

for appropriate additional coverage."

(b) Notification of Cancellation or Material Change in Policies. In addition to the notification discussed in these Bylaws, if any of the policies described in the summary lapse or are canceled and are not immediately renewed, restored, or replaced, or if there is a significant change in the policies, such as a reduction in coverage or limits or an increase in the deductible, then the Association shall, as soon as reasonably practical, notify its Members of the lapse, cancellation, or significant change. This notice shall be sent by first-class mail. If the Association receives any notice of nonrenewal of a policy described in subparagraph (a), the Association shall immediately notify its Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

3. Disclosure of Right To Receive Board Minutes.

Members shall be notified in writing at the time that the pro forma budget required by Article 12 is distributed or at the time of any general mailing to the entire membership of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

4. Alternative Dispute Resolution (ADR) Disclosure.

On an annual basis, the Board shall provide each Member a summary of the provisions of Civil Code Section 1354, which specifically references Section 1354 and which includes the language required by Civil Code Section 1354(i). The summary shall be provided to the Members either as part of the budget materials sent to the members under Article 12, or in the manner specified in Corporations Code Section 5016.

5. Statement of Outstanding Charges.

Within 10 days following receipt of a written request by a Member, the Association shall provide the Member with a written statement setting forth the following information as of the date of the statement: (i) the amount of the Association's current regular and special assessments and fees, as well as any assessments levied upon the Member's Lot that are unpaid; (ii) true information on the amounts of any delinquent assessments, penalties, attorney fees, and other charges against the requesting Member's Lot that may be made a lien on that Lot in accordance with Civil Code Section 1367; and (iii) any change in the Association's current Regular and Special Assessments and fees which have been approved by the Association's Board of Directors, but have not become due and payable as of the date of the statement.

6. Rules and Regulations and Disclosure of Schedule of Fines or

Other Monetary Penalties.

If the Association adopts or amends Rules and Regulations and/or a schedule of fines for commonly recurring infractions of the Governing Documents or any other policy imposing a monetary penalty or a fee on any Member for violation of any Governing Document or the Association Rules and Regulations, including any monetary penalty relating to the activities of a guest or invitee of a Member, the Board shall distribute the Rules and Regulations and/or schedule or policy to the Members by either personal delivery or by first-class mail. This distribution obligation shall arise whenever such Rules and Regulations or a schedule or policy is adopted or subsequently amended.

7. Avoidance of Duplication in Reporting Obligations.

To the extent one document distributed to the Members under these Bylaws provides the information required in more than one of the foregoing sections of this article and the time deadlines for proper distribution can otherwise be satisfied, any such requirements listed above may be satisfied by sending the Members the same document.

ARTICLE 14 The Springs Club

The Springs Club is a nonprofit corporation completely independent of The Springs Association, but cooperating with the Association, as provided in the Declaration.

ARTICLE 15 Miscellaneous

1. Inspection of Books and Records.

(a) Member Inspection Rights. All accounting books and records that summarize the financial activities of the Association, such as check registers, ledgers, etc. (but excluding documents such as individual checks, contracts, personnel records, proposals, bids and minutiae of that sort), minutes of proceedings of the Members, the Board and committees of the Board (except Executive Session minutes) and the membership list of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Member or his duly appointed representative at the offices of the Association for any purpose reasonably related to the Member's interest as such. Member's rights of inspection shall be exercisable on 10 days' written demand to the Association, which demand shall state the purpose for which the inspection rights are requested. In the case of the demands to inspect the Association's membership list, a Member's inspection rights shall be subject to the Association's right to offer a reasonable alternative to inspection within 10 days after

receiving the Member's written demand, as more particularly set forth in Corporations Code Sections 8330-8338.

(b) Director Inspection Rights. Every Director shall have an absolute right at any reasonable time to inspect all books, records, documents, and minutes of the Association and the physical properties owned by the Association, subject to existing case and statutory law. The right of inspection by a Director includes the right to make extracts and copies of documents.

(c) Adoption of Reasonable Inspection Rules. The Board of Directors may establish reasonable rules with respect to (i) notice of inspection, (ii) hours and days of the week when inspection may be made, and (iii) payment of the cost of reproducing copies of documents requested by the Member.

(d) Board Meeting Minutes. The minutes themselves, proposed minutes marked to indicate draft status, or a summary of the minutes of any meeting of the Board of Directors, other than the minutes of any executive session, shall be available to the Members within 30 days following the meeting. The minutes, proposed minutes, or summary of the minutes shall be distributed to any Member on request and on reimbursement of the Association's costs of making that distribution. Members shall be notified in writing at the time that the pro forma budget required by these Bylaws is distributed, or at the time of any general mailing to the entire membership, of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

2. General Manager or Property Manager.

The Board may, from time to time, employ the services of a manager, known as the general manager or property manager, to manage the affairs of the Association and, to the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the general manager or property manager any of its day-to-day management and maintenance duties and powers under these Bylaws and the Declaration, provided that the general manager or property manager shall at all times remain subject to the general control of the Board.

3. Robert's Rules of Order.

In the event of a dispute concerning the procedural aspects of any meetings which cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to the most recent edition of Robert's Rules of Order or any other recognized publication on parliamentary procedure.

4. Amendment or Repeal of Bylaws by Members.

These Bylaws may be adopted, amended, or repealed only by the affirmative vote of a majority of a quorum of the membership represented and voting at a duly held meeting at which a quorum is present or by written ballot conducted in accordance with these Bylaws. If any provision of these Bylaws requires the vote of a larger proportion or all of the Members, such provisions may not be altered, amended, or repealed except by such greater vote, unless otherwise specifically provided herein. Any amendment to these Bylaws shall become effective immediately upon approval by the Members. The Secretary of the Association shall certify adoption of any duly approved amendment to the Bylaws and a copy of said certificate and the amendment shall be included in the Association's corporate records.

5. Notice Requirements.

Any notice or other document permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered 72 hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows:

(a) if to the Association or the Board of Directors, at the principal office of the Association as designated from time to time by written notice to the Members;

(b) if to a Director, at the address from time to time given by such Director to the Secretary for the purpose of service of such notice;

(c) if to a Member, at the address from time to time given by such Member to the Secretary for the purpose of service of such notice, or, if no such address has been so given, to the address of any Lot within the Properties owned by such Member.

6. Indemnification.

(a) Indemnification of Association. Each Member shall be liable to the Association for any damage to the Common Areas or Common Facilities, including the Fitness and Activity Center, caused by the negligence or willful misconduct of the Member or his family, tenants, renters, guests, invitees or lessees, to the extent that the damage shall not be covered by insurance. Each Member shall indemnify, hold harmless, and pay any costs of defense of each other Member from claims for personal injury or property damage occurring within any Lot owned by the indemnitor, provided that this protection shall not extend to any indemnitee whose negligence or willful misconduct caused or contributed to the injury or damage. This section is not intended to be for the benefit of any insurer and shall not affect nor limit the duty of

any insurer to pay any claim which would be payable by said insurer but for this section.

(b) Indemnification by Association of Directors and Officers, Employees, and Other Agents. To the fullest extent permitted by law, the Association shall indemnify its Directors, officers, employees, and other agents described in Corporations Code Section 7237 or any successor section, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that Corporations Code section and including an action by or in the right of the Association, by reason of the fact that such person is or was a person described by that section. "Expenses," as used in this section, shall have the same meaning as in Corporations Code Section 7237(a) or any successor section.

(c) Approval of Indemnity by Association. On written request to the Board by any person seeking indemnification hereunder, the Board shall promptly determine in accordance with Corporations Code Section 7237(e), whether the applicable standard of conduct set forth in Corporations Code Section 7237(b) or Section 7237(c) has been met, and if it has, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to the proceeding, the Board shall promptly call a meeting of Members. At that meeting, the Members shall determine under Corporations Code Section 7237(e) whether the applicable standard of conduct set forth in Corporations Code Section 7237(b) or Section 7237(c) has been met, and if it has, the Members present at the meeting in person or by proxy shall authorize indemnification. All references to Code sections include reference to any successor section.

(d) Advancement of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a Director, officer, employee and/or agent seeking indemnification under paragraphs (b) and (c) of this Section in defending any proceeding covered by those sections shall be advanced by the Association before final disposition of the proceeding, on receipt by the Association of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Association for those expenses.

(e) Insurance. The Association shall have the power to purchase and maintain insurance on behalf of its Directors and officers, employees and/or other agents against other liability asserted against or incurred by any Director, officer, employee and/or

agent in such capacity or arising out of the Director's, officer's, employee's and/or agent's status as such.

7. Construction and Definitions.

Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in California Civil Code Section 1350 et seq, and any amendments thereto, as well as the California Nonprofit Mutual Benefit Corporation Law, in that order of priority, shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained herein.

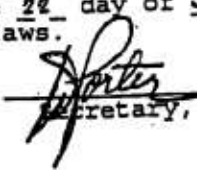
8. Attorney's Fees and Costs.

In any action brought because of any alleged breach or default of any Member or other party hereto under these Bylaws, or under the Rules and Regulations, Architectural Guidelines, Association Collection Policy, or any other Governing Document of the Association, the court may award to any party in any such action such attorneys' fees and other costs as the court deems just and reasonable.

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the corporation known as The Springs Community Association, does hereby certify that the above and foregoing Restated Bylaws consisting of 46 pages, were duly adopted by written ballot of the Members of said Association on the 22 day of JULY, 2004 and that they now constitute said Bylaws.

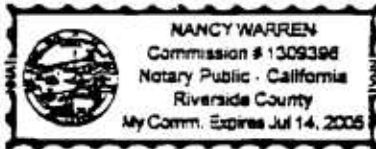
By


Secretary, THE SPRINGS COMMUNITY ASSOCIATION

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA
 County of RIVERSIDE
 On 8/4/04 before me, NANCY WARREN, NOTARY
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
 personally appeared W. PORTER
Name(s) of Signer(s)

☒ personally known to me - OR - ☐ 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.



WITNESS my hand and official seal.

Nancy Warren
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another 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: _____

- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer is Representing: _____

Signer is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
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OF SIGNER
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**SECOND RESTATED BYLAWS
OF
THE SPRINGS COMMUNITY ASSOCIATION**

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SECOND RESTATED BYLAWS
OF
THE SPRINGS COMMUNITY ASSOCIATION

ARTICLE 1

NAME AND LOCATION

Section 1.1. Name of Association. The name of the Association is THE SPRINGS COMMUNITY ASSOCIATION, a California nonprofit corporation (hereinafter referred to as the "Association"). The Association is organized under the California Nonprofit Mutual Benefit Corporation Law.

Section 1.2. Principal Office. The principal office for the transaction of the business of the Association is hereby fixed and located within the City of Rancho Mirage or at such other place within Riverside County as may be determined by the Board. The Board is hereby granted full power and authority to change the principal office from one location to another within the County of Riverside.

ARTICLE 2

DEFINITIONS

Section 2.1. Definitions Incorporated by Reference. The terms used in these Bylaws, unless the context clearly indicates a contrary intention, shall have the same meaning as those set forth in Article 1 of the Declaration which is incorporated by reference as part of these Bylaws.

Section 2.2. Election Rules. The "Election Rules" are the procedures adopted by the Board in conformance with *Civil Code* Section 5105.

Section 2.3. Good Standing. The term "Good Standing" means the Member is current in the payment of all Assessments levied against the Member's Lot, is current in all other financial obligations of the Association and is not subject to any suspension of privileges as a result of disciplinary proceedings conducted in accordance with the Governing Documents.

ARTICLE 3

MEMBERSHIP

Section 3.1. Automatic Membership and Voting Power. Every person or entity who is an Owner of a Lot shall be a Member of THE SPRINGS COMMUNITY ASSOCIATION as provided in the Declaration. Membership shall be appurtenant to and may not be separated from ownership of any Lot which gives rise to such membership in the Association.

Section 3.2. Term of Membership. Each Owner who is a Member shall remain a Member until he or she no longer qualifies as such under Section 3.1, above. Upon the sale, conveyance or other transfer of an Owner's interest in a Lot, the Owner's membership interest appurtenant to the Lot shall automatically transfer to the Lot's new Owner(s).

Section 3.3. Suspension of Member's Rights. As more specifically set forth in Article 15 of the Declaration, the membership rights and privileges, together with the voting rights of any Member of the Association, may be suspended by the Board for any period of time during which such Member is determined by the Board to be delinquent in the payment of Assessments or other charges (e.g., fines, late fees, etc.), in violation of the Governing Documents, or not in compliance with the obligations imposed by the Governing Documents.

Section 3.4. Multiple Ownership of Lots. Ownership of a Lot shall give rise to a single membership vote in the Association. Accordingly, if more than one (1) person owns a Lot, all of those persons shall be deemed to be one (1) Member for voting purposes. All such Members shall have equal rights to use and enjoy the Common Area and Common Facilities, unless such rights have been suspended as set forth in Section 3.3(B) of this Article. The ballot received from any Member of record shall be deemed to be the ballot attributable to the Lot in question. If multiple ballots are received for the same Lot, the inspectors of election may refuse to count any ballot pertaining to that Lot.

ARTICLE 4

MEMBERSHIP VOTING

Section 4.1. Single Class of Membership. The Association shall have one (1) class of voting membership.

Section 4.2. Member Voting Rights. On each matter submitted to a vote of the Members, each Member shall be entitled to cast one (1) vote for each Lot owned by such Member. In the election of Directors, each vacant position constitutes one (1) "matter."

Section 4.3. Eligibility to Vote. Only Members in Good Standing shall be entitled to vote on any issue or matter presented to the Members. A Member who owns more than one Lot shall be ineligible to vote if that Member is not in Good Standing with respect to any such Lot.

Section 4.4. Elections to be Conducted by Secret Ballot. Elections required by *Civil Code* Section 5100 to be conducted by secret ballot shall be held pursuant to *Civil Code* Sections 5100 - 5130 and the Election Rules.

Section 4.5. Proxies. The Board may determine whether proxies will be used in any vote or election of the Association. If proxies are to be used, any Member entitled to vote may use a proxy, subject to the provisions of *Civil Code* Section 5130 and the Election Rules. Any proxy shall be for a term not to exceed eleven (11) months from the date of issuance, unless otherwise

provided in the proxy, except that the maximum term of any proxy shall be three (3) years from the date of execution. Proxy forms shall be dated to assist in verifying their validity.

(A) Effectiveness of Proxies. Every proxy continues in full force and effect until revoked by the issuing Member prior to the vote. The dates shown on the forms of proxy presumptively determine the order of execution, regardless of the postmarks shown on the envelopes in which they are mailed. Any proxy given shall be valid only if the proxy form sets forth a general description of the nature of the matter to be voted on.

(B) Proxy Rules for Memberships Held by More Than One Person. Where two (2) or more persons constitute a Member, any proxy received shall be conclusively presumed to be the proxy submitted with respect to the vote of such Member, whether or not all Members signed the proxy.

Section 4.6. Cumulative Voting. There shall be no cumulative voting in any election.

Section 4.7. Majority Vote Required. If a quorum is present, the affirmative vote of at least a majority of the Members represented at the meeting, entitled to vote and voting on any matter (other than the election of Directors) shall be the act of the Members, unless the vote of a greater number is required by California law or by the Governing Documents. In the case of Director elections, the candidates receiving the highest number of votes for the number of vacant positions to be filled, shall be elected to the vacant Director positions.

ARTICLE 5

MEETINGS OF MEMBERS

Section 5.1. Place of Meeting. All membership meetings shall be held In the Development or such other location in Riverside County, State of California, in reasonable proximity to the Development as may be designated in the notice of meeting.

Section 5.2. Annual Meetings of Members. The annual meeting of Members shall be held once a year on a date, time and place as determined by the Board.

Section 5.3. Special Meetings of Members.

(A) Calling by the Board. Special meetings of Members may be called at any time by the President or by a majority of a quorum of the Board. Additionally, the Board may call a special meeting of Members upon receipt of a written request for a special meeting for authorized purposes. Any such written request shall be signed by Members representing at least five percent (5%) or more of the Voting Power of the Association.

(B) Calling by the Members. If a special meeting is called by Members other than the Board, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered to the Association in accordance with the procedures set forth in the Annual Policy Statement or *Civil Code* Section 4035. Within

twenty (20) days of receiving the request, the Board shall cause notice to be promptly given to the Members entitled to vote, that a meeting will be held, and the date, time and purpose for such meeting, which date shall be not less than thirty-five (35) days nor more than ninety (90) days following the receipt of the request.

If notice of the meeting is not given within twenty (20) days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subsection (B) shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board.

Section 5.4. Notice of Members' Meetings. Notice of all regular and special meetings of the Members shall be provided by Individual Delivery to each Member who is eligible to vote at the meeting as of the record date established by the Board. Notices shall be given not less than ten (10) days and not more than ninety (90) days before the date of the meeting. Notwithstanding the foregoing, the time to provide notice of membership meetings set forth in this Section 5.4 is independent of the time frame within which ballots must be delivered to the Members for elections conducted pursuant to the Election Rules, as more particularly set forth in Article 4, Section 4.4 of these Bylaws. The Association is not precluded from delivering the notice required in this Section 5.4 with the election materials required by the Election Rules.

Section 5.5. Quorum.

(A) **Annual Meeting Quorum.** The presence in person or by ballot of at least one-third (1/3) of the Voting Power entitled to vote at the annual meeting of Members shall constitute a quorum for the transaction of business at the annual meeting. The Members present at a duly called or held annual meeting at which a quorum is present may continue to do business until adjournment. Once a quorum is established, the meeting may proceed regardless of whether there is a withdrawal of Voting Power which leaves less than a full quorum. In the event the annual meeting cannot be held because a quorum is not present, either in person, by ballot when allowed by law or by proxy, the meeting may be adjourned for a time not less than five (5) days nor more than thirty (30) days following the time the original meeting was called, at which meeting the quorum requirement shall be reduced to twenty-five percent (25%) of the Voting Power of the membership.

Where a meeting is conducted with a quorum of less than one-third (1/3) of the Voting Power of the membership, the only matters that may be voted upon are those matters included in the original meeting notice published prior to the adjourned meeting.

(B) **Quorum for Other Membership Meetings.** The presence in person, ballot or proxy of at least a majority of the Voting Power entitled to vote at any other meeting of Members shall constitute a quorum for the transaction of business at the meeting. The Members present at a duly called or held membership meeting at which a quorum is present may continue to do business until adjournment. Once a quorum is established, the meeting may proceed regardless of whether there is a withdrawal of Voting Power which leaves less than a full quorum.

Section 5.6. Adjourned Meeting. Any membership meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the Voting Power present, but, in the absence of a quorum, no other business may be transacted at any such meeting. When any membership meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. If adjourned for less than thirty (30) days, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting other than by an announcement at the meeting at which adjournment is taken.

Section 5.7. Consent of Absentees. The transactions of any membership or Board meeting, however called and noticed, shall be as valid as though it had taken place at a meeting duly held after regular call and notice if a quorum be present, either in person or by proxy and if, either before or after the meeting, each of the Members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes. All such waivers, consents or approvals shall be filed in the corporate records or made a part of the minutes of the meeting.

Section 5.8. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or the Secretary, shall be presumed truthfully to evidence the matters set forth in such minutes or record. A recitation in the minutes of any such meeting that notice was properly given shall be *prima facie* evidence that notice was given.

Section 5.9. Action Without a Meeting.

(A) Any action which may be taken by the vote of Members at a regular or special meeting, except the election of Directors, may be taken without a meeting if the Association distributes a written ballot to every Member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association.

(B) Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(C) All solicited ballots shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots other than for the election of Directors, shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted.

(D) Unless otherwise provided in the Articles or these Bylaws, a written ballot may not be revoked.

Section 5.10. Record Dates for Member Notice; Voting and Giving Consents. For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board of Directors may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take any action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles, by agreement, or in the California Non-Profit Mutual Benefit Corporation Law.

ARTICLE 6

BOARD OF DIRECTORS

Section 6.1. Number and Qualifications of Directors. The Board shall consist of seven (7) Directors until changed by amendment to this Section of these Bylaws. Notwithstanding, in the event the Association acquires the Club Facilities as described in the Declaration, the number of Directors shall increase to nine (9) and the Board of Directors shall appoint the two vacancies. To retain staggered terms, one of the appointed Directors shall serve until the annual meeting in 2020 and the other appointed Director shall serve until the annual meeting in 2022 as determined in the sole discretion of the Board.

- (A) Directors must be Members of the Association;
- (B) Directors must be in Good Standing;
- (C) Only one Owner per Lot shall be eligible to serve on the Board at any time.

Section 6.2. Election and Term of Office. The terms of Directors shall be term-staggered. In order to preserve the benefits inherent in staggered terms, including promoting continuity of management and guaranteeing the involvement of experienced Directors, in the event the staggered terms of Directors gets off track, the Board may shorten a Director's term in a reasonable manner at the next meeting to re-establish staggered terms.

(A) Except as otherwise indicated herein, each Director shall serve a three (3) year term. Directors appointed to fill a vacancy created under Section 6.5 shall serve the remaining term of the vacant position. Any Director elected pursuant to removal under Section 6.6 shall serve the remaining time left of the prior Director's term.

(B) If any annual meeting is not held or the Directors are not elected thereat, the Board shall arrange for a special meeting of Members held for the purpose of elections.

(C) Each Director shall hold office until his or her term expires, he or she resigns, or until their position is declared vacant under Sections 6.5 or 6.6.

- (D) The candidates receiving the highest number of votes shall be deemed elected.

(E) Directors who are elected by the Members may serve a maximum of two consecutive terms. After serving two consecutive terms, Directors must wait one (1) year before becoming eligible to run for election to the Board. This term limit shall not apply to any term or portion thereof served by a Director who is appointed by the Board to fill a vacancy.

Section 6.3. Nomination Procedures. Nomination for election to the Board of Directors may be made by a Nominating Committee, personal declaration of candidacy or by the nomination of any other Member.

(A) **Nominating Committee.** If the Board chooses to appoint a Nominating Committee, it shall consist of three (3) Members, at least one of whom is a Director, appointed by the Board. The Nominating Committee may nominate candidates only for the number of open Board positions for that election. The Nominating Committee shall submit a slate of candidates to the Board for consideration at least seventy-five (75) days prior the annual meeting date. The Board may accept the slate in whole or in part or may reject the entire slate. Nominations shall not be allowed from the floor at the meeting.

(B) **Limitation of Candidacy.** To be eligible for nomination and election to the Board, a candidate-Member must be in Good Standing with the Association and is current in the payment of Assessments both at the time his or her name is placed in nomination and as of the election date. The failure to comply with this Section shall in no way invalidate the election of other candidates who were in compliance with this Section.

Section 6.4. Election Procedures. The annual election of Directors shall be conducted by secret written ballot as set forth in Article 4, Section 4.4 of these Bylaws. Reasonable election procedures, given the nature, size and operations of the Association, shall be available to the Members. The procedures shall include:

(A) A reasonable means of nominating candidates, and the opportunity for a nominee to communicate to the Members the nominee's qualifications and the reasons for the candidacy;

(B) A reasonable opportunity for all nominees to solicit votes; and

(C) A reasonable opportunity for all Members to choose among the nominees.

(D) Association funds shall not be used for campaign purposes in accordance with *Civil Code* Section 5135.

Section 6.5. Vacancies.

(A) **Filling Vacant Seats.** Except for a vacancy created by the removal of a Director by the Members, vacancies on the Board may be filled by a majority of the remaining Directors, though less than a quorum. Each Director so appointed shall hold office until his or her successor is elected at the end of the former Director's term. The Members may at any time call a meeting to elect Directors to fill any vacancy not filled by the Directors and may elect the additional

Directors at the meeting at which an amendment by these Bylaws is voted increasing the number of Directors.

(B) Resignation. Any Director may resign effective upon giving written notice to the President, the Secretary or the Board. In the event a Director gives any of the above-named parties verbal notice, the Board shall send the Director who gave verbal notice of resignation a letter, by certified and regular mail, stating that the Board is accepting the Director's verbal resignation fifteen (15) days after the date of the letter. The Board may elect a successor to take office when the resignation becomes effective.

(C) Excessive Absences. A vacancy may be deemed to exist in the case of the absence of a Director from three (3) consecutive regular meetings or four (4) total meetings within a twelve (12) month period.

(D) Directors Delinquent In Assessments. A vacancy shall be deemed to exist in the case of a Director whose Lot(s) is/are more than ninety (90) days delinquent in payment of his or her Assessment(s) obligations to the Association. Prior to declaring a vacancy of a Director, the remaining Board shall send a letter giving such Director fifteen (15) days to bring his or her account(s) current. This letter shall be sent both by certified and regular mail.

(E) Egregious Behavior. A vacancy may be deemed to exist if a Director engages in any of the following types of behavior:

(1) Receives any type of monetary gain, or other gain such as services, products, gifts or gratuities of a significant value, which have been provided in relation to a Director's service on the Board, and which is not disclosed. Disclosure must take place at an open Board meeting and be recorded in the minutes. Compensation for services duly approved by the Board and unrelated to duties as a Director or Officer of the Association, or reimbursement of expenses associated with service to the community do not constitute unethical or detrimental behavior and are permissible;

(2) Takes any action considered to be grossly detrimental to the general safety, health and welfare of the community and its Members;

(3) Addresses fellow Directors with abusive language in such a manner that causes distress and emotional harm. Abusive language is any language which causes humiliation or intimidation, or inflicts ridicule, coercion, threats or mental abuse, or other language of a punitive nature, or language which is prejudicial or grossly profane; or

(4) Violates any provision of a code of ethics that has been adopted by the Association relating to conduct of Directors.

(F) Failure to Meet Qualifications. A vacancy shall be deemed to exist in the case of any Director who fails to meet any of the qualifications set forth in Section 6.1 of this Article regardless of whether he or she met those qualifications at the time he or she was elected to the Board.

Section 6.6. Removal of Directors.

(A) **Removal by Members.** Any Director may be removed from the Board, with or without cause, by the affirmative vote of a majority of the Members represented and voting at an election at which a quorum of the Association is present.

(B) **Removal by the Board.** The Board of Directors shall have the power and authority to remove a Director and declare his or her office vacant if he or she:

- (1) Has been declared of unsound mind by a final order of the court;
- (2) Has been convicted of a felony; or
- (3) Has been found by a final order or judgment of any court to have breached the duty under *Corporations Code* Sections 7233-7236 (relating to standards of conduct of Directors).

Section 6.7. Action of Individual Directors. Unless authorized by the Board, individual Directors have absolutely no authority to take action outside of Board meetings. Individual Directors have no authority to direct management, vendors, committees or take any action whatsoever on behalf of the Association, unless authorized by the Board.

Section 6.8. Limitation on Compensation. Neither the Directors nor the Officers of the Association shall receive any monetary compensation for their services performed in the conduct of the business of the Association. Notwithstanding the foregoing, the Board of Directors shall have the power to reimburse any Director, Officer or Member of the Association for expenses incurred in carrying on the business of the Association.

ARTICLE 7

BOARD MEETINGS

Section 7.1. Place of Meetings. Regular and special meetings of Board of Directors may be held at any place within the Development or at any place within reasonable proximity to the Development that has been designated from time to time by resolution of the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the principal office of the Association. Notwithstanding the above provisions, a regular or special meeting of the Board may be held at any place consented to in writing by all the Directors either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting.

Section 7.2. Regular Meetings. Regular meetings of the Board shall be held at least every month, or more or less frequently, as business dictates and shall be held at a location within a reasonable proximity to the Development. If the predetermined meeting date should fall upon a legal holiday, then the meeting shall be held at a time and date to be determined by the Board and the membership shall be notified in advance of the meeting date and location.

Section 7.3. Special Meetings. Special meetings of the Board for any purpose may be called at any time by the President or by any two (2) Directors.

Section 7.4. Organization Meetings. As soon as reasonably practical, following each annual meeting of Members, the Board shall hold a meeting for the purpose of organization, election of Officers and the transaction of other business.

Section 7.5. Notice to Directors.

(A) **Regular Meetings.** If the specific date, time and place of regular Board meetings are fixed in advance by the Board, no notice need be given to Directors. If the specific date, time and place of regular Board meetings are not so fixed, then Directors shall receive four (4) days' notice by first-class mail or forty-eight (48) hours' notice delivered personally, by telephone (including a voice messaging system) or by electronic transmission. Notice given to Directors hereunder need not specify the purpose of the regular Board meeting.

(B) **Special Meetings.** Directors shall receive four (4) days' notice by first-class mail or forty-eight (48) hours' notice delivered personally, by telephone (including a voice messaging system) or by electronic transmission. Notice given to Directors hereunder shall specify the purpose of the special Board meeting; however, any lawful business may be conducted at such meeting whether or not specified in the notice.

(C) **Waiver of Notice.** The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though they had been at a meeting duly held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 7.6. Notice to Members.

(A) **Notice of Open Meetings.** Notice of the time and place of open meetings of the Board shall be communicated to the Directors and given by General Delivery to the Members in writing at least four (4) days before the meeting. In case of an emergency, the Association may conduct a meeting with less than four (4) days' notice, however, it shall be the burden of the person(s) calling the "emergency" special meeting to justify reduction of the required notice time. The notice shall contain the agenda for the meeting in accordance with *Civil Code* Section 4920. Notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to the holding of the meeting.

(B) **Notice of Executive Session Meetings.** Notice of the time and place of executive session meetings of the Board shall be communicated to the Directors and given by General Delivery to the Members not less than two (2) days before the meeting. Pursuant to *Civil Code* Section 4935, executive session meetings are Board meetings to consider litigation, matters relating to the formation of contracts with third parties, Member discipline, personnel matters, or

to meet with a Member, upon the Member's request, regarding the member's payment of Assessments. In case of an emergency, the Association may conduct an executive session meeting with less than two (2) days' notice, however, it shall be the burden of the person(s) calling the "emergency" special meeting to justify reduction of the required notice time. The notice shall contain the agenda for the meeting in accordance with *Civil Code* Section 4920. Notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to the holding of the meeting.

Section 7.7. Telephonic Attendance. Any Board meeting, open or executive session, may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another, and all such Directors shall be deemed to be present in person at such meeting. Members of the Association shall be entitled to attend the portion of a teleconference meeting that is open to Members, and that portion of the meeting shall be audible to the Members in a location specified in the notice of the meeting with at least one (1) Director or a person designated by the Board physically present at that location.

Section 7.8. Quorum. A majority of the Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board. However, the Rules and Regulations may be amended only by a majority of the full Board.

Section 7.9. Notice of Adjournment. Unless a meeting is adjourned for more than twenty-four (24) hours, notice of adjournment of any Directors meeting need not be given to absent Directors if the time and place are fixed at the meeting adjourned.

