The following notice is pursuant to California Government Code Section 12956.1(b)(1))

Notice

If this document contains any restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, 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 by submitting a "Restrictive Covenant Modification" form, together with a copy of the attached document with the unlawful provision redacted to the county recorder's office. The "Restrictive Covenant Modification" form can be obtained from the county recorder's office and may be available on its internet website. The form may also be available from the party that provided you with this document. 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.

Restrictive Covenant Modification

Under current state law, including AB1466 effective January 1, 2022, homeowners can request to modify property documents that contain unlawful discriminatory covenants. Government Code Section 12956.2 allows a person who holds an ownership interest of record in property that the person believes is the subject of an unlawfully restrictive covenant to record a Restrictive Covenant Modification document to have the illegal language stricken. Unlawful restrictions include those restrictions based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, national origin, source of income as defined in Government Code Section 12955subdivision (p), ancestry, or genetic information.

To Record a Restrictive Covenant Modification, you must:

- Complete a Restrictive Covenant Modification Form; this must be signed in front of a notary public.
- Attach a copy of the original document containing the unlawful restrictive language with the unlawful language stricken.
- Submit the completed document to the County Recorder.

This document requires the following:

1. Name(s) of current owner(s)
2. Identification of document page number and language in violation
3. Recording reference of document with unlawful restrictive covenant
4. Copy of referenced document attached complete with unlawful restrictive language stricken out
5. Signature(s) of owner(s)
6. Signature(s) acknowledged
7. Approval by County Counsel provided to County Recorder

Upon receipt, the Recorder's office will submit the document to County Counsel who will determine whether the original document contains any unlawful restrictions, as defined in Government Code Section 12956.2 subdivision (b). Only those determined to be in violation of the law will be recorded and those that are not, will be returned to the submitter unrecorded.

Please note that the County Recorder is not liable for modification not authorized by law. This is the sole responsibility of the holder of ownership interest who caused the modified recordation per Government Code Section 12956.2 subdivision (f).

Pursuant to the requirements of AB1466, and no later than July 1, 2022, the Assessor-County Clerk-Recorder will post an implementation plan outlining our strategy to identify records with discriminatory restrictions.

Recording Requested By

When recorded mail document to

____

____

____

Above Space for Recorder's Use Only

RESTRICTIVE COVENANT MODIFICATION

I (We) ____have an ownership interest of record in the property located at _______________________________________ that is covered by the document described below.

The following referenced document contains a restrictive covenant based on race, color, religion, sex, familial status, marital status, disability, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry that violates state and federal fair housing laws and that restriction is void. Pursuant to Section 12956.2 of the Government Code, this document is being recorded solely for the purpose of eliminating that restrictive covenant as shown on page(s)______________ of the document recorded on _______________ (date) In book ____________ and page__________ , or Document No. __________________________ of the Official records of the County of____ , State of California.

The document referenced above was originally indexed in the following manner____ and this document shall be indexed in like manner pursuant to Section 12956.2 (e).

The effective date of the terms and conditions of this modification document shall be the same as the effective date of the original document referenced above.

Dated_____________________

____

____

____

Printed Name(s)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }
COUNTY OF ___________________________}

On ______________________________ before me, ____________________________, a Notary Public, personally appeared ____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/their/her authorized capacity(ies), and that by his/her/their signatures(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

*Signature*______________________________________

RECORDING REQUESTED BY AND WHEN
RECORDED MAIL TO:

Los Verdes Park Unit One
c/o Farrell Smyth, Inc.
21 Santa Rosa, Suite 100 San Luis
Obispo, CA 93405

2018042185
Tommy Gong
San Luis Obispo - County Clerk-Recorder
10/11/2018 10:53 AM
Recorded at the request of:
PUBLIC
Titles: 1 Pages: 48
Fees: $237.00
Taxes: $0.00
Total: $237.00

THIRD AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

TRACT NO. 467

LOS VERDES PARK UNIT ONE

THIRD AMENDED AND RESTATED DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS OF
OF
LOS VERDES PARK UNIT ONE

TABLE OF CONTENTS

THIRD AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF

LOS VERDES PARK UNIT ONE

San Luis Obispo, California

RECITALS

A. The Declaration of Covenants, Conditions, and Restrictions for Los Verdes Park Unit One, was executed by Garden Homes, Ltd., a limited partnership, ("Declarant"), and recorded on August 9, 1973 in Book 1738, Page 311 of the Official Records of San Luis Obispo County, California ("Original Declaration") which affected all of the Properties described and commonly known as Los Verdes Park Unit One.

B. Declarant was the original owner of that certain real property ("Properties") located in the City of San Luis Obispo, County of San Luis Obispo, State of California, which is more particularly described as follows:

> Lots 1 to 101, inclusive, of Tract No. 467, Unit I, in the City of San Luis Obispo, County of San Luis Obispo, State of California, as shown on a Map recorded on June 8, 1973 in Book 8, Page 35 et seq. of Maps, in the office of the County Recorder of said County.

C. Declarant conveyed the Properties, subject to certain easements, protective covenants, conditions, restrictions, reservations, liens and charges as set forth in the Original Declaration referred to above, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Properties and all of which shall run with the Properties and be binding on all parties having or acquiring any right, title or interest in the Properties, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

D. It was the further intention of the Declarant to sell and convey Residential Parcels improved by residences originally constructed by Declarant to the Owners, subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes between Declarant and such Owners which are set forth in the original Declaration and which are intended to be in furtherance of a general plan for the subdivision, development, sale and use of the Properties as a "planned development" as that term is defined in Section 4175 of the Davis-Stirling Common Interest Development Act. Finally, it was the intention of Declarant that the "Common Areas" and "Common Area Facilities" be owned in common by the Owners and maintained by the Association and reserved exclusively for the use and enjoyment of the Members of the Association, their tenants, lessees, guests and invitees, all subject to the terms and conditions of the Governing Documents.

E. The Original Declaration was amended and restated in its entirety by that certain First Restated Declaration of Covenants, Conditions and Restrictions of Los Verdes Park Unit One, executed by Los Verdes Park Unit One Homeowners' Association, Inc., and recorded on August 15, 1997 as Document No. 1997-043724 in the Official Records of San Luis Obispo County, California, ("First Restated Declaration").

F. On or before August 17, 2015, two thirds (2/3rds) of the Owners of Residential Parcels within the Properties voted by written ballot to amend and restate the First Restated Declaration, all in accordance with the procedures for amendment set forth in the First Restated Declaration. It was the intention of said Owners to replace the First Restated Declaration in its entirety, with the recording of the Second Restated Declaration as Document No. 2015029752 on August 17, 2015.

G. The Second Restated Declaration was subsequently amended by that certain Amendment To Second Restated Declaration of Covenants, Conditions and Restrictions of Los Verdes Park Unit One originally recorded as Document No. 2018023020 and subsequently corrected and re-recorded on June 26, 2018 as Document No. 2018026269 (the "Second Restated Declaration").

H. By vote taken on October 1, 2018, the homeowners and members of the Los Verdes Park Unit One Homeowners' Association (the "Association") voted to approve this Third Amended and Restated Declaration of Covenants, Conditions and Restrictions (the "Third Restated Declaration" or "Declaration") by a vote of 70 to 3, which exceeds the fifty-five percent (55%) requirement set forth in Section 17.1(a) of the Second Restated Declaration.

This Third Amended and Restated Declaration of Covenants, Conditions, and Restrictions hereby amends and restates the Second Restated Declaration (as amended) in its entirety to read as follows:

ARTICLE I
DEFINITIONS

1.1 "Annual Budget Report" means the report described in Section 5300 of the Davis-Stirling Comment Interest Development Act and Section 14.1 of the Bylaws.

1.2 "Annual Policy Statement" means the statement described in Section 5310 of the Davis-Stirling Comment Interest Development Act and Section 14.3 of the Bylaws.

1.3 "Architectural Committee" and "Landscape Architectural Committee" mean the committees created in accordance with Article V of this Declaration.

1.4 "Articles" means the Articles of Incorporation of Los Verdes Park Unit One Homeowners' Association, Inc., which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

1.5 "Assessment" means any Regular, Special or Special Individual Assessment made or assessed by the Association against an Owner and his or her Residential Parcel in accordance with the provisions of Article IV of this Declaration.

1.6 "Association" means the Los Verdes Park Unit One Homeowners' Association, Inc., a California nonprofit corporation (formed pursuant to the Nonprofit Mutual Benefit Corporation Law of the State of California), its successors and assigns. The Association is an "association" as defined in California Civil Code Section 4080.

1.7 "Association Rules" means the rules, regulations and policies adopted by the Board of Directors of the Association, pursuant to Article ID, Section 3.7 of this Declaration, as the same may be in effect from time to time.

1.8 "Board Meeting" means either of the following:

(a) A congregation, at the same time and place, of a sufficient number of Directors to establish a quorum of the Board, to hear, discuss, or deliberate upon any item of business that is within the authority of the Board, as described in Section VIII of the Bylaws.

(b) A teleconference, where a sufficient number of Directors to establish a quorum of the Board, in different locations, are connected by electronic means, through audio or video, or both, as described in Section 8.1 of Article VIII of the Bylaws, and where the notice of meeting provides for a Physical location at which Members may attend the meeting, and where at least one Board member will be present at that location.

1.9 "Board of Directors" or "Board" means the Board of Directors of the Association.

1.10 "Bylaws" means the Bylaws of the Association, as such Bylaws may be amended from time to time.

1.11 "City" means the City of San Luis Obispo and its various departments, divisions, employees and representatives.

1.12 "Common Area" means the real property described as Lots 92 through 101 of Tract No. 467, Unit 1, in the City of San Luis Obispo, County of San Luis Obispo, State of California owned as tenants in common by the Owners for the common use and enjoyment of the owners. Unless the context clearly indicates a contrary intent, any reference herein to the "Common Areas" shall also include any Common Area Facilities located hereon.

1.13 "Common Area Facilities" means the swimming pool and apron area, pool storage, club house, weight room, hedges, plantings, lawns, shrubs, landscaping, fences, utilities, lighting fixtures, buildings, structures, streets, and other facilities all constructed or currently located within the Common Area. Common Area Facilities do not include any Residential Parcel as defined in Section 1.32.

1.14 "Common Expense" means the use of common funds authorized by Article IV hereof and the Bylaws and includes, without limitation, (a) all expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Area or Common Area Facilities, (b) all expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors and insurance of the Common Area and Common Area Facilities to the extent required by Article IX hereof, (c) any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Areas and the Common Area Facilities, and for nonpayment of any Assessments, and (d) the use of such funds to defray the costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.

1.15 "County" means the County of San Luis Obispo, State of California and its various departments, divisions, employees and representatives.

1.16 "Davis-Stirling Common Interest Development Act" or "Davis-Stirling Act" means Sections 4000 to 6150 of the California Civil Code, and as amended from time to time.

1.17 "Declarant" means the original developer of the Properties, namely Garden Homes, Ltd., a California limited partnership.

1.18 "Declaration" means this instrument, as it may be amended from time to time. The "Original Declaration" and previously amended Declarations are defined in the Preamble to this Declaration.

1.19 "Director" means a natural person who serves on the Board.

1.20 "General Notice" means the delivery of a document pursuant to Section 4045 of the Davis-Stirling Common Interest Development Act and Article XV of this Declaration.

1.21 "Governing Documents" is a collective term that means and refers to this Declaration and to the Articles, the Bylaws and the Association Rules.

1.22 "Individual notice" means the delivery of a document pursuant to Section 4040 of the Davis- Stirling Common Interest Development Act and Article XV of this Declaration.

1.23 "Improvement" includes, without limitation, the construction, installation, alteration, or remodeling of any buildings, walls, decks, fences, swimming pools, landscaping, landscape structures, skylights, solar heating equipment, spas, antennas, utility lines, or any structure of any kind. In no event shall the term "improvement" be interpreted to include projects which are restricted to the interior of any residence.

1.24 "Member" means every person or entity who holds a membership in the Association.

1.25 "Mortgage" means any security device encumbering all or any portion of the Properties, including any deed of trust. "Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

1.26 "Owner" means any person, firm, corporation or other entity which owns a fee simple interest in any Residential Parcel.

1.27 "Owner of Record" includes an Owner and means any person, firm, corporation or other entity in which title to a Residential Parcel is vested as shown by the official records of the Office of the County Recorder.

1.28 "Person" means a natural person, corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership, limited liability company, association, or other entity.

1.29 "Properties" means all parcels of real property described in Recital RI hereof, together with all buildings, structures, utilities, common facilities and other improvements and all appurtenances thereto.

1.30 "Regular Assessment" means an Assessment levied on an Owner and his or her Residential Parcel in accordance with Article IV, Section 4.2 hereof.

1.31 "Residence" means a private, single family dwelling constructed on a Lot.

1.32 "Residential Parcel" means any of Lots 1 through 91 and includes the residence and other improvements constructed on the Lot.

1.33 "Separate Interest" means a separately owned lot, parcel, area, or space.

1.34 "Single Family Residential Use" means occupation and use of a Residence for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy single family residential dwellings.

1.35 "Special Assessment" means an Assessment levied on an Owner and his or her Residential Parcel in accordance with Article IV, Section 4.3 hereof.

1.36 "Special Individual Assessment" means an Assessment made against an Owner and his or her Residential Parcel in accordance with Article IV, Section 4.4 hereof.

1.37 "Subdivision Map" means the map for the Properties referenced in Recital RI of this Declaration.

ARTICLE II
PROPERTY RIGHTS AND OBLIGATIONS OF OWNERS

2.1 Owners' Non-exclusive Easements of Enjoyment. Every Owner shall have a non-exclusive right and easement of enjoyment in and to the Common Areas within the Properties, including ingress and egress to and from his or her Residential Parcel which shall be appurtenant to and shall pass with the title to every Residential Parcel subject to the following rights and restrictions:

(a) The right of the Association to assign, rent, license, lease, charge reasonable admission and other fees for, and to otherwise designate and control the use of any unassigned parking and storage spaces within the Common Area and to limit the number of guests of Members who may use any recreational Common Area Facilities.

(b) The right of the Association to adopt Association Rules as provided in Article III, Section 3.7 hereof, regulating the use and enjoyment of the Properties for the benefit and well-being of the Owners in common, and, in the event of the breach of such rules or any provision of any Governing Document by any Owner and/or tenants and guests of Owner, to temporarily suspend the voting rights and/or right to use the Common Area Facilities, other than roads, by any Owner and/or the Owner's tenants and guests, subject to compliance with the due process requirements of Article XIII, Section 13.7 hereof.

