# AMENDED DECLARATION

OF

COVENANTS, CONDITIONS

AND

**RESTRICTIONS** 

SANTA ROSA WEST

PROPERTY OWNERS ASSOCIATION

DATED MAY 8, 2000

And Including

January 12, 2004 &

November 13, 2013 Amendments

# AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS SANTA ROSA WEST PROPERTY OWNERS ASSOCIATION

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# AMENDED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR SANTA ROSA WEST ASSOCIATION

This AMENDED DECLARATION ("Declaration") is made this 8TH day of MAY 2000 by the Santa Rosa West Association, a non-profit corporation, ("Declarant").

#### RECITALS

A. Santa Rosa Ranches, a partnership, was the original owner of that certain real property ("Property") located in the County of Riverside, State of California, which is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

B. Santa Rosa Ranches divided the Property into Lots (as defined below) and conveyed the Lots, subject to certain easements, protective covenants, conditions, restrictions, reservations, liens and charges as set forth in the Declaration of Covenants, Conditions and Restrictions (CC&R's) recorded on December 30, 1968, as Instrument No. 126373 in the Riverside County Recorder's Office ("Original Declaration") which was amended by the Amended Declaration of Covenants, Conditions and Restrictions recorded on January 23, 1985 as Instrument No. 14269 in the Riverside County Recorder's Office ("First Amended Declaration") and the Second Amended Declaration of Covenants, Conditions and Restrictions recorded on December 6, 1989 as Instrument No. 427279 in the Riverside County Recorder's Office ("Second Amended Declaration"). (The Original Declaration, First Amended Declaration and Second Amended Declaration are sometimes hereinafter collectively referred to as the "Amended Original Declaration".)

C. The Amended Original Declaration was, and this Declaration is, for the purpose of enhancing and protecting the value, desirability and attractiveness of Property and Lots therein. The Amended Original Declaration and this Declaration shall run with the Property and be binding on all parties having or acquiring any right, title or interest in the Property, or any part thereof, including any Lot, their heirs, successors and assigns, and shall inure to the benefit of each Owner (as defined below) thereof.

 D. On \_\_\_\_\_\_, 2004, the Owners by \_\_\_\_\_ percent of the voting power of the Association voted by written ballot to amend and restate the Original Amended Declaration, all in accordance with the procedures for amendment set forth in the Original Amended Declaration. It was the intention of said Owners to

replace the Original Amended Declaration, in its entirety, with the recordation of this Declaration. The Owners' action to amend and restate the Original Amended Declaration as set forth herein and the fact that the requisite percentage of affirmative votes required in the Original Amended Declaration was achieved, is attested 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, conditions and other matters set forth herein shall run with the Property and shall be binding upon all parties having or acquiring any right, title or interest in the Property or any portion thereof, including any Lot, and shall inure to the benefit of each Owner thereof. The CC&R's are enforceable by members, the Association or both.

NOW THEREFORE, the Original Amended Declaration is replaced and restated in its entirety with this Declaration.

#### ARTICLE I

# Definitions

1.1 "Architectural Committee" means the committee created in accordance with Article V of this Declaration.

1.2 "Articles" means the Articles of Incorporation of Santa Rosa West Association, which are filed in the Office of the California Secretary of State as such Articles, may be amended from time to time.

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

1.4 "Association" means Santa Rosa West Association, a California nonprofit corporation (formed pursuant to the Non profit Mutual Benefit Corporation Law of the State of California), its successors and assigns. The Association is an "Association" as defined in California Civil Code Section 1351(a).

 1.5 "Association Rules" means the rules, regulations and policies adopted by the Board of Directors of the Association, pursuant to Article III, Section 7 of this Declaration, as the same may be in effect from time to time.

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

1.7 "By-laws" means the By-laws of the Association as such By-laws may be amended from time to time.

1.8 "Common Area" means all real property within the Property upon which there exists mutual or reciprocal easement rights appurtenant to the Lots for the beneficial use and enjoyment of Owners.

Unless the context clearly indicates a contrary intent, any reference herein to the "Common Area" shall also include any Common Facilities located thereon.

1.9 "Common Expense" means any use of Common Funds authorized by Article IV hereof and Article VI of the By-laws 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 and Common Facilities, (b) all expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors, (c) any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Areas and Common Facilities 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.

1.10 "Common Facilities" means the equestrian trails and roads (except roads and cul-de-sacs built by private property owners) and other facilities constructed or installed, or to be constructed or installed, or currently located within the Common Area.

1.11 "County" means the County of Riverside, State of California, and its various departments, divisions, employees and representatives. If any portion of the Property becomes a portion of an incorporated city, then the term "County" shall be deemed to include the city in which that portion of the Property is located.

1.12 "Declarant" means the Association.

1.13 "Declaration" means this instrument, as it may be amended from time to time. The "Original Amended Declaration"

means and refers to the documents referenced in Recital B to this Declaration.

1.14 "Governing Documents" is a collective term that means and refers to this Declaration and to the Articles, the By-laws, and the Association Rules.

1.15 "Improvement" includes, without limitation, the construction, installation, alteration, or remodeling of any buildings, walls, driveways, decks, fences, swimming pools, corrals, bridges, landscaping, landscape structures, solar heating equipment, satellite dishes, spas, tennis courts, antennas, utility lines, or any structure of any kind.

In no event shall the term "Improvement" be interpreted to include projects restricted to the interior of any Residence.

1.16 "Lot" means any parcel of real property designated by a number on the Subdivision Map for any portion of the Property. When appropriate within the context of this Declaration, the term "Lot" shall also include the Residence and other Improvements constructed or to be constructed on a Lot.

1.17 "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 XIII, Section 6 hereof.

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

1.19 "Owner" means any Person, Firm, Corporation, Partnership, Limited Liability Company, Trust, Estate or other entity that owns a fee simple interest in any Lot. The term "Owner" shall include, except where the context otherwise requires, the family, guests, tenants and invitees of an Owner.

 1.20 "Owner of Record" and "Member of the Association" includes an Owner and means any Person, Firm, Corporation, Partnership, Limited Liability Company, Trust, Estate or other Entity in which title to a Lot is vested as shown by the official records of the Office of the County Recorder.

1.21 "Property" means the real property described in Recital A to this Declaration, including all Lots therein, together with all buildings, structures, utilities, Common Facilities, and

other improvements now located or hereafter constructed or installed thereon, and all appurtenances thereto.

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1.22 <u>Regular Assessment</u>" means an Assessment levied on an Owner and his or her Lot in accordance with Article IV, Section 2 hereof.

1.23 "Special Assessment" means an Assessment levied on an Owner and his or her Lot in accordance with Article IV, Section 3 hereof.

1.24 "Residence" means a private, single family dwelling on a

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

1.26 "Special Individual Assessment" means an Assessment made against an Owner and his or her Lot in accordance with Article IV, Section 4 hereof.

#### ARTICLE II

# Property Rights and Obligations of Owners

2.1 <u>Planned Development</u>. The Property is a "Planned Development" as that term is defined in Section 1351(k) of the California Code of Civil Procedure.

 2.2 Owner's Nonexclusive Easements of Enjoyment.
All the Owners of the Lots upon which the Common Area is located own the real property consisting of the Common Area. All Owners possess appurtenant rights to the beneficial use and enjoyment of the Common Area. As such, every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Areas within the Property, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following rights and restrictions:

(a) The right of the Association to adopt Association Rules as provided in Article III, Section 7 hereof, regulating the use and enjoyment of the Lots 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 temporarily suspend the voting rights and/or right to use the Common Facilities, other than roads, by any Owner and/or the Owner's tenants and guests, subject to compliance with the due process requirements of Article XIII, Section 6 hereof.

(b) The right of the Association and Owners (or their representatives) of adjoining Lots of entry upon and access to slopes and drainage ways 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.

2.3 Persons Subject to Governing Documents. All present and future Owners, tenants and occupants of Lots within the Property 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, Tenant, 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.

# 2.4 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, 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 90 days.

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.

(b) Recoverable Costs and Expenses. In the event of (i) damage to, or destruction of, Common Areas or Common Facilities by a tenant or lessee or the Owner of a leased 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), above, 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 subparagraph (c) above.

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- 2.5 Obligations of Owners. Owners of Lots within the Property shall be subject to the following:
- (a) <u>Contract Purchasers</u>. A contract seller of a Lot must delegate his or her voting rights as a Member of the Association and seller's right to use and enjoy the Common Area and Common Facilities to any contract purchaser in possession of the property subject to the contract of sale. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold has been transferred to the purchaser.

#### (b) Notification Regarding Governing Documents.

(i) As more particularly provided in the California 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 in subparagraph (i) C, above, provide the Owner with a copy of the current Governing Documents, together with the delinquency statement referred to in the immediately preceding paragraph. The Association shall be entitled to impose a fee for providing the Governing Documents and statements 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 Lot.

(c) Payment of Assessments and Compliance with Rules. Each Owner shall pay when due each Regular, Special and Special Individual Assessment levied against the Owner and his or her 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 for the purpose of protecting the interests of all Owners or protecting the Common Area and Common Facilities.

(d)  $\underline{\text{Discharge of Assessment Liens}}$ . Each Owner shall promptly discharge any Assessment lien that may hereafter become a charge against his or her Lot.

