shall be borne by the Unit or Units benefiting from such Limited Common Area, in proportion to the square footage allocations provided above.

C. If a Common Expense is caused by the misconduct of an Owner, the Association may assess that expense exclusively against that Owner and that Unit, in addition to sums charged to the Owner pursuant to his or her Allocated Interest.

D. Fees, charges, taxes, impositions, late charges, fines, collection costs and interest charged against an Owner are enforceable as delinquent Assessments.

Section 8.6. Special Assessments.

In addition to the Periodic Assessments authorized by this Article, the Association may levy in any fiscal year one or more Special Assessments, if permitted by applicable law, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the project or for any other expense incurred or to be incurred as provided in this Declaration. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Assessments in Section 8.5. Notice in writing in the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to the owners, and no payment shall be due less than thirty (30) days after such notice shall have been given.

Section 8.7. Default Assessments.

All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Association Documents, shall be a Default Assessment and shall become a lien against such Owner's Unit which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least ten (10) days prior to the due date.

Section 8.8. Effect of Nonpayment; Assessment Lien.

Any Assessment installment, whether pertaining to any Periodic, Special, or Default Assessment, which is not paid within thirty (30) days after its due date shall be delinquent. If an Assessment installment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

A. Assess a late charge for each delinquency in such amount as the Association deems appropriate;

B. Assess an interest charge from the date of delinquency at the yearly rate of eighteen (18%) percent, or such other rate as the Executive Board may establish, not to exceed the lawful rate for interest under California law;

- C. Suspend the voting rights of the Owner during any period of delinquency;
- D. Disconnect any utility service to the Unit of a delinquent Owner;
- E. Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;
- F. Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and
- G. File a statement of lien with respect to the Unit and proceed with foreclosure as set forth in more detail below.

Assessments chargeable to any Unit shall constitute a lien on such Unit, including any improvements on the Unit. To evidence the lien created under this Section, the Association may, but shall not be required to, prepare a written notice setting forth (i) the address of the Association, (ii) the amount of such unpaid indebtedness, (iii) the amount of accrued penalty on the indebtedness, (iv) the name of the Owner of the Unit, and (v) a description of the Unit. The notice shall be signed and acknowledged by the President or a Vice-President of the Association or by the Manager, and the Association shall serve the notice upon the Owner by hand delivery or by mail to such other address as the Association may have in its files for such Owner. At least ten (10) days after the Association serves or mails the Owner such a notice, the Association may record the same in the office of the Clerk and Recorder of Sonoma County, California. A lien for Assessments shall attach from the due date of the Assessment. Thirty (30) days following the date the Association serves or mails the notice, the Association may institute foreclosure proceedings against the defaulting Owner's Unit in the manner for foreclosing a mortgage on real property under the laws of the State of California. In the event of any such delinquency, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorney's fees incurred in connection with the enforcement of the lien. The Association shall have the power to bid on a Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same.

Section 8.9. Personal Obligation.

The amount of any Assessment chargeable against any Unit shall be a personal and individual debt of the Owner of same. No Owner may exempt himself from liability for the Assessment by abandonment of his Unit or by waiver of the use or enjoyment of all or any part of the Common Area. Suit to recover a money judgment for unpaid Assessments, any penalties and interest, thereon, the cost and expenses of such proceedings, and all reasonable attorney's fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 8.10. Successor's Liability for Assessment.

In addition to the personal obligation of each Owner to pay all Assessments and the Association's perpetual lien for such Assessments, all successors to the fee simple title of a Unit

shall be jointly and severally liable with the prior Owner or owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorney's fees against such Unit without prejudice to such successor's right to recover from any prior Owner any amounts paid by such successor. This liability of a successor shall not be personal and shall terminate upon termination of such successor's fee simple interest in the Unit. In addition, such successor shall be entitled to rely on the statement of status of Assessments by or on behalf of the Association under Section 8.12 below.

Section 8.11. Subordination of Lien.

The lien of the Assessments provided for in this Declaration shall be subordinate to (a) the lien of real estate taxes and special governmental assessments, and (b) liens for all sums unpaid for a first mortgage of record, recorded before the date on which the assessment sought to be enforced became delinquent, subject to the prioritized portion of the Assessments and reasonable attorney's fees as provided by the Act. The lien of the Assessments shall be superior to and prior to any homestead exemption provided now or in the future by the laws of the State of California. A transfer of any Unit shall not affect the Association's lien except that sale or transfer of any Unit pursuant to foreclosure of any first mortgage, or any proceeding in lieu thereof, or cancellation or forfeiture shall only extinguish the Association's liens as provided in the Act. The amount of such extinguished lien may be reallocated and assessed to all Units as a Common Expense at the direction of the Executive Board. No sale or transfer shall relieve the purchaser or transferee of a Unit from liability for, or the Unit from the lien of, any Assessments made after the sale or transfer.