2.2 Persons Subject to Governing Documents. All present and future Owners, tenants and occupants of Residential Parcels within the Properties shall be subject to, and shall comply with, each and every provision of the Governing Documents, as the same or any of them shall be amended from time to time, unless a particular provision is specifically restricted in its application to one or more of such classes of persons (i.e., Owners, tenants, invitees, etc.). The acceptance of a deed to any Residential Parcel, the entering into a lease, sublease or contract of sale with respect to any Residential Parcel shall constitute the consent and agreement of such Owner, tenant or occupant that each and all of the provisions of this Declaration, as the same or any of them may be amended from time to time, shall be binding upon said person and that said person will observe and comply with the Governing Documents.

2.3 Delegation of Use. Any Owner may delegate the Owner's rights to use and enjoy the Common Area and Common Area Facilities to members of the Owner's family or to the Owner's tenants, lessees, or contract purchasers who reside in the Owner's Residential Parcel.

2.4 Obligations of Owners. Owners of Residential Parcels within the Properties shall be subject to the following:

(a) Owner's Duty to Notify Association of Tenants and Contract Purchasers. Each Owner shall notify the Secretary of the Association or management of the names of any contract purchaser or tenant of the Owner's Residential Parcel. Each Owner, contract purchaser or tenant shall also notify the Secretary of the Association of the names of all persons to whom such Owner, contract purchaser or tenant has delegated any rights to use and enjoy the Properties and the relationship that each person bears to the Owner, contract purchaser or tenant.

(b) Contract Purchasers. A contract seller of a Residential Parcel must delegate his or her voting rights as a member of the Association and seller's right to use and enjoy the Common Area and Common Area Facilities to any contract purchaser in possession of the property subject to the contract of sale. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property has been transferred to the purchaser.

(c) Notification Regarding Governing Documents.

. As more particularly provided in the California Civil Code, Section 4525, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Residential Parcel, the Owner thereof must give the prospective purchaser (A) a current copy of the Governing Documents; (B) the Association's most current financial statement; (C) a true statement in writing from the Association ("delinquency statement") as to the amount of any delinquent Assessments, together with information relating to late charges, attorneys' fees, interest, and reasonable costs of collection which, as of the date the statement is issued, are or may become a lien on the Residential Parcel being sold; (D) a true statement in writing from the authorized representative of the Association as to the amount of the Association's current Regular and Special Assessments and fees that have been approved by the Board but that have not become due and payable as of the date that the information is provided.

(i) The Association shall, within 10 days of the mailing or delivery of a request for the information described in subparagraph (b) (i) above, provide the Owner with a copy of the current Governing Documents, together with the delinquency statement referred to in the immediately preceding paragraph. The Association shall be entitled to impose a fee for providing the Governing Documents and delinquency statement equal to (but not more than) the reasonable cost of preparing and reproducing the requested materials. In addition, the Association may impose a reasonable fee to cover its actual costs incurred to change its records in connection with a change of ownership of a Residential Parcel.

(d) Payment of Assessments and Compliance with Rules. Each Owner shall pay when due each Regular, Special and Special Individual Assessment levied against the Owner and his or her Residential Parcel and shall observe, comply with and abide by any and all rules and regulations set forth in, or promulgated by the Association pursuant to, any Governing Document for the purpose of protecting the interests of all Owners or protecting the Common Area and Common Area Facilities.

(e) Discharge of Assessment Liens. Each Owner shall promptly discharge any Assessment lien that may hereafter become a charge against his or Residential Parcel.

(f) Joint Ownership of Residential Parcels. In the event of joint ownership of any Residential Parcel, the obligations and liabilities of the multiple Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this subparagraph (f) shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including without limitation, the payment of all Assessments.

(g) Prohibition on Avoidance of Obligations. No Owner, by non-use of the Common Area or Common Area Facilities, abandonment of the Owner's Residential Parcel or otherwise may avoid the burdens and obligations imposed on such Owner by the Governing Documents, including, without limitation, the payment of Assessments levied against the Owner and his or her Residential Parcel pursuant to this Declaration.

(h) Termination of Obligations. Upon the conveyance, sale, assignment or other transfer of a Residential Parcel to a new Owner, the transferor-Owner shall not be liable for any Assessments levied with respect to such Residential Parcel which become due after the date of recording of the deed evidencing said transfer and, upon such recording, all Association membership rights possessed by the transferor by virtue of the ownership of said Residential Parcel shall cease.

ARTICLE III
HOMEOWNERS ASSOCIATION

3.1 Association Membership. Every Owner of a Residential Parcel shall be a Member of the Association. Each Owner shall hold one membership in the Association for each Residential Lot owned and the membership shall be appurtenant to such Residential Parcel. Ownership of a Residential Parcel or interest in it shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until his or her ownership in all Residential Parcels in the Properties ceases, at which time his or her membership in the Association shall automatically cease. Persons or entities who hold an interest in a Residential Parcel merely as security for the performance of an obligation are not Members until the security holder comes into title to the Residential Parcel through foreclosure or deed in lieu thereof.

3.2 One Class of Membership. The Association shall have one class of membership and the rights, duties, obligations and privileges of the Members shall be as set forth in the Governing Documents.

3.3 Voting Rights of Members. Each Member of the Association shall be entitled to one vote for each Residential Parcel owned by said Member. When more than one person holds an interest in any Residential Parcel, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Residential Parcel. Voting rights may be temporarily suspended under those circumstances described in Article XIII, Section 13.7 hereof.

3.4 Assessments. The Association shall have the power to establish, fix and levy Assessments against the Owners of Residential Parcels within the Properties and to enforce payment of such Assessments in accordance with Article IV of this Declaration. Any Assessments levied by the Association on its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

3.5 Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale or encumbrance of the Residential Parcel to which it is appurtenant and then only to the purchaser or mortgagee. In the case of a sale, membership passes automatically to the purchaser upon the recording of a deed evidencing transfer of title to the Residential Parcel. In the case of an encumbrance of such Residential Parcel, a Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use pursuant to Article II, Section 2.3 hereof do not thereby become Members, although the tenant and Members of the tenant's family shall, at all times, be subject to the provisions of all Governing Documents. Any attempt to make a prohibited transfer is void. In the event the Owner of any Residential Parcel should fail or refuse to transfer the membership registered in the Owner's name to the purchaser of his or her Residential Parcel, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

3.6 Powers and Authority of the Association

(a) Powers Generally. The Association shall have the responsibility of owning, managing and maintaining the Common Areas and Common Area Facilities and discharging the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of such responsibilities and duties, the Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in the ownership and management of its properties and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association and its

Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Governing Documents, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Association and the limitations thereon shall be as set forth in Article IX of the Bylaws.

(b) Association's Limited Right of Entry. The Association, and/or its agents shall have the right, when necessary, to enter any Residential Parcel to perform the Association's obligations under this Declaration, including (i) obligations to enforce the architectural and land use restrictions of Article V and Article VI hereof; (ii) any obligations with respect to construction, maintenance and repair of adjacent Common Area Facilities; or (iii) to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, Association property or the Owners in common.

The Association's rights of entry under this subparagraph (b) shall be immediate in case of an emergency originating in or threatening the Residential Parcel where entry is required, or any adjoining Residential Parcel or Common Area, and the Association's work may be performed under such circumstances whether or not the Owner or his or her lessee is present. In all non-emergency situations, the Association or its agents shall furnish the Owner or his or her lessee with at least 24 hours' written notice of its intent to enter the Residential Parcel, specifying the purpose and scheduled time of such entry in a manner that respects the privacy of the persons residing within the Residence located on the Lot. In no event shall the Association's right of entry, as conferred hereunder, be construed to permit the Association or its agents to enter any Residence without the Owner's prior permission.

3.7 Association Rules.

(a) Rule-Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend written rules and regulations of general application to the Owners of Residential Parcels within the Properties. Such rules may concern, but need not be limited to:
(i) matters pertaining to the maintenance, repair, management and use of the Common Area and Common Area Facilities by Owners, their tenants, guests and invitees, or any other person(s) who have rights of use and enjoyment of such Common Area and Common Area Facilities; (ii) architectural control and the rules of the Architectural Committee(s) under Article V, Sections 5.4 and 5.5 hereof; (iii) the conduct of disciplinary proceedings in accordance with Article XIII, Section 13.7 hereof; (iv) regulation of parking, pet ownership and other matters subject to regulation and restriction under Article VI hereof; (v) collection and disposal of refuse; (vi) minimum standards for the maintenance of landscaping or other improvements and (vii) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents.

Notwithstanding the foregoing grant of authority, the Association Rules shall be (viii) reasonable; (ix) within the authority of the Board conferred by law, this Declaration, the articles of incorporation, and the Bylaws; (x) not inconsistent with or materially alter any provision of the other Governing Documents or the rights, preferences and privileges of Members thereunder; and (xi) adopted, amended, or repealed in good faith and in substantial compliance with the requirements of Article 5 of Chapter 3 of the Davis- Stirling Common Interest Development Act. In the event of any material conflict between any Association Rule and any provision of the other Governing Documents, the conflicting provisions contained in the other Governing Documents shall be deemed to prevail.

(b) Distribution of Rules. A copy of the Association Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. Since the Association has no corporate or business office, a copy of the Association Rules shall also be available to each Owner upon request to the Board.

(c) Adoption and Amendment of Rules. Association Rules may be adopted or amended from time to time by majority vote of the Board. Adoption of rules or amendments related to use of the Common Area or Common Area Facilities, use of a separate interest, member discipline, standards for delinquent Assessment payment plans, procedures for resolution of disputes, and election procedures shall be in accordance with Section 4355(a) of the Davis-Stirling Common Interest Development Act and all of the following:

(i) Notice. The Board shall provide General Notice, pursuant to Article XV, Section 15.1(b) hereof, of a proposed rule or amendment at least 30 days before adopting the rule or amendment. The notice shall provide the text of the proposed rule or amendment and a description of the purpose and effect of the proposed rule or amendment, and shall also set fort the date, time and location of the Board meeting at which action on the proposal is scheduled to be taken. Notice is not required if the Board determines that an immediate rule change is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Association.

(ii) The decision on a proposed rule or amendment shall be made at a Board meeting, after consideration of any comments made by Members.

(iii) As soon as possible after adopting a rule or amendment, but not more than 15 days after adoption, the Board shall deliver General Notice, pursuant to Article XV, Section 15.1 (b) hereof, of the rule or amendment. If the rule or amendment was an emergency rule or amendment adopted under subparagraph (i) above, the notice shall include the text of the rule or amendment, a description of the purpose and effect of the rule or amendment, and the date the rule or amendment expires.

(iv) If the Board determines that an immediate rule or amendment is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Association, it may make an emergency rule change, and no notice is required, as specified in subparagraph (i) above. An emergency rule change shall be effective for 120 days unless the rule change provides for a shorter effective period. A rule change made under this subparagraph (iii) may not be readopted under this subparagraph (iii).

Any duly adopted rule or amendment to the Rules shall become effective immediately following the date of adoption thereof by the Board, or at such later date as the Board may deem appropriate.

3.8 Reversing Rules by Vote of Members. Members owning 5 percent or more of the Separate Interests may call a special vote of the Members to reverse a rule change related to use of the Common Area or Common Area Facilities, use of a Separate Interest, Member discipline, standards for delinquent Assessment payment plans, procedures for resolution of disputes, and election procedures.

(a) A special vote of the Members may be called by delivering a written request to the Association. Not less than 35 days nor more than 90 days after the receipt of a proper request, the Association shall hold a vote of the Members on whether to reverse the rule change, pursuant to Sections 5100 through 5145 of the Davis-Stirling Common Interest Development Act. The written request may not be delivered more than 30 days after the Association gives General Notice of the rule or amendment, pursuant to Article XV, Section 15.1(b) hereof.

(b) For the purposes of Section 5225 of the Davis-Stirling Common Interest Development Act and Section 8330 of the Corporations Code, collection of signatures to call a special vote under this Section 3.8 is a purpose reasonably related to the interests of the Members. A Member request to copy or inspect the membership list solely for that purpose may not be denied on the grounds that the purpose is not reasonably related to the Member's interests as a Member.

(c) The rule or amendment may be reversed by the affirmative vote of a majority of a quorum of the Members, pursuant to Section 4070 of the Davis-Stirling Common Interest Development Act, or, if a greater percentage is required by specific provisions of this Declaration or the Bylaws, by the affirmative vote of the percentage required.

(d) A rule or amendment reversed under this Section 3.8 may not be readopted for one year after the date of the vote reversing the rule or amendment. Nothing in this Section 3.8 precludes the Board from adopting a different rule on the same subject as the rule or amendment that has been reversed.

(e) As soon as possible after the close of voting, but not more than 15 days after the close of voting, the Board shall provide General Notice pursuant to Section 4045 of the Davis-Stirling Common Interest Development Act of the results of the Member vote.

(f) This Section 3.8 does not apply to an emergency rule change made under Article ill, Section 3.7(c)(iv) hereof.

3.9 Breach of Rules or Restrictions. Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XIII hereof.

3.10 Limitation of Liability of Association's Directors and Officers.

(a) Claims Regarding Breach of Duty. No director or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Association's Members, or to any other person, for any error or omission in the discharge of his or her duties and responsibilities or for his or her failure to provide any service required hereunder or under the Bylaws, provided that such Released Party has, upon the basis of such information as may be possessed by the Released Party, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and Common Area Facilities and enforcement of the Governing Documents.

(b) Other Claims Involving Tortious Acts and Property Damage. No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of the tortious act or omission of a volunteer member of the Board or volunteer officer of the Association shall recover damages from such Board member or officer if all of the following conditions are satisfied:

(i) The Board member or officer is an Owner of no more than two Residential Parcels;

(ii) The act or omission was performed within the scope of the volunteer Board member's or officer's Association duties;

(iii) The act or omission was performed in good faith;

(iv) The act or omission was not willful, wanton, or grossly negligent;

(v) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim was made one or more policies of insurance that include coverage for general liability of the Association and individual liability of the officers and directors of the Association for negligent acts or omissions in their official capacities, with minimum coverage for both types of insurance being not less than $500,000.00.

The payment of actual expenses incurred by a Board member or officer in the execution of that person's Association duties shall not affect that person's status as a volunteer Board member or officer for the purposes of this section. However, any director or officer who receives direct or indirect compensation from the Declarant or from a financial institution that acquired a Residential Parcel within the Properties as the result of a judicial or nonjudicial foreclosure proceeding is not a volunteer.

The provisions of this subparagraph (b) are intended to reflect the protections accorded to volunteer directors and officers of community associations under Section 5800 of the Davis-Stirling Common Interest Development Act. In the event that Civil Code section is amended or superseded by another, similar provision of the California statutes, this subparagraph (b) shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor Civil Code provision.

ARTICLE IV
ASSESSMENTS

4.1 Assessments Generally.

(a) Responsibility to Levy Assessments. The Association shall levy Regular and Special Assessments, pursuant to the requirements of this Article IV, sufficient to perform its obligations under the Governing Documents and the Davis-Stirling Common Interest Development Act. The Association shall not impose or collect an Assessment or fee that exceeds the amount necessary to defray the costs for which it is levied.