(e) 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 (e) shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments.

(f) <u>Prohibition on Avoidance of Obligations</u>. 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 or her Lot pursuant to this Declaration.

(g) <u>Termination of Obligations</u>. 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 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.

#### ARTICLE III

# Homeowners Association

3.1 Association Membership. Every Owner of a Lot shall be a Member of the Association. 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. Each Owner shall remain a Member of the Association until his or her ownership in all Lots in the Property ceases, at which time, his or her membership in the Association shall automatically cease. 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.

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

3.3 <u>Voting Rights of Members</u>. Each Member of the Association shall be entitled to one vote for each whole acre in the Property 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 per whole acre be cast with respect to any Lot. Voting rights may be temporarily suspended under those circumstances described in Article XIII, Section 6 hereof.

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

 3.5 <u>Transfer of Memberships</u>. 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 Mortgage does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use pursuant to Article II, Section 3 hereof do not thereby become Members, although the tenant and members of the tenant's family shall, at all times, be subject to the provisions of all Governing Documents. Any attempt to make a prohibited transfer is void. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in the Owner's name to the purchaser of his or her 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 seller shall be null and void.

# 3.6 Powers and Authority of the Association.

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- (a) Powers Generally. The Association, registered as the Santa Rosa West Association, A California Non-Profit Corporation, shall have the responsibility of managing and maintaining the Common Areas, Roads and the Architectural integrity within the properties, also 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 Property and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association and its Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under, and by virtue of, the Governing Documents or the Davis-Stirling Common Interest Development Act, or any comparable superseding statue, 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 Board and the limitations thereon shall be as set forth in Article VII of the By-laws.
- (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, minimum construction standards, and land use restrictions of Article VI and Article VII hereof; (iii) any obligations with respect to construction, maintenance and repair of adjacent Common Facilities; or (iv) to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, Association property or the Owners in common.

The Association's rights of entry under this subparagraph (b) shall be immediate in case of an emergency originating in or threatening the Lot where entry is required, or any Adjoining Lots or Common Area, and the Association's work may be performed under such circumstances whether or not the Owner or his/her lessee is present. In all non-emergency situations, the Association or its agents shall furnish the Owner or his or her lessee with at least 24 hours' written notice, notice to be hand-delivered or by telephone to the Owner, 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.

In no event shall the Association's right of entry, as conferred hereunder, be construed to permit the Association or its agents to enter any Residence without the Owner's prior permission.

# 3.7 Association Rules.

(a) Rule-Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations of general application to the Owners of Lots within the Property. 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 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 Article V, Section 5 hereof; (iii) the conduct of disciplinary proceedings in accordance with Article XIII, Section 6 hereof; (iv) matters subject to regulation and restriction under Article VII hereof; (v) collection and disposal of refuse; (vi) minimum standards for the maintenance of landscaping or other improvements on any Lot; (vii) procedures for alternative dispute resolution proceedings;

and, (viii) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents.

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

(b) <u>Distribution of Rules</u>. A copy of the Association Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. A copy of the Association Rules 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. Association Rules may be adopted or amended from time to time by majority vote of the Board, provided, however, that no Association Rules or Amendments thereto shall be adopted by the Board until at least 30 days after the proposed rule or rule amendment has been (i) published in the Association newsletter, if any, or otherwise communicated to the Owners in writing and (ii) posted in a prominent place within the Property. The notice describing the proposed rule 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 or amendment to the Rules shall become effective immediately following the date of adoption thereof by the Board, or at such later date as the Board may deem appropriate. Any duly adopted rule or rule amendment shall be distributed to the Owners by mail.

# 3.8 Breach of Rules or Restrictions.

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

3.9 Limitation on Liability of Association's Directors and Officers.

(a) <u>Claims Regarding Breach of Duty</u>. 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 By-laws, 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 Tortuous Acts and Property Damage. No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of the tortuous act or omission of a volunteer member of the Board or volunteer officer of the Association shall recover damages from such Board member or office if all of the following conditions are satisfied:

(i) The Board member or officer is an Owner of no more than two 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 omissions in their official capacities, with minimum coverage for both types of insurance being not less than \$500,000.

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 Property as the result of a judicial or Non-judicial foreclosure proceeding is not a volunteer.

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The provisions of this subparagraph (b) are intended to reflect the protections accorded to volunteer directors and officers of community associations under Civil Code §1365.7. In the event that Civil Code Section is amended or superseded by another, similar provision of the California statutes, this subparagraph (b) shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor Civil Code provision.

#### ARTICLE IV

# Assessments

# 4.1 Assessments Generally.

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

 (b) Extent of Owner's Personal Obligation for Assessments. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a debt and a personal obligation of the Person who was the Owner of the 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 only 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.

 (c) <u>Creation of Assessment Lien</u>. All Assessments, 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 Article IV, Section 8(b) hereof.

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

## 4.2 Regular Assessments.

# Preparation of Annual Budget:

(1) Not less than 45 days nor more than 90 days prior to the Association's Fiscal year, the Board shall estimate that total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year, including the following:

(a) A budget prepared on an accrual basis. The Board may distribute only a summary of the items required by Civil Code Section, but the members **must be given a notice**, in at least 10-point **bold** type face on the front page of the summary of the budget, that the budget is available at the Association's business office and that copies will be provided upon request and at the expense of the Association. This **must be delivered** within five (5) days.

(b) Must include a summary of the Association's reserve in **bold type**.

(c) Must include a statement of whether the board has determined a need to levy one or more special assessments to repair, replace, or restore any major component or provide adequate reserves for doing so.

(d) Must include a general statement addressing the procedures used to calculate and establish reserves.

(e) Must include notice to members of their right to obtain copies of minutes within 30 days upon written request and payment of the copying costs.

 (f) Must include at least a summary of Civil Code Section 1354 (Alternative Dispute Resolution) with the specified language required by Civil Code Section 1354.

(g) 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 the Owners, constituting a quorum, casting a majority of the votes at a meeting or

election of the Association conducted in accordance with the By-laws.

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2. The Association must send to members, within 60 days prior to the new fiscal year, a summary of the Association's property and general liability insurance, listing the carrier's name, type of insurance, policy limits for each type and the deductibles. The Association must include the exact disclaimer language specified by the statute. The Association must also give members immediate notice of any lapse, non-renewal or cancellation of coverage.

3. The Board must notify members (of incorporated associations) annually of the right to obtain an annual report, within 120 days after the fiscal year ends, upon written request. This report is similar to the audit or review required by Civil Code Section 1365(b), but it applies to corporations that have at least \$10,000.00 in gross annual receipts. However, any incorporated association which had at least \$10,000.00 in gross revenue must make available a balance sheet, income statement and statement of changes in financial position which is (a) accompanied by a report from a CPA or (b) an officer's certificate that its balance sheet was prepared without audit.

4. During the sixty-day (60) period before the new fiscal year begins, the Association must deliver a statement to all members describing the Association's Policies and Practices in enforcing lien rights "Collection Policy". This can be sent with the annual budget between 45 and 60 days before the beginning of the fiscal year.

5. The Board must distribute to all members any fine schedule adopted by the Board to discipline members.

6. The Association must file annually a "Statement of Domestic Non-Stock Corporation"

7. The Board must schedule a quarterly review of the Association's operating and reserve accounts.

8. Every three years, a reasonably detailed visual inspection of the assessable components the Association must maintain must be conducted as part of a study of the Association's Reserve Account requirements.

(b) Establishment of Regular Assessment by Board or 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 in subparagraph (a) above, and subparagraph (c) below, the Board of Directors may not impose a Regular Assessment that is more than 20 percent greater than the Regular Assessment for the Association's immediately preceding fiscal year without the vote or written assent of Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association (see Article IV, Section 6, below).

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

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

(ii) An extraordinary expense necessary to repair or maintain the Common Areas, Common 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 interests 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 subparagraph (a) above, provided that, prior to the imposition or collection of an assessment under this paragraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of assessment.

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

(e) <u>Assessment Roll</u>. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded in an Assessment roll which shall be

maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member of the Association. The Assessment roll (which may be maintained in the form of a computer printout) shall show for each Lot the name and address of the Owner of Record, all Regular, Special and Special Individual Assessments levied against each Owner and his or her Lot, and the amount of such Assessments which have been paid or remain unpaid. The delinquency statement required by Article II, Section 5(c) hereof 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.

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(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.

(g) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Article IV, Section 3(a)(i) for that year, shall be assessed against each Owner and his or her Lot on account of the then current fiscal year, and payment thereof based upon such automatic Assessment shall be payable on the regular payment dates established by the Association.

(h) Payment of Assessment. The total Regular Assessment levied against each Owner and his or her Lot shall be all due and payable to the Association on or before January 1st of each year. Assessments are delinquent thirty days after stated due date.

 (i) <u>Pro-Rations of Assessments.</u> Assessments commence on the first day following the recording of title to such owners, or the granting of possession thereof to him or her, whichever occurs first. All costs shall be assessed and pro-rated against the owner of such parcel.

