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**2021 RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR WOODRIDGE MUTUAL WATER AND PROPERTY OWNERS
CORPORATION ASSOCIATION**

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

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Declarations

The following declarations of protective restrictions listed here:

- 1) Declaration of Restriction as Recorded August 30th,1979 in Book 1656 at Page 178, Shasta County Official Records, as amended by :
 - a. that certain Certification of Amendment, recorded May 1, 1986 in Book 2224, Page 504, Shasta County Official Records, and
 - b. that certain Certificate of Amendment, recorded December 12, 1989 in Book 2547, Page 145, Shasta County Official Records,
 - c. that certain Certificate of Amendment, recorded November 4, 1994, in Book 3224, Page 457, Shasta County Official Records, and
 - d. that certain Certificate of Amendment, recorded February 1, 2001, Document ID: 2001-0004006, Shasta County Official Records, and
 - e. that certain Certificate of Amendment, recorded October 12, 2004, Document ID: 2004-0058491, Shasta County Official Records,

- 2) By ballot votes on June 17, 2008 of said Owners the Declaration of Restrictions and current and previous amendments are consolidated in a document that was recorded on July 28, 2008 as Document ID: 2008-0026036 as amended
 - a. by vote of said Owners. These amendments were recorded on September 21, 2016 as Document ID: 2016-0027886.
 - b. And again amended by vote of said Owners. These amendments were recorded on December 28, 2017 as Document ID: 2017-0039460

(The Declaration of Restrictions Recorded along with all the amendments and the Restated Declaration of Restrictions and all of its amendments are collectively, the Original Declaration),

Recorded in the Official Records of Shasta County, California, at the book and page numbers of the Official Records identified above, are hereby consolidated into this single Declaration covering the Development and are amended, consolidated, and restated in their entirety to read as follows:

RECITALS

- A. The Original Declarants were the Owners of that certain real property (the Development) located in Shingletown County of Shasta, State of California, which is more particularly described as:

Lots 1 through 81 of Woodridge Lake Subdivision, Tracts 1532 and 1626, as per map recorded in Volume 16 of Maps at Page 9 on August 15, 1979, Official Records of Shasta County and Chateau Drive Lots 1 through 4, Assessor's Parcel Number 703-020-17.
THIS LEGAL DESCRIPTION HAS TO BE VERIFIED AND MAY BE UPDATED

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

C. It was the further intention of the Declarant to sell and convey residential Lots to the Owners, subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges, and equitable servitudes between Declarant and such Owners that are set forth in this Declaration and that are intended to be in furtherance of a general plan for the subdivision, development, sale, and use of the real property comprising the Development as a “planned development” as that term is defined in Civil Code §4175. Finally, it was the intention of Declarant that the Common Areas and Common Facilities of the Development were to be owned and maintained by the Association but reserved exclusively for the use and enjoyment of the Members, their tenants, lessees, guests, and invitees, all subject to the terms and conditions set forth in this Declaration and the other Governing Documents of the Development.

D. On _____ the Owners of lots representing at least fifty percent (50%) of the Voting Power of the Members of the Association voted by written ballot to amend, consolidate, and restate the Original Declaration, all in accordance with the procedures for amendment set forth in the Original Declaration. It was the intention of the Owners to replace the Original Declaration without, however, affecting or changing the priority of the Declaration in the chain of title to Lots within the Development. The Owners’ action to amend and restate the Original Declaration as set forth herein and the fact that the requisite percentage of affirmative votes required in the Original Declaration was achieved is attested by the execution of this First Restated Declaration by duly authorized officers of the Association, as required by Civil Code §4270(a). As so amended and restated, the easements, covenants, restrictions, and conditions set forth herein shall constitute equitable servitudes and covenants that run with the land comprising the Development and shall be binding on all parties having or acquiring any right, title, or interest in the Development or any portion thereof and shall inure to the benefit of each Owner thereof.

ARTICLE I

Definitions

Section 1.1. “*Architectural Committee*” or “Committee” or “Design Sub-committee” means the committee created in accordance with Article V.

Section 1.2. “*Articles*” means the Articles of Incorporation of the Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

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

Section 1.4. “Association” means Woodridge Mutual Water and Property Owners Corporation, a California nonprofit mutual benefit corporation, and its successors and assigns. The Association is an “association” as defined in Civil Code §4080.

Section 1.5. “Association Rules” means the rules, regulations, and policies adopted by the Board of Directors, under Section 3.7, as the same may be in effect from time to time. Without limiting the foregoing, the Association Rules shall also include any Architectural Rules adopted under Section 5.5 and any rules relating to Association disciplinary procedures adopted under Section 13.6(d)(v).

Section 1.6. “Board of Directors” or “Board” means the Board of Directors of the Association.

Section 1.7. “Bylaws” means the Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 1.8. “Common Area” means all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area owned by the Association at the time of the Recordation of this Declaration is described as follows: means the Lake Access Road, Lake, adjacent picnic area and lakeside are of the main dam and saddle dam and boat dock .