Section 7.10. Adjournment. A majority of a quorum of the Directors may adjourn any Directors' meeting to meet again at a stated date and hour. In the absence of a quorum, a majority of the Directors present at the Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 7.11. Attendance at Meetings and Executive Sessions. Regular and special meetings of the Board shall be open to all Members of the Association. The Board may, upon the vote of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, the formation of contracts, and member discipline. Only Directors, and any other persons authorized by the Board, shall be entitled to attend executive sessions. In general terms, the nature of any and all business to be considered in executive session shall first be announced in open session or at the next regularly scheduled Board meeting.

Section 7.12. Board Action Without Meeting. Subject to the provisions of *Civil Code* Section 4910, any emergency action required to be taken by the Board may be taken without a meeting if all Members of the Board, individually or collectively, consent in writing to that action. Action by unanimous written consent or by written ballot shall have the same force and effect as a properly noticed and voted Board of Director's motion. Such unanimous written consent or written ballot shall be filed with the minutes of the proceedings of the Board. If allowed by law, the Board

may take non-emergency actions without a meeting if all Members of the Board, individually or collectively, consent in writing to that action.

ARTICLE 8

OFFICERS

Section 8.1. Officers. The Officers of the Association shall include a President, Vice President, Secretary and Treasurer who must be Directors. The Association may also have, at the discretion of the Board, such other officers as may be appointed in accordance with the provisions of Section 8.3. All Officers, including subordinate Officers, shall be Members of the Association and in Good Standing.

Section 8.2. Election and Term. The Officers of the Association, except such Officers as may be appointed in accordance with the provisions of Section 8.3 of this Article, shall be chosen annually, for a term of one (1) year, by the Board, and each shall hold his or her office until he or she shall resign, or shall be removed or otherwise disqualified to serve, his or her term ends, or his or her successor be elected and qualified.

Section 8.3. Subordinate Officers. The Board may appoint such other Officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine. Subordinate Officers do not need to be Directors.

Section 8.4. Removal and Resignation From Office. Any Officer may be removed, with or without cause, by a majority of the Directors at any meeting of the Board. Any Officer may resign at any time by giving written notice to the Board or the President, or to the Secretary of the Association. Any such resignation shall take effect on the date of the receipt of such notice or at any later time specified in the resignation. Unless otherwise specified in the resignation, the acceptance of the resignation is not required to make it effective.

Section 8.5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointment to such office.

Section 8.6. President. The President shall be the chief executive Officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the business and Officers of the Association. The President shall preside at all meetings of the Members and at all meetings of the Board. The President, by virtue of his or her office, shall be an ex-officio member of all standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board or by these Bylaws. The President, at his or her sole discretion, may make motions and vote on such motions or refrain from voting on an issue. Notwithstanding the foregoing, the President shall vote in the case of a tie. Nothing in this Section shall be construed to limit the President from making or seconding motions, in the absence of such motions by other Directors.

Section 8.7. Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all powers of and be subject to all the restrictions upon the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him or her by the Board or these Bylaws.

Section 8.8. Secretary. The Secretary shall keep, or cause to be kept, a book of the minutes at the principal office or such other place as the Board may order of all meetings of Directors and Members, with the time and place of the meeting, whether regular or special, and if special how authorized, the notice given, the names of those present at the Directors' meetings, the number of Members present or represented at Members' meetings and the proceedings of the meeting.

The Secretary shall give or cause to be given, notice of all the meetings of the Members and of the Board required by these Bylaws or by law to be given, and shall keep other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section 8.9. Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be open to inspection by any Director.

The Treasurer shall deposit, or cause to be deposited, all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever requested, an account of all of his or her transactions as Chief Financial Officer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section 8.10. Delegation of Duties. The Association, acting by and through the Board, may delegate the duties of any of its Officers to committees or employees, including a professional managing agent.

ARTICLE 9

COMMITTEES

Section 9.1. Executive Committee. The Board of Directors shall have the power to appoint an Executive Committee and to delegate to such Committee any of the powers and authorities of the Board in the management of the business and affairs of the Association, except the power to adopt, amend or repeal Bylaws. The Executive Committee shall be composed of three (3) or more Directors, one (1) of whom shall also be the President.

Section 9.2. Standing Committees Related to Club Facilities. In the event that the Association acquires the Club Facilities as described in the Declaration, the Board of Directors

shall establish two standing committees – a Golf Committee and a Social Committee - which shall be advisory to the Board. The Board shall adopt charters for each of these committees, detailing the purpose and scope of the committee and procedure for appointing or electing members to the committee. In addition, the Fitness Committee (if in existence) shall be replaced with the Sport or Athletic/ Spa Committee.

Section 9.3. Committees of the Board. Any "Committee of the Board" (that is, a committee consisting only of Directors, as referred to in *Corporations Code* Section 7212) shall consist of two (2) or more Directors and shall have such powers and duties as the Board shall determine, subject to the limitations of *Corporations Code* Section 7212. The Board may, by resolution of a majority of the Directors then in office, designate one (1) or more advisory committees, to serve at the pleasure of the Board.

Section 9.4. Meetings and Actions of Committees of the Board. Meetings and actions of Committees of the Board shall be governed by, and held and taken in accordance with, the provisions of Article 7 of these Bylaws, concerning meetings of Directors, with such changes in the context as are necessary. The time for regular meetings of Committees of the Board may be determined either by resolution of the Board or by resolution of the Committee of the Board. Special meetings of Committees of the Board may also be called by resolution of the Board. Notice of special meetings of Committees of the Board shall be given to all Committee members. Minutes shall be kept of each meeting of any Committee of the Board and shall be filed with the Association records. The Board may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any Committee of the Board.

Section 9.5. Advisory Committees. The Board may, by resolution of a majority of the Directors then in office, designate one (1) or more advisory committees, which may be ad hoc or standing committees, to serve at the pleasure of the Board. Advisory committees shall consist of at least two (2) Members (who may also be Directors) and shall have no authority to take any independent action.

Section 9.6. Effect of Advisory Committee Actions. Unless otherwise expressly provided in the Governing Documents or in the Board resolution authorizing and empowering an advisory committee, all actions of any advisory committee shall be considered advisory to the Board and shall be scheduled on the agenda of the next Board meeting following the advisory committee's action or decision for affirmation, rescission, or modification, as the Board in its discretion deems appropriate.

Section 9.7. Compensation of Committee Members. No person shall receive compensation for any service he or she may render to the Association as a member of a Committee of the Board or as a member of an advisory committee. However, upon approval by the Board, any such person may be reimbursed for his or her reasonable expenses actually incurred in the performance of his or her duties.

Section 9.8. Architectural Committee and Landscape Committee. The Architectural Committee and Landscape Committee established pursuant to Article 7 of the Declaration are not Committees of the Board or advisory committees because (1) the Architectural Committee and

Landscape Committee do not exercise powers of the Board but instead have their own independent power to review and approve/ disapprove certain proposed architectural changes within the Development and (2) the Architectural Committee and Landscape Committee do not operate under the supervision of or at the direction of the Board (however, decisions of the Architectural Committee and Landscape Committee are appealable to the Board under some circumstances under *Civil Code* Section 4765(a)(5) and Section 7.10 of the Declaration).

The Architectural and Landscape Committees shall also function in an advisory capacity to the Board of Directors in relation to existing or proposed improvements to the Common Area.

Section 9.9. Limitation on Authority. No committee, regardless of Board resolution, may:

(A) Take any final action on any matter that, under the California Nonprofit Mutual Benefit Corporation law, also requires approval of the Members.

(B) Fill vacancies on the Board of Directors or on any committee that has been delegated any authority of the Board.

(C) Amend or repeal Bylaws or adopt new Bylaws.

(D) Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or repealable.

(E) Appoint any other committees of the Board of Directors or the Members of those committees.

(F) Approve any transaction: (1) to which the Association is a party and one or more Directors have a material financial interest; or (2) between the Association and one or more of its Directors or between the Association or any person in which one or more of its Directors have a material financial interest.

ARTICLE 10

ASSOCIATION RECORDS AND DOCUMENTS

Section 10.1. Members' Right to Inspect Books and Records The Association shall keep in its principal office for the transaction of business or at such other place within the County as the Board shall prescribe, all records of the Association required under *Civil Code* Section 5200 which shall be made available for inspection and copying by any Member of the Association, by any Member's duly-appointed representative, and by all first Mortgagees, at any reasonable time and for a purpose reasonably related to its interest as a Member or Mortgagee subject to the conditions set forth in *Civil Code* Sections 5200 - 5230. In addition, any petition submitted to the Association by any Member may be provided to a requesting Member at the Board's discretion. The Board shall establish reasonable rules with respect to:

(A) Notice to be given to the custodian of the records by the Member or Mortgagee desiring to make the inspection;

(B) Hours and days of the week when such an inspection may be made; and

(C) Payment of the costs of reproducing copies of documents requested.

Section 10.2. Directors' Right to Inspect Books and Records. Except as otherwise limited by law, every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association. The right of inspection by a Director shall include the right at the Director's expense to make extracts and copies of documents.

Section 10.3. Annual Reports. An Annual Budget Report, financial statement review, and Annual Policy Statement shall be prepared annually by the Association as follows:

(A) **Annual Budget Report.** The Association shall prepare an Annual Budget Report at least thirty (30) to ninety (90) days before the end of its fiscal year. The Annual Budget Report shall contain the information required by *Civil Code* Section 5300.

(B) **Assessment and Reserve Funding Disclosure Summary.** The Assessment and reserve funding disclosure summary form prepared pursuant to *Civil Code* Section 5570 shall accompany the Annual Budget Report.

(C) **Review of Financial Statement.** Pursuant to *Civil Code* Section 5305, a review of the financial statement shall be prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy and distributed by Individual Delivery to each Member of the Association within one hundred twenty (120) days after the close of the Association's fiscal year.

(D) **Annual Policy Statement.** Within thirty (30) to ninety (90) days before the end of the Association's fiscal year, the Association shall prepare an Annual Policy Statement which shall include all of the following information required by *Civil Code* Section 5310.

Section 10.4. Delivery of Annual Budget Report and Annual Policy Statement. When the Annual Budget Report and Annual Policy Statement are prepared, the Association shall deliver one (1) of the following documents to all Members by Individual Delivery within thirty (30) to ninety (90) days before the end of the Association's fiscal year:

(A) The full Annual Budget Report and Annual Policy Statement; or

(B) A summary of the Annual Budget Report and Annual Policy Statement. The summary shall include a general description of the content of the Annual Budget Report and Annual Policy Statement. Instructions on how to request a complete copy of the Annual Budget Report and Annual Policy Statements at no cost to the Member shall be printed in at least 10-point boldface type on the first page of the summary.

Notwithstanding the foregoing, if a Member has requested to receive the Annual Budget Report and Annual Policy Statement in full, the association shall deliver the full documents to that Member, rather than a summary.

Section 10.5. Documents Provided to Prospective Purchaser.

(A) Each Member shall, as soon as practicable before transfer of title of a Lot, provide to the prospective purchaser the documents and information required by *Civil Code* Section 4525.

(B) Upon written request, the Association shall, within ten (10) days of the mailing or delivery of the request, provide the Member, or any other recipient authorized by the Member, with a copy of these requested items. Upon receipt of a written request, the Association shall provide, on the form described in *Civil Code* Section 4528, a written or electronic estimate of the fees that will be assessed for providing the requested documents. The Association may collect a reasonable fee based upon the Association's actual cost for the procurement, preparation, reproduction, and delivery of the documents requested pursuant to the provisions of this Section.

(C) A cancellation fee for documents specified in subdivision (A) shall not be collected if either of the following applies:

(1) The request was canceled in writing by the same party that placed the order and work had not yet been performed on the order; or

(2) The request was canceled in writing and any work that had been performed on the order was compensated.

(D) The Association shall refund all fees collected pursuant to paragraph (B) if the request was canceled in writing and work had not yet been performed on the order.

(E) If the request was canceled in writing, the Association shall refund the share of fees collected pursuant to paragraph (B) that represents the portion of the work not performed on the order.

(F) The Association shall not impose or collect any Assessment, penalty or fee in connection with a transfer of title or any other interest except the Association's reasonable estimated costs involved with such transfer of title.

Section 10.6. Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board. All checks must be signed by at least two (2) Directors. However, this check signing authority may be delegated to the Association's property manager or any third party as determined by a majority of the entire Board. Reserve withdrawals shall be signed by at least two (2) Directors. Transfers of greater than \$10, 000.00 or five percent (5%) of combined reserve and operating deposits (whichever is lower) from the reserve or operating accounts must have prior written Board approval.

Section 10.7. Execution of Contracts. The Board, except as in these Bylaws or otherwise provided, may authorize any Officer or Officers, agent or agents to enter into any contract or execute any instrument in the name and on behalf of the Association. Such contract or instrument shall be signed by any two (2) Directors. Such authority may be general or confined to specific instances as may be determined by the Board. Unless so authorized by the Board, no Officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 10.8. Fiscal Year. The fiscal year of the Association shall begin on the first (1st) day of October of each year and end on the thirtieth (30th) day of September of each year. The fiscal year of the Association is subject to change from time to time as the Board shall determine.

ARTICLE 11

INDEMNIFICATION

Section 11.1. Indemnification. Every Director, Officer and committee member, past or present, of the Association shall be indemnified by the Association against expenses and liabilities, including reasonable attorney's fees, incurred or imposed upon him or her in connection with any proceeding in which he or she may be a party, or in which he may become involved, by reason of his or her being, or having been, a Director or an Officer of the Association, or any settlement of such proceedings, except in such cases in which the Director or Officer is adjudged guilty of gross negligence or malfeasance in the performance of his or her duties. Indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

Section 11.2. Member Responsibility to Association and Other Members. Each Member shall be liable to the Association for any damage to the Development caused by the negligence or willful misconduct of the Member. Each Member shall indemnify, hold harmless, and pay any costs of defense of each other Member from claims for personal injury or property damage occurring within any Lot owned by the indemnitor, provided that this protection shall not extend to any indemnitee whose negligence or willful misconduct caused or contributed to the injury or damage. It is further provided that this Article is not intended to be for the benefit of any insurer and shall not affect nor limit the duty of any insurer to pay any claim which would be payable by the insurer but for this Article.

Section 11.3. No Personal Liability. No member of the Board, or of any committee of the Association, or any Officer of the Association shall be personally liable to any Member, or to any other party, including the Association, for any error or omission of the Association, the Board, its authorized agents or employees, if such person has acted in good faith without willful or intentional misconduct.

ARTICLE 12

AMENDMENTS

Section 12.1. Approval by Members. These Bylaws may be amended only by the affirmative vote (in person, by ballot or by proxy) or by written consent of Members representing a majority of the Voting Power of the Association. So long as required by California law, the vote will be conducted by a secret ballot. The initial deadline may be extended if an insufficient number of ballots, as determined by the Board, has not been received. Thereafter, the deadline to return ballots may be extended for such periods of time as the Board may set. Any amendment shall become effective upon the execution of a Certificate of Amendment by the President and Secretary of the Association that certifies the Amendment was approved in accordance with the terms of these Bylaws.

ARTICLE 13

GENERAL PROVISIONS

Section 13.1. Parliamentary Procedure. In the event of a dispute concerning the procedural aspects of any meetings which cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to an established parliamentary procedure publication as determined by the Board.

Section 13.2. Construction. Unless the context requires otherwise or a term is specifically defined in the Governing Documents, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained in these Bylaws.

Section 13.3. Conflicts.

(A) To the extent of any conflict between the Governing Documents and the law, the law controls.

(B) To the extent of any conflict between the Articles and the Declaration, the Declaration controls.

(C) To the extent of any conflict between the Bylaws and the Articles or Declaration, the Articles or Declaration control.

(D) To the extent of any conflict between the Rules and Regulations and the Bylaws, Articles, or Declaration, the Bylaws, Articles, or Declaration control.

Section 13.4. References to Code Sections. In the event any of the statutes or laws referenced in the Governing Documents are amended, modified, re-numbered or otherwise changed, the references shall be deemed to refer to the statutes or laws as amended, modified re-numbered or otherwise changed. If a statute or law is repealed deleted, any reference herein shall be deemed to refer to any successor statute or law.

CERTIFICATE OF AMENDMENT

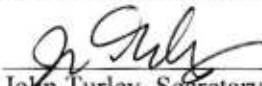
I, the undersigned, do hereby certify:

1. That I am duly elected and acting Secretary of THE SPRINGS COMMUNITY ASSOCIATION, a California Nonprofit Corporation and certify:

2. That the foregoing SECOND RESTATED BYLAWS comprising 20 pages, constitute the Bylaws of the corporation duly adopted by a vote of at least a majority of a quorum of the membership for the Association.

THE SPRINGS COMMUNITY ASSOCIATION

Dated: 8-29, 2019

By: 
John Turley, Secretary

I, the undersigned, do hereby certify:

1. That I am duly elected and acting President of THE SPRINGS COMMUNITY ASSOCIATION, a California Nonprofit Corporation and certify:

2. That the foregoing SECOND RESTATED BYLAWS comprising 20 pages, constitute the Bylaws of the corporation duly adopted by a vote of at least a majority of the voting power for the Association.

THE SPRINGS COMMUNITY ASSOCIATION

Dated: Aug 29, 2019

By: 
Ann Van Balen, President

The Springs Community Association

CC&Rs



 **THE SPRINGS**
Community Association

COVENANTS, CONDITIONS AND RESTRICTIONS

DOC # 2004-0310530

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Recorded in Official Records

County of Riverside

Gary L. Orso

Assessor, County Clerk & Recorder

PLEASE COMPLETE THIS INFORMATION
RECORDING REQUESTED BY:

PEGGY REDMON

AND WHEN RECORDED MAIL TO:

LAW OFFICE OF
PEGGY REDMON

PO BOX 240

LA QUINTA, CA

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FIRST AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
THE SPRING'S COMMUNITY ASSOCIATION

(311.00)

Title of Document

**THIS AREA FOR
RECORDER'S
USE ONLY**

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(\$3.00 Additional Recording Fee Applies)

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FOR THE SPRINGS COMMUNITY ASSOCIATION

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DRAFT SIX**FIRST AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE SPRINGS COMMUNITY ASSOCIATION**

THIS FIRST AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made on the day and year hereinafter written, by The Springs Community Association, a California nonprofit corporation and through its membership ("Declarant").

RECITALS

A. Declarant is a corporation whose Members are the Owners of all the Lots and Residential Units located on those Lots within that certain real property in the County of Riverside, State of California more particularly described in Exhibit "A", attached hereto and incorporated herein by reference, and hereinafter "Property" or "Properties".

B. The Property was developed as a Planned Unit Development, as defined in Section 1351(k) of the California Civil Code, and consists of 817 Residential Lots and additional Common Area Lots. The Owners of each Residential Lot have a separate interest in a Lot, an appurtenant membership in the Association, and a nonexclusive easement over the Common Area, subject to any exclusive easements and other separate ownership interests therein, and this Restated Declaration.

C. The Property is currently subject to a Declaration of Covenants, Conditions and Restrictions recorded August 22, 1974 as Instrument 108609 of Official Records of the County Recorder of Riverside County, hereinafter referred to as "Declaration", unless the context clearly indicates otherwise.

D. The Declaration was amended by way of the following thereafter:

1. Amendment No. 1 recorded on January 2, 1975 as Instrument 19;
2. Amendment No. 2 recorded on May 14, 1975 as Instrument 55324;
3. A Declaration of Annexation of Phase Two recorded August 14, 1975 as Instrument 98517;
4. Amendment No. 3 recorded on December 2, 1976 as Instrument 184952;
5. Environmental Committee recorded July 21, 1982 as Instrument 124790;
6. [REDACTED] recorded November 29, 1983 as Instrument 246747;
7. Amendments to the Covenants, Conditions & Restrictions for The Springs Community Association recorded May 8, 1985 as Instrument 97640;
8. Amendment No. 4 recorded July 29, 1982 as Instrument 279760;
9. The Springs Community Association/The Springs Rules recorded March 19, 1976 as Instrument 36022;
10. The Springs Community Association/The Springs Rules/Revised Rules 14, 15, 17, 19, 20 and 36 recorded August 10, 1977 as Instrument 154606;
11. Amendment/The Springs Community Association/The Springs Rules/Revised Rule 16 recorded January 19, 1978 as Instrument 7197;
12. Amendment of Declaration of CC&Rs/The Springs Community Association/The Springs Rules/Revised Rule 16 recorded June 8, 1978 as Instrument 116961;
13. Amendment of the Springs Declaration of Covenants, Conditions and Restrictions/The Springs Community Association/The Springs Rules/Rule 37 recorded October 16, 1981 as Instrument 195155;



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14. Resolution of the Board of Directors of The Springs Community Association/Rules Enforcement recorded July 5, 1983 as Instrument 133759;
15. Resolution of Board of Directors of The Springs Community Association, A California Nonprofit Corporation/The Springs Rules recorded May 11, 1984 as Instrument 99607;
16. Resolution of the Board of Directors of The Springs Community Association, A California Nonprofit Corporation/The Springs Rules - Rule 33 recorded June 5, 1987 as Instrument 158384;
17. Resolution of the Board of Directors of The Springs Community Association, A California Nonprofit Corporation/The Springs Rules - Rule 38 recorded June 5, 1987 as Instrument 158385;
18. Resolution of the Board of Directors of The Springs Community Association, a California Nonprofit Corporation/The Springs Rules - Rule 42 recorded June 30, 1982 as Instrument 240950;
19. Resolution of the Board of Directors of The Springs Community Association Adopting Section 11.A of The Springs Traffic Regulations; Enforcement of 25 Mile Per Hour Speed Limit recorded July 29, 1992 as Instrument 279761;
20. Resolution of The Board of Directors of The Springs Community Association, a California Nonprofit Mutual Benefit Corporation/Amending Section 11.a of The Springs Traffic Regulations; Enforcement of 25 Mile Per Hour Speed Limit recorded August 4, 1994 as 307724;
21. Resolution of the Board of Directors of The Springs Community Association Adopting Rule 5.H of The Springs Environmental Committee Rules; Responsibility of Roof Additions recorded November 13, 2000 as 450454;
22. Resolution of the Board of Directors of The Springs Community Association recorded November 13, 2000 as 450455; and
23. Resolution of the Board of Directors of The Springs Community Association recorded 2/2/2001 as 046843.

In addition to these documents, the following documents were recorded as to The Springs;

1. Redprocal Easement Agreement recorded March 15, 1976 as Instrument 33291 and 2. Wellsite and Water Agreement recorded August 4, 1976 as Instrument 113847,

all of Official Records of the County Recorder of Riverside County.

E. Declarant now desires to rescind the Declaration and any amendments thereto and replace them in their entirety with this Amended and Restated Declaration. Declarant further desires that, upon recordation of this Amended and Restated Declaration, the Property shall be subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges contained therein.

This Amended and Restated Declaration incorporates by its reference herein the documents referred to above as the Reciprocal Easement Agreement recorded March 15, 1976 as Instrument 33291 and the Wellsite and Water Agreement recorded August 4, 1976 as Instrument 113847, neither of which are rescinded in this Amended and Restated Declaration.

F. The Declaration, in Article IX, provides that it may be amended by those



members owning not less than 2/3 of the parcels of residential property, as well as the vote or written consent of a 3/5 majority of the Board of Directors. The undersigned President and Secretary of the Association certify that, to the best of their knowledge, the affirmative vote or written consent of at least the required percentage as discussed above have been obtained.

G. Declarant hereby declares that all of the Property is and shall continue to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the declarations, limitations, covenants, conditions, restrictions, reservations, rights, and easements set forth in this Amended and Restated Declaration, and including the Reciprocal Easement Agreement and Wellsite and Water Agreement referenced above, and as may be amended from time to time, all of which are declared and agreed to be in furtherance of a plan established for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Property. All provisions of this Amended and Restated Declaration shall constitute covenants running with the land and enforceable equitable servitudes upon the Property, and shall be binding on and for the benefit of all of the Property and all parties having or acquiring any right, title, or interest in all or any part of the Property, including the heirs, executors, administrators, and assigns of these parties and all subsequent owners and lessees of all or any part of a Lot.

RECITALS

1. Declarant was the original owner of that certain real property ("Properties") located in the City of Rancho Mirage, County of Riverside, State of California, which is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.
2. 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.
3. It was the further intention of the Declarant to sell and convey residential Lots 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 this 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 unit development" as that term is defined in Civil Code Section 1351(k). Finally, it was the intention of Declarant that the "Common Areas" and "Common Facilities" be owned and maintained by the Association, but 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.
4. On 7/22/04, ^{420P}2004, the percentage of the Owners of Lots within the Properties, as required above, voted by written ballot to amend and restate the Original Declaration and all amendments thereto, all in accordance with the procedures for amendment set forth in the Original Declaration. It was the intention



of said Owners to replace the Original Declaration in its entirety, with the recordation of this Declaration, and subject to the provisions of the Reciprocal Easement Agreement and Wellsite and Water Agreement referenced above. The Owners' action to amend and restate the Original Declaration as set forth herein and the fact that the requisite percentage of affirmative votes required in the Original Declaration was achieved, is attested to by the execution of this First Restated Declaration by duly authorized officers of the Association, as required by California Civil Code Section 1355(a). As so amended and restated, the easements, covenants, restrictions and conditions set forth herein shall run with the Properties and shall be binding upon all parties having or acquiring any right, title or interest in the Properties or any portion thereof, and shall inure to the benefit of each Owner thereof.

ARTICLE 1 DEFINITIONS

Unless otherwise expressly provided, the following words and phrases when used herein shall have the meanings hereinafter specified.

1. "AC" shall mean the Architectural Committee created pursuant to this Declaration.
2. "Architect" shall mean a person holding a certificate to practice architecture under the laws of the State of California.
3. "Articles" shall mean the Articles of Incorporation of the Association filed June 12, 1974 as Instrument No. C0716186 in the office of the Secretary of State of the State of California, which are incorporated herein by this reference, as such Articles may be amended from time to time.
4. "Assessment, Capital Improvement" shall mean a charge against each Owner and his Lot, representing a portion of the costs to the Association for installation or construction of any Improvements on any portion of the Common Area or Common Facilities which the Association may from time to time authorize, pursuant to the provisions of this Declaration. Such charge shall be levied among all Owners and their Lots in the same proportion as Common Assessments.
5. "Assessment, Common" shall mean the annual or supplemental charge against each Owner and his Lot, representing a portion of the total, ordinary costs of maintaining, improving, repairing, replacing, managing and operating the Common Area and Common Facilities, which are to be paid by each Owner to the Association, as provided herein. This assessment shall include amounts for the painting, maintenance and nonstructural repair of the exterior surfaces of the residences, including the roofs, as well as the security equipment and fire detection equipment on each residential property.
6. "Assessment, Reconstruction" shall mean a charge against each Owner and his Lot, representing a portion of the cost to the Association for reconstruction of any portion of the Improvements on the Common Area and Common Facilities pursuant to the provisions of this Declaration. Such charge shall be levied among all Owners and their Lots in the same proportion as Common Assessments.



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7. "Assessments, Special" shall mean a charge against a particular Owner and his Lot, directly attributable to, or reimbursable by, that Owner, equal to the cost incurred by the Association for corrective action, performed pursuant to the provisions of this Declaration, or a reasonable fine or penalty assessed by the Association, plus interest and other charges thereon as provided for herein. Special Assessments for reasons other than fines or penalties are subject to the enforcement remedies of lien and/or personal lawsuits. Pursuant to the laws of the State of California, fines or penalties are not subject to the enforcement remedy of lien at the time of this Amended and Restated Declaration, but may become subject to lien, and are authorized at that time to become a lien or a portion thereof, as the laws of the State of California so allow.

8. "Association" shall mean The Springs Community Association, a corporation formed under the Nonprofit Mutual Benefit Corporation Law of the State of California, its successors and assigns.

9. "Association Maintenance Funds" shall mean the accounts created for receipts and disbursements of the Association, pursuant to this Declaration.

10. "Beneficiary" shall mean a mortgagee under a mortgage or a beneficiary under a deed of trust, as the case may be, and the assignees of such mortgages or beneficiary.

11. "Board" or "Board of Directors" shall mean the Board of Directors of the Association, elected pursuant to the Bylaws of the Association.

12. "Board of Governors" shall mean the Board of Governors of The Springs Club.

13. "Bylaws" shall mean the Bylaws of the Association, as such Bylaws may be amended by the Members of the Association from time to time.

14. "City" shall mean the City of Rancho Mirage and its various departments, divisions, employees and representatives.

15. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area owned by the Association at the time of the recordation of this Declaration is described in Exhibit "A", attached hereto and incorporated herein by reference, including, without limitation, the Common Facilities consisting of 46 pools and spas, the Fitness and Activity Center, and approximately 250 acres of landscape areas and recreational facilities, which are owned by the Association or over which the Association has an easement for the use, care and maintenance thereof for the common use and enjoyment of all of the Owners. The Common Area includes the entrance/exit gates, streets, roads and driveways located within the development. Improvements shall be as further defined herein. Unless the context clearly indicates a contrary intent, any reference herein to the "Common Areas" shall also include any Common Facilities located thereon. As more particularly described in the Governing Documents, portions of the Common Area are designated as Exclusive Use Common Areas whose use and enjoyment are restricted to the Owners and Occupants of the Residences adjacent to such Exclusive Use Common Areas. The Common Area includes the building wherein the Association office is located.



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16. "Common Expenses" shall mean any use of Common Funds authorized by this Declaration 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, Common Facilities, or any portion of any Lot or Residence that the Association is obligated to maintain or repair, (b) All expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors and insurance of Residences constructed or to be constructed on Lots to the extent required by the article entitled "Insurance" in this Declaration (c) Any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Areas and Common Facilities or any portion of any Lot or Residence that the Association is obligated to maintain or replace, 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.

17. "Common Facilities" shall mean the swimming pools and apron areas, pool storage and pool pump houses, pool furniture, recreation building, trees, hedges, plantings, lawns, shrubs, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings, structures and other facilities constructed or installed, or to be constructed or installed, or currently located within the Common Area. The Fitness and Activity Center is a Common Facility for which separate Rules and Regulations apply.

18. "Common Walls" and "Common Roofs" respectively means those portions of the improvements located upon the Lots that are immediately adjacent to or conjoined with any of the improvements of any adjacent Lot, including exterior walls and roofs.

19. "County" shall mean the County of Riverside, State of California, and its various departments, divisions, employees and representatives.

20. "Declarant" shall mean the original developer of the Properties, namely The Palm Desert Joint Venture, a California limited partnership.