(b) Covenant to Pay Assessments. Each Owner of one or more Residential Parcels, by acceptance of a deed or other conveyance therefor (whether or not it shall be so expressed in such deed or conveyance), covenants and agrees to pay to the Association (i) Regular Assessments, (ii) Special Assessments, and (iii) Special Individual Assessments. Each such Assessment shall be established and collected as hereinafter provided.

(c) Extent of Owner's Personal Obligation for Assessments. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a debt and a personal obligation of the Person who was the Owner of the Residential Parcel at the time the Assessment was levied. Each Owner who acquires title to a Residential Parcel (whether at judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Residential Parcel so purchased which become due and payable after the date of such sale and shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability. Any unpaid Assessment of a previous Owner shall remain the debt of such previous Owner against whom assessed.

(d) Creation of Assessment Lien. All Assessments, together with late charges, interest, and reasonable costs, including reasonable attorneys' fees for the collection thereof, shall be a charge on the Residential Parcel and shall be a continuing lien upon the Residential Parcel against which such Assessment is made. Any lien for unpaid Assessments created pursuant to the provisions of this article may be subject to foreclosure as provided in Article IV, Section 4.9(b) hereof.

(e) No Avoidance of Assessment Obligations. No Owner may exempt himself or herself from personal liability for Assessments duly levied by the Association, nor release the Residential Parcel or other property owned by him or her from the liens and charges thereof, by waiver of the use and enjoyment of the Common Area or any facilities thereon or by abandonment or non-use of his or her Residential Parcel or any other portion of the Properties.

4.2 Regular Assessments.

(a) Preparation of Annual Budget: Establishment of Regular Assessments.

Not less than 45 nor more than 60 days prior to the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Area Facilities) by preparing and distributing to all Association members a budget satisfying the requirements of the Bylaws. If the Board fails to distribute the budget for any fiscal year within the time period provided for in this section, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the board first obtains the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with the Bylaws.

(b) Establishment of Regular Assessment by Board or Membership Approval Requirements. The total annual expenses estimated in the Association's budget plus the total annual amount to be contributed to the Association's reserve funds (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year, provided that the Board complies with the following:

(i) Except as provided in paragraph (a) above and paragraph (c) below, the Board of Directors shall not impose an increase in Regular Assessments for any fiscal year unless the Board has complied with paragraphs (a), (b), (c), (d), (e), (f), (g), (h), and (i) of Article XIV, Section 14.1 of the Bylaws with respect to that fiscal year, or has obtained the approval of a majority of a quorum of Members at a meeting or election of the Association pursuant to Section 4.7 below.

(ii) Except as provided in paragraph (a) above and paragraph (c) below, the Board of Directors may not impose a Regular Assessment that is more than 20 percent greater than the Regular Assessment for the Association's immediately preceding fiscal year without the vote or written assent of Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association pursuant to Section 4.7 below.

(iii) For the purposes of this paragraph (b), "quorum" means more than 50 percent of the Members.

(c) Assessments to Address Emergency Situations. The requirements of subparagraphs (i) and (ii) of paragraph (b) above shall not apply to Assessment increases necessary to address emergency situations. For purposes of this paragraph (c), an emergency situation is any of the following:

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

(ii) An extraordinary expense necessary to repair or maintain the Common Areas, Common Area Facilities or any portion of the Separate Interests which the Association is obligated to maintain where a threat to personal safety is discovered.

(iii) An extraordinary expense necessary to repair or maintain the Common Areas, Common Area Facilities or any portion of the separate interests which the Association is obligated to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the Annual Budget Report pursuant to Article XIV, Article 14.1 of the Bylaws, provided that, prior to the imposition or collection of an Assessment under this subparagraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of Assessment.

(d) Allocation of Regular Assessment. The total estimated Common Expenses, determined in accordance with subparagraph (a), above, shall be allocated among, assessed against, and charged to each Owner according to the ratio of the number of Residential Parcels within the Properties owned by the assessed Owner to the total number of Residential Parcels subject to Assessments so that each Residential Parcel bears an equal share of the total Regular Assessment.

(e) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded in an Assessment roll which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member of the Association. The Assessment roll (which may be maintained in the form of a computer printout) shall show for each Residential Parcel the name and address of each Owner of Record, all Regular, Special and Special Individual Assessments levied against each Owner and his or her Residential Parcel, and the amount of such Assessments which have been paid or remain unpaid. The delinquency statement required by Article II, Section 2.4(c) hereof shall be conclusive upon the Association and the Owner of such Residential Parcel as to the amount of such indebtedness appearing on the Association's Assessment Roll as of the date of such statement, in favor of all persons who rely thereon in good faith.

(f) Notice of Assessment. The Board of Directors shall provide individual notice pursuant to Article XV, Section 15. l(a) hereof to the Members of the amount of the Regular Assessment for the next succeeding fiscal year no less than 45 days nor more than 60 days prior to the beginning of the next fiscal year.

(g) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Article IV, Section 4.3(a)(i) hereof for that year, shall be assessed against each Owner and his or her Residential Parcel on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Association.

(h) Installment Payment of Assessments. The Regular Assessment levied against each Owner and his or her Residential Parcel shall be due and payable in advance to the Association in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Association's Board of Directors. Installments of Regular Assessments shall be delinquent if not paid by the 15th day of the month in which the Assessment is due.

4.3 Special Assessments.

(a) Purposes for Which Special Assessments May be Levied. Subject to the membership approval requirements set forth in subparagraph (b) below, the Board of Directors shall have the authority to levy Special Assessments against the Owners and their Residential Parcels for the following purposes:

(i) Regular Assessment Insufficient in Amount. If, at any time, the Regular Assessment for any fiscal year is insufficient in amount due to extraordinary expenses not contemplated in the budget prepared for said fiscal year, then, except as prohibited by Article IV, Section 4.2(a) hereof , the Board of Directors shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Association may incur in the performance of its duties and the discharge of its obligations hereunder. The Board's assessment authority pursuant to this Section 4.3, subparagraph (a)(i) shall be subject to membership approval requirements under the circumstances described in Article IV, Section 4.2(a).

(ii) Capital Improvements. The Board may also levy special Assessments for additional capital improvements within the Common Area (i.e., improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, the existing Common Area Facilities). The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance, and replacement repair of the Common Area or existing Common Area Facilities through Regular Assessments (including the funding of reasonable reserves) and to maintain adequate insurance on the Common Area and existing Common Area Facilities in accordance with Article IX hereof.

(b) Special Assessments Requiring Membership Approval. No Special Assessments described in (i) Section 4.3(a) hereof, which in the aggregate exceed 5 percent of the budgeted gross expenses of the Association for the fiscal year in which the Special Assessment(s) is levied; or (ii) in the last sentence of Article IV, Section 4.2(a), shall be made without the vote or written assent of Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association, provided that this membership approval requirement shall not apply to any Special Assessment levied to address "emergency situations" as defined in this Article IV, Section 4.2(c). For the purposes of this paragraph, "quorum" means more than 50 percent of the Members.

(c) Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner and his or her Residential Parcel in the same manner prescribed for the allocation of Regular Assessments pursuant to Article IV, Section 4.2(d), above. The Special Assessment so levied shall be recorded on the Association's Assessment Roll and notice thereof shall be mailed to each Owner.

(d) Notice of Special Assessment. The Board of Directors shall provide by individual delivery pursuant to Article XV, Section 15.1(a) hereof to the Members a statement of the amount of the Special Assessment for the next succeeding fiscal year no less than 45 days nor more than 60 days prior to the beginning of the next fiscal year.

4.4 Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 4.3, above, the Board of Directors may impose special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii) below, provided that no Special Individual Assessments may be imposed against an Owner pursuant to this Section 4.4 until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Article XIII, Section 13.7 hereof, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Association's Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) Damage to Common Area or Common Area Facilities. In the event that any damage to, or destruction of, any portion of the Common Area or the Common Area Facilities is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests, servants employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(ii) Expenses Incurred in Gaining Member Compliance. In the event that the Association incurs any costs or expenses, to accomplish (A) the payment of delinquent Assessments, (B) any repair, maintenance or replacement to any portion of the Properties that the Owner is responsible to maintain under Governing Documents but has failed to undertake or complete in a timely fashion, or (C) to otherwise bring the Owner and/or his or her Residential Parcel into compliance with any provision of the Governing Documents, the amount incurred by the Association (including reasonable fines and penalties duly imposed hereunder, title company fees, accounting fees, court costs and reasonable attorneys' fees) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(iii) Required Maintenance on Residential Parcels. As more particularly provided in Article III, Section 3.6(b) (and without limiting the generality of that subparagraph), if any Residential Parcel is maintained so as to become a nuisance, fire or safety hazard for any reason, including without limitation, the accumulation of trash, junk automobiles, or improper weed or vegetation control, the Association shall have the right to enter said Residential Parcel, correct the offensive or hazardous condition and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner.

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed in Section 4.4(a), such Special Individual Assessment shall be recorded on the Association's Assessment Roll, notice thereof shall be mailed to the affected Owner and the Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Association within 30 days after the mailing of notice of the Assessment.

4.5 Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively (a) to promote the recreation, health, safety and welfare of individuals residing within the Properties; (b) to promote the enjoyment and use of the Properties by the Owners and their families, tenants, invitees, licensees, guests and employees; and (c) to provide for the repair, maintenance, replacement and protection of the Common Area and Common Area Facilities. Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created hereby) of the Owner of the Residential Parcel against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns, provided that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

4.6 Exemption of Certain of the Properties from Assessments. The following real property subject to this Declaration shall, unless devoted to use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

(a) Any portion of the Properties dedicated and accepted by a local public authority;

(b) The Common Area and Common Area Facilities; and

(c) Any Residential Parcel owned by the Association.

4.7 Notice and Procedure for Member Approval Pursuant to Sections 4.2 and 4.3. In the event that Member approval is required in connection with any increase or imposition of Assessments pursuant to Sections 4.2 and 4.3 of this Article IV, approval of the requisite percentage of the Members shall be solicited either by secret ballot conducted in accordance with Corporations Code Section 7513 and Article IV of the Bylaws, or at a meeting of the Members called for that purpose, duly noticed in accordance with Article V, Section 5.4 of the Bylaws. The quorum required for such membership action shall be a majority of the Members.

4.8 Maintenance of Assessment Funds.

(a) Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors, which has offices located within the State of California. In addition, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board, and such officers or agents of the Association as the Board shall designate, shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The signature of at least two Directors is required for the withdrawal of funds from the Association's accounts.

To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. Any interest received on such deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b), below.

(b) Separate Accounts. Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the amount required to accomplish the purpose for which such Assessment was levied, such surplus may, in the Board's discretion, be returned proportionately to the contributors thereof, reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded or credited proportionately on account of the Owners' future Regular Assessment obligations.

For purposes of accounting, but without requiring any physical segregation of assets, the Association shall maintain a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom, provided that receipts and disbursements of Special Assessments made pursuant to this Article IV, Section 4.3(a)(i) shall be accounted for together with the receipts and disbursements of Regular Assessments; and separate liability accounts shall be maintained for each capital improvement for which reserve funds for replacement are allocated.

Unless the Association is exempt from federal or state taxes, all sums allocated to capital replacements funds shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income of the Association.

4.9 Delinquency and Liens

(a) Delinquent Assessments. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment or Special Individual Assessment or lump sum or installment payment of any Special Assessment or Special Individual Assessment assessed to any Owner is not paid within 15 days after the same becomes due, such payment shall be delinquent. The Board of Directors is also authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent Assessments, subject to the limitations imposed by subparagraph (ii) below. If an Assessment is delinquent, the Association may recover all of the following:

(i) Reasonable costs incurred in collecting the delinquent Assessment, including reasonable attorney's fees and management company fees.

(ii) A late charge not exceeding ten percent (10%) of the delinquent Assessment or ten dollars ($10), whichever is greater.

(iii) Interest on all sums imposed in accordance with this section, including the delinquent Assessments, reasonable fees and costs of collection, and reasonable attorney's fees, at an annual interest rate not to exceed 12 percent, commencing 30 days after the Assessment becomes due, unless the declaration specifies the recovery of interest at a rate of a lesser amount, in which case the lesser rate of interest shall apply.

(b) Disputes. If a dispute exists between an Owner and the Association regarding any disputed charge or sum levied by the Association, including, but not limited to, an Assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and the amount in dispute does not exceed the jurisdictional limits of the small claims court stated in Sections 116.220 and 116.221 of the Code of Civil Procedure, the Owner may, in addition to pursuing dispute resolution pursuant to Article XIII of this Declaration, pay under protest the disputed amount and all other amounts levied, including any fees and reasonable costs of collection, reasonable attorney's fees, late charges, and interest, if any, pursuant to subparagraph (a)(iii) above, and commence an action in small claims court pursuant to Chapter 5.5 (commencing with Section 116.110) of Title 1 of the Code of Civil Procedure.

(i) Nothing in this section shall impede an association's ability to collect delinquent Assessments as provided in this Article IV or in Article XIII of this Declaration.

(c) Notification of Lien. At least 30 days prior to recording a lien upon a Residential Parcel to collect a debt that is past due in accordance with paragraph (a) above, the Association shall notify the Owner in writing by certified mail. The notice shall include all of the elements required pursuant to Section 5660 of the Davis-Stirling Common Interest Development Act.

(d) Payment Plans. An Owner may submit a written request to meet with the Board to discuss a payment plan for the debt noticed pursuant to paragraph (c) above. The Association shall provide Owners with the standards for payment plans, if any exist.

(i) The Board shall meet with the Owner in executive session within 45 days of the postmark of the request, if the request is mailed within 15 days of the date of the postmark of the notice, unless there is no regularly scheduled board meeting within that period, in which case the Board may designate a committee of one or more Directors to meet with the owner.

(ii) Payment plans may incorporate any Assessments that accrue during the payment plan period. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan.

(iii) Payment plans shall not impede the Association's ability to record a lien on the Owner's Separate Interest to secure payment of delinquent Assessments.

(iv) In the event of a default on any payment plan, the Association may resume its efforts to collect the delinquent Assessments from the time prior to entering into the payment plan.

(e) Dispute Resolution. Prior to recording a lien for delinquent Assessments, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to Article XIII of this Declaration.

(f) The decision to record a lien for delinquent Assessments shall be made only by the Board and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Directors in an open meeting. The Board shall record the vote in the minutes of that meeting.

(g) Creation and Imposition of a Lien for Delinquent Assessments. The amount of any delinquent Regular or Special, or Special Individual Assessment, together with any late charges, interest and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall become a lien upon the Residential Parcel of the Owner so assessed only when the Association causes to be recorded in the Office of the County Recorder of the County, a Notice of Delinquent Assessment, setting forth (A) the amount of the delinquent Assessment(s) and other sums duly imposed pursuant to this Article IV and California Civil Code Section 5650, (B) the legal description of the Owner's Residential Parcel against which the Assessments and other sums are levied, (C) the name of the Owner of Record of such Residential Parcel, (D) the name and address of the Association, and (E) the name and address of the trustee authorized by the Association to enforce the lien by sale.