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

As more particularly described in Section 2.1(e), portions of the Common Area are designated as Exclusive Use Common Areas whose use and enjoyment are restricted to the Owners and occupants of the Residences adjacent to such Exclusive Use Common Areas.

Section 1.9. “Common Expense” means any use of Association funds authorized by Article IV and Article IX of the Bylaws and includes, without limitation:

(a) All expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations, or reconstruction of the Common Area, Common Facilities, and any portions of the Lots that the Association is obligated to maintain or repair;

(b) All expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors to the extent required by Article X;

(c) Any amounts reasonably necessary for reserves for maintenance, repair, and replacement of the Common Areas and Common Facilities and any portions of the Lots that the Association is obligated to maintain or replace and for nonpayment of any Assessments; and

(d) The use of such funds to defray the costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board of Directors as provided in this Declaration, the Bylaws, and the other Governing Documents of the Development.

Section 1.10. “Common Facilities” means the tables, trees, hedges, plantings, lawns, shrubs, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings, structures, and other facilities constructed or installed, or to be constructed or installed, or currently located within the Common Area and owned by the Association. As well as tanks, pumps, pumphouse, and equipment relating to the water company, to which members do not have access and owned by the Association

Section 1.11. “County” means the County of Shasta, State of California, and its various departments, divisions, employees, and representatives.

Section 1.12. “Declarant” means the original developer of the Development.

Section 1.13. “Declaration” means this instrument, as it may be amended from time to time. The “Original Declaration” means and refers to the document referenced in the Preamble to this Declaration together with all the amendments and annexations thereto adopted before the adoption of this Declaration.

Section 1.14 “Design Sub-committee” Shall be the same as “Architectural Committee” or “Committee” or “Design Sub-committee” which means the committee created in accordance with Article V.

Section 1.15. “Development” means the common interest development that was created under the Original Declaration (as amended and restated herein) and the other Governing Documents for Woodridge Lake Estates Subdivision. At times herein, the terms “Development and Woodridge Lake Estates Subdivision are used interchangeably.

The term “Development” shall also include any additional real property that is hereafter annexed to the real property described in Recital A and made subject to this Declaration under Section 18.2.

Section 1.16. “Emergency Assessment” means an Assessment that the Master Association is authorized and empowered to impose under the limited circumstances defined in Civil Code §5610 and Section 4.5.

Section 1.17. “Governing Documents” is a collective term that means and refers to this Declaration and to the Articles, the Bylaws, and the Association Rules (including any Design Rules adopted under Section 5.5).

Section 1.18. “Improvement” means the types of construction or improvement projects undertaken by Owners that must first be reviewed and approved by the Association’s Board of Directors or duly appointed Design Sub-Committee under Article V. Specifically, the term “Improvement” includes, without limitation, the construction, installation, alteration, or

remodeling of any residences; changes in previously approved exterior color schemes or roofing materials for residences and other structural improvements, garages, out buildings, walls, retaining walls, decks, swimming pools, outdoor spas, antennas, television satellite reception dishes, sports courts, landscaping (other than landscaping installed by the Declarant or like-kind), landscape structures, skylights, solar heating equipment, spas, poles, utility lines, fences, gazebos, or any other structure of any kind.

In no event shall the term “Improvement” be interpreted to include improvement projects that are restricted entirely to the interior of any Residence.

Section 1.19. “Lake” shall mean the body of water that is bound by CA State highway 44, Chateau Road, Lake Ridge Road, and Cedar wood Court.

Section 1.20. “Lot” means any parcel of real property designated by a number on the Subdivision Map, excluding the Common Area. When appropriate within the context of this Declaration, the term “Lot” shall also include the Residence and other Improvements constructed or to be constructed on a Lot.

Section 1.21. “Majority of a Quorum” means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the meeting in person or by Proxy or casting written ballots equals or exceeds the minimum quorum requirement for Member action, as specified in the Bylaws of the Association or by statute.

Section 1.22. “Member” means every person or entity who holds a membership in the Association and whose rights as a Member are not suspended under Section 13.6.

Section 1.23. “Mortgage” means any security device encumbering all or any portion of the Development, including any deed of trust. “Mortgagee” shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

Section 1.24. “Owner” means any person, firm, corporation, or other entity that owns a fee simple interest in any Lot. If a Lot is transferred or conveyed to a trust, the Owner is the trustee or the cotrustees of such trust. Except when the context otherwise requires, the term “Owner” shall include the family, guests, tenants, and invitees of an Owner

Section 1.25. “Owner of Record” includes an Owner and means any person, firm, corporation, or other entity in which title to a Lot is vested as shown by the Official Records of the Office of the County Recorder. If a Lot is transferred or conveyed to a trust, the Owner is the trustee or the cotrustee of such trust.

Section 1.26. “Property” means all parcels of real property (Common Area and Lots) described in Recital A to this Declaration, together with all buildings, structures, utilities, Common Facilities, and other Improvements located thereon and all appurtenances thereto.