# 4.3 Special Assessments.

- (a) <u>Purposes for Which Special Assessments May Be Levied</u>. Subject to the membership approval requirements set forth in subparagraph (b) below, the Board of Directors shall have the authority to levy Special Assessments against the Owners and their 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 by Article IV, Section 2(a), the Board of Directors shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Association may incur in the performance of its duties and the discharge of its obligations hereunder. The Board's assessment authority pursuant to this Section 3 subparagraph (a) shall be subject to membership approval requirements under the circumstances described in Article IV, Section 2(a).
- (ii) <u>Capital Improvements</u>. The Board may also levy Special Assessments for additional capital improvements within the Common Area (i.e., improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, the existing Common Facilities). The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance, and replacement repair of the Common Area or existing Common 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 Article X hereof.
- (b) Special Assessments Requiring Membership Approval. No Special Assessments described in (i) Section 3(a) hereof, which in the aggregate exceed 5 percent of the budgeted gross expenses of the Association for the fiscal year in which the Special Assessment(s) is levied; or (ii) in the last sentence of Article IV, Section 2(a), shall be made without the vote or written assent of Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association, provided that this membership approval requirement shall not apply to any Special Assessment levied to address "emergency situations" as defined in this Article IV, Section 2(c).
- (c) <u>Allocation and Payment of Special Assessments</u>. When levied by the Board or approved by the Members as provided above, the

Special Assessment shall be divided among, assessed against and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments pursuant to Article IV, Section 2(d), above. The Special Assessment so levied shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner.

Special Assessments for purposes described in this Section 3 shall be due as a separate debt of the Owner and a lien against his or her 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.

# 4.4 Special Individual Assessments.

Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 3, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii) below, provided that no Special Individual Assessments may be imposed against an Owner pursuant to this Section 4 until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Article XIII, Section 6 hereof, and, if appropriate as determined by the Board in its sole discretion, 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, is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests, servants, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith (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 Property 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 or her 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 provided in Article III, Section 6(b) (and without limiting the generality of that subparagraph), 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 4(a), such Special Individual Assessment shall be recorded on the Association's Assessment roll, notice thereof shall be mailed to the affected Owner and the Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Association within 30 days after the mailing of notice of the Assessment. Special Individual Assessments imposed to recover monetary penalties 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 subsequently permitted by law. 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 cost 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 in Section 9(b), below.

4.5 <u>Purposes and Reasonableness of Assessments</u>. 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 Property; (b) to promote the enjoyment and use of the Property 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.

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4.6 Notices and Procedure for Member Approval Pursuant to Sections 2 and 3. In the event that Member approval is required in connection with any increase or imposition of Assessments pursuant to Sections 2 and 3 of this Article IV, approval of the requisite percentage of the Members shall be solicited either by written ballot conducted in accordance with Corporations Code Section 7513 and Article V, of the By-laws or at a meeting of the Members called for that purpose, duly noticed in accordance with Article V, Section 4 of the By-laws. The quorum required for such membership action shall be a majority of the Members.

# 4.7 Maintenance of Assessment Funds.

(a) Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors which has offices located within the State of California, County of Riverside. Said Account shall be designated "Santa Rosa West Association Maintenance Fund Account". 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 that an ordinarily prudent person in a like position would use under similar circumstances. 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 books and records shall be kept at the office of the Association and shall be open for inspection, by appointment, by any Owner with prior written notice during normal business hours. The withdrawal of funds from Association

accounts shall be subject to the minimum signature requirements imposed by California Civil Code Section 1365.5 and Article VI, Section 7 (b) of the By-laws.

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

(b) Separate Accounts: 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 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, under-funded or credited proportionately on account of the Owners' future Regular Assessment obligations.

For purposes of accounting, but without requiring any physical segregation of assets, the Association shall maintain a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made there from, provided that receipts and disbursements of Special Assessments made pursuant to this Article IV, Section 3(a)(i) shall be accounted for together with the receipts and disbursements of Regular Assessments; and separate liability accounts shall be maintained for each capital improvement for which reserve funds for replacement are allocated.

 Unless the Association is exempt from federal or state taxes, all sums allocated to capital 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.

# 4.8 Collection of Assessments; Enforcement of Liens.

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(a) Delinquent Assessments. If any lump sum 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 and 1366.1 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 Section 1367 or comparable superseding statute, before the Association may place a lien upon the Lot of an Owner to collect the amount of the Assessment, together with any late charges, interest and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, the Association shall notify the Owner in writing by certified mail of the fee and penalty procedures of the Association, provide an itemized statement of the charges owed by the Owner, including items on the statement which indicate the principal owed, any late charges and the method of calculation, any attorneys' fees, and the collection practices of the Association, including the right of the Association to the reasonable costs of collection. The Notice of delinquent assessment shall not be filed for record until the Association has delivered to the defaulting owner, not less than fifteen (15) days prior to recordation of such notice, a written notice of default and demand to cure the default within fifteen (15) days.

As more particularly provided in California Civil Code Section 1367 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 County Recorder of the County, 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 IV 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. The Association's right to impose a lien for Special Individual Assessments shall be subject to the limitations imposed by this Article IV, Section 4(c).

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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 Non Judicial foreclosure by the trustee designated in the Notice of Delinquent Assessment or by a trustee substituted pursuant to California Civil Code Section 2924a. Any sale of a Lot by a trustee acting pursuant to this Section 9 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) Non-Judicial Foreclosure. Non-Judicial foreclosure shall be commenced by the Association by recording in the Office of the County Recorder a Notice of Default, which notice shall state all amounts which have become delinquent with respect to the Owner's 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 to the requirements for a notice of default under California Civil Code Section 2924c, or comparable superseding statute.

The Association shall have the rights conferred by California Civil Code Section 2924a to assign its rights and obligations as trustee in any Non-Judicial foreclosure proceedings to the same extent as a trustee designated under a deed of trust and for

purposes of said Section 2924a, 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 Non-Judicial foreclosure proceedings to act as an agent on behalf of the Association in commencing and prosecuting any Non-Judicial foreclosure hereunder. Association or its assignee 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 or 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.

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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 or her ability to deposit with the Trustee the full amount of his or her 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 or her final bid in cash or a bank 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.

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43 44 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.

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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.

4.9 <u>Transfer of Lot by Sale or Foreclosure</u>. 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), below, 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 due from the lien(s) thereof.

(d) Any Assessments, late charges, interest, and associated costs of collection that are lost as a result of a sale or transfer covered by paragraph (b), above, shall, at the election of the Board of Directors, 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 or her 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

Association's right 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) Section 10 and the following Section 11 are intended to reflect the California law concerning community association assessment lien priority in effect as of the effective date of this Declaration. In the event that the applicable California laws are revised and the statute(s) addressing assessment lien priority apply to the Association, this Section and Section 11 may be revised by action of the Board to conform to the new statutory provisions concerning this subject.

4.10 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.

4.11 <u>Unallocated Taxes</u>. 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 IV, Section 2 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, sixty days prior to the due date of each tax installment.

 4.12 <u>Waiver of Exemptions</u>. Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Article IV, 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 V

# Architectural Control

5.1 Architectural Committee Approval of Improvements.

(a) Approval Generally. Before commencing construction or installation of any Improvement (as defined in Article I, Section 15) on any lot within the Property, the Owner planning such improvement must submit to the Association's Architectural Committee a written request for approval. The Owner's request shall include structural plans, specifications and plot plans satisfying the requirements of this Article V, Section 6. Unless the Committee's approval of the proposal is first obtained, no work on the Improvement shall be undertaken. The Architectural Committee shall base its decision to approve, disapprove or conditionally approve the proposed improvement on the criteria described in this Article V, Section 6.

Once a work of improvement has been duly approved by the Architectural Committee, no material modifications shall be made in the approved plans and specifications therefore 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 Committee. If the proposed modification will have, or is likely to have, a material effect on other aspects or components of the work, the Architectural Committee, in its discretion, may order the Owner, his or her 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 Architectural Committee, or the agents or employees of either that a work of Improvement, or any modification thereof, is proceeding without proper approval, the Association shall be entitled to exercise the enforcement remedies specified in Section 13 of this Article V, including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of Improvement until such time as proper Architectural Committee review and approval is obtained.

5.2 <u>Committee Membership</u>. The Architectural Committee shall be composed of a maximum of three Members of the Association appointed by the Board. In selecting Members for the Architectural Committee, the Board of Directors may consider selecting individuals whose occupations or education will provide

technical knowledge and expertise relevant to matters within the Committee's jurisdiction. Committee members shall serve for two-year terms subject to the Board's power to remove any Committee member and to appoint his or her successor. Neither the members of the Architectural Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto.

5.3 <u>Duties of Committee</u>. It shall be the duty of the Architectural Committee to consider and act upon the proposals and plans submitted to it pursuant to this Declaration, to adopt Architectural Rules pursuant to this Article V, Section 5, to perform other duties delegated to it by the Board of Directors and to carry out all other duties imposed upon it by this Declaration. The Committee need not necessarily be bound by the approval of previous designs or Architectural details of existing structures.

5.4 <u>Meetings</u>. The Architectural Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of a majority of the Committee members shall constitute the action of the Committee and the Committee shall keep and maintain a written record of all actions taken.

The Owner-Applicant shall be entitled to appear at any meeting of the Architectural Committee 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 or her architect, engineer and/or contractor. Reasonable notice of the time, place and proposed agenda for Architectural Committee meetings shall be communicated before the date of the meeting to any Owner-Applicant whose application scheduled to be heard.