21. "Declaration" shall mean this instrument as it may be amended from time to time. The "Original Declaration" means and refers to the document referenced in the Recitals to this Declaration, together with all amendments and annexations thereto, adopted prior to adoption of this Declaration.

22. "Deed of Trust" shall mean a mortgage or a deed of trust as the case may be.

23. "Dwelling Unit", "Unit" or "Residence" shall mean a building located on a Lot designed and intended for use and occupancy as a residence by a single family as that term is defined by current State or Federal law.

24. "Family" shall be defined by current State or Federal law, and shall include all natural persons defined thereby who maintain a common household in a Dwelling Unit on a Lot.

25. "File" shall mean the filing of any document in the Office of the County Recorder of Riverside County, California.



26. "Fiscal Year" shall mean the year adopted as such from time to time by the Association for financial purposes.

27. "Golf Course" shall mean the golf course and tennis courts at The Springs Club. These are not Common Facilities, but are privately owned, maintained and operated separate and apart from the Common Facilities of the Association. The Springs Club is a nonprofit corporation completely independent of the Association, but cooperating with the Association, as provided herein.

28. "Governing Documents" is a collective term that means and refers to this Declaration, the Articles, the Bylaws, Rules and Regulations, Architectural Guidelines and all other documents governing the maintenance and administration of the Association.

29. "Grantor" shall mean the original Declarant, The Palm Desert Joint Venture, a California limited partnership.

30. "Improvement" shall mean any structure or appurtenance thereto of every type and kind, including but not limited to buildings, outbuildings, walkways, sprinkler pipes, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks; landscaping, antennae, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning and water-softening fixtures or equipment, and all other structures and landscaping improvements of every type and kind. 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, and which do not affect the structural integrity of the roof or exterior of that Residence.

31. "Lot" shall mean any residential Lot or parcel of land shown upon any recorded subdivision map or recorded parcel map of the Properties, with the exception of the Common Area. When appropriate within the context of this Declaration, the term "Lot" shall also include the Residence and other improvements constructed or to be

32. "Manager" or "General Manager" or "Property Manager" shall mean the Person appointed by the Association hereunder as its agent and delegated certain duties, powers or functions of the Association as further provided in this Declaration and in the Bylaws and other Governing Documents of the Association.

33. "Member", "Membership". "Member" shall mean any Person holding a membership in the Association, as provided in this Declaration, and whose rights as a Member are not suspended pursuant to this Declaration or the Bylaws or other Governing Documents. "Membership" shall mean the property, voting and other rights and privileges of Members as provided herein, together with the correlative duties and obligations contained in this Declaration and the Articles and Bylaws and all other Governing Documents of the Association.

34. "Mortgage", "Mortgagee", "Mortgagor". "Mortgage" shall mean any mortgage or deed of trust or other conveyance of a Lot or other portion of the Properties to secure the performance of an obligation, which will be reconveyed upon the



completion of such performance. The term "Deed of Trust" or "Trust Deed" when used herein shall be synonymous with the term "Mortgage." The term "Mortgagee" shall mean a person or entity to whom a Mortgage is made and shall include the beneficiary of a Deed of Trust. "Mortgagor" shall mean a person or entity who mortgages his Lot to another (i.e., the maker of a Mortgage), and shall include the Trustor of a Deed of Trust. The term "Trustor" shall be synonymous with the term "Mortgagor", and the term "Beneficiary" shall be synonymous with the term "Mortgagee."

35. "Notice" shall mean a notice delivered pursuant to the provisions of this Declaration and the Bylaws.

36. "Notice of Hearing" shall mean written notice and a hearing before the Board, or any duly appointed committee or members of the Board, at which the Owner concerned shall have an opportunity to be heard in person, or by counsel at Owner's expense, in the manner further provided in the Bylaws or other Governing Documents of the Association.

37. "Operating Fund" shall mean the fund created for the receipts and disbursements of the Association, pursuant to this Declaration.

38. "Owner" shall mean the Person or Persons, including any firm, corporation or other entity, holding an interest of record to any Lot which is a part of the Properties. Owner shall not include the purchaser of residential property under an executory contract for the sale of real property unless it is a real property sales contract as defined in Section 2985 of the Civil Code, as amended from time to time. Unless the context herein requires otherwise, Owner shall include the family, invitees, licensees and lessees of any Owner, together with any other person or persons holding any possessory interest granted by such Owner in any residential property. "Owner of Record" shall include an Owner and mean any person, firm, corporation or other entity in which title to a Lot is vested as shown by the official records of the Riverside County Recorder.

39. "Party Wall" shall mean a common wall which divides two residential properties and serves as a wall for a building located on each such property. A party wall shall be considered to adjoin and abut against the surface from the bottom of the foundation over the full length and height of each such building. Residences within the Properties may also share a common roof. The rights and responsibilities of Owners with respect to Party Walls and Common Roofs shall be governed by this Declaration.

40. "Person" shall mean a natural individual or any other entity with the legal right to hold title to, or enter into a leasehold for, real property.

41. "Properties" shall mean all parcels of real property (Common Area and Lots) described in Exhibit "A" hereof, together with all buildings, structures, utilities, Common Facilities, and other improvements located thereon/nor located or hereafter constructed or installed thereon, and all appurtenances thereto.

42. "Record", "Recorded", "Filed" or "Recordation" shall mean, with respect to any document, the recordation of such document in the office of the Riverside County Recorder.



43. "Rules and Regulations" shall mean the Rules and Regulations adopted by the Board pursuant to the Bylaws as such Rules and Regulations may be amended from time to time.

44. "Single Family Residential Use" shall mean 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.

45. "The Springs" shall mean all of the real property referred to as The Properties, together with such other real property as from time to time may be annexed thereto.

46. "The Springs Club", "Club" shall mean the golf course, clubhouse and related facilities, including the tennis courts, which are privately owned, maintained and operated separate and apart from the Common Facilities of the Association. The Springs Club is a nonprofit corporation completely independent of the Association, but cooperating with the Association, as provided herein.

ARTICLE 2 OWNERS' PROPERTY RIGHTS AND OBLIGATIONS

1. Owners' Easements of Enjoyment.

Every Owner shall have a nonexclusive right and easement of ingress and egress and of enjoyment in, to and over the portions of the Common Area which shall be appurtenant to and shall pass with title to every Lot, 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 charge reasonable admission and other fees or to limit the number of guests of Members who may use any recreational Common Facilities, including the Fitness and Activity Center;

(b) The right of the Association to establish Rules and Regulations regulating the use and enjoyment of the Properties, including the Fitness and Activity Center, 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 or tenant, to impose fines or penalties for such breach, to suspend cable services whether or not that suspension impacts services separately contracted for by the Owner, to temporarily suspend the voting rights and/or to temporarily suspend the right to use the common facilities, other than roads but including the Fitness and Activity Center, by any Owner and/or the Owner's tenants and guests, subject to compliance with the due process requirements of this Declaration.

(c) The right of the Association in accordance with the Articles, Bylaws and this Declaration, to borrow money for the purpose of improving the Common Area and Common Facilities and in aid thereof, subject to the provisions of this Declaration, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such Mortgages shall be subordinate to the rights of the Owners hereunder; and



further provided that any such indebtedness shall be considered an expense of the Association for purposes of assessment provisions contained herein;

(d) Subject to the provisions of this Declaration, the right of the Association to dedicate, release, alienate or transfer all or any part of the Common Area, owned by the Association, to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. With the exception of those rights discussed below regarding the area equal to the boundaries of the eaves of the unit and easements for swimming pools, walls, pools, and patios, no such dedication, release, alienation or transfer shall be effective, unless an instrument approved by at least 2/3 of the voting power of the Members, and their first Mortgagees consenting to such dedication, release, alienation or transfer has been recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Lot. Such instrument may be executed in counterparts so long as each counterpart is in recordable form. Adjacent to each Lot are Exclusive Use Common Areas, as defined in Civil Code Section 1351(l), consisting of patio areas, balconies, parking spaces, driveways, walkways. The Exclusive Use Common Areas are set aside for the exclusive use and enjoyment of the Owners and occupants of the appurtenant Residence and the non-exclusive easements granted herein shall be subordinate to and shall not interfere with these exclusive easements. The Association shall have the right to transfer to any member Common Area in accordance with an area equal to the boundaries of the eaves of the Residence, upon following the procedures currently in practice regarding such easements, (including allocation of the dollar amounts for such easements by use of the tax bills and division thereof by two) and an easement for swimming pools, walls, pools, and patios in accordance with the custom and practices of the Association to date regarding such easements.

(e) The right of the Association to perform any maintenance it or the City of Rancho Mirage may deem necessary to reconstruct, replace or refinish any Improvement or portion thereof upon the Common Area or Common Facilities in accordance with the original design, finish or standard of construction of such Improvement, or of the general Improvements within the Properties, as the case may be; and if not in accordance with such original design, finish or standard of construction only with the vote or written consent of the Owners holding 1/3 of the voting power of the Association;

(f) The right of the Association to replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the Common Area;

(g) The right of the Association and Owners (or their representatives) of adjoining Lots of entry upon and access to slopes and drainageways located upon a Lot when such access is essential for the maintenance or stabilization of slopes or drainage, or both, on such adjoining Lots, provided requests for entry are made in advance and that entry is at a time convenient to the Owner whose Lot is being entered upon. In case of emergency the right of entry shall be immediate.

(h) The right, power and authority of the Association to contract for and obtain, cable services, the monthly costs of which shall be billed by the company providing such service to the Association on a "bulk" basis, rather than to each Owner individually and to bill each Owner such Owner's share of the bulk costs, and to add such Owner's share to the amount of operating and maintenance assessments payable by each such Owner, and to collect payment of such Owner's share by suit or by lien as



provided in this Declaration. The right, power and authority shall include, without limitation:

(1) the right to enter into a bulk agreement with a cable provider of the Board's choosing, upon such terms and conditions as the Board shall deem appropriate;

(2) The right to grant such cable provider an exclusive right, during the term of any such agreement, to provide cable television services and/or pay television, to all Owners who have signed up to receive cable television service from the provider;

(3) The right to grant such cable television provider a license and/or easement, for the term of any such agreement, for ingress, egress, access and rights of way across, through, in, on and over the Common Areas and Common Facilities of the Properties to construct, install, operate and maintain the cable system and all transmission lines and other appropriate equipment and facilities;

(4) The right to pay the provider all costs of providing service to Owners under the agreement;

(5) The right to arrange for the provider to provide service to The Springs Club and to charge and collect from The Springs Club all costs incurred by the Association in connection therewith;

(6) The right to arrange for the provider to provide service to the Association's offices, and to pay the cable provider all costs incurred by the Association in connection therewith;

(7) The right to arrange for the provider to establish a video security system within the Properties as part of or in connection with the provisions of the service, and to pay for any start-up costs incurred in connection with establishing such security system, and any monthly costs incurred in connection with operating and/or maintaining such system thereafter;

(8) The right to include AM/FM radio service as part of the service provided; and

acknowledge and/or record such other and further documents and/or agreements as may be reasonably necessary and/or expedient in connection with exercising the rights, powers and authorities granted herein.

2. Easements for Parking.

The Association is hereby empowered to establish "parking", "guest parking" and "no parking" areas within the Common Area in accordance with Section 22658 of the California Vehicle Code, or any similar statute hereafter enacted, as well as to enforce these parking limitations by all means lawful for such enforcement on city streets, including the removal of any violating vehicles by those so empowered and all as contained within the Rules and Regulations.

3. Easements for Vehicular and Pedestrian Traffic.

In addition to the general easements for use of the Common Area reserved herein, there shall be, and is hereby reserved and covenanted for Declarant and all present



and all future Owners within the Properties, nonexclusive easements appurtenant for vehicular and pedestrian traffic over the private streets and walkways within the Common Area, subject to the parking provisions set forth herein.

4. Easements for City Public Service Use.

In addition to the foregoing easements over the Common Area, there shall be and is hereby reserved and covenanted for Declarant and all present and future Owners within the Properties, easements for public services of the City of Rancho Mirage, including but not limited to, the right of the police to enter upon any part of the Common Area for the purpose of enforcing the law.

5. Waiver of Use.

No Owner may exempt himself from personal liability for assessments duly levied by the Association, nor release the Lot or other property owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area and any facilities thereon or by abandonment of his Lot or any other property in the Properties.

6. Title to the Common Area.

The Association was conveyed the Common Area free and clear of any and all encumbrances and liens, subject to reservations, easements, covenants, and conditions then of record, including those set forth in this Declaration.

7. Easements for Water and Utility Purposes.

In addition to the foregoing easements over the Common Area, there shall be and is hereby reserved and covenanted for Declarant and all present and future Owners within the Properties, easements for public and private utility purposes, including but not limited to, the right of any public utility or mutual water district of ingress or egress over the Common Area for purposes of reading and maintaining meters, and using and maintaining fire hydrants located on the Common Area.

8. Taxes.

Each Owner shall execute such instruments and take such action as may reasonably be specified by the Association to obtain separate real estate tax assessment of each Lot. If any taxes or assessments may, in the opinion of the Association, become a lien on the Common Area or Common Facilities, or any part thereof, they may be paid by the Association and each Owner shall be obligated to pay or to reimburse the Association for, as the case may be, the taxes and assessments assessed by the County Assessor or other taxing authority against the Common Area or Common Facility and attributable to his own Lot and interest in the Common Area or Common Facility.

9. Persons Subject to Governing Documents.

All present and future Owners, tenants and occupants of Lots 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 Lot, the entering into a lease, sublease or contract of sale with respect to any Lot, or the occupancy of any Residence 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, including but not limited to the Rules and Regulations regarding the Fitness and Activity Center.

10. Delegation of Use.

(a) **Delegation of Use and Leasing of Residences.** Any Owner may delegate the Owner's rights to use and enjoy the Common Area and Common Facilities to members of the Owner's family or to the Owner's tenants, lessees or contract purchasers who reside in the Owner's Residence, subject to the provisions of the Rules and Regulations of the Fitness and Activity Center, and provided that any rental or lease may only be to a single family for Single Family Residential Use and for a term not less than 30 days. Any rental or lease of a Residence for periods in excess of 30 days may only be to a single family for Single Family Residential Use. The restrictions on multiple family occupancy imposed by this paragraph are intended to protect, enhance and maintain the single family residential atmosphere which exists within the Properties and to avoid an overburdening of Common Areas and Common Facilities. Rental or lease of a Residence for periods of less than 30 days may subject the Owner to the transient use taxes imposed by the City of Rancho Mirage. All owners renting or leasing their Residence shall promptly notify the Association of the address and telephone number where such Owner can be reached and shall promptly notify the Association in writing of the names of all tenants and members of a tenant's family occupying such Residence and furnish the Association with a copy of any lease or rental agreement. Delegation of these rights shall not extend to the right of a non-Owner to vote or the right to serve on the Board of Directors or on committees of the Association, whether by power of attorney or otherwise.

During any period when a Residence has been rented or leased, the Owner-lessor, his family, guests and invitees shall not be entitled to use and enjoy the Common Areas or Common Facilities of the Properties (other than the common area pools and roads and other than as permitted by the Rules and Regulations of the Fitness and Activity Center), except to the extent reasonably necessary to perform the Owner's responsibilities as a lessor of the Residence, provided that this restriction shall not apply to an Owner-lessor who is contemporaneously residing in another Residence within the Properties. Any rental or lease of a Residence shall be subject to the provisions of the Governing Documents, all of which shall be deemed incorporated by reference in the lease or rental agreement. Each Owner-lessor shall provide any tenant or lessee with a current copy of all Governing Documents and shall be responsible for compliance by the Owner's tenant or lessee with all of the provisions of the Governing Documents during the tenant's/lessee's occupancy and use of the Residence.

No Owner shall allow his Residence to be leased, subleased, occupied, rented, let, sublet, or used for or in connection with any time-sharing agreement, plan, program, or arrangement, including, without limitation, any so-called "vacation license", "travel club", "extended vacation", or other membership or time-interval Ownership arrangement. The term "time-sharing" as used herein shall be deemed to include, but shall not be limited to: any time-share project, time-share estate, and/or time-share use (as those terms are defined under the State of California's Business and Professions Code Section 11003.5 or any successor statute thereto); any qualified resort vacation club (as those terms are used under the State of California's Business and Professions Code Section 10260, et. seq) or any agreement, plan, program or arrangement under which the right to use, occupy, or possess the Residence in the



Properties rotates among various persons, either corporate, partnership, individual, or otherwise, on a periodically recurring basis for value exchanged, whether monetary or like-kind use privileges, according to a fixed or floating interval or period of time; provided, however, this section shall not be construed to limit the personal use of any Residence by any Owner or his social or familial guests or his tenants under leases created in accordance with this Declaration.

(b) Discipline of Lessees; Exercise of Eviction Authority. Subject to subparagraph (c), in the event that any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances, which may include initiation of an eviction proceeding in accordance with subparagraph (c), suspension of the tenant's privileges to use any Common Areas or Common Facilities, including the use of the Fitness and Activity Center, suspension of the cable services, and/or the imposition of fines and penalties against the Owner and/or tenant.

Whether or not such right is stated in any rental agreement, every Owner who rents his Residence automatically grants to the Association the right to determine a tenant's default under the Governing Documents and to terminate the tenancy and evict the tenant for such default. If the Board takes such eviction action, either in its own name or in the Owner's name, the Owner shall be responsible for all costs thereof, including reasonable attorney's fees, and shall reimburse the Association upon demand for the entire amount of such costs. If the Owner refuses to make such reimbursement, the sums shall constitute a Special Individual Assessment for which a lien may be imposed against the Owner's Lot. The Association's right to maintain an eviction action hereunder is derived from Sections 1165 and 383 of the Code of Civil Procedure and shall arise if the tenant's or lessee's conduct involves damage to or destruction of Common Areas or Common Facilities, or constitutes a nuisance or unreasonable interference with the quiet enjoyment of other residents.

Any fine or penalty levied pursuant to this Section shall be considered a Special Individual Assessment. If a Special Individual Assessment is imposed as a result of the conduct of a tenant or lessee, the tenant or lessee agrees to be personally obligated for the payment of such assessments in the event the Owner-lessor fails to pay the assessments prior to the delinquency date. This provision, however, shall not be construed to release the Owner from any obligation, including the obligation to pay any duly imposed Special Individual Assessment, for which such Owner would otherwise be responsible. Any tenant or lessee charged with a violation of the Governing Documents is entitled to the same notice and hearing rights to which the Owner is entitled as provided in subparagraph (c). Any Owner who shall lease his Residence shall be responsible for assuring compliance by the lessee with the Governing Documents, including but not limited to the obligation for charges made by that tenant or lessee at the Fitness and Activity Center, and pursuant to the Rules and Regulations thereof.

(c) Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to the Properties or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to initiate disciplinary action against an Owner-lessor (or the Owner's lessee or tenant) on account of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied: (i) the Owner has received written notice from the Board, the Association's General Manager or other authorized committee of the Board, detailing the nature of the lessee's or



tenant's alleged infraction or misconduct and advising the Owner of his right to a hearing on the matter in the event the Owner believes that remedial or disciplinary action is unwarranted or unnecessary; (ii) the Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner; and (iii) the Owner has failed to prevent or correct the tenant's objectionable actions or misconduct. Any hearing requested hereunder shall be noticed and conducted in accordance with this Declaration.

(d) Security Deposit. Through its rule-making power, exercised in accordance with this Declaration, the Board is hereby authorized and empowered to establish and implement an Association security deposit procedure to protect the Association, the Common Area and Common Facilities from negligence, damage and/or destruction caused by the tenants or lessees of any Owner, their families and guests. Said security deposit, if required, shall be payable by the Owner and shall be fixed in an amount not to exceed one month's Regular Assessment and shall be separately accounted for by the Association. Within 6 weeks following receipt of notice from the Owner-lessor that the Residence is no longer being leased, the Association shall furnish the Owner with an itemized statement indicating the basis for, and the amount of, any security received and withheld and the disposition of the security deposit and shall return the remaining portion of the security deposit to the Owner.

(e) Recoverable Costs and Expenses. In the event of (i) damage to, or destruction of, Common Areas or Common Facilities by a tenant or lessee of the Owner of a Residence; (ii) the imposition of a fine or penalty against an Owner-lessor as a result of any act or omission of the Owner's tenant or lessee; or (iii) expenses incurred by the Association in the successful prosecution of an eviction proceeding pursuant to subparagraph (b), the Association shall be entitled to apply the security deposit to the recoverable costs and expenses. The Owner-lessor shall thereupon immediately reimburse the security deposit fund in an amount equal to the sums thus applied. Upon termination of the lease and notification to the Association of such termination, the security deposit, or the balance thereof, shall be refunded to the Owner without interest. As a condition to the Association's right to apply security deposit funds in the manner provided above, the Association must give the Owner-lessor the notice and hearing rights specified in this Declaration.

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

(b) Contract Purchasers. A contract seller of a Lot must delegate his voting rights as a Member of the Association and right to use and enjoy the Common Area and Common Facilities to any contract purchaser in possession of the property subject to the contract of sale and subject to the Rules and Regulations of the Fitness and Activity Center. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of assessments or charges made at the Fitness and



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Activity Center as contained within the Rules and Regulations thereof, by the contract purchaser until title to the property sold has been transferred to the purchaser. This delegation does not extend to the right of the contract purchaser to serve on the Board of Directors or committees of the Association until the transfer has taken place and the document evidencing such transfer has been recorded with the County Recorder.

(c) Notification Regarding Governing Documents.

(i) As more particularly provided in Civil Code Section 1368, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, 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 Lot being sold; (D) a true statement in writing from an authorized representative of the Association as to the amount of the Association's current Regular and Special Assessments (if any) and fees; and (E) a notice of any change in the Association's current Regular or 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.

(ii) The Association shall, within 10 days of the mailing or delivery of a request for the information described above, provide the Owner with a copy of the current Governing Documents, together with the delinquency statement. 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 Lot.

(d) Payment of Assessments and Compliance with Rules. Each Owner shall pay when due each Regular, Special and all other assessments levied against the Owner and his Lot 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, including the Rules and Regulations of the Fitness and Activity Center, for the purpose of protecting the interests of all Owners or protecting the Common Areas and Common Facilities.

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

(f) Joint Ownership of Lots. In the event of joint ownership of any Lot, the obligations and liabilities of the multiple Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this subparagraph 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 Facilities, abandonment of the Owner's Lot 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 Lot pursuant to this Declaration.

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

(i) Obligation to Permit Entry by Association Adjacent Owners. Each Owner shall be obligated to permit the Owners of adjacent Residences or the representatives of such adjacent Owners to enter the Owner's Residence for purposes of performing installation, alterations or repairs to mechanical or electrical services including installation of television antennas and related cables, which are reasonably necessary for the use and enjoyment of his Residence provided that requests for entry are made at least 24 hours in advance and that entry is at a time convenient to the Owner whose Residence is being entered upon. Each Owner shall honor the right of the Association and its agents to enter Residences as provided in this Declaration.

ARTICLE 3 THE SPRINGS COMMUNITY ASSOCIATION

1. Membership.

Every Owner of a Lot, upon purchasing such Lot, shall automatically become a Member of the Association and shall remain a Member thereof until such time as his ownership ceases, at which time his membership in the Association shall automatically cease. Each Owner shall hold one membership in the Association for each Lot owned and the membership shall be appurtenant to such Lot. Ownership of a Lot or interest in it shall be the sole qualification for membership in the Association. Memberships in the Association shall not be assignable, except to the person to whom title to the Lot has been transferred, and every membership in the Association shall be appurtenant to and may not be separated from the ownership of such Lot. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members until such time as the security holder comes into title to the Lot through foreclosure or deed in lieu thereof.

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. Voting Rights of Members.

Each Member of the Association shall be entitled to one vote for each Lot owned by said Member. When more than one person holds an interest in any Lot, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Lot. Voting rights may be temporarily suspended under those circumstances described in this Declaration.

4. Assessments.

The Association shall have the power to establish, fix and levy assessments against the Owners of Lots within the Properties and to enforce payment of such



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assessments in accordance with 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.

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 Lot to which it is appurtenant and then only to the purchaser. In the case of a sale, membership passes automatically to the purchaser upon recording of a deed evidencing transfer of title to the Lot. In the case of an encumbrance of such Lot, a Mortgagee does not have membership rights until it becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use pursuant to this Declaration 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, and will not be reflected upon the books and records of the Association. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in the Owner's name to the purchaser of his Lot, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the Owner-seller shall be null and void. A Member who has sold his Lot to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser his membership rights in the Association, excepting therefrom the right to serve on the Board or on committees of the Association. Such delegation shall be in writing and shall be delivered to the Board before such contract purchaser may vote. However, the contract seller shall remain liable for all charges and assessments attributable to his Lot until title to the Lot sold is transferred. Until satisfactory evidence of transfer has been presented to the Board, the purchaser shall not be entitled to vote at meetings of the Association.

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 Facilities, including but not limited to, the Fitness and Activity Center, 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 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 the Bylaws.

(b) Association's Limited Right of Entry. The Association and/or its agents shall have the right, when necessary, to enter any Lot to perform the Association's obligations under this Declaration, including (i) exterior maintenance or repair obligations; (ii) obligations to enforce the architectural guidelines and land use restrictions of this Declaration; (iii) any obligations with respect to construction,



maintenance and repair of adjacent Common Facilities; or (iv) to make necessary repairs that any 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 Associations' rights of entry under this subparagraph shall be immediate in case of an emergency originating in or threatening the Lot where entry is required, or any adjoining Lots or Common Area or Common Facilities, and the Association's work may be performed under such circumstances whether or not the Owner or his tenant or lessee is present. In all nonemergency situations, the Association or its agents shall furnish the Owner or his tenant or lessee with at least 24 hours' written notice of its intent to enter the Lot, specifying the purpose and scheduled time of such entry and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing within the Residence located on the Lot.

(c) Patrol or Security Services. The Association may, but shall not be obligated to, provide patrol services, with the types, extent, nature, and hours of patrol services to be determined from time to time by the Board. In the event that the Association considers it appropriate and in the best interests of the Association to provide a patrol or similar service, or any other security services, such services provided or contracted by the Association are not intended to replace, or to supplement, in any manner, governmental law enforcement, fire, or safety services and no references herein to "security, safety, or patrol" shall be construed as a representation that the Association provides enhanced or special security features.

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 Rules and Regulations of general application to the Owners of Lots 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 Facilities, including but not limited to the Fitness and Activity Center, 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 Facilities; (ii) architectural control and the rules of the Architectural Committee under this Declaration; (iii) regulation of parking, pet ownership and other matters subject to regulation and restrictions under this Declaration and including the maintenance and condition of the private yards of the residences within the Development; (iv) collection and disposal of refuse; (v) minimum standards for the maintenance of landscaping or other improvements on any Lot; and (vi) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents. This power shall include the right to impose and collect fines or penalties for violation of those rules and regulations.

Notwithstanding the foregoing grant of authority, the Association Rules and Regulations shall not be inconsistent with or materially alter any provisions of the other Governing Documents or the rights, preferences and privileges of Members thereunder. In the event of any material conflict between any Association Rule or Regulation and any provision of the other Governing Documents, the conflicting provisions contained in the other Governing Documents shall be deemed to prevail, if not in conflict with the laws or statutes of the State of California.



(b) Distribution of Rules and Regulations. A copy of the Association Rules and Regulations, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. A copy of the Association Rules and Regulations shall also be available and open for inspection during normal business hours at the principal office of the Association.

(c) Adoption and Amendment of Rules and Regulations. Association Rules may be adopted or amended from time to time by majority vote of the Board, provided, however, that no Association Rules and Regulations or amendments thereto shall be adopted by the Board until at least 30 days after the proposed rule, regulation or amendment has been (i) published in the Association newsletter, or otherwise communicated to the Owners in writing and (ii) posted in the Association's principal office. The notice describing the proposed rule, regulation or amendment shall also set forth the date, time and location of the Board meeting at which action on the proposal is scheduled to be taken. Any duly adopted rule, regulation or amendment to the Rules and Regulations shall become effective immediately following the date of adoption thereof by the Board, or at such later date as the Board may deem appropriate. Any duly adopted Rule and Regulation or amendment shall be distributed to the Owners by mail.

8. Breach of Governing Documents.

Any breach of the Association Rules and Regulations or other Governing Document provision, including but not limited to the Rules and Regulations of the Fitness and Activity Center, shall give rise to the rights and remedies set forth in this Declaration.

9. Limitation on 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 their duties and responsibilities or for their 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 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 or committee member shall recover damages from such Board member or officer if all of the following are satisfied:

- (i) the Board member or officer is an Owner of no more than 2 Lots;
- (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 omission in their official capacities, with minimum coverage for both types of insurance being not less than \$1,000,000.

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 Lot within the Properties as the result of a judicial or nonjudicial foreclosure proceeding is not a volunteer. The provisions of this subparagraph are intended to reflect the protections accorded to volunteer Directors and officers of community associations under Civil Code Section 1365.7. In the event that Civil Code section is amended or superseded by another, similar provision of the California statutes, this subparagraph shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor Civil Code provision.

ARTICLE 4 ASSESSMENTS

1. Assessments Generally.

(a) **Covenant to Pay Assessments.** Each Owner of one or more Lots, 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 (1) annual Common Assessments for Common Expenses, (2) Capital Improvement Assessments, (3) Special Assessments, and (4) Special Individual Assessments; and any and all other assessments duly imposed by the Association, such assessments to be established and collected as hereinafter provided.

(b) **Extent of Owner's Personal Obligation for Assessments.** Except as provided herein all such 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 Lot at the time the assessment was levied. Each Owner who acquires title to a Lot whether at judicial sale, trustee's sale or otherwise, shall be personally liable for assessments attributable to the Lot 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.

(c) **Creation of Assessment Lien.** All assessments, except those specifically due to a fine or penalty (but for which authority is provided herein for such fines or penalties to become liens pursuant to the then current law of the State of California), together with late charges, interest, and reasonable costs including reasonable attorneys' fees for the collection thereof, shall be a charge on the Lot and shall be a



continuing lien upon the Lot 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 this Declaration, with the exception of those specifically due to a fine or penalty which shall be authorized to become subject to lien rights pursuant to the then current law of the State of California.

(d) No Avoidance of Assessment Obligations. No Owner may exempt himself from personal liability for assessments duly levied by the Association, nor release the Lot or other property owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area or any facilities thereon or the Common Facilities or by abandonment or non-use of his Lot or any other portion of the Properties.

2. 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 which has offices located within the State of California and preferably within the County of Riverside. 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 withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by California Civil Code Section 1365.5 and the Bylaws.

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 this Declaration.

