

ADAMS | STIRLING
Professional Law Corporation
2566 Overland Avenue, Suite 730
Los Angeles, California 90064
(310) 945-0280

FINAL DRAFT FOR MEMBER APPROVAL

**RESTATED DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**

**THE SAND CASTLE HOMEOWNERS
ASSOCIATION**

a California nonprofit mutual-benefit corporation

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

TABLE OF CONTENTS

Table of Contents.....	i
Article 1: Definitions	12
1.1 “Annual Meeting”	12
1.2 “Architectural Standards”	12
1.3 “Articles”	12
1.4 “Assessment”	12
1.5 “Association”	12
1.6 “Balcony”	13
1.7 “Board” or “Board of Directors”	13
1.8 “Budget”	13
1.9 “Building”	13
1.10 “Bylaws”	13
1.11 “CC&Rs”	13
1.12 “Committee”	13
1.13 “Common Area”	13
1.14 “Common Expenses”	13
1.15 “Condominium”	13
1.16 “Condominium Plan”	13
1.17 “Davis-Stirling Act”	13
1.18 “Decorate”	13
1.19 “Development”	14
1.20 “Director”	14
1.21 “Exclusive Use Common Areas”	14
1.22 “Governing Documents”	14
1.23 “Improvements”	14
1.24 “Lender”	14
1.25 “Maintenance Responsibility Chart”	14
1.26 “Manager”	14
1.27 “Member”	14
1.28 “Membership Approval” or “Approval of the Membership”	14
1.29 “Mortgage”	15
1.30 “Mortgagee”	15
1.31 “Officer”	15
1.32 “Operating Accounts”	15
1.33 “Owner”	15

1.34	“Parking Areas”	15
1.35	“Patio”	15
1.36	“Percentage Interest”	15
1.37	“Person”	15
1.38	“Quorum”	15
1.39	“Regular Assessments”	15
1.40	“Reimbursement Special Assessments” or “Reimbursement Assessments”	15
1.41	“Renovation”	16
1.42	“Reserves” or “Reserve Accounts”	16
1.43	“Residence”	16
1.44	“Resident”	16
1.45	“Rules and Regulations” or “Rules”	16
1.46	“Separate Interest”	16
1.47	“Special Assessments”	16
1.48	“Tenant” or “Lessee”	16
1.49	“Unit”	16
	a. Boundaries	16
	b. Inclusions	17
	c. Exclusions	17
1.50	“Utility Lines”	17
1.51	“Voting Power”	17
1.52	Definitions of other Terms	17
Article 2: Membership Rights and Privileges		17
2.1	Membership	17
	a. Membership Appurtenant to Condominiums	17
	b. No Membership for Security Interests	17
	c. No Membership for Tenants	18
	d. No Separate Transfer of Membership	18
	e. Trusts	18
	f. Impersonal Entities	18
2.2	Proof of Ownership	18
2.3	Voting Rights	18
2.4	Inspection of Records	18
2.5	Ingress, Egress and Support	18
2.6	Easement for Use and Enjoyment	18
2.7	Encroachment Easement	18
Article 3: Membership Obligations		19
3.1	Obligation to Follow Governing Documents	19
3.2	Security	19

3.3	<i>Purchase Subject to Violations</i>	19
3.4	<i>Obligation to Provide Key</i>	19
3.5	<i>Obligation to Provide Telephone Number</i>	19
3.6	<i>Notice of Transfer of Ownership</i>	20
3.7	<i>Duty to Maintain, Repair, and Replace</i>	20
a.	Interior Walls and Partitions.....	20
b.	Wall, Ceiling and Floor Coverings.....	20
c.	Windows.....	20
d.	Doors.....	20
e.	Cabinets, Countertops and Appliances.....	20
f.	Heating and Air Conditioning.....	20
g.	Electrical, Telephone, Security and Cable.....	21
h.	Plumbing and Gas.....	21
i.	Washers and Dryers.....	21
j.	Utility Lines.....	21
k.	Balconies and Patios.....	21
l.	Fireplaces.....	21
m.	Garage Storage Cabinets.....	21
n.	Improvements.....	21
o.	Skylights.....	21
3.8	<i>Easement for Maintenance</i>	21
3.9	<i>Water Damage and Mold</i>	22
3.10	<i>Obligation to Carry Insurance</i>	23
3.12	<i>Correction of Violations</i>	23
3.13	<i>Reimbursement to Association</i>	23
3.14	<i>Liability for Mitigation</i>	23
3.15	<i>Guests</i>	24
Article 4: Duties of the Association		24
4.1	<i>Board of Directors</i>	24
a.	Membership Meetings.....	24
b.	Director Qualifications and Meetings.....	24
4.2	<i>Powers of a Nonprofit Corporation</i>	24
4.3	<i>Maintain Common Areas</i>	24
a.	Rec Room and its Contents.....	24
b.	Common Area Landscaping.....	24
c.	Elevators.....	24
d.	Exterior Paint.....	24
e.	Laundry Rooms and Machines.....	24
f.	Perimeter Walls and Fences.....	24
g.	Roofs.....	24
h.	Sauna.....	25
i.	Trash Chute.....	25
j.	Parking Garage.....	25
k.	Cleaning of fireplace flues.....	25
4.4	<i>Termites and Pests</i>	25
a.	Association.....	25
b.	Members.....	25

4.5	<i>Incur and Pay Expenses</i>	25
4.6	<i>Rules and Regulations</i>	25
4.7	<i>Foreclose, Hold Title and Make Conveyances</i>	25
4.8	<i>Fee Limitation</i>	26
4.9	<i>Commercial Concessions</i>	26
4.10	<i>Utility and Cable Easements</i>	26
4.11	<i>Granting Utility Easements</i>	26
4.12	<i>Limitation on Granting Easements</i>	26
4.13	<i>Borrow Money</i>	26
4.14	<i>No Power to Encumber Real Property</i>	26
4.15	<i>Represent Association in Litigation</i>	26
4.16	<i>Receive and Dispose of Property</i>	26
4.17	<i>Limitations on Disposition of Personal Property</i>	27
4.18	<i>Limitations on Transfer of Real Property</i>	27
4.19	<i>Capital Improvements</i>	27
	a. <i>Authority</i>	27
	b. <i>Defined</i>	27
	c. <i>5% Limitation</i>	28
	d. <i>Obsolescence</i>	28
4.20	<i>Vendor Contract Limitations</i>	28
	a. <i>Public Utility Contract</i>	28
	b. <i>Fire and Burglary</i>	28
	c. <i>Bulk Cable Service</i>	28
	d. <i>Elevator Maintenance</i>	28
	e. <i>Laundry Machines</i>	28
	f. <i>Insurance</i>	28
	g. <i>Reserve Studies</i>	28
4.21	<i>Delegation to Manager</i>	28
4.22	<i>Nonprofit Character of Association</i>	29
4.23	<i>Discharge of Liens</i>	29
Article 5: Architectural Control		29
5.1	<i>No Improvements or Alterations Without Approval</i>	29
5.2	<i>Applicants in Good Standing</i>	29
5.3	<i>Right to Decorate Unit</i>	29
5.4	<i>No Exterior Installations</i>	29
5.5	<i>Architectural Standards</i>	29
5.6	<i>Architectural Committee</i>	30
	a. <i>Architect</i>	30
	b. <i>Conflicts of Interest</i>	30
5.7	<i>Submission of Plans and Approval Process</i>	30
5.8	<i>Rescinding Approval</i>	31

5.9	<i>Failure to Comply with Approval Requirements</i>	32
5.10	<i>Review Fees and Remodeling Agreement</i>	32
5.11	<i>Variances</i>	32
5.12	<i>Engineering and Code Requirements</i>	32
5.13	<i>Acoustical Limitations</i>	32
5.14	<i>Inspection</i>	32
5.15	<i>Building Department and Association Approvals</i>	33
5.16	<i>Mechanics' Liens</i>	33
5.17	<i>Hold Harmless and Indemnify</i>	33
5.18	<i>Combining Units</i>	33
5.19	<i>No Right to Divide Units</i>	33
5.20	<i>Waiver of Liability</i>	33
Article 6: Balconies and Patios		34
6.1	<i>Member Maintenance of Balconies and Patios</i>	34
a.	<i>Clean and Sanitary</i>	34
b.	<i>Balcony/Patio Doors</i>	34
c.	<i>Balcony Railings</i>	34
d.	<i>Balcony Flooring</i>	34
6.2	<i>Association Maintenance of Balconies and Patios</i>	34
a.	<i>Generally</i>	34
b.	<i>Waterproofing</i>	34
c.	<i>Fences and Walls</i>	34
d.	<i>Inspection and Repair</i>	34
e.	<i>Right of Entry</i>	34
6.3	<i>Right to Inspect and Repair</i>	35
6.4	<i>Balcony and Patio Alterations</i>	35
6.5	<i>Balcony and Patio Flooring, E</i>	35
6.6	<i>Balcony Ledge</i>	35
6.7	<i>Dangerous Acts</i>	35
6.8	<i>Unightly Objects</i>	35
6.9	<i>Balcony and Patio Furniture</i>	35
6.10	<i>View Obstructions</i>	35
6.11	<i>Watering Plants</i>	36
6.12	<i>Balcony Weight Limitations</i>	36
6.13	<i>Damage</i>	36
6.14	<i>Balcony and Patio Water Damage</i>	36
Article 7: General Restrictions		36
7.1	<i>Antennas</i>	36
7.2	<i>Barbecues</i>	36

7.3	<i>Criminal Activity Prohibited</i>	36
7.4	<i>Drones</i>	37
7.5	<i>Flammable Materials</i>	37
7.6	<i>Health/Safety Hazards</i>	37
7.7	<i>Hiring of Association Employees</i>	37
7.8	<i>Laundry</i>	37
7.9	<i>Marijuana and Controlled Substances</i>	37
7.10	<i>Nudity</i>	37
7.11	<i>Nuisance</i>	37
a.	<i>Unreasonableness</i>	37
b.	<i>Secondhand Smoke</i>	38
c.	<i>Allergies</i>	38
d.	<i>Board Determination</i>	38
7.12	<i>Obstruction of Common Areas</i>	38
7.13	<i>Occupancy Restriction</i>	38
7.14	<i>Quiet Enjoyment</i>	38
7.15	<i>Residential Use</i>	39
7.16	<i>Roof Restricted Access</i>	39
7.17	<i>Sale of Unit</i>	39
7.18	<i>Satellite Dishes</i>	39
7.19	<i>Signs, Posters and Flags</i>	39
7.20	<i>Smoking and Vaping</i>	39
7.21	<i>Solar Energy Systems</i>	40
7.22	<i>Spas, Hot Tubs and Saunas</i>	40
7.23	<i>Garage Storage Cabinets</i>	40
7.24	<i>Time Sharing Prohibited</i>	40
7.25	<i>Toilets</i>	40
7.26	<i>Trash Chute</i>	40
7.27	<i>Use of Independent Contractors</i>	40
7.28	<i>Vibrations</i>	40
7.29	<i>Window Coverings</i>	41
Article 8: Leasing and Rental Limitations		41
8.1	<i>No Hotel Purposes</i>	41
8.2	<i>No Short-Term Rental Advertising</i>	41
8.3	<i>Lease of Less than Entire Unit</i>	41
8.4	<i>Lease and Rental Requirements</i>	41
a.	<i>Minimum Lease Term</i>	41
b.	<i>Re-Leasing Before Expiration of Original Term</i>	41
c.	<i>No Assignment or Subleasing</i>	41

d.	Justification for Lease Period	41
e.	Lack of Parking	42
f.	Difficult Path to Elevators	42
g.	Small Elevators and Stairs.....	42
8.5	<i>Rental Cap</i>	42
a.	Rental Cap Exception	42
b.	Waiting List.....	42
c.	Units with Member in Residence Not Subject to Rental Cap.....	42
8.6	<i>Lease and Rental Agreements and Addendums</i>	42
a.	Leases and Rental Agreements in Writing.	42
b.	Required Lease and Rental Agreement Provisions.....	42
c.	Lease Addendum	43
8.7	<i>Governing Documents</i>	43
8.8	<i>Transfer of Common Area Privileges</i>	43
8.9	<i>Transfer of Occupancy</i>	43
8.10	<i>Repairing Damage</i>	43
8.11	<i>Unlawful Detainer</i>	43
8.12	<i>Assignment of Rents</i>	43
Article 9: Pets.....		44
9.1	<i>Pet Limitation</i>	44
9.2	<i>Size Limitation</i>	44
9.3	<i>Preexisting Pets</i>	44
9.4	<i>Assistance Animals</i>	44
9.5	<i>Nuisance</i>	44
9.6	<i>Dangerous Animals</i>	44
9.7	<i>Liability</i>	45
9.8	<i>Control</i>	45
Article 10: Vehicles and Parking.....		45
10.1	<i>Management of Parking</i>	45
10.2	<i>Restricted Parking</i>	45
10.3	<i>Commercial Vehicles</i>	45
10.4	<i>Deeded Parking</i>	45
10.5	<i>Renting of Parking Spaces</i>	45
10.6	<i>Proper Operating Condition</i>	45
10.7	<i>Limited Operation</i>	45
10.8	<i>Electric Vehicle Charging Stations</i>	46
10.9	<i>Noise Limitation</i>	46
10.10	<i>Repair of Vehicles</i>	46
10.11	<i>Washing of Vehicles</i>	46

10.12	<i>Fluid Leaks</i>	46
10.13	<i>Theft or Damage</i>	46
10.14	<i>Impeding Access</i>	46
Article 11: Enforcement of Governing Documents		46
11.1	<i>Association Enforcement Rights</i>	46
a.	Monetary Penalties (Fines).....	46
b.	Suspend Common Area Privileges	47
c.	Dispute Resolution	47
d.	Judicial Enforcement	47
11.2	<i>Cumulative Remedies</i>	47
11.3	<i>Failure to Enforce Not a Waiver</i>	47
11.4	<i>Remedy at Law Inadequate</i>	47
11.5	<i>Right of Action Against Buyer</i>	47
11.6	<i>Attorneys' Fees</i>	48
Article 12: Right of Entry		48
12.1	<i>Limited Right of Entry</i>	48
12.2	<i>Notice of Entry</i>	48
12.3	<i>Avoid Unreasonable Interference</i>	48
12.4	<i>Emergency Entry</i>	48
12.5	<i>Refusal to Allow Entry</i>	48
a.	Entry by Court Order.....	48
b.	Entry without Court Order.....	49
c.	Recovery of Attorneys' Fees and Costs in Lawsuit.....	49
d.	Expenses Not Recovered as Part of a Lawsuit	49
12.6	<i>Damage Repaired by Association</i>	49
12.7	<i>Power to Vacate Unit</i>	49
a.	Notice	50
b.	Duty to Vacate.....	50
c.	Recovery of Attorneys' Fees and Costs in Lawsuit.....	50
12.8	<i>Entry by Member</i>	50
Article 13: Assessments.....		50
13.1	<i>Purpose of Assessments</i>	50
13.2	<i>Regular Assessment</i>	50
a.	20% Limitation.....	51
b.	Assessment Allocation	51
c.	Payable Monthly.....	51
d.	Written Notice	51
e.	Modification of Assessment	51
13.3	<i>Special Assessment</i>	51
a.	5% Limitation.....	51
b.	Rate of Assessment	51
c.	Reimbursement Assessments	52
d.	Payment Schedule	52

e.	Written Notice	52
13.4	<i>Emergency Assessment</i>	52
13.5	<i>Deposit of Assessments</i>	52
a.	Commingling.....	52
b.	Interest.....	52
13.6	<i>Reserves</i>	52
a.	Be Segregated.....	52
b.	Be Invested.....	52
c.	Require Two Signatures	53
d.	Not Be Reimbursed	53
Article 14: Enforcement of Assessments.....		53
14.1	<i>Liability for Assessments</i>	53
14.2	<i>Enforcement Rights</i>	53
a.	Late Fees and Interest.....	53
b.	File Suit	53
c.	Lien and Foreclose	53
d.	Continuing Lien.....	54
e.	Suspend Privileges	54
f.	Additional Remedies	54
14.3	<i>No Offsets</i>	54
14.4	<i>No Exemption by Waiver of Use</i>	54
14.5	<i>Attorneys' Fees</i>	54
14.6	<i>Non -Waiver of Assessments</i>	54
Article 15: Insurance		54
15.1	<i>Association Insurance</i>	54
a.	Automobile Liability Insurance.....	55
b.	Boiler and Machinery Insurance.....	55
c.	Commercial General Liability (“CGL”).....	55
d.	Direct Physical Loss	55
e.	Directors and Officers	56
f.	Earthquake Insurance	56
g.	Employment Practices Liability	57
h.	Fidelity Bond.....	57
i.	Flood Insurance.	57
j.	Umbrella Policy.....	57
k.	Workers' Compensation.....	57
15.2	<i>Member Obligation to Carry Insurance</i>	57
a.	Waiver of Claims.....	58
b.	Assignment of Proceeds	58
15.3	<i>Tenant Insurance</i>	58
15.4	<i>Responsibility for Deductible and Uncovered Losses</i>	58
a.	Intentional or Negligent Acts	58
b.	Non-Negligent, Unintentional Acts	58
c.	Uncovered Losses.....	58
15.5	<i>Liability for Increased Insurance Rates</i>	59
15.6	<i>Choice of Contractor</i>	59

15.7	<i>Insurance Company Rating</i>	59
Article 16: Protection of Lenders		59
16.1	<i>Furnishing of Information</i>	59
16.2	<i>No Priority Over Rights of First Mortgagees</i>	59
16.3	<i>Relationship with Assessment Liens</i>	59
16.4	<i>Foreclosure</i>	59
16.5	<i>Priority of Mortgage Lien</i>	59
16.6	<i>Payment of Taxes and Charges</i>	60
16.7	<i>Mortgagee Approval of Other Actions</i>	60
Article 17: Limitations of Liability		60
17.1	<i>Standard for Liability</i>	60
17.2	<i>Limited Personal Liability</i>	61
17.3	<i>Association Not a Security Provider</i>	61
17.4	<i>Duty to Defend</i>	61
17.5	<i>Duty to Protect</i>	61
17.6	<i>Personal Injury or Property Damage Sustained Within a Unit</i>	61
17.7	<i>Actions Against Directors</i>	62
Article 18: Damage/Destruction to Improvements		62
18.1	<i>Common Area Damage</i>	62
a.	<i>Cost of Reconstruction</i>	62
b.	<i>Automatic Reconstruction</i>	62
c.	<i>Membership Approval</i>	62
d.	<i>Decision Not to Rebuild</i>	63
e.	<i>Distribution of Insurance Proceeds</i>	63
18.2	<i>Duties of Board During Reconstruction</i>	63
18.3	<i>Right of Entry to Assess Damage and Make Repairs</i>	63
18.4	<i>Power to Vacate Unit</i>	64
18.5	<i>Labor and Materials</i>	64
18.6	<i>Interior Unit Damage</i>	64
18.7	<i>Special Assessment for Reconstruction</i>	64
18.8	<i>Encroachment</i>	64
Article 19: Condemnation		64
19.1	<i>Notice</i>	64
19.2	<i>Payment for Common Area</i>	64
19.3	<i>Payment for Unit</i>	65
19.4	<i>Revision of Documents</i>	65
19.5	<i>Status of Membership</i>	65

Article 20: Miscellaneous	65
20.1 <i>Amendment</i>	65
20.2 <i>Lender Approval</i>	65
20.3 <i>Amendment to Conform to Statute</i>	65
20.4 <i>Term of CC&Rs</i>	66
20.5 <i>Attorneys' Fees</i>	66
20.6 <i>Notices</i>	66
a. <i>To the Association</i>	66
b. <i>To the Members</i>	67
c. <i>When Notice Deemed Delivered</i>	67
20.7 <i>Headings</i>	67
20.8 <i>Liberal Construction</i>	67
20.9 <i>Number and Gender</i>	67
20.10 <i>Severability</i>	67
20.11 <i>No Public Rights</i>	67
20.12 <i>Successor Association</i>	67
20.13 <i>Conflicting Provisions</i>	68
CERTIFICATION	68
EXHIBIT A Legal Description of Property	70
EXHIBIT B Maintenance Responsibility Chart	72
EXHIBIT C Allocation Schedule for Assessments	80

**RESTATED DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS**

THE SAND CASTLE HOMEOWNERS ASSOCIATION
a California nonprofit mutual-benefit corporation

THIS RESTATED Declaration of Covenants, Conditions and Restrictions (“CC&Rs”) is made by all Persons who own Units in that certain real property condominium development known as The Sand Castle located in Los Angeles County, California. These CC&Rs apply to and bind all properties previously covered by covenants, conditions and restrictions. Without reducing the number of properties covered by these CC&Rs, these CC&Rs applies to the properties, the legal description of which is set forth in Exhibit A attached hereto and incorporated herein by reference.