(i) The itemized statement of the charges owed by the Owner described in paragraph (a) of this Section 4.9 shall be recorded together with the notice of delinquent Assessment.

(ii) In order for the lien to be enforced by nonjudicial foreclosure as provided in Sections 4.10(a), 4.10(b), and 4.13 of this Article IV, the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale.

(iii) The Notice of Delinquent Assessment shall be signed by the person designated in the Declaration or by the Association for that purpose, or if no one is designated, by the President of the Association.

(iv) A copy of the recorded Notice of Delinquent Assessment shall be mailed by certified mail to every person whose name is shown as an Owner of the Residential Parcel in the Association's records, and the notice shall be mailed no later than 10 calendar days after recordation.

(h) Release of Lien.

(i) Within 21 days of the payment in full of the sums specified in the Notice of Delinquent Assessment, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof. The Association shall provide the Owner a copy of the lien release or notice that the delinquent Assessment has been satisfied.

(ii) If it is determined that a lien previously recorded against the Separate Interest was recorded in error, the party who recorded the lien shall, within 21 calendar days, record or cause to be recorded in the office of the county recorder in which the Notice of Delinquent Assessment is recorded a lien release or notice of rescission and provide the Owner of the Separate Interest with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission.

(i) If it is determined that the Association has recorded a lien for a delinquent Assessment in error, the Association shall promptly reverse all late charges, fees, interest, attorney's fees, costs of collection, costs imposed for the notice prescribed in paragraph (c) of this Section 4.9, and costs of recordation and release of the lien authorized under Section 4.10(d) below, and pay all costs related to any related dispute resolution or alternative dispute resolution.

If the Association fails to comply with the procedures set forth paragraphs (g) and (h) above shall, prior to recording a lien, recommence the required notice process. Any costs associated with recommencing the notice process shall be borne by the Association and not by the Owner of a Residential Parcel.

4.10 Collection and Enforcement of Liens.

(a) Remedies Available to the Association to Collect Assessments. Except as otherwise provided in this Section 4.10, after the expiration of 30 days following the recording of a lien created pursuant to paragraph (g) of Section 4.9 above, the Association may initiate a legal action against the Owner personally obligated to pay the delinquent Assessment, foreclose its lien against the Owner's Residential Parcel or accept a deed in lieu of foreclosure. Foreclosure by the Association of its lien may be by judicial foreclosure or by nonjudicial foreclosure by the trustee designated in this Notice of Delinquent Assessment or by a trustee substituted pursuant to California Civil Code Section 2934a. Any sale of a Residential Parcel by a trustee acting pursuant to this Section 4.10 shall be conducted in accordance with California Civil Code Sections 2924, 2924b and 2924c application to the exercise of powers of sale in mortgages or deeds of trust.

(b) Foreclosure.

(i) Prior to initiating a foreclosure on an Owner's Residential Parcel, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to Article XIII of this Declaration. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

(ii) The decision to initiate foreclosure of a lien for delinquent Assessments that has been validly recorded shall be made only by the Board and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Directors in an executive session. The Board shall record the vote in the minutes of the next meeting of the Board open to all Members. The Board shall maintain the confidentiality of the Owner or Owners of the Residential Parcel by identifying the matter in the minutes by the parcel number of the property, rather than the name of the Owner or Owners. A Board vote to approve foreclosure of a lien shall take place at least 30 days prior to any public sale.

(iii) The Board shall provide notice by personal service in accordance with the manner of service of summons in Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2 of the Code of Civil Procedure to an Owner of a Residential Parcel or to the owner's legal representative if the Board votes to foreclose upon the Residential Parcel. The Board shall provide written notice to an Owner who does not occupy the Residential Parcel by first-class mail, postage prepaid, at the most current address shown on the books of the Association. In the absence of written notification by the Owner to the Association, the address of the Owner's Residential Parcel may be treated as the Owner's mailing address.

(c) Nonjudicial Foreclosure.

(i) A nonjudicial foreclosure by an Association to collect upon a debt for delinquent Assessments shall be subject to a right of redemption. The redemption period within which the Residential Parcel may be redeemed from a foreclosure sale under this paragraph ends 90 days after the sale. In addition to the requirements of Section 2924f of the California Civil Code, a notice of sale in connection with an Association's foreclosure of a Residential Parcel shall include a statement that the property is being sold subject to the right of redemption created in this paragraph.

(ii) Nonjudicial foreclosure shall be commenced by the Association by recording in the Office of the County Recorder a Notice of Default, which notice shall state all amounts which have become delinquent with respect to the Owner's Residential Parcel and the costs (including attorneys' fees), penalties and interest that have accrued thereon, the amount of any Assessment which is due and payable although not delinquent, a legal description of the property with respect to which the delinquent Assessment is owed, and the name of the Owner of Record or reputed Owner thereof. The Notice of Default shall state the election of the Association to sell the Residential Parcel or other property to which the amounts relate and shall otherwise conform with the requirements for a notice of default under California Civil Code Section 2924c, or comparable superseding statute.

(iii) The Association shall have the rights conferred by California Civil Code Sections 2924 and 2934a to assign its rights and obligations as trustee in any nonjudicial foreclosure proceedings to the same extent as a trustee designated under a deed of trust and for purposes of said Sections 2924 and 2934a, the Association shall be deemed to be the sole beneficiary of the delinquent Assessment obligation. Furthermore, in lieu of an assignment of trusteeship, the Association shall be entitled to employ the services of a title insurance company or other responsible company authorized to serve as a trustee in nonjudicial foreclosure proceedings to act as an agent on behalf of the Association in commencing and prosecuting any nonjudicial foreclosure hereunder.

(d) Amounts Less than $1,800. The Association may not seek to collect delinquent Regular or Special Assessments of an amount less than one thousand eight hundred dollars ($1,800), not including any accelerated Assessments, late charges, fees and costs of collection, attorney's fees, or interest, through judicial or nonjudicial foreclosure. However, the Association may attempt to collect or secure that debt in any of the ways provided in Section 5720 of the Davis-Stirling Common Interest Development Act. The limitation on foreclosure of Assessment liens for amounts under the stated minimum in this paragraph does not apply to Assessments secured by a lien that are more than 12 months delinquent.

(e) Delegation of the Association's Right to Collect. The Association may not voluntarily assign or pledge the Association's right to collect payments or Assessments, or to enforce or foreclose a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association.

(i) Nothing in paragraph (e) restricts the right or ability of the Association to assign any unpaid obligations of a former member to a third party for purposes of collection.

(f) Actions for Money Judgment. In the event of a default in payment of any Assessment, the Association, in its name but acting for an on behalf of all other Owners, may initiate legal action, in addition to any other remedy provided herein or by law, to recover a money judgment or judgments for unpaid Assessments, costs and attorneys' fees without foreclosure or waiver of the lien securing same.

4.11 Application of Payments. Any payments made by an Owner toward a debt described in paragraph (c) of Section 4.1 above shall first be applied to the Assessments owed, and, only after the Assessments owed are paid in full shall the payments be applied to the fees and costs of collection, attorney's fees, late charges, or interest.

(a) When an Owner makes a payment, the Owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the person who received it.

(b) The Association shall provide a mailing address for overnight payment of Assessments. The address shall be provided in the Annual Policy Statement prepared and distributed pursuant to Article XIV, Section 14.3 of the Bylaws.

4.12 Trustee Sale. Any sale by trustee shall be conducted in accordance with Sections 2924, 2924b, and 2924c of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust.

(a) In addition to the requirements of Section 2924 of the California Civil Code, the Association shall serve a Notice of Default on the person named as the Owner of the Residential Parcel in the Association's records or, if that person has designated a legal representative pursuant to this subdivision, on that legal representative. Service shall be in accordance with the manner of service of summons in Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2 of the Code of Civil Procedure. An Owner may designate a legal representative in a writing that is mailed to the Association in a manner that indicates that the Association has received it.

(b) The fees of a trustee may not exceed the amounts prescribed in Sections 2924c and 2924d of the California Civil Code, plus the cost of service for either of the following:

(i) The Notice of Default pursuant to paragraph (a).

(ii) The decision of the Board to foreclose upon the Residential Parcel of an Owner as described in subparagraph 4.10(b)(i) above.

4.13 Transfer of Residential Parcel by Sale or Foreclosure. The following rules shall govern the Association's rights to enforce its Assessment collection remedies following the sale or foreclosure of a Residential Parcel:

(a) Except as provided in paragraph (b) below, the sale or transfer of any Residential Parcel shall not affect any Assessment lien duly recorded with respect to that Residential Parcel before the sale or transfer, and the Association can continue to foreclose its lien in spite of the change in ownership.

(b) The Association's assessment lien shall be extinguished as to all delinquent sums, late charges, interest, and costs of collection incurred before the sale or transfer of a Residential Parcel under a foreclosure or exercise of a power of sale by the holder of a prior encumbrance (but not under a deed-in- lieu of foreclosure). A "prior encumbrance" means any first mortgagee or other mortgage or lien recorded before the Association's assessment lien.

(c) No sale or transfer of a Residential Parcel as the result of foreclosure, exercise of a power of sale, or otherwise, shall relieve the new Owner of that Residential Parcel (whether it be the former beneficiary of the first mortgage or other prior encumbrance, or a third party acquiring an interest in the Residential Parcel from liability for any Assessments thereafter becoming due or from the lien thereof.

(d) Any Assessments, late charges, interest, and associated costs of collection that are lost as a result of a sale or transfer covered by paragraph (b) above, shall be deemed to be a Common Expense collectible from the Owners of all the Residential Parcels, including the person who acquires the Residential Parcel and his or her successors and assigns.

(e) No sale or transfer of a Residential Parcel as the result of foreclosure, exercise of a power of sale, or otherwise, shall affect the Association's right to maintain an action against the foreclosed previous Owner of the Residential Parcel personally to collect the delinquent Assessments, late charges, interest, and associated costs of collection incurred by that prior Owner prior to the sale or transfer.

(f) This Section 4.13 and the following Section 4.14 are intended to reflect the California law concerning community association Assessment lien priority in effect as of the effective date of this Declaration. In the event that the applicable California laws are revised and the statute(s) addressing Assessment lien priority apply to the Association, this Section 4.13 and Section 4.14 may be revised by action of the Board to conform to the new statutory provisions concerning this subject.

4.14 Priorities. When a Notice of Delinquent Assessment has been recorded, such notice shall constitute a lien on the Residential Parcel prior and superior to all other liens or encumbrances recorded subsequent thereto, except (a) all taxes, bonds, Assessments and other levies which, by law, would be superior thereto, and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage or deed of trust with first priority over other Mortgages or deeds of trust) made in good faith and for value, provided that such subordination shall apply only to the Assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of a power of sale or a judicial foreclosure involving a default under such first Mortgage or deed of trust, or other prior encumbrance.

4.15 Unallocated Taxes. In the event that any taxes and assessed against the Common Area, or the personal property of the Association, rather than being assessed to the Residential Parcels, such taxes shall be included in the Regular Assessments imposed pursuant to this Article IV, Section 4.2 and, if necessary, a Special Assessment may be levied against the Residential Parcels in an amount equal to such taxes to be paid in two installments, thirty days prior to the due date of each tax installment.

ARTICLE V
ARCHITECTURAL COMMITTEES

5.1 Improvements in General: Establishment of Structural and Landscape Architecture Committees.

(a) Improvements Subject to Committee Approval. No "improvement" as defined in Article I, Section 1.16, of any kind shall be commenced, erected or maintained within the Properties, nor shall any exterior addition to or change or alteration be made in or to any Residential Parcel or Common Facility or Common Area until plans and specifications showing the nature, color, kind, shape, height (including front, side and rear elevations), materials, and location of the same shall have been submitted to and approved in writing by the appropriate Association Architecture Committee as provided below. Interior gardens of Residential Parcels in atriums, patios or entrance enclosures, container planters and plantings of annual flowering plants on Residential Parcels are not subject to Committee Approval.

(i) Architectural Committee for Structures. With respect to structural improvements, the plans and specifications shall address the quality of workmanship and materials, harmony of external design and location in relation to surrounding structures, setback lines, topography, and finish grade elevation.

(ii) Architectural Committee for Landscape. With respect to landscape improvements, the plans and specifications showing the nature, color, kind, shape, anticipated growth pattern and water use, height and location of the same shall be submitted to and approved in writing by the Association's Architectural Committee for Landscape as to the harmony with surrounding plantings and appropriateness of such landscape improvement.

(b) Subject to the Governing Documents and applicable law, a Member may modify his or her Residential Parcel, at the Member's expense, to facilitate access for persons who are blind, visually handicapped, deaf, or physically disabled, or to alter conditions which could be hazardous to these persons. These modifications may also include modifications of the route from the public way to the door of the Separate Interest for the purposes of this paragraph. The right granted by this paragraph (b) is subject to the following conditions:

(i) The modifications shall be consistent with applicable building code requirements.

(ii) The modifications shall be consistent with the intent of otherwise applicable provisions of the Governing Documents pertaining to safety or aesthetics.

(iii) Modifications external to the dwelling shall not prevent reasonable passage by other residents and shall be removed by the Member when the Separate Interest is no longer occupied by persons requiring those modifications who are blind, visually handicapped, deaf or physically disabled.

(iv) An application for approval shall be submitted to and processed by the Structural Architectural Committee in the same manner as an application for approval of an architectural modification of a Residential Parcel, except that the Structural Architectural Committee shall also determine whether the modifications will comply with the provisions of this paragraph (b). The Association shall not deny approval of the proposed modifications under this paragraph (b) without good cause.

5.2 Appointment of Architectural Committees.

The Board of Directors shall appoint an Architectural Committee for Structures and an Architectural Committee for Landscape. Each Committee shall be composed of no fewer than three nor more than five members. Committee members appointed shall be from the membership of the Association. Members of each Committee shall serve for a term of one year, subject to the Board's power to remove any Committee member and to appoint his or her successor. In the event of the death or resignation of any Committee member, a successor shall be appointed by the Board. The members of the Committees shall not be entitled to any compensation for services performed pursuant hereto.

5.3 Submission of Plans: Action by Committees. Plans and specifications for the proposed Improvement shall be submitted to the appropriate architectural committee by personal delivery, electronic mail, or certified mail (with return receipt requested) to the chairman of that committee.

(a) In the event the committee fails to approve or disapprove such proposed Improvement within 45 days after said plans and specifications have been submitted to it, the request shall be deemed denied. Under such circumstances, the written request may be resubmitted.