Other Owners whose property may be affected by the proposed Improvement in terms of the view, solar access, noise or other considerations shall also be entitled to attend the meeting. The Architectural Committee may (but shall not be obligated to) notify the Owners of other such potentially affected Lots of the Owner-Applicant's submittal and of Architectural Committee meetings at which the same is scheduled to be heard.

5.5 Architectural Rules. The Architectural Committee may, from time to time and with approval of the Board of Directors, adopt, amend and repeal rules and regulations to be known as "Architectural Rules." Said Rules shall interpret and implement the provisions hereof by setting forth (a) the standards and

procedures for Architectural Committee review; (b) guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes, introduce new products and materials and similar features which are recommended or required for use within the Property; 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 (see this Article V, Section 15 below). Notwithstanding the foregoing, no Architectural Rule shall be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Architectural Rules and this Declaration, the provisions of the Declaration shall prevail.

5.6 <u>Basis for Approval of Improvements</u>. When a proposed Improvement is submitted to the Architectural Committee for review, the Committee shall grant the requested approval only if the Committee, in its sole discretion, finds that all of the following provisions have been satisfied:

(a) The Owner has complied with the provisions of Section 7 below:

(b) The Owner's plans and specifications (i) conform to this Declaration and to the Architectural Rules in effect at the time such plans are submitted to the Committee, if any; (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 Property; and (iii) will not interfere with the reasonable enjoyment of any other Owner on his or her Lot, 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 Property and with the overall plan and scheme of development and the purposes of this Declaration.

The Committee 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 Property if factors such as drainage, topography or visibility from roads, Common Areas 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 Property mitigate against erection of the Improvement or use of a particular component thereof on the Lot involved in the Owner's submittal.

Though it is recognized that the Committee's determination to approve or disapprove an improvement will, of necessity, be subjective to some degree, the members of the Committee shall act reasonably and in good faith. Factors commonly considered by the Committee in reviewing proposed improvements include 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, roads, Common Areas, and other structures.

# 5.7 <u>Procedures for Obtaining Architectural Committee Approval</u> of Plans and Specifications.

- (a) Application for Preliminary Approval. In order to afford an Owner who is proposing to make substantial Improvements an opportunity to obtain guidance and comment from the Architectural Committee prior to the expenditure of substantial sums on complete plans and specifications, any Owner may apply to the Committee 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 Architectural Committee of the general nature, location, dimensions and contemplated exterior colors and finishes of the proposed Improvement.
- (ii) 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 subparagraphs (b) and (c), below, provided that the Committee 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 Architectural Committee 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, two complete set of plans and specifications for the Improvement project (satisfying the requirements set forth in subparagraph (c) below) and such additional information as the Committee may reasonably request, either by Architectural Rule or while the project is under review.

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(c) <u>Content of Plans and Specifications</u>. In order to be complete, the plans and specifications for the proposed Improvement shall include:

(i) A professionally prepared plot plan, which indicates (A) the size of the Lot and location of all buildings, set backs, barns, stables, outbuildings and cellars including the Residence, (B) Lot contour lines, (C) the location of all driveways, fences, pools, spas, trash bins, portage corrals, wind screens, hot walkers, arenas, bridges, hay storage, tack room, satellite dishes, outbuildings, tennis courts, equipment storage and any other existing improvements, (D) cut and fill proposals with the estimated yardage of import and export (balancing is preferred); (E) elevation of pads, (F) setbacks from Lot lines of all existing and proposed Improvements, (G) existing drainage and the proposed drainage plan for the Lot, as improved, (H) the location of all trees (6") trunk or over and vegetation which are to be removed as part of the construction plan, (I) the location of all proposed utility, water, electrical, septic tank and leach field installations, (J) ponds and lakes, (K) flood hazard areas, (L) road and road setbacks, (M) road and equestrian trail easements, and (N) other items the Architectural Committee reasonably requires.

 (ii) A professionally prepared (prepared by an architect or licensed building designer) set of plans showing all (A) elevations (including foundation, roof pitches, and height measurements), (B) floor plans including out-buildings and garages, (C) location of all heating and/or cooling equipment, and solar equipment (D) decking, balconies, porches, gazebos, trellises, awnings, lawns and atriums (E) screening devices, (F) retaining walls, and (G) other items the Architectural Committee reasonably requires.

(iii) Description of exterior materials (if not included with above plans) including roofing materials (with a sample) and

siding materials (with color samples), and windows, doors and skylights.

(iv)A complete landscape plan that includes the names, location, 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 Architectural Committee may (but shall not be obligated to) waive or modify any of the above plan and specification requirements upon receipt of a written request from the applicant to do so. Said request can be made as part of a preliminary approval submittal pursuant to subparagraph (a), above.

(d) <u>Inspection Fee and Deposits</u>. The Architectural Rules may require submission of plans and specifications be accompanied by a reasonable fee. The Architectural Rules may also provide for a cash deposit procedure to help ensure proper and timely completion of Improvement projects in accordance with approved plans and specifications and to reimburse the Association for damage to roadways and other Common Facilities resulting from the Owner's construction project.

The Association may (but shall not be obligated to) place unused deposit funds in an interest-bearing account. In that event, the Association shall have no responsibility or liability to the Owner for its selection of a particular type of interest-bearing account. Once construction and all clean up are complete, the Association shall refund the unused portion of the deposit, plus interest earned thereon, if any, to the Owner.

(e) <u>Delivery of Plans and Specifications</u>. Plans and specifications shall be submitted to the Architectural Committee by personal delivery or first-class mail addressed to the Secretary of the Association or the Chairman of the Architectural Committee at the Association's principal office.

5.8 <u>Time Limits for Approval or Rejection</u>. If no written notice of approval or disapproval is provided to the Owner applicant within 60 days after the Owner's plans and specifications (or revisions thereto) are submitted to the Committee, the plans are deemed approved as submitted.

In approving a request for construction of an Improvement, the Architectural Committee 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.

5.9 Employment of Architect or Engineer. If at any time the Architectural Committee 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 Committee shall advise the applicant in writing of its determination whereupon all plans and specifications so designated by the Architectural Committee must thereafter bear appropriate evidence of such preparation or review.

Proceeding With Work. Upon receipt of approval of an Improvement from the Architectural Committee, 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. If the Owner fails to comply with this paragraph, any approval given pursuant to this Article V shall be deemed revoked unless the Architectural Committee, 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 Architectural Committee 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.

5.11 Failure to Complete Work. Unless the Owner has been granted an extension of time to complete the project by the Architectural Committee, construction, reconstruction, refinishing or alteration of any such Improvement must be complete 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 or her agents. In the case of building Improvements, the requirements of this Section 11 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 Board and the Architectural Committee shall have the enforcement rights and remedies set forth in Section 13 below as though the failure to complete the Improvement was a noncompliance with approved plans.

5.12 <u>Inspection of Work by Architectural Committee</u>. Inspection 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 Architectural Committee shall have the right to inspect the job site 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 Architectural Committee approval is required under this Article V, the Owner shall give the Architectural Committee a written notice of completion.

(c) Within 30 days thereafter, the Architectural Committee, or its duly authorized representative, may inspect the Improvement to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approval plans. If the Architectural Committee 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 Committee 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 Board and the Architectural Committee shall have the enforcement rights and remedies set forth in Section 13, below.

(d) If for any reason the Architectural Committee fails to notify the Owner of any noncompliance within 30 days after receipt of the Owner's notice of completion, the Improvement shall be deemed to have been constructed in accordance with the approved plans for the project, unless it can be demonstrated that the Owner knew of the non-compliance and intentionally mislead the Committee with respect thereto.

#### 5.13 Enforcement.

(a) In addition to other enforcement remedies set forth in this Declaration, the Board of Directors and the Architectural Committee shall have enforcement rights with respect to any matters required to be submitted to and approved hereunder, and may enforce such architectural control by any proceeding at law

or in equity. In addition, the Board and the Architectural Committee 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 Architectural Committee or if it does not conform to the plans and specifications submitted to the Architectural Committee. No work for which approval is required shall 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.

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(b) If the Owner fails to remedy any noticed noncompliance within 30 days from the date of such notification, the Architectural Committee 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 Architectural Committee and, in the discretion of the Board, to any other interested party.

(c) At the hearing, the Owner, a representative(s) of the Architectural Committee 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 non-complying Improvement or remedy the noncompliance and the Owner shall reimburse the Association for all expenses incurred in connection therewith upon demand. If said expenses are not properly re-paid by the Owner to the Association, the Board shall recover such expenses through the levy of a Special Individual Assessment against such Owner. If the Association adopts a policy to levy a monetary penalty for ACC violations, it must submit to the members a copy of the fee schedule. (Civil code Section 1363)

5.14 <u>Variances</u>. The Board of Directors, in its sole discretion, shall be entitled to allow reasonable variances in

any procedures specified in this Article V, the minimum construction standards specified in Article VI, or in any land use restrictions specified in Article VII to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardship to Owner-applicants, provided that all of the following conditions are met:

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(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 Board of Directors must conduct a public hearing on the proposed variance after giving prior written notice to the Architectural Committee and to all Owners of Lots within 1000 feet of the subject Lot. Said notice shall also be posted in a prominent place within the Property. The notice shall be posted and mailed to the interested Owners at least 10 days prior to the date when the Board of Directors is scheduled to act on the requested variance. No decision shall be made with respect to the proposed variance until the 10-day comment period has elapsed.