By this instrument, (1) except for any recorded covenants affecting only a single Unit in the properties covered by these CC&Rs and/or (2) unless expressly otherwise provided herein, the Members of the Association hereby fully amend and restate, in their entirety, all previous declarations of covenants, conditions and restrictions recorded on December 3, 1987 as Los

Angeles County Recorder's Document No. 87-1914217, as well as all amendments and/or restatements to such CC&Rs, including, without limitation, those with Los Angeles County Recorder's Document Nos. 88-173357, 20080749618, and 20090329835 and substitute in their place these CC&Rs, which:

1. *Benefit Members.* Are for the benefit of Members of the Association;
2. *Benefit the Development.* Are for the benefit, enhancement and protection of the desirability, value and attractiveness of the Development and each Unit therein;
3. *Bind Successors in Interest.* Inure to the benefit of and are binding upon each successor in interest of the Association, each Member, Tenant, Resident, and occupant of any portion of the Development, as well as their respective heirs, personal representatives, grantees, Tenants, licensees, successors and assigns; and
4. *Run with the Land.* Run with the land and be binding upon all parties having or acquiring any right, title or interest in the Development or any portion of the Development, whether as sole Owners, joint Owners, Tenants, Residents, occupants or otherwise.

NOW THEREFORE, all Units in the Development, as well as any conveyance, transfer, sale, assignment, rental, lease or sublease of a Unit, are deemed to incorporate the provisions of these CC&Rs. Each successor in interest is subject to all of the covenants, conditions and restrictions contained in these CC&Rs.

ARTICLE 1: DEFINITIONS

- 1.1 "Annual Meeting" means the annual meeting of the Members of the Association.
- 1.2 "Architectural Standards" means those rules and guidelines which govern the making of physical changes, alterations, repairs or improvements to Units, Common Areas and Exclusive Use Common Areas.
- 1.3 "Articles" means the Association's Articles of Incorporation.
- 1.4 "Assessment" means any Regular Assessment, Special Assessment, Reimbursement Special Assessment, or any other assessment levied, imposed, or assessed against a Member's Unit in accordance with the provisions of the Governing Documents or applicable law.
- 1.5 "Association" means The Sand Castle Homeowners Association, a California nonprofit, mutual-benefit corporation. The Association includes, when the context requires, its Officers, Directors, employees and agents.

1.6 “Balcony” refers to a balcony which is attached to a Unit and accessible through the Unit of which it is a part.

1.7 “Board” or “Board of Directors” means the Board of Directors of the Association.

1.8 “Budget” means a pro forma operating budget, showing the Association’s estimated revenue and expenses on an accrual basis, for a twelve (12) month period.

1.9 “Building” means any building or structure which is part of the Improvements of the Development.

1.10 “Bylaws” means the duly adopted Bylaws of the Association, including any amendments.

1.11 “CC&Rs” means this Restated Declaration of Covenants, Conditions and Restrictions and any amendments to these CC&Rs.

1.12 “Committee” means any committee appointed by the Board to assist in the management and administration of the affairs of the Association.

1.13 “Common Area” means the entire Development, except the Separate Interests owned by Members.

1.14 “Common Expenses” means the costs, expenses and charges in connection with maintaining, managing, insuring, operating, repairing, improving or replacing the Common Areas or managing the affairs of the Association. Common Expenses include, but are not limited to, those amounts reasonably necessary for Reserves.

1.15 “Condominium” means a condominium, as defined in the Davis-Stirling Act.

1.16 “Condominium Plan” means the diagrammatic description of the Development that identifies the boundaries of Units, some or all of the Exclusive Use Common Areas and the Common Area.

1.17 “Davis-Stirling Act” means and refers to the Davis-Stirling Common Interest Development Act which is the portion of the California Civil Code beginning with Section 4000 that governs common interest developments.

1.18 “Decorate” means for a Member to make improvements which are not visible to other Members, do not penetrate walls, ceilings or floors, do not add hard-surfaced flooring to Balconies, Patios or Units, do not increase acoustical transmission to surrounding Units or Common Areas, or require permits from applicable governmental authorities.

1.19 “Development” means that certain residential development known as “The Sand Castle” and located at 615 Esplanade, Redondo Beach, California.

1.20 “Director” means any member of the Association’s Board of Directors.

1.21 “Exclusive Use Common Areas” means those portions of the Common Area which serve a single Unit, including but not limited to Balconies, Patios, heating, ventilation and/or air conditioning, and Utility Lines, whether located inside or outside the boundaries of the Unit. Any Utility Line or portion thereof is deemed to “serve a single Unit” when its removal would interrupt service of only a single Unit.

1.22 “Governing Documents” means these CC&Rs and any other documents which govern the operation of the Association, including, but not limited to, the Articles of Incorporation, Bylaws, Architectural Standards, Condominium Plan, Rules and Regulations, and Election Rules, as may be amended from time to time.

1.23 “Improvements” means all buildings and other structures located within the Development, including, but not limited to, streets, sidewalks, and utilities.

1.24 “Lender” means the holder of a first mortgage or deed of trust given by a Member (or his/her predecessor in interest), the lien of which mortgage or deed of trust is superior to all other monetary encumbrances, except real property taxes and assessments.

1.25 “Maintenance Responsibility Chart” means the list of maintenance, repair, and replacement responsibilities attached as Exhibit “B”.

1.26 “Manager” means any person or company employed or retained by the Association to oversee the operation, maintenance, and management of the Association.

1.27 “Member” means the Owner, whether one or more Persons, of a Condominium within the Development as evidenced by a publicly-recorded deed to the Condominium, but excluding any Person or Persons having such an interest in the Condominium merely as security for the performance of an obligation. Membership is appurtenant to and may not be separated from the record fee ownership of a Condominium and may not be transferred, encumbered, pledged, alienated, or otherwise separated in any way, except in connection with the record sale of a fee interest of the Condominium to which it is appurtenant. Where the CC&Rs impose restrictions on Member, the restriction also applies to Member’s Tenants, and Member’s and Tenant’s family, guests and invitees.

1.28 “Membership Approval” or “Approval of the Membership” means approved or ratified by an affirmative vote of a majority of the votes represented and voting in a duly held election in which a Quorum is represented, which affirmative votes also constitute a majority of the required Quorum, unless otherwise provided in the Governing Documents.

- 1.29 “Mortgage” means a deed of trust.
- 1.30 “Mortgagee” means a beneficiary (or its assignee) under a deed of trust to a Condominium and the term “First Mortgagee” refers to a beneficiary (or its assignee) under a deed of trust to a Condominium with priority over all other Mortgagees and deeds of trust.
- 1.31 “Officer” means the president, vice-president, secretary, treasurer, and any other officer of the Association, as defined in the Bylaws.
- 1.32 “Operating Accounts” means any account into which the Association’s Assessments are deposited and out of which the Association’s operational expenses are paid.
- 1.33 “Owner” means the owner, whether one or more Persons, of the publicly-recorded fee title to any Condominium within the Development, but excluding any Person or Persons having such an interest in the Condominium merely as security for the performance of an obligation.
- 1.34 “Parking Areas” includes those portions of the Development used for the parking of vehicles.
- 1.35 “Patio” refers to a patio which is attached to a Unit and accessible through the Unit of which it is a part.
- 1.36 “Percentage Interest” means that undivided percentage ownership of the Common Area assigned to each Unit as provided on the Allocation Schedule for Assessments in Exhibit “C.”
- 1.37 “Person” means a natural person, corporation, partnership, trust, association, or other entity, as recognized by law.
- 1.38 “Quorum” is defined in the Association’s Bylaws.
- 1.39 “Regular Assessments” means assessments other than Special Assessments and Reimbursement Assessments, levied or imposed against Members in order to perform the Association’s obligations under the Governing Documents or the law.
- 1.40 “Reimbursement Special Assessments” or “Reimbursement Assessments” means those Special Assessments levied against Members for expenses incurred by the Association arising out of: (i) actions or omissions of Members, Tenants or their respective family, guests, invitees, vendors, or pets; (ii) materials or services provided to Members, Tenants or their respective family, guests, invitees, or pets; or (iii) conditions originating in a Unit.

1.41 “Renovation” means any improvements, additions, alterations, or modifications made by a Member in or to any Unit, Common Area, or Exclusive Use Common Area, including, but not limited to any flooring on the surfaces of any Balcony.

1.42 “Reserves” or “Reserve Accounts” means those monies set aside in a separate account for anticipated long-term maintenance, repair, replacement and restoration of major Common Area components of the Development or Improvements upon the Common Areas, and any other obligations of the Association that are authorized by either the Governing Documents or law.

1.43 “Residence” means a person’s home; the place where someone lives.

1.44 “Resident” means any Person in actual possession of all or any portion of a Unit.

1.45 “Rules and Regulations” or “Rules” means the rules and regulations adopted by the Board to interpret and implement the Governing Documents and for the orderly conduct of the business of the Association.

1.46 “Separate Interest” means an individual Unit.

1.47 “Special Assessments” means assessments levied from time to time against Members if at any time during the fiscal year the Regular Assessments are inadequate to perform the Association’s obligations under the Governing Documents or the law, including, but not limited to, Common Area maintenance, repairs, replacements, unexpected expenses, capital improvements, and emergency repairs.

1.48 “Tenant” or “Lessee” means a Person who has been given the right to temporary use and occupancy of a Unit owned by a Member, whether such right to occupy and use is paid in money or other value.

1.49 “Unit” means those elements of a Condominium which are not owned in common with the Owners of other Condominiums in the Development. Each Unit consists of an element called a “dwelling area” designated on the Condominium Plan as “D” or “DO”.

- a. *Boundaries.* The boundaries of each “dwelling area” in a Unit are the interior surfaces of the perimeter walls, ceilings, windows, and doors. In interpreting deeds and plans, the existing physical boundaries of a Unit, or of a Unit reconstructed in substantial accordance with the Condominium Plan, are conclusively presumed to be its boundaries, rather than the metes and bounds, or other description, expressed in the deed or Condominium Plan, regardless of settling or lateral movement of a building and regardless of minor variance between boundaries shown on the Condominium Plan or in the deed and those of a building.

- b. *Inclusions.* The following are part of each individual Unit: (i) the airspace and all improvements to and within the airspace encompassed by the interior surfaces of the perimeter walls, floors (but not flooring), ceilings, windows and doors, including, but not limited to, paint, wall coverings, carpet and padding, hard-surfaced flooring, cabinets and counters, electrical fixtures, plumbing fixtures, and interior walls, (ii), the interior surfaces of the perimeter walls, floors (but not flooring), ceilings, windows and doors themselves, and (iii) electrical switches and outlets that service the Unit.
- c. *Exclusions.* All the following are not part of an individual Unit and are deemed to be part of the Common Area: (1) Bearing walls, columns, vertical supports, floors (except the interior surfaces), roofs, foundations, beams, pipes, ducts, flues, chutes, conduits, wires, and other utility installations, wherever located, except the outlets thereof when located with the Unit, and except any surface noted in the Condominium Plan which may form a part of an element of a Unit. (2) Any equipment, mechanical devices, security system components, and Utility Lines that service more than one Unit and that either (a) are located within any Unit or (b) pass through any portion of any Unit.

1.50 “Utility Lines” means sewer lines, storm drains, water pipes, electricity lines, gas lines, telephone lines or cables, television cables, satellite dish cables, heating and air conditioning conduits, heating and air conditioning ducts, heating and air conditioning flues, fiber optic cables, data lines, community security systems, and other similar lines, pipes, cables, ducts, flues, and conduit pipes.

1.51 “Voting Power” means the total number of Units entitled to vote.

1.52 Definitions of other Terms. Unless the context clearly requires otherwise, all other terms are defined in the Davis-Stirling Act.

ARTICLE 2: MEMBERSHIP RIGHTS AND PRIVILEGES

2.1 Membership. Each Person is automatically a Member of the Association upon obtaining a publicly-recorded fee title ownership interest in a Unit and remains a Member until he or she ceases to have such recorded fee ownership interest in a Unit.

- a. *Membership Appurtenant to Condominiums.* Membership in the Association is for the benefit of and appurtenant to the Condominium to which it relates and may not be separated from the ownership of the Condominium.
- b. *No Membership for Security Interests.* Membership does not include Persons who hold an interest in a Condominium merely as security for the performance of an obligation.

- c. *No Membership for Tenants.* Tenants have the same rights to use the Common Areas as Members and have the same duties to follow the Association's Governing Documents but are not Members and have no right to vote.
- d. *No Separate Transfer of Membership.* No Member may transfer, pledge, or alienate in any way his/her membership in the Association, except upon the recorded transfer of the fee interest in the Condominium to which it is appurtenant and then only to the transferee of such fee interest.
- e. *Trusts.* If title to a Separate Interest is held in the name of one or more trustees, subject to a trust, a sole trustee or one of several trustees is authorized to exercise the rights and privileges of Association membership. The designation of one of several trustees must be in writing with documentation confirming both the designation and the authority of the designator to do so.
- f. *Impersonal Entities.* If title to a Separate Interest is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to is authorized to exercise the rights and privileges of Association membership. The designation by the impersonal legal entity must be in writing with documentation confirming both the designation and its authority to do so.

2.2 Proof of Ownership. Proof of membership must be in the form of a recorded deed showing fee ownership of a Condominium.

2.3 Voting Rights. In all matters submitted for a membership vote, Members are entitled to one (1) vote per Condominium (regardless of the number of Members having an interest in the Condominium).

2.4 Inspection of Records. Members have the right to inspect records of the Association as provided for in the Bylaws and by law.

2.5 Ingress, Egress and Support. Members have a nonexclusive easement appurtenant to and for the benefit of their Units for ingress, egress, and support over, across and through the Common Area and every portion of any Unit required for the structural support of the Unit.

2.6 Easement for Use and Enjoyment. Members have a nonexclusive easement of use and enjoyment of the Common Areas, subject to the rights of the Association as described in the Governing Documents and the Association's right to reasonably limit the number of guests of Members.

2.7 Encroachment Easement. Members agree that minor encroachments of the Common Area on Units or of Units on the Common Area or on other Units are permitted and

that valid easements for the encroachments exist. Such minor encroachments are not encumbrances on either the Units or the Common Area.

ARTICLE 3: MEMBERSHIP OBLIGATIONS

3.1 Obligation to Follow Governing Documents. Members, Tenants and Residents must follow the Association's Governing Documents and ensure their respective family, guests, and invitees abide by the Governing Documents.

3.2 Security. Neither the Association nor any Officer, Director, Committee member, employee or agent of the Association are insurers or guarantors of any level of security within the Development. Members are responsible for their own security and must take appropriate measures to ensure their own security and that of their family, guests, invitees and Tenants. Members agree not to rely on any security measures provided by the Association. The Association, its Officers, Directors, Committee members, employees and agents are not liable for any loss or damage from failure to provide adequate or effective security measures.

3.3 Purchase Subject to Violations. Buyers take ownership of Units subject to any violations by prior Members, Tenants or their respective family, guests, invitees, or pets, of the Governing Documents concerning the Unit, whether such violations were disclosed by the seller of the Unit and whether the Association knew of the violations at the time of sale. Such buyers are liable for correcting such violations upon demand by the Association. Assessments, fines, and other charges not secured by a lien on the Unit prior to transfer of title are exempt from this provision.

3.4 Obligation to Provide Key. Members must provide the Association with a set of current keys to their Units. Keys may be used by the Association to enter a Unit in an emergency or to perform necessary repairs. If a Member fails to provide current keys to his/her Unit, the Association may engage the services of a professional locksmith to gain access to the Unit. The cost of such services will be the basis of a Reimbursement Assessment against that Unit and the Members who own it. If, in an emergency, the Association is unable to gain access to the Unit because the Members owning the Unit failed to provide current keys, the Member will be liable for the cost of all resulting damage to the Member's Unit, the Common Area and any other Unit. The Member is prohibited from asserting any legal claim for or filing any legal action against the Association, or its Directors, Officers, or representatives (1) for trespass from entering the Unit in any manner allowed in this section, or (2) for any damage resulting from forced entry into the Unit which damage resulted from the failure of Members to provide current keys.

3.5 Obligation to Provide Telephone Number. Members and Tenants must provide the Association with the current telephone numbers at which they can be reached in an emergency.

3.6 Notice of Transfer of Ownership. No later than five (5) days after the assignment, sale, quitclaim or other transfer of their Units, Members must notify the Association of the name, address, phone number, and email address of the transferee and the nature of the transfer.

3.7 Duty to Maintain, Repair, and Replace. A Maintenance Responsibility Chart is attached as Exhibit "B" to these CC&Rs. Except for those duties specifically assigned to the Association by these CC&Rs, Members must, at their sole expense, maintain, repair, and replace improvements to their Units, as well as Exclusive Use Common Areas servicing their Units. Members' obligations include, without limitation, the following:

- a. *Interior Walls and Partitions.* The walls and partitions which are contained inside Members' Units, excluding the perimeter walls and internal load-bearing walls.
- b. *Wall, Ceiling and Floor Coverings.* All drywall in and around the Unit, all interior surfaces of walls (including perimeter and load-bearing walls), ceilings, floors, windows and doors, all plaster, paint, wallpaper, paneling, fabrics, mirrors, carpets, rugs, linoleum, hardwoods, marble, granite, tile, window coverings, and any other materials used to Decorate the interior surfaces of the Unit.
- c. *Windows.* The interior and exterior of the windows of their Units be kept clean and in good repair, unless the Association has elected to clean the exterior surfaces for all Units. Members must maintain, repair and replace window frames, damaged glass, window screens, weather stripping, latches, and related hardware using the material, color, quality, size, and configuration specified by the Association. Members are responsible for repairing all window related leaks, including those involving the seal between the glass and frame and those involving the seal between the frame and the building.
- d. *Doors.* The doors, screen doors, door frames, thresholds, weather stripping, locks, and related hardware. However, the exterior finishes of front doors are the responsibility of the Association.
- e. *Cabinets, Countertops and Appliances.* All cabinets, counter tops, and appliances, including refrigerators, stoves, ovens, dishwashers, garbage disposals, microwaves, washers and dryers, and the like.
- f. *Heating and Air Conditioning.* All mechanical equipment, heating and air conditioning equipment, heat exchangers, drip pans, valves, thermostats, compressors, control equipment, and any other mechanical equipment exclusively servicing the Unit. Members are responsible for any damage to the Common Areas caused by their air conditioning units.