(b) Separate Accounts: Commingling of Funds. 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 Special 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 may 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 Declaration 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 replacement 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.

3. 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 Areas Common Facilities) by preparing and distributing to all 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 of Membership Approval Requirements. The total annual expenses estimated in the Association's budget (less projected income from sources other than assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year, provided that, except as provided herein, the Board may not impose a Regular Assessment that is more than 20% 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. For purposes of this section, "quorum" means more than 50% of the owners of the Association.

In addition to the Regular Assessment amounts, and pursuant to separate agreement, an assessment reflecting an Owner's allocable share of the annual cost to the Association of maintaining private pools and ponds shall be added to the Regular Assessment of each Owner who is a party to such an agreement. Assessment and collection of such cost shall be in accordance with the procedures herein for regular assessments.

(c) Assessments to Address Emergency Situations. The requirement of a membership vote to approve Regular Assessment increases in excess of 20% of the previous year's Regular Assessment shall not apply to assessment increases necessary to address emergency situations. For purposes of this subparagraph, an emergency situation is any of the following:

- (i) an extraordinary expense required by an order of the court.
- (ii) An extraordinary expense necessary to repair or maintain the Common



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Areas, Common 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 Facilities or any portion of the separate interest which the Association is obligated to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the budget pursuant to this Declaration provided that, prior to the imposition or collection of an assessment under this paragraph, 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 this Declaration, shall be allocated among, assessed against, and charged to each Owner according to the ratio of the number of Lots within the Properties owned by the assessed Owner to the total number of Lots subject to assessments so that each Lot 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 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 Lot the name and address of the Owner of Record, all Regular, Special and Special Individual Assessments levied against each Owner and his Lot, and the amount of such assessments which have been paid or remain unpaid. The delinquency statement required by this Declaration shall be conclusive upon the Association and the Owner of such Lot 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) Mailing Notice of Assessment. The Board of Directors shall mail to each Owner at the street address of the Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year no less than 45 days prior to the beginning of the next fiscal year. The Association shall provide notice by first-class mail to the Owners of any increase in the regular or special assessments of the Association, not less than 30 nor more than 60 days prior to the increased assessment becoming due.

(g) Failure to Make Estimate. If, for any reason, the Board 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 this Declaration for that year, shall be assessed against each Owner and his Lot on account of the then current fiscal year, and installment payments (as provided herein) 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 Lot 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 Board. Installments of Regular Assessments shall be delinquent if not paid by the 15th day of the month in which the Assessment is due.

4. Special Assessments.

(a) Purposes for Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth below, the Board shall have the authority to levy Special Assessments against the Owners and their Lots 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 in this Declaration, the Board 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 shall be subject to membership approval requirements provided in this Declaration.

(ii) Capital Improvements. The Board may also levy Special Assessments for additional capital improvements within the Common Area or to the Common Facilities (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 Areas or Common 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 or repair of the Common Area or existing Common Facilities through Regular Assessments (including the funding of reasonable reserves) and to maintain adequate insurance on the Common Area and existing Common Facilities in accordance with this Declaration.

(b) Special Assessments Requiring Membership Approval. No Special Assessments described herein, which require membership approval, 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. For purposes of this section, quorum means more than 50% of the owners of the Association.

(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 Lot in the same manner prescribed for the allocation of Regular Assessments pursuant to this Declaration. The Special Assessment so levied shall be recorded on the Association's Assessment Roll and notice thereof shall be mailed to each Owner. The Association shall provide notice by first-class mail to the Owners of any increase in the regular or special assessments of the Association, not less than 30 nor more than 60 days prior to the increased assessment becoming due.



Special Assessments for purposes described in Section (a) (I) shall be due as a separate debt of the Owner and a lien against his Lot, and shall be payable to the Association in equal monthly installments during the remainder of the then current fiscal year. Special Assessments for purposes described in Section (a) (II) shall be due as a separate debt of the Owner and a lien against his Lot, and shall be payable in full to the Association within 30 days after the mailing of such notice or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment.

5. Special Individual Assessments.

(a) **Circumstances Giving Rise to Special Individual Assessments.** In addition to the Special Assessments levied against all Owners in accordance with this Declaration, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described below, provided that no Special Individual Assessments may be imposed against an Owner pursuant to this Section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to this Declaration, 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 Facilities.** In the event that any damage to, or destruction of, any portion of the Common Area or the Common Facilities, including any portion of the Residence which the Association is obligated to repair and maintain is caused by the willful misconduct or negligent act or omission of any Owner, any member of his family, or any of his 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 (to the extent not compensated by insurance proceeds) 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 the Governing Documents but has failed to undertake or complete in a timely fashion, or (C) to otherwise bring the Owner and/or his Lot 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 Lots.** As more particularly described in this Declaration, if any Lot 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 Lot, 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 this Section, 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 Special Individual Assessment. Special Individual Assessments imposed to recover monetary penalties or fines for failure of a Member to comply with the Governing Documents may only become a lien against the Member's Lot that is subject to foreclosure if such lien and foreclosure remedies are permitted by the laws of the State of California. Currently Civil Code Section 1367 prohibits such liens. However, except as specifically prohibited by law, it is the intent of this Declaration that Special Individual Assessments (including without limitation those imposed to recover late payment penalties or to reimburse the association for the costs of repairing damage to the Common Areas or Common Facilities for which the assessed Member is responsible), if not paid prior to delinquency, may be collected either in an action at law or by resort to the lien and foreclosure remedies set forth below.

6. 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 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 Lot 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.

7. Exemption of Certain of the Properties From Assessments.

The following real property subject to this Declaration shall, unless devoted to use as a Residence, 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 Facilities; and
- (c) Any Lot owned by the Association.

8. Notice and Procedure for Member Approval.

In the event that Member approval is required in connection with any increase or imposition of assessments pursuant to this Declaration, approval of the requisite percentage of the Members shall be solicited either by written ballot conducted in accordance with Corporations Code Section 7513 and the Bylaws or at a meeting of the Members called for that purpose, duly noticed in accordance with the Bylaws. The quorum required for such membership action shall be a majority of the Members.

9. Collection of Assessments; Enforcement of 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 assessed to any Owner is not paid within 15 days after the same becomes due, such payment shall be delinquent and the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law beginning 30 days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent assessments, subject to the limitations imposed by California Civil Code Sections 1366, et seq, or comparable superseding statutes.

(b) Effect of Nonpayment of Assessments.

(i) Creation and Imposition of a Lien for Delinquent Assessments. As more particularly provided in California Civil Code Sections 1367 and 1367.1 or comparable superseding statute, 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 Lot of the Owner so assessed only when the Association causes to be recorded in the Office of the Riverside County Recorder, a Notice of Delinquent Assessment executed by an authorized representative of the Association, setting forth (A) the amount of the delinquent assessment(s) and other sums duly imposed pursuant to this Article and California Civil Code Section 1366, (B) the legal description of the Owner's Lot against which the assessments and other sums are levied, (C) the name of the Owner of Record of such Lot, (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. Upon 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, pursuant to Civil Code Section 1367.1. The Association's right to impose a lien for Special Individual Assessments shall be subject to the limitations imposed above.

Civil Code Sections 1366, 1367 and 1367.1 currently read in pertinent part as follows and the Association shall effectuate remedies accordingly or as California law allows, and as contained in the Association's Collection Policy, which shall constitute a Governing Document of the Association: Regular and Special Assessments levied pursuant to the Governing Documents are delinquent 15 days after they become due. If an assessment is delinquent the association may recover all of the following: (1) reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees, (2) a late charge not exceeding 10% of the delinquent assessment or \$10, whichever is greater, or as California law allows (3) interest on all sums imposed in accordance with this section, including the delinquent assessment, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed 12% interest, commencing 30 days after the assessment becomes due, or as California law allows. A Regular or Special Assessment and any late charges, reasonable costs of collection, and interest, shall be a debt of the owner of the separate interest at the time the assessment or other sums are levied. At least 30 days prior to recording a lien, the Association shall notify the Owner of record in writing by certified mail of the following:

- (1) A general description of the collection and lien enforcement procedures of



the Association and the method of calculation of the amount, a statement that the Owner has the right to inspect the association records, pursuant to Section 8333 of the Corporations Code, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed: "IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."

(2) An itemized statement of the charges owed by the Owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any.

(3) A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the Association.

(4) The right to request a meeting with the Board as provided herein.

Any payments made by the Owner toward the debt set forth, as required 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. 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. The Association shall provide a mailing address for overnight payment of assessments.

An Owner may dispute the debt noticed pursuant to the above by submitting to the Board a written explanation of the reasons for his dispute. The Board shall respond in writing to the Owner within 15 days of the date of the postmark of the explanation, if the explanation is mailed within 15 days of the postmark of the notice. 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 members to meet with the Owner.

The amount of the assessment, plus any costs of collection, late charges, and interest assessed in accordance with Section 1366, shall be a lien on the Owner's interest from and after the time the Association causes to be recorded with the Riverside County Recorder a Notice of Delinquent Assessment, which shall state the amount of the assessment and other sums imposed in accordance with Section 1366, a legal description of the Owner's interest against which the assessment and other sums are levied, and the name of the record Owner of the Owner's interest against which the lien is imposed. In order for the lien to be enforced by nonjudicial foreclosure, the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. 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, and mailed in the manner set forth in Civil Code Section 2924b, to all record Owners of the Owner's interest no later than 10 calendar days after recordation. Within 21 days of the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall record or cause to be recorded in Riverside County a lien release or notice of rescission and provide the Owner a copy



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of the lien release or notice that the delinquent assessment has been satisfied. A monetary charge imposed by the Association as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Areas and Common Facilities for which the Member or the Member's guests or tenants were responsible may become a lien enforceable by the sale of the interest under Section 2924, 2924b, and 2924c.

Except as indicated above, a monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Documents, except for the late payments, may not be characterized nor treated in the Governing Documents as an assessment that may become a lien under the above Sections of the Civil Code. However, the Association reserves the right and is provided the authority herein to lien for such penalties or fines, based upon the then current law of the State of California.

If it is determined that a lien previously recorded against the property was recorded in error, the Association shall, within 21 calendar days, record or cause to be recorded with the Riverside County Recorder a lien release or notice of rescission and provide the Owner with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission.

If the Association fails to comply with the procedures set forth above, the Association 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.

After the expiration of 30 days following the recordation of a lien, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent assessment, or sale by a duly substituted trustee.

(ii) Remedies Available to the Association to Collect Assessments. The Association may initiate a legal action against the Owner personally obligated to pay the delinquent Assessment, foreclose its lien against the Owner's Lot 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 the Notice of Delinquent Assessment or by a trustee substituted pursuant to California Civil Code Section 2934a. Any sale of a Lot by a trustee acting pursuant to this Section shall be conducted in accordance with California Civil Code Sections 2924, 2924b and 2924c applicable to the exercise of powers of sale in mortgages or deeds of trust.

(iii) Nonjudicial Foreclosure. Nonjudicial foreclosure shall be commenced by the Association by recording in the Office of the Riverside County Recorder a Notice of Default, which notice shall state all amounts which have become delinquent with respect to the Owner's Lot 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 Lot 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.



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The Association shall have the rights conferred by California Civil Code Section 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 Section 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.

The Association or its assignees shall mail a copy of the Notice of Default to the Owner or reputed Owner of the subject Lot at the Owner's last address appearing on the books of records of the Association, and to any person to whom the giving of a Notice of Default is required by applicable provisions of California Civil Code Section 2924b. Following receipt of the Association's notice, the Owner and junior encumbrances shall have reinstatement rights identical to those provided by law for trustors or mortgagors, which rights must be exercised during the period specified by law for reinstatement of obligations secured by deeds of trust.

After the lapse of such time as may then be required by law following the recording of a Notice of Default under a deed of trust, the Association or its assignee may give Notice of Sale in the manner and for the period required in the case of deeds of trust. After the giving of the Notice of Sale, the Association, or its assignee, without demand on the Owner, may sell the Lot at the time and place fixed in the Notice of Sale, at public auction to the highest bidder. At the Trustee's Sale, the trustee shall have the right to require every bidder to show evidence of his ability to deposit with the trustee the full amount of his final bid in cash or a bank or savings and loan certified check and to require the last and highest bidder to deposit the full amount of his final bid in cash or savings and loan association certified check. The Association or its assignee may postpone the noticed sale by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement.

The Association shall deliver to the purchaser at such foreclosure sale the Association's deed conveying the Lot so sold, but without covenant or warranty, express or implied. The recitals in such deeds shall be conclusive proof of the truthfulness thereof. Any person, including the Association, may bid on the subject property and purchase the same at such sale.

After deducting from the sale proceeds all costs, fees, and expenses incurred by the Association, the net proceeds shall be applied to the payment of all sums secured by the Association's lien at the time of sale, including interest, costs and attorneys' fees, and the remainder, if any, shall be disbursed to the person or persons legally entitled thereto.

(iv) Actions for Money Judgment. In the event of a default in payment of any assessment, the Association, in its name but acting for and 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.

10. Transfer of Lot 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 Lot.

(a) Except as provided in paragraph (b), the sale or transfer of any Lot shall not affect any assessment lien duly recorded with respect to that Lot 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 Lot 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 mortgage or other mortgage or lien recorded before the Association's assessment lien.

(c) No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise, shall relieve the new Owner of that Lot (whether it be the former beneficiary of the first mortgage or other prior encumbrance, or a third party acquiring an interest in the Lot) 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), shall be deemed to be a Common Expense collectible from the Owners of all of the Lots, including the person who acquires the Lot and his successors and assigns.

(e) No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise, shall affect the right of the Association to maintain an action against the foreclosed previous Owner of the Lot 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) These Sections 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 enforcement or priority apply to the Association, these Sections may be revised by action of the Board to conform to the new statutory provisions concerning this subject.

11. Priorities.

When a Notice of Delinquent Assessment has been recorded, such notice shall constitute a lien on the Lot 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.

12. Unallocated Taxes.



In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than being assessed to the Lots, such taxes shall be included in the Regular Assessments imposed pursuant to this Article and, if necessary, a Special Assessment may be levied against the Lots in an amount equal to such taxes to be paid in two installments, 30 days prior to the due date of each tax installment.

11. Assignment of Rents.

Each Owner does hereby presently assign to the Association, absolutely and regardless of possession of the property, all rents and other monies now due or hereafter to become due under any lease or agreement or otherwise for the use or occupation of any or all parts of any Lot owned by the Owner, now existing or hereafter made for the purpose of collecting all assessments due the Association pursuant to this Declaration which are in default. The Association hereby confers on each Owner the authority to collect and retain the rents and other monies derived from any such lease or agreement as they become due and payable, provided that the Association at its sole discretion, may revoke such authority at any time, upon written notice to the Owner of a default in the payment of any assessment due hereunder. Upon revocation of such authority the Association may, pursuant to court order or by court-appointed receiver, collect and retain such monies, whether past due and unpaid or current. The Association's rights under this Section shall be subordinate to the rights of any first mortgagee.

12. Waiver of Exemptions.

Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Declaration, the benefit of any homestead or exemption law of California in effect at the time any assessment or installment thereof becomes delinquent or any lien is imposed against the Owner's Lot.

**ARTICLE 5
ARCHITECTURAL COMMITTEE**

1. Architectural Committee Approval of Improvements.

(a) Approval Generally. Before commencing construction or installation of any Improvement (as defined herein) within the Properties, the Owner planning such Improvement must submit to the Association's Architectural Committee (AC) a written request for approval. The Owner's request shall include structural plans, specifications and plot plans satisfying the requirements of this Article. Unless the AC's approval of the proposal is first obtained, no work on the Improvement shall be undertaken. The AC shall base its decision to approve, disapprove or conditionally approve the proposed improvement on the criteria described in this Article and in the Architectural Guidelines.

(b) Modifications to Approved Plans Must Also Be Approved. Once a work of improvement has been duly approved by the AC, no material modifications shall be made in the approved plans and specifications thereto and no subsequent alteration, relocation, addition or modification shall be made to the work of Improvement, as approved, without a separate submittal to, and review and approval by, the AC. If the proposed modification will have, or is likely to have, a material effect on other aspects or components of the work, the AC, in its discretion, may order the Owner, his contractors and agents to cease working not only on the modified component of the Improvement, but also on any other affected component.



In the event that it comes to the knowledge and attention of the Association, its AC, or the agents or employees of either that a work of Improvement, or any modification thereof, is proceeding without proper approval, the Association, its AC, or the agents or employees of either shall be entitled to exercise the enforcement remedies specified in this Article, including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of Improvement until such time as proper AC review and approval is obtained.

2. Committee Membership.

The AC shall be composed of an unequal number of members, and no fewer than one and no more than five members. No member shall be required to meet any qualification for membership, other than that each member of the AC must be a Member of the Association. The terms of all AC members shall be 3 years. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. The AC may, and it is recommended that they do, consult with members of the Association staff for assistance in performing its duties. At the discretion of the AC, an architect and/or a licensed building contractor, may be hired by the AC for consultation purposes. This individual does not need to be a Member of the Association.

3. Resignation.

Any member of the AC may resign at any time from the AC upon written notice delivered to the Board.

4. Appointment and Removal.

The Board shall have the right to appoint and remove all members of the AC; provided, however, that no member may be removed except by the vote or written consent of a majority of the members of the Board. Vacancies on the AC, however caused, shall be filled by the Board of Directors. Exercise of the right of appointment and removal, as set forth herein, shall be evidenced by the filing of a resolution, identifying each new AC member appointed and each member replaced or removed.

5. Duties of Committee.

It shall be the duty of the AC to consider and act upon the proposals and plans

pursuant to this Article, to perform other duties delegated to it by the Board and to carry out all other duties imposed upon it by this Declaration.

6. Meetings and Compensation.

The AC shall meet from time to time as necessary properly to perform its duties hereunder. The vote or written consent of a majority of the members shall constitute an act by the AC, unless the unanimous decision of members is otherwise required by the Governing Documents. The AC shall keep and maintain a record of all actions taken by it at such meetings or otherwise. Members of the AC shall be entitled to reimbursement for reasonable expenses incurred by them in the performance of any AC function. Requests for reimbursement shall be supported by adequate documentation and shall be submitted to, and approved by, the Board.

The Owner-Applicant shall be entitled to appear at any meeting of the AC at which the Owner's proposal has been scheduled for review and consideration. The Owner shall be entitled to be heard on the matter and may be accompanied by his architect, engineer and/or contractor. Other Owners whose properties may be affected by the



proposed Improvement, in terms of the structural integrity of any adjoining Residence, view or solar access of the Applicant or any adjacent Lot, noise or other considerations shall also be entitled to attend the meeting.

Reasonable notice of the time, place and proposed agenda for AC meetings shall be communicated before the date of the meeting to any Owner-Applicant whose application is scheduled to be heard. If the proposed Improvement will be visible from any neighboring Lot or involves any entry into or modification of a roof or wall shared by an adjacent Residence, the Owners of the other affected Residences shall be notified promptly of the Owner-Applicant's submittal and shall be furnished with notice of any AC meeting where the application is scheduled to be heard.

7. Architectural Guidelines.

The AC may, from time to time and with approval of the Board of Directors, and by a majority vote of both the AC and the Board, adopt, amend and repeal rules and regulations to be known as "Architectural Guidelines", which shall include, but not be limited to, guidelines for architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and the procedures and amounts for fines for violations of the Architectural Guidelines, as well as the amounts for deposits, if any. Said Architectural Guidelines shall interpret and implement the provisions hereof by setting forth (a) the standards and procedures for AC review, including the required content of Improvement plans and specifications, (b) guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended or required for use within the Properties; and (c) the criteria and procedures for requesting variances from any property use restrictions that would otherwise apply to the proposed Improvement under the Governing Documents. Notwithstanding the foregoing, no Architectural Guideline shall be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Architectural Guidelines and this Declaration, the provisions of the Declaration shall prevail.

8. Basis for Approval of Improvements.

When a proposed Improvement is submitted to the AC for review, the AC shall grant the requested approval only if the AC, in its sole discretion, finds that all of the following provisions have been satisfied:

(a) The Owner has complied with the provisions of Section 8;

(b) The Owner's plans and specifications: (i) Conform to this Declaration and to the Architectural Guidelines in effect at the time such plans are submitted to the AC; (ii) will result in the construction of an Improvement that is in harmony with the external design of other structures and/or landscaping within the Properties; and (iii) will not interfere with the reasonable enjoyment of any other Owner of his property, including, without limitation, the other Owner's rights to scenic and solar access free of unreasonable obstructions, and

(c) The proposed Improvement(s), if approved, will otherwise be consistent with the architectural and aesthetic standards prevailing within the Properties and with the overall plan and scheme of development and the purposes of this Declaration.

Though it is recognized that the AC's determination to approve or disapprove an improvement may be deemed to be subjective to some degree, the members of the



AC shall act reasonably and in good faith and as discussed above and in the Architectural Guidelines. Factors commonly considered by the AC in reviewing proposed Improvements include, but are not necessarily limited to, the quality of workmanship and materials proposed for the Improvement project; the harmony of the proposed Improvement's exterior design, finish materials, and color with that of the existing structures; and the proposed location of the Improvement in relation to existing topography, finished grade elevations, road, Common Areas, Common Facilities, and other structures.

The AC shall be entitled to determine that a proposed Improvement or component thereof is unacceptable when proposed on a particular Lot, even if the same or a similar Improvement or component has previously been approved for use at another location within the Properties if factors such as drainage, topography or visibility from roads, Common Areas, Common Facilities or other Lots or prior adverse experience with the product or components used in construction of the Improvement, design of the Improvement or its use at other locations within the Properties mitigate against erection of the Improvement or use of a particular component thereof on the Lot involved in the Owner's submittal. It is expressly agreed that the AC shall be entitled to make judgments that take into consideration the aesthetics of a proposal when considering an Owner's request so long as the AC acts reasonably and in good faith, and pursuant to the Architectural Guidelines.

9. Procedures for Obtaining Architectural Committee Approval of Plans and Specifications.

(a) Application for Preliminary Approval. In order to afford an Owner who is proposing to make Improvements an opportunity to obtain guidance and comment from the AC prior to the expenditure of sums on complete plans and specifications, any Owner may apply to the AC for preliminary approval of the proposed Improvement project. Applications for preliminary approval shall be considered and processed as follows:

(i) Any application for preliminary approval shall be in writing and shall present sufficient detail to apprise the AC of the general nature, location, dimensions and contemplated exterior colors and finishes of the proposed Improvement.

(ii) Within 30 days after receipt of the application for preliminary approval, the AC shall grant the preliminary approval only if the proposed Improvement, to the extent that its nature and characteristics are shown by the application, would be entitled to a final approval on the basis of a full and complete application. Failure of the AC to act within 30 days from the filing date shall not constitute approval. In granting or denying approval, the AC may give the applicant such directions or recommendations concerning the form and substance of the final application for approval as it may deem proper or desirable for the guidance of the Applicant.

(iii) Any preliminary approval granted by the AC shall be effective for a period of 90 days from the date of issuance or such longer period as may, in the AC's discretion, be granted. During said period, any application for final approval that presents complete plans and specifications for the proposed Improvements, consistent with the provisions of the preliminary approval and otherwise acceptable under the terms of this Declaration and the Architectural Guidelines, shall be approved by the AC.



(iv) In no event shall any preliminary approval of a proposed Improvement be deemed to constitute final approval authorizing construction of the Improvement. The purpose of the preliminary review procedure is to give the Owner a measure of security in proceeding with the proposed Improvement project and committing funds thereto. Final approval shall be based on a complete submittal conforming to the requirements of the following paragraphs, provided that the AC may, in its preliminary approval, waive any requirements of subparagraph (c) which do not pertain to the proposed Improvement project.

(b) Application for Final Approval. Regardless of whether an Owner elects to seek preliminary approval of a proposed Improvement in accordance with subparagraph (a), all Owners who desire to undertake any work of Improvement must apply to the AC and receive its prior approval. The application shall be in writing and shall contain all information that is necessary to reasonably evaluate the nature, design, location and extent of the proposed Improvement, including, at a minimum, one complete set of plans and specifications for the Improvement project (satisfying the requirements set forth in subparagraph (c) and such additional information as the AC may reasonably request, either by Architectural Guidelines or while the project is under review.

(c) Content of Plans and Specifications. In order to be complete, the plans and specifications for the proposed Improvement shall include, at the discretion of the AC:

(i) a professionally prepared plot plan, which indicates (A) the size of the Lot, (B) Lot contour lines, (C) the location of all existing and proposed Improvements, (D) setbacks from Lot lines of all existing and proposed Improvements, (E) the proposed drainage plan for the Lot, as improved, (F) the location of all trees and vegetation which are to be removed as part of the construction plan, (G) the location of all proposed utility installations;

(ii) professionally prepared (prepared by an architect or licensed building designer) set of plans showing all (A) elevations (including foundation), (B) floor plans, (C) location of all heating and/or cooling equipment, (D) decking, (E) screening devices, and (F) retaining walls;

(iii) description of exterior materials (if not included with above plans) and samples of roofing material and exterior colors, if appropriate;

(iv) a complete and professionally prepared landscape plan which includes the names, locations, and sizes of all proposed trees, shrubbery, and lawn area(s), identifies any trees scheduled for removal and describes the Owner's plans for replanting trees and vegetation and for stabilizing slopes during and after construction;

(v) the Owner's proposed construction schedule.

If the contemplated Improvement project is of a nature that does not merit extensive plans and specifications, the AC may (but shall not be obligated to) waive or modify any of the above plans and specification requirements upon receipt of a written request from the applicant to do so. Said request can be made as part of the preliminary approval submittal pursuant to subparagraph (a).

(d) Inspection Fee and Deposits. The AC shall be entitled to charge a reasonable



fee, as designated in the Architectural Guidelines, in order to defray the time, costs and expense involved in reviewing the materials submitted to it. Should the AC determine that all or a portion of the materials submitted require resubmittal, it may charge an additional fee to defray the time, costs and expense involved in re-reviewing such materials, provided that the applicant is notified of the amount of the fee to be charged at the time the Owner is notified that such matters must be resubmitted.

As part of its submittal, each Owner shall deposit an amount as designated in the Architectural Guidelines. This sum shall be used as follows: First, to pay the review fees, if any, of the AC; and second, to pay for any clean-up on Lots or streets and repairs of any sidewalks within the Properties resulting from the Owner's construction. Because such cleanup and repair must be undertaken without delay, no notice shall be required. These funds shall be available so that the provisions of Section 1 may be strictly enforced. The Association shall deposit unused deposit funds and maintain a separate accounting for them. Once construction and all clean up are complete, the Association shall timely refund the unused portion of the deposit to the Owner. The Association shall have no responsibility or liability to the Owner for its selection of a particular type of interest-bearing account.

(e) Delivery of Plans and Specifications. Plans and specifications shall be submitted to the AC by personal delivery or first-class mail addressed to the Secretary of the Association or the chairperson of the AC at the Association's principal office.

10. Time Limits for Approval or Rejection.

Within 60 days after submission of plans and specifications satisfying the requirements of Section 7, above, the AC shall return one set of plans to the applicant, with either written notice of approval or disapproval or with written suggestions of changes required for approval or disapproval. If the AC recommends that the plans and specifications be modified, the applicant may implement such changes to the plans, and within 30 days, resubmit plans incorporating such changes for approval to the AC, which approval shall not be unreasonably withheld so long as the Owner has complied in all material respects with the requested changes. Failure of the AC to provide written notice of approval or disapproval within 60 days after the Owner's plans and specifications (or revisions thereto) are submitted to the AC shall not be deemed to constitute approval or denial. In approving a request for construction of an Improvement, the AC may condition approval upon the adoption of modifications in the plans and specifications or observance of restrictions as to location, noise abatement, color or materials modifications or similar mitigating conditions.

11. Employment of Architect or Engineer.

If at any time the AC determines that it would be in the best interests of the Association and its Members for an applicant to employ an architect, licensed building designer or engineer to design or review any proposed Improvements or component thereof, the AC shall advise the applicant in writing of its determination whereupon all plans and specifications so designated by the AC must thereafter bear appropriate evidence of such preparation or review.

12. Proceeding with Work.

Upon receipt of approval of an Improvement from the AC, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the



commencement of construction and excavation, if required, pursuant to said approval. In all cases, work on an Improvement project shall commence within one year from the date of such approval, or sooner, as required by the AC. If the Owner fails to comply with this paragraph, any approval given pursuant to this Article shall be deemed revoked unless the AC, upon written request of the Owner prior to the expiration of the initial one-year period, extends the time for commencement or completion. No such extension shall be granted except upon a finding by the AC that there has been no change in the circumstances upon which the original approval was granted and that the Owner has a bona fide intention and ability to complete the Improvement project within the time specified in the extension request.

13. Failure to Complete Work.

Unless the Owner has been granted an extension of time to complete the project by the AC, construction, reconstruction, refinishing or alteration of any such Improvement must be completed within one year after construction has commenced, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner because of strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or his agents. In the case of building Improvements, the requirements of this Section shall be deemed to have been met if, within the one-year construction period, the Owner has completed construction of the building's foundation and all exterior surfaces (including the roof, exterior walls, windows and doors). If the Owner fails to comply with this Section, the AC shall notify the Board of such failure, and the Board shall proceed in accordance with the provisions of this Article as though the failure to complete the Improvement was a noncompliance with approved plans.

14. Review of Work by AC.

Review of the work relating to any approved Improvement and correction of defects therein shall proceed as follows:

(a) During the course of construction, representatives of the AC shall have the right to review the jobsite to confirm that the Improvement project is proceeding in accordance with the approved plans and specifications.

(b) Upon the completion of any work of Improvements for which AC approval is required under this Article, the Owner shall give the AC a written notice of completion.

(c) Within 30 days thereafter, the AC, or its duly authorized representative, may review the Improvement to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approved plans. If the AC finds that the Improvement was not erected, constructed or installed in substantial compliance with the Owner's approved plans, then within the 30-day inspection period the AC shall give the Owner a written notice of noncompliance detailing those aspects of the Improvement project that must be modified, completed or corrected. If the violation or nonconforming work is not corrected, the Association and its AC shall have the enforcement rights and remedies set forth below.

(d) Failure of the AC to notify the owner of any noncompliance within 60 days after receipt of the Owner's notice of completion shall not be deemed to constitute construction in accordance with the approved plans for the project.