Section 8.12. Statement of Status of Assessment Payment.

The Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, a statement setting forth the amount of unpaid assessments currently levied against such Owner's Unit. The statement shall be furnished within fourteen business days after receipt of the request and is binding on the Association, the Executive Board and every Owner. If no statement is furnished to the Owner or holder of a security interest or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, the Association shall have no right to assert a priority lien upon the Unit for unpaid assessments which were due as of the date of the request.

ARTICLE 9. PROTECTIVE COVENANTS

Section 9.1. Improvements Prohibited.

All improvements and uses of the Property must comply with the conditions and requirements of the Sonoma County Permit & Resource Management Department. No used or second-hand materials shall be used in the buildout of a Unit by an Owner. No structure of a temporary character, no mobile home, house trailer, tent, shack, or outbuilding shall be placed or used on the Property, except those items necessary for construction by Declarant and approved by the Executive Board.

Section 9.2. Timesharing.

No Owner of any Unit shall offer or sell any interest in such Unit under a “timesharing” or “interval ownership” plan, or any similar plan without the specific prior written approval of the Association and Declarant.

Section 9.3. Signs.

No signs, billboards, posterboards, or advertising structure of any kind, including, but not limited to “For Sale”, “For Rent”, or similar real estate signs, shall be erected or maintained for any purpose whatsoever, whether in windows, doorways or on the exterior of a Unit, except such signs as have been approved by the Executive Board pursuant to its regulations. Any signs which are permitted under the foregoing restrictions shall be erected or maintained on the Property only with the prior written approval of the Executive Board. If, within 30 days of receipt of an application, the Executive Board has not communicated a formal decision to the applicant with respect to a specific sign, then approval of that specific sign shall be deemed granted.

Section 9.4. Trash.

No trash or other refuse or debris may be thrown or dumped on the Property. The burning of refuse out-of-doors shall not be permitted. No incinerators or other device for the burning of refuse indoors shall be constructed, installed or used except as approved by the Executive Board. Waste materials, garbage and trash shall be kept in sanitary containers, enclosed and screened from public view, protected from disturbance, and disposed of with reasonable promptness. Each Owner shall assist the Association in keeping the Owner’s Unit free of trash, refuse, or debris of any kind, whether such Unit is vacant or improved.

Section 9.5. Pets.

The Association may adopt reasonable Rules and Regulations designed to minimize damage and disturbance to other owners and occupants, including Rules and Regulations requiring damage deposits, waste removal, leash controls, noise controls, occupancy limits based on size and facilities of the Unit and fair share use of the Common Area. Nothing in this provision shall prevent the Association from requiring removal of any animal that presents an actual threat to the health or safety of residents or from requiring abatements of any nuisance or unreasonable source of annoyance in the Executive Board’s sole discretion.

Section 9.6. Noxious or Offensive Activity.

No noxious or offensive activity shall be conducted on any Unit, nor shall anything be done or placed on a Unit or the Property which is or may become a nuisance or cause embarrassment, disturbance or annoyance to others. The discharge of firearms shall be prohibited on any part of the Property.

Section 9.7. Annoying Lights, Sounds or Odors.

No lights shall be emitted from any Unit which are unreasonably bright or cause unreasonable glare; no sound shall be emitted from any Unit which is unreasonably loud or annoying; and no odor shall be emitted from any Unit which is noxious or unreasonably offensive to other owners. Specifically, businesses such as beauty salons and pet grooming salons will not be permitted because of the chemical and other odors they generate, unless a special permission is granted by the a vote of 75% or more of all Owners, after concluding that the propagation of noxious odors by such businesses has been eliminated or sufficiently reduced or mitigated.

Section 9.8. Industrial and Manufacturing Activities.

No industrial activity, and no manufacturing activity shall be permitted in any Unit.

Section 9.9. Retail Sales of Liquor, Wine and Beer.

No retail sales of liquor, wine and beer shall be allowed, either on premise or off premise, except in Units 101 and 102, together with Limited Common Area 101A, pursuant to a valid liquor license.

Section 9.10. Laundromat, Laundry or Dry Cleaning Establishment.

No laundromat, laundry or dry cleaning establishment shall be operated in the Property.

Section 9.11. Competitive Commercial Sales.