- g. *Electrical, Telephone, Security and Cable.* All telephones, telephone lines, electrical wiring, light fixtures, electrical outlets, circuit breakers, and switches, cable and/or satellite television lines locks, intercom equipment, and security systems exclusively servicing a single Unit. Building-wide central intercom and security systems must be maintained, repaired, and replaced by the Association.
- h. *Plumbing and Gas.* All plumbing equipment, including plumbing fixtures, toilets, faucets, bathtubs, tub and shower valves, shower pans, drain lines, sewer lines, water lines, angle stops, garbage disposals, water heaters, etc., which exclusively service the Unit. All gas lines exclusively servicing the Unit.
- i. *Washers and Dryers.* All plumbing, ducts and Utility Lines that exclusively service a Unit's washing machine and dryers, including but not limited to the water supply lines, vents, and exhaust fans.
- j. *Utility Lines.* All Utility Lines that exclusively service the Unit.
- k. *Balconies and Patios.* The Balconies and Patios, as provided for in the Article in these CC&Rs entitled "Balconies and Patios."
- l. *Fireplaces.* Fireplaces appurtenant to Units, including fireplace mantles, fireboxes, flues, chimneys and chimney caps are the Unit Owner's responsibility to maintain, repair, and replace. If the Association retains a chimney sweep to clean all flues (for safety reasons), Members with fireplaces must cooperate with the cleaning project and reimburse the Association for their portion of the costs. From time to time, the Association may inspect fireboxes in Units. If it is determined that a Member's firebox needs repair or replacement, the Member must immediately cease using the firebox and have it repaired or replaced at the Unit Owner's expense or eliminated altogether (and walled over) so it cannot be used.
- m. *Garage Storage Cabinets.* The garage storage cabinet deeded to individual Units as part of a parking space.
- n. *Improvements.* All improvements or alterations to a Unit or its Exclusive Use Common Areas by any party other than the Association.
- o. *Skylights.* Members must maintain, repair, and replace skylights that benefit their Units.

3.8 Easement for Maintenance. Each Member has easements across Units and Common Areas as may be necessary for installing, maintaining, repairing, or replacing Utility Lines which cannot reasonably be serviced from their Units. Access to Units and Common Areas is limited to a reasonable work area and for a reasonable time. Except in emergencies, reasonable

notice and consent to perform such work, which may not be unreasonably withheld, must be obtained from the affected Unit Owner and/or the Association, as applicable. Immediately after the work is completed, Members must restore affected Units and/or the Common Areas to the same or better condition than they were in prior to the commencement of such work. Such restoration work on affected Units and Common Areas must be done promptly at the sole expense of the Member performing the installation, repair, or maintenance work.

3.9 Water Damage and Mold.

- a. Each Member is responsible for the maintenance, repair and/or replacement of items within the interior of his or her Unit and Exclusive Use Common Area, including, but not limited to, cabinets, fixtures, appliances, flooring, and personal property, that may be damaged from water that may leak or flow into the Unit or Exclusive Use Common Area from within the Unit, the Building, or the Common Area, unless such damage is determined by a court, arbitrator or other tribunal to be caused by the gross negligence or intentional misconduct of the Association, its Board, Officers, or designated agents.
- b. Each Member, and not the Association, is liable for water damage and mold in and to Units, Common Areas, and Exclusive-Use Common Areas, and any personal property: (i) negligently caused by the Member, Member's Tenant or their respective family, guests, or invitees, vendors, or (ii) caused by Member's negligent failure to mitigate damage from failing to regularly inspect and promptly report signs of water intrusion and leaks, including, but not limited, to roof, door, window and slab leaks.
- c. Each Member must regularly inspect their Unit for plumbing leaks, water accumulation, water intrusion through windows, doors, slabs and roofs, and signs of mold, and must promptly report such conditions to the Association. Members must periodically service and/or replace angle stops, supply lines, and drain lines to appliances, HVAC equipment, sinks, toilets, and the like in their Units.
- d. The Association and all Members must repair, restore or replace any water or mold damaged portions of the Development as required by these CC&Rs. Each Member is financially liable for any and all damage to the Common Area or other Units due to the Member's failure to promptly perform such work. The Association reserves the right to enter any Unit and/or Exclusive Use Common Area, as permitted by these CC&Rs, to repair, restore, remediate or replace any portion of a Unit and/or Exclusive Use Common Area in order to protect any Building and Common Area from any damage from water and/or mold. The Association may impose a Reimbursement Special Assessment against any liable Member for all costs incurred by the Association for any such repairs,

restoration, remediation or replacement. The Reimbursement Special Assessment may become a lien against the liable Member's Separate Interest enforceable by the sale of the Member's Unit under Civil Code sections 2924, 2924(b), and 2924(c).

3.10 Obligation to Carry Insurance. Members must purchase insurance for their Separate Interests, at their sole expense, as more fully described in the Article in these CC&Rs entitled "Insurance." The Association may confirm compliance with this section but is not required to and is specifically relieved of any responsibility or liability for not confirming compliance with this section.

3.11 Liability for Damage.

- a. Members are liable for any and all damage to the Units, Common Areas, including Exclusive-Use Common Areas, and any personal property negligently caused by the Member, Member's Tenant, Residents, occupants, or their respective family, guests, invitees, vendors, or pets.
- b. The Association and all Members must repair, restore, remediate or replace any damaged portion of the Development as required by these CC&Rs. However, the Association may impose a Reimbursement Special Assessment against any liable Member for all costs incurred by the Association for such repairs, restoration, remediation or replacement. The Reimbursement Special Assessment may become a lien against the liable Member's Separate Interest enforceable by the sale of the Member's Unit under Civil Code sections 2924, 2924(b), and 2924(c).

3.12 Correction of Violations. Following notice and a hearing and a finding by the Association of a violation of the Governing Documents, the Association will have the right, but not the duty, to correct or cause to be corrected the violation, including entering a Unit with the permission of a Member owning the Unit, which permission will not be unreasonably withheld. All expenses incurred by the Association to correct the violation will be recovered from the Members owning the Unit as a Reimbursement Assessment following notice and a hearing. If permission for entry into the Unit is not granted, the Association may enforce the violation by any other means allowed by the Governing Documents or the law.

3.13 Reimbursement to Association. If the Association provides materials or services that benefit a particular Member, such Member must reimburse the Association for the costs the Association incurred. If not, the Association may impose a Reimbursement Special Assessment against the Member in the amount of such costs.

3.14 Liability for Mitigation. Members are liable for expenses incurred by the Association in mitigating or repairing damage to Units, Common Areas, and Improvements due to damage: (i) originating from Member's Unit, including, but not limited to, flood, fire, mold,

insect, or rodent infestation; or (ii) from the negligence or willful misconduct of such Member, Member's Tenant, or their respective family, guests, or pets. If not repaid, the Association may impose Reimbursement Special Assessments against liable Members.

3.15 Guests. Each Member is liable to all other Members and the Association for the conduct, behavior, and violations of Persons visiting the Member or Member's Tenant in the Development.

ARTICLE 4: DUTIES OF THE ASSOCIATION

4.1 Board of Directors. The management, maintenance and care of the Common Areas, management of the Association, enforcement of the Governing Documents, and all other acts of the Association are performed by its Board of Directors, unless provided otherwise in the Governing Documents.

- a. *Membership Meetings*. The Association must have at least one (1) meeting of its Members each year, as provided for in the Bylaws. Annual and Special Meetings of the membership must be held at the dates, times, and locations provided for in the Bylaws.
- b. *Director Qualifications and Meetings*. The qualifications of Directors and candidates to be elected to the Board are provided for in the Bylaws. Meetings of the Board must be held as provided for in the Bylaws and as required by law.

4.2 Powers of a Nonprofit Corporation. The Association has all of the powers of a nonprofit mutual-benefit corporation organized under the laws of the State of California, operating for the benefit of its Members.

4.3 Maintain Common Areas. Unless otherwise provided in these CC&Rs, including the Maintenance Responsibility Chart, the Association must maintain, repair, and replace the Common Areas, including, but not limited to:

- a. *Rec Room and its Contents*.
- b. *Common Area Landscaping*.
- c. *Elevators*.
- d. *Exterior Paint*.
- e. *Laundry Rooms and Machines*.
- f. *Perimeter Walls and Fences*.
- g. *Roofs*.

- h. *Sauna.*
- i. *Trash Chute.*
- j. *Parking Garage.*
- k. *Cleaning of fireplace flues.*

4.4 Termites and Pests.

- a. *Association.* In addition to any authority provided for in the Davis-Stirling Act, the Association has the authority and the duty to: (i) treat and repair Common Areas infested or damaged by insects, rodents, and wood destroying pests or organisms (including microorganisms); (ii) fumigate by tenting, Units infested by wood destroying pests or organisms (including microorganisms); (iii) impose a Special Assessment against the membership for the cost of the treatment and/or repairs to Common Area, if necessary; and (iv) summarily remove Residents, at Residents' expense, to ensure prompt treatment and repairs as provided for in the Davis-Stirling Act.
- b. *Members.* Except for fumigation by tenting, each Member must treat, repair and/or replace, at the Member's expense, any portions of Member's Unit infested or damaged by insects, rodents and wood destroying pests or organisms (including microorganisms).

4.5 Incur and Pay Expenses. The Association is empowered to incur and pay the operational expenses of the Association, which include, but are not limited to, legal and accounting services; employee salaries, payroll taxes and medical insurance; water and gas utilities; insurance; management services; vendor services, such as security, landscaping, trash collection, pest control, elevators, saunas, rec room, cleaning, painting, and other such services; maintenance, repair, reconstruction, and replacement of all or any portion of the Common Areas or the personal property acquired by the Association; supplies and materials; and such other services for the use, enjoyment and protection of the Development and its Residents and occupants as the Board may determine from time to time are reasonable, proper, or desirable.

4.6 Rules and Regulations. The Board may adopt, amend, and repeal Rules and Regulations regarding any matter set forth in the Governing Documents, including, but not limited to: (i) the use, occupancy, and maintenance of the Development; (ii) the general health, welfare, peace, comfort, safety and security of Residents in the Development; and (iii) the interpretation and implementation of the Governing Documents.

4.7 Foreclose, Hold Title and Make Conveyances. The Association is authorized to lien and foreclose upon any Unit for non-payment of Assessments, to take title to the Unit, to

assume or otherwise pay off encumbrances, and to acquire, hold title to, lease and convey, with or without consideration, real and personal property and interests.

4.8 Fee Limitation. The Association may not impose fees that exceed the amount necessary to defray the costs for which the fee is levied.

4.9 Commercial Concessions. The Board may negotiate contracts for and grant commercial concessions over portions of the Common Area, subject to Membership Approval.

4.10 Utility and Cable Easements. The Association is hereby granted easements to enter into Units as is necessary or prudent to: (i) install, maintain, repair, and replace Common Area Utility Lines; and (ii) install, operate, maintain, repair, and replace transmission lines and other facilities for a community television system, high-speed internet lines, community security systems, or other similar systems; provided that any damage to a Member's Unit caused by such work must be repaired at the Association's expense and in a timely fashion.

4.11 Granting Utility Easements. The Board is authorized to grant easements and rights of way in, under, or through the Common Areas for constructing, erecting, operating, maintaining, repairing, and replacing utilities and similar services.

4.12 Limitation on Granting Easements. Granting any Member an easement for exclusive use of any portion of the Common Areas requires Approval of the Membership except if the easement is for any of the reasons stated in the Davis-Stirling Act.

4.13 Borrow Money. The Association may borrow and repay monies, as needed to discharge its duties, and pledge or assign Special Assessment rights, as security for repayment of such borrowed money. Except for emergencies, the aggregate total of all loans made by the Association in a given fiscal year may not exceed five percent (5%) of the budgeted gross expenses for the same fiscal year, without Membership Approval.

4.14 No Power to Encumber Real Property. The Common Area of the Association may not be encumbered as security for a debt.

4.15 Represent Association in Litigation. The Association, by its Board, may institute, defend, settle, or intervene in litigation, arbitration, mediation, administrative proceedings, or any other legal proceeding in any capacity necessary to represent the interests of the Association.

4.16 Receive and Dispose of Property. Subject to the Section of these CC&Rs entitled "Limitation on Transfer of Real Property", the Association may acquire, hold, lease, encumber, convey, or otherwise dispose of real and personal property and to take real and personal property by will, gift, bequest or any other legal transfer. Any funds or property so received must be used consistently with the purposes for which the Association was formed.

4.17 Limitations on Disposition of Personal Property. The Board may not, without Membership Approval, dispose of during any fiscal year personal property owned by the Association having an aggregate market value in excess of five percent (5%) of the Association's budgeted gross expenses for that year.

4.18 Limitations on Transfer of Real Property.

- a. The Board may exchange, sell, dedicate, or otherwise transfer real property owned by the Association, but not any portion of the Common Area, only on the following conditions:
 - i. Approval by a majority of the Voting Power of the Association must first be obtained, except for the sale or other transfer of property acquired by the Association in foreclosure proceedings.
 - ii. For any exchange of real property, the property received by the Association must be of equal or greater value than the property given.
 - iii. Any dedication of property must only be to a public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association.
 - iv. If the exchange, sale, dedication or other transfer of real property requires an amendment to the governing documents, any approval of such exchange, sale, dedication or other transfer by the Board must be conditioned upon approval of such amendment.
- b. The Common Area of the Development, or any portion thereof, is not subject to partition or sale except as provided in Civil Code §§4610 and 4630 and related case law.

4.19 Capital Improvements. The following applies to Common Area Capital Improvements:

- a. *Authority.* The Board may alter, remove or replace Common Area improvements as-needed to carry out their duties.
- b. *Defined.* "Capital Improvement" means any substantial discretionary addition to the Common Areas or significant alterations to the appearance of the Development. A Capital Improvement is not defined to mean additions or upgrades to Common Area materials which are necessary or prudent to comply with building or safety codes, or to prevent property damage or personal injury, or to reduce operating or maintenance costs for the Common Areas or to comply with Reserve component repairs or replacements.

- c. *5% Limitation.* Capital Improvements may not be made to the Common Areas in any fiscal year in excess of five percent (5%) of the Association's budgeted gross expenses for that year, without Membership Approval.
- d. *Obsolescence.* If the Board determines that any Common Area Improvement is obsolete, and/or no longer brings sufficient value to the Association to justify its upkeep, and the cost to remove the amenity is more than 5% of the budgeted gross expenses for that fiscal year, the Board must obtain Membership Approval to remove the amenity.

4.20 Vendor Contract Limitations. Except for the contracts listed below, the Association is prohibited from entering into any contract for services which binds the Association for a period for more than two (2) years, without Membership Approval.

- a. *Public Utility Contract.* A contract with a public utility company, if the rates charged for the materials or services are regulated by the Public Utilities Commission. However, the term of the contract must be for the shortest term for which the supplier will contract at the regulated rate.
- b. *Fire and Burglary.* Contracts for terms up to three (3) years to lease or service burglar and/or fire alarm equipment or provide protective services.
- c. *Bulk Cable Service.* Contracts for terms up to five (5) years to provide cable, internet, or satellite communications service.
- d. *Elevator Maintenance.* Contracts for terms up to five (5) years to provide maintenance and repairs to elevators.
- e. *Laundry Machines.* Contracts for laundry machines for terms up to three (3) years.
- f. *Insurance.* Contracts for insurance, if the policies do not exceed three (3) years duration.
- g. *Reserve Studies.* Contracts for up to three (3) years for reserve studies.

4.21 Delegation to Manager. The Board may delegate any of its duties, powers, or functions to any qualified Person or management company to act as Manager, except (i) attending Board meetings and voting on motions; (ii) electing officers; (iii) filling vacancies on the Board; (iv) appointment of executive committees; and (v) approving settlement agreements. Notwithstanding any delegation of duties, however, the Manager's actions are subject to the direction and supervision of the Board.

4.22 Nonprofit Character of Association. Notwithstanding anything contained in these CC&Rs to the contrary, the Association may not engage in any activity which may jeopardize the nonprofit character of the Association.

4.23 Discharge of Liens. When necessary, the Association is empowered to discharge, by payment, any lien against the Common Area and assess the cost thereof to the Member or Members responsible for the existence of the lien. Prior to any Board decision to discharge a lien, the Member or Members responsible for the existence of the lien must be given written notice and an opportunity to be heard by the Board and present any defenses which may exist.

ARTICLE 5: ARCHITECTURAL CONTROL

5.1 No Improvements or Alterations Without Approval. No Renovations by or on behalf of a Member in or to any Unit, Common Area, or Exclusive Use Common Area are permitted until plans and specifications have been submitted to and approved in writing by the Architectural Committee or Board. Any Renovations which are unapproved, different from those approved by the Committee, or done without required governmental permits, are automatically deemed disapproved and the Member must promptly remove or correct the disapproved Renovations to comply with the Architectural Standards, the Architectural Committee's or Board's approvals, and governmental requirements.

5.2 Applicants in Good Standing. Only Members in Good Standing may submit requests for architectural approval of Renovations to their Units, Exclusive Use Common Areas, or Common Areas appurtenant to their Units. A Member is in Good Standing for the purposes of this Article, unless found by the Board, at a properly noticed hearing, (1) to be delinquent in the payment of any Assessment, fee, or fine, by more than sixty (60) days, and/or (2) to be otherwise in violation of the Association's Governing Documents.

5.3 Right to Decorate Unit. Members are permitted to Decorate the interior surfaces of the walls, partitions, ceilings, floors, and doors within their Unit, subject to any restrictions or procedures found in these CC&Rs and any Rules established by the Association.

5.4 No Exterior Installations. Installations of any kind, including but not limited to, trellises, awnings, electric lines, telephone lines, television antennas, satellite dishes (except as permitted by law), machines, or air conditioning units, on the exterior of the Unit or that protrude through the walls or the roof, are prohibited except as authorized by the Architectural Committee.

5.5 Architectural Standards. The Board is authorized to adopt, amend, and repeal Architectural Standards. These Architectural Standards interpret and implement the provisions of these CC&Rs by setting forth the standards and procedures for the review and approval of proposed Renovations, guidelines or requirements for architectural design, placement of any Renovation, color schemes, exterior finishes and materials, and similar features which are recommended or required for use within the Development, provided that the Architectural

Standards meet any minimum standards required by these CC&Rs. If any conflict exists between the Architectural Standards and these CC&Rs, the CC&Rs prevail.

5.6 Architectural Committee. The Board is authorized to appoint an Architectural Committee. If the Board does not appoint one, the Board is automatically deemed to be the Architectural Committee. The Architectural Committee has the authority to approve, reject, modify, give conditional approvals, and give limited approvals of improvements and alterations as provided for in the Association's Architectural Standards.

