

HIGHLAND PALMS SENIOR ESTATES AND COUNTRY CLUB, INC.

A California nonprofit mutual benefit corporation

(2021)

THIS SECOND RESTATED Declaration of Covenants, Conditions and Restrictions (“CC&Rs” or “Declaration”) is made by all Persons who own Lots in that certain real property planned residential development known as Highland Palms Senior Estates and Country Club, Inc. (“Highland Palms” or “Association”) located in Riverside County, California. These CC&Rs shall apply to and bind all properties previously covered by covenants, conditions and restrictions. Without reducing the number of properties covered by these CC&Rs, the CC&Rs shall apply to the following properties:

Lots 1 through 180, inclusive, of Tract No. 4519, in the County of Riverside, State of California, as per Map recorded in Book 72, pages 21 to 26, as Instrument No. 65096 in the Office of the Country Recorder of Riverside County; and Lots 1 through 360, inclusive, and Lots A through O, inclusive, of Tract No. 4051, in the County of Riverside, State of California, as per Map recorded in Book 74, pages 83 to 91 of Maps, recorded in the Office of the County Recorder of Riverside County.

By this instrument the Members of the Association hereby revoke and supersede all previous declarations of covenants, conditions and restrictions, including the current Amended Restated Declaration date January 27, 2021, and recorded as Riverside County Document Number 2021-0052694 as well as all amendments thereto and substitute in their place these CC&Rs which shall:

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

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

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ARTICLE 1: DEFINITIONS

- 1.1 “Annual Meeting” shall mean the annual meeting of the Members of the Association.
- 1.2 “Architectural Committee” shall mean the committee appointed by the Board for the purpose of establishing architectural standards and reviewing architectural submissions as provided for in these CC&Rs.
- 1.3 “Architectural Standards” shall mean rules and guidelines which govern alterations and improvements on or to Lots and Owner Improvements.
- 1.4 “Articles” shall mean the Association’s Articles of Incorporation.
- 1.5 “Assessment” shall mean any Regular Assessment, Special Assessment, Reimbursement Special Assessment, and any other assessment, fee, fine, or other charge levied, imposed or assessed against a Member’s Lot in accordance with the provisions of the Governing Documents or applicable law.
- 1.6 “Association” shall mean the Highland Palms Senior Estates and Country Club, Inc. (“Highland Palms”), a California nonprofit mutual benefit corporation. The Association shall include, when the context requires, its Officers, Directors, employees and agents.
- 1.7 “Board” and “Board of Directors” shall mean the Board of Directors of the Association.
- 1.8 “Budget” shall mean a pro forma, projected or estimated operating budget of the Association’s income and expenses for a twelve (12) month period.
- 1.9 “Bylaws” shall mean the duly adopted Bylaws of the Association, including any amendments.
- 1.10 “Capital Improvement” means any:
 - a. substantial discretionary addition to the Common Areas;
 - b. voluntary significant upgrade to Common Area materials; or
 - c. discretionary significant alterations to the appearance of the development.
- 1.11 “Caregiver” means any person eighteen (18) years of age or older if that person is providing live-in health care, live-in supportive care, or supervision to the homeowner pursuant to a written treatment plan prepared by a physician and surgeon as described in California Civil Code section 799.9(a). A Caregiver shall have no rights of tenancy in, and shall comply with the rules and regulations and other governing documents of, the Association.
- 1.12 “CC&Rs” shall mean this Second Restated Declaration of Covenants, Conditions and Restrictions and any amendments to these CC&Rs that follow the date of recordation.
- 1.13 “Committee” shall mean any committee appointed by the Board to assist in the management and administration of the affairs of the Association.
- 1.14 “Common Area” shall mean the entire Development except the separate interests owned by Members. Common Area includes, but is not limited to, the golf course, golf clubhouse, pool, spa, patio area, exercise room, main clubhouse and all attendant amenity rooms.

- 1.15 “Common Expenses” shall mean the costs, expenses and charges in connection with maintaining, managing, insuring, operating, repairing, improving or replacing the Common Areas or managing the affairs of the Association. Common Expenses include but are not limited to, those amounts reasonably necessary for reserves for anticipated long-term maintenance, repair and replacement of Improvements upon the Common Areas, contingencies and the service obligations of the Association, and any other obligations of the Association which are authorized by either the Governing Documents or law.
- 1.16 “Community Facilities” shall mean all facilities placed or erected on any community site or Common Area, and all facilities serving more than one residence site or one Owner, including drives, walks, parking areas, sewers, electrical, water, gas, television, and telephone services and fixtures, storage and equipment areas or enclosures, parks, open spaces, planted and landscaped areas, sprinkling systems and recreation areas to which Owners of a residential Lot shall have access.
- 1.17 “Development” shall mean the planned residential development known as Highland Palms Senior Estates and Country Club, Inc. and located at 30777 Butia Palm Avenue, Homeland, California 92548.
- 1.18 “Director” shall mean any member of the Association’s Board of Directors.
- 1.19 “Exclusive Use Common Area” shall mean any portion of the Common Area which serves a single Lot.
- 1.20 “Good Standing” is defined to mean Members who are not delinquent by more than sixty (60) days in the payment of any Assessment, fee, or fine, and who have not been found to be in violation of the Association’s Governing Documents (following proper notice, hearing, and a finding by the Board.)
- 1.21 “Governing Documents” shall mean these CC&Rs and any other documents which govern the operation of the Association, including, but not limited to the Articles of Incorporation, Bylaws, Architectural Standards, Policies, and Rules and Regulations, as may be amended from time to time.
- 1.22 “Improvements” shall mean all buildings and other structures located within the Development, including, but not limited to, streets, sidewalks, utilities, etc.
- 1.23 “Lot” shall mean any real property such as Lots, sub Lots, or parcels in the Development subject to these CC&Rs.
- 1.24 “Member” shall mean the Owner, whether one or more Persons, of the publicly recorded fee title to any Lot within the Development, but excluding any Person or Persons having such an interest in the Lot merely as security for the performance of an obligation. Membership shall belong to and may not be separated from the record fee ownership of a Lot and shall not be transferred, encumbered, pledged, alienated, or otherwise separated in any way, except in connection with the record sale of a fee interest of the Lot to which it belongs.
- 1.25 “Membership Approval” and “Approval of the Membership” shall mean approval by the affirmative vote of a majority of a Quorum of the Members.

- 1..26 “Mobile Home” means a structure designed for human habitation as may be more fully defined in applicable law.
- 1.27 “Officer” shall mean the President, Vice President, Secretary, Treasurer, and any other Officer of the Association, as defined in the Bylaws. A Director is not necessarily an Officer.
- 1.28 “Operating Accounts” shall mean any account into which the Association’s Assessments are deposited and out of which the Association’s operational expenses are paid.
- 1.29 “Owner” shall mean the owner, whether one or more Persons, of the publicly recorded fee title to any Lot within the Development, but excluding any Person or Persons having such an interest in the Lot merely as security for the performance of an obligation.
- 1.30 “Person” shall mean a natural person, corporation, partnership, trust, association or other similar entity as recognized by law.
- 1.31 “Policies,” “Rules and Regulations” or “Rules” shall mean any policies, rules and regulations adopted by the Board for the general health, welfare, comfort, and safety of Residents and to interpret and implement the Governing Documents.
- 1.32 “Quorum” or “Quorum of the Voting Power” shall mean fifty percent (50%) of the Voting Power of the Association.
- 1.33 “Regular Assessments” shall mean assessments other than Special Assessments and Reimbursement Assessments, levied or imposed against Members in order to perform the Association’s obligations under the Governing Documents or the law.
- 1.34 “Reimbursement Special Assessments” or “Reimbursement Assessments” shall mean those Special Assessments levied against Members for expenses incurred by the Association arising out of
- (i) actions or omissions of; or
 - (ii) materials or services provided to, Members or their family, Tenants, employees, guests, or pets, or
 - (iii) conditions originating on a Lot.
- 1.35 “Reserves” or “Reserve Accounts” shall mean those monies set aside in a separate account for the purpose of repairing, replacing, restoring, or maintaining the major components of the Common Areas of the Development.
- 1.36 “Residence” shall mean a manufactured home or mobile home used for residential purposes as well as any other home type approved by the Association pursuant to Article 5 to be constructed on a Lot.
- 1.37 “Resident” shall mean any Person in actual possession of all or any portion of a Lot.
- 1.38 “Special Assessments” shall mean Assessments levied from time to time against Members if at any time during the fiscal year the Regular Assessments are inadequate to perform the Association’s obligations under the Governing Documents or the law, including, but not

limited to, Common Area Capital Improvements, Common Area maintenance and repairs, unexpected expenses, and emergency repairs.

- 1.39 “Lessees” and “Tenants” shall mean those Persons who have the temporary use and occupancy of Lots owned by others, whether such use is paid for in money or other value. These terms may be used interchangeably throughout the Governing Documents.
- 1.40 “Utility Lines” shall include sewer lines, storm drains, water pipes, electricity lines, gas lines, telephone lines or cables, television cables, satellite dish cables, heating and air conditioning, heating and air conditioning conduits, heating and air conditioning ducts, heating and air conditioning flues, fiber optic cables, data lines, and other similar lines, pipes, cables, ducts, flues and conduit pipes.
- 1.41 “Voting Power” shall mean the total number of Lots entitled to vote.
- 1.42 Definitions of Other Terms. Unless the context clearly requires otherwise, all other terms are defined as set forth in the Davis-Stirling Common Interest Development Act, California Civil Code section 4000, et seq.

ARTICLE 2: MEMBERSHIP RIGHTS AND PRIVILEGES

- 2.1 Ownership of Common Areas. The Common Areas shall be owned by the membership as tenants-in-common according to the Members’ percentage interest.
- 2.2 Prohibition Against Severance. Members shall not have the right to sever their Lots from their membership rights or from their undivided interest in the Common Area.
- 2.3 Membership. Each Person shall automatically become a Member of the Association upon obtaining a recorded fee ownership interest in a Lot and shall remain a Member until he or she ceases to have a recorded fee ownership interest in a Lot.
 - a. Membership Belongs to Lots. Membership in the Association is for the benefit of and pertains to the Lot to which it relates and may not be separated from the ownership of the Lot.
 - b. No Membership for Security Interests. Membership does not include Persons who hold an interest in a Lot merely as security for the performance of an obligation.
 - c. No Membership for Tenants. Certain Membership rights and privileges are extended to Tenants as provided for in these CC&Rs, but Tenants shall not be Members nor shall they have the right to vote.
 - d. No Transfer of Membership. No Member may transfer, pledge or alienate in any way his membership in the Association, except upon the transfer of the fee interest in the Lot to which it belongs, and then only to the transferee of such fee interest.
 - e. Trusts. If the record fee title to a Lot is held in the name of a trust, the trustees of the trust shall be authorized to exercise the rights and privileges of Association membership on behalf of the trust.