Section 1.27. “Record” (and “Recording” and “Recorded” and “Recordation”) means, with respect to any document, the recordation or filing of such document in the Office of the Shasta County Recorder.

Section 1.28. “Regular Assessment” means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.2.

Section 1.29. “Reserves” means those Common Expenses for which Association funds are set aside under Article IV of this Declaration and Civil Code §5550 for funding the periodic painting, maintenance, repair, and eventual replacement of the major components of the Development that the Association is obligated to maintain, repair, and replace under this Declaration that would not reasonably be expected to recur on an annual or less frequent basis. The amounts required to properly fund Reserves shall be determined annually by the Board in accordance with the standards prescribed by maintenance cost guidelines prepared in accordance with Civil Code §§5300 and 5550 and prudent property management practices generally applied in “common interest developments” (as that term is defined in Civil Code §4100) in the geographic region in which the Development is located.

Section 1.30. “Residence” means a private, single-family dwelling constructed or to be constructed on a Lot.

Section 1.31. “Single-Family Residential Use” means occupancy and use of a Residence for single-family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy single-family residential dwellings.

Section 1.32. “Special Assessment” means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.3.

Section 1.33. “Special Individual Assessment” means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.4.

Section 1.34. “Subdivision Map” means the final subdivision map for any portion of the Development.

Section 1.35. “Voting Power” means those Members who are eligible to vote for the election of directors or with respect to any other matter, issue, or proposal properly presented to the Members for approval at any time a determination of voting rights is made. To be part of the Voting Power, a Member must be in good standing, as defined in the Bylaws or the Association Rules.

Section 1.36. “Water Rates.” The amount of money charged by the Association for the water that is distributed, supplied, or delivered to its Members, or their Lessees, or as allowed by Public Utilities Code §2705 under Section 1.3 of the Bylaws of the Association. This Board of Directors has the power to establish this water rate as provided for in Section 9.1 (t) of the Bylaws of the Association.

Section 1.37. “Wildlife Corridor”: restricted use area generally running along the rear of majority of lots that adjoins to another property line. Wildlif Corridors are more specifically defined in Sectin 9.4 of this Declaration.

ARTICLE II

Property Rights and Obligations of Owners

Section 2.1. Declaration Regarding Common Plan for the Development.

(a) *Property Subject to This Declaration.* In subjecting the real property comprising the Development to the Original Declaration, as amended and restated herein, the Declarant intended that such property should and will be held, conveyed, divided, encumbered, hypothecated, leased, rented, used, occupied, and improved only on compliance with and subject to the provisions of this Declaration, which is hereby declared to:

(i) Be in furtherance of a plan for the subdivision of the Development and the sale of residential Lots within the Development;

(ii) Be for the benefit and protection of the Development and to enhance the desirability, value, and attractiveness of the property and improvements comprising the Development;

(iii) Be for the benefit of the Owners;

(iv) Run with the land and be binding on all parties having or acquiring any right, title, or interest in the Development or any portion thereof;

(v) Inure to the benefit of every portion of the Development and any interest therein; and

(vi) Inure to the benefit of and be binding on each Owner or any successor in interest to an Owner who should subsequently obtain or hold an interest in any portion of the real property comprising the Development.

(b) *Binding Effect on Successors in Interest.* Each conveyance, transfer, sale, assignment, lease, or sublease made by any Owner of a Lot in the Development shall be deemed to incorporate by reference all of the provisions of this Declaration. All present and future Owners, tenants, and occupants within the Development shall be subject to, and shall comply with, each and every provision of the Governing Documents, as the same shall be amended from time to time unless a particular provision of the Governing Documents is specifically restricted to one or more classes of persons (*e.g.*, Owners, tenants, invitees). The acceptance of a deed to any Lot, the execution of a lease, sublease, or contract of sale with respect to any Lot, or the entering into occupancy of any Residence shall make the provisions of this Declaration binding on such persons, and they shall thereafter be obligated to observe and comply with all Governing Documents.

Section 2.2. Property Rights in the Common Area.

(a) *Title in Association.* The Association holds title to the Common Area.

(b) *Rights of Owners in Common Area.* The interest of each Lot Owner in and to the use and enjoyment of the Common Area and the Common Facilities shall be appurtenant to the Lot

owned by the Owner and shall not be sold, conveyed, or otherwise transferred by the Owner separately from the ownership interest in the Lot. Any sale, transfer, or conveyance of such Lot, whether by deed, gift, devise, or operation of law, shall transfer the appurtenant right to use and enjoy the Common Area and Common Facilities. There shall be no judicial partition of the Common Area or any part thereof, whether by deed, gift, devise, or operation of law, and each Owner, for his or her own benefit and for the benefit of all other Owners, specifically waives and abandons all rights, interest, and causes of action for a judicial partition of any ownership interest in the Common Area and further covenants that no action for judicial partition shall be instituted, prosecuted, or reduced to judgment. The rights of all Owners in the Common Area shall be further subject to the requirements and restrictions set forth in Section 2.3.