- a. *Architect.* The Board is authorized to retain the services of an architect and one or more consultants to assist the Architectural Committee in its duties. Compensation for consultants' services must be determined by the Board. The cost of such consultants and any related expenses may be charged to those Members submitting plans for Renovations as a Reimbursement Special Assessment. Any significant costs for which the Member will be responsible must be submitted to the Member for approval before being incurred by the Association.
- b. *Conflicts of Interest.* A Director or Architectural Committee member is not permitted to participate in the decision-making process of any architectural submittal made by that Director or Architectural Committee member or members of his or her family. Further, a Director or Architectural Committee member is not permitted to participate in the decision-making process of any other architectural submittal if the approval would result in a monetary benefit to the Director or Architectural Committee member or any company in which the Director or Architectural Committee member, or members of his or her family have a financial interest.

5.7 Submission of Plans and Approval Process.

- a. Plans and specifications in accordance with the Association's Governing Documents, describing the proposed Renovations, must be submitted to the Architectural Committee by personal delivery, first class or certified mail or email.
- b. Applications are deemed approved within forty-five (45) days from the date of submission of a complete application unless (i) disapproved by the Committee, (ii) additional information necessary to properly consider the application is requested by the Committee within the forty-five (45) day period, or (iii) any proposed Renovations would violate the Association's Governing Documents, any Building, Safety and Fire Codes, or any other laws.
- c. Applications shall not be approved by any individual Architectural Committee member or Director. In the event an individual Architectural Committee

member or Director approves architectural plans and specifications, such approval should not be relied upon and shall not be deemed approval.

- d. The Architectural Committee is authorized to impose any reasonable conditions of approving an architectural application, in writing, including, but not limited to, (1) requiring modifications of particular aspects of the Member's architectural submission and/or (2) requiring the preparation, execution and recording, at the Member's expense, of a covenant establishing maintenance, repair and replacement, indemnity, and other obligations binding current and future Members owning the Unit.
- e. Applications that are disapproved must be in writing and must explain why the proposed Renovation is disapproved. The Member is permitted to seek reconsideration of a disapproved application, in writing, by the Board, unless (1) the original disapproval was made by the Board or a body that has the same membership as the Board at a meeting that satisfied the requirements of the Open Meeting Act or (2) as to any Renovations that were disallowed because they would violate the Association's Governing Documents, any Building, Safety and Fire Codes, or any other laws. A permissible written request for reconsideration must be received by the Board not more than forty-five (45) days after the denial. Within forty-five (45) days after receipt of the request for reconsideration, the Board must hold an open meeting to consider the reconsideration and decide. Failure of the Board to decide within the forty-five (45) day period is deemed a decision in favor of the Member.
- f. Once an application has been approved, material modifications to the approved plans and specifications thereof are not permitted and any subsequent alterations, relocations, additions or modifications require a separate application, review and approval. If a proposed material modification is likely to materially affect other aspects or components of the work, the Board, in its discretion, may order the Member and his or her contractors and agents to cease working on both the modified component of the Improvement and any other affected component.
- g. Unless a shorter period is specified in the approval, Renovations approved by the Architectural Committee must be completed within one (1) year of the Member receiving approval. Renovations not completed within one (1) year must be resubmitted for approval. The Architectural Committee, in its discretion, may grant short extensions for Renovations to be completed.

5.8 Rescinding Approval. The Architectural Committee and/or the Board is authorized to rescind previously approved plans, but only for good cause, including, but not limited to, mistake or fraud.

5.9 Failure to Comply with Approval Requirements. Any Renovations, whether in progress or completed, which (1) were not approved in by the Architectural Committee or Board when such approval is required by the Governing Documents, (2) violate the Architectural Committee's or Board's conditions of approval, the Association's Governing Documents, or any Building, Safety and Fire Codes, or other laws, or (3) were performed by an unlicensed contractor (where a licensed contractor was required by law, the Governing Documents, or the Architectural Committee's conditions of approval), are automatically deemed disapproved and in violation of the Governing Documents.

5.10 Review Fees and Remodeling Agreement. The Board is authorized to establish a schedule of fees to be charged to an applicant to reimburse the Association for any out-of-pocket expenses it may incur in connection with the approval of an application, including architectural and/or engineering consultant fees, attorneys' fees for the preparation of recordable covenants or easements, or other documents uniquely necessary for compliance with reasonable conditions of approval, and expert expenses for reviewing plans. In addition, the Board is authorized to adopt and require Members to sign a remodeling agreement.

5.11 Variances. The Architectural Committee is permitted to recommend reasonable architectural variances, subject to advanced written Board approval. The Board may grant the variance if it determines the variance will not (i) constitute a material deviation from the overall plan and scheme of the Development, (ii) result in a material detriment to the Association or any Member, or (iii) create a nuisance in the Common Area or affecting any other Member. The granting of a variance by the Board is not deemed a variance or waiver as to any other Unit, nor does any variance granted affect the applicability or enforceability of any provision of this Article with respect to any other Unit.

5.12 Engineering and Code Requirements. Plans and specifications approved by the Architectural Committee or Board are not approved for engineering design, Building, Safety or Fire codes, or other safety specifications. Approval by the Architectural Committee or Board does not absolve Members of the responsibility of obtaining any necessary governmental approvals or permits. Members must ensure compliance with applicable Building, Safety and Fire codes, ordinances, and specifications.

5.13 Acoustical Limitations. Members must meet the architectural standards adopted by the Association regarding hard-surfaced or other flooring.

5.14 Inspection. The Association has the right, but not the obligation, to periodically inspect any work approved by the Architectural Committee or Board. Members must allow inspection. Any work in progress may be halted and the Member will be subject to a fine if (1) an inspection is not allowed, or (2) the Renovations are in violation of the Governing Documents as provide in the Section above entitled "Failure to Comply with Approval Requirements" or elsewhere. Such inspections do not absolve Members from compliance with the Association's Architectural Standards and all applicable Building, Safety and Fire codes.

5.15 Building Department and Association Approvals. Any construction, repair, modification, or alteration of any Improvement requiring the issuance of a building permit must be submitted by the Member to the appropriate governmental entity for review and approval. The Architectural Committee may impose conditions of approval which are more restrictive than conditions imposed by governmental agencies. If the conditions of approval imposed by the governmental entity and the Architectural Committee conflict, the more restrictive conditions control.

5.16 Mechanics' Liens. Members must ensure that no lien is placed against any other Unit, Condominium, or against the Common Areas, for labor or material furnished to their Units. If a lien is placed against the Common Areas and/or another Member's Unit or Condominium, and the responsible Member does not immediately cause the removal of the lien, the Association may, after written notice to the responsible Member, pay the amounts necessary to have the lien removed and levy a Reimbursement Special Assessment against the responsible Member for the monies advanced and any fees and costs incurred by the Association.

5.17 Hold Harmless and Indemnify. Approval of plans by the Association signifies only a general conformance with its Architectural Standards and not with Building, Safety, or Fire code compliance, lot lines, easements, or best construction practices. The Association and its Architectural Committee, Members, Officers, Directors, employees, and agents are not liable and must be held harmless, defended and indemnified for mistakes in judgment or negligence arising out of or in connection with the Association's approval or disapproval of plans.

5.18 Combining Units. Subject to the applicability of any law restricting the partitioning of Units and the Common Area, the combining of Units is not permitted without prior written Board approval. Once combined: (i) the Percentage Interest in the Common Area allotted to the combined Units will equal the sum of the Percentage Interests in the Common Area of each of the combined Units; (ii) the Assessments due and owing on the combined Units will equal the sum of the Assessments levied against each of the respective Units so combined; and (iii) the Owner of the combined Units will continue to have the same number of votes assigned to the Units before they were combined.

5.19 No Right to Divide Units. Subject to the applicability of any law restricting the partitioning of Units and the Common Area, no Member is permitted to divide any Unit; provided, however, that once two or more Units have been combined, the Members owning such combined Units are permitted to restore them to their original dimensions and footprint only after receiving prior written Board approval.

5.20 Waiver of Liability. Neither the Architectural Committee or its members nor the Association or its Officers, Directors, employees or agents are liable for any damage, loss or prejudice suffered or claimed on account of the Architectural Committee's review, approval, or disapproval of any plans, drawings or specifications, or the conformance of the construction with the approved plans and any such claims are expressly waived.

ARTICLE 6: BALCONIES AND PATIOS

6.1 Member Maintenance of Balconies and Patios. Members must, at their sole expense, maintain, repair and replace their Balconies and Patios as described below and as indicated on the Maintenance Responsibility Chart.

- a. *Clean and Sanitary.* Members must keep their Balconies and Patios in a clean and sanitary condition. However, any water used in cleaning Balconies must not unreasonably spill over the edge of the Balcony onto other Units or the Common Area.
- b. *Balcony/Patio Doors.* Members must maintain, repair, and replace their Balcony and Patio doors, door casings, thresholds, flashing, weather stripping, waterproofing, caulking, door guides, and any other related hardware and sealants.
- c. *Balcony Railings.* Members must maintain, repair and replace Balcony railings and keep them clean and sanitary.
- d. *Balcony Flooring.* Members must maintain, repair and replace flooring (tile, outdoor carpet, etc.) on the Balcony floors.

6.2 Association Maintenance of Balconies and Patios. Excluding Member obligations provided for in this Article, the Association must, at its sole expense, maintain, repair and replace their Balconies and Patios as described below and as indicated on the Maintenance Responsibility Chart.

- a. *Generally.* The Association must maintain, repair and replace exterior surfaces and all structural components of Balconies.
- b. *Waterproofing.* The Association must maintain, repair, replace, seal and waterproof the surface finishes of the structural floors (not flooring) of their Balconies and Patios.
- c. *Fences and Walls.* The Association must maintain, repair and replace all fences, walls, gates, gate hinges and latches surrounding any Patio or Balcony.
- d. *Inspection and Repair.* The Association must inspect, repair and perform any other duties regarding balconies, or any other structures required of the Association under Civil Code §5551, or any successor statute.
- e. *Right of Entry.* Subject to the notice provisions in these CC&Rs under the Article/Section entitled “Right of Entry,” the Association has the right to enter

any Balcony or Patio to conduct any inspection, maintenance, repair, or replacement duties for which the Association is responsible.

6.3 Right to Inspect and Repair. To ensure Member and Association obligations are met, the Association has the right to enter onto Balconies and Patios to inspect them. Failure by a Member to maintain a Balcony or Patio gives the Association the right to repair it in accordance with the notice and repair provisions of these CC&Rs. The Association is permitted to recover the costs of such repairs by imposing a Reimbursement Assessment and imposing a lien against the Unit, if not paid, as provided for in these CC&Rs.

6.4 Balcony and Patio Alterations. Members have no right to paint or alter their Balconies or Patios without the prior written approval of the Architectural Committee.

6.5 Balcony and Patio Flooring. Existing flooring on Balconies or Patios as of the effective date of these CC&Rs will not be considered in violation of the architectural approval requirements of Section 5.1 even if not previously approved. However, if flooring on Balconies or Patios must be removed to allow the Association to maintain, repair, replace, seal, waterproof the floors or other structural components of any Balconies or Patios, or to allow the Association to perform any other of its duties or obligations, the Member must remove and replace such flooring and/or bear the expense of doing so.

6.6 Balcony Ledge. No plants or hanging vines are permitted to extend over the edge of any Balcony, except as allowed in the Rules and Regulations. No item is permitted to be placed temporarily or permanently on any ledge, except as allowed in the Rules and Regulations. Members are not permitted to drape laundry, rugs, or other similar items over any Balcony or Patio wall or railing.

6.7 Dangerous Acts. Members and Residents are not permitted to throw or sweep any dirt, water, objects, or other substances from any Unit, its doors, windows, or Balconies.

6.8 Unightly Objects. No unsightly objects (including, but not limited to, laundry, mops, appliances, and bicycles) are permitted to be placed or stored on a Balcony or Patio where they may be seen by other Members or by the public in general. Members must keep their Patios and Balconies in a clean and sanitary condition and free of debris, trash, animal feces, and animal waste bags.

6.9 Balcony and Patio Furniture. Members are permitted to furnish their Balconies and Patios with outdoor furniture, if allowed in the Rules and Regulations.

6.10 View Obstructions. No vegetation or other obstruction is permitted to be planted or maintained upon any Balcony or Patio which unreasonably obstructs the view from any other Unit. Any item or vegetation which, in the opinion of the Board, creates an unreasonable view obstruction must be removed or pruned to the Board's satisfaction.

6.11 Watering Plants. Members must not water their plants or use water on their Balconies in such a way as to cause water to drip, spray, or flow onto the Balcony, Patio, or windows of another Unit.

6.12 Balcony Weight Limitations. Members are not permitted to place unreasonable weight loads on any Balcony. The number and size of plants may be regulated by the Rules and Regulations. No refrigerators, freezers, or other appliances are permitted on Balconies or Patios.

6.13 Damage. Members are liable for any damage to their Balconies or Patios caused by the acts, omissions, or willful misconduct of Members, their Residents, occupants, guests, or their family or pets, including, but not limited to, damage from the installation and use of any flooring on a Balcony or Patio resulting in water/moisture intrusion into any structural components thereof. Any such damage which the Association repairs under these CC&Rs may be assessed against the Member as a Reimbursement Assessment.

6.14 Balcony and Patio Water Damage. Members are responsible for the cost of repairing any damage to: (i) their own property; (ii) the property of others; and (iii) the Common Areas, resulting from water intrusion from the Balconies or Patios appurtenant to their Units due to waterproofing failures for which the Member is responsible.

ARTICLE 7: GENERAL RESTRICTIONS

7.1 Antennas. No antennas for transmitting or receiving radio signals or any other form of electromagnetic radiation may be installed, except as provided in the Association's Rules and Regulations, its Architectural Standards, and applicable law.

7.2 Barbecues. Except for those fueled by propane or natural gas, barbecues are prohibited. All smokers are also prohibited. Permissible barbecues are permitted in balconies and patios only. Open-flame cooking devices shall not be operated on combustible balconies or within 10 feet of combustible construction, except LP-gas cooking devices having LP-gas container with a water capacity not greater than 2-1/2 pounds [nominal 1 pound (0.454 kg) LP-gas capacity]. Hours of operation, other permissible equipment, and other rules regarding barbecue operation may be stated in the Rules and Regulations. Residents and other occupants must take reasonable precautions to minimize smoke from entering other Units.

7.3 Criminal Activity Prohibited. No Person is permitted to engage in criminal activities anywhere within the Development, including, without limitation, within the Common Areas, and/or any Unit. For purposes of this section "criminal activities" includes, without limitation, drug-related activities (including the illegal manufacture, sale, distribution, use or possession of a controlled substance), gang-related activities, the unlawful use or discharge of firearms, prostitution, or any misdemeanors or felonies enumerated in the California Penal Code, or any federal criminal statute, local ordinance, regulation or other law. In addition, Members owning a Unit must prohibit, in their lease, rental agreement or otherwise, Persons who engage in criminal activities from occupying their Unit.

7.4 Drones. A “drone” is defined as a powered aerial vehicle that flies autonomously or is remotely piloted. The operation of drones in the Development, if allowed by the Association, must comply with the Association’s Rules and Regulations, federal and state law. No person is permitted to operate, cause, allow or authorize the operation of a drone in the airspace above any portion of the Development in such a way as to invade the privacy of Association Members, guests, Residents, occupants or vendors, whether equipped with a camera or otherwise. Prior written approval of the Board of Directors must be given for drone operations that are contrary to this Section or the Association’s Rules and must comply with such terms and conditions as the Board may deem appropriate under the circumstances.

7.5 Flammable Materials. Except for reasonable amounts of legal ammunition for use with legal firearms, the storage or use of explosives, fireworks, or highly flammable or highly corrosive materials by Members, Tenants, Residents, or their respective family, guests, or invitees anywhere in the Development is prohibited.

7.6 Health/Safety Hazards. Members must not permit conditions which constitute a health, safety, or fire hazard to exist in their Units, Balconies, Patios, storage areas, Parking Areas, or Exclusive Use Common Areas.

7.7 Hiring of Association Employees. Members are permitted to hire off-duty Association employees to perform work. However, any use of off-duty employees is at the employing Member’s expense and such Member is responsible for workers’ compensation and payroll deductions for that employee. The Association is not liable for the acts or omissions of employees hired by Members while in the course and scope of employment by the Member.

7.8 Laundry. No clothesline or drying rack may be erected, maintained or used in the exterior of the Development, except in an exclusive use backyard of a Member. The Association may adopt reasonable rules and restrictions regarding the use of clotheslines and drying racks as allowed by law. No item may be draped over fences, trees or Balcony or Patio walls or railings.

7.9 Marijuana and Controlled Substances. Growing or distributing marijuana or medical marijuana, whether or not for personal use, as well as manufacturing, synthesizing, producing or distributing any illicit or controlled substances as defined by applicable state and/or federal laws is strictly prohibited in the Development, whether in Units, Exclusive Use Common Areas, or Common Areas.

7.10 Nudity. Public displays of nudity are prohibited.

7.11 Nuisance. Members are prohibited from causing or permitting any act or condition which constitutes a nuisance.

- a. *Unreasonableness*. To constitute a nuisance, the act or condition must be an unreasonable disturbance or annoyance, unreasonably injurious to health, indecent, or unreasonably detrimental to Persons or property.

- b. *Secondhand Smoke.* Any “exfiltration” (air flow outward through a wall, building envelope, window, etc.) of any noxious odor or smoke, including tobacco smoke, from a Unit, whether through windows, doors, vents, or other means, is prohibited. It is the responsibility of the Member causing such exfiltration of smoke or odors to prevent it.
- c. *Allergies.* Residents with allergies or sensitivities must, at their own expense, take precautions to protect themselves against commonplace levels of noise, odors, dust, smoke, gases, pollen, or other environmental pollutants.
- d. *Board Determination.* Because a nuisance is largely subjective, the Association is not obligated to become involved in disputes where, in the opinion of the Board, the alleged disturbance does not constitute a nuisance. Despite the Board’s determination, the parties retain the right to take appropriate legal action against each other without involving the Association.

7.12 Obstruction of Common Areas. Obstruction or misuse of the Common Area, for other than its intended purpose, is prohibited, unless expressly permitted in writing by the Board for good cause.

7.13 Occupancy Restriction. No more than two (2) Persons per bedroom plus one additional Person may reside in a Unit. For purposes of this restriction, “reside” means to use or occupy any Unit for more than thirty (30) consecutive days and/or more than sixty (60) aggregate days, whether or not consecutive, in any one calendar year. Where the number of Persons residing in a Unit, as of the date these CC&Rs are recorded, exceeds the maximum number permitted in the this Section, the Persons then residing in the Unit (“Permitted Residents”) are permitted to continue residing there; provided, however, any Permitted Residents who cease to reside in the Unit cannot be replaced while the number of Residents in the Unit equals or exceeds the maximum permitted in the previous section. Along with other remedies provided for in these CC&Rs, if the Association pays for water for all Units, the Board may impose a water usage surcharge per Person residing in a Unit in excess of the occupancy restriction.