15. Landscaping.



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As specified in this Article, landscaping shall be deemed to be a work of Improvement requiring AC approval. The AC shall consult with the Landscaping Committee and/or General Manager prior to providing approval of any landscaping request. Landscaping shall include lawns, shrubs, trees, flowers and any landscape structures. The use of artificial materials such as plastic plants, flowers or astro turf will be disapproved by the AC. All approved landscaping must be completed within 60 days after a notice of occupancy has been filed with the County for the Owner's Residence and, in the event that the landscaping has not been completed by the occupancy date, the AC may, in its discretion, require an Owner-Applicant to post a bond in an amount not to exceed the estimated cost of the landscaping work, or a cash deposit as designated in the Architectural Guidelines, in lieu thereto, to ensure the applicant's timely completion of the landscaping work. Rather than requiring a separate landscaping deposit, the AC may elect to rely on a single cash deposit covering all aspects of the project. The AC and Landscaping Committee have the power to delegate the right to approve minor landscaping changes to the discretion of the General Manager, and the General Manager shall provide written approval to the Member prior to any landscaping work being performed based upon the approval of the General Manager only.

16. Enforcement.

(a) In addition to other enforcement remedies set forth in this Declaration, the AC shall have enforcement rights with respect to any matters required to be submitted to and approved by it, and may enforce such architectural control by any proceeding at law or in equity. In addition, the AC shall have the authority to order an abatement of any construction, alteration or other matter for which approval is required, to the extent that it has not been approved by the AC or if it does not conform to the plans and specifications submitted to the AC. New work for which approval is required shall not be deemed to be approved simply because it has been completed without a complaint, notice of violation, or commencement of a suit to enjoin such work. If any legal proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorneys' fees in addition to the costs of such proceeding.

(b) If the Owner fails to remedy any noticed noncompliance within 30 days from the date of such notification, the AC shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged noncompliance. The hearing date shall not be more than 30 days nor less than 15 days after the notice of the noncompliance is issued by the Board to the Owner, to the AC and, in the discretion of the Board, to any other interested party.

(c) At the hearing, the Owner, representative(s) of the AC and, in the Board's discretion, any other interested person may present information relevant to the question of the alleged noncompliance. After considering all such information, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance is determined to exist, the Board shall require the Owner to remedy or remove the same within such period or within any extension of such period as the Board, at its discretion, may grant. If the Owner fails to take corrective action after having a reasonable opportunity to do so, the Board, at its option, may either remove the noncomplying Improvement or remedy the noncompliance and the Owner shall reimburse the Association for all expenses incurred in connection



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therewith upon demand. If such expenses are not properly repaid by the Owner to the Association, the Board shall recover such expenses through the levy of a Special Individual Assessment against such Owner.

(d) The approval by the AC of any plans, drawings or specifications for any work of Improvement done or proposed, or for any other matter requiring the approval of the AC under this Declaration, or any waiver thereof, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval by the same or some other Owner. Different locations for Improvements, the size of the structure, proximity to other Residences or Common Facilities and other factors may be taken into consideration by the AC in reviewing a particular submittal.

17. Variances.

The AC, in its sole discretion, shall be entitled to allow reasonable variances in any procedures specified in this Article, the minimum construction standards, or in any land use restrictions specified in this Article to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardship to Owner-applicants, provided that all of the following conditions are met:

(a) If the requested variance will necessitate deviation from, or modification of, a property use restriction that would otherwise be applicable under this Declaration, the AC must conduct a public hearing on the proposed variance after giving prior written notice to the AC and to all Owners of Lots within 300 feet of the subject Lot, and to Owners of all Residences located in the same building structure or within 50 feet of the subject Residence. Said notice shall also be posted in the Association's principal office within the Properties. The notice shall be posted and mailed to the interested Owners at least 15 days prior to the date when the AC is scheduled to act on the requested variance. No decision shall be made with respect to the proposed variance until the 15-day comment period has elapsed.

(b) The AC must make a good faith written determination that the variance is consistent with one or more of the following criteria: (i) that the requested variance will not constitute a material deviation from any restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially

restriction or minimum construction standard otherwise applicable hereunder that is unnecessary or burdensome under the circumstances; or (iii) that the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance with respect to any other Lot or Common Area or Common Facility within the Properties.

18. Nonconforming Use of Properties.

(a) Establishment of Nonconforming Use: Notice Requirements. In addition to its jurisdiction over the review and approval of new Improvements and regulation of the timely and proper completion of such Improvements, the AC shall also be vested with authority and responsibility to regulate continued compliance on Lots with the provisions of this Article, as well as the Articles regarding minimum construction standards, and property use restrictions, of this Declaration. To this end, the AC may appoint a compliance officer who shall periodically tour the Properties from time to time and report to the AC any apparent violations of said provisions ("architectural/land use violations"). If the AC agrees that the compliance officer has



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Identified an architectural or a land use violation on any Lot, the AC shall notify the Owner, in writing. The notice shall detail the nature of the alleged violation and advise the Owner of his right to be heard on the matter in accordance with this Article. If the Owner fails to make a timely request for a hearing, the AC shall be entitled to make its own determination of whether a violation exists at the next regularly scheduled AC meeting following expiration of the notice period. If an architectural/land use violation is determined to exist, the Association shall be entitled to pursue immediate enforcement remedies, or other remedies for violation of the Governing Documents as set forth in this Declaration, including but not limited to, fines, etc.

Any use or improvement that was permitted under the original Declaration and that is nonconforming only by virtue of the adoption of this First Amended and Restated Declaration shall not be considered as a violation of this Declaration giving rise to immediate enforcement remedies in the Association. Instead, any such previously authorized use or improvement may be treated only as a nonconforming use that shall be addressed in accordance with this Article.

(b) Vacant Lots.

(I) Continuation of Use. Except as provided below, the nonconforming use of any vacant Lot may be continued, provided that (A) such use shall not be expanded or extended in any way either on the same or any adjoining land; (B) such use shall not be changed, except to a use which conforms to the Association's Governing Documents and Architectural Guidelines; and (C) if such use is discontinued for a period of 12 months or more it shall not thereafter be reestablished.

(II) Limitation. The nonconforming use of any vacant Lot shall be discontinued within 5 years from the effective date the use becomes nonconforming when (A) no buildings are employed in connection with such use; (B) the only buildings employed are accessory or incidental to the principal use of the land and the replacement cost thereof does not exceed \$1,000; or (C) such use is maintained in connection with a conforming building.

(c) Nonconforming Improvements.

(i) Repair and Maintenance. A nonconforming improvement may be repaired or replaced without the necessity of complying with the Governing Documents, so long as during any period of 12 consecutive months such repair and maintenance shall not exceed 25% of the current replacement cost of the nonconforming improvement. Any repair or maintenance of the improvement, the costs of which exceeds 25% of the current replacement cost thereof, shall require conformance to the Governing Documents as then in effect.

(ii) Enlargements. An improvement, which is nonconforming as to use, may not be added to or enlarged unless such nonconforming improvement, and the additions and enlargements thereto and the use thereof, are brought into compliance with the Governing Documents as then in effect.

(iii) Restoration. A nonconforming improvement which is damaged or partially destroyed by any reason to the extent of not more than 50% of its value at that time, may be restored and the occupancy or use of such structure or part thereof, which existed at the time of such partial destruction, may be continued or resumed,



provided that the total cost of such restoration does not exceed 50% of the value of the Improvement at the time of such damage and that such restoration is started within a period of one year and is diligently prosecuted to completion. In the event such damage or destruction exceeds 50% of the value of such nonconforming Improvement, no repair or reconstruction shall be made unless every portion of such Improvement is made to conform to all Governing Document regulations for new Improvements of a similar nature. The value of the nonconforming Improvement shall be determined by the AC. If the Owner disputes the AC's determination of value, the matter may be appealed to the Board of Directors, whose decision shall be final.

19. Limitation on Liability.

Neither the Association, its AC nor any member thereof shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any work of Improvement, whether or not pursuant to approved plans, drawings or specifications; (c) the development of any Lot within the Properties, provided that such member has acted in good faith upon the basis of such information as may be possessed by him.

20. Compliance with Governmental Regulations.

Review and approval by the AC of any proposals, plans or other submittals pertaining to Improvement shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the Owner who desires to construct, install, or modify the Improvement.

21. Appeals.

Appeals from decisions of the AC may be made to the Board of Directors, which may elect, in its discretion, to hear the appeal or, in the alternative, to affirm the decision of the AC. The Architectural Guidelines shall contain procedures to process appeals pursuant to this Section.

ARTICLE 6 USE OF PROPERTIES AND RESTRICTIONS

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

1. Use of Lots.

(a) All Lots within the Properties shall be used solely for the construction of Residences whose occupancy and use shall be restricted to Single Family Residential Use as defined in this Declaration. In no event shall a Residence be occupied by more individuals than permitted by applicable law, zoning or other local governmental regulations. This Single Family Residential Use restriction is not intended to preclude construction of a "guest house" for the housing of occasional social guests or domestic employees on the premises.

(b) All Residence and related structures on any Lot shall conform to the minimum



construction standards set forth in the Architectural Guidelines, unless a variance has been granted by the AC in accordance with this Declaration.

(c) Each Lot shall be conveyed as a separately designated and legally described fee simple estate, subject to this Declaration. All Lots and the Residences and other Improvements erected or placed thereon (including, without limitation, landscaping) shall at all times be maintained in such a manner as to prevent their becoming unsightly.

(d) The vegetation and landscaping on any Lot shall be planted or maintained by the Owner or resident in such a manner as to reduce the risk of fire, prevent or retard shifting or erosion of soils, encourage the growth of indigenous ground cover and to cause the proper diversion of water into streets and natural drainage channels.

(e) No camping, whether temporary or permanent, shall be permitted on any Lot. No temporary structures of any kind which can be seen from any common area or the golf course shall be permitted on any Lot.

(f) No Improvement, including without limitation, fences, hedges, retaining walls, landscape or privacy structures shall be constructed, erected, or placed on any Lot without the prior approval of the AC. In no event shall any fence exceed 6' in height and fences constructed of metal, chain link (or similar fabric or plastic appearances) shall not be permitted; provided, however, that wrought iron fences may be erected with AC approval.

(g) No advertising signs shall be displayed on any Lot or posted within or upon any of the Properties except that an Owner may post on his Lot a single "For Rent" or "For Sale" sign of reasonable dimensions and appearance as stated in the Architectural Guidelines or Rules and Regulations.

(h) No drilling, refining, quarrying or mining operations of any kind shall be permitted on any Lot.

(i) Other than to those Lots owned by the Association, there shall be no access to any Lot on the perimeter of the Properties except from designated streets or roads within the Properties.

2. Interior Improvements.

No Owner shall at his expense or otherwise make any alterations or modifications to the exterior of the buildings, fences, flatwork or railings containing the Owner's Residence without the prior written consent of the AC. Furthermore, no structural alterations to the interior of any Residence, or to the Common Area, whether Exclusive Use Common Area or otherwise, surrounding any Residence shall be made and no plumbing or electrical work within any bearing or common walls shall be performed by any Owner without the prior written consent of the AC. Under no circumstances shall any Owner undertake any activity or work with respect to the Owner's Residence that will impair the structural soundness or integrity of another Residence or impair any easement or hereditament, or do any act or allow any condition to exist in or around the Owner's Residence or Lot which will adversely affect any other Residences or their occupants.

3. Common Areas.



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The Common Areas, other than Exclusive Use Common Areas, shall be preserved as open space and used for recreational purposes and other purposes incidental and ancillary to the use of Lots. Such use shall be limited to the private use for esthetic 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 was originally constructed by the Developer or by the Association shall be made or done except by the Association and then only in strict compliance with the provisions of this Declaration. Each Owner shall be liable to the remaining Owners for any damage to the Common Area and Common Facilities that may be sustained by reason of the negligence of that Owner, that Owner's family members, contract purchasers, tenants, guests or invitees, but only to the extent that any such damage is not covered by casualty insurance in favor of the Association. Each Owner, by acceptance of his deed, agrees personally and for family members, contract purchasers, tenants, guests, and invitees, to indemnify each and every other Owner, and to hold such Owner(s) harmless from, and to defend him against, any claim of any person for personal injury or property damage occurring within the Residence of that particular Owner, including Exclusive Use Common Area, if any, except to the extent (i) that such injury or damage is covered by liability insurance in favor of the Association or other Owner or (ii) the injury or damage occurred by reason of the willful or negligent act or omission of the Association or other Owner or other person temporarily visiting his Residence.

4. Business or Commercial Activity.

No business or commercial activities of any kind whatsoever shall be conducted in any Residence, garage/carport area or out building or on any portion of any Lot without the prior written approval of the Board, provided that the foregoing restriction shall not apply to the activities or signs 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 personal library in his Residence, (b) keeping his personal business records or accounts therein, (c) handling his personal or professional telephone calls or correspondence therefrom, (d) leasing or renting his

on the Owner's Lot otherwise compatible with residential use and the provisions of this Declaration which are permitted under applicable zoning laws or regulations including a Home Business as defined by the City of Rancho Mirage and pursuant to the restrictions imposed thereby, and that Home Business may not detrimentally affect the Common Area or the rights of quiet enjoyment of Members. The provisions of this Section shall not preclude professional and administrative occupations without external evidence thereof, for so long as such occupations are in conformance with all applicable governmental ordinances and are merely incidental to the use of the Dwelling Unit as a residential home.

5. Prohibition of Noxious Activities.

No illegal, noxious or offensive activities (including but not limited to the repair of motor vehicles) shall be carried out or conducted upon any Lot 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, the operation of excessively noisy air conditioners, stereo amplifier systems, television systems, motor vehicles or power tools, horns, whistles, bells,



windchimes or other sound devices, except security devices used exclusively to protect the security of a Dwelling Unit and its contents, to emanate from an Owner's Lot or from activities within the Common Area, which would unreasonably disturb any other Owner's or tenant's enjoyment of his Lot or the Common Area. No loud noises, noxious odors, noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or items which may unreasonably interfere with television or radio reception of any Owner in the Properties, shall be located, used or placed on any portion of the Properties, or exposed to the view of other Owners without the prior written approval of the AC. The AC and Board of Directors of the Association shall have the right to determine if any noise, odor, or activity producing such noise or odor constitutes a nuisance. No Owner shall permit or cause anything to be done or kept on the Properties which will increase the rate of insurance thereon, or result in the cancellation of such insurance, or which will obstruct or interfere with the rights of other Owners, nor will he commit or permit any nuisance thereon. Each Owner shall comply with all of the requirements of the local or state health authorities and with all other governmental authorities with respect to the occupancy and use of a Residence. Each Owner shall be accountable to the Association and other Owners for the conduct and behavior of persons visiting or residing in or otherwise occupying his Dwelling Unit and any damage to the Common Areas, personal property of the Association, or property of another Owner, caused by such persons shall be repaired at the sole expense of the Owner with whom such persons are residing or visiting.

6. Signs.

No sign, poster, display, billboard, "mailbox" or "tube" or other advertising device of any kind shall be displayed to the public view on any portion of the Properties or any Lot, without the prior written consent of the AC, except those signs in conformance with the sign regulations of the City of Rancho Mirage and the Rules and Regulations of the association for advertising the Lot for sale or rent or for purposes of open houses or home tours. All signs or billboards and the conditions promulgated for the regulation thereof shall conform to the requirements of all applicable governmental ordinances. Notwithstanding the foregoing, Owners may post on their Lots, within their lawn or green areas in front of the Residence, any signs required by legal proceedings and a single "For Rent", "For Lease" or "For Sale" sign of reasonable

Residence or affixed to any window or in vehicles parked on either the Owner's driveway, in the garage, or in the common area streets, driveways or elsewhere other than as allowed herein or in the Rules and Regulations. A-frame or other directional signs of real estate brokers advertising Lots for sale or lease, or for open houses, shall not be allowed.

7. Parking and Vehicular Restrictions.

No Owner shall park, store or keep any vehicle, unless in compliance with the Rules and Regulations of the Association. These Rules and Regulations include, but are not limited to, those contained herein. No Owner shall park, store or keep on any property or street within the Properties any large commercial-type vehicle (including, but not limited to, any dump truck, cement mixer truck, oil or gas truck or delivery truck), any recreational vehicle (including, but not limited to, any camper unit, house car or motor home), any bus, trailer, trailer coach, camp trailer, boat, boat trailer, aircraft, mobile home, inoperable vehicle or any other similar vehicle or any vehicular equipment, mobile or otherwise, unless such vehicle is screened from the view of all Lots and the Common Area by a fence or other appropriate screening device and with the prior written approval of the AC. The above excludes camper trucks and



similar vehicles up to and including three-quarter (3/4) ton when used for everyday-type transportation and subject to approval by the AC. Recreational vehicles may not be parked in the Properties except for those parked in driveways of the Lots for a maximum period of 48 hours in any one week period. With the exception of normal washing and polishing, no Owner shall conduct repairs or restorations of any motor vehicle, boat, trailer, aircraft or other vehicle upon any portion of his Lot, unless obscured from view of adjoining Lots, streets, Common Area and Common Facilities by a fence or other appropriate screening device approved by the AC. There shall be no parking in the private streets or driveways, if to do so will or may obstruct free traffic flow, constitute a nuisance, or otherwise create a safety hazard. All driveways and garages shall be maintained in a neat and orderly condition and garage doors shall be maintained in a closed condition except as necessary to permit ingress and egress of authorized vehicles or to clean or work in the garage. The garages are to be used for the parking of standard authorized vehicles and shall not be converted to living quarters or work shops or used for the storage of boats, trailers, campers or recreation vehicles, with the exception of golf carts which may be stored in separate golf cart areas or within the garages. Designated guest parking areas within the Common Areas are to remain open for use by guests only and are not to be used by Owners or other residents, either permanently or temporarily, for the parking of their authorized vehicles or the storage of boats, trailers or similar items of personal property. Parking by commercial vehicles for the purpose of making deliveries or service calls shall be permitted in accordance with the Association rules. The AC or Board shall have the authority to tow at the Owner's expense, any vehicle parked or stored in violation of this Section. The Board shall post such notices or signs within the Common Area as may be required by law to effectuate this towing provision. The Board shall have the authority to promulgate further reasonable Rules and Regulations of uniform application regarding parking and vehicles within the Properties as may be deemed prudent and appropriate. Notwithstanding the foregoing, these restrictions shall not be interpreted in such a manner so as to permit any activity which would be contrary to any ordinance of the City of Rancho Mirage or County of Riverside.

8. Animal Restrictions.

No insects, reptiles, poultry or animals of any kind shall be raised, bred or kept on any Lot or the Common Area, except usual and ordinary dogs, cats, fish, birds and other household pets (excluding, without limitation, bovine, sheep, swine, goats and other such animals) may be kept on Lots, provided that they are not kept, bred or maintained for commercial purposes nor in violation of the Rules and Regulations adopted by the Association as provided in the Bylaws. The Board shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board, a nuisance to any other Owner. Furthermore, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Properties by an Owner or by members of his family, his tenants or his guests; and it shall be the absolute duty and responsibility of each such Owner to clean up after such animals which have used any portion of the Common Area, as well as to clean up after such animals within the Residence and/or exclusive use common area of the Residence, such as patios, etc. Notwithstanding the foregoing, these restrictions shall not be interpreted in such a manner so as to violate the ordinances of the City of Rancho Mirage. As with other violations of the Rules and Regulations, the Association shall have the authority to impose fines and penalties for failure to conform with this Section.



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9.Trash.

No rubbish, trash or garbage or other waste material shall be allowed to accumulate upon any Lot or Common Area, except as provided in the Rules and Regulations and except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom so as to render the Properties, or any portion thereof, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity or to its occupants. The Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed of in a manner inconsistent with this Section.

10.Fires.

There shall be no exterior fires whatsoever except barbecue fires contained within receptacles therefor as provided by the Association or in enclosed patio areas (but not on balconies or on second story patio areas) controlled in such a manner that they do not create a fire hazard.

11.Clotheslines.

No exterior clothesline shall be erected or maintained and no clothing or household fabrics shall be hung, dried or aired in such a way in the Properties as to be visible to other property, and no lumber, grass, shrub or tree clippings or plant waste, metals, bulk material, scrap, refuse or trash shall be kept, stored or allowed to accumulate on any portion of the Properties except within an enclosed structure or appropriately screened from view and as approved by the AC.

12.Plants.

No plants or seeds infected with noxious insects or plant diseases shall be brought upon, grown or maintained upon the Properties.

13.Temporary Structures.

No structure of a temporary character, trailer, mobilehome, camper, tent, shack, garage, shed or other temporary building or improvement of any kind shall be placed upon any portion of the Properties either temporarily or permanently. No garage, carport, trailer, camper, motor home or recreation vehicle shall be used as a residence in the Properties, either temporarily or permanently.

14.Common Area/Common Facilities.

Nothing shall be altered or constructed in or removed from the Common Area or Common Facilities except upon the written consent of the Association.

15.Outside Installations.

No radio station or shortwave operators of any kind shall operate from any Lot or Dwelling Unit unless approved by the AC. Installation of exterior radio antenna, "C.B." antenna, television antenna or satellite dishes or other telecommunications devices must be in compliance with the Rules and Regulations of the Association. A master antenna or antennae or cable television antenna or antennae may, but need not, be provided for the use of all Owners. No projections of any type shall be placed or permitted to remain above the roof of any building within the Properties, except one or more chimneys and vent stacks. No basketball backboard or other fixed sports apparatus shall be constructed or maintained in the Properties without the prior approval of the AC nor shall any fence or wall be erected, altered or maintained on any Lot in the Properties, except with the prior approval of the AC. No patio cover, wiring, or installation of air conditioning, water softeners, or other devices shall be installed on the exterior of a Dwelling Unit or be allowed to protrude



through the walls or roof of the Dwelling Unit (with the exception of those items installed during the original construction of the Properties), unless the prior written approval of the AC is obtained.

16. Insurance Rates.

Nothing shall be done or kept on any Lot or within the Common Area which will increase the rate of insurance relating thereto on any policy maintained by the Association without the prior written consent of the Board, and no Owner shall permit anything to be done or kept on his Lot 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 Residence or part of the Common Area, or which would be in violation of any law.

17. Drilling.

No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot or the Common Area, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any Lot or within 550' below the surface of the Properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any Lot.

18. Further Subdivision.

No Owner shall further partition or subdivide his Lot; provided, however, that this provision shall not be construed to limit the right of an Owner (1) to rent or lease his entire Lot by means of a written lease or rental agreement subject to the restrictions of this Declaration, so long as the Lot is not leased for transient or hotel purposes or for a period of time of less than 30 days and pursuant to the Rules and Regulations of the Association; (2) to sell his Lot; or (3) to transfer or sell any Lot to more than one (1) person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or as community property. The terms of any such lease or rental agreement shall (a) expressly refer to this Declaration and contain a covenant by the lessee or tenant that he accepts the leasehold estate subject to this Declaration and the Bylaws and Rules and Regulations and all governing documents of the Association, and (b) contain either a covenant that the lessee or tenant agrees to perform and comply with the restrictions herein and the Rules and Regulations and all Governing Documents of the Association or adequate provisions to permit entry and other actions by the lessor for the purpose of performing and complying with these restrictions and Rules and Regulations and all Governing Documents of the Association. Any failure by the lessee of such Lot to comply with the terms of this Declaration, the Bylaws of the Association or the Rules and Regulations shall constitute a default under the lease.

19. Drainage.

There shall be no interference with the established drainage pattern over any Lot within the Properties, unless an adequate alternative provision is made for proper drainage. For the purposes hereof, "established" drainage is defined as the drainage which existed at the time that such Lot was conveyed to a purchaser from the Developer, which may include drainage from the Common Area or Common Facilities over any Lot or Lots in the Properties.

20. Water Supply Systems.

No individual water supply, sewage disposal system, or water softener system shall be permitted on any Lot in the Properties unless such system is designed, located,



constructed and equipped in accordance with the requirements, standards and recommendations of any applicable water district, the Health Department of Riverside County, the AC, and all other applicable governmental authorities.

21. Dwelling Units.

No Dwelling Unit shall be erected, altered, placed or permitted to remain on any Lot other than as provided in the Architectural Guidelines and pursuant to the requirements of the AC. Set-Back Requirements shall be as required by the City of Rancho Mirage, pursuant to the provisions of the Architectural Guidelines and approval of the AC.

22. Walls and Fences.

Subject to the maintenance responsibilities of the Association pursuant to this Declaration, all walls or fences initially constructed by the Developer shall be maintained by the Owners of the Lots on which they are located, except as provided herein. The installation of any other fence or wall must be approved in writing by the AC, in the manner provided in this Declaration and the Architectural Guidelines, before it is constructed.

23. Storage.

Storage of personal property on any Lot shall be entirely within enclosed storage areas. There shall be no woodpiles nor storage piles accumulated on top, or outside, of any enclosed storage area although residents shall be entitled to stock firewood in reasonable amounts on the porches or patio areas of the Owner's Residence. The Association shall have the right to establish and maintain on the premises 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 and the Common Facilities and any portion of the Lots or Residences which the Association is obligated to repair and maintain.

24. Machinery and Equipment.

No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot 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.

25. Variances.

Upon application by any Owner, the AC shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article, if specific application of the restriction will, in the sole discretion of the AC, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of development contemplated by this Declaration. In considering and acting upon any request for a variance, the AC shall follow the procedures set forth in this Declaration and the Architectural Guidelines for the granting of architectural variances.

26. 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 provision(s). 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 appeal rights.

ARTICLE 7 EXTERIOR MAINTENANCE RESPONSIBILITIES

1. Common Area and Common Facilities.

The Association shall be solely responsible for all maintenance, repair, upkeep and replacement within the Common Area and Common Facilities. No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any 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. Without limiting the foregoing, the Association shall be responsible for all maintenance described in any Maintenance Matrix, including but not limited to the following:

- (a) The reconstruction, replacement, or refinishing of any Common Facility or other Improvements located within or constructed upon Common Area as necessary in accordance with the original design, finish or standard of construction of such Improvement.
- (b) The construction, reconstruction, replacement, refinishing of any road, driveway, trail or surface upon any portion of Common Area designated on a Subdivision Map as a private road or parking area.
- (c) The replacement of trees or other vegetation and the planting of trees, shrubs and ground cover upon any portion of Common Area.
- (d) The placement and maintenance of such signs as the Association may deem necessary for the identification of the development and of roads, the regulation of traffic, including parking, the regulation and use of Common Area and Common Facilities and for the health, welfare and safety of Owners, tenants and guests.
- (e) Maintenance, repair, upkeep and replacement of the Exclusive Use Common Areas appurtenant to each Lot within the Properties, as identified in any Maintenance Matrix or herein.

2. Association Maintenance Responsibility With Respect to Lot Improvements.

The Association shall provide exterior maintenance upon each Lot and Residence which is subject to Assessment hereunder, as follows:

- (a) Paint, stain, repair, and care for the exterior building surfaces of all Residences, including roofs, fences, and exterior walls, provided that the Association shall not be responsible for the repair and replacement of exterior doors, exterior siding, screen doors, garage doors, door and window frames, or exterior lighting fixtures and other hardware and glass surfaces. The Association will perform minor repair of the skylites originally installed by the Developer but will not replace those skylites. Owners are responsible for all interior structural repair including the



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trusses, which are not part of the roofs for which the Association has maintenance responsibilities.

(b) Replace and care for trees, shrubs, grass, walks, and other landscaping Improvements on each residential property, including set back areas and planted areas between adjacent sidewalks and the street curb, if any;

(c) Maintain any private pool or pond on the Owner's property subject to separate agreement with the Owner;

(d) Maintain the security equipment and fire detection equipment on each residential property which was originally installed by the Developer or by the Association but not that installed by the Owner or any previous Owner other than the Developer;

(e) Maintain the underground sewer, water and electrical lines located under the Common Area but the Association shall not be responsible for the sewer, water and electrical lines located within the boundaries of the Owner's Lots or for the risers and connecting lines between such service lines and the individual Residences.

3. Owner Maintenance Responsibilities. Except as specifically provided in Section 2 or any Maintenance Matrix:

(a) Each Owner shall be responsible for the maintenance and repair and replacement of his Residence and Lot, including without limitation the structural elements except as noted above as part of the Association's maintenance responsibilities, glass surfaces, glass doors, garage doors, windows, screens and screen doors, other exterior doors, exterior siding, window fixtures, any hardware, Improvements within enclosed patio areas, concrete surfaces within the fenced or enclosed areas on the Lot, the interior of his Residence and the plumbing, electrical, security wiring, plumbing (including gas lines), heating and air conditioning systems servicing his Residence. The Owner shall also be responsible for the maintenance of all the exterior landscaping on his Lot, except as specifically noted above as an Association maintenance responsibility. The Owner will be responsible for all but minor repair of the skylites originally installed by the Developer and for replacement of those skylites and will be responsible for any skylites installed by the Owner or any previous Owner other than the Developer. The Owner shall be responsible for security and fire detection equipment installed by the Owner or any previous Owner other than the Developer. Owners are responsible for all interior structural repair including the trusses, which are not part of the roofs for which the Association has maintenance responsibilities.

(b) In addition to the foregoing, each Owner shall be responsible for the repair and maintenance of all Exclusive Use Common Areas appurtenant to his Lot.

4. Recovery of Costs of Certain Repairs and Maintenance.

(a) In the event that the need for maintenance or repair, which would otherwise be the Association's responsibility hereunder is caused through the willful or negligent acts of an Owner, his family, guests, tenants, or invitees, and is not covered or paid for by Association insurance policies or any liability insurance 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 this Declaration.

(b) In the event that an Owner fails to perform maintenance functions for which he is responsible, the Association may give written notice to the offending Owner with a request to correct the failure within 15 days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance the Association may exercise its rights under this Declaration to enter the Owner's Lot and perform the repair or maintenance so long as the Owner has been given notice and the opportunity for a hearing in accordance with this Declaration.

5. Cooperative Maintenance Obligations.

To the extent necessary or desirable to accomplish the Association's maintenance obligations hereunder, individual Owners shall cooperate with the Association and its agents and maintenance personnel in the prosecution of its work.

6. Drainage Structures, Ditches and Swales.

(a) All drainage structures, culverts and canals improved by the Association for the major collection of storm runoff and any natural drainage courses within Common Areas shall be maintained regularly by the Association.

(b) Except as provided above, each Owner shall keep drainage courses, ditches and swales on his Lot free and clear of all obstructions, and shall, in cooperation with contiguous property Owners (including the Association as to any contiguous parcels it owns) maintain all such drainage ditches, swales and culverts common to their Lots in good order.

(c) No Owner or Resident shall alter or obstruct a natural drainage course, or materially add to the natural water volume of said drainage course without making adequate provisions with respect to neighboring Lots, Common Areas and/or Common Facilities. Any such alterations, obstructions, or additions to water volume shall be considered a work of Improvement that is subject to prior review and approval by the AC.