Section 2.3. Owners' Nonexclusive Easements of Enjoyment.

Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Areas within the Development, including ingress and egress to and from his or her Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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

(b) The right of the Association to adopt Association Rules, as provided in Section 3.7, regulating the use and enjoyment of the real property and improvements comprising the Development for the benefit and well-being of the Owners in common and, in the event of the breach of such rules or any provision of any Governing Document by any Owner or tenant, to initiate disciplinary action against the violating Owner or tenant in accordance with Section 13.6. Such action may include the levying of fines and/or the temporary suspension of the voting rights and/or the right to use the Common Facilities other than the private roads within the Development.

(c) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and Common Facilities and, as security for any such loan, to assign or pledge the Association's right to collect payments or assessments or to enforce or foreclose a lien for the nonpayment of assessments to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of the charter or license; see also Section 4.9(e).

(d) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the Owners; provided, however, that no such dedication or transfer shall be effective unless an instrument, approved by at least two-thirds (2/3) of the Voting Power of the Members and their first Mortgagees consenting to such dedication or transfer has been Recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Lot. The

instrument approving the dedication may be executed in counterparts as long as each counterpart is executed in recordable form.

(e) The rights of particular Owners with respect to the Exclusive Use Common Areas appurtenant to the Owner's Lot. Within the Development, the following areas shall be designated as Exclusive Use Common Areas, as that term is defined in Civil Code §4145: : the facility used by the Association for the distribution or delivery of water to its Members, or their Lessees, or as allowed by Public Utilities Code §2705 under Section 1.3 of the Bylaws of the Association. This facility contains equipment related to the aforementioned purposes. The facility is completely locked off with a gate. Only personell authorized by the Water Master and the Board is allowed ot enter.

(f) All easements affecting the Common Area that are described in Article IX.

Section 2.4. Delegation of Use.

(a) *Delegation of Use and Leasing of Residences.* Any Owner may delegate his or her rights to use and enjoy the Common Area and Common Facilities to his or her family members, tenants, lessees, or contract purchasers who reside in the Residence, provided, however, that any rental or lease may only be to a single family for Single-Family Residential Use and for a term not less than thirty (30) days.

(b) *Retained Rights of Owner-Lessors.* During any period when a Residence has been rented or leased, the Owner-Lessor, his or her family, guests, and invitees shall not be entitled to use and enjoy any recreational Common Facilities within the Property. In other respects, nonresident Owners who are leasing their Residences shall have full rights to access the Residence to perform the Owner's responsibilities as a lessor. The restriction on recreational facility usage by Owner-Lessors shall not apply to any Owner-Lessor who is contemporaneously residing in another Residence within the Property.

Any rental or lease of a Residence shall be subject to the provisions of the Governing Documents, all of which shall be deemed incorporated by reference in the lease or rental agreement. Each Owner-Lessor shall provide any tenant or lessee with a current copy of all Governing Documents and shall be responsible for compliance by the tenant or lessee with all of the provisions of the Governing Documents during the tenant's or lessee's occupancy and use of the Residence.

(c) *Requirements That Must Be Observed in All Residential Leases.* The following specific limitations shall apply to all leases or tenancies of a Residence:

(i) No Residence may be leased or rented for a period of less than thirty (30) days;

(ii) The rental shall apply to not less than an entire Residence, including its appurtenant rights (except voting rights in the Association that may not be transferred to a tenant or lessee); and

(iii) Any rental shall be evidenced by a written lease or rental agreement that shall provide that the tenancy is subject to the terms of the Governing Documents and that any failure of the tenant

to comply with the terms of any Governing Document relating to residential leases, property use restrictions, or the use and enjoyment of any portion of the Common Area and Common Facilities shall constitute a default under the lease or rental agreement and shall entitle the Owner to terminate the tenancy on 30 days written notice. The Owner-Lessor's right to terminate a lease or rental agreement because of the tenant's violation of the Governing Documents shall in no way restrict the right of the Association, the Declarant, or any Owner to enforce the Governing Documents in accordance with Article XIII, when the Owner's tenant is violating the Governing Documents.

(d) *Discipline of Lessees.* Subject to subparagraph (e), if any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances to preserve the quiet enjoyment of other Owners and residents of the Development. Without limitation, the Association's actions in response to a tenant's violation of the Governing Documents may include the imposition of fines and penalties against the Owner-Lessor of the Residence.

(e) *Due Process Requirements for Disciplinary Action.* Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to any portion of the Development or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to initiate disciplinary action against an Owner-Lessor (or the Owner's lessee or tenant) because of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied:

(i) The Owner has received written notice from the Board, the Association's property manager, or an authorized committee of the Board detailing the nature of the lessee's or tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing on the matter if the Owner believes that remedial or disciplinary action is unwarranted or unnecessary;

(ii) The Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner; and

(iii) The Owner has failed to prevent or correct the lessee's or tenant's objectionable actions or misconduct. Any hearing requested under this subparagraph shall be conducted in accordance with Section 13.6.