7.14 Quiet Enjoyment. No one may engage in any behavior, whether verbal or physical, including, but not limited to, the posting or distributing of documents, openly or anonymously, anywhere in the Development, where such behavior is abusive, harassing, threatening, intimidating, defaming, slanderous, unlawfully aggressive, and/or otherwise legally actionable against other Members, Residents, guests, invitees, Directors, or the Association’s management, employees, agents, or vendors. Because such breaches of quiet enjoyment are largely subjective, the Board may choose to act only against egregious breaches. When the Association chooses not to act on a complaint of breach of quiet enjoyment, or the complaining party believes the Association’s action is not sufficient, such party may take legal action to enforce this provision against other Members and/or Residents, but is not permitted and

expressly waives his/her right to take any action, legal or otherwise, including commencing or maintaining a lawsuit against the Association and/or its Officers, Directors, employees, and/or agents for their failure to act on the party's complaint and/or for the manner in which they handled it.

7.15 Residential Use. Using a Unit, or permitting a Unit or any portion of it, to be occupied or used for any purpose other than a private residential dwelling is prohibited. Units must not be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other nonresidential purpose. Notwithstanding the foregoing, Residents may use a room in their Unit as a home office, provided that (1) the primary use of the Unit remains as a Residence, (2) no business advertising or signage is used in connection with the home office use, (3) package deliveries are kept to a minimum, and (4) no customers, clients or patients visit the Unit. The Board may adopt additional Rules regarding the use of such home offices.

7.16 Roof Restricted Access. Members and their families, Unit Residents, guests, employees, vendors, and agents are prohibited from entering onto the Association's Common Area roofs without the prior written consent of the Board.

7.17 Sale of Unit. The Association may impose restrictions or limitations on open houses, brokers' caravans and other matters relating to the sale of a Unit in the Rules and Regulations.

7.18 Satellite Dishes. Satellite dishes may only be installed as provided for in the Rules and Regulations, Architectural Standards, and applicable law.

7.19 Signs, Posters and Flags. Signs, posters, flags, banners, notices, nameplates, cards, and advertisements of any kind may only be displayed to the public view on or from any Unit or in or on any Common Area, including any Exclusive Use Common Area, as allowed by law. Owners may display one sign in a designated area which is of reasonable dimensions and design, advertising that the property is for sale or lease, as allowed by law and subject to any restrictions in the Rules and Regulations. Commercial signs may not be displayed.

7.20 Smoking and Vaping. All smoking, vaping, and use of e-cigarettes is prohibited in all Common Areas (interior or exterior) or any exterior Exclusive Use Common Area, such as balconies and patios. "Smoking" means, but is not limited to, any practice by which a substance, whether tobacco, marijuana or any other substance, is burned for the purpose of inhaling its smoke. "Vaping" means inhaling water vapor to obtain nicotine, cannabis or any other substance. "E-cigarette" means an electronic device that vaporizes liquid nicotine, cannabis or any other substance. Additional Common Area restrictions concerning Smoking, Vaping and E-cigarette use, consistent with these CC&Rs, may be adopted by the Board.

7.21 Solar Energy Systems. Solar Energy Systems may only be installed after obtaining written approval of the Architectural Committee and as provided for in the Rules and Regulations, Architectural Standards, and applicable law.

7.22 Spas, Hot Tubs and Saunas. No spa, hot tub, or sauna may be installed by any Member in any Unit, Patios, Balconies or elsewhere in the Development.

7.23 Garage Storage Cabinets. Garage storage cabinets may only be used as provided for in the Rules and Regulations. Under no circumstances may explosives, fireworks, or highly flammable or highly corrosive materials be stored in such areas. Members must keep their storage lockers hazard-free at all times. Members must supply their own locks to secure their possessions and are responsible for insuring stored items against loss.

7.24 Time Sharing Prohibited. Units may not be divided, used or conveyed on a time increment basis (commonly referred to as “time sharing”). The term “time sharing” is defined to include any agreement, plan, program or arrangement under which the right to use, occupy or possess a Unit or any portion of a Unit rotates among various persons, either corporate, partnership, individual or otherwise, on a periodically recurring basis.

7.25 Toilets. “Turbo” toilets or any other types of noisy toilets are prohibited.

7.26 Trash Chute. Cardboard boxes may not be disposed of by placing them into the trash chute. Cardboard boxes must be broken down and placed in the recyclable bin. Under no circumstances may unbagged cat litter, explosives, fireworks, or highly flammable or corrosive materials be disposed of in the trash chutes or anywhere else in the Development. Cat litter must be double-bagged and placed directly in the trash bin.

7.27 Use of Independent Contractors. Members may use independent contractors to perform work in their Units subject to the Association’s construction guidelines provided with Board approval letters. Such contractors must be licensed and insured as required by law. The Association is permitted to, but not required to, police or enforce this provision, and has no responsibility or liability for failing to do so. Members are liable for any injury to persons or damage to the Common Areas, Exclusive Use Common Areas, Units and any personal property caused by the acts or omissions of such Member’s contractor. The Association is authorized, in its sole discretion, to repair, restore or replace property damaged by a Member’s contractor and is permitted to impose a Reimbursement Special Assessment against the responsible Member for all costs and expenses incurred by the Association from repairing the damage. The Reimbursement Special Assessment may become a lien against the liable Member’s Separate Interest enforceable by the sale of the Member’s Unit under Civil Code sections 2924, 2924(b), and 2924(c).

7.28 Vibrations. No Member may operate any fixtures or equipment which cause unreasonable vibrations or noise which cause an annoyance to residents of other Units. Speakers may not be attached to walls.

7.29 Window Coverings. Appropriate window coverings must be installed on windows and properly maintained at all times. The color of such window coverings must be in harmony with the exterior of the structure. No window may be covered by paint, aluminum foil, newspapers, bed sheets, cardboard, blankets, or other similar items.

ARTICLE 8: LEASING AND RENTAL LIMITATIONS

In addition to the restrictions found in Article 7, that Members may not use their Units for business, commercial, manufacturing, mercantile, storing, or vending purposes, the following residential restrictions apply:

8.1 No Hotel Purposes. Units may not be rented for hotel, fractional or similar purposes.

8.2 No Short-Term Rental Advertising. No Unit may be advertised with Airbnb, VRBO, Flipkey, or by any other means, as being available for rent or lease for a period of less than twelve months or in a manner that would suggest or imply the Unit was available for rent or lease for a period of less than twelve months.

8.3 Lease of Less than Entire Unit. No Member is permitted to lease or rent less than the entire Unit unless a Member also resides in the Unit. The entire Unit, or any portion thereof as permitted herein, may only be leased or rented under a single lease or rental agreement signed by all adult Tenants occupying the Unit.

8.4 Lease and Rental Requirements.

- a. *Minimum Lease Term*. The initial term of a lease of a Unit, must be for a period of at least twelve months.
- b. *Re-Leasing Before Expiration of Original Term*. If a Tenant terminates their lease or rental agreement or otherwise vacates the Unit before the expiration of any rental or lease term then in effect, the Member may not re-lease or re-rent the Unit until the expiration of such rental or lease term, unless the Member applies for and receives a hardship exception from the Board.
- c. *No Assignment or Subleasing*. No lease of or rental agreement regarding a Unit may be assigned. No Unit may be sublet or subleased.
- d. *Justification for Lease Period*. Frequent moving in and out of the Association's two buildings to accommodate shorter minimum rental periods is both a safety hazard and a burden on the Association's old and limited facilities.

- e. *Lack of Parking.* Being near the beach, parking is scarce frequently requiring moving vans to park in the middle turn lane of the street adjacent to the Development.
- f. *Difficult Path to Elevators.* Furniture and appliances must first be moved from the street up a steep driveway and then a long distance to one of the two elevators.
- g. *Small Elevators and Stairs.* Each building has a single small old elevator, and, in the case of one building, the elevator does not directly access the residential floor, but requires climbing stairs from where the elevator discharges. Moving furniture and appliances up and down stairs can be both dangerous and tends to damage the stairs even when done carefully.

8.5 Rental Cap. No more than twenty-five percent (25%) of the Units in the Development may be leased to Tenants at any given time. If a Member wishes to lease a Unit to a Tenant at a time when twenty-five percent (25%) of the Units are already being leased, the Member may appeal to the Board for a special exemption.

- a. *Rental Cap Exception.* All record Owners of a Unit on the date these CC&Rs are recorded may rent or lease their Unit to Tenants regardless of the percentage of rented or leased Units. Members must adhere to all other rental or lease prohibitions, restrictions, rules and requirements.
- b. *Waiting List.* Any Member wishing to lease a Unit must submit a written request to the Board to ensure the leasing capacity has not been met. When at least twenty-five (25%) of the all Units are leased or rented to Tenants, the Board must maintain a waiting list.
- c. *Units with Member in Residence Not Subject to Rental Cap.* Units are not deemed to be counted toward the rental cap while a Member resides in the Unit.

8.6 Lease and Rental Agreements and Addendums.

- a. *Leases and Rental Agreements in Writing.* All leases and rental agreements between a Member and Tenant must be in writing.
- b. *Required Lease and Rental Agreement Provisions.* All provisions of any leases and rental agreements between a Member and Tenant must be consistent with and not violate any provisions the Association's Governing Documents. All leases must include, at a minimum, provisions that require Tenants to comply with all provisions of the Association's Governing Documents.

- c. Lease Addendum. Member, Tenant, and the Association may also execute a “Lease Addendum” supplied by the Association, in which the parties allow the Association to directly enforce the terms of the lease or rental agreement between Member and Tenant and/or such other terms to which the parties may agree.

8.7 Governing Documents. Members must provide their Tenants with the Association’s Rules and Regulations and ensure compliance with them including paying fines for Tenant violations.

8.8 Transfer of Common Area Privileges. Any Members residing offsite, and whose Unit is occupied by others, automatically transfers the Members’ rights to use the Association’s Common Area facilities to the Residents until the Member retakes possession of the Unit.

8.9 Transfer of Occupancy. Members living offsite must promptly provide the Association with the current name, address, phone number, and email address of all Unit Residents and any changes in such information.

8.10 Repairing Damage. Members are liable for all damage to the Units, Common Areas, including Exclusive-Use Common Areas, and any personal property which was caused by the negligent acts or omissions of such Member, Member’s Tenant, or their respective family, guests, invitees, vendors, or pets. The Association is authorized, in its discretion to repair, restore or replace such damaged property and is permitted to impose a Reimbursement Special Assessment against the liable Member for all costs and expenses incurred by the Association from repairing, restoring or replacing the damaged property. The Reimbursement Special Assessment may become a lien against the liable Member’s Separate Interest enforceable by the sale of the Member’s Unit under Civil Code sections 2924, 2924(b), and 2924(c).

8.11 Unlawful Detainer. Members who lease their Units must ensure compliance with the Association’s Governing Documents by their Tenants. If a Member fails to take legal action against his/her Tenant, who is in violation of the Governing Documents, within ten (10) days after receipt of the Association’s written demand to do so, the Association is permitted to institute unlawful detainer proceedings on behalf of such Member and against the Tenant and the Association is hereby granted right of possession to the Unit for such purpose. The Association may be awarded costs of suit and/or attorneys’ fees by the court as provided by law.

8.12 Assignment of Rents. As security for the payment of Assessments, fines, and other sums owed to the Association, Members who lease their Units pledge their rights as Landlords (including the right to receive rent) to the Association. If a Member becomes delinquent in payment of Assessments or fines to the Association, the Association is permitted to assign the rents payable by the Tenant to the Association until the Member’s account is paid in full as provided for in Civil Code §2938 or any other provision of law. During the period of assignment, Members have no right to collect the assigned amounts from Tenants and may not evict Tenants for complying with the Association’s assignment of rents.

ARTICLE 9: PETS

9.1 Pet Limitation. Usual domesticated dogs, cats, and birds may be kept in Units as pets. No more than one (1) dog or one (1) or two (2) cats may be kept as pets in the Unit regardless of who owns the dog or cat. A pet application must be submitted to the Board before the pet arrives on the property. Aquariums of 100 gallons or less are permitted to be maintained in Units with only non-poisonous, legal, aquatic creatures, excluding any snakes. No animal is permitted to be kept, bred, or maintained: (i) for any commercial purpose; (ii) in unreasonable numbers; or (iii) for any purpose that would involve any odor, noise, or other nuisance which would unreasonably disturb the use and enjoyment of any portion of the Development by other Members. The Board is permitted to adopt additional Rules and Regulations regarding the quantity, kinds and sizes of pets, and tanks which may be kept and other pet issues not conflicting with these CC&Rs.

9.2 Size Limitation. No dog which exceeds a weight of thirty-five (35) pounds is permitted. With proper documentation permitted by law, physically and/or mentally disabled individuals will be allowed to have an assistance/service dog over the weight limitation.

9.3 Preexisting Pets. Pets being kept in the Development on the date of recordation of these CC&Rs, which were not in violation prior to that date, but which are prohibited under these CC&Rs, are permitted; provided, however, those pets are registered with the Association. Residents may keep any such registered pets for as long as the Resident resides in the Development. However, once the Resident has moved from the Development the pet cannot remain in the Development. If the pet has died it may not be replaced, except as provided for in these CC&Rs.

9.4 Assistance Animals. An animal otherwise prohibited by these CC&Rs, which is kept by a Resident for the purpose of servicing the Resident's qualified disability, may be kept by such Resident provided the animal is properly cared for (i.e., kept healthy, clean, and properly groomed and waste material is properly disposed of) and not unruly or disruptive (e.g., barking, growling, running loose, displaying aggressive behavior, etc.). All pet rules apply to assistance animals, unless contrary to law.

9.5 Nuisance. The Board is authorized to prohibit any animal which, in its opinion, constitutes a nuisance to other Members pursuant to evidence provided at a noticed hearing.

9.6 Dangerous Animals. No wild or undomesticated animal, or animal which the Board has determined to be aggressive or dangerous pursuant to evidence provided at a noticed hearing, is permitted to be kept in the Development. The Board is authorized to require dogs found to exhibit aggressive or dangerous behavior to wear a muzzle while in the Common Area until a further determination is made by the Board as to whether the pet will be allowed to remain in the Development.

9.7 Liability. Members are liable for any injury to Persons or property caused by any animal brought or permitted onto or kept within the Development by the Member, Member's Tenant or their respective family, guests, or invitees.

9.8 Control. Pets are permitted in the Common Area, only as permitted by the Rules or this Section. All dogs in the Common Area must be on a leash held by a Person capable of controlling the dog. The Association is permitted to remove any unleashed dog found within the Common Areas to a pound or animal shelter under the jurisdiction of the city or county in which the Development is located.

ARTICLE 10: VEHICLES AND PARKING

10.1 Management of Parking. The Association manages and controls the use of all Common Area parking.

10.2 Restricted Parking. Only the following types of vehicles are permitted to be parked or stored in parking spaces: automobiles, trucks, motorcycles, and mopeds. Vehicles must be parked completely within the parking space. No RV, camper, boat, recreational watercraft, trailer, or any other similar vehicle is permitted in any portion of the Common Areas or in any parking space. Only permitted vehicles, bicycles and carts with wheels may be kept in parking spaces.

10.3 Commercial Vehicles. Commercial vehicles, including pickup trucks one ton or larger panel trucks, tow trucks, stake bed trucks, tank trucks, dump trucks, step vans, concrete trucks, taxis, buses, vans designed for ten (10) people or more, vehicles with commercial signage, and the like, are prohibited, except as provided in the Rules and Regulations.

10.4 Deeded Parking. Members are deeded parking spaces for their exclusive use or that of their Tenants or guests. Each Member is solely responsible to ensure that his/her vehicle, or that of his/her Tenants or guests, fits within the Member's assigned parking space(s).

10.5 Renting of Parking Spaces. Renting or leasing a parking space to a non-Member, except to a Tenant as part of a lease of a Unit, is prohibited. However, Members may rent parking spaces from other Members on a month-to-month basis.

10.6 Proper Operating Condition. All vehicles parked or stored in the Development must be maintained in proper operating condition, and not be a hazard or nuisance by noise, exhaust emissions, or appearance. All vehicles parked or stored in the Development must carry current registration tags and must be insured.

10.7 Limited Operation. The operation of vehicles in the Common Areas is only permitted to move the vehicle into or out of the Parking Areas.

10.8 Electric Vehicle Charging Stations. Members are permitted, with written approval of the Architectural Committee and/or Board, to install at their own expense an electric charging station compliant with Section 4745 of the Civil Code or any successor statute. Use of Association electricity to power a Member's electrical vehicle charging station is prohibited unless, following written approval of the Architectural Committee and/or the Board, the Member has installed an electrical submeter to track electricity usage. The Member must pay the Association for all Association electricity used by the electrical vehicle charging station. The Association may impose reasonable requirements on the location and installation of the equipment. All electrical work must be done by a licensed electrician with appropriate permits from the Building Department.

10.9 Noise Limitation. All vehicles must be configured to operate quietly.

10.10 Repair of Vehicles. Construction, repair, or servicing of vehicles within any portion of the Development is prohibited. However, emergency repairs are permitted when necessary to move a vehicle to a proper repair facility.

10.11 Washing of Vehicles. Except as provided for in the Rules and Regulations, washing vehicles in the Development is prohibited.

10.12 Fluid Leaks. Members must keep the Common Area free of vehicle fluids such as oil, radiator coolant, brake fluid, power steering fluid, etc. Members who fail to do so are subject to fines or other discipline, and a Reimbursement Assessment for the cost of cleaning the affected areas.

10.13 Theft or Damage. The Association is not liable for any loss or damage suffered by any Member, Tenant, or guest due to theft of or damage to any vehicle or vehicle contents, unless resulting from the Association's intentional misconduct or gross negligence.

10.14 Impeding Access. Vehicles must not impede or prevent ready access to any door, gate, entrance, or exit.

ARTICLE 11: ENFORCEMENT OF GOVERNING DOCUMENTS

11.1 Association Enforcement Rights. In addition to any other rights described in these CC&Rs and without waiving the Association's right to institute any other enforcement measures, and subject to the notice and hearing provisions in the Bylaws and as required by law, the Association is authorized to enforce the Governing Documents by any of the following means:

- a. *Monetary Penalties (Fines)*. The Board is authorized to assess reasonable monetary penalties (fines) for violations of the Association's Governing Documents by a Member, Member's Tenants or their respective family, invitees, vendors, contractors, or guests. A monetary penalty (fine) imposed by the Association as a disciplinary measure for failure of a Member to comply

with the governing documents, is hereby treated and deemed to be an assessment that may become a lien against the Member's Separate Interest, but such lien may not be enforced by the sale of the interest under Sections 2924, 2924b, and 2924c (non-judicial foreclosure). As assessments, Members are liable for all costs of collection, including reasonable attorneys' fees, court costs, and related expenses for delinquent monetary penalties (fines).

- b. *Suspend Common Area Privileges.* The Board is authorized to temporarily suspend Common Area privileges of Members, Member's Tenants and their respective family, invitees, and guests for their failure to comply with the Association's Governing Documents. Any such suspension must be for a period of time not to exceed thirty (30) days for each noncontinuing violation. For continuing violations, the suspension may be imposed for as long as the violation continues.
- c. *Dispute Resolution.* As to any dispute between a Member and the Association, the Association is authorized to engage in Internal Dispute Resolution and/or Alternative Dispute Resolution as provided for in the Governing Documents and the law.
- d. *Judicial Enforcement.* A lawsuit for damages, declaratory relief, and/or injunctive relief may be filed, whether or not the relief sought is for negative or affirmative action.

11.2 Cumulative Remedies. The respective rights and remedies, provided by the Governing Documents, under the law, or available in equity, are cumulative and the exercise of any one or more of such rights or remedies does not preclude or affect the exercise, at the same or at different times, of any other such rights or for the same or different failures of the Members or others to perform or observe any provision of the Governing Documents.