No occupant of a ground floor Unit may engage in the sale of any service or product if (a) such sales represent 50% or more of the gross sales of the business operated in the Unit in question; and (b) the occupant of another Unit on the Property is already engaged in the sales of such or similar products and services, and such sales represent for the occupant of that Unit 50% or more of the gross sales derived in the business operated in such other Unit. A special rule must apply to Units 101 and 102 together, which shall be operated as a restaurant. Such restaurant shall not sell beverages and light snacks for take out, as that would compete with the operation of a coffee shop/cart/counter elsewhere in the Property.

Section 9.12. Adult Entertainment.

Businesses catering to adult entertainment including the following are strictly prohibited: (a) commercial establishments which devote any of its stock-in-trade or interior floor space to, or receives any of its revenues from the sale, rental or viewing of books, magazines, periodicals or other printed matter or photographs, films, motion pictures, video cassettes, slides or other visual representations which are characterized by the depiction or description of sexual activities; (b) a nightclub, bar, restaurant, concert hall auditorium or other commercial establishment which features live adult entertainment which includes any exhibition, display, or dance which involves the exposure to view of any portion of the female breasts or the male or female genitals.

Section 9.13. Hours of Operation.

There are no restrictions on the hours of operation of Units 200-215. Units 101 and 102 may operated from 5:00 am until 12:00 midnight, and shall operate at least from 11:00 am until 8:00 pm on commercial days. All other Units may operate from 7 am until 10 pm and shall operate from 10 am until 6 pm on commercial days. Commercial days are Monday through Saturday, with the exception of Christmas Day, New Year's Day, Memorial Day, Independence Day and Thanksgiving Day. Units 103 through 115 shall not operate on Sundays. The other Units may, but need not operate on Sundays.

Section 9.14. Authority to Promulgate Use Restrictions.

Initial use restrictions applicable to the Property and hours of operation are as set forth above. Amendment of these use restrictions requires a vote of sixty-seven percent (67%) of all Owners in the Association as calculated under Section 3.4; *provided*, however, in accordance with the duty to exercise reasonable business judgment, the Executive Board, with the consent of the Declarant as long as the Declarant owns any Unit, may adopt Rules and Regulations which modify, limit, create exceptions to, or expand the initial use restrictions and hours of operation set forth above.

ARTICLE 10. DAMAGE OR DESTRUCTION

Section 10.1. The Role of the Executive Board.

Except as provided in Section 9.6, in the event of damage to or destruction of all or part of any Common Area, or other property covered by insurance written in the name of the Association under Article VI, the Executive Board shall arrange for and supervise the prompt repair and restoration of the damaged property (the property insured by the Association pursuant to Article VI is sometimes referred to as the "Association-Insured Property").

Section 10.2. Estimate of Damages or Destruction.

As soon as practicable after an event causing damage to or destruction of any part of the Association-Insured Property, the Executive Board shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction. "Repair and reconstruction" as used in this Article shall mean restoring the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction. Such costs may also include professional fees and premiums for such bonds as the Executive Board or the Insurance Trustee, if any, determines to be necessary.

Section 10.3. Repair and Reconstruction.

As soon as practical after the damage occurs and any required estimates have been obtained, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Association-Insured Property. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction of any damage

to the Association-Insured Property, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

Section 10.4. Funds for Repair and Reconstruction.

The proceeds received by the Association from any hazard insurance carried by the Association shall be used for the purpose of repair, replacement, and reconstruction of the Association-insured Property. If the proceeds of the Association's insurance are insufficient to pay the estimated or actual cost of such repair, replacement, or reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, pursuant to Section 8.6. assess, and collect in advance from the Owners a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction.

Section 10.5. Disbursement of Funds for Repair and Reconstruction.

The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for above, constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as Special Assessments, then in the Allocated Interests of each Unit, first to the Mortgagees and then to the Owners, as their interests appear.

Section 10.6. Decision Not to Rebuild Common Area.

If Owners representing at least 67% of the total allocated votes in the Association (other than Declarant) and 51% of the Mortgagees holding First Mortgages (based on one (1) vote for each Mortgage which encumbers a Unit) and all directly adversely affected Owners agree in writing not to repair and reconstruct improvements within the Common Area and if no alternative improvements are authorized, then and in that event the damaged property shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition. Any remaining insurance proceeds shall be distributed in accordance with applicable law.

ARTICLE 11. CONDEMNATION

Section 11.1. Rights of Owners.