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(b) The Board of Directors 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 achieved despite noncompliance; or (ii) that the variance relates to a land use 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 within the Property.

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#### 5.15 Nonconforming Use of Property.

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(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 Architectural Committee shall also be vested with authority and responsibility to regulate continued compliance on Lots with the provisions of this Article V, Section 15, and Article VI (Minimum Construction Standards) and VII (Property Use Restrictions) of this Declaration. To this end, the Architectural Committee may (but shall have no obligation to) appoint a compliance officer who shall periodically tour the Property from time to time and report

to the Committee any apparent violations of said Articles

("architectural/land use violations"). If the Architectural Committee agrees that it or the compliance officer has identified an architectural or a land use violation on any Lot, the Committee shall so notify the Owner, in writing. The notice shall detail the nature of the alleged violation and advise the Owner of his or her right to be heard on the matter in accordance with this Article V. If the Owner fails to make a timely request for a hearing, the Architectural Committee shall be entitled to make its own determination of whether a violation exists at the next Architectural Committee meeting following expiration of the notice period.

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If an architectural/land use violation is determined to exist, the Association shall be entitled to pursue either of two courses of action. First, the Association may pursue immediate enforcement remedies under Article XIII, Section 6, below. In the alternative, if the Association determines that the violation has existed for a substantial period of time, thus making current enforcement inequitable under the circumstances, or if the Board determines that other mitigating factors make immediate correction of the violation inequitable or unreasonable, the Board may designate the violation as a "nonconforming use" and record against the subject Lot a Notice of Noncompliance With Recorded Use Restrictions ("Notice of Noncompliance") that shall identify the subject Lot, describe the nonconforming use, and specify the Article and Section number of the Governing Document that is being violated. Following recordation of a Notice of Noncompliance, the provisions of paragraphs (b) and (c), below, shall apply.

Any use or improvement that was permitted under the Original Amended Declaration and that is nonconforming only by virtue of the adoption of this First 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 subparagraph(s) (b) and (c) (as applicable), below.

#### (b) Vacant Lots.

 (i) Continuation of Use. Except as provided in subparagraph (ii) 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 Rules;

and (C) if such use is discontinued for a period of 12 months or more it shall not thereafter be reestablished.

(ii) <u>Limitation</u>. The nonconforming use of any vacant Lot shall be discontinued within five 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 \$5,000; or (C) such use is maintained in connection with a conforming building.

#### (c) Nonconforming Improvements.

(i) Repair and Maintenance. A nonconforming Improvement may be maintained or repaired 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 percent of the current replacement cost of the nonconforming Improvement. Any repair or maintenance of the Improvement the cost of which exceeds 25 percent of the current replacement cost thereof shall require conformance to the Governing Documents as then in effect.

(ii) <u>Enlargements</u>. 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 percent 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 percent 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 percent 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 Architectural Committee shall determine the value of the nonconforming Improvement. If the Owner disputes the Architectural Committee's determination of value, the matter may be appealed to the Board of Directors whose decision shall be final.

(d) <u>Certificate of Compliance</u>. Upon the elimination of any nonconforming Improvement, the Association shall execute and record an Estoppel certificate, as described in Article V, Section 16 which shall reference any previously recorded Notice of Noncompliance With Recorded Use Restrictions, rescind said notice and confirm that the Lot is in compliance with all applicable Governing Document provisions referenced in the Notice of Noncompliance.

- 5.16 Estoppel Certificate. Within 30 days after written demand is delivered to the Architectural Committee by any Owner, and upon payment to the Association of a reasonable fee (as established from time to time by the Board), the Architectural Committee shall record an Estoppel Certificate, executed by any two of its members, certifying (with respect to any Lot owned by the applicant Owner) that, as of the date thereof, either (a) all Improvements made and other work completed by said Owner comply with this Declaration or (b) such Improvements or work do not so comply, in which event the certificate shall also identify the non-complying Improvements or work and set forth with particularity the basis of such noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in said Lot through the Owner, shall be entitled to rely on the Association's Estoppel certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, all Owners and any persons deriving any interest through them.
- 5.17 <u>Limitation on Liability</u>. Neither the Association, its Architectural Committee 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 Property; or (d) the execution and filing of a Notice of Noncompliance pursuant to Section 15, above, or an Estoppel Certificate pursuant to Section 16 above, whether or not the facts therein are correct, provided that such member has acted in good faith upon the basis of such information as may be possessed by him or her.
- 5.18 <u>Compliance with Governmental Regulations</u>. Review and approval by the Architectural Committee of any proposals, plans or other submittals pertaining to Improvements 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.

5.19 Appeals. Appeals from decisions of the Architectural Committee 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 Architectural Committee. The Association Rules may contain procedures to process appeals pursuant to this Section 19.

#### ARTICLE VI

#### Minimum Construction Standards

 Unless a variance is requested from, and granted by, the Board of Directors in accordance with Article V, Section 14 hereof, Improvements constructed on any Lot shall conform to the following minimum construction standards:

6.1 <u>Building Location</u>. No building shall be located nearer to the front, side or rear Lot line or nearer to the side street line than the building setback lines as permitted by any applicable zoning ordinance or other governmental restriction or any other provision hereof.

6.2 <u>Licensed Contractor</u>. Residential structures shall be constructed by a Contractor, Bonded, Licensed and Insured under the Laws of the State of California.

6.3 Approval by Architectural Committee. No building, fence, wall or other permanent structure or Improvement shall be erected, altered or placed on any Lot until building plans, specifications and a plot plan showing the location of structures on the Lots have been submitted to the Architectural Committee for review and approval as described in Article V hereof.

6.4 Maximum Height. Each Residence constructed on any Lot shall be of low silhouette, not to exceed two stories. Residences with step-down floor levels and roof plans contouring to natural grades are encouraged, as are porches and terraces. The maximum height permitted for any Residence from finished first floor level to finished grade is six feet. For any structure to be constructed on or within fifty (50) feet of a ridgeline, such structure shall not exceed one (1) story, and shall not exceed twenty-four (24) feet in height. No structure within the Association may exceed thirty (30) feet in height.

- 6.5 <u>Minimum Square Footage Requirements</u>. Each Residence constructed on any Lot shall have a fully enclosed floor area (exclusive of roofed or unroofed porches, decks, terraces, garages (attached or detached), carports or other outbuildings) of not less than 3,000 square feet.
- 6.6 <u>Setbacks and Location of Structure</u>. Setbacks for any Residence or other permanent structure (whether or not attached to the Residence) shall be at least:
  - (a) 75-feet from the front Lot line;

- (b) 50-feet from the rear Lot line;
- (c) 40 feet from the side Lot lines;
- (d) All setbacks to be a minimum of 75 feet from any street.

The foregoing setback requirements do not apply to permitted signs, pole lines, underground pipe lines, conduits, ditches, waterworks facilities for the production and distribution of water primary for irrigation purposes, fences, private roads, newspaper tubes and mail boxes.

- 6.7 <u>Utility Lines</u>. All utility lines within the property shall be placed underground, no overhead lines will be allowed.
- 6.8 <u>No Used Materials</u>. No used buildings or structures, intended for use, as a Residence shall be transported onto, placed or introduced on any Lot.
- 6.9 Solar Heating Systems. Subject to limitations imposed by California law, the Architectural Committee shall be entitled to adopt, as part of the Architectural Rules, reasonable regulations regarding the installation of solar heating systems. These rules may include limitations on placement and design of such systems to the extent necessary to avoid an unsightly appearance from neighboring Lots or Common Area.
- 6.10 Colors and Exterior Finishes. All exterior colors, textures and materials, including roof materials, must be adequately described in the plans and specifications (with an indication where the colors will be used upon the finished dwelling) and approved in writing by the Committee prior to initiation of construction. Color samples shall be submitted to the Committee along with the plans and specifications. The Committee is authorized to maintain a chart of approved colors.

6.11 Prohibition on A-Frame and Geodesic Dome Structures. No Residence shall be constructed which utilized an "A-frame" or "geodesic dome" design.

6.12 Roofing Materials. All roofs shall be constructed of concrete tile, clay tile, slate or fiberglass simulating tile or shake. The metal roofing will simulate tile, shake, or shingle (i.e. Met-Tile or Decra). All other roof materials (including, but not limited to, asphalt shingle, metal and wood shake) are prohibited.

6.13 Roofs. The Architectural Committee must approve roof Designs of all Residences. Any approval by the Committee shall in no way imply any roof guarantee by such Committee. All visible roofing on any Residence shall be uniform in design and material.

6.14 <u>Siding Materials</u>. The exterior walls of any Residence, garage or other structure shall be finished with natural wood (but no T1-11), stucco, stone, stone veneer, brick or brick veneer. All other siding materials (including, but not limited to metallic siding) are prohibited.

 Architectural Committee, no Owner shall do any work, construct any Improvement, place any landscaping or suffer the existence of any condition whatsoever which shall alter or interfere with the drainage pattern for the Owner's or any adjacent Lots or parcels or Common Area. Plans and specifications submitted by an Owner to the Architectural Committee in connection with the construction of a Residence or other major structural Improvement shall include a drainage plan in sufficient detail to permit the Architectural Committee to assess the impacts, if any, of the Improvement on natural drainage courses.