11.3 Failure to Enforce Not a Waiver. Failure to enforce the Governing Documents, whether by the Board or any Member or other Person entitled to enforce them, is not deemed a waiver of the right to do so. Waiver or attempted waiver of any provision of the Governing Documents with respect to a given Unit is not deemed a waiver of such right as to any other Unit. Additionally, violation of any provision of the Governing Documents by the Members owning any Unit or Units does not affect the applicability or enforceability of any provision of the Governing Documents against the Members owning any other Unit.

11.4 Remedy at Law Inadequate. If event remedies at law for violation of the Association's Governing Documents are inadequate, then equitable, declaratory, and/or injunctive relief may be sought and awarded.

11.5 Right of Action Against Buyer. If a Member fails to correct architectural, nuisance, or other continuous violations concerning the Member's Unit prior to the transfer of

title to the Unit to a buyer, the Association retains the right to enforce compliance against the buyer for such violations.

11.6 Attorneys' Fees. If any party initiates any action or proceeding to enforce or interpret the Governing Documents or California law relating to the Development, the prevailing party is entitled to recover reasonable attorneys' fees and court costs, including reasonable expert fees, as permitted by law.

ARTICLE 12: RIGHT OF ENTRY

12.1 Limited Right of Entry. During reasonable hours and subject to the notice requirements contained in this Article, the Association's representatives, employees, and vendors are authorized to enter Units, Common Areas, and Exclusive Use Common Areas: (i) to inspect and perform maintenance, repairs, or replacements to the Common Areas or Exclusive Use Common Areas; or (ii) to mitigate or repair damage; or (iii) to inspect the Units and Exclusive Use Common Areas to ensure compliance with the Governing Documents.

12.2 Notice of Entry. The Association must give at least three (3) business days' written notice by personal delivery, or five (5) calendar days' written notice by first class mail or email, to the Resident and a Unit Owner, stating the purpose for and time of the entry. Email notification may be used only if the recipient previously consented to receive such notices and communications from the Association by email.

12.3 Avoid Unreasonable Interference. The right of entry must be exercised to avoid unreasonable or unnecessary interference with the possession, use, and enjoyment of the Member or Resident of such Unit.

12.4 Emergency Entry. In an emergency, the Board or its authorized representatives may enter the Unit without permission and is not subject to liability to the Member or Resident for such entry. If exercised in good faith, such entry is deemed to be consented to by all Members and does not constitute trespass or any other wrongful act. If the Association must damage or destroy property to gain access to the Unit, the Member will have no right of action against the Association or its representatives for such damage or destruction. However, the Association must repair any such damage or destruction if the emergency did not originate in the affected Unit. Prior to emergency entry, if feasible, the Board must make a good faith effort to contact a Member owning the Unit.

12.5 Refusal to Allow Entry.

- a. *Entry by Court Order*. Following any refusal to expressly grant entry permitted in these CC&Rs, the Association may file suit and seek a court order to gain entry authorized in these CC&Rs. However, if the Member owning the Unit or a Resident of the Unit has expressly prohibited entry authorized in these CC&Rs,

the Association's representatives are permitted to gain entry only after filing suit and obtaining a court order.

- b. *Entry without Court Order.* If the Member owning the Unit or a Resident of the Unit does not expressly prohibit entry authorized in these CC&Rs, but is unavailable or otherwise refuses to expressly grant access, the Association, through its representatives, are permitted to enter the Unit, without a court order, in the manner permitted elsewhere in this Article. Such Persons entering with no court order, when acting in good faith, are not liable for trespass or any other unintentional damages resulting from such entry.
- c. *Recovery of Attorneys' Fees and Costs in Lawsuit.* If the Association files a lawsuit to gain entry and prevails, it is entitled to recover by from the Member, by judgment, all expenses the Association incurred because of refusal to allow entry, including, without limitation, the cost of hiring a locksmith, the cost of repairing damage that was reasonably necessary to gain entry, and reasonable attorneys' fees and costs of suit for enforcement of this provision of the CC&Rs as the court may order.
- d. *Expenses Not Recovered as Part of a Lawsuit.* If the Association gains entry without a court order and/or chooses not to seek recovery it expenses in a lawsuit, it is permitted to recover all expenses it incurred because of refusal to allow entry, including, without limitation, the cost of hiring a locksmith and the cost of repairing damage that was reasonably necessary to gain entry, but excluding attorneys' fees, by a Reimbursement Special Assessment against the Member, enforceable by all means provided for in these CC&Rs and by law, including lien and foreclosure.

12.6 Damage Repaired by Association. Any damage caused by the Association to the Common Areas or Unit improvements must be promptly repaired by the Association to original building construction standards. The Association is authorized to recover the cost of any damage caused by others, but repaired by the Association, by a Reimbursement Special Assessment (if caused by a Member, a Member's Tenant, family member, invitee or guest), or any other legal means against the responsible parties.

12.7 Power to Vacate Unit. The Association is permitted to require Residents to vacate a Unit to allow maintenance, repair or replacement of the Association's Common Areas or other areas for which the Association is obligated. All costs of temporary relocation during the maintenance, repair or replacement of the areas within the responsibility of the Association must be borne by the Member owning the Separate Interest affected, and not the Association, as provided for the Davis-Stirling Act. Such temporary relocation costs include, without limitation, food, lodging, lost rent or other income, and any other associated expenses incurred by the

Member. However, it is the Association's duty to diligently make such repairs reasonably quickly.

- a. *Notice.* The Board must give notice of the need to temporarily vacate a Unit to Residents and Members not less than fifteen (15) days prior to the date of the relocation. The notice must state the reason for the temporary relocation, the date and time of the repairs, and the anticipated date and time of completion of repairs. Notice must be either by personal delivery or first-class mail to the address shown on the books of the Association.
- b. *Duty to Vacate.* Members and Residents must cooperate with the Association and, if requested by the Association, vacate their Units. If not, the Association may file a lawsuit to require cooperation and/or the Unit to be vacated.
- c. *Recovery of Attorneys' Fees and Costs in Lawsuit.* If the Association files a lawsuit to require cooperation and/or require the Unit to be vacated and prevails, it is entitled to recover by from the Member, by judgment, all expenses the Association incurred because of refusal to cooperate and/or vacate, including, without limitation, reasonable attorneys' fees and costs of suit for enforcement of this provision of the CC&Rs as the court may order.

12.8 Entry by Member. Each Member must permit other Members and their representatives to enter his/her Unit to perform installations, alterations, or repairs to the mechanical or electrical services to a Unit, if: (i) requests for entry are made in advance; (ii) entry is made at a time reasonably convenient to the Member whose Unit is being entered; and (iii) the entered Unit is left in substantially the same condition as existed immediately preceding such entry. Any damage to the Unit caused by entry must be repaired by the entering Member. Both the Member allowing entry and the Member gaining entry must hold harmless and defend the Association and its Officers, Directors, Committee members, Members, agents, and employees against claims of damage or injury resulting from one Member's entry into another Member's Unit.

ARTICLE 13: ASSESSMENTS

13.1 Purpose of Assessments. The general purpose of Assessments is to provide for the recreation, health, safety, and welfare of the Members, enforce and comply with the Governing Documents, manage the Development, enhance the quality of life in the Association, improve, maintain, repair, and replace Common Areas and Exclusive Use Common Areas, provide for the acquisition and maintenance of property, services and facilities devoted to these purposes, and for any action or undertaking on behalf of the Association.

13.2 Regular Assessment. The Board must levy Regular Assessments in an amount sufficient to provide for the performance by the Board of each and every one of its powers and duties provided, however:

- a. *20% Limitation.* Pursuant to the Davis-Stirling Act, the Board is not permitted, without the approval of Members casting a majority of the votes with a Quorum present, to impose a Regular Assessment which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year. Quorum for the purposes of this provision means more than fifty percent (50%) of the Members of the Association.
- b. *Assessment Allocation.* Regular Assessments must be levied in accordance with the Assessment Schedule in Exhibit “C.”
- c. *Payable Monthly.* Regular Assessments are payable by each Member against whom assessed in twelve (12) equal monthly installments on the first day of each calendar month or at such other dates and in such other installments as the Board determines. Assessments for new Members must be prorated in the first month of membership according to the date on which the individual becomes a Member.
- d. *Written Notice.* Written notice of any increase in Regular Assessments must be sent by first-class mail to each Member not less than thirty (30) days nor more than sixty (60) days prior to the increased Assessment becoming due.
- e. *Modification of Assessment.* The Board may modify the Regular Assessments during the course of a fiscal year if necessary to conform to a revised estimate of costs and expenses. However, if the aggregate increase exceeds twenty percent (20%) of the Regular Assessment for the immediately preceding fiscal year, the Board must obtain the approval of Members as provided for in the Davis-Stirling Act. If an annual Regular Assessment is not published for a new fiscal year, the Regular Assessment for the prior fiscal year will apply and govern each Member’s payments until changed by a new Regular Assessment.

13.3 Special Assessment. In addition to the Regular Assessment, the Board may levy a “Special Assessment” for any purpose necessary for the Association to carry out its duties; provided, however:

- a. *5% Limitation.* Pursuant to the Davis-Stirling Act, the Board is not permitted, without the approval of Members casting a majority of the votes with Quorum present, to impose a Special Assessment which is more than five percent (5%) of the budgeted gross expenses of the Association for such fiscal year. Quorum for purposes of this provision means more than fifty percent (50%) of the Members of the Association.
- b. *Rate of Assessment.* Special Assessments must be levied in accordance with the Assessment schedule contained in Exhibit “C.”

- c. *Reimbursement Assessments.* Special Assessments are also permitted to be levied against individual Units for reimbursement of expenses incurred by the Association arising out of actions or omissions of such Member, Member's Tenant, or their respective family, guests, invitees, vendors, contractors, or pets, as expressly provided elsewhere in these CC&Rs.
- d. *Payment Schedule.* Special Assessments are payable by each Member against whom assessed either monthly or at such dates and in such installments as the Board determines.
- e. *Written Notice.* Written notice of Special Assessments must be sent by first-class mail to each Member not less than thirty (30) days nor more than sixty (60) days prior to the Assessment becoming due.

13.4 Emergency Assessment. In emergency situations, the Board may increase Regular Assessments beyond twenty percent (20%) or impose Special Assessments above five percent (5%) only as provided for by law.

13.5 Deposit of Assessments. All sums received by the Association must be promptly deposited into accounts clearly designated in the Association's name.

- a. *Commingling.* The Association must maintain separate accounts for its operating funds and its Reserves, respectively, and no funds from those separate accounts are permitted to be commingled at any time.
- b. *Interest.* No Member has the right to receive interest on any such funds deposited.

13.6 Reserves. All sums assessed and collected by the Association which are budgeted to fund Reserves for anticipated long-term maintenance, repair, and replacement of Common Area components, the cost of which would not ordinarily be incurred on an annual basis, must:

- a. *Be Segregated.* Be received in trust by the Board, set aside and segregated from the other monies and not be commingled with the Association's Operating Account.
- b. *Be Invested.* Be invested in low-risk investments. Reserves must be deposited in financial institutions authorized to do business in California and where the Association's deposits are insured against loss. Alternatively, the Association may deposit funds with brokerage houses or institutions which are members of the Financial Industry Regulatory Authority and where the Association's deposits are insured against loss.

- c. *Require Two Signatures.* Be withdrawn from the Reserve account only upon approval by the Board and the signature of two (2) Directors.
- d. *Not Be Reimbursed.* All contributions to the Reserves, as well as interest earned, are for the benefit of the Association and not to the benefit of any individual Member. As such, contributions and interest are not refundable to Members when they cease to be Members of the Association.

ARTICLE 14: ENFORCEMENT OF ASSESSMENTS

14.1 Liability for Assessments. Assessments, together with charges, interest, costs, and attorneys' fees (regardless of whether legal proceedings are instituted), are a debt of each Owner of a Separate Interest at the time the assessment or other sums are levied. Co-Owners and/or Members owning a full or partial interest in a Unit are jointly and severally liable for the entire amount of all Assessments, late charges, interest, reasonable costs of collection, reasonable attorneys' fees, and monetary penalties.

14.2 Enforcement Rights. In addition to any other rights provided for by law or described in these CC&Rs, the Board has the right to collect delinquent Assessments as follows:

- a. *Late Fees and Interest.* Unpaid Assessments are deemed delinquent fifteen (15) days after they are due and are subject to a late charge of the greater of either ten percent (10%) or Ten Dollars (\$10.00), which may not be imposed more than once on any delinquent payment, and interest at the rate of twelve percent (12%) per annum, which may commence thirty (30) days after the Assessment becomes due.
- b. *File Suit.* The Association is authorized to commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien and initiate foreclosure against the Member's Unit for the delinquent Assessment. In any action to collect delinquent Assessments, late charges or interest, the prevailing party is entitled to costs and reasonable attorneys' fees. All amounts included in any judgment may become the subject of a judgment lien in any county in California in which an abstract of judgment is recorded.
- c. *Lien and Foreclose.* In accordance with the Davis-Stirling Act, a delinquent Assessment or installment, together with any late charges, interest, costs, attorneys' fees, and penalties, will become a lien on the Unit upon the recordation of a "Notice of Delinquent Assessment" in the Office of the County Recorder. The Board is permitted to enforce any Assessment lien against a Unit by filing an action for judicial foreclosure or by nonjudicial foreclosure in the manner provided for in the Davis-Stirling Act. The Association, through its Board, is authorized to bid on the Unit at the sale and may hold, lease, mortgage, and convey the acquired Unit as permitted by law.

- d. *Continuing Lien.* Any demand or claim of lien or lien on account of prior delinquencies is deemed to include subsequent delinquencies and amounts due on account thereof. It is the intent of these CC&Rs that any lien recorded against a Separate Interest by the Association to secure payment of delinquent assessments and/or other amounts be a continuing lien to include any and all subsequent assessments and other amounts as permitted in the Davis-Stirling Act, to the full extent allowed in *Bear Creek Master Ass'n v. Edwards*, (2005) 130 Cal. App. 4th 1470.
- e. *Suspend Privileges.* Subject to the notice and hearing provisions set forth in the Bylaws, the Association is authorized to suspend membership privileges, except voting rights, until the delinquent Assessments, fees and fines, including any accumulated penalties, interest, and costs of collection have been paid in full.
- f. *Additional Remedies.* The remedies provided in this Section are in addition to, not in substitution for, any other rights and remedies which the Association may have.

14.3 No Offsets. All Assessments are payable in the amount specified by the Assessment and no offsets against such amount are permitted for any reason, including, without limitation: (i) a claim that the Association is not properly exercising its duties and powers, as provided in these CC&Rs; (ii) a Member has not made or elects not to make use of the Common Area; (iii) any maintenance, repairs or replacements for which the Association is responsible have not been performed or have not been performed to a Member's satisfaction.

14.4 No Exemption by Waiver of Use. Members are not permitted to exempt themselves from liability for Assessments nor release their Units from liens and charges by waiver of their use and enjoyment of the Common Areas, by abandonment of their Units, or through non-use of Common Areas or membership privileges.

14.5 Attorneys' Fees. Any reasonable attorneys' fees and costs incurred by the Association in the collection of assessments, late fees, and interest against a Member may become a Reimbursement Special Assessment against that Member, which may be collected in any manner provided for by these CC&Rs or by law.

14.6 Non -Waiver of Assessments. If the Board fails to approve a Budget or fix the Assessments for the current year, the Budget and Assessments from the preceding year continue until a new Budget is approved and new Assessments are fixed.

ARTICLE 15: INSURANCE

15.1 Association Insurance. The Association must obtain and maintain policies of insurance as described below. To help keep premiums at a reasonable level, the Association is

authorized to establish appropriate deductibles for its policies of insurance. Unless otherwise determined by the Board, coverage must be on an occurrence basis.

- a. *Automobile Liability Insurance.* If appropriate, the Association is permitted to purchase non-owned and hired automobile liability coverage and garage-keepers legal liability coverage.
- b. *Boiler and Machinery Insurance.* If appropriate, the Association is permitted to purchase insurance for the loss or damage to or as a result of equipment failures such as boilers, pressure vessels, pressure pipes, motors, mechanical breakdowns, electrical failures, and the like.
- c. *Commercial General Liability (“CGL”).* The Association must maintain one or more CGL policies which provide appropriate liability limits for injury or death to one or more Persons in any one accident or occurrence. The Association must carry coverage in amounts that meet or exceed those called for in Civil Code §5805 and any successor statutes.
- d. *Direct Physical Loss.* The Association must maintain one or more policies for loss or damage by fire or other perils covered by the standard “Special Form” policy (or its equivalent) covering all Common Area Improvements in the Development, and such other Improvements in the Development as the Board may deem appropriate. The Board is authorized, in its sole discretion, to limit the scope of coverage under such policies to what is commonly referred to as “bare walls,” which exclusions from coverage may include, but are not limited to, the following fixtures and/or components within or appurtenant to a Separate Interest:
 - i. Exclusive Use Common Areas;
 - ii. Floor, wall, and ceiling coverings;
 - iii. Forced air units, heaters, air conditioners, and electrical and plumbing fixtures;
 - iv. Water heaters, water softeners, water filters, and built-in and free-standing appliances;
 - v. Built-in cabinets and countertops;
 - vi. Window treatments and components, such as curtains, drapes, blinds, and related hardware;
 - vii. Personal property of a Member;

- viii. Betterments and improvements made by the Members; and
- ix. Replacements of any of the foregoing.

The amount of such insurance must not be less than one hundred percent (100%) of the aggregate full insurable value, meaning replacement cost, not a depreciated amount or actual cash value (ACV), if available. The coverage must be written on a blanket basis with an agreed value endorsement and an inflation guard endorsement, if available. The Association's insurance policy must be primary with respect to property damage in the event of overlapping coverage with a Member's property damage policy. Because construction costs can be unpredictable and suddenly escalate whenever large losses occur, Directors are not liable if actual construction costs are greater than the 100% replacement cost provided by the insurance policy. In addition, if available, the Association must include the following:

1. "Ordinance or Law Coverage" or its equivalent, including:
 - (a) Coverage for Loss to the Undamaged Portion of the building or structure.
 - (b) Demolition Cost Coverage.
 - (c) Increased Cost of Construction Coverage.
 2. "Maintenance Fees Receivable" coverage, or its equivalent, to cover the loss from unpaid or uncollected Assessments resulting from a covered property loss.
 3. Such other endorsements which the Board may deem necessary or reasonable.
- e. *Directors and Officers.* The Association must purchase Directors and Officers errors and omission insurance insuring the Association, Directors, Officers, Committee members, trustees, Association employees, Association volunteers, any community manager in contract with the Association, any management company in contract with the Association and employees of such Association management company who perform services on behalf of the Association. The Association must carry coverage in amounts that meet or exceed those called for in Civil Code §5800 and any successor statutes.
 - f. *Earthquake Insurance.* The Association may purchase earthquake insurance, after considering the cost and availability.