(b) A decision on a proposed change shall be in writing. If a proposed change is disapproved, the written decision shall include both an explanation of why the proposed change is disapproved and a description of the procedure for reconsideration of the decision by the Board. Approval by the committee can contain conditions or requests for modification of particular aspects of the Owner's plan and specifications.

5.4 Architectural Rules. Both Architectural Committees shall, subject to review and approval by the Board of Directors, from time to time, adopt, amend and repeal rules and regulations to be known as "Structural Architecture Committee Rules" and "Landscape Architecture Committee Rules." Said rules shall interpret and implement the provisions of this Declaration by setting forth the standards and procedures for the review and approval of proposed Improvements and guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended for use within the Property, provided that said rules shall not be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Architectural Rules and this Declaration, the Declaration shall prevail.

5.5 Architectural Committee's Procedures. The Architectural Committee shall adopt, publish and adhere to Committee procedures as set forth in this Declaration and as may be expanded or clarified in each Committee's rules. Minutes shall be kept of each meeting of the Architectural Committees. Such minutes and any supporting documentation shall be filed with the Association Records.

5.6 Notices of Architectural Committee's Meetings or Hearings. For each application for Improvements, the Architectural Committees shall hold a hearing at which the applicant is afforded an opportunity to address the committee and other homeowners are given an opportunity to raise specific objections to the proposed Improvement. Notice of such hearing shall be provided to all homeowners not less than four (4) days in advance of such meeting and shall contain the time, date and place of such hearing and a description of the topic or topics to be heard. The hearing shall be held before an impartial body. Committee members shall be disqualified from hearing disputes in which their property is directly affected.

5.7 Appeal Process. Appeals from decisions of the Architectural Committees may be made to the Board of Directors, which shall hear the appeal. The Association Rules shall contain procedures to process appeals pursuant to this section.

5.8 Variances. The Architectural Committees shall be entitled to allow reasonable variances with respect to this Article V or any restrictions specified in Article VI in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships, provided that the following conditions are met:

(a) If the requested variance will necessitate deviation from, or modification of a property use restriction that would otherwise apply under this Declaration, the Committee must conduct a hearing on the proposed variance after giving at least 10 days' prior written notice to the Board and to all Owners of Residential Parcels within 100 feet of the property for which the variance applies. The Owners receiving notice of the proposed variance shall have 30 days in which to submit to the Committee written comments or objections with respect to the variance. No decision shall be made with respect to the proposed variance until the 30-day comment period has expired.

(b) The Committee must make a good faith determination that (i) the requested variance does not constitute a material deviation from the overall plan and scheme of development within the Properties or from any restriction contained herein or that the proposal allows the objectives of the violated requirements to be substantially achieved despite noncompliance; or (ii) the variance relates to a requirement hereunder that it is unnecessary or burdensome under the circumstances; or (iii) the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance, with respect to any other Residential Parcel, Common Area or Owner within the Properties.

5.9 Estoppel Certificate. Within 30 days after written demand is delivered to the Architectural Committee by any Owner, and upon payment to the Association of a fee, if required by the Committee to offset reasonable costs, the Committee shall execute an estoppel certificate, executed by any two of its members, certifying (with respect to any Residential Parcel owned by the applicant Owner) that as of the date thereof, either (i) all Improvements made and other work completed by said Owner with respect to the Residential Parcel comply with this Declaration; or (ii) that such improvements or work do not so comply, in which event the certificate shall also identify the noncomplying Improvements or work and set forth with particularity the bases of such noncompliance. Any purchaser from the Owner, or anyone deriving any interest in said Residential Parcel through the Owner, shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, all Owners and any persons deriving any interest through them.

5.10 Limitation of Liability of Committee Members. Neither the Architectural Committee for Structures nor the Architectural Committee for Landscaping nor any member thereof shall be liable to the Association, any Owner or to any other party for any damage, loss, or prejudice suffered or claimed on account of (i) the approval or disapproval of any plans, drawings, specifications or (ii) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications; provided, however, that with respect to the liability of a Member, such Member has acted in good faith on the basis or actual knowledge possessed by him or her.

ARTICLE VI
USE OF PROPERTIES AND RESTRICTIONS

In addition to the restrictions established by law or Association Rules promulgated by the Board of Directors (consistent with this Declaration), the following restrictions are hereby imposed upon the use of Residential Parcels, Common Areas and other parcels within the Properties.

6.1 Single Family Residential Use. The use of the Residential Parcels within the Properties is hereby restricted to Single Family Residential Use, as defined in Article I, Section 1.34 hereof. In no event shall a Residence be occupied by more individuals than permitted by applicable zoning laws or governmental regulations.

(a) No health care facilities operating as a business or charity shall be permitted in the Properties, unless permitted by law or ordinance which preempts this restriction.

(b) No family day care home shall be permitted within the Properties except as specifically authorized by California Health and Safety Code 1597.40 and other applicable state statutes. The owner/operator of any such day care facility shall comply with all local and state laws regarding the licensing and operating of a day care home and, in addition, shall:

(i) Name the Association as an additional insured on the liability insurance policy or bond carried by the owner/operator of the day care home;

(ii) Defend, indemnify and hold the Association harmless from any liability arising out of the existence and operation of the day care home;

(iii) Abide by and comply with all of the Association's Rules;

(iv) Supervise and be completely responsible for children at all times while they are within the Properties: and

(v) Cooperate with the Association if the Association's insurance agent or carrier requires proof of insurance, proof of the agreement of the owner or operator of the day care home to these conditions, or other reasonable requests.

(c) An Owner is permitted to lease or rent his or her Residential Parcel, subject to the provisions of Article II, Section 2.3 ("Delegation of Use") of this Declaration.

6.2 Common Areas. The Common Areas shall be preserved as open space and used for recreational purposes and other purposes incidental and ancillary to the use of Residential Parcels. Such use shall be limited to the private use for aesthetic and recreational purposes by the Association's Members, their tenants, families and guests, subject to the provisions of the Governing Documents. No Improvement, excavation or work which in any way alters any Common Area or Common Facility from its natural or existing state on the date such Common Area or Common Facility shall be made or done except by the Association and then only in strict compliance with the provisions of this Declaration.

6.3 Common Areas and Residential Parcels. Notwithstanding any other law, a provision of the governing documents shall be void and unenforceable if it does any of the following:

(a) Prohibits, or includes conditions that have the effect of prohibiting, the use of low water- using plants as a group.

(b) Has the effect of prohibiting or restricting compliance with either of the following?

(i) A water-efficient landscape ordinance adopted or in effect pursuant to subdivision (c) of Section 65595 of the Government Code.

(ii) Any regulation or restriction on the use of water adopted pursuant to Section 353 or 375 of the Water Code.

(c) This section shall not prohibit an association from applying landscaping rules established in the governing documents, to the extent the rules fully conform with the requirements of subdivision (a).

6.4 Prohibition of Noxious Activities. No illegal, noxious, or offensive activities shall be carried out or conducted upon any Residential Parcel or Common Area nor shall anything be done within the Properties which is or could become an unreasonable annoyance or nuisance to neighboring property Owners. Without limiting the foregoing, no Owner shall permit noise, including but not limited to barking dogs, stereo amplifier systems, television systems, motor vehicles or power tools, to emanate from an Owner's Residential Parcel or from activities within the Common Area, which would unreasonably disturb any other Owner's or tenant's enjoyment of his or her Residential Parcel or the Common Area.

6.5 Household Pets. The following restrictions regarding the care and maintenance of pets within the Properties shall be observed by each Owner and resident:

(a) A reasonable number of common household pets may be kept on each Residential Parcel so long as the same are not kept, bred or maintained for commercial purposes. No other animals, livestock, or poultry of any kind shall be kept, bred or raised on any Residential Parcel.

(b) Dogs shall be allowed on the Common Area only when they are leashed and are otherwise under the supervision and restraint of their Owners.

(c) No household pet shall be left chained or otherwise tethered in an unfenced area of a Residential Parcel or in the Common Area. Pet owners shall be responsible for the removal and prompt disposal of pet wastes deposited by their pets in the Common Area or on Residential Parcels.

(d) Each Owner bringing or keeping a pet on the Properties, or whose guests or invitees brings or keeps a pet on the Properties, shall be responsible for the conduct of such pets. The Association, its Board, officers, employees and agents shall have no liability (whether by virtue of this Declaration or otherwise) to any Owners, their family members, guests, invitees, tenants and contract purchasers for any damage or injury to persons or property caused by any pet.

(e) The Board of Directors shall have the right to establish and enforce additional rules and regulations imposing standards for the reasonable control and keeping of household pets in, upon and around the Properties to ensure that the same do not interfere with the quiet and peaceful enjoyment of the Properties by the other Owners and residents.

(f) If the Association implements a Rule or regulation restricting the number of pets an Owner may keep, the new Rule or regulation shall not apply to prohibit an Owner from continuing to keep any pet that the Owner currently keeps in the Owner's Residential Parcel if the pet otherwise conforms with the previous Rules or regulations relating to pets.

6.6 Temporary Structures. No structure of a temporary character, trailer, camper, tent, shack, garage or other outbuilding shall be used on any Residential Parcel at any time as a residence, either temporarily or permanently.

6.7 Signs. No advertising signs or billboards shall be displayed on any Residential Parcel or posted within or upon any portion of the Common Area except that Owners may post on their Residential Parcel any signs required by legal proceedings and a "For Rent," "For Lease," or "For Sale" sign not larger than 18 inches by 24 inches.

6.8 Business Activities. No business or commercial activities of any kind whatsoever shall be conducted within any Residential Parcel without the prior written approval of the Board, provided that the foregoing restriction shall not apply to the activities, signs or activities of the Association in the discharge of its responsibilities under the Governing Documents. Furthermore, no restrictions contained in this section shall be construed in such a manner so as to prohibit any owner from (a) maintaining his or her personal library in his or her Residence, (b) keeping his or her personal business records or accounts therein, (c) handling his or her personal or professional telephone calls or correspondence therefrom, (d) leasing or renting his or her Residence in accordance with Article II, Section 2.4, or (e) conducting any other activities on the Residential Parcel otherwise compatible with residential use and the provisions of the Declaration which are permitted under applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific governmental authorization. The uses described in (a) through (e), above, are expressly declared to be customarily incidental to the principal residential use of the Residential Parcel and not in violation of this Section 6.8.

6.9 Garbage. No rubbish, trash, or garbage shall be allowed to accumulate on any Residential Parcel. Any trash that is accumulated by an Owner outside the interior walls of a Residence shall be stored entirely within appropriate covered disposal containers and facilities which shall be located on the Owner's Residential Parcel and screened from view from any street, neighboring Lot or Common Area.

Any extraordinary accumulation of rubbish, trash, garbage or debris (such as debris generated upon vacating of premises or during the construction of modifications and improvements) shall be removed from the Properties to a public dump or trash collection area by the Owner or tenant at his or her expense. The Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed in a manner inconsistent with this section.

6.10 Storage. Storage of personal property on any Residential Parcel shall be entirely within enclosed storage areas. There shall be no wood piles nor storage piles accumulated on lawn areas of Residential Parcels although residents shall be entitled to stack firewood on the patio areas of the Owner's Residential Parcel. The Association shall have the right to establish and maintain within the Common Area appropriate storage yards and storage buildings for the maintenance of materials and equipment used by the Association in connection with its planting, building, repair, maintenance and preservation of the structures, gardens and other Improvements within the Common Areas.

6.11 Clotheslines. Exterior clothesline may be erected or maintained consistent with the Act in any enclosed patio area but drying of clothes cannot occur on a balcony, railing, awning or other part of a structure within the Residential Parcel.

6.12 Antennas, Satellite Dishes and Similar Devices.

(a) Owners may maintain antennas on their Residential Parcels which are designed for customary television and radio broadcast reception. In order to ensure adequate aesthetic controls and to maintain the general attractive appearance of the Properties, no Owner, resident or lessee shall, at his or her expense or otherwise, place or maintain any objects, such as masts, towers, poles, television and radio antennas, or television satellite reception dishes on or about the exterior of any building within the Properties unless approval is obtained from the Structural Architectural Committee prior to any installation. No rule governing the installation of such objects shall prohibit or restrict the installation of such objects that has a diameter or diagonal measurement of 36 inches or less and is installed within an Owner's Residential Parcel where the device is not visible from any street or Common Area within the Properties, except as otherwise prohibited or restricted by law. The Association may impose reasonable restrictions on the installation or use of a video or television antenna, including a satellite dish that has a diameter or diagonal measurement of 36 inches or less. For purposes of this section, "reasonable restrictions" means those restrictions that do not significantly increase the cost of the video or television antenna system, including all related equipment, or significantly decrease its efficiency or performance, as described in Section 4725(b) of the Davis-Stirling Common Interest Development Act.

(b) The application for approval shall be submitted to and processed by the Structural Architectural Committee in the same manner as an application for approval of an architectural modification of a Residential Parcel. The issuance of the Committee's decision shall not be willfully delayed.

(c) No activity shall be conducted on any Residential Parcel which causes an unreasonable broadcast interference with television or radio reception on any neighboring Residential Parcel.

6.13 Burning. There shall be no exterior fires whatsoever except barbeque fires located only on the patio area of the Residential Parcel and contained within receptacles designed for such purpose. No Owner or resident shall permit any condition to exist on his or her Residential Parcel, including, without limitation, trash piles or weeds, which create a fire hazard or is in violation of local fire regulations.

6.14 Basketball Standards. No basketball standards or other fixed sports apparatus shall be permitted on any Residential Parcel.

6.15 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained on or adjacent to any Residential Parcel except such machinery or equipment as is usual or customary in connection with the use, maintenance or repair of a private residence or appurtenant structures within the Properties.

6.16 Diseases and Pests. No Owner shall permit anything or condition to exist on his or her Residential Parcel which shall induce, breed, or harbor infectious plant diseases, rodents, or noxious insects.

6.17 Parking and Vehicle Restrictions. The following parking and vehicle restrictions shall apply within the Properties.

(a) Unless otherwise permitted by the Association, no authorized vehicle or trailer shall be parked or left within the Properties other than within a garage, driveway, or in designated guest parking areas, or in the Association storage area.

(b) Except as provided in subparagraph (e) below, only the following vehicles ("authorized vehicles") shall be permitted to be parked by any Owner or resident within the Properties: standard passenger vehicles, including motorcycles, bronco and blazer type trucks, and trucks which do not exceed one ton in gross weight. Boats, trailers, campers, recreational vehicles, commercial vehicles as defined in

§260 of the California Vehicle Code and trucks in excess of one ton in gross weight are not "authorized vehicles" and shall only be permitted within the Properties as provided in subparagraph (e) below.