- f. Corporation. If the record fee title to a Lot is held by a corporation, the president of the corporation or other authorized officer as designated in the corporation's minutes shall be authorized to exercise the rights and privileges of Association membership on behalf of the corporation. The corporation shall inform the Association in writing of the authorized officer capable of participating in Association affairs on behalf of the corporation.
 - g. Partnerships. If the record fee title to a Lot is held by a partnership, the managing partner as designated in the partnership agreement shall be authorized to exercise the rights and privileges of Association membership on behalf of the partnership. If no managing partner has been designated in the partnership agreement, then the partnership shall deliver to the Association a written designation of the name of the partner who is authorized, on behalf of the partnership, to exercise the rights and privileges of Association membership.
 - h. Other Entities. If record title to a Lot is held by an entity not described above, the majority owner of the entity may exercise the rights and privileges of membership. If there is no majority owner, an owner of the legal entity shall deliver to the Association a written designation of the name of the owner who is authorized, on behalf of the entity, to exercise the rights and privileges of Association membership.
- 2.4 Proof of Ownership. If the Board should request proof of record fee ownership for a Lot within the Development, then such proof shall be in the form of a recorded deed. The provision of a recorded deed by an Owner to the Association shall be a condition precedent to that Owner exercising any Membership rights.
 - 2.5 Voting Rights. In all matters submitted for a membership vote, Members shall be entitled to one (1) vote per Lot (regardless of the number of Members having an interest in the Lot).
 - 2.6 Inspection of Records. Members shall have the right to inspect records of the Association as provided for by law and in the Bylaws.
 - 2.7 Ingress, Egress and Support. Members shall enjoy a nonexclusive easement pertaining to and for the benefit of their real property for ingress, egress and support over, across and through the Common Areas, except maintenance areas and those areas where Members could be in danger.
 - 2.8 Easement of Enjoyment. Members shall have a nonexclusive easement of enjoyment to the Common Areas, subject further to the rights of the Association as described in these CC&Rs.

ARTICLE 3: MEMBERSHIP OBLIGATIONS

- 3.1 Obligation to Follow Governing Documents. Members shall be obligated to follow the Association's Governing Documents and are responsible for the conduct of their family, employees, guests, invitees, and Tenants.
- 3.2 Supervision of Minors. Members shall be liable for the conduct, behavior, and proper supervision of minors visiting their Lots and/or using the Association's Common Areas.

- 3.3 Security. Members shall be responsible for their own security and shall take appropriate measures to ensure the security of the Persons and property of themselves, as well as that of their family, Tenants, employees and guests. Members may not rely on any security measures provided by the Association.
- 3.4 Purchase Subject to Violations. Buyers shall take ownership of Lots subject to any violations of the CC&Rs, or Rules which may exist concerning the Lot, whether or not such violations were disclosed prior to transfer of title and whether or not the Association knew of the violations at the time of sale. Such buyers shall be liable for correcting such violations upon demand by the Association. Assessments, fines, and other charges not secured by a lien on the Lot prior to transfer of title are exempt from this provision.
- 3.5 Notice of Transfer of Ownership. No later than five (5) days after the assignment, sale, quitclaim or other transfer of their Lots, Members shall notify the Association of the name and address of the transferee and the nature of the transfer.
- 3.6 Obligation to Carry Insurance. Members shall purchase insurance at their sole expense to insure their separate interests as more fully described in the article in these CC&Rs entitled "Insurance." Annually, or upon a change in the insurance carrier, each Owner shall provide proof of insurance on the Residence and Lot to the Association. The Association may but is not required to and is specifically relieved of any responsibility or liability for policing this provision.
- 3.7 Maintenance of Lots & Improvements. Members shall, at their sole expense, repair and maintain their Lots, including but not limited to:
- a. Slopes. Their slopes, terraces, drainage contours, drainage devices, and landscaping;
 - b. Improvements. All Improvements to their Lots;
 - c. Utility Lines. All Utility Lines that exclusively service their Lots. Members shall have limited easements across and under Lots and Common Areas adjacent to their Lots for the limited purpose of installing, repairing or maintaining Utility Lines which cannot reasonably be serviced from their Lots. Access to adjacent Lots and Common Areas shall be limited to a reasonable work area for a reasonable time and with reasonable notice. Members shall, at their sole expense, restore Lots and Common Areas to the same or better condition as prior to the commencement of such work. All such work shall be done in a timely fashion and in accordance with the Association's Architectural Standards and applicable building codes.
 - d. Easements. Easements on an Owner's Lot, whether they are for utilities or county roads, shall be properly maintained by the Owner of the Lot.
 - e. Weeds and Trash. Members shall keep their Lots, including all easements, free and clear of all weeds, debris and rubbish (including rubbish dumped by others), and shall keep all shrubs, trees, grass and plantings of every kind neatly trimmed, watered, cultivated and free of weeds and other unsightly material.

- f. Paint. Members shall prevent their Lots from becoming unsightly by reason of deterioration of paint or other materials and, in general, shall do all other things necessary or desirable to keep his property neat, clean, attractive and in good order.
 - g. Sidewalk and Street Encroachments. Members shall ensure that no tree, shrub or planting of any kind shall be allowed to protrude from their Lot onto a sidewalk, street or an adjacent Lot. Trees which overhang a pedestrian walkway or street must be kept free of limbs from the walkway or street to a height of ten (10) feet above the walkway or street.
 - h. Fences. Unless otherwise agreed to by the affected Members, Members who have fences separating their Lots which are not maintained by the Association shall equally have the right to the use and enjoyment of the fence, as well as being equally liable for maintaining the fences. Notwithstanding the foregoing, if fences are damaged due to the negligence or willful misconduct of a Member or such Member's family, Tenants, employees or guests, such Member shall bear the full expense of the repair.
 - i. Insects and Plant Diseases. No thing or condition may be permitted to exist upon any Lot which shall induce, breed or harbor infectious plant diseases or noxious insects.
 - j. Tree Removal, Pruning and Topping. Members must keep the trees on their Lots properly pruned and topped to prevent them from becoming overgrown or diseased. Individual Members and not the Association shall be responsible for any damage caused by the trees and shrubs on their Lots.
 - k. Sanitary Conditions. Members shall maintain their Lots and all Improvements in a clean and sanitary condition and not allow rubbish or debris of any kind to accumulate so as to render any Lot or portion of a Lot unsanitary, unsightly, or offensive or that may attract or encourage rodents, vermin, and other pests.
 - l. Carport Storage. Carports are for use by vehicles and may not be used for storage. A maximum of two sheds and two containers provided for the weekly trash pickup, may also be kept in the carport.
- 3.8 Reimbursement to Association. In the event the Association undertakes to provide materials or services that benefit a particular Member, such Member in accepting the materials or services agrees to reimburse the Association for the costs incurred by the Association, which shall become a Special Assessment against the Member.
- 3.9 Damage to Common Area. Members shall be liable for any damage to the Common Areas and any other property of the Association originating from their Lot or caused by the acts, omissions or willful misconduct of such Members, or their family, employees, guests, invitees, Tenants, or pets. The Association shall cause the damaged Common Area property to be repaired or replaced. The expenses related to mitigation, repairs and replacements shall be assessed against the Member as a Reimbursement Assessment.
- 3.10 Liability for Mitigation. Members shall be liable for expenses incurred by the Association mitigating damage to the Common Areas, Member's Lots and Improvements due to damage

- (i) originating from Members' Lots such as, but not limited to, flood, fire, insect or rodent infestation, altered drainage patterns, or
 - (ii) from the negligence or willful misconduct of such Members, or Member's guests, employees, invitees, Tenants or pets. Such expenses shall become a Reimbursement Assessment against such Members.
- 3.11 Mechanic's Lien. If a lien is filed on any part of the Lot for labor and/or materials furnished at the request of a Member, the Member shall, upon written demand by the Board, cause the lien to be promptly removed. If the Member fails to do so, the Board shall have the option, but not the obligation, to take any action as may be necessary to remove the lien. In such event, all costs and expenses incurred, including reasonable attorney's fees, shall be a debt of the Member, and shall be specially assessed against the Member by the Board.
- 3.12 Taxes and Assessments. Each Member shall be obligated to pay any taxes and assessments assessed against the residential Lot owned, the Member's interest in the Common Area, and upon any personal property of the Owner situated on the Development.

ARTICLE 4: DUTIES AND AUTHORITY OF THE ASSOCIATION

- 4.1 Board of Directors. The maintenance of the Common Areas, management of the Association, enforcement of the Governing Documents, and all other acts of the Association shall be through its Board of Directors, unless provided otherwise in the Governing Documents.
 - a. Membership Meetings. The Association shall have at least one (1) meeting of its Members each year as provided for in the Bylaws. Annual and Special Meetings of the membership shall be held at dates, times and locations as provided for in the Bylaws.
 - b. Director Qualifications and Meetings. The qualifications of who may be elected to the Board shall be as provided for in the Bylaws. Meetings of the Board shall be held as provided for in the Bylaws. Meetings of the membership may be conducted in accordance with Roberts Rules of Order or per any other recognized system of parliamentary procedure selected by the Board from time to time.
 - c. Conflicts. In case of a conflict between Governing Documents regarding the rights and powers of any Officer or Director of the Association, the more restrictive provision shall prevail.
- 4.2 Powers of a Nonprofit Corporation. The Association shall have the powers of a nonprofit corporation organized under the laws of the State of California operating for the benefit of its Members.
- 4.3 Maintain Common Areas. The Association shall maintain in first-class condition all Common Areas and Association owned assets, including, but not limited to, the golf course and golf clubhouse, entrance monuments, structures (including the main clubhouse), lighting, and landscaping.

- a. Common Area Slopes. The Association shall stabilize and maintain, including landscaping and watering, all Common Area slopes and drainage contours throughout the Development.
- b. Common Area Fences. The Association shall reasonably maintain all fences installed before sale of the first Lot or installed later by the Association in a manner consistent with other similar developments located within Riverside County. Fences installed by Members shall be maintained by those Members in accordance with these CC&Rs. Members shall not interfere with the Association's maintenance of its fences and shall keep the portions of their Lots around the fences in a clean and neat condition, including the removal of all weeds. Members must also remove other vegetation and materials from around the fences when so requested by the Association.
- c. Vacant or Unimproved Lots. Absentee Owners are responsible for maintenance of their vacant Lots. The Association shall have the right at all times to enter upon any vacant or unimproved Lot in the Development to plant or replant, trim, cut back, remove, replace or maintain hedges, trees, shrubs, or flowers on the front half of such Lots at the Owner's expense. Neither the Association nor those acting at its direction shall be deemed guilty of any manner of trespass.
- d. Dog Park or Recreational Area. The Association shall have the power to set aside a portion of the Common Area, as the Board deems appropriate, and to establish, construct and maintain a fenced dog park or other dog recreational area for Residents to bring and exercise their dogs or such other pets as may be permitted the Rules.