ARTICLE 8 PARTY WALLS AND COMMON ROOFS

1. Party Walls.

(a) General Rules of Law to Apply. Certain Residences within the Properties share a common wall and roof. Other Residences share yard fences along common property lines. This Article is intended to address the respective responsibilities of adjoining Owners with respect to such shared improvements. Each wall and fence which is built as a part of the original construction of the Residences upon the Properties and placed on the dividing line between the Lots shall constitute a Party Wall (thus the term "Party Walls" refers to both shared walls and fences). To the extent not inconsistent with the provisions of this Article, the general rules of law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and



maintenance of a Party Wall shall be shared by the Owners who make use of the wall in equal proportion to such use.

(c) Destruction by Fire or Other Casualty. If a Party Wall is destroyed or damaged by fire or other casualty, then, to the extent that such damage is not covered by insurance and repaired out of the proceeds of same, any Owner who has used the wall may restore it, and if the other Owner thereafter makes use of the wall, they shall contribute to the cost of restoration thereof in equal proportion without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Weatherproofing. Notwithstanding any other provisions of this article, to the extent that such damage is not covered and paid by the insurance provided for herein, an Owner who by his negligent or willful act causes the Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

(f) Party Wall Easements. In all cases where a structural wall constituting a portion of a single Residence, or a structural wall or fence constituting a common wall or fence for 2 Residences, is located upon the dividing line between adjacent Lots, the Owners of said adjoining Lots shall have reciprocal mutual nonexclusive easements for the maintenance of said wall or fence, the reconstruction of said wall or fence in the event of the partial or total destruction of the same, drainage associated with said wall or the Residence of which said wall is a part, and an easement to accommodate the foundation and/or roof or eaves encroachment as depicted in the original design, plans and specifications which were the basis for the original construction of the Residence or Residences on said Lot or Lots. The Owner of a Lot having a structural wall or fence situated on the boundary line between his Lot and the adjoining Lot shall not attach anything to the outside of the wall which shall protrude across the boundary line into the adjoining Lot, and the Owner of the adjoining Lot upon which such a wall or fence is situated shall not attach anything to the outside of said wall or fence without the consent and permission of the Owner of the adjoining Lot.

2. Common Roofs.

Any roof which is built as a part of the original construction of Residences within the Properties in such a manner that such roof is not clearly located entirely upon one Lot shall constitute a common roof, and to the extent not inconsistent with the provisions of this section or the Association's maintenance responsibilities, the general rules of law regarding common roofs and of liability for property damage due to negligence or willful acts or omissions shall apply thereto. References to "cost" shall mean costs not compensated by any insurance proceeds.

(a) Costs of Repair and Maintenance.

The cost of reasonable repair and maintenance of a common roof shall be borne by the Association, as noted above and as determined by the Board.

(b) Damage or Destruction. If a common roof is destroyed or damaged by fire or



other casualty, and to the extent it is not considered a maintenance responsibility of the Association or covered by insurance obtained by the Association, any Owner who has used the roof may restore it, and if the other Owners thereafter make use of the roof, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners, or the Association, to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(c) **Damages Caused by Owner's Negligence.** Notwithstanding any other provision of this section, any Owner who by his negligent or willful act causes damage to the common roof shall bear the whole cost of repairing the damage so caused.

(d) **Rights of Contribution Are Appurtenant.** The right of any Owner to contribution from any other Owner under this section shall be appurtenant to the land and shall pass to such Owner's successors in title.

3. Arbitration.

In the event of any dispute between Owners concerning a Party Wall or Common Roof, or sharing the cost of repair or replacement of any Party Wall or Common Roof, then upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Association's Board of Directors who shall be empowered to decide the dispute in accordance with the hearing procedures specified in this Declaration. The Board's decision on the matter shall be conclusive and binding on the parties.

ARTICLE 9 EASEMENTS

1. Encroachment Easements.

Each Lot and its Owner shall have and is granted an easement over all adjoining Lots 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 Lot 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 Lot 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.

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. The streets within the Properties shall also be subject to an emergency vehicle access easement and public right-of-way easement, as shown upon and described by the Subdivision Map.



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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 and the master television antenna or cable television system. 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 line, 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 shall in no way effect any other recorded easement on the Properties.

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 Lot to perform the duties of maintenance and repair of the Lots, Common Area, or Common Facilities, provided that any entry by the Association or its agents onto any Lot shall only be undertaken in strict compliance with this Declaration.

5. Boundary Changes.

An easement shall exist for use and maintenance as Common Area over any portion of a Lot 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 Lot line abutting the Common Area.

6. Common Wall, Common Roof and Party Wall Easements.

Each Residence that shares a Common Wall, Common Roof, or Party Wall with an adjoining Residence and its Owner is declared to have an easement appurtenant, and the same is granted by Declarant, on, over, and upon such adjoining Residence for such Common Wall, Common Roof, or Party Wall, including the right to enter upon such adjoining Lot to service and maintain such easement and service, maintain, repair, or replace the improvements constituting such Common Wall, Common Roof, or Party Wall. Such entry shall be at reasonable times after prior notice, except that in case of emergency the right of entry shall be immediate. Except for any maintenance obligation or duty of the Association, each Lot and its Owner shall be responsible for the maintenance, repair, and reconstruction of that portion of the Common Wall, Common Roof, or Party Wall which is located upon his Lot. No Owner shall alter the shape, size, or construction or use any materials different from those used in the initial construction of any such Common Wall, Common Roof, or Party Wall without the written consent of the AC.

7. Other Easements.

Each Lot 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 Lot and Common Area as shown on the Subdivision Map.

8. Priority of Easements.



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Wherever easements granted to the County are, in whole or in part, coterminous with any other easements, the easements of the County shall have and are hereby granted priority over said other easements in all respects.

ARTICLE 10
DAMAGE OR DESTRUCTION

1. Common Area and Common Facilities.

Damage to, destruction of or condemnation of all or any portion of the Common Area and Common Facilities shall be handled in the following manner:

(a) In the event of damage or destruction to the Common Area and/or Common Facility, and the insurance proceeds are sufficient to effect total restoration, then the Association shall cause such Common Area and/or Common Facility to be repaired and reconstructed substantially as it previously existed.

(b) If the insurance proceeds are within \$10,000.00 or less of being sufficient to effect total restoration to the Common Area and/or Common Facility, then the Association shall cause such Common Area and/or Common Facility to be repaired and reconstructed substantially as it previously existed, and the difference between the insurance proceeds and the actual cost shall be levied as a Reconstruction Assessment equally against each of the Lot Owners, in accordance with the provisions of this Declaration.

(c) If the insurance proceeds are insufficient by more than \$10,000.00 to effect total restoration to the Common Area and/or Common Facility, then by written consent or vote of a majority of the voting power of the Association, the Members shall determine whether (1) to rebuild and restore in substantially the same manner as the Improvements existed prior to damage and to raise the necessary funds over the insurance proceeds by levying a Reconstruction Assessment equally against all Lots, (2) to rebuild and restore in a way which utilizes all available insurance proceeds and an additional amount which is assessable equally to all Owners but which is less than the amount required to replace the Improvements in substantially the same manner as they existed prior to being damaged, or (3) subject to the provisions of the Article regarding Mortgagee Protection, to not rebuild and to distribute the available insurance proceeds equally to the Owners and Mortgagees of the Lots as their interests may appear.

(d) Each Member shall be liable to the Association for any damage to the Common Area and/or Common Facility not fully reimbursed to the Association by insurance proceeds which may be sustained by reason of the negligence or willful misconduct of said Member or the persons deriving their right and easement of use and enjoyment of the Common Area and/or Common Facility from said Member, or his respective family and guests. The Association reserves the right, acting through the Board, after notice and hearing and pursuant to the Rules and Regulations, to (1) determine whether any claim shall be made upon the insurance maintained by the Association and (2) charge a Special Assessment equal to the increase, if any, in the insurance premium directly attributable to the damage caused by such Member or the persons for whom such Member may be liable as described herein. In the case of joint ownership of a Lot, the liability of such Owners shall be joint and several, except to the extent that the Association has previously contracted in writing with such joint Owners to the contrary. After notice and hearing and pursuant to the Rules and Regulations, the cost of correcting such damage, to the extent not



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reimbursed to the Association by insurance, shall be a Special Assessment against the Lot and may be collected as provided herein for the collection of Common Assessments.

(e) If at any time all or any portion of the Common Area and/or Common Facility, or any interest therein, be taken for any public or quasi-public use, under any statute, by right of eminent domain or by private purchase in lieu of eminent domain, the award in condemnation shall be paid to the Association. Any such award payable to the Association shall be deposited in the Operating Fund. No Member shall be entitled to participate as a party, or otherwise, in any proceedings relating to such condemnation. The Association shall have the exclusive right to participate in such proceedings and shall, in its name alone, represent the interests of all Members.

2. Damage or Destruction of Residences.

(a) **Obligation to Rebuild.** If all or any portion of any Residence is damaged or destroyed by fire or other casualty it shall be the duty of the Owner of said Residence to rebuild, repair or reconstruct said Residence in a manner which will restore it substantially to its appearance and condition immediately prior to the casualty or to remove any damaged structures from the Owner's Lot without unreasonable delay.

(b) **Architectural Committee Approval.** Any Owner who has suffered damage shall apply to the AC for approval of plans for the reconstruction, rebuilding, or repair of his Residence. Application for such approval shall be made in writing together with full and complete plans, specifications, working drawings and elevations showing the proposed reconstruction and the end result thereof. The AC shall grant such approval only if the design proposed by the Owner would result in a finished Residence in harmony with the exterior design of other Residences within the Properties and pursuant to the Architectural Guidelines.

(c) **Time Limitation for Reconstruction or Removal of Improvements.** The Owner or Owners of any damaged Residence(s) and the AC shall be obligated to proceed with all due diligence hereunder to discharge their respective obligations. Unless a waiver or modification of these time requirements is obtained from the AC in accordance with this Declaration, the Owner shall commence reconstruction or removal of the damaged or destroyed structures within 3 months after the damage occurs and complete reconstruction within 6 months after the damage occurs.

ARTICLE 11 CONDEMNATION

1. Common Area and/or Common Facilities.

If all or part of the Common Area and/or Common Facilities shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of the taking of the Common Area and/or Common Facilities, exclusive of compensation for consequential damages to certain affected Lots or Parcels, shall be payable to the Association as trustee for all Owners and mortgagees according to the loss or damages to their respective interest in the Common Area and/or Common Facilities. The Association, acting through its Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation, settlement and litigation of the issues with respect to the taking and compensation affecting the Common Area and/or Common Facilities. Each Owner



hereby designates and appoints the Association as his attorney-in-fact for such purposes.

ARTICLE 12 INSURANCE

1.Types of Insurance Coverage.

The Association shall obtain and maintain in force fire insurance with extended coverage endorsement, or other form of coverage providing equal or greater protection, on Residential Dwelling Units and all other approved structures on the Lots within the Properties, in the amount of the full insurable value thereof, and which policy shall exclude the foundations thereof. The master policy representing such insurance shall be carried in the joint names of the Association and all Owners, and shall contain a loss payable endorsement in favor of each approved mortgage or trust deed beneficiary. The original or a certificate of the master policy and a copy of the receipt for payment of the premium (or other satisfactory evidence of payment) shall be deposited with the Association. The terms of such insurance shall require at least 15 days notice to Association prior to cancellation or material change of such insurance. The cost of the master policy shall be apportioned equitably by the Board among the Owners, and each Owner's share shall be assessed to such Owner. In making the apportionment the Board may rely on advice of the Insuring company, or the agent or broker procuring such insurance, as to the premium cost attributable to each Owner.

In the event of any loss or damage to an insured structure, all Insurance funds shall be received by the Board and deposited into a trust account for the Owner, and the Owner shall deposit into such account all additional funds required to reconstruct such structure or repair the damage. All such funds shall be disbursed at the direction of the Board or its designated representative, as required during the progress and at the completion of the work, against proper certificates. Any balance shall be repaid to the Owner, or, if there is a lien against the property, to the approved beneficiary.

Insurable value shall mean actual replacement cost (exclusive of excavation, foundations and footings) and shall be determined by appraisal or such other method as the Board may deem appropriate and reviewed at least annually. All insurance shall be obtained, if obtainable and financially prudent based upon the Board's discretion, from and carried with companies rated A+AAA in the then current edition of Best's Insurance Guide.

2.Insurance of Common Area and Common Facilities.

The Association shall obtain and maintain in force fire insurance with extended coverage endorsement, or other form of coverage providing equal or greater protection, on all buildings and other structures and improvements, including all Common Facilities, within the Common Areas of the Properties (other than trees, shrubs and other foliage) and for which the Association has maintenance responsibilities, in the amount of the full insurable value thereof. The master policy representing such insurance shall be carried in the name of the Association and the original or a certificate of the master policy and a copy of the receipt for payment of the premium (or other satisfactory evidence of payment) shall be deposited with the Association. The terms of such insurance shall require at least 15 days notice to the Association prior to cancellation or material change of such insurance.



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All losses so covered shall be payable to the Association, which will see to the replacement or repair of the destroyed or damaged structure or improvement. If the cost of such replacement or repair shall exceed the insurance proceeds payable by reason of the loss, the Board shall prorate the difference among and assess it to the Owners. If the proceeds payable shall exceed the cost or replacement or repair, the excess shall be added to the operating fund.

All insurance shall be obtained from and carried, if obtainable and financially prudent based upon the Board's discretion, with companies rated A+AAA in the then current edition of Best's Insurance Guide.

3. Other Insurance.

The Association shall also purchase, obtain and maintain, with the premiums therefor being paid out of Common Funds, the following types of insurance, if and to the extent such insurance, with the coverages described below, is available at a reasonable premium cost:

(a) Bodily injury liability insurance with limits of not less than three million dollars (\$3,000,000) for bodily injury or death to any one person and three million dollars (\$3,000,000) for any one accident or occurrence, and property damage liability insurance with a limit of not less than three million dollars (\$3,000,000) per accident, insuring against liability for bodily injury, death and property damage arising from the activities of the Association or with respect to property under its jurisdiction, and pursuant to Civil Code Sections 1365.7 and 1365.9 and any amendments or successor statutes thereto.

(b) Such faithful performance and fidelity bonds as are required to insure the Association against any loss from malfeasance or dishonesty of any employee or other person charged with the management or possession of any Association funds or other property; and

(c) Workmen's compensation insurance covering all of its employees, indemnity and other bonds as required; and

(d) Directors and Officers Insurance in the amount of a minimum of one million dollars (\$1,000,000) and pursuant to Civil Code Section 1365.7 or any successor statutes thereto; and such other insurance as the Association may deem necessary or expedient to carry out its functions as set forth in this Declaration and in the Articles or Bylaws.

The Association may also purchase Earthquake Insurance as determined by the Board of Directors and as noticed to the Members. At the current time, the Earthquake Insurance carried by the Association includes a deductible of 30% per building and is paid by the Association. Owners are advised to refer to the October 11, 2000 Resolution of the Board of Directors outlining how deductibles will be payable in the event of losses resulting from an earthquake.

The Association currently maintains, and may continue to purchase and maintain at the discretion of the Board, a Homeowner Association Master Policy providing protection as required herein. The coverage provided by this policy is known as "All Risk" coverage. "All Risk" does not mean "All Loss" however. Some of the most common exclusions are: Flood; Wear and Tear; Deterioration; Mechanical



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Breakdown; Wet or Dry Rot; Mold, Mildew, Birds, Vermin, Rodents, Insects or Animals; Continuous Leakage or Seepage which occurs over a period of time; damage to Interior of Buildings caused by rain, unless the roof first sustains damage by a covered loss. Owners are advised to consult the master policy for exact details, which policy is on file at the Association Office.

A Deductible, as determined by the Board and as noticed to the Members, will apply to all property losses. Under the current policies maintained by the Association, there is no deductible for liability losses, and the Deductible for property insurance is paid by the Owner. Additionally, the current policy provides that the deductible on property insurance applies to glass breakage also and is payable by the Owner. Property coverage includes coverage for real property improvements EXCEPT wall and floor coverings and private swimming pools.

This policy does NOT provide coverage for an Owner's personal contents or personal liability and excludes wall coverings, floor coverings, and private swimming pools. These items are the responsibility of the Owner and the Association recommends that the Owner obtain insurance for these by obtaining a Unit Owner policy. It is also recommended that each Owner obtain Earthquake Insurance for their personal property and wall and floor coverings. The Association also advises all owners to obtain Loss Assessment Coverage. Each Owner should consult with their personal insurance agent or contact the Association's insurance agent for appropriate additional coverage information. Although the Association maintains the policies of insurance itemized below, the Association's policies of insurance may not cover a Member's property, including personal property or real property improvements to or around the Member's Residence or Lot, or personal injuries or other losses that occur within or around the Member's Residence or Lot. Even if a loss is covered, the Member may nevertheless be responsible for paying all or a portion of any deductible that applies.

Each Owner having an easement for private pools, decks, saunas, patios or other improvements, shall be responsible for securing insurance covering bodily injury and property damage occurring on such Owner's easement. Such insurance shall be separate from but shall have the same dollar limits as the insurance carried by the Association hereunder, which Association insurance shall be deemed not to include the coverage required hereby.

At present, the Association currently carries the following insurance:

General Liability Insurance with a \$5,000,000.00 limit.
 Umbrella Insurance with a \$15,000,000.00 limit.
 Directors and Officers Liability with a \$1,000,000.00 limit.
 Property Insurance with a \$164,657,900.00 limit.
 Earthquake Insurance with a \$164,657,900.00 limit.

4. Waiver of Subrogation.

All policies of physical damage insurance maintained by the Association shall provide, if reasonably possible, for waiver of: (1) any defense based on coinsurance; (2) any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association; (3) any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any lessee or tenant of any Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors



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and employees of any insured; (4) any rights of the insurer to repair, rebuild or replace, and, in the event any Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured or the fair market value thereof; or (5) notice of the assignment of any Owner of its insurer in the insurance by virtue of a conveyance of any Lot. As to each policy of insurance maintained by the Association which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Owners, the Manager, and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by such persons, but only to the extent that insurance proceeds are received in compensation for such loss.

5. Liability and Other Insurance.

The Association shall have the power and duty to and shall obtain comprehensive public liability insurance, including medical payments and malicious mischief, in such limits as it shall deem desirable, insuring against liability for bodily injury, death and property damage arising from the activities of the Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured, and in compliance with Civil Code Sections 1365.7 and 1365.9. The Association may also obtain, through the Board, Worker's Compensation insurance and other liability insurance as it may deem desirable, insuring each Lot Owner and the Association, Board of Directors and General Manager or Property Manager, from liability in connection with the Common Area, Common Facilities or any part of a Lot or Residence for which the Association has maintenance responsibilities, the premiums of which are a Common Expense included in the Common Assessments made against the Owners. All insurance policies shall be reviewed at least annually by the Board of Directors and the limits increased in its discretion. The Board may also obtain such errors and omissions insurance, directors and officers insurance, indemnity bonds, fidelity bonds and other insurance as it deems advisable, insuring the Board, the officers of the Association and the General Manager or Property Manager against any liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board or on any committee thereof, and in compliance with Civil Code Section 1365.7.

Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such insurance and bonds as required, if any, for planned unit developments by the Federal National Mortgage Association ("FNMA"), the Government National Mortgage Association ("GNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"), so long as any of which is a Mortgagee or an Owner of a Lot in the Properties, except to the extent such coverage is not available or has been waived in writing by the FNMA, the GNMA or the FHLMC, as applicable.

6. Coverage Not Available.

In the event any insurance policy, or any endorsement thereof, required by this Article 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.

7. Adjustment of Losses.



The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to this Article. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

ARTICLE 13 MORTGAGEE PROTECTION CLAUSE

Notwithstanding any and all provisions hereof to the contrary, in order to induce the FHLMC, the GNMA and/or the FNMA to participate in the financing of the sale of Lots within the Properties, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of the Declaration, these added provisions shall control):

(a) Each first mortgagee of a mortgage encumbering any Lot, at its written request, is entitled to written notification from the Association of any default by the mortgagor of such Lot in the performance of such mortgagor's obligations under this Declaration, the Articles of Incorporation or the Bylaws, which default is not cured within 30 days after the Association learns of such default.

(b) Each Owner, including every first mortgagee of a mortgage encumbering any Lot which contains title to such Lot pursuant to the remedies provided in such mortgage, or by foreclosure of such mortgage, shall be exempt from any "right of first refusal."

(c) Each first mortgagee of a mortgage encumbering any Lot which contains title to such Lot pursuant to the remedies provided in such mortgage or by foreclosure of such mortgage, shall take title to such Lot free and clear of any claims of unpaid assessments or charges against such Lot which accrued prior to the acquisition of title to such Lot by the mortgagee.

(d) Unless at least 2/3 of first mortgagees (based upon 1 vote for each mortgage owned) or Owners have given their prior written approval, neither the Association nor the Owners shall:

(1) subject to California nonprofit corporation law to the contrary, by act or omission seek to abandon, partition, alienate, subdivide, release, hypothecate, encumber, sell

the Association other than those as specifically enumerated in Article 2, Section 1(d) herein;

[The granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the Association as provided in this Declaration shall not be deemed a transfer within the meaning of this clause.]

(2) change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot Owner, or the method of allocating distributions of hazard insurance proceeds or condemnation awards;

(3) fail to maintain Fire and Extended Coverage on Insurable Common Area property on a current replacement cost basis in an amount as near as possible to 100% of the insurance value (based on current replacement cost);



(4) use hazard insurance proceeds for losses to any Common Area property for other than the repair, replacement or reconstruction of such Improvements; or

(5) amend those provisions of this Declaration or the Articles of Incorporation or Bylaws of the Association which provide for rights or remedies of first mortgagees.

(e) First mortgagees, upon written request, shall have the right to (1) examine the books and records of the Association during normal business hours, (2) require from the Association the submission of annual audited financial reports and other financial data, (3) receive written notice of all meetings of the Members, and (4) designate in writing a representative to attend all such meetings.

(f) All first mortgagees who have filed a written request for such notice with the Board shall be given 30 days' written notice prior to (1) any abandonment or termination of the Association, (2) the effective date of any proposed material amendment to this Declaration or the Articles of Incorporation or Bylaws of the Association, and (3) the effective date of any termination of any agreement for professional management of the Properties following a decision of the Owners to assume self-management of the Properties. Such first mortgagees shall be given immediate notice (1) following any damage to the Common Area whenever the cost of reconstruction exceeds \$10,000.00, and (2) when the Board learns of any threatened condemnation proceeding or proposed acquisition of any portion of the Properties.

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

(h) The reserve fund described in this Declaration must be funded by regular scheduled monthly, quarterly, semi-annual or annual payments rather than by large Special Assessments.

(i) The Board shall secure and cause to be maintained in force at all times a fidelity bond for any Person handling funds of the Association, including, but not limited to, employees of any professional manager or management company.

In addition to the foregoing, the Board of Directors may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the FHLMC, the FNMA or the GNMA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of first mortgages encumbering Lots with Dwelling Units thereon. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential mortgage borrowers and potential sellers of their Dwelling Units, if such agencies approve the Properties as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any mortgage encumbering a Lot.

ARTICLE 14 BREACH AND DEFAULT



1. 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 Lot, or any portion of the Common Area or Common 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.

2. Nuisance.

Without limiting the generality of the foregoing, 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.

3. 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 any party in any such action such attorneys' fees and other costs as the court deems just and reasonable.

4. 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.

5. 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,

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.

6. Rights and Remedies of the Association.

(a) Rights Generally. In the event of a breach or violation of any Association Rule or Regulation or of any of the restrictions contained in any Governing Document by an Owner, his 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 and Regulations, 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, the suspension of the Owner's right to use Common Area and/or Common Facilities, suspension of the Owner's voting rights as a member of the Association, or suspension of the Owner's cable services whether or not that suspension impacts services independently



contracted by that Owner; provided that the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this Article.

(b) Initial Investigation and Response to Complaints. In the event that an alleged violation of any Association Governing Document comes to the attention of the Association, either through a Member complaint or from staff, it is the intent of the Board that the General Manager or designated management representative initiate an appropriate compliance process, giving due consideration to the nature of the alleged or apparent violation. Reports of alleged violations of the Association's Governing Documents may be made to the Association's security personnel, a management-level employee, or a member of the Association's administration office staff. Such a report shall constitute a "complaint" and should, preferably, be in writing. The complaint must clearly state the facts and circumstances regarding the alleged violation. Action may also be taken as a result of an oral report (presented by telephone or in person) and under such circumstances appropriate file documentation concerning the complaint shall be generated and maintained for future reference.

On receipt of a complaint, the General Manager or designated management representative, after a thorough review of all circumstances and investigation or verification of any vague or ambiguous items relative to the complaint, will take appropriate action. That action may include issuance of a warning notice or citation. Should management actions be unsuccessful in remedying the noted infraction or if the nature of the violation requires an action or response by the Board or any committee, management may refer the matter for further action in accordance with the Association's formal hearing procedures.

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 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 1354 or otherwise by law.

(c) Schedule of Fines. The Board may 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 illegally parked vehicles). Once imposed a fine or penalty may be collected as a Special Individual Assessment, with the restriction that such a fine or penalty may not be the subject of the lien process provided therefor unless in compliance with the laws of the State of California, and authority for such is provided herein.

(d) 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.



(e) **Limitations of Disciplinary Rights.** All disciplinary proceedings shall be subject to, and comply with, the requirements of Civil Code Section 1363 and any subsequent successor statute.

(f) **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 Lot due to the failure by the Owner or his 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 below, and California Civil Code Section 1363.

(g) **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 10 days prior notice of a hearing before the Board or appropriate committee established by the Board with respect to the alleged violation(s). The notification shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violation for which a Member may be disciplined, and a statement that the Member has the right to attend and may address the Board at the hearing. The Board of Directors or the appropriate committee shall meet in executive session if requested by the Member being disciplined. If the Board or committee imposes discipline on a Member, they shall provide the Member a written notification of the disciplinary action, by either personal delivery or first-class mail, within 15 days following the action. A disciplinary action shall not be effective against a Member unless the board fulfills the requirements herein.

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 or Common 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 parking violations), the Board or its duly authorized agents may undertake immediate corrective or disciplinary action and provide notice and an opportunity to be heard regarding that action, pursuant to the above section, thereafter.

(h) **Notices.** Any notice required by this Article shall, at a minimum, set forth the date and time for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents and a reference to the specific Governing Document provision alleged to have been violated. The notice must be in writing and may be given either by personal delivery or first class mail, to the last address of the Member shown on the records of the Association.

(i) **Rules Regarding Disciplinary Proceedings.** The Board or any committee duly appointed by the Board to conduct and administer disciplinary hearings and related proceedings shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings, including proceedings related to



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nonpayment of assessments. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules and Regulations and shall provide for notices and procedures satisfying the alternative dispute resolution requirements of Civil Code Section 1354, the provisions of Civil Code Section 1363, and any comparable superseding statutes.

7. Court Actions; Arbitration/Mediation.

(a) Court actions to enforce the Governing Documents may only be initiated on behalf of the Association upon approval of the Board. Before initiating any court action seeking declaratory or injunctive relief to interpret or enforce the governing documents (including either of those actions coupled with a claim for monetary damages not in excess of \$5000), the Association shall first comply with the provisions of Civil Code Section 1354, or comparable superseding statute, relating to alternative dispute resolution. The mediation procedures described below are intended to satisfy the Civil Code alternative dispute resolution requirements and all notices issued and procedures followed in the mediation process shall comply with the specific requirements imposed by Civil Code Section 1354.

(b) Before instituting any judicial action, arbitration, or other proceeding arising out of any Owner's or resident's failure or alleged failure to comply with any provisions of the Declaration (other than nonpayment of assessments), the Association or Owner who desires to initiate such action ("Complaining Party") must make a good faith attempt to mediate the dispute pursuant to this paragraph. The Complaining Party shall send the other party (the "Responding Party") written notice of the nature of the dispute, the facts giving rise to its claim and its desire to mediate (the "Mediation Notice"). Should either party commence a judicial action, arbitration, or other proceeding without sending a Mediation Notice, the Responding Party shall be entitled to stay the action and request a Mediation Notice from the Complaining Party. The Mediation Notice shall name a mediator. The Complaining Party shall be obligated to pay any fee to initiate mediation, but the cost of mediation, including any attorneys' fees, shall ultimately be borne as determined by the parties if the mediation results in a settlement of the dispute. If the Responding Party does not agree with the Complaining Party's choice of a mediator, the parties shall ask that the Judicial Arbitration and Mediation Services (JAMS), or any similar recognized alternative dispute resolution service, pick a mediator from its panel within 10 days from the Responding Party's receipt of the Mediation Notice. Within 30 days after the mediator is chosen, the parties shall schedule and attend a mediation and attempt in good faith to resolve their dispute. If the mediation does not resolve the dispute or if the Responding Party refuses to attend, the Complaining Party shall be free to commence litigation or other remedies. The requirements of this paragraph shall not apply under circumstances where the Complaining Party is entitled to a temporary restraining order or preliminary injunction in order to avoid irreparable harm or injury.

(c) If the Association and an Owner are unsuccessful at resolving any failure or alleged failure by the Owner or by the Owner's tenant or lessee to comply with any provisions of this Declaration (other than nonpayment of assessments), the dispute shall be submitted to, and conclusively determined by, binding arbitration in accordance with this paragraph provided, however, that the provisions of this paragraph shall not preclude any party from seeking injunctive or other provisional or equitable relief in order to preserve the status quo of the parties pending resolution of the dispute, and the filing of an action seeking injunctive or other



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provisional relief shall not be construed as a waiver of that party's arbitration rights. The arbitrators shall be selected by the parties from individuals affiliated with the Judicial Arbitration and Mediation Service (JAMS) or any similar recognized alternative dispute resolution service. The arbitration shall be conducted in Riverside County, California. The parties shall submit to the arbitration all written, documentary, or other evidence and oral testimony as is reasonably necessary for a proper resolution of the dispute. Copies of all written submittals shall be provided to the arbitrator(s) and both parties. The arbitrator(s) shall conduct such hearings as they consider necessary, may require the submission of briefs or points and authorities and may submit written questions to the parties. The parties shall respond to such questions in writing. If a question is addressed to less than all of the parties, copies of the question and the answer thereto shall be served on the other parties. At the hearing, any relevant evidence may be represented by any party and the formal rules of evidence applicable to judicial proceedings shall not govern. Evidence shall be admitted or excluded in the sole discretion of the arbitrator(s). Except as provided herein, the arbitration procedures set forth in the California arbitration act statutes (CCP Sections 1282-1294.2) shall apply to the arbitration. The arbitration shall proceed with due dispatch and a decision shall be rendered within 30 days after appointment of the arbitrator(s). The arbitrators' decision shall be in writing and in a form sufficient for entry of a judgment in any court of competent jurisdiction in the State of California. Any decision of the arbitrator(s) shall be subject to the limitations set forth in the immediately succeeding paragraph. The arbitrator(s)' decision shall pertain, and shall be limited to, the granting of damages not to exceed any party's actual out-of-pocket expenses and the costs of undertaking any repairs, maintenance or reconstruction relating to the dispute and the award of any injunction or other equitable relief. In no event shall the arbitrator(s)' award include any component for punitive or exemplary damages. Cost of the arbitration proceeding shall be borne as determined by the arbitrator(s).