(c) No motor vehicle shall be constructed, reconstructed or repaired within the Properties and no dilapidated or inoperable vehicle, including vehicles without wheel(s) or an engine, shall be stored on the Properties; provided however, that the provisions of this section shall not apply to emergency vehicle repairs. Major repairs or restoration of vehicles within the Properties is not encouraged and shall only be permitted if conducted entirely within the Owner's or resident's garage and in a manner that does not cause another vehicle or trailer to be parked in violation of this Section 6.17. In any specific instance involving a vehicle repair project, the Board may prohibit the activity entirely if the Board determines that the activity is being conducted in a manner that constitutes a nuisance or an unreasonable interference with the quiet enjoyment of neighbors. The restrictions imposed by subparagraph (c) are not intended to prohibit routine vehicle maintenance such as the changing of oil, the replacement of an air filter or other similar routine vehicle maintenance activities that can be completed in a few hours, so long as that maintenance is conducted on the Owner's or resident's driveway or in the Owner's or resident's garage.

(d) All driveways shall be maintained in a neat and orderly condition. Vehicles may not extend into the street.

(e) Campers, boats, trailers, motorcycles, commercial trucks and other trucks in excess of one ton are not to be parked within the Properties other than within enclosed garages except for periods not to exceed 72 hours for the purpose of loading and unloading, provided that campers, trailers and recreational vehicles may be parked in the designated vehicle storage yard within the Properties as permitted in accordance with the Association Rules. Small campers and other recreational vehicles used for daily transportation are limited to parking in driveways and enclosed garages.

6.18 <u>Enforcement of Parking and Vehicle Restrictions.</u>

(a) <u>Enforcement.</u> The Association and its authorized agents shall have the right to enforce all parking and vehicle restrictions set forth in Section 6.17 above in accordance with the provisions of Vehicle Code §22658, or other applicable laws, codes, and statutes. To the extent required by law, the Association shall be authorized to post within the Common Area all signage required by law to authorize the towing of vehicles parked in violation of these restrictions.

(b) <u>Authority to Adopt Additional Parking and Vehicle Rules.</u> The Board shall have the authority to promulgate further reasonable rules and regulations of uniform application regarding the parking of vehicles within the Properties in order to implement effectively the purposes and intent of Section 6.16.

(c) <u>Variances.</u>

(i) In the event that an Owner or resident believes that he or she should be granted a variance from any of the parking or vehicle restrictions contained in Section 6.17 above, the Owner or resident may apply to the Board for a variance. Except as provided in subparagraph (ii) below, no variance may be granted by the Board until the following procedures have been satisfied: The Board shall conduct a hearing on the request for variance. Notice of the hearing (which shall generally describe the desired variance) shall be presented in the notice of the meeting of the Board of Directors at which the matter will be considered and acted on and a copy of that notice shall be delivered to any other Residential Parcel Owner within 500 feet of the applicant's Residential Parcel. The Board meeting at which the matter will be considered shall not take place sooner than 15 days following issuance of the notice. Variances shall be granted only if the Board, in its sole discretion, determines that the activity permitted by the variance will not materially or adversely compromise the purposes and intent of these restrictions.

(ii) If a variance is needed for the short-term parking of vehicles in a manner or at a location not authorized by Section 6.17 above, the Board or management, if authorized by the Board, may grant a short-term variance without complying with the notice and hearing procedures described in subparagraph (i) above.

A short-term variance shall be defined as the parking of any vehicle or equipment in a manner or at a location not otherwise authorized by Section 6.17 above for periods not to exceed 72 hours, and which does not create a safety hazard, or in the opinion of the Board, materially detract from the aesthetics of the development. One example of a permissible short-term variance situation would be the parking of a well-maintained motor home in a driveway while the guest/owner is making a weekend visit to the Owner of the property where the driveway is located.

6.19 Use of Private Streets in Common Area.

(a) Private streets within the Properties shall not be used by motorized vehicles for recreational purposes, including "joy riding" or racing. Motorcycles, mopeds, and cars shall be allowed on such private streets only for ingress and egress.

(b) The Association shall have the right to adopt reasonable rules regarding the control and use of roads within the Properties, vehicles operated thereon and the speed of such vehicles, and is further authorized to delegate the discharge of its rights hereunder to a municipality or other governmental entity or to contract with a private security patrol company for such purposes so long as the private character of the Properties' roads is not jeopardized by such action.

6.20 Activities Affecting Insurance. Nothing shall be done or kept on any Residential Parcel or within the Common Area which will increase the rate of insurance relating thereto on any policy maintained by the Association (see Article IX below) without the prior written consent of the Association and no Owner shall permit anything to be done or kept on his or her Residential Parcel or within the Common Area which would cause any improvements to be uninsurable against loss by fire or casualty or result in the cancellation of insurance on any Residential Parcel or any part of the Common Area.

6.21 Restriction on Further Subdivision and Severability. No Residential Parcel shall be further subdivided nor shall less than all of any such Parcel be conveyed by an Owner thereof and no Owner of a Residential Parcel within the Properties shall be entitled to sever his or her Residential Parcel from the Common Area portion of the Properties. Nothing in this Declaration shall prevent partition of a co- tenancy in a Residential Parcel.

6.22 Enforcement of Property Use Restrictions. The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the environmental standards and property use restrictions contained herein. Accordingly, in the event that the Association becomes aware of an architectural or property use infraction that does not necessitate immediate corrective action, the Owner or tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provisions. Such notice shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice and advise the Owner or tenant of his or her appeal rights.

ARTICLE VII
EXTERIOR MAINTENANCE RESPONSIBILITIES

7.1 **Common Area** – The Association shall be solely responsible for the maintenance, repair, upkeep and replacement of the Common Area and Common Area Facilities. No person other than the Association or its duly authorized agents shall construct, alter or maintain an improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of the Common Area. In addition, no person shall remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon the Common Area without express approval of the Association.

7.2 **Association Maintenance Responsibility with Respect to Residential Parcels** – The Association shall provide exterior maintenance on each Residential Parcel, which is subject to Assessment hereunder, as follows:

(a) Replace and care for trees, shrubs, grass, and other landscaping improvements up to the exterior walls of the Owner's Residence, except for plantings and improvements located within the fenced or enclosed patio area on the Residential Parcel. The standards of landscaping maintenance by the Association hereunder shall be determined by the Landscaping and or Architectural Committee (s) and adopted and confirmed by the Board of Directors.

(b) Maintain the common underground sewer and water mains, gas and electrical lines located outside the boundaries of the Owner's unit in the Common Area, but not within the Owner's enclosed yard area, patio, under the Owner's driveway or walkway within the Owner's lot, or within the exterior walls of a Unit, or within the interior of the residence. Common Area post lights will be maintained by the Association.

7.3 **Owner Maintenance Responsibilities:**

(a) Except for any obligation or duty of the Association for maintenance, repair, upkeep, and replacement as specifically set forth in Sections 7.1 and 7.2, above, each Owner of a Lot shall be responsible for maintaining and repairing the improvements located upon their Lot, including without limitation the equipment and fixtures in/on the structures and its walls, roof, windows, doors, screens and screen doors, garage doors, other exterior doors, gates, fences, trellises, light fixtures, mailboxes, gutters, and any other hardware, driveway, walkways within Owner's Lot, in a clean, sanitary, workable and attractive condition in accordance with the Architectural Committee(s) guidelines. Each owner shall be responsible for maintenance, repair, and replacement of all plumbing, electrical, and gas lines, conduits, apparatus, and equipment servicing their Lot that is/are located within the Owner's unit and within the Owner's Lot, within the exterior walls, or within the residence. The standards for exterior maintenance by each Owner of a Lot shall be determined by the Board of Directors, after consideration and direction from the Architectural Committee(s).

Each Owner also shall be responsible for cleaning of the windows and glass of his or her structure; however, each Owner has complete discretion as to the choice of interior furniture, furnishings, and interior decorating; except that windows and glass doors can only be covered by drapes/blinds, shutters, or shades and cannot be painted or covered by foil, cardboard, sheets, or other similar materials, except on a temporary basis not to exceed 1 month.

The Owner shall be responsible for the maintenance of all landscaping located within the fenced or enclosed patio area on the Owner's Lot.

(b) If an Owner is required to make any repair, construct any improvement, or install any fixture or equipment that will affect the exterior appearance of the Lot and/or any structure on the Lot, prior written approval of the Architectural Committee, or in the absence of said Committee the Board of Directors, must first be obtained. In no case shall the roof or any structure be of any material other than a tile that is similar to the title originally selected by the builder. Flat roofs may be maintained by any appropriate roofing material of the Owner's choice. Prior written approval need not be obtained to make emergency repairs, provided that the structure so affected is restored to its original condition at the Owner's expense. Exterior paint colors will be determined by the Board of Directors and/or Architectural Committee(s), and Owners shall paint exterior surfaces with only those colors approved by Board of Directors and/or Architectural or other Committee(s) and the Governing Documents.

(c) In the event of unauthorized or undocumented exterior building alterations, including, but not limited to, painting, windows, doors, fences, trellises, trees and other aggressive root system plants, regardless of the time period such alterations have existed, the Owner of the Lot must either remove the alterations, or obtain approval pursuant to the Governing Documents.

7.4 **Recovery of Costs of Certain Repairs and Maintenance**

(a) In the event that the need for maintenance or repair which otherwise would be the Association's responsibility hereunder is caused through the willful or negligent acts of an Owner, his or her family, guests, tenants or invitees, and is not covered or paid for by the Association insurance policies or an insurance policy maintained by the responsible Owner, the cost of such maintenance or repairs shall be subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with Article IV, Section 4.4 hereof.

(b) In the event that an Owner fails to perform maintenance functions for which he or she is responsible as required in this Subsection 7.3, and after the Owner has been given notice and the opportunity for a hearing in accordance with Article XIII, Section 13.7, hereof; the Association, and its agents, may exercise their rights under Article III, Section 3.6(b) to enter the Lot and perform the necessary maintenance. The cost of such maintenance shall be subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with Article IV, Section 4.4 hereof.

(c) Upon adoption of these amended CC&Rs, homeowners take over maintenance responsibilities of their unit(s) as set forth herein and relieve the Association of liability for past maintenance issues.

7.5 Transition of Maintenance Obligations from Association to Owner: The amendment of sections 7.1 through 7.4 and 3.6(b) herein transfers the obligation of the maintenance, repair, upkeep, and replacement of Improvements on each Lot to the respective Owners thereof, obligations previously the responsibility of the Association. It is recognized that in the discharge of its previous obligations, the Association collected assessments for maintenance and repairs associated with improvements on the Lots, including but not limited to roofing and exterior painting, and undertook such projects for the Lots, respectively, and in its discretion, over periods of years on revolving schedules. Accordingly, it is recognized that, at the time of the transition of maintenance and repair obligations from Association to Owners the maintenance and/or repair status of various Lots may be in differing conditions and status. Therefore, in implementing the transition from Association responsibility to Owner responsibility for the maintenance, repair, upkeep, and replacement of exterior improvements on individual Lots, it shall fall within the plenary discretion of the Board on the method, terms, and conditions of (1) winding up and concluding its previous obligations and (2) determining how to apply or disburse any previous assessments collected for the purpose of discharging said obligations. Owners are encouraged to conduct periodic inspections of their Improvements, including upon transfer of these maintenance obligations, in order to ensure the timely maintenance of such improvements.

ARTICLE VIII
EASEMENTS

8.1 Encroachment Easements. Each Residential Parcel and its Owner shall have and is granted an easement over all adjoining Residential Parcels and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of structures, or any other cause as long as the encroachment remains. However, in no event shall a valid easement for encroachment exist in favor of an Owner if the encroachment occurred due to willful misconduct of the Owner. In the event a Residence is partially or totally destroyed, and then repaired or rebuilt, the Owner of each Residential Parcel agrees that minor encroachments over adjoining Lots and the Common Area shall be permitted and there shall be valid easements for the maintenance of the encroachments as long as they shall exist. Each Residential Parcel and its Owner shall have and is granted an easement, appurtenant to such Lot over each adjoining Lot or the Common Area, as the case may be, for overhanging roofs and eaves, fireplace structures, and other structural components as originally constructed by the Declarant, or, if partially or totally destroyed, as subsequently rebuilt or repaired in accordance with the original plans and specifications.

8.2 Street Easements. Each Owner and the Association shall have and is hereby granted a nonexclusive easement for street, roadway and vehicular traffic purposes over and along the private streets and paved parking areas within the Properties, subject to termination of such easement and the rights and restrictions set forth in this Declaration.

8.3 Blanket Utility Easement. There is hereby created a blanket easement upon, across, over and under all of the Properties for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones, drainage and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment and underground facilities on the Common Area. Notwithstanding the foregoing, no sewer, electrical lines, water lines, or other utilities may be installed or relocated on said Properties except as initially designed and approved by the Declarant or thereafter approved by the Association's Board of Directors. The easements provided for in this Section 8.3 shall in no way effect any other recorded easement on the Properties.

8.4 Maintenance Easements. An easement is hereby granted to the Association, its officers, agents, employees, and to any management company or contractor selected by the Association to enter in or to cross over the Common Area and any Residential Parcel to perform the Association's duties of maintenance and repair as set forth in Article VII, provided that any entry by the Association or its agents onto any Residential Parcel shall only be undertaken in strict compliance with Section 3.6(b).

8.5 Boundary Changes. An easement shall exist for use and maintenance as Common Area over any portion of a Residential Parcel which, because of a change in the boundary of a private structure, including a fence, wall or patio, at the time of original construction by the Declarant lies between that boundary and a Residential Parcel line abutting the Common Area.

8.6 Other Easements. Each Residential Parcel and its Owner, and the Association as to the Common Area, are hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Properties and each Residential Parcel and Common Area as shown on the Subdivision Map.

ARTICLE IX
INSURANCE

9.1 Types of Insurance Coverage. The Association shall purchase, obtain and maintain, with the premiums therefor being paid out of Common Funds, the following types of insurance:

(a) Fire and Casualty Insurance. The Association shall obtain and maintain fire and casualty insurance, for the full insurable value of all the Improvements within the Common Area (including the Common Area Facilities) and business personal property belonging to the Association. The insurance shall be kept in full force and effect at all times and the full replacement value of the insured property shall be redetermined on an annual basis.

In addition to the foregoing, the Board shall procure such other endorsements that the Board may, in the exercise of its sound reasonable judgment, deem necessary or as may be required to satisfy the requirements of any institutional Mortgagee. As used herein, the term "Institutional Mortgagee" shall mean a Mortgagee holding a first-priority lien that is: (i) a bank, savings and loan association, insurance or mortgage company or other entity or institution chartered under federal and/or State law; (ii) an insurer or governmental guarantor of a first-priority mortgage; (iii) any federal or State agency; (iv) the State of California as the vendor under an installment land sales contract covering a Residential Parcel; or (v) any other institution specified by the Board in a recorded instrument, who is the Mortgagee of a Mortgage or the beneficiary of a Deed of Trust encumbering a Residential Parcel.