- 4.4 Enforce Governing Documents. The Association shall interpret and enforce the Governing Documents as provided for by law.
- 4.5 Incur and Pay Expenses. The Association shall have the power to incur and pay the operational expenses of the Association, which shall include, but not be limited to, legal and accounting services; utilities; insurance; management services; vendor services such as security, landscaping, garbage collection, pest control, street sweeping, swimming pool maintenance, cleaning, painting and other such services; maintenance, repair, reconstruction and replacement of all or any portion of the Common Areas or the personal property acquired by the Association; supplies and materials; and such other services for the use, enjoyment and protection of the Development and its Residents as the Board may determine from time to time are reasonable, proper or desirable.
- 4.6 Policies, Rules and Regulations. The Board may adopt, amend and repeal Policies, Rules and Regulations regarding any matter set forth in the Governing Documents, including
 - (i) the use, occupancy and maintenance of the Development,
 - (ii) the general health, welfare, comfort, and safety of Residents in the Development, and
 - (iii) the interpretation and implementation of the Governing Documents. The Board shall use the procedure set forth in the Bylaws for adoption of such Rules.

- 4.7 Foreclose, Hold Title and Make Conveyances. The Association shall have the authority to lien and foreclose upon any Lot for non-payment of Assessments and any other permitted charges, fees, or fines, to take title to the Lot, to assume or otherwise pay off encumbrances, and to acquire, hold title to, lease and convey, with or without consideration, real and personal property and interests.
- 4.8 Fee Limitation. The Association may not impose fees that exceed the amount necessary to defray the costs for which the fee is levied. The Association may establish user fees for certain Common Area amenities as permitted by law.
- 4.9 Utility and Cable Easements. The Association is granted easements to enter onto Lots as is necessary or prudent to install, repair and maintain Common Area Utility Lines, provided that any damage to a Member's Lot shall be repaired at the Association's expense and in a timely fashion.
- 4.10 Granting Easements. The Board may grant and convey easements and rights of way for utilities such as wires, conduits, piping, plumbing, water lines, telephone lines, power lines, cable, storm drains, sewer lines, gas lines, and the like.
- 4.11 Limitation on Granting Easements. Granting any Member an easement for exclusive use of any portion of the Common Areas requires approval of the Membership as required by Section 4600 of the California Civil Code, unless one of the stated exceptions in Section 4600 applies.
- 4.12 Borrow Money. The Association may borrow and repay monies as needed in connection with the discharge of its duties, and pledge or assign Regular or Special Assessment rights as security for the repayment of such borrowed money provided, however, that any loan in excess of five percent (5%) of the annual Assessments shall require Membership Approval.
- 4.13 Represent Association in Litigation. The Board may institute, defend, settle or intervene on behalf of the Association in litigation, arbitration, mediation, administrative proceedings or any other legal proceeding in any capacity necessary to represent the interests of the Association.
- 4.14 Receive Property. The Board may receive property on behalf of the Association.
- 4.15 Limitations on Sale of Property. In no event shall the Board sell, during any fiscal year, property owned by the Association having an aggregate market value in excess of five percent (5%) of the Association's budgeted gross expenses for that year without Membership Approval. This does not apply to real property acquired by foreclosure.
- 4.16 Limitations on Capital Improvements. The Board may not make Capital Improvements to the Common Areas in excess of ten percent (10%) (per Improvement) of the Association's budgeted gross expenses for that year without Membership Approval.
- 4.17 Vendor Contract Limitations. No contract for services shall be entered into which binds the Association for a period in excess of two (2) years, without Membership Approval. The following contract may exceed two (2) years without Membership Approval:

- a. Public Utility Contract. A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.
- 4.18 Personal Property of Association. The Association may acquire and hold tangible and intangible personal property and may dispose of the same by sale or otherwise.
- 4.19 Discharge of Liens. The Association shall have the power to discharge by payment, if necessary, any lien against the Common Area, and assess the cost thereof to the Member or Members responsible for the existence of said lien. Prior to any Board decision to discharge a lien, the Owner shall be given written notice and an opportunity for a hearing before the Board in order to present any defenses which may exist.
- 4.20 Nonprofit Character of Association. Notwithstanding anything contained in these CC&Rs to the contrary, the Association may not engage in any activity which may jeopardize the nonprofit character of the Association.

ARTICLE 5: ARCHITECTURAL CONTROL

- 5.1 Architectural Committee. The Board shall appoint an Architectural Committee. If the Board does not appoint one, the Board shall automatically be deemed the Architectural Committee. The Architectural Committee shall have the authority to approve, reject, modify, give conditional approvals, and give limited approvals of improvements and alterations as provided for in the Association's Architectural Standards.
 - a. Conflicts of Interest. No Director or Architectural Committee member may participate in the decision-making process of any architectural submittal made by that Director or Committee member or members of their family. Further, no Director or Architectural Committee member may participate in the decision-making process of any other architectural submittal if it results in a monetary benefit to the Director or Architectural Committee member or any company in which they or members of their family have a financial interest.
- 5.2 Architectural Standards. The Board may adopt, amend, and repeal architectural standards. These architectural standards shall interpret and implement the provisions of these CC&Rs by setting forth the standards and procedures for the review and approval of proposed modifications, guidelines for architectural design, placement of any modification, color schemes, exterior finishes and materials, and similar features which are recommended for use within the Development; provided that the architectural standards shall meet the minimum standards required by these CC&Rs. In the event of any conflict between the architectural standards and these CC&Rs, the CC&Rs shall prevail.
- 5.3 No Improvements or Alterations Without Approval. No Improvement, excavation, landscaping, hardscaping, fence, wall, swimming pool, painting, alteration or other work which alters the exterior appearance of any Lot or its Improvements shall be commenced until plans and specifications have been submitted to and approved in writing by the Architectural

Committee. If Improvements, additions, alterations or modifications are different from those approved by the Architectural Committee, such Improvements, additions, alterations or modifications shall be deemed disapproved and Member shall promptly correct the nonconforming items to comply with the Architectural Standards, the Architectural Committee's approvals and governmental requirements. In addition to getting the Architectural Committee's approval, Owners shall also get County Building Permits as required.

- 5.4 Applicants in Good Standing. Subject to any exceptions granted by the Board for good cause, only Members in Good Standing may submit requests for approval of Improvements, additions, alterations or modifications to their Lots.
- 5.5 Submission of Plans. Plans and specifications in accordance with the Association's Architectural Standards which describe the proposed modification shall be submitted to the Architectural Committee by personal delivery or certified mail. If the Committee fails to approve or disapprove the modification within forty-five (45) days after proper plans and specifications have been submitted to it, the request shall be deemed approved, except for any portion of the Improvement or alteration which violates any provision of the Association's Governing Documents, or violates local or state ordinances. Approval by the Committee may contain conditions or requests for modification of particular aspects of the Member's plan and specifications.
- 5.6 Review Fees. The Board may establish a schedule of fees which may be charged against the submitting party to defray any costs incurred by the Association, including architectural and/or engineering consultant fees, legal fees, and expenses for reviewing plans.
- 5.7 Variances. The Architectural Committee may grant reasonable architectural variances, subject to Board approval, if the Committee determines that the variance will not:
- (i) constitute a material deviation from the overall plan and scheme of development within the Development or
 - (ii) result in a material detriment or
 - (iii) create a nuisance with respect to the Common Area or any other Member. The granting of a variance by the Board shall in no event be deemed a variance or waiver as to any other Lot, nor shall any variance affect the applicability or enforceability of any provision of this Article in respect to any other Lot.
- 5.8 Engineering and Code Requirements. Plans and specifications approved by the Architectural Committee are not approved for engineering design or building code specifications. Members shall be responsible for ensuring compliance with applicable building codes, ordinances and specifications.
- 5.9 Square Footage and Setbacks. The minimum and maximum square footage of structures and their setback requirements from Lot lines shall comply with the Association's Architectural Standards.
- 5.10 Drainage. No Member or Member's family, guests, invitees, employees or Tenants shall change the established drainage patterns over a Lot
- (i) making adequate provisions for proper drainage in accordance with applicable building codes, which shall not adversely affect the property of others, and

(ii) written approval of the Architectural Committee.

- 5.11 Combining Lots. No Lot may be combined with another Lot without the prior written approval of the Board. Combining Lots shall have the following consequences:
- a. Assessments. The Assessments due and owing on the combined Lots shall be equal to the sum of the Assessments levied against each of the respective Lots so combined.
 - b. Voting Rights. The Member of the combined Lot shall have the number of votes equal to the number of votes of the Lots that were combined. For example, if two Lots were combined into one, the Member of the new Lot would retain two votes as a Member of the Association.
- 5.12 No Right to Divide or Further Sub-divide Lot. No Member shall have the right to divide or further sub-divide any Lot. However, if two or more Lots have been combined, the Member may seek written Board approval to divide the Lots to restore them to their prior condition.
- 5.13 Building Department and Association Approvals. Construction, repair, modification, or alteration of any Improvement requiring the issuance of a building permit shall be submitted by the Member to the appropriate governmental entity for review and approval. In the event of a conflict in the conditions of approval imposed by the governmental entity and the Architectural Committee, the more restrictive conditions shall control.
- 5.14 Occupancy of Unfinished, Temporary or Mobile Structures Prohibited. No manufactured home, mobile home or other approved home shall be occupied or lived in until they have been completed and the exterior is made to comply with the Association's Architectural Standards.
- 5.15 Landscaping Following Construction. Within two (2) months of the completion of any construction work during which the Association's landscaping requirements were waived, or within any shorter time frame required by the Architectural Committee, Members shall landscape their Lots as may be required by the Association's Architectural Standards.
- 5.16 Mechanics Liens. Members shall ensure that no lien is placed against any other Lot or against the Common Areas for labor or material furnished to their Lots. If a lien is placed against the Common Areas and other Lots, and the responsible Member does not immediately cause the removal of the lien, the Association may, after written notice to the responsible Member, pay the amounts necessary to have the lien removed and levy a Reimbursement Special Assessment against the responsible Member.
- 5.17 Waiver of Liability. Neither the Architectural Committee or its Members nor the Association or its Officers, Directors, employees or agents shall be liable for any damage, loss or prejudice suffered or claimed on account of the Architectural Committee's review, approval, or disapproval of any plans, drawings or specifications, or the conformance of the construction with the approved plans.
- 5.18 Manufactured Home or Mobile Home Requirements. No manufactured home or mobile home shall be placed on any residential Lot without prior written approval of the Architectural Committee. Nor shall any manufactured home or mobile home be approved unless it is no less than twenty four (24) feet registered width nor less than fifty-two (52) feet registered

length, excluding the tongue. Should any manufactured home or mobile home be removed for any cause, any replacement must comply with all conditions listed in this section.