ARTICLE 15 THE SPRINGS CLUB

The Springs Club, as defined herein, shall consist of the golf course, clubhouse, and tennis facilities, and appurtenant structures related thereto. The Springs Club is a nonprofit corporation completely independent of the Association, but cooperating with the Association, as provided below:

The Board of Governors of The Springs Club has agreed to coordinate its activities with the Association for the mutual benefit of Owners within the Association and members of The Springs Club, and to appoint one of its members as liaison to the Board of Directors of the Association in order to maintain a high level of familiarity with the public actions and plans of the Board and to communicate all such matters fully to the Board of Governors of The Springs Club for its guidance. Certain easement rights were reserved in the original Declaration, and are incorporated herein, for the benefit of members and employees of The Springs Club, and the Board of Governors of The Springs Club agreed to grant certain easement rights to the Association with respect to The Springs Club property adjoining the common areas of the Association.

The Board of Directors is authorized to enter into an agreement with the Board of Governors of The Springs Club containing provisions substantially similar to the



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following provisions of this Section, that no Improvement, excavation or work which in any way alters any portion of The Springs Club property, or the exterior of any structure or other Improvement thereon, from its existing state on the date it came under the jurisdiction of the Board of Governors shall be made or done except in accordance with the following provisions of this Section. No person other than the Board of Governors or its duly authorized agents shall do any work with respect to The Springs Club property.

Except to the extent otherwise provided below, if the Board of Governors proposes to do any work covered by this Section it shall submit to the Association's AC final plans and specifications for any such work containing such reasonably necessary information as the AC may request. The AC shall disapprove the plans and specifications ONLY if it shall find that such work of Improvement will be detrimental to or incompatible with the purposes stated below.

All AC approvals shall be in writing. Plans and specifications not acted upon within sixty (60) days after submission by the Board of Governors of The Springs Club shall not be deemed approved. One set of plans and specifications of the work, as finally constructed, shall be filed with and retained by the AC as a permanent record.

The Board of Governors of The Springs Club, at any time as to any of The Springs Club property under its jurisdiction, may:

- (1) Perform any work (to the extent that such work is not done by a governmental entity) in accordance with (a) the last plans therefore filed with the AC pursuant to the above, (b) the plans filed by the original Developer, or (c) if neither of the foregoing clauses is applicable, then in accordance with the original design, finish or standard of construction of any such Improvement when it came under The Springs Club's jurisdiction.
- (2) Construct, replace or refinish any road Improvement or surface used as a road, street, walk, driveway or parking area;
- (3) Replace injured and diseased trees or other vegetation, and plant or remove trees, shrubs and ground cover to the extent the Board of Governors may deem desirable for the conservation of water and soil and for aesthetic purposes; and
- (4) Place and maintain such signs as it may deem appropriate for the proper identification, use and regulation thereof.

ARTICLE 16 THE FITNESS AND ACTIVITY CENTER

The Fitness and Activity Center, constructed in 2002, is a Common Facility to which all Association Members have rights of membership, subject to the Rules and Regulations of that facility. All members of the Association pay yearly dues for membership in The Fitness and Activity Center. Members of The Springs Club (see above), who are not Members of the Association, may be members of The Fitness and Activity Center, subject to the provisions for membership thereto and to payment of dues therefor, and compliance with the Rules and Regulations thereof. The Fitness and Activity Center is not open to the public, but is a private facility to which only Members of the Association and members of The Springs Club are eligible. The Association reserves the right to terminate the ability of members of



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The Springs Club who are not Members of the Association to become members of The Fitness and Activity Center and/or to use the facilities of The Fitness and Activity Center.

The Fitness and Activity Center allows its members, and guests, the ability to "charge" certain items and services, and provides invoicing for those charges. Nonpayment of those invoices will result in enforcement pursuant to the provisions of the Assessment provisions contained within this Declaration, the Association's Collection Policy, and the Rules and Regulations of the Fitness and Activity Center. Those charges may include interest, late charges, and all reasonable collection costs incurred for that enforcement, including but not limited to, attorney's fees and costs. The enforcement remedies shall include, but are not limited to, nonjudicial or judicial foreclosure, and/or lawsuits through any Court of the State of California for such nonpayment.

ARTICLE 17 GENERAL PROVISIONS

1. Enforcement.

This Declaration, the Articles of Incorporation, the Rules and Regulations, the Architectural Guidelines, and the Bylaws may be enforced by the Association as follows and pursuant to these Governing Documents of the Association.

(a) Breach of any of the provisions or covenants contained in any of the Governing Documents of the Association and the continuation of any such breach may be enjoined, abated or remedied by appropriate legal proceedings by any Owner, by the Association or the successors-in-interest of the Association. Any judgment rendered in any action or proceeding pursuant hereto shall include a sum for attorneys' fees and costs in an amount as the court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, interest thereon, costs of collection and court costs, and all as pursuant to the Rules and Regulations and/or the Collection Policy of the Association and any other Governing Documents thereof.

(b) The result of every act or omission whereby any of the covenants or provisions contained in any of the Governing Documents of the Association are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by any Owner, by the Association or its successors-in-interest.

(c) The remedies herein provided for breach of the covenants or provisions contained in any of the Governing Documents of the Association shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

(d) The failure of the Association to enforce any of the covenants or provisions contained in any of the governing documents of the Association shall not constitute a waiver of the right to enforce the same thereafter.

(e) Any breach or amendments of the covenants, conditions or restrictions or of any provision contained in any of the governing documents of the Association shall not affect or impair the lien or charge of any first mortgage or deed of trust made in good faith and for value on any residential Lot or the improvements thereon; provided, however, that any subsequent Owner of such property shall be bound by



such covenants, whether such Owner's title was acquired by foreclosure in a trustee's sale or otherwise.

(f) If any Owner, his family, guest, licensee, lessee or invitee violates any such restrictions, the Board may impose a reasonable Special Assessment or fine or penalty upon such Owner for each violation, may suspend the cable service of that Owner, may suspend the use of the common area amenities and facilities, and may suspend the voting privileges of such Owner as further provided in the Bylaws and the Rules and Regulations and other Governing Documents of the Association. Such Special Assessment shall be collectible in the same manner as Common Assessments hereunder but no fine or penalty may result in a lien against the Property unless in compliance with the laws of the State of California and authority for such lien is provided herein, and the Board shall give such Owner Notice and Hearing before invoking any such Special Assessment or suspension or fine or penalty, and pursuant to the Rules and Regulations and other Governing Documents of the Association.

2. Severability.

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

3. Term.

Unless earlier terminated pursuant to this Declaration, the covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and be enforceable by the Association or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successive Owners and assigns, for a term of 50 years from the date this Restated Declaration is recorded, after which time said covenants, conditions, reservation of easements, equitable servitudes and restrictions shall be automatically extended for successive periods of 10 years, unless the Owners of a majority of the Lots, by their votes or written consents taken within 6 months of such termination date, have agreed to terminate such covenants and restrictions in whole or in part.

4. Interpretation.

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance of the Common Area, Common Facilities and those portions of the Lots and/or Residences for which the Association has maintenance responsibilities. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter gender shall each include the masculine, feminine and neuter gender.

5. Termination and Amendment.

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% of the Owners entitled to vote. 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 to be taken under that clause. Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. A resolution recommending



adopting a proposed amendment may be provided to the Board by an Owner at a meeting of Members of the Association. Once approved by the Board to be presented to the membership for approval, and upon the membership having been provided with due notice, the resolution may be adopted by the vote, in person or by proxy, or written consent of Members representing not less than 51% of the Owners entitled to vote. A copy of each amendment shall be certified by the Secretary of the Association, which certification shall be notarized as to that signature, and the amendment shall be effective when the Certificate of Amendment is recorded. Notwithstanding anything to the contrary contained herein, 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.

6.No Public Right or Dedication.

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

7.Constructive Notice and Acceptance.

Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Properties does hereby consent and agree, and shall be conclusively deemed to have consented and agreed, to every limitation, restriction, easement, reservation, condition and covenant contained herein and in the Governing Documents of the Association, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in the Properties, or any portion thereof.

8.Reservation of Easements.

Reciprocal, nonexclusive easements are hereby reserved for the benefit of adjoining Lot Owners for the control, maintenance and repair of the utilities of adjoining Lot Owners. Association expressly reserves for the benefit of all of the real property in the Properties, and the Owners, reciprocal, nonexclusive easements of access, ingress and egress over all Lots, and over the Common Area, for the purposes and enjoyment of the Lots in accordance with this Declaration, including without limitation, for maintenance and repair of utility services, for drainage over, access and upon adjacent Lots for water resulting from the normal use of adjoining Lots, and for maintenance and repair of any Dwelling Unit. In the event that any Dwelling Unit encroaches upon the Common Area and Improvements, as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion of the Properties, a valid easement for encroachment and for the maintenance of the same shall exist so long as the encroachment exists. Association and the Lot Owners of each Lot on which there is constructed a Dwelling Unit along or adjacent to such Lot line shall have an easement appurtenant to such Lot over the Lot line to and over the adjacent Lot, for the purposes of accommodating any natural movement or settling of any Dwelling Unit located on such Lot, any encroachment of any Dwelling Unit due to minor engineering or construction variances, and any encroachment of eaves, roof overhangs and architectural features comprising parts of the original construction of any Dwelling Unit located on such Lot.

9.Notices.

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, by mailing the same as follows:



(a) If to any Owner: To the street address of his Lot or to such other address as he may from time designate in writing to the Association.

(b) If to the Association: At the principal office of the Association or to such other address as the Association may from time to time designate in writing to the Owners.

Personal Service of a notice or demand to one of the co-Owners of any Lot, to any general partner of a partnership which is the Owner of record of the Lot, or to any officer or agent for service of process of a corporation which is the Owner of record of the Lot shall be deemed delivered to all such co-owners, to such partnership, or to such corporation, as the case may be.

If delivery is made by mail, it shall be deemed to have been delivered 48 hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

10. No Representations or Warranties.

No representations or warranties of any kind, express or implied, have been given or made by Association or its agents or employees in connection with the Properties or any portion of the Properties, or any Improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a planned development, except as specifically and expressly set forth in this Declaration and except as may be filed by Association from time to time with the California Department of Real Estate or with any other governmental authority.

11. Nonliability and Indemnification.

Except as provided herein, no right, power, or responsibility conferred on the Board or the AC by any of the governing documents of the Association shall be construed as a duty, obligation or disability charged upon the Board, the AC, any member of the Board or of the AC, or any other officer, employee or agent of the Association. No such person shall be liable to any party for injuries or damage resulting from such person's acts or omissions within what such person reasonably believed to be the scope of his Association duties ("Official Acts"), except to the extent that such injuries or damage result from such person's willful or malicious misconduct.

The Association shall pay all expenses incurred by, and satisfy any judgment or fine levied against, any person as a result of any action or threatened action against such person to impose liability on such person for his Official Acts, provided that:

- (1) The Board determines that such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Association;
- (2) In the case of a criminal proceeding, the Board determines that such person had no reasonable cause to believe this conduct was unlawful; and
- (3) In the case of an action or threatened action by or in the right of the Association,



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the Board determines that such person acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Any determination of the Board required under this Section must be approved by a majority vote of a quorum consisting of Directors who are not parties to the action or threatened action giving rise to the indemnification. If the Board fails or refuses to make any such determination, such determination may be made by the vote of a majority of a quorum of the Members of the Association voting at a meeting of the Association duly noticed and called for such purpose, provided that the person to be indemnified shall not be entitled to vote.

Payments made hereunder shall include amounts paid and expenses incurred in settling any such action or threatened action. This Section shall be construed to authorize payments and indemnification to the fullest extent now or hereafter permitted by applicable law.

Notwithstanding the foregoing, no employee, officer, or director of the original Developer, serving the Association as an appointee of the original Developer shall be granted indemnification hereunder.

The entitlement to indemnification hereunder shall inure to the benefit of the estate, executor, administrator, heirs, legatees, or devisees of any person entitled to such indemnification.

12. Priorities and Inconsistencies.

If there are conflicts or inconsistencies between this Declaration and either the Articles of Incorporation or the Bylaws of the Association, the terms and provisions of this Declaration shall prevail, subject to the existing laws, both case and statutory, of the State of California.

13. 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 this Declaration.

14. Restrictions Severable.

Notwithstanding the provisions of the above paragraph, 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.

15. 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.

16. 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.

17. Exhibits.



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

Dated: _____

THE SPRINGS COMMUNITY ASSOCIATION, A California Nonprofit Corporation

BY: _____
President

BY: _____
Secretary

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the corporation known as The Springs Community Association, does hereby certify that the above and foregoing First Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Springs Community Association, consisting of 76 pages, was duly adopted by written ballot of the Members of said Association on the ____ day of _____, 2003 and that they now constitute said First Amended and Restated Declaration.

By: _____
Secretary



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

Dated: AUGUST 3, 2004

THE SPRINGS COMMUNITY ASSOCIATION, A California Nonprofit Corporation

BY: [Signature]

President

BY: [Signature]

Secretary

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the corporation known as The Springs Community Association, does hereby certify that the above and foregoing First Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Springs Community Association, consisting of 76 pages, was duly adopted by written ballot of the Members of said Association on the 22 day of JULY, 2003 and that they now constitute said First Amended and Restated Declaration.

By: [Signature]

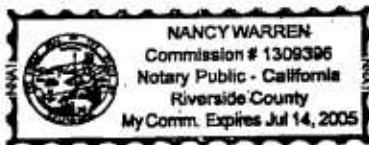
Secretary



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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENTState of CALIFORNIACounty of RIVERSIDEOn 8/4/04 before me, NANCY WARREN, NOTARY
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared W. PORTER
Name(s) of Signer(s)

☒ personally known to me – OR – ☐ 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.



WITNESS my hand and official seal.

Signature of Notary Public**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another 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: _____ Signer's Name: _____

☐ Individual ☐ Individual

Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENTState of CALIFORNIACounty of RIVERSIDEOn 8/3/04 before me, NANCY WARREN, NOTARY
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")personally appeared J. PALKINA
Name(s) of Signer(s)

- ☒ personally known to me – OR – ☐ 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.



WITNESS my hand and official seal.

Nancy Warren
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another 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: _____

- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer is Representing: _____

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer is Representing: _____



EXHIBIT "A"

DESCRIPTION OF THE COVERED PROPERTY

That certain real property known as The Springs Community Association, consisting of 817 residential lots and 105 Common Area lots.

Said property consists of the residential lots and common areas referenced in the original CC&Rs recorded on August 22, 1974, in Book 1974, as Instrument No. 108609, Records of Riverside County, California, and any amendments and declarations of annexation recorded thereto.

Said property includes those residential lots identified by numbers and common area lots identified by letters contained within Tracts 5689, 6258, 6258-1, 6258-2, 9749, 9750, 11650, 11651, 14783, and 14784, as well as any additional tracts and lots located within the description attached hereto as Exhibit "B" and incorporated herein by reference, and as contained within Section 1 In Township 5 South, Range 5 East, San Bernardino Meridian, in the County of Riverside, State of California, according to the Official Plat thereof, and any amendments and declarations of annexations recorded thereto.

Tract 5689 consists of Residential Lots and Common Area Lots per Map recorded on June 5, 1974 in Book 80, Pages 60 through 69 in the Office of the County Recorder of Riverside County, California.

Tract 6258 consists of Residential Lots and Common Area Lots per Map recorded on November 4, 1976 in Book 87, Pages 13-17 in the Office of the County Recorder of Riverside County, California.

Tract 6258-1 consists of Residential Lots and Common Area Lots per Map recorded on July 29, 1975 in Book 82, Pages 89 to 92, in the Office of the County Recorder of Riverside County, California.

Tract 6258-2 consists of Residential Lots and Common Area Lots per Map recorded on November 25, 1974 in Book 83, Pages 99 - 102 in the Office of the County Recorder of Riverside County, California.

Tract 9749 consists of Residential Lots and Common Area Lots per Map recorded on September 7, 1977 in Book 92, Pages 21-25 in the Office of the County Recorder of Riverside County, California.

Tract 9750 consists of Residential Lots and Common Area Lots per Map recorded on May 19, 1978 in Book 97, Pages 51-55 in the Office of the County Recorder of Riverside County, California.

Tract 11650 consists of Residential Lots and Common Area Lots per Map recorded on October 17, 1978 in Book 99, Pages 99-107 in the Office of the County Recorder of Riverside County, California.



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Tract 11651 consists of Residential Lots and Common Area Lots per Map recorded on September 6, 1979 in Book 106, Pages 88-95 in the Office of the County Recorder of Riverside County, California.

Tract 14783 consists of Residential Lots and Common Area Lots per Amended Map recorded in January, 1983 in Book 131, Pages 28-31 in the Office of the County Recorder of Riverside County, California.

Tract 14784 consists of Residential Lots and Common Area Lot per Map recorded on February 21, 1981 in Book 118, Pages 16-19 in the Office of the County Recorder of Riverside County, California.

COMMON AREA DESCRIPTION:

The Common Area shall consist of the Common Area in The Springs Community Association, excepting therefrom the residential lots.

The Common Area Includes, but is not limited to, forty-six (46) swimming pools and spas and the apron areas thereof, pool storage and pump houses, the Fitness and Activity Center, and approximately 250 acres of landscape areas and recreational facilities, which are owned by the Association or over which the Association has an easement for the use, care and maintenance thereof for the common use and enjoyment of all of the Owners. The Common Area includes the entrance/exit gates, streets, roads and driveways (excepting therefrom those driveways which are part of a residential lot) located within the development. The common area includes those facilities constructed or installed, or to be constructed or installed, or currently located within the Common Area. There are 105 common area lots within The Springs Community Association.

RESIDENTIAL LOT DESCRIPTION:

Each residential lot includes both the residential lot or parcel of land shown upon any recorded subdivision map or recorded parcel map of the Properties, with the exception of the common area. The term "lot" shall also include the Residence and other improvements constructed or to be constructed on a Lot. There are 817 residential lots within The Springs Community Association.



EXHIBIT "B"

DESCRIPTION OF THE SPRINGS

The following is a legal description of certain real property in Riverside County, owned by Grantor and referred to on page 1 of the Declaration, which is to be developed into THE SPRINGS.

THAT PORTION OF SECTION 1 IN TOWNSHIP 5 SOUTH, RANGE 5 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING at the northwest corner of the east half of government Lot 2 of the northwest quarter of said Section;

THENCE South 89 58' 40" East, 660.15 feet on the north line of said Section to the northwest corner of the east half of the northeast quarter of the northwest quarter of said Section;

THENCE South 0 05' 00" West, 1331.96 feet on the west line of said east half to the north line of Government Lot 1 of said northwest quarter;

THENCE North 89 55' 52" East, 660.31 feet on last said north line to the west line of the northeast quarter of said Section;

THENCE South 0 04' 39" West, 1326.91 feet on last said west line to the southwest corner of said northeast quarter;

THENCE North 89 56' 28" East, 2639.86 feet on the south line of said northeast quarter to the east line of said Section;

THENCE South 0 00' 45" East, 2630.89 feet on said east line to the north line of Country Club Drive, as described in Deed to the County of Riverside recorded January 17, 1956 as Instrument No. 3625 in Book 1848 Page 282 of official records;

THENCE South 89 56' 04" West, 2643.22 feet to the west line of the southeast quarter of said Section;

THENCE North 0 03' 38" East, 1017.21 feet to the south line of the north 1614.00 feet of said southeast quarter;

THENCE North 80 degrees 56' 28" East, 330.00 feet on last said south line;

THENCE North 0 degrees 03' 38" East, 324.00 feet;

THENCE South 89 degrees 55' 16" West, 990.06 feet to a point on the east line of Lot J of Tract No. 2198 as per map recorded in Book 41 Page 86 of Maps, in the Office of the County Recorder of said County, northerly 1380.19 feet, from the



southeast corner of the west half of the east half of the southwest quarter of said Section;

THENCE North 0 degrees 03' 38" East, 10.85 feet, to the northeast corner of said Tract No. 2198;

THENCE North 89 degrees 56' 47" West, 706.14 feet on the north line of said Tract, to the northwest corner thereof;

THENCE South 0 degrees 03' 38" West, 717.52 feet on the west line of said Tract No. 2198 to the westerly prolongation of the south line of Lot 1 of said Tract;

THENCE South 89 degrees 56' 47" East, 706.14 feet on said prolongation and south line of Lot 1 of said Tract, to the east line of the west half of the east half of the southwest quarter of said Section;

THENCE South 0 degrees 03' 38" West, 662.87 feet on last said east line to the south line of said Section;

THENCE North 89 degrees 56' 43" West, 1323.30 feet on said south line to the east line of the Thunderbird North Tract as per map recorded in Book 29 Page 34 of Maps, in the Office of the County Recorder of said County;

THENCE North 0 degrees 06' 19" East, 620.00 feet on last said east line to the northeast corner of last said Tract;

THENCE North 89 degrees 56' 43" West, 640.96 feet on the north line of said Thunderbird North Tract to a line parallel with and easterly 20.00 feet from the west line of said Section;

THENCE North 0 degrees 07' 13" East, 2035.09 feet on said parallel line to the south line of Government Lot 1 of the northwest quarter of said Section;

THENCE North 89 degrees 55' 16" East, 10.00 feet on said south line to a line parallel with, and easterly 30.00 feet from, the west line of said Government Lot 1;

THENCE North 0 degrees 06' 03" East, 1327.37 feet on last said parallel line, to the south line of Government Lot 2 of the northwest quarter of said Section;

THENCE North 89 degrees, 55' 52" East, 1290.50 feet on last said south line to the west line of the east half of said Government Lot 2;

THENCE North 0 degrees 05' 21" East, 1333.00 feet on last said west line to the point of beginning.

EXCEPT that portion in Lots C, K & L of said Tract 2198.

ALSO EXCEPT from that portion within the southwest quarter of said Section the interest of the County of Riverside in that portion, if any, within Country Club Drive.

ALSO EXCEPT, Parcels 1 to 6 comprising The Springs Club, as follows:

Parcel 1 (Golf holes No. 10, 11, 12, 15 & 18)



COMMENCING at the southeast corner of said Section 1;

THENCE North 00 degrees 00' 45" West, along the east line of said Section 1, a distance of 1955.85 feet;

THENCE South 89 degrees 59' 15" West, a distance of 221.35 feet to the TRUE POINT OF BEGINNING of this description;

THENCE North 81 degrees 21' 09" West, a distance of 119.15 feet to the point of beginning of a non tangent curve concave northwesterly and having a radius of 1180.00 feet;

A radial bearing passes through said point bears South 52 degrees 31' 41" East;

THENCE along said curve in a southwesterly direction through a central angle of 10 degrees 28' 49", and a length of 215.84 feet to the beginning of a compound tangent curve concave northwesterly, and having a radius of 222.00 feet;

THENCE along said curve in a southwesterly direction through a central angle of 34 degrees 00' 00", and a length of 131.74 feet to the beginning of a tangent compound curve concave northerly, and having a radius of 1180.00 feet;

THENCE along said curve in a westerly direction through a central angle of 18 degrees 07' 35", and a length of 373.31 feet to the beginning of a tangent reverse curve concave southerly, and having a radius of 1420.00 feet;

THENCE along said curve in a westerly direction through a central angle of 10 degrees 51' 00" and a length of 268.90 feet to the beginning of a tangent reverse curve concave northerly, and having a radius of 1180.00 feet;

THENCE along said curve in a westerly direction through a central angle of 2 degrees 22' 26", and a length of 48.89 feet;

THENCE South 1 degree 36' 09" West, a distance of 30.00 feet to a point of beginning of a non tangent curve concave northerly and having a radius of 1210.00 feet;

A radial bearing passes through said point bears 1 degree 36' 09" West;

THENCE along said curve in a westerly direction through a central angle of 6 degrees 48' 32" and a length of 143.79 feet;

THENCE South 8 degrees 24' 41" West, a distance of 90.00 feet to the point of beginning of a non tangent curve concave northerly, and having a radius of 1300.00 feet;

A radial bearing passes through said point bears South 8 degrees 24' 41" West;

THENCE along said curve in a westerly direction through a central angle of 8 degrees 21' 24", and a length of 189.61 feet to the beginning of a tangent reverse curve concave southerly, and having a radius of 700.00 feet;



THENCE along said curve in a westerly direction through a central angle of 18 degrees 18' 20", and a length of 223.64 feet;

THENCE North 1 degree 32' 15" West, a distance of 110.00 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 810.00 feet;

A radial bearing passes through said point bears North 1 degree 32' 15" West;

THENCE along said curve in a westerly direction through a central angle of 13 degrees 25' 48" and a length of 189.86 feet;

THENCE South 75 degrees 01' 57" West, a distance of 253.19 feet to the beginning of a tangent curve concave northerly, and having a radius of 490.00 feet;

THENCE along said curve in a westerly direction through a central angle of 23 degrees 09' 50", and a length of 198.10 feet to the beginning of a reverse curve concave southerly and having a radius of 2910.00 feet;

THENCE along said curve in a westerly direction through a central angle of 7 degrees 05' 54", and a length of 360.52 feet;

THENCE South 01 degrees 05' 53" West, a distance of 10.00 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 2900.00 feet;

A radial bearing passes through said point bears North 01 degrees 05' 53" East;

THENCE along said curve in a westerly direction through a central angle of 1 degree 22' 59", and a length of 70.00 feet to the beginning of a tangent reverse curve concave northerly, and having a radius of 200.00 feet;

THENCE along said curve in a westerly direction through a central angle of 20 degrees 07' 10", and a length of 70.23 feet;

THENCE North 19 degrees 50' 04" East, a distance of 20.00 feet to the point of beginning of a non tangent curve concave northerly and having a radius of 180.00 feet;

A radial bearing passes through said point bears South 19 degrees 50' 04" West;

THENCE along said curve through a central angle of 17 degrees 02' 08", and a length of 53.52 feet to the beginning of a tangent reverse curve concave southerly, and having a radius of 820.00 feet;

THENCE along said curve in a westerly direction through a central angle of 20 degrees 00' 17", and a length of 286.30 feet to the point of cusp with a non tangent curve concave westerly, and having a radius of 990.00 feet;

A radial bearing passes through said point of cusp bears South 81 degrees 48' 40" East;



THENCE northerly along said curve through a central angle of 10 degrees 16' 25", and a length of 177.52 feet;

THENCE South 87 degrees 54' 55" West, a distance of 90.00 feet to a point on a non tangent curve concave westerly, and having a radius of 900.00 feet;

A radial bearing passes through said point bears North 87 degrees 54' 55" East;

THENCE northerly along said curve through a central angle of 7 degrees 40' 50" and a length of 123.00 feet to the beginning of a tangent reverse curve concave southeasterly, and having a radius of 24.50 feet;

THENCE along said curve in a northeasterly direction through a central angle of 60 degrees 49' 24", and a length of 26.01 feet to the beginning of a tangent compound curve concave southerly, and having a radius of 567.00 feet;

THENCE along said curve in a easterly direction through a central angle of 17 degrees 35' 42", and a length of 174.12 feet;

THENCE South 21 degrees 29' 49" East, a distance of 97.00 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 470.00 feet;

A radial bearing passes through said point bears North 21 degrees 29' 49" West;

THENCE easterly along said curve through a central angle of 8 degrees 43' 33", and a length of 71.58 feet;

THENCE North 77 degrees, 13' 44" East, a distance of 107.00 feet;

THENCE South 12 degrees 46' 16" East, a distance of 23.00 feet;

THENCE North 77 degrees 13' 44" East, a distance of 55.00 feet to the beginning of a tangent curve concave northerly, and having a radius of 753.00 feet;

THENCE northeasterly along said curve through a central angle of 23 degrees 39' 46", and a length of 310.98 feet;

THENCE South 11 degrees 40' 36" East, a distance of 180.74 feet;

THENCE South 34 degrees 48' 19" West, a distance of 42.52 feet;

THENCE South 55 degrees 11' 41" East, a distance of 130.14 feet;

THENCE North 89 degrees 56' 28" East, a distance of 2231.30 feet;

THENCE South 05 degrees 03' 07" West, a distance of 82.48 feet;

THENCE South 66 degrees 40' 10" East, a distance of 115.31 feet to a point of beginning of a non tangent curve concave easterly, and having a radius of 176.50 feet;

A radial bearing passes through said point bears North 78 degrees 20' 28" West;



THENCE southerly along said curve through a central angle of 9 degrees, 24' 03", and a length of 44.36 feet to the beginning of a tangent curve concave westerly, and having a radius of 140.00 feet;

THENCE southerly along said curve through a central angle of 12 degrees, 9' 14", and a length of 31.57 feet to the TRUE POINT OF BEGINNING.

Containing 28.167 Acres.

Parcel 2 (Golf holes No. 13 and 14)

COMMENCING at the southeast corner of said Section 1;

THENCE South 80 degrees 56' 04" West, along the south line of said Section 1, a distance of 779.20 feet;

THENCE North 00 degrees 03' 56" West, a distance of 201.50 feet;

THENCE North 52 degrees 15' 43" East, a distance of 175.00 feet to a point on a non tangent curve concave southerly, having a radius of 175.00 feet, and the TRUE POINT OF BEGINNING of this description;

A radial bearing passes through said point bears North 52 degrees 15' 42" East;

THENCE along said curve in a westerly direction through a central angle of 128 degrees 35' 54", and a length of 382.78 feet to a point of cusp; with a non tangent curve concave southerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 76 degrees 12' 19" East;

THENCE westerly along said curve through a central angle of 130 degrees 29' 11", and a length of 426.03 feet;

THENCE North 63 degrees 16' 52" West, a distance of 57.83 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 395.00 feet;

A radial bearing passes through said point bears South 54 degrees 16' 47" East;

THENCE northerly along said curve through a central angle of 40 degrees 35' 47", and a length of 279.87 feet to the beginning of a tangent compound curve concave westerly, and having a radius of 920.00 feet;

THENCE northerly along said curve through a central angle of 16 degrees 07' 47", and a length of 258.99 feet to the beginning of a reverse tangent curve concave easterly, and having a radius of 380.00 feet;

THENCE northerly along said curve through a central angle of 52 degrees 11' 11", and a length of 213.47 feet;

THENCE North 11 degrees 10' 50" East, a distance of 235.00 feet;



THENCE North 9 degrees 01' 35" East, a distance of 260.11 feet;

THENCE East, a distance of 90.00 feet;

THENCE North 61 degrees 21' 12" East, a distance of 170.15 feet to the point of beginning of a non tangent curve concave northerly, and having a radius of 1341.00 feet;

A radial bearing passes through said point bears South 10 degrees 04' 43" West;

THENCE easterly along said curve through a central angle of 6 degrees 13' 50", and a length of 145.82 feet;

THENCE South 17 degrees 05' 43" East, a distance of 176.64 feet;

THENCE SOUTH a distance of 700.00 feet to the beginning of a tangent curve concave northeasterly, and having a radius of 175.00 feet;

THENCE southeasterly along said curve through a central angle of 97 degrees 07' 29", and a length of 296.65 feet to a point of cusp of a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 49 degrees 38' 40" West;

THENCE southerly along said curve through a central angle of 78 degrees 05' 37" and a length of 238.52 feet;

THENCE South 52 degrees 15' 43" West, a distance of 32.04 feet to the TRUE POINT OF BEGINNING.