Section 2.5. Obligations of Owners. Owners of Lots within the Development shall be subject to the following obligations:

(a) *Owner's Duty to Notify Association of Tenants and Contract Purchasers.* Each Owner shall notify the secretary of the Association or the Association's property manager, if any, of the names of any contract purchaser or tenant residing in the Owner's Lot. Each Owner, contract purchaser, or tenant shall also notify the secretary of the Association of the names of all persons to whom such Owner, contract purchaser, or tenant has delegated any rights to use and enjoy the streets and Common Area of the Development and the relationship that each such person bears to the Owner, contract purchaser, or tenant.

(b) *Contract Purchasers.* A contract seller of a Lot (*i.e.*, an Owner who contracts to sell his or her Lot under an Agreement that transfers title to the buyer only on payment in full) must delegate his or her voting rights as a Member and his or her right to use and enjoy the Common Area and Common Facilities to any contract purchaser in possession of the property subject to the contract of sale. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold has been transferred to the purchaser.

(c) Notification to Prospective Purchasers.

(i) As more particularly provided in California Civil Code §4525, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give the prospective purchaser all of the following:

(A) A copy of the Governing Documents.

(B) If the Governing Documents contain a restriction limiting the occupancy, residency, or use of a Residence on the basis of age in a manner different from that provided in Civil Code §51.3, a statement that the restriction is only enforceable to the extent permitted by Civil Code §51.3 and a statement specifying the applicable provisions of Civil Code §51.3.

(C) A copy of the most recent documents distributed by the Association under California Civil Code §§5300–5320 (see Article XII of the Bylaws).

(D) A true statement in writing from an authorized representative of the Association (delinquency statement) as to (1) the amount of the Association's current regular and special assessments and fees and (2) the amount of any assessments levied on the Owner's Lot that remain unpaid as of the date of the delinquency statement and any monetary fines or penalties levied on the Owner's Lot and unpaid as of the date of the delinquency statement. The delinquency statement shall also include true information on late charges, interest, and costs of collection that, as of the date of the delinquency statement, are or may become a lien against the Owner's Lot under Civil Code §§5650–5660.

(E) A copy or a summary of any notice previously sent to the Owner under Civil Code §5855 that sets forth any alleged violations of the Governing Documents that remain unresolved at the time of the request.

(F) A copy of the latest information described in Civil Code §6100.

(G) A statement disclosing any change in the Association's current Regular and Special Assessments and fees that have been approved by the Board but have not become due and payable as of the date the information is provided.

(H) If the Governing Documents contain a provision that prohibits the rental or leasing of Residences in the Development to a renter, lessee, or tenant, a statement describing the prohibition.

(I) If requested by the prospective purchaser, a copy of the minutes of Board meetings, excluding meetings held in executive session, conducted over the previous 12 months that were approved by the Board.

(ii) On written request, the association shall, within 10 days of the mailing or delivery of the request, provide the Owner of a separate interest, or any other recipient authorized by the Owner, with a copy of the requested documents specified in subparagraph (A).

(iii) The documents required to be made available under subparagraph (c)(i) may be maintained in electronic form and may be posted on the Association's website. If the Association maintains the documents in electronic form, requesting parties shall have the option of receiving the documents by electronic transmission. Delivery of the documents required by subparagraph (c)(i) shall not be withheld for any reason nor subject to any condition, except the payment of the fee authorized under subparagraph (iv).

(iv) The Association may collect a reasonable fee based on the Association's actual cost for the procurement, preparation, reproduction, and delivery of the documents requested under subparagraph (c)(i). Additional fees shall not be charged by the association for the electronic delivery of the documents requested. On receipt of a written request, the Association shall provide, on the form described in Civil Code §4528, a written or electronic estimate of the fees that will be assessed for providing the requested documents. Fees for any documents required by this section shall be distinguished from other fees, fines, or assessments billed as part of the transfer or sales transaction. A cancellation fee for documents specified in subparagraph (c)(i) shall not be collected if either of the following applies:

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

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

The Association shall refund all fees collected under this subparagraph (iv) if the request was canceled in writing and work had not yet been performed on the order. If the request was canceled in writing, the Association shall refund the share of fees collected under subparagraph (iv) that represents the portion of the work not performed on the order.

(v) The Association may contract with any person or entity to facilitate compliance with this section on behalf of the Association.

(vi) The Association shall also provide a recipient authorized by the Owner of a separate interest with a copy of the completed form specified in Civil Code §4528 at the time the required documents are delivered.

(vii) The provisions of this Section, except for those relating to the furnishing of a delinquency statement, shall not apply to any Owner who is subject to the requirements of California Business and Professions Code §11018.1 (which requires certain sellers to provide prospective

purchasers with a California Bureau of Real Estate (BRE) Public Report in connection with the sale of a Lot).

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

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

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

(g) *Termination of Obligations.* On the conveyance, sale, assignment, or other transfer of a Lot to a new Owner, the Transferor-Owner shall not be liable for any Assessments levied with respect to such Lot that become due after the date of Recordation of the deed evidencing the transfer, and on such Recordation, all Association membership rights possessed by the Transferor by virtue of the ownership of the Lot shall automatically cease.