- 5.19 Conforming with Governmental Ordinances and Regulations. No manufactured home or mobile home or any other structure or Improvement shall be placed on any residential Lot without the prior written approval of the Architectural Committee and unless the same is in conformity with all applicable governmental ordinances and regulations.
- 5.20 Driveways. Access driveways and other paved areas for vehicular use on a residential Lot shall have a wearing surface of cement concrete. The size and location for all driveways, culverts, pavement edging, or markers shall first be approved in writing by the Architectural Committee.
- 5.21 Uniformity of the Property. No Owner shall at his own expense and otherwise make any alteration, addition or modification to the manufactured home or mobile home or other Improvements on his residential Lot or to any part or portion of the Common Area without the prior written approval of the Architectural Committee. With respect to the installation of awnings, sunshades, screen doors and other minor installations to any individual residential Lot, the prior written approval of the Architectural Control Board shall be exercised liberally with a view toward promoting uniformity and thereby enhancing the attractiveness of the property as a whole.
- 5.22 Nameplate. There shall be no more than one (1) nameplate on each residential Lot. The nameplate shall be no more than seventy-two (72) square inches in area, and shall contain the name of the occupant and/or the address of the dwelling. It may be located on the door of the manufactured home or mobile home, the adjacent wall, the wall of an approved accessory building or structure, or it may be free standing in the front or side yard, provided that the height of the nameplate is not more than twelve (12) inches above the adjoining ground grade.
- 5.23 Concealing Transmission Lines. No pipes, conduits, lines, wires, equipment or facilities for the communication, transmission or metering of electricity, gas, water, telephone, television or radio signals or other utilities shall be constructed, placed or permitted to be placed anywhere on any residential Lot, other than within a manufactured home or mobilehome or other Improvement, unless it is contained in pipes, conduits, cables or vaults, constructed, placed and maintained underground or concealed in or under manufactured homes or mobile homes or approved structures. Nothing herein shall be deemed to forbid the erection and use of temporary power incidental to the construction of approved buildings or telephone services provided they are constructed and maintained in strict accordance with Civil Code Section 4725.
- 5.24 Temporary Structures. No trailer, camper, tent, shed or temporary structure of any kind shall be erected, constructed, permitted or maintained on any residential Lot without the written approval of the Architectural Committee.
- 5.25 Withholding Approval. Approval by the Architectural Committee of any request, plan, or specification shall not prevent the Association from withholding its approval of an identical request, plan or specification when subsequently or additionally submitted for approval by the same or any other owner.

- 5.26 Limitation on Liability. Approval by the Architectural Committee of any request, plan or specification submitted to it for approval shall not cause the Board, or its members, or the Association to be liable in any way to any person.

ARTICLE 6: GENERAL RESTRICTIONS

- 6.1 Antennas. No antennas for transmitting or receiving radio signals or any other form of electromagnetic radiation may be installed except as provided in the Association's Policies, Rules and Regulations, its Architectural Standards and applicable law.
- 6.2 Barbecues and Exterior Fires. There shall be no exterior fires whatsoever except for barbecues in confined receptacles designed for such purposes. The hours of operation, type of equipment and rules regarding their operation shall be in the Policies, Rules and Regulations. Residents shall take all reasonable precautions to minimize smoke.
- 6.3 CLotheslines. Outside cLotheslines shall be concealed and shall not be visible from neighboring properties or Common Areas. No balcony, fence, railing, tree, shrub or the like may be used as a cLothesline.
- 6.4 Drains. There shall be no interference with the established drainage pattern in the Development unless an alternative provision is made and approved in advance in writing by the Architectural Committee.
- 6.5 Drilling and Exploration. No Lot shall be used in any manner to explore for, remove, refine, or store any water, gasoline, oil, hydrocarbons, minerals, gravel, earth, or earth substances of any kind.
- 6.6 Flammable Materials. Under no circumstances may explosives, fireworks, or highly flammable or highly corrosive materials be stored on Lots or used by Members or their family members, Tenants, invitees, employees or guests within the Development.
- 6.7 Health and Safety Hazards. Members shall not permit conditions which constitute a health, safety or fire hazard to exist on their Lots or Exclusive Use Common Areas. This includes conditions that provide a refuge for rodents, vermin, or other pests.
- 6.8 Increased Insurance Rates. No Member shall permit anything be done or kept in or on any Lot or any Common Area which will increase the rate of insurance in or on any other Lot or the Common Area, or which would result in uninsurability or in the cancellation, suspension, modification or reduction of insurance in, on or covering any other Lot, Common Area or item of personal property within the Development. If, by reason of the occupancy or use of any portion of the Development by any Member, the rate of insurance on any policy held by the Association shall be increased, such Member shall become personally liable to the Association for any increase in insurance premiums caused thereby and the cost of the increase shall be assessed to such Member and his Lot as a Special Assessment.
- 6.9 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot, except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a private residence. Owners may maintain personal workshops on their property.

- 6.10 Nudity. Public displays of nudity are prohibited.
- 6.11 Nuisance. No one may cause or permit to be caused anything which constitutes a nuisance. To constitute a nuisance the activity, behavior or condition must be unreasonably noxious or offensive, cause an unreasonable disturbance or annoyance, be unreasonably injurious to health, indecent, or create an unreasonable obstruction to the free use of property. Residents with allergies or sensitivities must, at their own expense, take precautions to protect themselves against commonplace levels of noise, odors, dust, smoke, gases, pollen, or other environmental pollutants. Because a nuisance is largely subjective, the Association is not obligated to become involved in disputes where the alleged nuisance causes mere inconvenience rather than substantial interference. If, in the Board's opinion, a nuisance exists, the Board may send "cease and desist" letters or, following due process as provided for in the Bylaws, impose fines, suspend privileges, take legal action, or seek any other remedy provided for by law and/or these CC&Rs.
- 6.12 Occupancy Restriction. The maximum number of Persons who may reside in any residential dwelling is two (2) Persons per bedroom plus one (1) for the dwelling. For purposes of this restriction, "reside" shall mean the use, residency or occupancy of any dwelling by any Person for more than thirty (30) consecutive days or more than sixty (60) aggregate days, whether or not consecutive, in any twelve (12) consecutive months.
- 6.13 Obstruction of Common Areas. No Common Area shall be obstructed or used for other than its intended purpose except as designated by the Board.
- 6.14 Quiet Enjoyment. No one may engage in any abusive or harassing behavior or any form of intimidation or aggression, whether verbal or physical, against other Members, Residents, employees, guests, invitees, members of the Board, or the Association's management, employees, agents or vendors. Because the breach of quiet enjoyment is largely subjective, the Board may choose to act only against substantial breaches after investigation of the matter and a finding of probable cause to act. In the event the Association chooses not to act on a complaint of breach of quiet enjoyment, or the complaining party believes the Association's action is not sufficient, such party may take legal action to enforce this provision against other Residents.
- 6.15 Residential Use. No Member shall use or permit his Lot or any portion of it to be occupied or used for any purpose other than a private single-family residence. However, Residents may conduct minor business related activities within their Residences provided that such activities are not noticeable from the Common Area or other Lots and provided that such activities do not unreasonably interfere with the use and enjoyment of the Common Area or other Lots. The Association Board may adopt further rules in this regard, and the Association Board shall, in its sole and absolute discretion, decide whether any business activity violates this Section.
- 6.16 Sale of Lot. Open houses, brokers' caravans and other matters relating to the sale of a Lot shall be provided for in the Rules.
- 6.17 Sanitary Conditions. In addition to the requirements of Article 3, Section 7 of this Declaration, Members shall maintain their Lots and all Improvements in a clean and sanitary condition and not allow rubbish or debris of any kind to accumulate so as to render any Lot or

portion of a Lot unsanitary, unsightly, or offensive or that provide a refuge for rodents, vermin, or other pests.

- 6.18 Satellite Dishes. Satellite dishes may only be installed as provided for in the Policies, Rules and Regulations, Architectural Standards, and applicable law.
- 6.19 Signs. No signs shall be erected or maintained on any Lot except as allowed by the Architectural Standards.
- 6.20 Smoking. Smoking, including the smoking of tobacco, marijuana, or any other weed or plant, or the vaping of e-cigarettes or other similar substance is prohibited in all Common Property buildings and enclosed Common Areas, including clubhouse courtyards and patios, and anywhere inside the fenced swimming pool area. Smoking in open Common Areas shall be as specified in the Policies, Rules and Regulations.
- 6.21 Storage. No Lot shall at any time be used for open air storage of building materials, vehicles, implements, tools, furniture, landscaping materials or equipment, irrigation pipes or apparatus, junk, trash or any other things whatsoever; provided, however, that building and landscaping materials, tools or equipment may be placed and maintained on building sites as provided for in the Architectural Standards.
- 6.22 Trash Containers. Every outdoor receptacle for trash, rubbish or garbage shall be placed, screened, and kept as provided for in this Declaration and the Association's Policies, Rules and Regulations.
- 6.23 Use of Association Employees. Members may hire off-duty Association employees to perform work. However, the use of off-duty employees shall be at the employing Member's expense and such Member shall be responsible for workers' compensation and payroll deductions for the employee. In no event shall the Association be liable for the acts or omissions of employees hired by Members.
- 6.24 Window Coverings. No window may be covered by paint, aluminum foil, newspapers, bed sheets, cardboard, blankets or other similar items.

ARTICLE 7: LEASING OF RESIDENCE

- 7.1 Lease Restriction. Members shall not lease their residences unless and until they have complied with this Article 7 and any reasonable leasing rules adopted by the Association. The number of residences being leased at any one time shall not exceed the most restrictive cap permitted by law at the time (currently 25% as of 2021). For purposes of this Section 7.1, an accessory dwelling unit or junior accessory dwelling unit shall not be construed as a residence for purposes of calculating the cap. The Association shall create reasonable rules to establish procedures for the enforcement of this Section.
- 7.2 Lease Requirements. No Member shall lease less than the entire Lot, nor shall any lease be for an initial term of less than thirty (30) consecutive days. Lots may not be used for time-share purposes, hotel-like operations or other transient purposes. In addition, the lease agreement between Member and Tenant shall contain, at a minimum, the following terms:

- (i) Tenant agrees to comply with the Association's Governing Documents and failure to do so constitutes a default under the lease; and
- (ii) there shall be no right of assignment or sublease.