6.16 Modular and Prefabricated Housing: Mobile Homes. No modular housing unit or prefabricated housing unit shall be permitted on any Lot.

6.17 <u>Metal Buildings.</u> No Metal Buildings shall be permitted on any Lot without written approval of the Architectural Committee.

 6.18 Exterior Lighting and Fixtures. Fluorescent, mercury vapor, sodium, or amber vapor lights, or standard outdoor lights of the type used for security must be enclosed in a manner that directs the light in a specific area without causing a visual impairment to passing motorists or a nuisance to neighboring

Lots. The Architectural Committee, at its sole discretion, shall determine the issue of whether a nuisance exists.

All exterior fixtures that are attached to the Residence shall be compatible with the design and materials of the Residence. Any post-mounted exterior fixtures shall also be compatible in design

and materials to the fixtures attached to the Residence.

6.19 <u>Glass</u>. Certain architectural glass treatments such as extensive use of black or heavy tint glass, mirrored or reflective glass, or brightly colored glass or polycarbonate panels are not permitted without specific prior approval of the Architectural Committee.

6.20 Patios, Walkways and Driveways. All driveways, patio, and walks materials shall be architecturally compatible to the design of the Residence.

6.21 <u>Water Systems, Septic Systems and Pools</u>. All individual water supply systems, on-site septic waste disposal systems and swimming pools on any Lot must be designed, located and constructed in accordance with the requirements, standards and recommendations of the appropriate public health authority and the Architectural Committee. Approval of such systems shall also be obtained, if required, by any responsible governmental agency.

6.22 <u>Garages</u>. Each Residence shall have at least a two-car garage which may be either of an attached or detached design. Garage doors shall be of a roll-top design. Carports do not satisfy the requirement of a two-car garage.

6.23 Fences. All screening and fencing must be approved by the Architectural Committee and must be designed to conform to the design of the proposed or existing Residence. All screening and fencing shall be constructed of wood, rock, masonry, plastic or a combination thereof. All screening and fencing must be maintained in a good sound structural manner, and painted or stained periodically so as not to have a shabby or unkempt appearance. No screening or fencing shall be constructed on any Lot in such a location or at such a height as to unreasonably obstruct the view from any other Lot. All Lots on which animals are present shall be adequately fenced so as to keep the animals on such Lot. No chain link shall be used for perimeter fencing.

6.24 <u>Excavation</u>. Exposed openings resulting from any excavation made in connection with construction or Improvements shall be back-filled and disturbed grounds shall be leveled.

6.25 <u>Landscaping</u>. As noted in Article V, Section 7, landscaping is a matter subject to review and regulation by the Architectural Committee. A landscape plan is required in conjunction with the construction of any Residence. Once installed, the Owner shall be responsible for maintaining landscaping in good and attractive condition on those portions of the Owner's Lot which are visible from any street within the Property.

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#### ARTICLE VII

# Use of Property and Restrictions

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

### 7.1 Use of Lots.

(a) Except as otherwise prohibited in this Declaration, all Lots within the Property shall be used only for (i) the construction of Residences whose occupancy and use shall be restricted to Single Family Residential Use as defined in Article I, Section 24 hereof and (ii) the permitted agricultural uses allowed under the zoning applicable to any Lot. Unless otherwise specifically prohibited herein, any agricultural operation and use will be permitted if it is performed or carried out so as not to cause or produce a nuisance to adjacent Parcels. In no event shall more individuals than permitted by applicable law, zoning, or other local governmental regulations occupy a Residence. This Single Family Residential Use restriction is not intended to preclude construction of a "guest house" for the housing of occasional social guests or servants' quarters for the housing of servants or the domestic employees on the premises.

(b) The following uses are prohibited on any Lot within the property:

(i) Heavy industrial or manufacturing; provided however the following uses contained in this subparagraph (i) are permitted and not prohibited; the drying, packing, and processing (other than canning) of fruits (including wine making), nuts, vegetables and other horticultural products where such drying, packing, or processing is primarily in conjunction with a farming operation provided the permanent buildings and structures used in conjunction

with such drying, packaging and processing operations are not nearer than 20 feet from the boundaries of the Lot; (ii) Junk Yards or Dumps; (iii) Drilling for or the removal of oil, gas or other hydrocarbon substances; (iv) Mining operations of any kind, including drilling, refining or quarrying; Distillation of Bones; (V) Fat Rendering; (vi) (vii) Stockyard or slaughter of animals, except those animals produced on the parcel; (viii) Grange halls; (ix) Farm Labor Camps; (x)Community Auctions and Sales Yards; (xi) Menageries, Alligator, Ostrich, EMU or Fox farms; (xii) Commercial raising of poultry; (xiii) Dairies and dairy purposes; (xiv) Commercial raising of pigs, domestic animals, sheep or goats; and Any other use prohibited under this Declaration. (c) All Residence and structures erected on any Lot shall conform to the minimum construction standards set forth in

hereof.

(d) 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.

Article VI hereof, unless a variance have been granted by the

Architectural Committee in Accordance with Article V, Section 14

- (e) The vegetation and landscaping on any Lot shall be planted and 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.
- (f) No camping, whether temporary or permanent, and no temporary structures of any kind shall be permitted on any Lot.
- (g) No Improvement, shall be constructed, erected, or placed on any Lot without the prior approval of the Architectural Committee.
  - (h) No sign(s) shall be permitted, other than the following:
- (i) Those identifying the name of the person occupying the premises;
- (ii) Those offering the premises for sale or lease shall conform to the following standards:
  - (a) No higher than four feet from ground level to the top of the sign;
  - (b) No larger than 30" x 24" in surface area;
  - (c) One sign per parcel only;

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- (d) Signs should be supported by a metal stake or wooden
  post only (not "yard arm" style posts);
- (e) Each sign shall be placed horizontally to the roadway;
- (f) Each sign shall be placed at least ten (10) feet back from the edge of the paved surface of the roadway;
- (g) Signs shall be removed from the parcel upon close of escrow or removal from the market.
- (iii) All signs shall only be of such size, design, color and location as are specifically approved in writing by the Architectural Committee. All signs must thereafter conform to such standards and non-conforming signs shall no longer be permitted and shall be promptly removed. No other signs shall be placed on Association road easements outside the parcel to which such sign pertains without the Association's prior written

consent. This includes directional or other signs placed at the entrance or along roads within the Association.

(i) <u>Preservation of Trees:</u> Native Sycamore or Oak Trees now or hereafter located on any portion of the property shall NOT be removed, cut down or in any way damaged or destroyed without the prior written approval of the Architectural Committee. This article shall not apply to trees planted for commercial purposes.

(j) <u>Virus Free Root Stock</u>: No root stock shall be planted, stored, or transported across any portion of the Property, unless prior to such planting, storage or transportation across any portion of the Property of any such root stocks, the person or persons undertaking such activity shall secure a certificate from the University of California Agricultural Extension Service that such root stock is "virus-free" and such certificate shall be delivered to the Architectural Committee.

7.2 <u>Common Areas</u>. The Common Areas shall be used for roads and equestrian trails and any other purpose allowed by the Board of Directors. Such uses shall be limited to the private use by the Association's Members, their tenants, families and guests, subject to the provisions of the Governing Documents. No Improvement, excavation or work which in any way alters any Common Area or Common Facility from its natural or existing state on the date such Common Area or Common Facility shall be made or done except by the Association.

Each Owner shall be liable to the Association and the remaining Owners for any damage to the Common Area and Common Facilities which 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.

7.3 <u>Temporary Structures</u>. No structure of a temporary character, trailer, mobile home, camper, tent, shack, garage or other outbuilding shall be used on any Lot at any time as a Residence, either temporarily or permanently. A travel trailer or motor home may be parked on a parcel during construction of a primary building. In no case, however, may occupants reside therein for a period of longer than one (1) year.

7.4 <u>Household Pets</u>. The following restrictions regarding the care and maintenance of pets within the Property shall be observed by each Owner and resident:

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

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- (b) Each person bringing or keeping a pet on the Property shall be solely responsible for the conduct of such pets. The Association, its Board, officers, employees and agents shall have no liability (whether by virtue of this Declaration or otherwise) to any Owners, their family members, guests, invitees, tenants and contract purchasers for any damage or injury to persons or property caused by any pet.
- (c) The Board of Directors shall have the right to establish and enforce additional rules and regulations defining in a uniform and non-discriminatory manner, what constitutes a "reasonable number" of pets and imposing standards for the reasonable control and keeping of household pets in, upon and around the Property to ensure that the same do not interfere with the quiet and peaceful enjoyment of the Property by the other Owners and residents.
- 7.5 Garbage. No rubbish, trash, or garbage shall be allowed to accumulate on Lots. Any trash that is accumulated by an Owner outside the interior walls of a Residence or other building shall be stored entirely within appropriate covered disposal containers which shall be located on the Owner's Lot screened from view from any street, neighboring Lot or Common Area. Trash bins or dumpsters must be camouflaged with shrubbery, fencing or permanent structures that comply with Architectural quidelines. Any extraordinary accumulation on a Lot of rubbish, trash, garbage or debris (such as debris generated upon vacating of premises or during the construction of modifications and Improvements) shall be promptly removed from the Lot to a public dump or trash collection area by the Owner or tenant at his or her expense. The Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed in a manner inconsistent with this Section.