Section 2.6 Equipment Ownership. The Association shall be the owner of the water system, including the pumps, wells, tanks, fencing tools, pump house structure and service mains, service connections up to the property line of each individual Member, the connection valves, connection valve box, connection valve gauges, flush hydrants, backflow prevention devices, meters, shutoff valves, and all appurtenances, regardless of whether furnished at the customer's expense.

ARTICLE III

Homeowners Association

Section 3.1. Association Membership. The Woodridge Mutual Water and Property Owners, Corporation, a California nonprofit mutual benefit corporation, has been formed to own, manage, and maintain the Common Areas and Common Facilities of the Development and to perform the other duties and obligations set forth in this Declaration and the other Governing Documents. Every Owner of a Lot in the Development shall be a Member of the Association, and the membership shall be appurtenant to, and may not be separated from, ownership of the Lot or Lots. Sole or joint ownership of a Lot shall be the sole qualification for membership in the Association. Each Owner shall remain a Member until his or her ownership in all Lots in the Property ceases, at which time his or her membership in the Association shall automatically cease. Persons or entities who hold an interest in a Lot merely as security for performance of an

obligation are not Members until such time as the security holder comes into title to the Lot through foreclosure or receipt of a deed in lieu thereof.

When a Lot is owned by more than one person, the Board shall have the right, under Section 3.7(a)(vii), to adopt a rule designating the minimum percentage ownership of a Lot to qualify an Owner as a Member for purposes of using any Common Facility or for determining eligibility to serve as a director.

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

Section 3.3. Voting Rights of Members. Each Member shall be entitled to one vote for each Lot owned by that Member. When more than one person holds an interest in any Lot, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Lot. Voting rights may be temporarily suspended under those circumstances described in Section 13.6.

Section 3.4. Assessments. The Association shall have the power to establish, fix, and levy Assessments against the Owners of Lots within the Development and to enforce payment of such Assessments in accordance with Article IV. Any Assessments levied by the Association against its Members shall be levied in accordance with and under the provisions of this Declaration (see particularly Section 4.10).

Section 3.5. Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged, or alienated in any way, except on the sale of the Lot to which it is appurtenant, and then only to the purchaser. In the case of a sale, the membership appurtenant to the transferred Lot shall pass automatically to the purchaser on the Recordation of a deed evidencing the transfer of title. In the case of an encumbrance of such Lot, a Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use under Section 2.4 do not thereby become Members, although the tenant and his or her family and guests shall at all times be subject to the provisions of all Governing Documents.

Section 3.6. Powers and Authority of the Association.

(a) *Powers, Generally.* The Association shall have the responsibility of owning, managing, and maintaining the Common Areas and Common Facilities and discharging the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of such responsibilities and duties, the Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in the ownership and management of its properties and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations on the exercise of such powers as are expressly set forth in the Governing Documents. With the exception of those matters requiring approval of the Members under the Governing Documents or California law, the affairs of the Association shall be conducted and all corporate powers shall be exercised by the Board of

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

(b) Association's Limited Right of Entry.

(i) *Right of Entry, Generally.* Without limiting the foregoing description of the Association's powers, but in addition thereto, the Association and its agents shall have the right and power to enter any Lot to perform the Association's obligations under this Declaration, including:

(A) Obligations to enforce the architectural and land use restrictions of Articles V and VII;

(B) Any obligations with respect to construction, maintenance, and repair of adjacent Common Facilities; or

(C) Any necessary repairs that an Owner has failed to perform that, if left undone, will pose a threat to, or cause an unreasonable interference with, any portion of the Development or the Owners in common.

(ii) *Limitations on Exercise of Right.* The Association's right of entry under this subparagraph (b) shall be subject to the following limitations:

(A) The right of entry may be exercised immediately and without prior notice to the Owner or resident in case of an emergency originating in or threatening the Lot when entry is required onto any adjoining Lots or Common Area. The Association's work may be performed under such circumstances whether or not the Owner or resident is present.

(B) In all nonemergency situations involving routine repair and/or maintenance activities, the Association, or its agents, shall furnish the Owner or resident with at least 72 hours prior written notice of its intent to enter the Lot, specifying the purpose and scheduled time of such entry, and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the person(s) residing on the Lot.

(C) In all nonemergency situations involving access by the Association for purposes of enforcing the Governing Documents against an Owner in default, the Association's entry shall be subject to observance of the notice and hearing requirements imposed by Section 13.6.

(D) In no event shall the Association's right of entry hereunder be construed to permit the Association or its agents to enter any Residence without the Owner's or the resident's express permission.

Section 3.7. Association Rules.

(a) *Rule-Making Power.* The Board may, from time to time and subject to the provisions of this Declaration, propose, enact, and amend rules and regulations of general application to the Owners (Association Rules). The Association Rules may concern, but need not be limited to:

(i) Matters pertaining to the maintenance, repair, management, and use of the Common Area and Common Facilities by Owners, their tenants, guests, and invitees, or any other person(s) who have rights of use and enjoyment of such Common Area and Common Facilities.