7.3 Rules. Members shall provide their Tenant(s) with copies of, and are responsible for the Tenant's compliance with, the Association's Rules and other Governing Documents, including these CC&Rs.

7.4 Common Area Facilities. Any Member residing off-site and whose residence is occupied by others automatically relinquishes to their Lessees the Member's rights to use the Association's Common Area facilities until the Member re-takes possession of the residence and Lot.

7.5 Enforce Rules. Members shall be responsible for ensuring their Tenants' compliance with the Association's CC&Rs, Bylaws, and Policies, Rules, and Regulations. Members shall evict any Tenant who commits criminal acts in the Development such as drug-related activity, vandalism, violence or threats of violence against others, and the like.

7.6 Transfer of Occupancy. Members shall provide the Association with the names of all LotLessees and any change in occupancy within thirty (30) days of the change.

7.7 Repair Damage. Members shall be responsible for the repair of any damage to the Common Areas caused by their Tenants or Tenants' family, guests, employees, invitees, or pets regardless of whether the damage was caused by negligence.

7.8 **Lot Restrictions Following Recordation of the Second Restated Declaration.** The provisions of this Section 7.8 shall apply only to any Owner (hereafter "Post Second Restated Declaration Owner" but excluding the Association) who has acquired title to any Lot after the date and time of recordation of this First Amendment. These provisions shall apply to all Post First Amendment Owners both for the reasons provided in Sections 7.1 and 7.2 of the Declaration, and also, among other reasons, to better address the needs of the community for stability, livability and affordability. In addition to being subject to all other provisions of the Declaration, including but not limited to Sections 7.1 to 7.7 inclusive, such Post First Amendment Owners must also comply with the following provisions:

- a. *Residency Requirements Prior to Rental.* Post Second Restated Declaration Owners shall be subject to all of the lease restrictions set out in Section 7.1 hereof except that, instead of a restriction requiring actual residency for a term of one (1) year before leasing, Post First Amendment Owners shall not lease their Residences until they have physically resided in the Residence as their primary residential dwelling for at least two (2) years.
- b. *Cap on Total Rentals.* The maximum number of Residences which may be rented by Post First Amendment Owners shall be subject to a rental cap consistent with the maximum permitted by law (currently 25% as of 2021).. Unless otherwise provided by the Rules, no Post First Amendment Owner may rent a Residence for a fixed term longer than one (1) year, provided that any rental agreement or lease may be extended thereafter by one or more terms of no longer than one (1) year in length per term. In the event that the total

number of Residences rented by Post First Amendment Owners reaches the maximum number , then before any Post First Amendment Owner may rent his Residence, such Owner must first obtain the written approval of the Association, following such Owner having put his name on a Rental Waitlist which shall be established by the Association. The maximum rental cap may be temporarily or permanently revised (but not decreased below twenty-seven (27) Residences) by Board Resolution in the event that the number or percentage of Residences rented by non-Post First Amendment Owners is such that the total Residences which are rented within the entire Development does not exceed twenty-five percent (25%) or such greater number or percentage as applicable law may permit. Notwithstanding the above, the rental cap shall not apply to any lender that forecloses upon a first deed of trust and becomes the Owner of a Lot within the Development while that Lender remains an Owner.

- c. *Rental Waitlist.* When the total number of Residences rented by Post First Amendment Owners has reached, or is approaching, twenty-five percent (25%), the Association will notify all Post First Amendment Owners that they can no longer rent a Residence without first obtaining the written consent of the Association and putting their names and Residence address(es) on a Rental Waitlist. All requests to be included in the Rental Waitlist must be submitted in writing to the Board or as otherwise notified to Post First Amendment Owners or as provided by the Rules. Unless the Rules state otherwise, all requests will be deemed to have been made in the order of the date and time when such requests were actually received by the Association.

The Board may adopt and enforce such Rules as it deems reasonable relating to the operation of the Rental Waitlist and all related or other matters pertaining to the rental of Lots or Residences to better ensure that the purposes of this Section 7.8 are achieved and that all Post First Amendment Owners are treated in a fair manner and have such reasonable opportunity as circumstances allow (while maintaining the overriding rental cap as provided herein) to rent their Residences for at least some of the time during which they hold title to their Lot. For instance, Post First Amendment Owners may be required to place their names and Residences on the Rental Waitlist after renting a Residence of not more than one (1) year so as to give other Post First Amendment Owners a turn to rent their Residences for up to one (1) year. Post First Amendment Owners may also be required to have actually rented their Residences within a limited time after being given permission by the Association to rent, so that if a Residence is not rented within such time period, the right to rent will or may be withdrawn when the next Post First Amendment Owner on the Rental Waitlist will or may then be entitled to rent instead. The Rules may also empower the Board to grant variances or waivers in the sole discretion of the Board where hardship or other circumstances so warrant.

For the purposes of the Section, the term “rented” or any variation thereof with respect to a Residence shall mean a Residence for which one or more persons or entities are legally or contractually obligated to pay rent or some other consideration in money or monies worth for the occupation or use of such Residence in an amount which is not less than twenty percent (25%) of the current open market rent for the Residence in question. “Current open market rent” means the full annual rental value of the Residence when measured against other generally comparable Residences in the Association and neighboring communities as determined from time to time by the Board based upon such factors as the Board deems reasonable, including, but not limited to, the advice of realtors and the Board’s

determination of the average rent paid for generally comparable space in the Association and neighboring communities.

ARTICLE 8: ANIMALS

- 8.1 Livestock Prohibited. No horses, cows, cattle, goats or sheep shall be kept or permitted to be kept on any property or Lots. No dogs, cats, birds, poultry, bees, horses, rabbits or other pets shall be raised or traded as business, either directly or indirectly, on any Lot. The Board may establish Rules regarding the kinds, numbers, and sizes of pets which may be kept as well as safety, nuisance and other issues.
- 8.2 Nuisance. Members shall be liable for any damage to Person or property, or nuisance noise caused by the pets of such Members or their family, employees, guests, invitees or Tenants. The Board shall have the right to prohibit any pet which, in its opinion, constitutes a nuisance.
- 8.3 Removal. Owners whose animals are found to be in violation of the nuisance provisions, as further defined in the Rules, following proper notice and hearing, or whose animals have been declared dangerous by the County, shall be required to remove said animals from the development within 15 days.
- 8.4 Access within Common Area and Dog Park. No pets shall be allowed in the Common Area except as follows:
- a. Pets being transported in a cage or other suitable secure carrier for the sole purpose of travelling from a location outside of the Development to a Residence (or vice versa) or from one Residence within the Development to another Residence within the Development. Such transportation of pets must be non-stop and, except as otherwise permitted by subsection (b) below, no pet shall be allowed outside of a carrier within any part of Common Area; or
 - b. Pets being transported in a cage or other suitable secure carrier or led on a leash or similar type restraint of not more than six (6) feet in length by a person fully capable of controlling such pet directly to and from any dog park or similar dog recreational area established by the Association and any Residence where such pet is being permanently or temporarily housed.

ARTICLE 9: VEHICLES AND PARKING

- 9.1 Street Parking. The Association shall have authority to manage and control parking on the public streets in the development and all parking within the Common Area and enforce any parking restriction thereon as against the Owners as well as their employees, guests, tenants and invitees. The Owners are directly liable for the parking violations of their employees, guests, tenants and invitees. The Association may, in its sole discretion, reasonably restrict or

limit the number of vehicles parked on a Lot or on the street based upon aesthetics, available parking and occupancy of the Lot.

- 9.2 Repair of Vehicles. No Resident shall construct, repair, or service any vehicle within any portion of the Common Areas, except for emergency repairs to the extent necessary for the movement of the vehicle to a proper repair facility, or on any Lot except in an area on the Lot not visible from the Common Areas or neighboring properties. Regular maintenance, such as checking oil, adding water to golf cart batteries, washing and/or waxing cars, checking the air in the tires, changing a tire, or vacuuming the interior of the car, shall be permitted.
- 9.3 Fluid Leaks. Members must keep their driveways and streets in front of their Lots free of fluids such as oil, radiator coolant, brake fluid, power steering fluid, etc.
- 9.4 Current Registration of Vehicles. All vehicles, including recreational vehicles, must be legally registered, properly insured and capable of being operated while situated anywhere within the Development, unless stored completely out of view in a completely enclosed garage.
- 9.5 Theft or Damage. The Association shall not be liable for any loss or damage suffered by any Member, their family, Tenants, employees or guests by reason of theft of or damage to any vehicle or vehicle contents, unless caused by the Association's intentional misconduct or gross negligence.

ARTICLE 10: ENFORCEMENT OF GOVERNING DOCUMENTS

- 10.1 Association Enforcement Rights. In addition to any other legal remedies and the rights described in these CC&Rs and without waiving the Association's right to institute other enforcement measures, and subject to the notice and hearing provisions in the Bylaws, the Governing Documents may be enforced by any or all of the following as may be appropriate:
 - a. Monetary Penalties. The Board may assess reasonable monetary penalties for violations of the Association's Governing Documents by a Member or Member's family, Tenants, employees or guests. Such Member shall be liable for all costs of collection, including attorneys' fees, court costs and related expenses.
 - b. Suspend Common Area Privileges. Subject to the notice and hearing provisions set forth in the Bylaws, the Board may suspend the Common Area privileges of Members and their family, Tenants, employees and guests for their failure to comply with the Association's Governing Documents. Any such suspension shall be for a period of time not to exceed thirty (30) days for any noncontinuing violation. For continuing violations, the suspension may be imposed for as long as the violation continues.
 - c. Judicial Enforcement. A lawsuit for damages and/or injunctive relief may be filed, whether or not the relief sought is for negative or affirmative action.
- 10.2 Cumulative Remedies. The respective rights and remedies, provided by these CC&Rs or by law or available in equity, 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 for the same or different failures of the Members or others to perform or observe any provision of these CC&Rs.

- 10.3 Failure to Enforce Not a Waiver. Failure by the Board, any Member or any other Person entitled to enforce the Governing Documents to enforce the same shall in no event be deemed a waiver of the right of such Person or of any other Person entitled to enforce the Governing Documents to enforce the same thereafter. Waiver or attempted waiver of any provision of these CC&Rs with respect to any Lot shall not be deemed a waiver as to any other Lot, nor shall the violation of any provision hereof with respect to any Lot or Lots affect the applicability or enforceability of any provision of these CC&Rs in respect to any other Lot.
- 10.4 Remedy at Law Inadequate. Remedies at law for violation of the Association's Governing Documents are inadequate and equitable and injunctive relief may be sought and awarded.
- 10.5 Right of Action Against Transferee. Failure by a Member to correct Lot violations prior to the transfer of title to the Lot shall give the Association the right to enforce compliance against the transferee.
- 10.6 Attorneys' Fees. In the event any party initiates any action or proceeding to enforce or interpret the Governing Documents or California law relating to the Development, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs, including reasonable experts' fees.