Containing 14.37 Acres.

Parcel 3 (Golf holes No. 16 & 17)

COMMENCING at the southeast corner of said Section 1;

THENCE South 89 degrees 56' 04" West, along the south line of said Section 1, a distance of 2323.76 feet;

THENCE North 00 degrees, 03' 56" West, a distance of 356.50 feet;

THENCE North 89 degrees 58' 02" East, a distance of 175.00 feet to the point of beginning of a non tangent curve concave southwesterly, having a radius of 175.00 feet, and the TRUE POINT OF BEGINNING of this description;

A radial bearing passes through said point bears North 89 degrees 58' 02" East;

THENCE along said curve in a northwesterly direction through a central angle of 79 degrees 20' 40", and a length of 242.35 feet;

THENCE North 10 degrees 37' 13" East, a distance of 50.81 feet to the point of beginning of a non tangent curve concave westerly and having a radius of 175.00 feet;



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A radial bearing passes through said point bears South 10 degrees 37' 13" West;

THENCE northerly along said curve through a central angle of 152 degrees 00' 00", and a length of 464.29 feet;

THENCE North 2 degrees 52' 52" West, a distance of 214.32 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 170.00 feet;

A radial bearing passes through said point bears South 2 degrees 52' 50" East;

THENCE northerly along said curve through a central angle of 176 degrees 32' 18", and a length of 523.80 feet;

THENCE North 00 degrees 34' 52" East, a distance of 66.37 feet;

THENCE North 75 degrees 01' 57" East, a distance of 355.00 feet;

THENCE North 2 degrees 09' 59" East, a distance of 115.90 feet to a point of beginning of a non tangent curve concave southerly, and having a radius of 659.00 feet;

A radial bearing passes through said point bears North 2 degrees 09' 59" East;

THENCE easterly along said curve through a central angle of 8 degrees 39' 12", and a length of 99.53 feet;

THENCE South 13 degrees 37' 18" East, a distance of 135.00 feet;

THENCE South 55 degrees 00' 14" East, a distance of 162.88 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 739.00 feet;

A radial bearing passes through said point bears North 88 degrees 38' 44" East;

THENCE southerly along said curve through a central angle of 13 degrees 32' 06", and a length of 161.67 feet;

THENCE South 11 degrees 10' 50" West, a distance of 235.00 feet to the beginning of a tangent curve concave easterly, and having a radius of 661.00 feet;

THENCE southerly along said curve through a central angle of 25 degrees 04' 50", and a length of 335.52 feet to a point with a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 17 degrees 43' 45" West;

THENCE southerly along said curve through a central angle of 103 degrees 00' 55", and a length of 315.05 feet;



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THENCE South 59 degrees 07' 20" West, a distance of 103.89 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 59 degrees 07' 20" East;

THENCE westerly along said curve through a central angle of 149 degrees 09' 18", and a length of 455.57 feet;

THENCE South 89 degrees 58' 02" West, a distance of 51.32 feet to the TRUE POINT OF BEGINNING.

Containing 12.66 Acres.

Parcel 4 (Golf Holes No. 1, 2 and 3 - Clubhouse and Tennis Sites)

COMMENCING at the northwest corner of the southwest quarter of said Section 1;

THENCE South 00 degrees 07' 13" West, along the west line of said southwest quarter, a distance of 283.53 feet;

THENCE South 89 degrees 52' 47" East, a distance of 191.50 feet to the TRUE POINT OF BEGINNING of this description;

THENCE North 00 degrees 07' 13" East, a distance of 283.52 feet;

THENCE North 00 degrees 06' 03" East, a distance of 66.36 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 409.00 feet;

A radial bearing passes through said point bears North 20 degrees 53' 41" West;

THENCE easterly along said curve through a central angle of 63 degrees 26' 05", and a length of 452.82 feet;

THENCE tangent South 47 27' 36" East, a distance of 180.00 feet to the point of beginning of a tangent curve concave northerly, and having a radius of 761.00 feet;

A radial bearing passes through said point bears South 42 degrees 32' 24" West;

THENCE easterly along said curve through a central angle of 45 degrees 57' 44", and a length of 610.47 feet;

THENCE North 3 degrees 25' 20" West, a distance of 120.00 feet to the point of beginning of a non tangent curve concave northerly, and having a radius of 641.00 feet;

A radial bearing passes through said point bears South 3 degrees 25' 20" East;

THENCE easterly along said curve through a central angle of 22 degrees 16' 25", and a length of 249.18 feet;



THENCE North 64 degrees 18' 15" East, a distance of 198.50 feet to the beginning of a tangent curve concave southwesterly, and having a radius of 24.50 feet;

THENCE southeasterly along said curve through a central angle of 90 degrees 00' 00", and a length of 38.48 feet;

THENCE South 25 degrees 41' 45" East, a distance of 109.50 feet to the beginning of a tangent curve concave westerly, and having a radius of 859.00 feet;

THENCE southerly along said curve through a central angle of 36 degrees 47' 39", and a length of 551.63 feet to the beginning of a tangent reverse curve concave easterly, and having a radius of 2841.00 feet;

THENCE southerly along said curve through a central angle of 1 degree 45' 32", and a length of 87.21 feet to the beginning of a tangent compound curve concave easterly and having a radius of 879.65 feet;

THENCE southerly along said curve through a central angle of 7 degrees 43' 36", and a length of 118.62 feet to the beginning of a tangent reverse curve concave westerly, and having a radius of 717.00 feet;

THENCE southerly along said curve through a central angle of 16 degrees 15' 00", and a length of 203.35 feet to the beginning of a tangent compound curve concave northwesterly, and having a radius of 165.00 feet;

THENCE southwesterly along said curve through a central angle of 72 degrees 11' 27", and a length of 207.89 feet;

THENCE North 89 degrees 58' 17" West, a distance of 247.55 feet;

THENCE North 00 degrees 03' 13" East, a distance of 120.00 feet;

THENCE North 59 degrees 39' 19" West, a distance of 120.00 feet to the point of beginning of a non tangent curve concave southeasterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 46 degrees 03' 15" East;

THENCE southwesterly along said curve through a central angle of 181 degrees 58' 02", and a length of 555.78 feet;

THENCE South 00 degrees 03' 38" West, a distance of 152.44 feet to the point of beginning of a non tangent curve concave southeasterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 24 degrees 35' 37" West;

THENCE southerly along said curve, through a central angle of 75 degrees 05' 01", and a length of 229.33 feet to the point of cusp with a non tangent curve concave southerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 46 degrees 14' 34" East;



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THENCE westerly along said curve through a central angle of 146 degrees 35' 23", and a length of 447.73 feet;

THENCE North 89 degrees 56' 43" West, a distance of 189.67 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 40 degrees 27' 36" East;

THENCE northerly along said curve through a central angle of 139 degrees 25' 11", and a length of 425.83 feet;

THENCE North 00 degrees 07' 13" East, a distance of 55.00 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 00 degrees 07' 13" West;

THENCE northerly along said curve through a central angle of 180 degrees 00' 00", and a length of 549.78 feet;

THENCE North 00 degrees 07' 13" East, a distance of 55.00 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 00 degrees 07' 13" West;

THENCE northerly along said curve through a central angle of 195 degrees 04' 07", and a length of 595.80 feet;

THENCE North 14 degrees 56' 54" West, a distance of 53.89 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 14 degrees 56' 54" West;

THENCE northerly along said curve through a central angle of 164 degrees 5' 33", and a length of 503.75 feet;

THENCE North 89 degrees 52' 47" West, a distance of 55.00 feet to the POINT OF BEGINNING.

Containing 42.33 Acres.

Parcel 5 (Golf holes 4, 5 and 6)

COMMENCING at the southwest corner of the northwest quarter of said Section 1;

THENCE North 00 degrees 06' 03" East, along the west line of said northwest quarter, a distance of 562.47 feet;

THENCE South 89 degrees 53' 57" East, a distance of 496.50 feet;



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THENCE North 86 degrees 17' 12" East, a distance of 175.00 feet to the TRUE POINT OF BEGINNING;

THENCE North 3 degrees 42' 48" West, a distance of 375.83 feet to the beginning of a tangent curve concave southwesterly, and having a radius of 175.00 feet;

THENCE northwesterly along said curve through a central angle of 73 degrees 36' 27", and a length of 224.82 feet;

THENCE North 12 degrees 40' 45" East, a distance of 64.19 feet;

THENCE North 89 degrees 55' 52" East, a distance of 640.39 feet;

THENCE South 17 degrees 55' 20" East, a distance of 82.94 feet to the point of beginning of a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 17 degrees 55' 20" West;

THENCE southerly along said curve through a central angle of 186 degrees 25' 04", and length of 569.38 feet;

THENCE South 24 degrees 20' 24" East, a distance of 15.36 feet to the point of beginning of a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 24 degrees 20' 24" West;

THENCE southerly along said curve through a central angle of 163 degrees 59' 47", and a length of 500.90 feet;

THENCE South 18 degrees 38' 15" East, a distance of 319.52 feet;

THENCE South 25 degrees 41' 45" East, a distance of 200.00 feet;

THENCE South 64 degrees 18' 15" East, a distance of 103.00 feet to the beginning of a tangent curve concave northerly, and having a radius of 600.00 feet;

THENCE westerly along said curve through a central angle of 18 degrees 11' 06", and a length of 190.43 feet;

THENCE North 7 degrees 30' 39" West, a distance of 120.00 feet to the point of beginning of a non tangent curve concave northerly, and having a radius of 480.00 feet;

A radial bearing passes through said point bears South 7 degrees 30' 30" East;

THENCE along said curve through a central angle of 50 degrees 03' 03", and a length of 419.30 feet;

THENCE North 47 degrees 27' 36" West, a distance of 180.00 feet to the beginning of a tangent curve concave southwesterly, and having a radius of 690.00 feet;



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THENCE westerly along said curve through a central angle of 22 degrees 45' 28", and a length of 274.06 feet;

THENCE North 17 degrees 50' 02" West, a length of 85.00 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 17 degrees 50' 02" East;

THENCE northerly along said curve through a central angle of 75 degrees 52' 46", and a length of 231.76 feet to the TRUE POINT OF BEGINNING.

Containing 17.42 Acres.

Parcel 6 (Golf holes No. 7, 8 and 9)

COMMENCING at the southeast corner of the northwest one-quarter of Section 1;

THENCE North 00 degrees 04' 39" East along the east line of said northwest quarter of Section 1, a distance of 171.10 feet;

THENCE North 89 degrees 55' 21 West, a distance of 306.50 feet;

THENCE South 8 degrees 18' 29" West, a distance of 216.81 feet to the TRUE POINT OF BEGINNING of this description;

THENCE North 45 degrees 30' 41" West, a distance of 127.99 feet to the beginning of a tangent curve concave northeasterly, and having a radius of 175.00 feet;

THENCE northerly along said curve through a central angle of 45 degrees 35' 20", and a length of 139.24 feet;

THENCE North 00 degrees 04' 39" East, a distance of 385.00 feet to the beginning of a tangent curve concave southeasterly, and having a radius of 175.00 feet;

THENCE northerly along said curve through a central angle of 90 degrees 00' 00", and a length of 274.89 feet;

THENCE North 00 degrees 04' 39" East, a distance of 35.00 feet to the point of beginning of a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 00 degrees 04' 39" West;

THENCE northerly along said curve through a central angle of 161 degrees 38' 04', and a length of 493.68 feet;

THENCE NORTH, a distance of 60.80 feet;

THENCE South 89 degrees 55' 52" West, a distance of 293.17 feet to the beginning of a tangent curve concave northeasterly, and having a radius of 163.00 feet;



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THENCE northwesterly, along said curve through a central angle of 90 degrees 09' 08", and a length of 256.47 feet;

THENCE North 00 degrees 05' 00" East, a distance of 87.73 feet to the beginning of a tangent curve concave southeasterly, and having a radius of 40.00 feet;

THENCE northwesterly along said curve through a central angle of 74 degrees 16' 58" for a distance of 51.86 feet to the beginning of a tangent compound curve concave southerly, and having a radius of 530.00 feet;

THENCE westerly along said curve through a central angle of 30 degrees 19' 13", and a distance of 280.47 feet to the beginning of a tangent compound curve concave southeasterly, and having a radius of 40.00 feet;

THENCE southerly along said curve through a central angle of 15 degrees 2' 28", and a length of 52.63 feet;

THENCE South 00 degrees 05' 21" West, a distance of 118.37 feet to the beginning of a tangent curve concave westerly, and having a radius of 720.00 feet;

THENCE southerly along said curve through a central angle of 9 degrees 21' 00", and a length of 117.49 feet to the beginning of a tangent reverse curve concave easterly, and having a radius of 280.00 feet;

THENCE southerly along said curve through a central angle 45 degrees 01' 04", and a length of 220.00 feet to the beginning of a reverse tangent curve concave westerly and having a radius of 820.00 feet;

THENCE southerly along said curve through a central angle of 29 degrees 28' 10", and a length of 421.75 feet to the beginning of a reverse tangent curve concave easterly, and having a radius of 1080.00 feet;

THENCE southerly along said curve through a central angle of 19 degrees 35' 12", and a length of 369.20 feet;

THENCE South 25 degrees 41' 45" East, a distance of 229.50 feet;

THENCE South 25 degrees 41' 45" East, a distance of 154.50 feet to the beginning of a tangent curve concave westerly, and having a radius of 900.00 feet;

THENCE southerly along said curve through a central angle of 10 degrees 11' 40", and a length of 160.13 feet to the beginning of a reverse tangent curve concave southerly, and having a radius of 600.00 feet;

THENCE easterly along said curve through a central angle of 19 degrees 29' 09", and a length of 204.05 feet;

THENCE North 16 degrees 50' 37" West, a distance of 95.25 feet;

THENCE North 77 degrees 13' 44" East, a distance of 141.00 feet;



THENCE North 48 degrees 17' 53" East, a distance of 109.88 feet to the TRUE POINT
OF BEGINNING.

Containing 18.77 Acres.



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Delphi Law Group, LLP
74-900 Highway 111, Suite 222
Indian Wells, CA 92210
Telephone: (844) 433-5744

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Recorded in Official Records
County of Riverside
Peter Aldana
Assessor-County Clerk-Recorder



(Above Space for Recorder's Use)

680

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

**THE SPRINGS COMMUNITY ASSOCIATION
CITY OF RANCHO MIRAGE, COUNTY OF RIVERSIDE
STATE OF CALIFORNIA**

If this document contains any restriction based on 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. 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.

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SECOND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE SPRINGS COMMUNITY ASSOCIATION

The Springs Declaration of Covenants, Conditions and Restrictions recorded on August 22, 1974, as Book 1974, Page 108609, Official Records of Riverside County, California, the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions for The Springs Community Association recorded on August 25, 2004, as Instrument No. 2004-0673568, Official Records of the County Recorder of Riverside County restating and replacing the previous Declaration and all amendments thereto (collectively, "Original Declaration"), and any other amendments not specifically set forth but recorded prior to the date of the recording of this instrument, are hereby superseded, amended and restated in its entirety to read as follows:

RECITALS

(A) The Original Declaration established THE SPRINGS COMMUNITY ASSOCIATION ("Association") to oversee, manage, maintain and operate the real property ("Development") subject to the Original Declaration, plus all annexations to the Development. The Development subject to this Declaration is legally described in Exhibit "A" of this Second Restated Declaration.

(B) The Development was originally conveyed, 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 Development and all of which shall run with the Development and be binding on all parties having or acquiring any right, title or interest in any part of the Development, their heirs, successors and assigns, and shall inure to the benefit of each Owner.

(C) The Development is a "Planned Development," as defined in *Civil Code* Section 4175, and the Lots sold and conveyed to the Owners are subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes as set forth in this Declaration.

(D) The Association now desires to amend and restate the Original Declaration and replace it in its entirety with this Second Restated Declaration, and that upon recordation of same, the Development shall be subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges contained in this Second Restated Declaration which shall run with the Development and be binding on all parties having or acquiring any right, title or interest in any part of the Development, their heirs, successors and assigns, and shall inure to the benefit of each Owner.

ARTICLE 1

DEFINITIONS

Section 1.1. “**Annual Budget Report**” means the report prepared by the Association and distributed to the Owners by Individual Delivery as set forth in Article 10, Section 10.3(A) of the Bylaws and *Civil Code* Section 5300.

Section 1.2. “**Annual Policy Statement**” means the statement prepared by the Association and distributed to the Owners by Individual Delivery as set forth in Article 10, Section 10.3(D) of the Bylaws and *Civil Code* Section 5310.

Section 1.3. “**Architectural Committee**” means the committee created in accordance with Article 7 of this Declaration.

Section 1.4. “**Architectural Guidelines**” means the rules, regulations and/or guidelines which have been or shall be adopted by the Board and amended from time to time.

Section 1.5. “**Articles**” means the Articles of Incorporation of THE SPRINGS COMMUNITY ASSOCIATION, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

Section 1.6. “**Assessment**” means any Regular, Special or Reimbursement Assessment made or assessed by the Association against an Owner and his or her Lot in accordance with the provisions of Article 5 of this Declaration.

Section 1.7. “**Association**” means THE SPRINGS COMMUNITY ASSOCIATION, 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 *Civil Code* Section 4080.

Section 1.8. “**Beneficiary**” means a Mortgagee under a Mortgage or, as the case may be, the beneficiary of or holder of a note secured by a Deed of Trust, and/or the assignees of such Mortgagee, Beneficiary or holder.

Section 1.9. “**Board of Directors**” or “**Board**” means the Board of Directors of the Association.

Section 1.10. “**Bylaws**” means the current Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 1.11. “**City**” means the City of Rancho Mirage and its various departments, divisions, employees and representatives.

Section 1.12. “**Club Facilities**” shall refer to the golf course, driving range, putting green, clubhouse, Oasis restaurant, lakes, wells, pump station, irrigation system, tennis complex, parking lot, offices used by the onsite real estate broker and Association, fitness center and all other

facilities located on the property legally described in Exhibit "B" of this Declaration. The Club Facilities will be deemed part of the Common Facilities upon acquisition by the Association.

Section 1.13. "Common Area" means all the real property currently owned by the Association or that may be acquired by the Association in the future for the common use and enjoyment of the Owners. Unless the context clearly indicates a contrary intention, any reference to "Common Area" shall also include any Common Facilities located thereon. "Common Area" shall also mean the entire Development, except the Lots.

Section 1.14. "Common Expense" means any use of Association funds authorized by Article 5 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, Common Facilities or any portion of any Lot that the Association is obligated to maintain or repair;

(B) All expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board;

(C) Any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Area and Common Facilities or any portion of any Lot that the Association is obligated to maintain or replace, 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.

Section 1.15. "Common Facilities" means, without limitation, the trees, hedges, plantings, lawns, shrubs, landscaping, fences, utilities, pipes, lines, lighting fixtures, 46 swimming pools, 46 spas, Fitness and Activity Center, entry and exit gates, roads, driveways, Association office, ponds, gates, walls, streets, curbs, parking areas, structures, buildings, and other facilities constructed or installed, or to be constructed or installed, or currently located within the Common Area.

Section 1.16. "County" means the County of Riverside, State of California, and its various departments, divisions, employees and representatives.

Section 1.17. "Declaration" means this instrument, including all of the exhibits (all of which shall be deemed incorporated by reference), as the same may be amended from time to time. The "Original Declaration" means and refers to the document referenced in the recitals to this Declaration, together with all amendments and annexations, adopted prior to adoption and recordation of this Declaration.

Section 1.18. "Deed of Trust" or "Trust Deed" means a Mortgage or Deed of Trust, as the case may be encumbering a Lot in the Development.

Section 1.19. “**Development**” means all parcels of real property (Common Area and Lots described and identified in Recital “A”) together with all buildings, structures, utilities, Common Facilities, and all other improvements now located or hereafter constructed or installed thereon, including all appurtenances.

Section 1.20. “**Director**” means a natural person who serves on the Board.

Section 1.21. “**Eligible Mortgage Holder**” means and refers to a holder of a first Mortgage on a Lot who has requested notice from the Association of those matters to which such holder is entitled by reason of this Declaration.

Section 1.22. “**Exclusive Use Common Area**” means those patio and courtyard areas located within the Common Area that are adjacent to a Lot and exclusively used by the Owner of the Lot. The Exclusive Use Common Area may be enclosed by a wall, fence or other barrier.

Section 1.23. “**General Delivery**” or “**General Notice**” means the delivery of documents or notification of information by the Association to the Owners through one or more of the methods set forth in Article 17, Section 17.1 of this Declaration and *Civil Code* Section 4045.

Section 1.24. “**Golf Membership**” means a membership that Owners and non-residents may acquire that provides access to the golf course and related amenities as well as golf-related programs.

Section 1.25. “**Golf Membership Dues**” are a component of the Regular Assessments that are allocated and applied to all direct operating expenses related to golf course and related amenity maintenance, golf programs, a portion of general overhead, and reserves for repair and replacement of the golf course and related amenities. The amount of the Golf Membership Dues will differ depending on the Golf Membership category acquired.

Section 1.26. “**Governing Documents**” is a collective term that includes, but is not limited to, this Declaration, the Articles, Bylaws, Rules and Regulations, Election Rules and Architectural Guidelines.

Section 1.27. “**Individual Delivery**” or “**Individual Notice**” means the delivery of documents or notification of information by the Association to the Owners through one of the methods set forth in Article 17, Section 17.2 of this Declaration and *Civil Code* Section 4040.

Section 1.28. “**Lot**” means any parcel of real property designated by a number on any recorded subdivision map for any portion of the Development, excluding the Common Area. When appropriate within the context of the Governing Documents, the term “Lot” shall also include the Residence and other Improvements constructed or to be constructed on a Lot.

Section 1.29. “**Member**” means every person or entity who holds a membership in the Association and whose rights as a Member are not suspended pursuant to Article 3, Section 3.1(C).

Section 1.30. “**Mortgage**” means any security device encumbering all or any portion of a Lot, including any Deed of Trust. “**First Mortgagee**” shall refer to the Beneficiary of, or the holder of a note secured by a first Deed of Trust or, as the case may be, the Mortgagee under a first Mortgage, and/or the assignee of such Beneficiary, holder or Mortgagee. “**Eligible Mortgage Holder**” shall mean a holder of a first Mortgage on a Lot who has requested notice from the Association of those matters which such holder is entitled to notice of by reason of this Declaration or the Bylaws of the Association.

Section 1.31. “**Officer**” means the President, Vice-President, Secretary, Treasurer or any subordinate Officers of the Association as set forth in the Bylaws.

Section 1.32. “**Owner**” means any person, firm, corporation or other entity that owns a fee simple interest in a Lot. The term Owner shall not include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation or as a contract purchaser (i.e., lease to own). The terms “Owner of Record” and “Member of the Association” include an Owner and means any person, firm, corporation or other entity in which title to a Lot is vested as shown by the official records of the Office of the County Recorder.

Section 1.33. “**Regular Assessment**” means an Assessment levied against an Owner and his or her Lot in accordance with Article 5, Section 5.3. Golf Membership Dues and Social Membership Dues are included in the Regular Assessment.

Section 1.34. “**Reimbursement Assessment**” means an Assessment levied on an Owner and his or her Lot in accordance with Article 5, Section 5.6.

Section 1.35. “**Residence**” means a private, single family dwelling, including the garage, constructed on a Lot.

Section 1.36. “**Rules and Regulations**” means the rules, regulations and policies adopted by the Board of the Association, pursuant to *Civil Code* Sections 4340 - 4370, and this Declaration, as the same may be in effect from time to time.

Section 1.37. “**Social Membership**” means a limited membership that provides Owners and non-resident Social Members with access to social, dining and recreational facilities and programs at the Club Facilities (including the fitness center and tennis complex) as further described in Article 2, Section 2.6 of this Declaration.

Section 1.38. “**Social Membership Dues**” are a component of the Regular Assessments that are allocated and applied to all direct operating expenses related to the Club Facilities (with the exception of the golf course and related amenities), including but not limited to, food and beverage operations, social events, tennis, pickleball, fitness center, and all other non-golf activities and events, general overhead, and reserve funding for repairs and maintenance.

Section 1.39. “**Special Assessment**” means an Assessment levied on an Owner and his or her Lot in accordance with Article 5, Section 5.4.

Section 1.40. "Voting Power" means the total number of Lots eligible to vote at any election or vote of the Owners. Owner(s)' voting privileges that have been suspended shall not be included into the Voting Power during the effective period of any such suspension.

ARTICLE 2

MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

Section 2.1. Membership. Owners, by virtue of their ownership of a Lot shall be a Member of the Association and shall be entitled to vote on all matters upon which Members of the Association are entitled to vote pursuant to the Governing Documents. Ownership of a Lot, or any interest in a Lot, shall be the sole qualification for, and entitlement to, membership in the Association. Each Owner shall remain a Member of the Association until such time as his or her ownership interest in all Lots in the Development ceases for any reason, at which time his or her membership in the Association shall automatically cease. A Member is not intended to include persons or entities who hold an interest in a Lot merely as security for performance of an obligation; nor is a Member intended to include contract purchasers.

Section 2.2. One Class of Voting Membership. The Association shall have one (1) class of voting membership and the rights, duties, obligations and privileges of the Members shall be as set forth in the Governing Documents.

Section 2.3. Voting. Subject to the provisions of the Governing Documents, each Owner shall be entitled to one (1) vote for each Lot in which he or she holds the interest required for membership and each Lot is allocated a vote equal to each other Lots' vote. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Each Owner is obligated promptly, fully and faithfully to comply with and conform to the Governing Documents.

Section 2.4. Transfer. Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of the Lot to which it is appurtenant, and then only to the purchaser. The transfer of title to a Lot, or the sale of a Lot and transfer of possession to the purchaser, shall automatically transfer the membership appurtenant to such Lot to the transferee. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. In the event an Owner should fail or refuse to transfer the membership registered in his or her name to the purchaser of such Lot, the Association shall have the right to record the transfer upon the books of the Association.

Section 2.5. Joint Owner Disputes. The vote for each Lot shall be cast as a single vote, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Lot, it will be conclusively presumed for all purposes that he, she or they were acting with the authority and consent of all other Owners of the same Lot.

Section 2.6. Memberships in Club Facilities. Upon acquisition of the Club Facilities by the Association, Owners shall have the following rights and obligations:

(A) Social Membership. Owners shall automatically acquire a Social Membership, which provides access to all social, dining and recreational facilities and programs at the Club Facilities, including but not limited to, access to the fitness center and tennis complex, with limited golf access. Owners who obtain title to a Lot after the acquisition of Club Facilities by the Association, shall pay a one-time Social Initiation Assessment as described below. All Owners shall pay monthly Social Membership Dues as part of the Regular Assessment. The Social Membership shall be subject to all Rules and Regulations adopted by the Board of Directors.

(B) Golf Membership. The Golf Membership is separate and distinct from the Social Membership. Owners who are already Golf Members as of the date of an acquisition of the Club Facilities by the Association will remain Golf Members. Owners may acquire Golf Memberships by submitting the appropriate application. Golf Members shall pay monthly Golf Membership Dues through the Regular Assessment. Golf Membership Dues may be prorated for the first month of membership. The amount of the Golf Membership Dues may increase or decrease periodically over a fiscal year. Golf Members shall be provided thirty (30) days' notice of a change in the Golf Membership Dues prior to the new amount being due. The Golf Membership shall be subject to all Rules and Regulations adopted by the Board of Directors.

(C) Transfer of Memberships. Social and Golf Memberships are non-transferable personal property rights. Social Memberships shall terminate upon an Owner's transfer of his/her Lot. Notwithstanding, in the event that a Lot is transferred into a trust by the Social or Golf Member, the Social and Golf Memberships may also be transferred to the trust. There shall be no cost to transfer a Social or Golf Membership in this circumstance and no Initiation Assessment shall be levied. In the event that the Lot is later conveyed out of the trust, the Social Membership shall terminate. The Golf Membership may be terminated as set forth in the Rules and Regulations adopted by the Board of Directors.

(D) Social Initiation Assessment. A one-time Social Initiation Assessment in the amount of \$7,500.00 shall be automatically levied on an Owner who takes title to a Lot after the acquisition of the Club Facilities. The Social Initiation Assessment shall be used to fund the maintenance, repair, and enhancement of the Club Facilities as well as the reserve funds for the Club Facilities. This Social Initiation Assessment shall be due and payable sixty (60) days after the Association sends a notice of levy to the Owner. Notwithstanding, if an Owner of record prior to the acquisition of the Club Facilities purchases another Lot(s) in the Association or sells his/her Lot and subsequently purchases another Lot within the Association within twelve (12) months of the close of escrow of the prior Lot, no Social Initiation Assessment will be levied. The same exemption will apply to an Owner who obtains title to a Lot after the acquisition of the Club Facilities, pays a Social Initiation Assessment, and then purchases another Lot(s) in the Association or subsequently sells the Lot and purchases another Lot within the Association within twelve (12) months of the close of escrow of the prior Lot. Once the reserves for the Club Facilities have been sufficiently funded as determined in the sole discretion of the Board, the Social Initiation Assessment will fund the reserves for all other Common Area and Common Facilities. The Association shall have the power but not the obligation to reduce or eliminate the Social Initiation Assessment at any time to ensure compliance with *Civil Code* Section 5600(a) or any successor statute. The Social Initiation Assessment is a Special Assessment as defined in Article