(ii) Architectural control and the rules of the Design Sub-Committee under Section 5.5.

(iii) The conduct of disciplinary proceedings in accordance with Section 13.6.

(iv) Regulation of parking, pet ownership, signs, and other matters subject to regulation and restriction under Article VIII.

(v) Collection and disposal of refuse.

(vi) Minimum standards for the maintenance of landscaping or other Improvements on any Lot or in Exclusive Use Common Areas in accordance with Article VIII.

(vii) Minimum percentage ownership of a Lot necessary to qualify an Owner as a Member, as more particularly described in Section 3.1.

(viii) Collection of delinquent Assessments.

(ix) Any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents.

Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the other Governing Documents or the rights, preferences, and privileges of Members thereunder. In the event of any material conflict between any Association Rule and any provision of the other Governing Documents, the conflicting provisions contained in the other Governing Documents shall prevail. All Association Rules shall be adopted, amended, and repealed (as the case may be) in good faith and in substantial compliance with this Declaration and California Civil Code §§4340–4370.

(b) *Distribution of Rules.* A copy of the Association Rules, as they may from time to time be adopted, amended, or repealed, shall be mailed or otherwise delivered to each Owner (i) within 15 days after a new Association Rule is adopted or an existing Association Rule is amended (in which case only the new Rule or amendment need be distributed) or (ii) within 10 days after receipt of a written request from an Owner for a copy of the Rules. The Association Rules may be maintained in electronic form, and Owners who request a copy of the Rules under Civil Code §4530 may receive the Rules in that format at their election. Rule changes may also be distributed by inclusion in a periodical that is circulated primarily to Association Members or in a mailing of Association invoices or newsletters to the Members.

(c) Adoption and Amendment of Rules.

(i) *Requirement of Prior Notice to Members of Certain Operating Rules or Amendments Thereto.* Civil Code §4340(a) defines an “Operating Rule” as an Association Rule or regulation that applies generally to the management and operation of the Development or to the conduct of the business and affairs of the Association. Civil Code §4340(b) defines a “Rule Change” as any adoption, amendment, or repeal of an Operating Rule by the Board of Directors. The Board shall provide the Members with written notice at least 30 days before the Board takes action to implement one of the types of Operating Rules (or Rule Changes involving such Operating Rules) identified in Civil Code §4355. The notice must include the text of the proposed Rule Change and a description of the purpose and effect of the proposed Rule Change. This requirement of prior notice to the Members applies only to Operating Rules that relate to one or more of the following subjects:

(A) Use of the Common Areas of the Development;

(B) Use of any Lot in the Development (including Architectural Rules that govern the improvement or alteration of Lot Improvements);

(C) Member discipline, including any schedule of monetary penalties for violation of the Governing Documents and any procedure for the imposition of penalties;

(D) Any standards for delinquent Assessment payment plans;

(E) Any procedures adopted by the Association for resolution of disputes;

(F) Any procedures for reviewing and approving or disapproving a proposed physical change to an Owner’s Lot or the Common Area; and

(G) Any procedures for the conduct of elections.

Civil Code §4355(b) specifically excludes from the requirement of prior notice to Members the following actions of the Board, regardless of whether those actions may be construed as being Association Rules or “Operating Rules,” as defined in the Civil Code: (1) decisions regarding maintenance of the Common Areas or Common Facilities; (2) a decision on a specific matter that is not intended to apply to all Members generally; (3) establishing the amount of an Assessment; (4) adoption of a Rule Change that is required by law (if the Board of Directors has no discretion regarding the substantive effect of the Rule Change); and (5) issuance of a document that merely repeats existing law or the Governing Documents.

With respect solely to Operating Rules and/or Rule Changes listed in subparagraphs (A) through (G), Civil Code §4365 gives Members owning 5 percent or more of the Lots in the Development the right to demand that a special meeting of the Members be called to reverse a proposed Rule Change, as long as the request for the special meeting is delivered to the Association within 30 days after the Members are given notice of the Rule Change. If a proper and timely demand for a special meeting to vote to rescind an Operating Rule or Rule Change is tendered to the Association, the Board shall establish the date, time, and location of the meeting

and provide notice thereof to the Members in accordance with Corporations Code §7511(c) and Section 5.3 of the Bylaws.

So long as a quorum of the Members is present at any such meeting, the Rule Change can be reversed on the affirmative vote of a Majority of a Quorum of the Members, with each Member having one vote on the matter for each Lot owned. If the Members vote to reverse an Operating Rule or a Rule Change, the Board may not take action to readopt the Operating Rule or Rule Change for a period of 1 year after the date of the special meeting when reversal of the Operating Rule or Rule Change was approved, provided, however, that this provision is not intended to preclude the Board from adopting a different Operating Rule or Rule Change on the same subject as the Rule Change that was successfully reversed. As soon as possible following the close of voting on any proposal to reverse an Operating Rule or Rule Change, but not more than 15 days after the close of voting, the Board shall provide notice to each Member of the results of the Member vote by any means permitted by Civil Code §4045, which includes publication in a periodical that is circulated primarily to Members of the Association.