ARTICLE 11: RIGHT OF ENTRY

- 11.1 Limited Right of Entry. During reasonable hours, and subject to the notice requirements contained in this Article, the Association's representatives and vendors may enter Lots (but not the interior of any structures on the Lots), Common Areas, and Exclusive Use Common Areas
- (i) to inspect and perform necessary maintenance or repairs to the Common Areas and/or Exclusive Use Common Areas,
 - (ii) to mitigate damages,
 - (iii) to inspect the Lot and its Improvements to ensure compliance with the Governing Documents, including, but not limited to, Section 3.7 of this Declaration, or
 - (iv) to perform any maintenance, repair or replacement on the Lot necessary to bring it into compliance with the Governing Documents.

Such Persons, acting in good faith, shall not be liable for trespass.

- 11.2 Notice of Entry. The Association shall give written notice in advance to the Resident of the Lot and the Lot's Owner, stating the purpose for the entry and the time of the entry. Notice may be personally delivered no less than five (5) days in advance or mailed no less than eight days in advance to the occupant of the Lot and to the Member's address of record, if different from the Lot address, unless the Member has specified in writing a different location for notice to be sent.

- 11.3 Avoid Unreasonable Interference. The right of entry shall be exercised in such a manner as to avoid any unreasonable or unnecessary interference with the possession, use and enjoyment of the Member or other Resident of such Lot.
- 11.4 Emergency Entry. In the event of an emergency, the Board shall make a good faith effort to give an opportunity to cure and notice of entry. However, if it is not feasible to allow time for cure or to seek permission for entry, or if permission is refused, the Board or its authorized representative may enter the Lot and shall not be subject to liability to the Member or occupant, and no trespass or other wrongful act shall be deemed to have been committed by reason of such entry.
- 11.5 Refusal to Allow Entry. If the Association seeks entry to a Lot for any reasonable purpose authorized in these CC&Rs and the Resident or Member unreasonably refuses to allow entry, the Association shall have the right to assess the Member for all expenses, including attorneys' fees (if legal proceedings are instituted), incurred by the Association arising from the Resident's refusal to allow entry. Such fees and expenses shall become a Special Assessment against the Member and shall be fully enforceable by all means provided for in these CC&Rs including lien and foreclosure.
- 11.6 Damage by Association. The Association shall be responsible for any damage caused by the Association's entry onto the Owner's Lot and shall repair any such damage within a reasonable amount of time.

ARTICLE 12: ASSESSMENTS

- 12.1 Purpose of Assessments. The general purpose of Assessments is to provide for the recreation, health, safety and welfare of the Members, enforce and comply with the Governing Documents, manage the Development, enhance the quality of life in the Association, improve and maintain the Common Areas, provide for the acquisition and maintenance of property, services and facilities devoted to these purposes, and for any action or undertaking on behalf of the Association.
- 12.2 Regular Assessment. The Board shall levy Regular Assessments in an amount sufficient to provide for the performance by the Board of each and every one of its powers and duties provided, however:
- a. 20% Limitation. Pursuant to California Civil Code section 5605, the Board shall not, without the approval of Members constituting a quorum, casting a majority of the votes, impose a Regular Assessment which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year. Quorum, for the purposes of this provision, means more than fifty percent (50%) of the Members of the Association
 - b. Uniform Rate of Assessment. Regular Assessments shall be fixed at a uniform rate for Lots.
 - c. Payable Monthly. Regular Assessments shall be payable by each Member against whom assessed in twelve (12) equal monthly installments on the first day of each calendar month (commencing with the date on which he/she becomes a Member and

prorated to that date) or at such other dates and in such other installments as the Board shall determine.

- d. Written Notice. Written notice of any increase in Regular Assessments shall be sent by first-class mail to each Member not less than thirty (30) days nor more than sixty (60) days prior to the increased Assessment becoming due.
- e. Modification of Assessment. The Board may modify the Regular Assessments during the course of a fiscal year if necessary to conform to a revised estimate of costs and expenses. However, if the aggregate increase exceeds twenty percent (20%) of the Regular Assessment for the immediately preceding fiscal year, the Board must obtain the approval of Members pursuant to California Civil Code section 5605. If an annual Regular Assessment is not published for a new fiscal year, the Regular Assessment for the prior fiscal year shall apply and govern each Member's payments until changed by a new Regular Assessment.

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

- a. 5% Limitation. Pursuant to California Civil Code section 5605, the Board shall not, without the approval of a majority of a quorum of Members, impose a Special Assessment which is more than five percent (5%) of the budgeted gross expenses of the Association for such fiscal year. Quorum, for purposes of this provision, means more than fifty percent (50%) of the Members of the Association.
- b. Uniform Rate of Assessment. Special Assessments shall be fixed at a uniform rate for all Lots.
- c. Reimbursement Assessments. Reimbursement Assessments may also be levied against individual Lots for reimbursement of expenses, including legal fees and costs, incurred by the Association arising out of actions or omissions of such Members or their family, Tenants, employees, guests, or pets. Reimbursement Assessments may also be levied to recoup costs incurred by the Association in bringing any Lot into compliance with Governing Documents for the Association. The Member whose Lot is being assessed must be given notice of the amount and the reason for the assessment and have an opportunity for a hearing before the Board. A Reimbursement Special Assessment of more than \$1,000 requires majority approval of the Board. As provided elsewhere in these CC&Rs, such expenses shall include but not be limited to:
 - (i) enforcing compliance with the Association's Governing Documents;
 - (ii) mitigating or repairing damage to Association property or Common Areas;
 - (iii) collecting delinquent Assessments;
 - (iv) attorneys' fees and costs; and
 - (v) materials and services provided by the Association to individual Members or their family, guests, employees, invitees or Tenants.
- d. Payment Schedule. Special Assessments shall be payable by each Member against whom assessed:
 - (i) monthly, or

- (ii) at such dates and in such installments as the Board shall determine.
- e. Written Notice. Written notice of Special Assessments shall be sent by first-class mail to each Member not less than thirty (30) days nor more than sixty (60) days prior to the Assessment becoming due.
- 12.4 Emergency Assessments. In emergency situations, the Board may increase Regular Assessments beyond twenty percent (20%) or impose Special Assessments above five percent (5%) only as provided for by California Civil Code section 5610.
- 12.5 Deposit of Assessments. All sums received by the Association shall be promptly deposited into accounts clearly designated in the Association's name.
- a. Commingling. The Association shall maintain separate accounts for its Operating funds and its Reserves, respectively, and no funds from those separate accounts shall be commingled at any time. Funds collected for the Reserves shall not become "Reserve Funds" until such time as they are actually deposited into the Reserve account.
- b. Interest. No Member shall have the right to receive interest on any such funds deposited.
- 12.6 Reserves. All sums assessed and collected by the Association which are budgeted to fund Reserves for anticipated long-term maintenance, repair and replacement of Improvements upon the Common Area, the cost of which would not ordinarily be incurred on an annual basis, shall be:
- a. Segregated. Be received in trust by the Board, set aside and segregated from the other monies and not commingled with the Association's Operating Account.
- b. Invested. Be invested in low-risk investments. Reserves shall only be invested in accounts which are federally insured.
- c. Two Signatures. Be withdrawn from the Reserve account only upon approval by the Board and the signature of two (2) members of the Board.
- d. No Reimbursement. All contributions to the Reserves, as well as interest earned, are for the benefit of the Association and not to the benefit of any individual Member. As such, contributions and interest are not refundable to Members when they cease to be Members of the Association.
- 12.7 Reserves for Replacement. An adequate reserve fund for replacement of the Common Area shall be established by the Association and shall be funded by Regular (monthly) Assessments, as well as a Facilities Use Fee imposed on the buyer/transferee each time a Lot is sold or transferred.. The Board has the authority to and, in its discretion, shall determine the amount of the Facilities Use Fee and incorporate same in its Policies, Rules & Regulations.
- 12.8 Assignment of Rents. Each Owner assigns to the Association, absolutely and regardless of possession of the property, all money now due or to become due under any agreement for the

use or occupation of any part of any Lot or residence, now existing or hereafter made, for the purpose of collection all Assessments and cost and expenses due the Association which are in default. The Association confers on each Owner the authority to collect and retain money due under any agreement for the use or occupation of any part of any Unit, provided that the Association may revoke the authority at any time by written notice of a default in the payment of any Assessments. Upon revocation, the Association may collect and retain the money until the delinquent Assessments and related charges are satisfied, whether the money is past due and unpaid or current. The Association's rights under this provision are subordinate to the rights of any First Mortgagee.

ARTICLE 13: ENFORCEMENT OF ASSESSMENTS

- 13.1 Liability for Assessments. Assessments, together with late charges, interest, costs, and attorneys' fees shall be a charge on the land and shall be a continuing lien upon the property against which each such Assessment is made. In addition, Members shall be personally liable for any and all Assessments provided for by these CC&Rs together with any accompanying late charges, interest, costs attorneys' fees and penalties as may be authorized under these CC&Rs. In a voluntary conveyance of a Lot by a Member, the transferee shall be jointly and severally liable with the seller for all unpaid Assessments, late charges, interest, costs and penalties up to the time of the grant or conveyance without prejudice to the transferee's right to recover from the seller the amounts paid by the transferee.
- 13.2 Enforcement Rights. Any Assessment made in accordance with these CC&Rs shall be the separate debt of each Member against whom the same is assessed. In addition to any other rights provided for by law or described in these CC&Rs, the Board has the right to collect delinquent Assessments as follows:
- a. Late Fees and Interest. Unpaid Assessments shall be deemed delinquent fifteen (15) days after they are due and shall be subject to
 - (i) a late charge of ten percent (10%) of the delinquent Assessment which may not be imposed more than once on any delinquent payment and
 - (ii) interest at the rate of twelve percent (12%) per annum, which may commence thirty (30) days after the Assessment becomes due.
 - b. File Suit. The Association may commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien and initiate foreclosure against the Member's Lot for the delinquent Assessment. In any action to collect delinquent Assessments, late charges or interest, the prevailing party shall be entitled to costs and reasonable attorneys' fees. If such costs and fees are awarded to the Association, they shall become a Reimbursement Special Assessment against the Member and shall be fully enforceable by all means provided for in these CC&Rs, including lien and foreclosure.
 - c. Lien and Foreclose. In accordance with the Davis-Stirling Common Interest Development Act, a delinquent Assessment or installment, together with any late charges, interest, costs, attorneys' fees, penalties, fees, fines, or any other charges permitted by law, shall become a lien on the Lot upon the recordation of a "Notice of

Delinquent Assessment” in the Office of the County Recorder. The Board may enforce any Assessment lien against a Lot by filing an action for judicial foreclosure or by nonjudicial foreclosure. The Association, through its Board, may bid on the Lot at the sale, and may hold, lease, mortgage, and convey the acquired Lot.