Depending on the nature of the insured property and the requirements, if any, imposed by institutional Mortgagees having an interest in such property, the policies maintained by the Association pursuant to this section shall contain an agreed amount endorsement or its equivalent, an increased cost of construction endorsement and a contingent liability from operation of building laws endorsement or the equivalent, an extended coverage endorsement, vandalism, and malicious mischief coverage. The policies required hereunder shall provide amounts or coverage as shall be determined by the Board and shall name as insured the Association. The policies may contain a loss payable endorsement in favor of the trustee described in Section 9.5 below.

(b) Public Liability and Property Damage Insurance. To the extent such insurance is reasonably available, the Association shall obtain and maintain a policy of comprehensive public liability and property damage insurance naming as parties insured the Association, each member of the Association Board of Directors, any manager, and such other persons as the Board may determine. The policy will insure each named party against any liability incident to the ownership and use of the Common Area and any other Association-owned or maintained real or personal property and including, if obtainable, a cross-liability or severability of any interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than $1 million covering all claims for death, personal injury and property damage arising out of a single occurrence.

(c) Directors and Officers Liability Insurance and Fidelity Bonds. The Association shall purchase and maintain directors and officers liability insurance on behalf of each Director, Officer or Member of a Committee of the Association (collectively the "agents") against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, regardless of whether the Association would have the power to indemnify the agent against such liability under applicable law. The Board shall also purchase and maintain fidelity bonds or insurance in such amounts as the Board may deem advisable or required by law and shall contain an endorsement of any person who may serve without compensation.

9.2 Optional Coverage. To the extent such insurance is reasonably obtainable or required by law and at the discretion of the Board, the Association may also purchase with Common Funds such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable.

9.3 Coverage Not Available. In the event any insurance policy, or any endorsement thereof, required by Section 9.1 above is for any reason not available, then the Association shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage described above. The Board shall notify the Owners of any material adverse changes in the Association's insurance coverage.

9.4 Copies of Policies and Summary of General Liability Policy. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time. The Association shall prepare and distribute to all its Members the following summary of the Association's general liability policy that states all of the following:

(a) the name of the insurer;

(b) the policy limits of the insurance;

(c) If an insurance agent, as defined in Section 1621 of the Insurance Code, an insurance broker, as defined in Section 1623 of the Insurance Code, or an agent of an insurance agent or insurance broker has assisted the Association in the development of the general liability policy limits and if the recommendations of the insurance agent or insurance broker were followed;

(d) The insurance deductibles;

(e) The person or entity that is responsible for paying the insurance deductible in the event of loss;

(f) Whether or not the insurance coverage extends to the real property improvements to the separate interests;

(g) A summary of the Association's earthquake and flood insurance policy, if one has been issued, that states all the following:

(i) The name of the insurer;
(ii) The policy limits of the insurance;
(iii) The insurance deductibles;

(h) The person or entity that is responsible for paying the insurance deductible in the event of loss A summary of the liability coverage policy for the directors and officers of the Association that lists all the following:

(i) The name of the insurer;

(ii) The limits of the insurance.

(i) Notwithstanding subdivisions (e), (f) and (g), the Association shall, as soon as reasonably practical, notify its members by first-class mail if any of the policies have been canceled and not immediately replaced. If the Association renews any of the policies or a new policy is issued to replace an insurance policy of the Association, and where there is no lapse in coverage, the Association shall notify its members of that fact in the next available mailing to all members pursuant to Section 50 16 of the Corporations Code.

To the extent that the information to be disclosed pursuant to subdivisions (e), (f) and (g) is specified in the insurance policy declaration page, the Association may meet the requirements of those subdivisions by making copies of that page and distributing it to all its members.

9.5 Underlying Fire Insurance on Residential Parcels. Owners shall maintain, at Owner's sole cost, fire insurance coverage for individual Residential Parcels and shall use the proceeds of any such insurance claim to rebuild or repair the Owner's Residence in a manner approved by the Association's Architectural Review Committee or Board of Directors. Any such insurance shall contain a replacement cost endorsement.

9.6 Trustee. All insurance proceeds payable under Article IX, Section 9.1 and subject to the rights of the Mortgagees under Article IX, Section 9.1, may, in the discretion of the Board of Directors, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees and others, as their respective interests shall appear. Said trustee shall be a commercial bank or other institution with trust powers within the County that agrees in writing to accept such trust. If repair or reconstruction is authorized pursuant to Article X below, the Association and any duly appointed trustee shall have the duty to contract for such work as provided in Article X, Section 10.5.

9.7 Adjustment of Losses. Intentionally omitted.

9.8 Distribution to Mortgagees. Subject to the provisions of this Article IX, any Mortgagee has the option to apply insurance proceeds payable on account of a Residential Parcel in reduction of the obligation secured by the Mortgage of such Mortgagee.

9.9 Owner's Liability Insurance. An Owner may carry whatever personal liability and property damage liability insurance with respect to his or her Residential Parcel that he or she desires. However, any such policy shall include a waiver of subrogation clause acceptable by the Board and to any institutional First Mortgagee. An Owner is responsible for insuring his or her personal property within the Residential Parcel and for obtaining a liability policy for injuries occurring within the Residential Parcel.

9.10 Indemnification. Each Owner shall indemnify, defend, and hold harmless each other Owner for the acts and omissions of such indemnifying Owner and such Owner's family members, contract purchasers, guests, and invitees for any and all property damage to an Owner's Lot.

ARTICLE X
DAMAGE OR DESTRUCTION

10.1 Destruction; Requirement to Rebuild. If there is a total or partial destruction of any Residential Parcel within the Properties, Owner shall promptly rebuild the improvements located on the Residential Parcel as set forth in this Article.

10.2 Destruction: Proceeds Less Than 85 Percent of Reconstruction Costs. Intentionally omitted.

10.3 Rebuilding Procedures. During the rebuilding process set forth in Section 10.1, the Owner shall be solely responsible for all costs to rebuild Owner's improvements within the Residential Parcel. Owner shall obtain the approval of any and all construction and design plans from the Association's Board and/or Architectural Review Committee before obtaining a permit to complete the construction. All construction work shall be completed by licensed and insured contractors and shall be completed pursuant to any construction rules promulgated by the Association.

ARTICLE XI
CONDEMNATION

11.1 Sale by Unanimous Consent or Taking. If an action for condemnation of all or a portion of the Properties is proposed or threatened by any governmental agency having the right of eminent domain, then on unanimous written consent of all the Owners and all institutional Mortgagees, the Properties, or a portion thereof may be sold and conveyed to the condemning authority by the Board or its designees acting as the attorney-in-fact of all Owners under an irrevocable power of attorney which each Owner by accepting a deed to a Lot in the Properties hereby grants and which shall be coupled with the interest of all other Owners, for a price deemed fair and equitable by the Board. If the requisite number of Owners or institutional Mortgagees do not consent to a sale of all or a portion of the Properties, and the condemning authority institutes condemnation proceedings, the court shall fix and determine the condemnation award.

11.2 Distribution and Sale Proceeds of Condemnation Award.

(a) Total Sale or Taking. A total sale or taking of the Properties means a sale or taking that (i) renders more than 50 percent of the Residential Parcels uninhabitable (such determination to be made by the Board in the case of a sale and by the court in the case of a taking) or (ii) renders the Properties as a whole uneconomical as determined by the vote or written consent of 66-2/3 percent of those Owners and their respective institutional Mortgagees whose Residential Parcels will remain habitable after the taking. However, any determination that a sale or taking is total must be made before the proceeds from any sale or award are distributed. The proceeds of any such total sale or taking of the Properties, after payment of all expenses relating to the sale or taking, shall be paid to all Owners and to their respective Mortgagees in the proportion that the fair market value of each Residential Parcel bears to the fair market value of all Residential Parcels on the Properties. The fair market value of Residential Parcels shall be determined in the condemnation action, if such be instituted, or by an appraiser.

(b) Partial Sale or Taking. In the event of a partial sale or taking of the Properties, meaning a sale or taking that is not a total taking, as determined in Section 11.2(a), above, the proceeds from the sale or taking shall be paid or applied in the following order of priority and any judgments of condemnation shall include the following provisions as part of its terms:

(i) To the payment of expenses of the Association in effecting the sale or to any prevailing party in any condemnation action to whom such expenses are awarded by the Court to be paid from the amount awarded; then

(ii) To Owners and to their respective Mortgagees, as their interests may appear, of Residential Parcels on the Properties whose Residential Parcels have been sold or taken, an amount up to the fair market value of such Residential Parcels as determined by the court in the condemnation proceeding or by an appraiser, less such Owners' share of expenses paid pursuant to Section 11.2(b)(i) (which share shall be in proportion to the ratio that the fair market value of each Owner's Residential Parcel bears to the fair market value of all Residential Parcels). After such payment, the recipient shall no longer be deemed an Owner and the Board or individuals authorized by the Board, acting as attorney-in- fact of all Owners shall amend the Subdivision Map and this Declaration to eliminate from the Properties the Lots so sold or taken; then

(iii) To any remaining Owner(s) and to his or her Mortgagees, as their interests may appear, whose Residential Parcel has been diminished in value as a result of the sale or taking disproportionate to any diminution in value of all Residential Parcels, as determined by the Court in the condemnation proceeding or by an appraiser, an amount up to the total diminution in value; then

(iv) To all remaining Owners and to their respective Mortgagees, as their interests may appear, the balance of the sale proceeds or award in proportion to the ratio that the fair market value of each remaining Owner's Residential Parcel bears to the fair market value of all remaining Owners' Residential Parcels as of a date immediately prior to commencement of condemnation proceedings, as determined by the Court in the condemnation proceeding or by an appraiser.

ARTICLE XII
NONSEVERABILITY OF COMPONENT INTERESTS

12.1 Severance Prohibited. An Owner shall not be entitled to sever his or her Residential Parcel from his or her membership in the Association and shall not be entitled to sever his or her Unit or his or her membership from the Owner's undivided interest in the Common Area for any purpose. Except as provided in Section 4610 (b) of the Davis-Stirling Common Interest Development Act, the Common Area shall remain undivided, and no Owner shall have the right to partition or divide his or her ownership in the Common Area. None of the component interests in a Residential Parcel can be severally sold, conveyed, encumbered, hypothecated, or otherwise dealt with; and any violation or attempted violation of this provision shall be void. Similarly, no Owner can sever any exclusive easement appurtenant to his or her Residential Parcel over the Common Area from the Owner's Residential Parcel, and any attempt to do so shall be void.

12.2 Limitation on Interests Conveyed. After the initial sales of the Residential Parcels, unless otherwise expressly stated, any conveyance of a Residential Parcel or any portion of it by an Owner shall be presumed to convey the entire Residential Parcel. However, nothing contained in this Section 12.2 shall preclude the Owner of any Residential Parcel from creating an estate for life or an estate for years or from creating a co-tenancy or joint tenancy in the ownership of the Residential Parcel with any other person or persons.

ARTICLE XIII
BREACH AND DEFAULT

13.1 Purpose of Article. This Article XIII applies to disputes between the Association and Members involving their rights, duties, or liabilities under the Davis-Stirling Common Interest Development Act, under the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title I of the Corporations Code), or under the Governing Documents.

13.2 Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration are inadequate and that the failure of any Owner, tenant, occupant or user of any Residential Parcel, or any portion of the Common Area or Common Area Facilities, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board of Directors, or by their respective successors in interest.

13.3 Nuisance. Without limiting the generality of the foregoing Section 13.2, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

13.4 Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any Owner or other party hereto under this Declaration, the court may award to the prevailing party in any such action such attorneys' fees and other costs in an amount the court deems just and reasonable.

13.5 Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

13.6 Failure Not a Waiver. The failure of any Owner, the Board of Directors, the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, right-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon the Association or the Board, or any of its officers or agents.

13.7 Rights and Remedies of the Association.

(a) Rights Generally. In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board for and on behalf of all other Owners, may enforce the obligations of each Owner to obey such Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited to the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action or the suspension of the Owner's rights to use recreational Common Area Facilities or suspension of the Owner's voting rights as a Member of the Association, provided that the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this Section 13.7.

The decision of whether it is appropriate or necessary for the Association to initiate enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement as may exist by virtue of the California Civil Code Section 5975 or otherwise by law.

(b) Schedule of Fines. The Board may adopt and implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring; in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment. If the Board adopts a policy imposing such monetary penalties, the Board shall distribute to each member, in the Annual Policy Statement described in Article XIV, Section 14.2 of the Bylaws, a schedule of the monetary penalties that may be assessed for those violations which shall be in accordance with authorization for Member discipline contained in the Governing Documents.

(i) Any new or revised monetary penalty that is adopted after complying with the foregoing may be included in a supplement that is delivered to the Members individually, pursuant to Section 4040 of the Davis-Stirling Common Interest Development Act.

(ii) A monetary penalty for a violation of the Governing Documents shall not exceed the monetary penalty stated in the schedule of monetary penalties or supplement that is in effect at the time of the violation.

(iii) The Association shall provide a copy of the most recently distributed schedule of monetary penalties, along with any applicable supplements to that schedule, to any Member upon request.

(c) Definition of "Violation." A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures. The Association shall take reasonable and prompt action to repair or avoid the continuing damaging effects of a violation or nuisance occurring within the Common Area at the cost of the responsible Owner.

(d) Limitations of Disciplinary Rights.

Loss of Rights: Forfeitures. The Association shall have no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his or her Residential Parcel due to the failure by the Owner (or his or her family members, tenants, guests or invitees) to comply with any provision of the Governing Documents or of any duly enacted Association Rule except where the loss or forfeiture is the result of the judgment of a court of competent jurisdiction, a decision arising out of arbitration or a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association, or where the loss or forfeiture is limited to a temporary suspension of an Owner's rights as a Member of the Association or the imposition of monetary penalties for failure to pay Assessments or otherwise comply with any Governing Documents so long as the Association's actions satisfy the due process requirements of subparagraph (e) below.

(e) Hearings.

No penalty or temporary suspension of rights shall be imposed pursuant to this article unless the Owner alleged to be in violation is given at least 15 days prior notice of the proposed penalty or temporary suspension and is given an opportunity to be heard before the Board of Directors or appropriate committee established by the Board with respect to the alleged violation(s) at a hearing conducted at least 5 days before the effective date of the proposed disciplinary action.

Notwithstanding the foregoing, under circumstances involving conduct that constitutes (i) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (ii) a traffic or fire hazard; (iii) a threat of material damage to, or destruction of, the Common Area of Common Area Facilities; or (iv) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Board of Directors or its duly authorized agents may undertake immediate corrective or disciplinary action and, upon request of the offending Owner (which request must be received by the Association, in writing, within five days following the Association's disciplinary action), or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

If the Association acts on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Association no later than five days following the date when the fine is levied. The hearing shall be held no more than 15 days following receipt of the accused Owner's request for hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.