- g. *Employment Practices Liability.* The Association should consider purchasing employment practices liability coverage (whether or not it has employees), when available and affordable.
- h. *Fidelity Bond.* The Association must maintain fidelity bond coverage for all Directors, Officers, Committee members, and employees of the Association in an amount no less than the greater of either (1) 150% of annual operating expenses plus Association reserves, or (2) the combined amounts of the total assessments of the Association for three months, plus Association reserves. Such fidelity bond must include coverage for computer fraud, funds transfer fraud and social engineering fraud. If the Association uses a managing agent or management company, the fidelity bond coverage must also include dishonest acts by that person or entity and its employees.
- i. *Flood Insurance.* When required by any first mortgage holder, Fannie Mae, Freddie Mac, or the Fair Housing Administration (FHA), the Association must purchase flood insurance on any portion of the premises that Federal Emergency Management Agency (FEMA) determines to be in a Special Flood Hazard Area (SFHA). Otherwise, the Association may purchase flood insurance, after considering the cost and availability.
- j. *Umbrella Policy.* The Association may purchase an excess or umbrella policy over its public liability and property damage, Directors and Officers liability, and workers' compensation policies to provide higher liability limits as the Board determines.
- k. *Workers' Compensation.* The Association must carry workers' compensation insurance as required by law to cover employees of the association. If available, the Association must also purchase a Voluntary Labor Endorsement to protect its volunteers.

15.2 Member Obligation to Carry Insurance. At their sole expense, Members must purchase and maintain insurance covering their real and personal property. This includes, without limitation: (i) personal property coverage that insures the contents of their Unit against damage or loss; (ii) real property coverage that insures their Unit against damage or loss, including, but not limited to, all improvements to the Unit and all fixtures and components within or appurtenant to the Unit; (iii) real property coverage that insures Exclusive Use Common Area servicing the Unit; (iv) premises liability that includes protection for bodily injury and property damage; (v) personal liability coverage, (vi) loss of use that protects a Member for additional living expenses should his/her Unit become uninhabitable due to a covered loss; (vii) loss assessment coverage that protects against Special Assessments due to a loss which exceeds the Association's master policy limits or deductible, (viii) master policy deductible coverage, and (ix) such other coverage as the Member deems appropriate. In addition, if a Member operates a

vehicle which is driven across or stored in the Association's Common Areas, the Member must carry appropriate automobile insurance. The Association has no obligation to police this provision and is specifically relieved of any responsibility or liability from doing so or failing to do so.

- a. *Waiver of Claims.* Members waive their claims against the Association to the extent such claims are covered under insurance which Members are required to carry under these CC&Rs, regardless of whether Members actually carry such insurance.
- b. *Assignment of Proceeds.* If any loss intended to be covered by the Association's insurance occurs and the proceeds payable by the Association's insurance are reduced because of proceeds paid under a Member's insurance coverage, that Member must assign such insurance proceeds to the Association, to the extent of the reduction. The Board must apply those proceeds to the same purposes as the reduced proceeds received by the Association.

15.3 Tenant Insurance. Members must require Tenants to have renters or tenant insurance, including coverage for damage to or loss of personal property, personal liability, medical payment to others, and loss of use.

15.4 Responsibility for Deductible and Uncovered Losses.

- a. *Intentional or Negligent Acts.* If any Common Area property is damaged as a result of the intentional or negligent acts or omissions of any Member, Member's Tenant, or their respective family, guests, invitees, vendors, or pets and a claim is tendered to the Association's insurance carrier, the Member will be solely responsible for paying any portion of the claim not paid due to the deductible.
- b. *Non-Negligent, Unintentional Acts.* If any property damage loss which results from a failure of any component, element or portion of the Development and did not result from a negligent or intentional act or omission is tendered to the Association's property damage policy, the Association will apportion the deductible of such policy or policies amongst all claimants according to the percentage each claim bears against the total of all claims for the loss when distributing the Association's insurance proceeds to the various claimants.
- c. *Uncovered Losses.* Apart from deductibles as set forth above, responsibility for any losses for which the Association's property damage policy does not provide coverage will be determined according to the maintenance, repair and/or replacement provisions set forth in these CC&Rs and/or the law.

15.5 Liability for Increased Insurance Rates. If any negligent act or omission of any Member, Member's Tenant, or their respective family, guests, invitees, vendors, or pets causes an increase in the cost of the Association's insurance, the amount of the increase must be assessed against the Member and his/her Unit as a Reimbursement Special Assessment.

15.6 Choice of Contractor. With respect to any repairs for which proceeds of insurance are paid or are payable to the Association, the Board shall designate contractors to perform repairs to the Common Areas.

15.7 Insurance Company Rating. All policies of insurance required by this Article must be issued by either a California admitted insurance company or an approved carrier on the California List of Approved Surplus Line Insurers (LASLI). Each such carrier must hold an A.M. Best Insurance or Standard and Poor's rating of "A" or better.

ARTICLE 16: PROTECTION OF LENDERS

16.1 Furnishing of Information. Each Lender is, upon written request, entitled to inspect the books and records of the Association during normal business hours and receive written notice of Board and membership meetings and designate a representative to attend such meetings.

16.2 No Priority Over Rights of First Mortgagees. Nothing in these CC&Rs gives a Member or any other party priority over any rights of first mortgagees of Units, pursuant to their mortgages, in the case of a distribution to Members of insurance proceeds or condemnation awards for losses to or taking of Units and/or the Common Area. Additionally, if any Unit or any portion of a Unit is made the subject matter of any condemnation or eminent domain proceeding, no provision herein entitles the Member, or any other party, to priority over a first mortgagee of a Unit, concerning any distribution of the proceeds of any award or settlement.

16.3 Relationship with Assessment Liens. Any lien that the Association may have on any Unit for the payment of Assessments subordinates to the lien or equivalent security interest of any Lender with a first trust deed or mortgage on the Unit, made in good faith and for value, and no such lien impairs the obligation or the priority of such trust deed or mortgage, unless the Lender expressly subordinates its interest, in writing, to such lien.

16.4 Foreclosure. Any holder of a first mortgage who takes title to a Unit, pursuant to the remedies provided in the mortgage, through foreclosure of the mortgage takes the property free of any claim for unpaid Assessments or charges against the mortgaged Unit which accrued prior to the time such Person takes title to the Unit.

16.5 Priority of Mortgage Lien. No breach of any provision of these CC&Rs nor the enforcement of any lien created herein affects, impairs, defeats, or invalidates the lien of any mortgage or deed of trust made in good faith and for value, but these CC&Rs are binding upon any Member whose title is derived through foreclosure, trustee sale, or otherwise.

16.6 Payment of Taxes and Charges. Lenders may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any portion of the 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. Lenders making such payments shall be owed immediate reimbursement from the Association.

16.7 Mortgagee Approval of Other Actions. Without approval or consent (actual or deemed) of at least sixty-seven percent of the First Mortgages (based on one vote for each First Mortgage owned), or sixty-seven percent of the Members, the Association shall not be entitled to do any of the following:

- a. By act or omission, seek to abandon or terminate the Project;
- b. Change the pro-rata interest or obligations of any individual Unit for either of the following purposes, unless the change is due to an annexation of property into the Development:
 - i. Levying assessments or charges, or allocating distributions of hazard insurance proceeds or condemnation awards, or
 - ii. Determining the pro-rata share of ownership of each Unit in the Common Area and the improvements thereon;
- c. Partition or subdivide any Unit;
- d. By act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area unless due to an annexation of property into this Development; however the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this clause); or
- e. Use hazard insurance proceeds for losses to any Project property (whether to Units or to the Common Area) for other than the repair, replacement, or reconstruction of that property, except as provided by statute in case of substantial loss to the Units and/or Common Area of the Project.

ARTICLE 17: LIMITATIONS OF LIABILITY

17.1 Standard for Liability. Officers, Directors, Committee members, employees, or agents are not responsible to the Association, or any Member, Member's Tenant, or their respective family, guests, or invitees for any loss or damage to the Association, or any Person or property suffered by reason of water, fire, smoke, explosion, electricity, dust, sand, insect or rodent infestation, or any other source, unless there is clear and convincing evidence the damage or loss was caused by the willful, intentional or bad faith misconduct of the Association's

Officers, Directors, Committee members, employees, or agents, based upon the information such individual possessed at the time of the purported act or omission. The Association's Officers, Directors, Committee members, employees and agents cannot be held strictly liable for their acts or omissions.

17.2 Limited Personal Liability. No Officer, Director, Committee member, or employee of the Association is personally liable for any loss, injury, or damage to Persons or property for any act or omission, if the act or omission was performed in good faith, within the scope of the Person's duties for the Association, was not self-dealing, and did not constitute willful or intentional misconduct.

17.3 Association Not a Security Provider. The Association is authorized to provide security measures in the Development. However, the Association is not a provider of security and has no duty to provide any security in the Development. The obligation to provide security lies with each Member individually. The Association cannot be held liable for any harm, loss or damage to Persons or property by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. This includes, but is not limited to, any harm, loss or damage from theft of or damage to any article or thing placed or stored in or on any portion of the Common Area.

17.4 Duty to Defend. The Association must indemnify and defend and must advance reasonable attorneys' fees and costs to its Officers, Directors, Committee members, and employees for all expenses and liabilities reasonably incurred by such Person(s) regarding any proceeding (including, but not limited to, alternative dispute resolution proceedings) to which they are a party by reason of having been an Officer, Director, Committee member, or employee of the Association. However, the Association may seek recover of its attorneys' fees and costs from, and is not liable for, any judgments or other liabilities for the acts or omissions of, any Persons adjudged to have acted in bad faith or in gross negligence in the performance of their duties, to the extent permitted by law.

17.5 Duty to Protect. The Association must protect its Officers, Directors, Committee members, and employees from unlawful harassment in the workplace as such phrase is defined in the law. However, the Association has no duty to prosecute or fund the prosecution of any claim or cause of action which an Officer, Director, Committee member, or employees of the Association asserts against another Officer, Director, Committee member or employee of the Association, or against a Member, which is (1) not based on conduct of the accused performed in the course and scope of his or her duties (2) founded on personal issues or disputes between the parties, (3) for personal injuries or emotional distress, or (4) for defamation.

17.6 Personal Injury or Property Damage Sustained Within a Unit. This Section applies if any Person sustains personal injury or property damage within a Unit or on its attached Balcony or Patio and the injury or damage results in a claim against the Association or any of its Officers, Directors, Committee members, Members, agents, or employees. The Owner of the

Unit, Patio, or Balcony where the injury or damage occurred must: (i) fully indemnify and hold harmless the Association, Officer, Director, Committee member, Member, agent, or employee against whom such claim or suit is brought; and (ii) defend, at his/her own cost and expense, any resulting litigation against the Association, Officer, Director, Committee member, Member, agent, or employee. However, there is no obligation to hold harmless, defend or indemnify any party whose gross negligence or willful misconduct was the cause of the injury or damage.

17.7 Actions Against Directors. Members are not permitted to and waive all rights to file an action or state any cause of action in any pleading against a Director or Officer of the Association, acting within the scope of that person's duties as a Director or Officer unless the court first determines that the Member seeking to file the pleading has established evidence that substantiates the claim.

ARTICLE 18: DAMAGE/DESTRUCTION TO IMPROVEMENTS

18.1 Common Area Damage. All provisions of this Article 18 apply only when the Common Area has been partially or totally destroyed by fire, earthquake, groundwater flooding or other similar casualties. The provisions do not apply to (1) any damage resulting from any plumbing failure originating in a single Unit and/or (2) any damage resulting from any casualty or occurrence that affected only a single Unit. The provisions of this Article are also subject to any prohibitions against partitioning the Common Area that might apply.

- a. *Cost of Reconstruction.* As soon as practical, the Association shall rebuild the damaged or destroyed portions of the Common Area to substantially the same condition as they existed prior to such damage.
- b. *Automatic Reconstruction.* If the cost to reconstruct the Common Areas, minus the value of any insurance proceeds due the Association, is less than or equal to three times the amount of the total annual operating Budget of the Association for the current fiscal year, the Board, without a vote of the membership, shall cause the Common Area to be reconstructed to substantially the same condition as existed prior to such damage (subject to any increased building standards then in effect). Such reconstruction must be completed as promptly as practical. Notwithstanding any other provision, the Board is authorized, without a vote of the membership, to levy an Emergency Special Assessment against the membership to provide the funds necessary for such reconstruction and/or for repayment of any monies borrowed by the Association for such reconstruction.
- c. *Membership Approval.* If the Board determines that the cost to reconstruct the Common Areas, excluding the deductible and the value of any insurance proceeds due the Association, is an amount greater than three times the total annual operating Budget of the Association for the current fiscal year, then the Common Areas must be reconstructed unless sixty-seven percent (67%) of the

membership, by ballot or at a special meeting called for such purpose, vote not to reconstruct the damaged or destroyed Common Areas.

- d. *Decision Not to Rebuild.* If the membership votes not to rebuild the Common Areas, the Association or any Member is authorized to file a partition action under Civil Code §4610 seeking sale of the entire condominium project.
- e. *Distribution of Insurance Proceeds.*
 - i. *No Partition Action Promptly Filed.* If a partition action is not filed within six (6) months of the partial or total destruction, the Board must distribute the insurance proceeds available for reconstruction, together with any other sums otherwise available to the Association for such purpose, to the Owners, less costs for clearing the debris, collecting insurance proceeds, and any other expenses necessarily incurred as a result of the damage or destruction, proportionately according to an appraised fair market value of the Condominiums (as of a date immediately prior to destruction or condemnation). Such payment is subject to rights of Mortgagees holding Mortgages encumbering Units and all unpaid Assessments, together with any interest charges. Appraisers hired by the Board to appraise the Condominiums will be paid by the Association.
 - ii. *Partition Action Promptly Filed.* If a partition action is filed within six (6) months of the partial or total destruction, the Association must interplead the insurance proceeds available for reconstruction, together with any other sums otherwise available to the Association for such purpose, to the Owners, less costs for clearing the debris, collecting insurance proceeds, and any other expenses necessarily incurred as a result of the damage or destruction into the partition action.

18.2 Duties of Board During Reconstruction. If reconstruction is undertaken, the Board must: (i) enter into a written contract with a contractor who is licensed and insured for such repair, reconstruction, and restoration; (ii) disburse insurance proceeds available for the work, along with funds collected by reason of Assessments, in appropriate progress payments; and (iii) take all steps necessary to ensure the commencement and completion of such repair, reconstruction, and restoration in a lawful, workmanlike manner at the earliest possible date.

18.3 Right of Entry to Assess Damage and Make Repairs. Representatives of the Association, contractors, engineers, workmen, or any other Persons designated by the Board have the right and authority to enter any Unit, Common Area, or Exclusive Use Common Area after such casualty to determine the extent of damage and to make repairs, as provided for under the “Right of Entry” provisions contained in these CC&Rs.

18.4 Power to Vacate Unit. If necessary, the Board has the authority to vacate a Unit to make repairs, as provided for under the “Right of Entry” provisions contained in these CC&Rs.

18.5 Labor and Materials. In determining whether the plans for a reconstructed Building are in substantial conformance with the Condominium Plan, the Board must take into consideration the availability and expense of the labor and materials in the original construction of the Building. If such labor or material is not available or is prohibitively expensive at the time of reconstruction, the Board is permitted to substitute other labor or materials, as it deems proper.

18.6 Interior Unit Damage. Restoration and repair of any damage caused by fire, earthquake, or other casualty to: (i) the interior of any individual Unit; (ii) personal property, furniture, furnishings, and decorations contained within a Unit; or (iii) any Improvements which were added to the Unit by any present or prior Unit Resident or Member not covered by the Association’s insurance must be made by and at the individual expense of the current Unit Owner. The repairs, restoration and reconstruction must be completed as promptly as practical and in a lawful and workmanlike manner. If the work is of a nature that would normally require approval by the Association, the Member must seek such approval, as provided for in these CC&Rs.

18.7 Special Assessment for Reconstruction. If the proceeds of insurance obtained by the Association are paid to any Mortgagee of a Unit and, by reason of such payment, the insurance proceeds are not made available to the Association as trustee, or otherwise, to effect any repair, reconstruction, or restoration of any damage and/or destruction to all or any portion of the Development as provided in these CC&Rs, the amount of such proceeds not made available must be assessed and charged to and against the Member or Members and his/her Unit as an Emergency Special Assessment. The Emergency Special Assessment must be made by written notification from the Board to the Member or Members against whom made.

18.8 Encroachment. If a Building is partially or totally destroyed and then rebuilt, Members agree that minor encroachments of the Common Area on Units or of Units on the Common Area or on other Units are permitted and that valid easements for the encroachments exist. Such encroachments are not considered to be encumbrances either on the Units or the Common Area.

ARTICLE 19: CONDEMNATION

19.1 Notice. Promptly upon learning of any potential condemnation or sale by eminent domain, the Board must notify all Members and First Mortgagees who have filed a written request for notice.

19.2 Payment for Common Area. When an action in eminent domain is brought to condemn all or any portion of the Common Areas, the Association must represent the Members in all proceedings, negotiations, or settlements. Awards for the acquisition of Common Area must be paid to the Board, as trustee, for deposit into the Association’s Reserves unless a

majority of the total voting power of the Association elects to distribute the award among the Members in accordance with their Percentage Interest.

19.3 Payment for Unit. When an action in eminent domain is brought to condemn all or any portion of one or more Units, the award made for such taking must be payable to the respective Owners of the Units, subject to: (i) the rights of Mortgagees holding Mortgages covering such Units; and (ii) all unpaid Assessments of each Member, taken together with interest and other pending charges. The Board of Directors has no responsibility for the restoration of a Member's personal or real property taken as a result of condemnation.

19.4 Revision of Documents. When any part of the Development is condemned, the Board must, as soon as practical, prepare, file, and/or record a revised subdivision map, Condominium Plan, or other documents, reports, schedules, or exhibits necessary to show the changed or altered status of the Development.

19.5 Status of Membership. If a Unit is taken in condemnation, the Unit ceases to be part of the Development, the Member ceases to be a Member of the Association, and the Percentage Interest in Common Area appurtenant to that Unit automatically become vested in the remaining Members, in proportion to their respective Percentage Interests in the Common Area.

ARTICLE 20: MISCELLANEOUS

20.1 Amendment. Amendment or restatement of these CC&Rs is permitted by obtaining the affirmative vote of Members comprising more than fifty percent (50%) of the Voting Power of the Association or as provided for by law, provided that the percentage of the Voting Power necessary to amend a specific provision is not less than the percentage of affirmative votes prescribed for action to be taken under that provision. Any amendment enacted in compliance with this provision becomes effective when recorded with the Offices of all County Recorders where the Development is situated.

20.2 Lender Approval. If a First Mortgagee is entitled, by the terms of these CC&Rs, to consent to, approve, disapprove, or object to a proposed amendment to or restatement of the CC&Rs, but fails to return a ballot, or other form providing written disapproval or objection within 30 days of receipt, such First Mortgagee is deemed to have consented to and approved the proposed amendment or restatement, provided the ballot, or other form permitting written disapproval or objection, was delivered by certified or registered mail with return receipt requested and the delivery signed for by a representative of the First Mortgagee.

20.3 Amendment to Conform to Statute. If a provision in these CC&Rs contradicts current law, according to a written opinion of the Association's legal counsel, on the unanimous approval of the Board of Directors and without approval of the Members, the Board is authorized to amend that provision, but only to the extent necessary to render the provision compliant with applicable law. A resolution explaining the need for the change must be adopted by the Board in an open meeting of the Board and recorded in the minutes.