- d. Suspend Privileges. Subject to the notice and hearing provisions set forth in the Bylaws, a Member’s privileges, including access to Common Area Facilities, may be suspended until such time as delinquent Assessments, fees and fines, including any accumulated penalties, interest, and costs of collection have been paid in full.
- e. Additional Remedies. The remedies provided in this Section shall be in addition to and not in substitution for any other rights and remedies which the Association may have.

- 13.3 Waiver of Objection. Each Member vests in and delegates to the Board or its duly authorized representative the right and power to bring all actions at law or lien foreclosures, whether judicially or by power of sale, or otherwise, against any Member or Members for the collection of delinquent Assessments in accordance herewith, and expressly waives any objection to the enforcement in accordance with these CC&Rs of the obligation to pay Assessments as set forth in these CC&Rs.
- 13.4 No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason, including without limitation,
 - (i) a claim that the Association is not properly exercising its duties and powers as provided in these CC&Rs;
 - (ii) a Member has made or elects to make no use of the Common Area;
 - (iii) any construction or maintenance for which the Association is responsible has not been performed; or
 - (iv) any construction or maintenance for which the Association is responsible has not been performed to a Member’s satisfaction.
- 13.5 No Exemption by Waiver of Use. Members may not exempt themselves from liability for Assessments nor release their Lots from liens and charges by waiver of their use and enjoyment of the Common Areas or by abandonment of their Lots or through non-use of any Common Areas or membership privileges.
- 13.6 Waiver of Exemptions. Members, to the fullest extent permitted by law with respect to liens created pursuant to these CC&Rs, waive the benefit of any exemption or redemption laws of the State of California in effect at the time any payment of any Assessment becomes delinquent, and cannot raise exemptions or redemptions in any action or proceeding to enforce or foreclose such liens.
- 13.7 Attorneys’ Fees. Any reasonable attorneys’ fees and costs incurred by the Association in the enforcement of its Assessment rights against a Member may be levied against that Member by the Board as a Special Assessment which may be collected in any manner provided for by these CC&Rs or by law.

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

ARTICLE 14: INSURANCE

- 14.1 Association Insurance. The Association shall obtain and maintain policies of insurance as described below. The Board shall establish appropriate deductibles and make business decisions as to which losses shall be submitted to the Association's insurance carrier.
- a. Direct Physical Loss. Loss or damage by fire or other risks covered by the standard "Special Form" policy (or its equivalent) on all Common Area Improvements. The amount of such insurance shall be not less than one hundred percent (100%) of the aggregate full insurable value, meaning actual replacement value. The coverage shall be written on a blanket basis with an agreed value endorsement and an inflation guard endorsement. In addition, and if reasonably available, the Board may purchase:
 - i. "Building Ordinance" coverage (or its equivalent) to cover any increased costs of construction following a covered loss which may be imposed due to changes in building codes or ordinances.
 - ii. "Maintenance Fees Receivable" coverage (or its equivalent) to cover the loss from unpaid or uncollected assessments resulting from a covered property loss.
 - iii. "Demolition and Debris Removal" endorsement in the amounts adequate to cover demolition and debris removal costs.
 - iv. Such other endorsements which the Board may deem necessary or reasonable.
 - b. Comprehensive or Commercial General Liability ("CGL"). The Association shall maintain one or more CGL policies which shall provide appropriate liability limits for injury or death to one or more Persons in any one accident or occurrence. The Association shall carry coverage in amounts that meet or exceed those called for in California Civil Code section 5805, as amended from time to time.
 - c. Directors and Officers. The Association shall purchase Directors and Officers errors and omissions insurance which shall provide appropriate liability limits insuring Directors, Officers, Committee Members, and management employees. The Association shall carry coverage in amounts that meet or exceed those called for in California Civil Code section 5800, as amended from time to time.
 - d. Workers' Compensation. The Association shall carry workers' compensation and employer's liability insurance as may be appropriate.
 - e. Fidelity Bond. The Association shall maintain blanket fidelity bond coverage for all Directors, Officers, Committee Members, and employees of the Association handling funds of the Association or third party property.

- f. Employment Practices Liability. If the Association has employees, it should purchase employment practices liability coverage.
 - g. Automobile Liability Insurance. The Association shall purchase non-owned and hired automobile coverage and garage-keepers legal liability coverage.
 - h. Umbrella Policy. In addition to appropriate levels of insurance for all of the above, the Association may carry an umbrella policy for its public liability and property damage, Directors and Officers liability, and workers' compensation policies.
 - i. Earthquake and Flood Insurance. The Association may purchase appropriate levels of earthquake or flood insurance if such insurance is available and if approved by the Board or the membership. In the event the Board has decided not to purchase earthquake insurance for the Association's Improvements, that decision must be made as part of the Board's annual insurance disclosure to the membership.
- 14.2 Member Obligation to Carry Insurance. At their sole expense, Members shall provide the Association with proof that they have purchased real property and personal property coverage sufficient to cover the repair or replacement of their Lot's Improvements and contents in case of damage or loss. Alternately, Members shall provide the Association with proof that they carry self-insurance equal to the replacement value of the Lot's improvements.
- a. Waiver of Claims. Members waive their claims against the Association to the extent such claims are covered under insurance which Members are required to carry under this Article, regardless of whether Members actually carry such insurance.
- 14.3 Payment of Deductible. If a loss occurs as a result of the negligence or breach of CC&Rs of a Member or Member's family, employees, guests, invitees, Tenants, or pets, or as a result of a failure of a portion of the Lot or its Improvements within a Member's care, custody or control, and the loss results in a payment by the Association's insurance, that Member shall pay the Association's deductible, if any.
- 14.4 Management of Claims. The Board and not individual Members shall determine which claims, if any, shall be submitted to the Association's insurance carrier. The Board may take into account the Association's claim history, the amount of the deductible, the apparent merit of the claim, etc. and make a business decision regarding which claims are submitted and which ones are not. In the event a Member makes an unauthorized claim against the Association's insurance which results in an increase in the Association's insurance premiums, the amount of the increase shall be assessed against the Member and his Lot as a Special Assessment.
- 14.5 Liability for Increased Insurance Rates. In the event any act or omission of any Member or Member's family, employees, guests, invitees, Tenants or pets causes an increase in the cost of the Association's insurance, the amount of the increase shall be assessed against the Member and his Lot as a Special Assessment.
- 14.6 Choice of Contractor. With respect to any repairs for which proceeds of insurance are paid or are payable to the Association, the Board shall designate the contractor to perform the repairs

to the Common Areas. Individual Members shall be responsible for overseeing repairs done to their respective Lots.

- 14.7 Insurance Company Rating. All policies of insurance obtained by the Board should be from an insurance company qualified to do business in the State of California and holding a Best's Insurance Reports rating of "A" or better or such other comparable rating as may be given by Standard and Poor's. If this is not possible due to cost or availability, the Association shall use best efforts to place the coverage(s) with an admitted carrier with and/or carrier with the highest possible Best's Insurance Rating available at the time.

ARTICLE 15: PROTECTION OF LENDERS

- 15.1 Definition of Lender, Mortgage, Mortgagee. As used herein, the term "Lender" shall refer to the holder of a first mortgage or deed of trust given by a Member (or his predecessor in interest), the lien of which mortgage or deed of trust is superior to all other monetary encumbrances except real property taxes. The term "Mortgage" shall mean and include a deed of trust. The term "Mortgagee" shall refer to a beneficiary (or its assignee) under a deed of trust and the term "First Mortgagee" shall refer to a beneficiary (or its assignee) under a deed of trust with priority over all other Mortgagees and deeds of trust. A Lender or First Mortgagee shall be an "Eligible Holder" if it's given the Association prior written notice of its desire to receive notices under these CC&Rs and participate in any Lender or First Mortgagee votes under these CC&Rs. Absent such notice, the Association shall have no duty to send notices and/or ballots to any Lender or First Mortgagee.
- 15.2 Exemption from Right of First Refusal. Any First Mortgagee which comes into possession of a Lot pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage shall be exempt from any right of first refusal.
- 15.3 Subordination of Assessment Lien to Mortgages. Any holder of a first Mortgage or any third party purchaser who comes into possession of the Lot pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage shall take the property free of any claim for unpaid Assessments or charges against the Mortgaged Lot which accrue prior to the time such Person takes title to the Lot. The lien for Assessments provided for in these CC&Rs shall be subordinate to the earlier recorded lien of any first Mortgage or first deed of trust placed on the Lot; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure or trustee's sale. Such sale or transfer shall not relieve such property from liability for any Assessments thereafter becoming due nor from the lien of any such subsequent Assessment.
- 15.4 Prior Approval of First Mortgagees. Unless at least seventy-five percent (75%) of the First Mortgagees on individual Lots who are "Eligible Holders" have given their prior written approval, neither the Association nor the Members shall:
- a. By act or omission seek to abandon or terminate the common interest development regime;
 - b. Change the pro rata interest or obligations of any Lot for the purpose of:

- (i) levying assessments or charges or allocating distribution of hazard insurance proceeds or condemnation awards, or
 - (ii) determining the pro rata share of ownership of each Lot in the Common Area and common elements;
- c. By act or omission change, waive or abandon any material scheme of regulation, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Lots, the exterior maintenance of the Lots, the maintenance of driveways, or the upkeep of landscaping within the Development;
- d. Partition or subdivide any Lot;
- e. By act or omission seek to abandon, partition, subdivide, encumber, release, hypothecate, sell or transfer the Common Area. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Development shall not be deemed a transfer within the meaning of this clause;
- f. Fail to maintain fire and extended coverage on insurable Development Common Area Property and Lots on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement costs);
- g. Use hazard insurance proceeds for losses to any Development Common Area Property for other than repair, replacement or reconstruction of such Improvements;
 - (i)

15.5 Examination of Books and Records. Each First Mortgagee shall have the right to examine the books and records of the Association.

15.6 Taxes, Assessments and Charges. All taxes, charges and Assessments which may become liens prior to first Mortgages under local law shall relate only to the individual Lots and not to the Development as a whole. First Mortgagees of Lots may jointly and singly pay taxes or other charges which are in default and which may or have become a charge against the Common Property, and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for such property, and First Mortgagees making such payments shall be owed immediate reimbursement from the Association.