#### 7.6 Antennas and Similar Devices.

Owners are required to maintain antennas on their residence, which are designed for television, and radio broadcast reception.

In order to ensure adequate aesthetic controls and to maintain the general attractive appearance of the Property, no Owner, resident or lessee shall, at his or her expense or otherwise, place or maintain any (i) objects exceeding ten feet in width such as masts, towers, poles, television and radio antennas, or (ii) television satellite reception dishes exceeding twenty-four inches in diameter on or about the exterior of any building within the Property unless architectural approval is first obtained in accordance with Article V, hereof. Furthermore, no activity shall be conducted on any Lot which causes an unreasonable broadcast interference with television or radio reception on any other Lot.

### 7.7 Burning.

Burning is permitted on Lots subject to prior notification to, and approval by, the Association and compliance with all local governmental fire safety and permit regulations.

No Owner or resident shall permit any condition to exist on his or her Lot, including, without limitation, trash piles or weeds, which create a fire hazard or is in violation of local fire regulations.

7.8 <u>Diseases and Pests</u>. No Owner shall permit any thing or condition to exist on his or her Lot, which shall induce, breed, or harbor infectious plant diseases, rodents or noxious insects.

#### 7.9 Parking and Vehicles.

(a) No vehicle, trailer or equipment shall be parked for more than twenty-four hours along any road within the Common Area of the Property.

(b) No materials, supplies, trailers or equipment including inoperable motor vehicles shall be parked or stored on any Lot except inside a closed building or behind a visual barrier screening any such areas from the view of other Lots, traveled ways and any public roads within the Property.

(c) All provisions of the California Vehicle Code must be honored at all times when operating any motor vehicle within the Property.

(d) Private roads within the Property shall not be used for racing.

(e) No motorized vehicles or bikes of any sort shall be operated or allowed on the equestrian trails.

(f) To prevent accelerated deterioration of private roadways, the Association Board shall be entitled to collect deposits from

Owners and/or contractors in connection with construction projects within the Property. Such deposits can be designated as nonrefundable or they can, in the Board's discretion, be applied to correct or repair specific damage caused by the construction in accordance with Article V, Section 7(d), above.

(g) The Board shall have the authority to promulgate further reasonable rules and regulations of uniform application regarding the parking and use of vehicles and roads within the Property.

7.10 <u>Children</u>. Each Owner and resident shall be accountable to the remaining Owners and residents, their families, visitors, guests and invitees, for the conduct and behavior of their children and any children temporarily residing in or visiting the Owner and for any property damage caused by such children.

7.11 Activities Affecting Insurance. 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 (see Article X, below) without the prior written consent of the Association.

7.12 Restriction on Further Subdivision and Severability. No Owner, Lessor or occupant of any portion of the Property, including any Lot, or any other person or entity, shall subdivide any portion of the Property, including any Lot, in any manner, including without limitation, the filing of subdivision maps, Lot splits or sales or leases without the prior written approval of the Architectural Committee, which approval shall be requested in the manner provided for in Article V. The Architectural Committee shall consider the shape and location of the proposed parcels resulting from any proposed subdivision, their aesthetic appearance, enhancement or detraction from the value of surrounding Lots and their conformity with planned roads.

 Notwithstanding anything to the contrary herein, no transfer sale, lease or other conveyance of any portion of any portion of the Property shall be made in a parcel of less than ten (10) acres. Nor shall any Owner make any transfer, sale, lease or other conveyance of any portion of the Property so that the conveying Owner retains less than an (10) acre parcel. Any such attempted conveyance described in this paragraph shall be void ab initio and of absolutely no force or effect. No variance shall be made or granted concerning the provisions of this paragraph and no variance provision of this Declaration shall apply to this paragraph.

7.13 <u>Variances</u>. Upon application by any Owner, the Board of Directors shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article VII, if specific application of the restriction will, in the sole discretion of the Board, 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 Board shall follow the procedures set forth in Article V, Section 14 for the granting of architectural variances.

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7.14 Enforcement of Property Use Restrictions. One 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 under Article XIII, Section 6 hereof, the Association may (but shall have no obligation to) give the Owner or tenant responsible for the violation written notice thereof and a reasonable opportunity to voluntarily comply with the pertinent Governing Document provision(s). Such notice shall describe the non-complying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of his or her appeal rights.

#### ARTICLE VIII

# Maintenance Responsibilities

 8.1 Common Area. The Association shall be solely responsible for all maintenance, repair, upkeep and replacement of Common Facilities within the Common Area. 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:

(a) The construction, reconstruction, replacement, refinishing of roads and equestrian trails.

(b) The replacement of trees or other vegetation and the planting of trees, shrubs and ground cover upon any portion of Common Area, as the Association deems appropriate.

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- (c) 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. Any such signs to be placed within the road area shall be subject to any required county approval.
- 8.2 Owner Maintenance Responsibilities. Each Owner shall be responsible for the maintenance and repair of his or her Residence, Improvements and Lot.

# 8.3 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 or her 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 Article IV, Section 4 hereof.
- (b) In the event that an Owner fails to perform maintenance functions for which he or she 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 Article III, Section 6(b) 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 Article XIII, Section 6(e), hereof.

# 8.4 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 in subparagraph (a), above, each Owner shall keep drainage courses, ditches and swales on his or her Lot free and clear of all obstructions, and shall, in cooperation with contiguous property Owners (including the Association as to the Common Area), maintain all such drainage ditches, swales and culverts common to their Lots in good order.

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(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 and Common Areas. The Architectural Committee should consider any said alteration, obstruction, or addition to water volume a work of Improvement that is subject to prior review and approval.

#### ARTICLE IX

# Easements and Right of Entry

- 9.1 Road and Utility Easements. Each Owner and the Association shall have and is hereby granted a nonexclusive easement over, under and along the original roads in the Property, excluding all cul-de-sacs and roads built by private property owners, for roadway and vehicular traffic purposes and for the installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones, drainage and electricity and cable television systems. The easements provided for in this Section 1 shall in no way effect any other recorded easement on the Property.
- 9.2 Maintenance Right of Entry. A right of entry is hereby granted to the Association, its officers, agents, employees, and to any management company and 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 Article III, Section 6(b).
- 9.3 Other Easements. Each Lot and its Owner are hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Property and each Lot and Common Area as shown on the Subdivision Map.
- 9.4 <u>Equestrian Easements</u>. Certain Lots and Common Areas are subject to easements for equestrian trails as shown on the Subdivision Map for the Property. Each Owner whose property is

subject to such an easement shall be required to ensure that there is no obstruction of riding trails which extend onto or traverse his or her Lot in such manner that there is interference with the free use thereof or circulation of equestrian traffic, except such obstructions as may be reasonably required in connection with repairs of such trails.

#### ARTICLE X

#### Insurance

 10.1 <u>Types of Insurance Coverage</u>. The Association shall purchase, obtain and maintain, with the premiums therefore being paid out of Common Funds, the following types of insurance, if and to the extent such insurance, with the coverage's described below, is available at a reasonable premium cost:

(a) Fire and Casualty Insurance. A policy of fire and casualty insurance naming as the party insured the Association and containing the standard extended coverage and replacement cost endorsements and such other or special endorsements as will afford protection and insure, for the full insurable, current replacement cost as determined annually by the insurance carrier and the Association, all Common Facilities of the Association for or against the following:

(i) Loss or damage by fire or other risks covered by the standard extended coverage endorsement; and

(ii) Such other risks, perils or coverage as the Board of Directors may determine.

Such policy or the endorsement made a part thereof shall, to the extent available, provide that the insurer issuing the policy agrees to abide by the decision of the Association made in accordance with the provisions of Article X of this Declaration as to whether or not to repair, reconstruct or restore all or any damaged or destroyed portion(s) of the Common Facilities.

(b) <u>Public Liability and Property Damage Insurance</u>. To the extent such insurance is reasonably obtainable, the Association shall obtain and maintain a policy of comprehensive public liability and property damage insurance naming as party insured the Association, each member of the Association Board of Directors, any manager, the Owners and occupants of Lots, and such other persons as the Board may determine. The policy will

insure each named party against any liability incident to the ownership and use of the Common Area and any other Association-owned or maintained real or personal property and including, if obtainable, a cross-liability or sever ability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than \$500,000 covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location and use.

(c) Additional Insurance and Bonds. To the extent such insurance is reasonably obtainable, the Association may also purchase with Common Funds such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this Section, demolition insurance, flood insurance, and workers' compensation insurance. The Board may also purchase and maintain fidelity bonds or insurance in an amount not less than 100 percent of each year's estimated annual operating expenses and reserves and shall contain an endorsement of any person who may serve without compensation. The Board shall purchase and maintain such insurance on personal property owned by the Association and any other insurance, including directors and officers liability insurance that it deems necessary or desirable.