(f) Notices. Any notice required by this article shall, at a minimum, set forth the following: (i) the date, place, and time for the hearing; (ii) a brief description of the action or inaction constituting the alleged violation of the Governing Documents or the nature of the damage to the Common Area and Common Area Facilities for which the monetary charge may be imposed; (iii) a reference to the specific Governing Document provision alleged to have been violated, if applicable; (iv) a statement that the Member has a right to attend and address the Board at the hearing; and (v) a statement that the Member has a right to request that the Board meet in executive session. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice, provided that if notice is given by mail it shall be sent by first-class or certified mail sent to the last address of the Member shown on the records of the Association.

(g) Rules Regarding Disciplinary Proceedings. The Board, or a Covenants Committee appointed by the Board to conduct and administer disciplinary hearings and related proceedings pursuant to Section 13.8 below, shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules.

(h) If the Board imposes discipline on a Member or imposes a monetary charge on the Member for damage to the Common Area and Common Area Facilities, the Board shall provide the Member a written notification of the decision, by either personal delivery or individual delivery pursuant to Section 4040 of the Davis-Stirling Common Interest Development Act, within 15 days following the action.

(i) A disciplinary action or the imposition of a monetary charge for damage to the common area shall not be effective against a member unless the Board fulfills the requirements of this section.

13.8 Covenants Committee.

(a) Appointment of Committee. Acting pursuant to Article X, Section 1 of the Bylaws, the Board of Directors may establish a Covenants Committee to hear and decide cases involving alleged violations of the Governing Documents. If no committee is established, the Board shall perform this function.

(b) Jurisdiction and Hearing Procedures of the Committee. The Covenants Committee shall review written complaints from Residential Parcel Owners, the General Manager, if any, or the Architectural Committee (for violations other than those relating to specific improvement projects within the jurisdiction of the Architectural Committee) regarding alleged violations of the Governing Documents or Association Rules, and, when determined appropriate, conduct hearings and make findings regarding the alleged violation(s). The Covenants Committee may levy penalties and/or fines (pursuant to a Board- approved fine schedule) in the event the allegations regarding such violations are found to be true. To perform the foregoing, the Covenants Committee shall adopt rules of procedure for enforcement hearings and shall conduct its hearings in accordance with such rules after they have been approved by the Board. Notwithstanding the foregoing, enforcement of specific violations of architectural requirements relating to Improvement projects submitted to, and reviewed by, the Architectural Committee(s) shall remain the jurisdiction of the Architectural Committee(s) pursuant to Article V, Section 5.1.

(c) Appeals. The decisions of the Covenants Committee, if established, shall be appealable to the Board of Directors within 10 calendar days following receipt of the Committee's decision. The Board shall hear any appealed matter. Decisions of the Board shall be final. Procedures for appeal and the hearing of appeals shall be set forth in the Association Rules.

13.9 Internal Dispute Resolution.

(a) The Association shall provide a fair, reasonable and expeditious procedure for resolving a dispute between the Association and a Member involving their rights, duties, or liabilities under the Davis-Stirling Common Interest Development Act, under the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title I of the Corporations Code), or under the Governing Documents. The procedure shall be developed in accordance with the provisions of Sections 5900 through 5915 of the Davis-Stirling Common Interest Development Act. The dispute resolution procedure shall at a minimum satisfy all of the following requirements:

(b) If the Association does not otherwise provide a fair, reasonable, and expeditious internal dispute resolution procedure in accordance with paragraph (a) above, the parties in the dispute may invoke the procedure described in Section 5915 of the Davis-Stirling Common Interest Development Act.

13.10 Alternative Dispute Resolution Prerequisite to Civil Action.

(a) The Association or a Member may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to Sections 5925 through 5965 of the Davis-Stirling Common Interest Development Act.

(b) The Association shall include in the Annual Policy Statement, distributed annually to Members as described in Article 14, Section 14.3 of the Bylaws, a summary of the provisions of Sections 5925 through 5965 of the Davis-Stirling Common Interest Development Act. The summary shall include the following language: "Failure of a Member of the Association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of the Member's right to sue the Association or another Member of the Association regarding enforcement of the Governing Documents or the applicable law."

13.11 Court Actions.

The covenants and restrictions in the Declaration shall be enforceable equitable servitudes, unless unreasonable, and shall inure to the benefit of and bind all Owners. Unless the Declaration states otherwise, these servitudes may be enforced by any Owner or by the Association, or by both. A Governing Document other than the Declaration may be enforced by the Association against an Owner or by an Owner against the Association.

(a) Before initiating any court action seeking declaratory or injunctive relief to interpret or enforce the Governing Documents the parties shall first comply with the provisions of Section 13.10 above and Sections 5925 through 5965 of the Davis-Stirling Common Interest Development Act, relating to alternative dispute resolution. The Association's own notice and hearing procedures in the Governing Documents for disciplinary matters may be drafted to satisfy these statutory requirements. This paragraph shall not apply to an Assessment dispute or, except as otherwise provided by law, to a small claims action.

(b) Court actions to enforce the Governing Documents may only be initiated in the name of the Association upon approval of the Board. The Association has standing to institute, defend, settle, or intervene in litigation, arbitration, mediation, or administrative proceedings in its own name as the real party in interest and without joining with it the Members, in matters pertaining to the following:

(i) Enforcement of the governing documents.

(ii) Damage to the common area.

(iii) Damage to a Residential Parcel that the Owner is obligated to maintain or repair.

ARTICLE XIV
PROTECTION OF MORTGAGEES

14.1 Rights of Mortgagees. No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provisions herein, shall defeat or render invalid the lien of any Mortgagee made in good faith and for value, but all of such covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure, trustee's sale, or otherwise.

ARTICLE XV
NOTICES

15.1 Methods of Delivery. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, in accordance with one of the following methods:

(a) Individual Delivery.

(i) If a provision of Governing Documents requires "individual delivery" or "individual notice," the document shall be delivered by one of the following methods:

(A) First-class mail, postage prepaid, registered or certified mail, express mail, or overnight mail, or overnight delivery by an express service carrier. The document shall be addressed to the recipient at the address last shown on the books of the Association.

(B) E-mail, facsimile, or other electronic means, if the recipient has consented, in writing, to that method of delivery. The consent may be revoked, in writing, by the recipient.

(ii) Upon receipt of a request by a Member, pursuant to Article XV, Section 15.1 of this Declaration, identifying a secondary address for delivery of notices of the following types, the Association shall deliver an additional copy of those notices to the secondary address identified in the request:

(A) The documents to be delivered to the Member pursuant to Article XIV of the Bylaws

(B) The documents to be delivered to the Member pursuant to Article IV of this Declaration.

(iii) For the purposes of this paragraph (a), an unrecorded provision of the Governing Documents providing for a particular method of delivery does not constitute agreement by a Member to that method of delivery.

(b) General Delivery.

(i) If a provision of the Governing Documents requires "general delivery" or "general notice," the document shall be provided by one or more of the following methods:

(A) Any method provided for delivery of an individual notice pursuant to this Article 15, Sections 15.1.a.i. and 15.1.a. ii.

(B) Inclusion in a billing statement, newsletter, or other document that is delivered by one of the methods provided in this Section.

(C) Posting the printed document in a prominent location that is accessible to all Members, if the location has been designated for the posting of General Notices by the Association in the annual policy statement, prepared pursuant to Article XIV, Section 14.3 of the Bylaws.

(ii) Notwithstanding subparagraph (i), if any Member requests to receive General Notices by individual delivery, all General Notices to that Member, given under this paragraph (b), shall be delivered pursuant to paragraph (a) of this Section 15.1. The option provided in this subparagraph (ii) shall be described in the Annual Policy Statement, prepared pursuant to Article XIV, Section 14.3 of the Bylaws.

(c) Delivery to the Association.

(i) If a provision of the Governing Documents requires that a document be delivered to the Association, the document shall be delivered to the person designated in the Annual Policy Statement, prepared pursuant to Article XIV, Section 14.3 of the Bylaws, to receive documents on behalf of the Association. If no person has been designated to receive documents, the document shall be delivered to the President or Secretary.

(ii) A document delivered pursuant to this paragraph (c) may be delivered by any of the following methods:

(A) First-class mail, postage prepaid, registered or certified mail, express mail, or overnight mail, or overnight delivery by an express service carrier, addressed to: Los Verdes Park 1 Homeowners Association, Inc., 92 Los Verdes Drive, San Luis Obispo, CA 93401 (or to such other address as the Association may from time to time designate in writing to the Owners).

(B) E-mail, facsimile, or other electronic means, if the Association has assented to that method of delivery Personal delivery, if the Association has assented to that method of delivery. If the Association accepts a document by personal delivery it shall provide a written receipt acknowledging delivery of the document.

15.2 Personal Service Upon Co-Owners and Others. Personal service of a notice or demand to one of the co-Owners of any Residential Parcel, to any general partner of a partnership which is the Owner of Record of the Residential Parcel, or to any officer or agent for service of process of a corporation which is the Owner of Record of the Residential Parcel shall be deemed delivered to all such co-owners, to such partnership, or to such corporation, as the case may be.

15.3 Delivery. Delivery of a document delivered pursuant to this Article XV shall be deemed complete upon the following:

(a) If a document is delivered by mail, on deposit into the United States mail.

(b) If a document is delivered by electronic means, at the time of transmission.

15.4 Additional Requirements for Electronic Delivery. If the Association or a Member has consented to receive information by electronic delivery, and a provision of the Governing Documents requires that the information be in writing, that requirement is satisfied if the information is provided in an electronic record capable of retention by the recipient at the time of receipt. An electronic record is not capable of retention by the recipient if the sender or its information processing system inhibits the ability of the recipient to print or store the electronic record.

ARTICLE XVI
NO PUBLIC RIGHTS IN THE PROPERTIES

16.1 Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any portion of the Properties to the general public or for any public use or purpose whatsoever.

ARTICLE XVII
AMENDMENT OF DECLARATION

17.1 Amendment in General.

(a) This Declaration may be amended or revoked in any respect by the vote or assent by written ballot of the holders of not less than 51 percent of the voting power. Notwithstanding the foregoing, the percentage of the Owners necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action taken under that clause.

(i) The Association, or any Member, may petition the superior court of San Luis Obispo County for an order reducing the percentage of the affirmative votes necessary to approve an amendment. The petition shall describe the effort that has been made to solicit approval of the Members as required by this Declaration, the number of affirmative and negative votes actually received, the number or percentage of affirmative votes required to affect the amendment in accordance with this Declaration, and other documents specified in Section 4275 of the Davis-Stirling Common Interest Development Act.

Notwithstanding any other provision of law or provision of the Governing Documents, if the Governing Documents include a reference to a provision of the Davis-Stirling Common Interest Development Act that was repealed and continued in a new provision by the act that added this section, the Board may amend the Governing Documents, solely to correct the cross-reference, by adopting a Board resolution that shows the correction. Member approval is not required in order to adopt a resolution pursuant to this section.

A Declaration that is corrected under this section may be restated in corrected form and recorded, provided that a copy of the Board resolution authorizing the corrections is recorded along with the restated Declaration.

(b) With respect to any vote hereunder the Association shall be entitled to accept the vote of any Owner of Record of a Residential Parcel as the vote of all Owners of Record of such Residential Parcel unless the Association receives more than one vote from said co-Owners, in which case the vote of a majority of the co-owners shall bind all. If an even number of votes is received, the vote of that Parcel is cancelled.

17.2 Effective Date of Amendment.

(a) Except as provided in subparagraph 17.l(a)(i), an amendment is effective after all of the following requirements have been met:

(i) The amendment has been approved by the percentage of Members required by the Declaration and any other person whose approval is required by the Declaration.

(ii) That fact has been certified in writing executed and acknowledged by the officer designated in the Declaration or by the Association for that purpose, or if not, one is designated, by the President of the Association.

(iii) The amendment will be effective upon the recording in the Office of the Recorder of San Luis Obispo County a Certificate of Amendment, duly executed and certified by two of the following three officers of the Association: (i) the president, (ii) the vice-president and (iii) the secretary of the Association setting forth in full the amendment so approved and that the approval requirements of Section 17.1 above have been duly met. Notwithstanding anything to the contrary herein contained, no such amendment shall affect the rights of the holder of any first deed of trust or Mortgage recorded prior to the recording of such amendment. If the consent or approval of any Mortgagee or other entity is required under this Declaration to amend or revoke any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

17.3 Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

ARTICLE XVIII
GENERAL PROVISIONS

18.1 Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, right-of-way, liens, charges and equitable servitudes contained in this Declaration shall run with, and shall benefit and burden the Residential Parcels and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors, and its officers and agents, and their respective successors in interest, for the term of 60 years from the date of the recording of this Declaration, after which time the same shall be automatically extended for successive periods of 10 years each unless, within 6 months prior to expiration of the initial 60-year term or any such 10-year extension period, a recordable written instrument, approved by 66 percent of all Owners terminating the effectiveness of this Declaration shall be filed for recording in the Office of the County Recorder of San Luis Obispo County, California.

18.2 Construction of Declaration.

(a) Restrictions Construed Together. All of the covenants, conditions, and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Properties as set forth in the Recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

(b) Restrictions Severable. Notwithstanding the provisions of subparagraph (a) above, the covenants, conditions, and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c) Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context requires.

(d) Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.

(e) Exhibits. All exhibits to which reference is made herein are deemed to be incorporated herein by reference, whether or not actually attached.

Certification

We, the undersigned, hereby certify, under penalty of perjury, that this Third Amended and Restated Declaration of Covenants, Conditions, and Restrictions set forth herein was duly adopted with the vote or written consent of the Members (the Members consisting of at least fifty-five percent (55%) of the total voting power held by the membership of Los Verdes Park Unit One Homeowners' Association, Inc.).

Dated: 10-11-18

LOS VERDES PARK UNIT ONE HOMEOWNERS' ASSOCIATION, INC.

Lisa Schott
President

Lisa Schott

AKA Lisa S Schott

Secretary

Michael D Powers

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Luis Obispo)

On October 11, 2018 before me, Linda Sue Furnari, Notary Public
Date *Here Insert Name and Title of the Officer*

personally appeared Michael D. Powers and
Name(s) of Signer(s)
Lisa S. Schott,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

LINDA SUE FURNARI
Notary Public – California
San Luis Obispo County
Commission # 2233824
My Comm. Expires Apr 7, 2022

Signature Linda Sue Furnari
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document
Title or Type of Document: ______ Document Date: ______
Number of Pages: ______ Signer(s) Other Than Named Above: ______

Capacity(ies) Claimed by Signer(s)

Signer's Name: ______
☐ Corporate Officer — Title(s): ______
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: ______
Signer Is Representing: ______

Signer's Name: ______
☐ Corporate Officer — Title(s): ______
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: ______
Signer Is Representing: ______

END OF DOCUMENT