15.7 No Priority Over Rights of First Mortgagees. No provision herein shall give a Member or any other party priority over any rights of First Mortgagees pursuant to their Mortgages in the case of a distribution to Members of insurance proceeds or condemnation awards for losses to or a taking of Lots and/or the Common Area. Such First Mortgagees shall be entitled to timely written notice of any such damage or destruction, if such loss or taking exceeds Ten Thousand dollars (\$10,000.00) or damage to a Lot covered by a Mortgage exceeds One Thousand dollars (\$1,000.00). Additionally, if any Lot or portion thereof is made the subject matter of any condemnation or eminent domain proceeding, no provision herein shall entitle the owner of a Lot or any other party, to priority over a First Mortgagee of a Lot with respect to any distribution to such Lot of the proceeds of any award or settlement. Such First Mortgagees shall be entitled to timely written notice of any such proceeding or proposed acquisition.

15.9 Further Notice to Lenders.

- a. The Association shall give written notice to any First Mortgagee, upon such Mortgagee's written request, of all meetings of the Association. Each such first lien holder shall have the right to be represented at such meeting, but shall have no voting rights unless it has succeeded to title to one or more of the Lots by foreclosure.
- b. The Association shall give written notice to any First Mortgagee who is also an Eligible Holder of any material amendment to these CC&Rs and/or the Association Bylaws;
- c. The Association shall deliver to each such First Mortgagee, upon such Mortgagee's written request, a copy of the Association's annual financial statement.

15.10 Modifying or Amending. Any amendment to this Article shall require the consent of a majority of all Eligible Holders holding fifty percent (50%) of the first trust deeds which may be then of record as valid encumbrances against Lots in the Development

ARTICLE 16: LIMITATIONS OF LIABILITY

- 16.1 Limited Personal Liability. No Officer, Director, Committee Member, or employee of the Association shall be personally liable for any loss, injury, or damage to Persons or property for any act or omission if the act or omission was performed in good faith, within the scope of the Person's duties for the Association, was not self-dealing, and did not constitute intentional misconduct or gross negligence.
- 16.2 Association Not a Security Provider. The Association may, from time to time, provide measures of security in the Development. However, the Association is not a provider of security and shall have no duty to provide any security in the Development. The obligation to provide security lies with each Member individually. The Association shall not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. This shall include, but not be limited to, any loss or damage suffered by reason of theft of or damage to any article or thing which is placed or stored in or on any portion of the Common Area.
- 16.3 Duty to Defend. The Association shall indemnify and defend and shall advance reasonable attorneys' fees and costs to its Officers, Directors, Committee Members, and employees against all expenses and liabilities reasonably incurred by such Person(s) in connection with any proceeding (including, but not limited to, alternative dispute resolution proceedings) to which they may be a party by reason of having been an Officer, Director, Committee Member or employee of the Association. Provided, however, the Association is not obligated to indemnify, and may recover its attorneys' fees and costs from, those Persons who are adjudged to have acted in bad faith or in gross negligence in the performance of their duties.
- 16.4 Limitation of Association Liability for Damage. Neither the Association nor its Officers, Directors, Committee Members, employees or agents shall be responsible to any Member or Member's family, employees, guests, invitees or Tenants for any loss or damage to Person or property suffered by reason of water, fire, smoke, explosion, electricity, dust, sand, insect or rodent infestation, or any other source unless there is clear and convincing evidence the

damage or loss was caused by the gross negligence or willful misconduct of the Association's Officers, Directors, Committee Members, employees, or agents.

- 16.5 Personal Injury or Property Damage Sustained on a Lot. The following shall apply if any Person sustains personal injury or property damage on a Lot and the injury or damage results in a claim against the Association or any of its Officers, Directors, Committee Members, agents or employees. The Owner of the Lot where the injury or damage occurred shall
- (i) fully indemnify and hold harmless the Association, Officer, Director, Committee Member, agent or employee against whom such claim or suit is brought and
 - (ii) defend at his own cost and expense any resulting litigation against said parties; provided that there shall be no obligation to defend or indemnify any party whose gross negligence or willful misconduct was the cause of the injury or damage.

ARTICLE 17: DESTRUCTION OF IMPROVEMENTS

- 17.1 Association's Duties. In the event of partial or total destruction of Common Area Improvements the Association is obligated to maintain, it shall be the duty of the Association to restore and repair the same to its former condition (or better) as promptly as practical. The proceeds of any insurance received shall be used for such repairs and/or replacement.
- 17.2 Members' Duties. In the event of partial or total destruction of Improvements on a Member's Lot, it shall be the duty of the Member to either:
- (i) within sixty (60) days remove the damaged Improvement, as well as all debris, and place the Lot in a clean and presentable condition to the satisfaction of the Architectural Committee, or
 - (ii) restore and repair the same to its former condition (or better) as promptly as practical.
- The 60-day deadline may be extended by the Board in its discretion and for good cause.

ARTICLE 18: CONDEMNATION

- 18.1 Notice. Promptly upon learning of any potential condemnation or sale by eminent domain, the Board shall notify all Members and First Mortgagees who have filed a written request for notice.
- 18.2 Common Action. In the event that an action in eminent domain is brought to condemn all or any portion of the Common Areas, the Association shall represent the Members in all proceedings, negotiations or settlements. Awards for the acquisition of Common Area shall be paid to the Board, as trustee, for deposit into the Association's Reserves or for distribution to the Members in accordance with their percentage interest.
- 18.3 Condemnation Awards. In the event that an action in eminent domain is brought to condemn all or any portion of one or more Lots in the Development, the award made for such taking shall be payable to the respective Owners of the Lots subject to:
- (i) the rights of Mortgagees holding Mortgages covering such Lots and
 - (ii) all unpaid Assessments of each Member taken together with interest, late charges, costs and attorneys' fees. The Board of Directors shall have no

responsibility for the restoration of a Member's personal property taken as a result of condemnation.

- 18.4 Revision of Documents. In the event of any condemnation of a part of the Development, the Board shall, as soon as practical, cause to be prepared, filed and/or recorded a revised subdivision map or other documents, reports, schedules or exhibits necessary to show the changed or altered status of the Development.
- 18.5 Status of Ownership. In the event a Lot is taken in condemnation, the Lot shall cease to be part of the Association and the Owner of the Lot shall cease to be a Member of the Association.

ARTICLE 19: MISCELLANEOUS

- 19.1 Amendment. These CC&Rs may be amended by the vote or written consent of Members comprising sixty percent (60%) of a quorum of the of the Association provided that the percentage of the Voting Power necessary to amend a specific provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that provision. Any amendment enacted in compliance with this provision shall become effective when recorded with the Office of the County Recorder. Quorum for purposes of this Section 19.1 only shall be fifty percent (50%) of the total voting power for the Association.
- 19.2 Amendment to Conform to Statute. If at any time a provision in these CC&Rs contradicts current law according to a written opinion of the Association's legal counsel, the Board of Directors will have the authority, on the unanimous approval of the Directors and without approval of the Members, to amend that provision, but only to the extent necessary to render the provision compliant with applicable law.
- 19.3 Term of CC&Rs. These CC&Rs shall continue in full force and effect for a term of sixty (60) years from the date of their recordation, after which time they shall be automatically extended for successive periods of twenty (20) years unless within six (6) months prior to the expiration of the initial term or any twenty (20) year extension period a written agreement executed and acknowledged by at least seventy-five percent (75%) of the Members is placed on record in the office of the County Recorder terminating the effectiveness of these CC&Rs.
- 19.4 No Right of Partition. No proceeding shall be brought for the partition of the Common Area except as provided by Section 4610 of the California Civil Code as the statute may be amended from time to time.
- 19.5 Attorneys' Fees. Any reasonable attorneys' fees and costs incurred by the Association in the enforcement of the Governing Documents against a Member, or to determine the rights or duties of the Member under the Governing Documents, may be levied against that Member by the Board as a Special Assessment which may be collected in any manner provided for by these CC&Rs or by law.
- 19.6 Notices. Any communication or notice of any kind permitted or required herein may be delivered as provided in these CC&Rs and shall be in writing and may be served, as an alternative to personal service, by mailing same as follows:

- a. To a Member: to the street address of the Lot or at such other address as the Member may designate in writing to the Association.
- b. To the Association: to the address of the Board President at 30777 Butia Palm Avenue, Homeland, California 92548.

All notices or demands to be served by mail shall be by first-class mail with postage prepaid. Consistent with California Civil Code section 4050, delivery/service shall be deemed to be complete on deposit into the United States mail.

- 19.7 Headings. The headings contained in these CC&Rs are for the convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision of these CC&Rs.
- 19.8 Liberal Construction. The provisions of the Governing Documents shall be liberally construed to effectuate their purpose of creating a uniform plan for the use, operation and maintenance of the Development.
- 19.9 Number and Gender. Whenever the context so requires, the singular number includes the plural, the plural includes the singular, the masculine gender includes the feminine and/or neuter and the neuter gender includes the masculine and/or feminine.
- 19.10 Severability. The provisions of these CC&Rs and any other Governing Document shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision.
- 19.11 No Public Rights. Nothing contained in these CC&Rs shall be deemed to be a gift or dedication of all or any portion of the Development to the general public or for any public use or purpose whatsoever.
- 19.12 Successor Association. In the event the Association as a corporate entity is dissolved, a nonprofit, unincorporated association shall without further action automatically succeed to all the rights and duties of the corporation. The affairs of the unincorporated association shall continue to be governed by these CC&Rs, the Bylaws, and the Rules, as well as any applicable law.
- 19.13 Drafting Errors. At any time after the recordation of these CC&Rs the Association may by unanimous consent of the Board unilaterally re-record these CC&Rs or amend them without Owner vote to address any errors or omissions associated with the drafting and restatement process.

ARTICLE 20: COMMUNITY FOR OLDER PERSONS

- 20.1 Minimum Age Requirements. To the fullest extent permitted by federal, state and local law (the "Laws"), residency in Highland Palms, and in any of the Lots therein, shall be restricted to older persons (i.e., senior citizens). Unless otherwise required by federal, state or local laws, "older persons" shall mean Persons age fifty-five (55) years or older. Persons who are at least eighteen (18) years of age but under fifty-five (55) years of age may reside within the Development if they meet the definitions of qualified exceptions under the Laws. Persons

under eighteen (18) years of age are not permitted to be Residents within the Development. At all times, all residences in the Development must be occupied by at least one (1) Person age fifty-five (55) years or older, unless the sole occupant meets the definition of qualified exceptions under the Laws.

- 20.2 Policies, Rules and Regulations. The Board shall be empowered to promulgate, amend or repeal Policies, Rules and Regulations to implement and/or comply with the Laws, as may be needed to address changes in the Laws pertaining to age restrictions or housing for older persons so as to preserve the Development's status as housing for older persons.