20.4 Term of CC&Rs. These CC&Rs continue in full force and effect for a term of sixty (60) years from the date of their recordation (the Renewal Date), after which time they are automatically extended for successive periods of twenty (20) years. The provisions of this Article are also subject to any prohibitions against partitioning the Common Area that might apply. These CC&Rs may be terminated if, within six (6) months prior to the Renewal Date of any twenty-year extension period, (i) at least seventy-five percent (75%) of the Members and seventy-five percent (75%) of the First Mortgagees approve by secret ballot circulated by the Association via its Board of Directors to terminate these CC&Rs, and (ii) an appropriate governmental agency has agreed in writing to assume the Association's Common Area maintenance, repair, and replacement obligations, and (iii) certification of the membership's and First Mortgagee's approval to terminate and the agency's agreement to assume maintenance duties are recorded with the Office of County Recorder in which the Development is situated, and (iv) the Association's contractual and other legal obligations are wound up, and (v) all required corporate filings, tax returns, and notices are filed with appropriate agencies to effectuate dissolution of the Association/corporation, and (vi) insurance tail coverage is purchased to cover any potential liability the Association may have until all applicable statutes of limitations have run their course.

20.5 Attorneys' Fees. In a lawsuit by the Association seeking the enforcement of the Governing Documents against a Member or to determine the rights or duties of the Member under the Governing Documents, the prevailing party may be awarded reasonable attorneys' fees and costs as permitted by law.

20.6 Notices. Any communication or notice of any kind permitted or required to be delivered pursuant to the Association's Governing Documents, or pursuant to the Davis-Stirling Act, must be in writing. Such delivery must be made as follows:

a. *To the Association:*

- i. *Manner of Delivery.* By electronic delivery (email, facsimile, or other electronic means), by personal delivery (for which a receipt will be provided), or by mail (first class, postage prepaid, registered or certified, express mail, or overnight delivery by an express service center). This provision consents to allow personal delivery and electronic delivery to the Association. However, the Association is permitted to withdraw such consent, in writing, as to any Member whose electronic communications or personal visits are abusive or harassing, and limit communications and notices from such Member to mail only.
- ii. *Recipient of Delivery.* The person designated in the Association's annual policy statement to receive documents on behalf of the Association. If no person has been designated to receive documents, the document must be delivered to the President or Secretary of the Association.

b. *To the Members:*

- i. *Manner of Delivery.* For communications and notices subject to the Davis-Stirling Act, in the manner required therein, including individual notice or delivery, general notice or delivery, electronic delivery (with consent) or otherwise. For other communications and notices not subject to the Davis-Stirling Act, by electronic delivery (email, facsimile, or other electronic means), by personal delivery, or by mail (first class, postage prepaid, registered or certified, express mail, or overnight delivery by an express service center).
- ii. *Address for Delivery by Mail.* To the Association's address of record for the Member as determined by Civil Code §4041.

c. *When Notice Deemed Delivered.*

- i. *By Mail.* If a document is delivered by mail, delivery is deemed to be complete on deposit into the United States mail.
- ii. *By Electronic Means.* If a document is delivered by electronic means, delivery is complete at the time of transmission.

20.7 Headings. The headings contained in these CC&Rs are for convenience of reference and are not a part of and are not intended to govern, limit, or aid in the construction of any term or provision of these CC&Rs.

20.8 Liberal Construction. The provisions of the Governing Documents must be liberally construed to effectuate their purpose of creating a uniform plan for the use, operation and maintenance of the Development.

20.9 Number and Gender. Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

20.10 Severability. The provisions of these CC&Rs and any other Governing Document are deemed independent and severable and the invalidity, partial invalidity, or unenforceability of any one provision has no effect on the validity or enforceability of any other provision.

20.11 No Public Rights. Nothing contained in these CC&Rs is a gift or dedication of all or any portion of the Development to the general public or for any public use or purpose whatsoever.

20.12 Successor Association. If the Association, as a corporate entity, is dissolved, a nonprofit, unincorporated association, without further action, automatically succeeds to all the

rights and duties of the corporation. The affairs of the unincorporated association will continue to be governed by these CC&Rs, the Bylaws, Architectural Standards, and the Rules and Regulations, as well as any applicable law.

20.13 Conflicting Provisions. When a conflict exists between these CC&Rs and the Articles or the Bylaws, these CC&Rs control. When a conflict exists between the Articles and the Bylaws, the Articles control. When there is a conflict between the Maintenance Responsibility Chart and any other portions of the CC&Rs (Articles 1 through 20, inclusive), the other portions of the CC&Rs (Articles 1 through 20, inclusive) control.

CERTIFICATION

WE CERTIFY this ____ day of _____, 2021 that this Restated Declaration of Covenants, Conditions and Restrictions has been duly approved and adopted by the affirmative vote of at least fifty percent (50%) of the total voting power of The Sand Castle Homeowners Association.

We further certify that the prior written approval was obtained, or deemed given, by at least fifty-one percent (51%) of the holders of all First Mortgages for this Restated Declaration of Covenants, Conditions and Restrictions.

We further certify that written consent or approval of the California Coastal Commission was also obtained.

The Sand Castle Homeowners Association

President

Secretary

REPLACE THIS PAGE WITH NOTARY ACKNOWLEDGEMENT

DRAFT

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

PARCEL 1:

LOT 35 AND A PORTION OF LOT 34 IN BLOCK 213 OF REDONDO BEACH, IN THE CITY OF REDONDO BEACH, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 39 PAGE 1 ET SEQ. OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 35; THENCE EASTERLY ALONG THE NORTHERLY LINE OF SAID LOT 35, 143.5 FEET; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF ESPLANADE, 55.9 FEET; THENCE WESTERLY TO A POINT IN THE WESTERLY LINE OF SAID LOT 34, DISTANT NORTHERLY 27.1 FEET FROM THE SOUTHWESTERLY CORNER THEREOF; THENCE NORTHERLY ALONG THE WESTERLY LINES OF SAID LOTS 34 AND 35 TO THE POINT OF BEGINNING.

ALSO THAT PORTION OF THE WESTERLY 10 FEET OF ESPLANADE, FORMERLY PACIFIC AVENUE, AND BEFORE THAT LaALAMEDA, VACATED BY ORDINANCE NO. 190 OF THE CITY OF REDONDO BEACH, LYING IN FRONT OF AND ADJOINING THE ABOVE DESCRIBED PROPERTY.

PARCEL 2:

LOT 2 OF TRACT NO. 10591, IN THE CITY OF REDONDO BEACH, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 176, PAGE 30 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3:

LOT 31 IN BLOCK 213 OF THE CITY OF REDONDO BEACH, IN THE CITY OF REDONDO BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 39 PAGE 1 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO THE VACATED PORTION OF LaALAMEDA NOW ESPLANADE, WHICH LIES IN FRONT OF SAID LOT, SAID VACATED PORTION HAVING A WIDTH OF 10 FEET.

PARCEL 4:

LOT 32 AND A PORTION OF LOT 33 IN BLOCK 213 OF REDONDO BEACH, IN THE CITY

OF REDONDO BEACH, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 39 PAGE 1 ET. SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 32; THENCE SOUTHERLY ALONG THE WESTERLY LINE SAID LOT 32, 43 FEET TO THE SOUTHWESTERLY CORNER OF SAID LOT 32; THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID LOT 32, 147.1 FEET; THENCE NORTHERLY ALONG THE WESTERLY LINE OF ESPLANADE, 57.5 FEET TO A POINT IN THE EASTERLY LINE OF LOT 33, THENCE WESTERLY PARALLEL WITH THE SOUTHERLY LINE OF SAID LOT 33 TO A POINT IN THE WESTERLY LINE OF SAID LOT 33; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF SAID LOT 33 TO THE POINT OF BEGINNING.

ALSO THAT PORTION OF THE WESTERLY 10 FEET OF ESPLANADE FORMERLY PACIFIC AVENUE AND BEFORE THAT, LaALAMEDA, VACATED BY ORDINANCE NO. 190, IN THE CITY OF REDONDO BEACH, LYING IN FRONT OF AND ADJOINING THE ABOVE DESCRIBED PROPERTY.

SAID LAND IS SHOWN AS LOT 2 OF TRACT 10591, ON THE MAP OF SAID TRACT RECORDED IN BOOK 176 PAGE 30 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT B MAINTENANCE RESPONSIBILITY CHART

This Maintenance Responsibility Chart attached hereto, incorporated by reference and made a part of the CC&Rs to which it is attached. If there is a conflict between this Chart and any other portions of the CC&Rs, the other portions of the CC&Rs shall control.

The following is a listing of the items within the Development for which Members and the Association are responsible for the routine maintenance, repair and replacement duty, in accordance with the CC&Rs and may not apply to situations where damage is caused by the negligence or willful misconduct of any party.

Unless specifically provided otherwise in the Chart, the items below include the responsibility to maintain, repair, replace and paint (if painting is applicable).

This Chart is provided for convenience as to the general determination of responsibility for the maintenance, repair and replacement of various components of the Development. The physical boundaries of the various components of the Development, such as the Unit, Common Area, and Exclusive Common Area, as defined under the Condominium Plan, are not determinative of the responsibility for routine maintenance, repair and replacement.

In certain situations, the Association's insurance coverage may provide for the repair/replacement of components that are designated as the Members' maintenance responsibility under the CC&Rs, including this Chart. These circumstances shall not be deemed to be, or construed as, modifying the routine maintenance, repair and replacement duties set forth herein.

COMPONENT(S)	Full Maintenance Responsibility	Maintain Clean/ Attractive Condition	Repair	Replace
O = Owner, A = Association *Full Maintenance Responsibility includes maintaining, cleaning, repairing, replacing, and painting where applicable.				
WALLS, CEILINGS & FLOORS				
1. Perimeter walls surrounding the Unit – including bearing walls, studs, frames and other structural items	A			
2. Perimeter walls – exterior surfaces/stucco/siding/paint	A			

<p align="center">COMPONENT(S)</p> <p>O = Owner, A = Association *Full Maintenance Responsibility includes maintaining, cleaning, repairing, replacing, and painting where applicable.</p>	<p align="center">Full Maintenance Responsibility</p>	<p align="center">Maintain Clean/ Attractive Condition</p>	<p align="center">Repair</p>	<p align="center">Replace</p>
3. Perimeter walls – exterior trim	A			
4. Non-bearing interior walls, all drywall, insulation and partitions within the boundaries of the Unit, such as most bedroom, dining room walls, etc.	O			
5. Wall surfaces and coverings (interior) - paint, wallpaper, paneling, mirrors, etc.	O			
6. Ceiling surfaces (including, but not limited to, “popcorn” texturing and any asbestos containing materials (ACM) in texturing (if not previously removed and/or abated)	O			
7. Floor coverings – interior - carpeting, hardwood, tile, marble, granite, vinyl, etc.	O			
8. Floors - unfinished slab and/or sub-floors	A			
9. Attics, attic space and insulation	O			
10. Front entry landings	A			
11. Front entry gates exclusively serving Patio of Unit	O			
WINDOWS & DOORS				
12. Windows - glass, mullions, screens, hardware, weather stripping, caulking, drapes, blinds, etc.	O			
13. Window frame replacement (normal wear and tear)	O			
14. Window and window frame damage caused by Owner, tenant, guest, etc.	O			
15. Window – flashing/waterproofing/leak repairs	O			
16. Entry door – flashing/waterproofing exterior	O			
17. Entry door – framing (non-structural)	O			

<p align="center">COMPONENT(S)</p> <p>O = Owner, A = Association *Full Maintenance Responsibility includes maintaining, cleaning, repairing, replacing, and painting where applicable.</p>	<p align="center">Full Maintenance Responsibility</p>	<p align="center">Maintain Clean/ Attractive Condition</p>	<p align="center">Repair</p>	<p align="center">Replace</p>
18. Entry door – locks, hardware and weather-stripping, glass and door	O			
19. Entry door – painting or staining – interior surface	O			
20. Entry door – painting or staining – exterior surface	A			
21. Interior doors - bedrooms, closets, bathrooms, etc.	O			
22. Patio doors – flashing, waterproofing, framing, painting, staining, weather-stripping, glass (if any)	O			
23. Doorbell – bell and interior components	O			
24. Doorbell – button/switch and exterior components	O			
25. Screen door	O			
26. Skylights – flashing, waterproofing, framing, glass, plastic	O			
ELECTRICAL				
27. Electrical panel and circuit breakers for Unit	O			
28. Electrical wiring in walls which serve only one Unit	O			
29. Light switches, electrical outlets and wall plates - interior	O			
30. Light switches, electrical outlets and wall plates - exterior	O			
31. Light fixtures - inside Unit	O			
32. Light fixtures – common area	A			
33. Telephone lines, cable television, computer lines, DSL cables, exclusively serving one Unit	O			
34. Satellite Dishes	O			

COMPONENT(S) O = Owner, A = Association *Full Maintenance Responsibility includes maintaining, cleaning, repairing, replacing, and painting where applicable.	Full Maintenance Responsibility	Maintain Clean/ Attractive Condition	Repair	Replace
KITCHEN				
35. Sink, faucet, garbage disposal, drain, supply lines and angle stops	O			
36. Leaky faucets	O			
37. Garbage disposal clogs	O			
38. Appliances (dishwasher, refrigerator, microwave, stove, oven, range hood & fan, etc.)	O			
39. Cabinets and counter tops	O			
40. Loose, missing or failing grout or caulk around, sinks, faucets, countertops	O			
41. Water lines in walls, ceilings and floors that exclusively serve a Unit	O			
42. Water lines in walls and floors that serve more than one Unit	A			
43. Drain lines in walls and floors that exclusively serve a Unit	O			
44. Drain lines in walls and floors that serve more than one Unit	A			
BATHROOMS				
45. Tubs, showers, faucets, valves, shower pans, drains & drain lines that exclusively serve a Unit	O			
46. Leaky faucets	O			
47. Loose, missing or failing grout or caulk around tubs, showers, sinks, faucets, countertops	O			

<p style="text-align: center;">COMPONENT(S)</p> <p>O = Owner, A = Association *Full Maintenance Responsibility includes maintaining, cleaning, repairing, replacing, and painting where applicable.</p>	<p style="text-align: center;">Full Maintenance Responsibility</p>	<p style="text-align: center;">Maintain Clean/ Attractive Condition</p>	<p style="text-align: center;">Repair</p>	<p style="text-align: center;">Replace</p>
48. Vanities, sinks, faucets, drains, supply lines and angle stops that exclusively serve a Unit	O			
49. Toilets, tank mechanisms, wax ring, supply lines and angle stops and local stoppage (not in main line)	O			
50. Water lines in walls, ceilings and floors that exclusively serve a Unit	O			
51. Water lines in walls and floors that serve more than one Unit	A			
52. Drain lines in walls and floors that exclusively serve a Unit	O			
53. Drain lines in walls and floors that serve more than one Unit	A			
54. Floor coverings in bathrooms.	O			
PATIOS AND BALCONIES				
55. Patios and Balconies – keep clean and sanitary		O		
56. The surface finishes of the structural floors (not flooring) of their Balconies and Patios, including all sealing and waterproofing.	A			
57. Flooring installed on any structural floor of a Balcony or Patio.		O		
58. Patio or Balcony sliding glass door - door, hardware, rollers, weather stripping, mullions, etc.	O			
59. Sliding glass door – flashing, waterproofing, frames and tracks	O			
60. Exterior surfaces and structural components of Patios and Balconies	A			

<p align="center">COMPONENT(S)</p> <p>O = Owner, A = Association *Full Maintenance Responsibility includes maintaining, cleaning, repairing, replacing, and painting where applicable.</p>	<p align="center">Full Maintenance Responsibility</p>	<p align="center">Maintain Clean/ Attractive Condition</p>	<p align="center">Repair</p>	<p align="center">Replace</p>
61. Fences, walls, gates, gate hinges and latches of Patios and/or Balconies	A			
62. Railings – Balcony	O			
63. Paint Patios and Balconies	A			
64. Light fixtures on Patios and Balconies	O			
65. Drains – Patios and Balconies	O			
MISCELLANEOUS				
66. All mechanical equipment, heating and air conditioning equipment, heat exchangers, drip pans, valves, thermostats, compressors, condensers, control equipment, and any other mechanical equipment exclusively servicing one Unit	O			
67. Moisture from or around vents, A/C condenser lines	O			
68. Treatment and repairs in Common Areas due to termite, insect and/or other pests (including fumigation/tenting of residential and common area buildings)	A			
69. Termite treatment inside Units (excluding fumigation/tenting)		O		
70. Termite – damage to Unit	O			
71. Spraying/Eradication of interior pests on interior of Unit (e.g., ants, bees, fleas, rodents, bed bugs, etc.)	O			
72. Spraying/Eradication of exterior/landscaping or Common Area pests	A			
73. Fireplace mantel, firebox, flue, chimney and all interior surfaces	O			

<p align="center">COMPONENT(S)</p> <p>O = Owner, A = Association *Full Maintenance Responsibility includes maintaining, cleaning, repairing, replacing, and painting where applicable.</p>	<p align="center">Full Maintenance Responsibility</p>	<p align="center">Maintain Clean/ Attractive Condition</p>	<p align="center">Repair</p>	<p align="center">Replace</p>
74. Fireplace chimney cap and exterior structure (i.e., stucco, bricks)	O			
75. Security of a Unit – cameras, alarms, lights, wiring	O			
76. Drainage systems (e.g., ditches, catch basins, etc.)	A			
77. Fences and Walls – perimeter	A			
78. Fences – association installed	A			
79. Dryer vents	O			
80. Plumbing lines – inside unit but not located inside walls or beneath floors or above ceilings (e.g., risers, washing machine hoses, dishwasher hoses, ice maker hoses).	O			
81. Gutters and Downspouts	A			
82. Hose Bibs (Common Area)	A			
83. Landscaping – Common Area	A			
84. Landscaping – exclusive use patios	O			
85. Mailboxes (common area)	A			
86. Parking Spaces – garage floor surfaces		O	A	A
87. Roof – decking/sheathing/flashing	A			
88. Roof – shingles/tiles	A			
89. Roof – underlayment (e.g., tar paper)	A			
90. Roof – vents, plumbing stacks and other roof penetrations	A			
91. Walkways and exterior stairs – common area	A			

COMPONENT(S) O = Owner, A = Association *Full Maintenance Responsibility includes maintaining, cleaning, repairing, replacing, and painting where applicable.	Full Maintenance Responsibility	Maintain Clean/ Attractive Condition	Repair	Replace
92. Water shut-off valve inside Unit (exclusively servicing one unit)	O			
INSURANCE				
93. Contents of Unit (furniture, clothing, jewelry, appliances, etc.)	O			
94. Improvements to Unit (cabinets, carpet, hard surface floor covering, wall covering, etc.)	O			
95. Common Areas	A			

DRAFT

EXHIBIT C
ALLOCATION SCHEDULE FOR ASSESSMENTS

The Board shall estimate the net charges to be paid during that year, including a reasonable provision for contingencies and replacements, with adjustments made for any expected income and surplus from the prior year's fund. The estimated cash requirement shall be assessed to each Owner according to the following formula:

Variable costs, comprised of property taxes, insurance, electricity, gas, water, paint and roof expenses shall be totaled and deducted from the total operating budget for the Association. The balance shall be the Base Assessment. The Base Assessment shall be assessed against each of the 96 units on an equal basis. Variable costs shall be assessed against each unit based upon such units approximate square footage.