Whenever all or any part of the Common Area shall be taken by any authority having power of condemnation or eminent domain or whenever all or any part of the Common Area is conveyed in lieu of a taking under threat of condemnation by the Executive Board acting as attorney-in-fact for all owners under instructions from any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking or conveying. The

Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 11.2. Partial Condemnation, Distribution of Award; Reconstruction.

The award made for such taking shall be payable to the Association as trustee for those Owners for whom use of the Common Area was conveyed, and the award shall be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking Declarant and Owners who represent at least 67% of the votes of all of the Owners shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available for such restoration or replacement in accordance with plans approved by the Executive Board. If such improvements are to be repaired or restored, the provisions in Article X above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed in equal shares per Unit among the Owners, first to the Mortgagees, if any, and then to the Owners, as their interests appear.

Section 11.3. Complete Condemnation.

If all of the Property is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Area shall be distributed as provided in Section 10.5. above.

ARTICLE 12. ARCHITECTURAL REVIEW

Section 12.1. Design Review by Declarant.

Each Owner, by a deed or other instrument conveying an interest in any portion of the Property, acknowledges that, as the Declarant and initial Owner of the Property, the Declarant has a significant and substantial interest in ensuring that the improvements within the Property enhance the Project and do not adversely impact the ability of the Declarant to market, sell, or lease any portion of the Property. Each Owner, by acceptance of a deed or other instrument conveying an interest in a Unit, agrees that no improvement shall be commenced within a Unit unless and until the Declarant has given its prior written approval for such improvements, which approval may be granted or withheld in the sole discretion of the Declarant. In reviewing and acting upon any request for an approval, the Declarant shall be acting in its own interest and shall owe no duty to any other person, including, without limitation, the Association or any of its members

The rights reserved to the Declarant pursuant to this Article shall be applicable unless or until Declarant no longer owns a Unit within the Project unless earlier assigned or terminated by a written instrument executed by the Declarant.

Section 12.2. Design Review Committee.

The Declarant may, but shall not be obligated to, assign all or a portion of its reserved rights under this Article to a design review committee appointed by the Executive Board (the “Design Review Committee”), subject to (i) the right of the Declarant to revoke such assignment at any time and thereafter resume jurisdiction over the matters previously assigned within a Unit and (ii) the right of the Declarant to veto any decision of the Design Review Committee which the Declarant believes, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as the Declarant has retained any rights under this Article, the authority of the Design Review Committee shall be limited to such matters as are specifically assigned to it by the Declarant. Unless and until such time as the Declarant assigns all or a portion of its reserved rights, neither the Design Review Committee nor the Association shall have any authority over design matters and upon any such assignment, the Design Review Committee shall accept and exercise the authority so assigned strictly in accordance with this Article and in accordance with any such assignment.

Upon expiration or termination of the rights of the Declarant under this Article, the Executive Board shall appoint all members of the Design Review Committee (who may also be members of the Executive Board) and, thereafter the Design Review Committee shall assume responsibility for design matters, shall exercise all those powers previously reserved to the Declarant pursuant to this Article.

Section 12.3. Approval of Finishes and Remodels.

A. All Owner and tenant construction, finishes and all remodels shall be submitted to the Declarant or Design Review Committee, as applicable, for pre-approval. If a decision is not made and communicated to the applicant within 30 days of receipt of the application, approval shall be deemed granted. No approval shall be presumed if such construction, finish or remodel causes any change to the color or appearance of the exterior of the Property or the maintenance needs for a Common Area.

B. If such construction, finish or remodel requires the issuance of a building permit, it shall be executed by a licensed California contractor, who has a liability insurance policy of \$1,000,000 or more. The Association shall be named as an additional insured on such policies.

C. If such construction, finish or remodel does not require the issuance of a building permit, it shall be performed in a workmanlike manner, with a minimum of noise, dust and disruption to any Common Area.

Section 12.4. Compliance with Fire Regulations.

All Owner and tenant finishes and all remodels must be in strict compliance with all applicable fire rules, regulations, ordinances and codes.

ARTICLE 13. MORTGAGEE'S RIGHTS

The following provisions are for the benefit of holders, insurers, or guarantors of First Mortgagee on Units. to the extent applicable, necessary, or proper, the provisions of this Article 12 apply to this Declaration and also to the Articles and Bylaws of the Association.

Section 13.1. Approval Requirements.

Unless at least 51% of the Mortgagees holding First Mortgages against any portion of the Property (based on one vote for each Mortgage owned), and at least 67% of the Owners (other than Declarant) have given their prior written approval, the Association shall not be entitled to:

- A. By act or omission seek to abandon, partition, subdivide, sell, or transfer all or part of the Common Area (provided, however that the granting of easements for public utilities or for other public purposes consistent with the intended use of such Common Area shall not be deemed a transfer within the meaning of this clause);
- B. Change the method of determining the obligations, Assessments, dues, or other charges which may be levied against an Owner.