#### ARTICLE XI

#### Damage or Destruction

Insurance Proceeds. In the event any Common Facilities are ever damaged or destroyed, then, and in such event, as soon as practicable thereafter the Board of Directors shall (a) obtain bids from at least three reputable, licensed contractors, which bids shall set forth in detail the work required to repair, reconstruct and restore the damaged or destroyed portions of the Common Facilities to substantially the same condition as they existed prior to the damage and the itemized price asked for such work, and (b) determine that amount of all insurance proceeds available to the Association for the purpose of effecting such repair, reconstruction and restoration.

11.2 <u>Common Facilities; Sufficient Insurance Proceeds</u>. Subject to the provisions of this Article XI, Section 1 hereof,

if, in the event of damage to or destruction of any portion of any Common Facility, the insurance proceeds available to the Association are sufficient to cover the costs of repair, reconstruction and restoration, then the Association may cause such facilities to be repaired, reconstructed and restored to substantially the same condition in which they existed prior to the loss.

Common Facilities; Insurance Proceeds Insufficient in an 11.3 Amount Exceeding \$5,000. In the event that any Common Facility is totally or substantially damaged or destroyed or, if, in the event of damage to or destruction of only a portion of the Common Facilities, the insurance proceeds available to the Association are insufficient in an amount exceeding \$5,000 to cover the estimated cost of repair, reconstruction and restoration, then the Owners entitled to vote 75 percent of the voting power of the membership of the Association shall determine whether (a) to repair, reconstruct and restore the damaged or destroyed Common Facilities, and specially assess all Owners for such additional funds as may be needed for such purpose, or (b) not to repair, reconstruct or restore the damaged or destroyed Common Facilities but rather to utilize the insurance proceeds available for such reconstruction, together with any other sums otherwise available to the Association for such purpose, to demolish and remove the damaged or destroyed Improvements from the Common Area and to level and landscape the sites thereof and apply any balance of such proceeds and/or funds as the Members holding such voting power and as their First Mortgages may determine.

# 11.4 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 Architectural Committee for approval of plans for the reconstruction, rebuilding, or repair of his or her 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 Architectural Committee 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 Property.

(c) Time Limitation for Reconstruction or Removal of Improvements. The Owner or Owners of any damaged Residence(s) and the Architectural Committee 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 Architectural Committee in accordance with Article V, Sections 10 and 11, the Owner(s) shall commence reconstruction or removal of the damaged or destroyed structure within three months after the damage occurs and complete reconstruction or removal within one year after the damage occurs.

ARTICLE XII

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# Condemnation

12.1 <u>Association as Trustee for Owner</u>. If all or part of the Common Area 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, shall be payable to the Owners of the Lots where such Common Area is located according to the loss or damages to their respective Lots.

#### ARTICLE XIII

#### Breach and Default

13.1 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, equitable servitude's or other matters 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.

 13.2 <u>Nuisance</u>. Without limiting the generality of the foregoing Section 1, 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.

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13.3 <u>Costs and Attorneys' Fees</u>. 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.

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

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

# 13.6 Rights and Remedies of the Association.

(a) Rights Generally. In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's quests, employees, invitees, licensees, or tenants, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey such rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited to the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or the suspension of the Owner's right to use recreational Common Facilities or suspension of the Owner's rights, including voting rights, as a Member of the Association; provided that the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this Section 6.

The decision of whether it is appropriate or necessary for the Association to initiate enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement as may exist by virtue of the California Civil Code Section 1354 or otherwise by law.

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(b) 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 late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment.

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

(d) Limitations of Disciplinary Rights. Loss of Rights: Forfeitures. The Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his or her Lot due to the failure by the Owner (or his or her family members, tenants, quests 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 (including voting rights) as a Member of the Association or the imposition of monetary penalties for failure to pay Assessments or otherwise comply with any Governing Documents so long as the Association's actions satisfy the due process requirements of subparagraph below.

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

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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 late payment of Assessments or parking violations), the Board of Directors or its duly authorized agents may undertake immediate corrective or disciplinary action and, upon request of the offending Owner (which request must be received by the Association, in writing, within five days following the Association's disciplinary action), or on its own initiative, conduct a hearing as soon thereafter as reasonably possible. If the Association acts on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of disciplinary action. The hearing shall be held no more than 15 days following the date of the disciplinary action or 15 days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.

(f) Notices. Any notice required by this Article shall, at a minimum, set forth the 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 shall be in writing and may be given by any method reasonably calculated to give actual notice, provided that if notice is given by mail it shall be sent by first-class or certified mail sent to the last address of the Member shown on the records of the Association.

(g) <u>Rules Regarding Disciplinary Proceedings</u>. The Board, or a Covenants Committee appointed by the Board to conduct and

administer disciplinary hearings and related proceedings pursuant to Section 7, below, shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules and may provide for notices and procedures satisfying the alternative dispute resolution requirements of Civil Code §1354 or comparable superseding statute.

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# 13.7 Covenants Committee.

 (a) Appointment of Committee. Acting pursuant to Article VI, Section 7 (g) of the By-laws, the Board of Directors may establish a Covenants Committee to hear and decide cases involving alleged violations of the Governing Documents. If no committee is established, the Board shall perform this function.

(b) Jurisdiction and Hearing Procedures of the Committee. The Covenants Committee shall review written complaints from Lot Owners or the Architectural Committee (for violations other than those relating to specific Improvement projects within the jurisdiction of the Architectural Committee) regarding alleged violations of the Governing Documents or Association Rules, and, when determined appropriate, conduct hearings and make findings regarding the alleged violation(s). The Covenants Committee may levy penalties and/or fines (pursuant to a Board-approved fine schedule) in the event the allegations regarding such violations are found to be true. To perform the foregoing, the Covenants Committee shall adopt rules of procedure for enforcement hearings and shall conduct its hearings in accordance with such rules after approval by the Board. Notwithstanding the foregoing, enforcement of specific violations of architectural requirements relating to Improvement projects submitted to, and reviewed by, the Architectural Committee shall remain the jurisdiction of the Board of Directors pursuant to Article V, Section 13.

(c) Appeals. The decisions of the Covenants Committee, if established, shall be appealable to the Board of Directors within 10 calendar days following receipt of the committee's decision. The Board shall have the discretion to hear any appealed matter or decline to take the appeal and thus affirm the decision of the Covenants Committee. Any decision to decline an appeal shall be based on a reasonable determination from the record that the appeal lacks merit. Decisions of the Board shall be final. Procedures for appeal and the hearing of appeals shall be set forth in the Association Rules.

#### 13.8 Court Actions; Alternative Dispute Resolution Rules.

(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 \$1354, or comparable superseding statute, relating to alternative dispute resolution. The Board of Directors may from time to time adopt rules that shall govern the notices and procedures for such alternative dispute resolution proceedings, and in that event, the Association shall provide all Owners with a copy of such rules.

#### ARTICLE XIV

#### Notices

14.1 <u>Mailing Addresses</u>. 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:

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

If to the Association: Santa Rosa West 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).

- 14.2 Personal Service upon Co-Owners and Others. 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.
- 14.3 <u>Deposit in United States Mail</u>. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered three days after deposit in the United States mail in Riverside County, California.

#### ARTICLE XV

No Public Rights in the Property

No Public Rights. Nothing contained in this Declaration

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use or purpose whatsoever.

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portion of the Property to the general public or for any public

shall be deemed to be a gift or a dedication of all or any

# Amendment of Declaration

ARTICLE XVI

Amendment in General. This Declaration may be amended or revoked in any respect by the vote or assent by written ballot of the Owners entitled to vote and holding at least fifty-one percent of the voting power of the Association. Notwithstanding the foregoing, the percentage of the voting power 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.

With respect to any vote hereunder the Association shall be entitled to accept the vote of any Owner of Record of a Lot as the vote of all Owners of Record of such Lot unless the Association receives more than one vote from said co-Owners, in which case the vote of a majority of the co-owners shall bind all.

- Effective Date of Amendment. The amendment will be effective upon the recording in the Office of the Recorder of Riverside County a Certificate of Amendment, duly executed and certified by the president and secretary of the Association setting forth in full the amendment so approved and that the approval requirements of Section 1, above, have been duly met. Notwithstanding anything to the contrary herein contained, no such amendment shall affect the rights of the holder of any first deed of trust or Mortgage recorded prior to the recording of such amendment.
- Reliance on Amendments. Any amendments made in 16.3 accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

#### ARTICLE XVII

General Provisions

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Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges, equitable servitude's and other matters contained in this Declaration, including amended versions, shall run with, and shall benefit and burden, the Property, and all portions thereof including the Lots and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors, and its officers and agents, and their respective successors in interest, for the term of 20 years from the date of the recording of this Declaration, after which time the same shall be automatically extended for successive periods of 20 years each unless, within 6 months prior to the expiration of the initial 20-year term or any such 20-year extension period, a recorded written instrument, approved by Owners entitled to vote and holding at least fifty-one percent of the voting power of the Association terminating the effectiveness of this Declaration shall be filed for recording in the Office of the County Recorder of Riverside County, California.

# 17.2 Construction of Declaration.

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

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

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

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

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

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6	Dated:	
7	20.000.	SANTA ROSA WEST PROPERTY OWNERS
8		ASSOCIATION
9		
10		
11		By:
12		PATRICIA J. JELSMA, PRESIDENT
13		
14		ATTEST:
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16		
17		By:
18		PAMELA MALNAR, SECRETARY
19		