Section 13.2. Right to Pay Taxes and Charges.

First Mortgages may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such Common Area, and Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

ARTICLE 14. DURATION OF COVENANTS AND AMENDMENT

Section 14.1. Term.

The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity subject to the following provisions.

Section 14.2. Amendment.

This Declaration, or any provision of it, may be amended at any time by an instrument signed by Owners holding not less than 75% of the votes that could be cast under this Declaration and signed by Declarant (during the period of Declarant control as further described in Section 3.5 herein). Any amendment must be executed by the President of the Association and recorded, and approval of such amendment may be shown by attaching a certificate of the Secretary of the Association to the recorded instrument certifying that signatures of a sufficient number of Owners approving the amendment are on file in the office of the Association. Unit Owners representing 50% of the votes that could be cast under the Declaration may call a meeting of Unit Owners to discuss and vote upon a proposed amendment, for so long as 30 days' notice of

the time, place and purpose of the meeting is given in writing all Unit Owners in accordance with the notice requirements contained in the Bylaws of the Association.

Section 14.3. When Modifications Permitted.

Notwithstanding the provisions of Section 14.2. above or Section 14.4. below, no termination, extension, modification, or amendment of this Declaration made prior to the termination of Declarant control shall be effective unless the prior written approval of Declarant is first obtained.

Section 14.4. Revocation.

This Declaration shall not be revoked, except as provided in Article X1 regarding total condemnation, without the consent of all of the Owners evidenced by a written instrument duly recorded.

ARTICLE 15. GENERAL PROVISIONS

Section 15.1. Enforcement.

Except as otherwise provided in this Declaration, the Executive Board, Declarant, or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Executive Board of the Association, Declarant, or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

Additionally, any such violation shall give the Declarant or the Executive Board the right, in addition to any other rights set forth therein, (a) to enter the Unit or improvement thereon in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein in violation of the Declaration or rules adopted by the Executive Board or Manager without being deemed guilty in any manner of trespass or any other civil or legal violation; and (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach, with each Owner or other person constructing improvements upon the Property hereby waiving the posting of a bond upon entry of such injunction. All reasonable attorneys fees and costs incurred by the Declarant or the Association in a suit to enforce the terms hereof shall, if said Declarant or the Association prevails in such action, be recoverable from the losing party.

Section 15.2. Severability.

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 15.3. Conflicts Between Documents.

In case of conflict between this Declaration and the Articles and the Bylaws of the Association, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control.

Section 15.4. References to Local Government Standards.

Wherever in this Declaration there is a reference to local land use regulations, zoning, other local government standards, any plats approved by the City or any other federal, state or local rule, law or regulation, such references shall automatically be waived, released, modified or amended, as the case may be, to correspond with any subsequent waiver, release, modification or amendment of such regulations, zoning, other local government standards, approval resolutions, plats or any other rule or law. To the extent any provisions of this Declaration conflict with the ordinances, rules or regulations adopted by Sonoma County or the Town of Geyserville, the provisions in the ordinances, rules or regulations of the local governmental entity shall control.

Section 15.5. Claims Regarding Declarant.

The Association and all Owners shall have a period of two (2) years from January 31, 2005 within which to assert by legal action or otherwise any claim, demand, cause of action or lawsuit against Declarant with regard to the Common Area however arising and for whatever cause or reason whatsoever. Nothing herein shall be construed to limit, impair, diminish or bar any claim by the Association, Owners, Mortgagees, Declarant or any other person with standing to bring such claim to ever assert by legal proceedings or otherwise any claim, demand, cause of action or lawsuit against any engineer, architect, contractor, subcontractor, supplier, materialman or other person involved in the design, installation, manufacture, assembly, construction, operation, maintenance, repair or replacement of the Common Area.

OLD SCHOOL HOUSE PLAZA, LLC, a California corporation

By: Eugene A. Gregory, Member-manager

STATE OF COLORADO) ss.
COUNTY OF SUMMIT }

The foregoing instrument was acknowledged before me this _____ day of _____, 2005 by Eugene A. Gregory, Member-manager of Old School House Plaza, LLC.

Notary Public

EXHIBIT A
LEGAL DESCRIPTIONS

[To be inserted]

Basic realty plus any easements. (May be omitted if the Map is detailed enough).