(ii) *Minimum Content for Election Rules.* Civil Code §5105 requires associations to adopt rules regarding the conduct of elections that do all of the following:

(A) Ensure that any candidate or Member advocating a point of view is provided access to Association media, newsletters, or Internet websites during a campaign, as long as the access is reasonably related to that election. Equal access shall be provided to all candidates and Members advocating a point of view (whether or not endorsed by the Board). The Association may not edit or redact any content from these campaign communications, but it may include a statement specifying that the candidate or Member, and not the Association, is responsible for that content.

(B) Ensure access to the Common Area meeting space, if any exists, during a campaign, at no cost, to all candidates, including those who are not incumbents, and to all Members advocating a point of view (whether or not endorsed by the Board), so long as use of the space is for a purpose that is reasonably related to the election.

(C) Specify the qualifications for candidates for election to the Board of Directors and any other elected position and the procedures for the nomination of candidates. A nomination or election procedure shall not be deemed reasonable if it disallows any Member of the Association from nominating himself or herself for election to the Board.

(D) Specify the qualifications for voting; the Voting Power of each membership; the authenticity, validity, and effect of proxies; and the voting period for elections, including the times at which polls will open and close.

(E) Specify a method of selecting one or three inspectors of election by the Board of Directors.

(F) Allow the inspector(s) to appoint and oversee additional persons to verify signatures and to count and tabulate votes as the inspector(s) deem appropriate, provided that the persons are independent third parties (as defined in Section 7.5(d) of the Bylaws).

(iii) *Adoption of Other Association Rules.* Except as provided in subparagraph (c)(i), with respect to certain Rule Changes that are subject to the prior notice and challenge provisions of Civil Code §§4340–4370, any other Association Rules may be adopted or amended from time to time by majority vote of the Board, provided, however, that the Board shall not adopt any Association Rule or amendment thereto until at least 30 days after the proposed rule amendment has been distributed in writing to each Member, along with a description of the purpose and effect of the proposed Association Rule or amendment thereto. The notice describing the proposed rule or amendment shall also set forth the date, time, and location of the Board meeting at which action on the proposal is scheduled to be taken. Any duly adopted rule or amendment to the Association Rules shall become effective immediately following the date of adoption thereof by the Board or at such later date as the Board may deem appropriate. Any duly adopted rule or rule amendment shall be distributed to the Owners by mail or personal delivery.

(iv) *Prohibition on Adoption of Certain Rules.* In accordance with Civil Code §4730, any rule or regulation of an association that arbitrarily or unreasonably restricts an Owner's ability to market his or her Lot is void. Without limiting the foregoing, in no event shall the Association be entitled to impose an Assessment or fee in connection with the marketing of an Owner's Lot in an amount that exceeds the Association's actual and direct costs (see also Section 4.1(e)).

Section 3.8. Breach of Rules or Restrictions. Any breach of the Association Rules, of the Design Guidelines, or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XIII.

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

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

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

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

(i) The Board Member or officer owns no more than two Lots;

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

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

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

(v) The Association maintained, and had in effect at the time the act or omission occurred and at the time a claim is made, general liability insurance and directors' and officers' liability insurance for negligent acts in their capacities as such, with coverage of at least \$500,000.

The payment of actual expenses incurred by a Board member or officer in the execution of such person's Association duties shall not affect such person's status as a volunteer Board member or officer for the purposes of this section. The provisions of this subparagraph (b) are intended to reflect the protections accorded to volunteer directors and officers of community associations under Civil Code §5800 and should not be construed to expand or limit the fiduciary duties owed by a Board member or officer. If Civil Code §5800 is amended or superseded by another, similar provision of the California statutes, this subparagraph (b) shall be deemed amended, without the need for further Member approval, to correspond to the amended or successor Civil Code provision.

ARTICLE IV

Assessments

Section 4.1. Assessments Generally.

(a) *Covenant to Pay Assessments.* Each Owner of one or more Lots, by acceptance of a deed or other conveyance therefor (whether or not it shall be so expressed in such deed or conveyance), covenants and agrees to pay to the Association (i) Regular Assessments; (ii) Special Assessments; (iii) Emergency Assessments; and (iv) Special Individual Assessments duly levied by the Association in accordance with this Article IV.

(b) *Extent of Owner's Personal Obligation for Assessments.* All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorney fees) for the collection thereof, shall be a debt and a personal obligation of the person who is the Owner of the Lot at the time the Assessment is levied. Each Owner who acquires title to a Lot (whether by conventional conveyance, judicial sale, trustee sale, or otherwise) shall be personally liable only for Assessments attributable to the Lot that become due and payable after the date that the person acquires title. Accordingly, when a person acquires title to a Lot, the new Owner shall not be personally liable for delinquent Assessments of prior Owners of the same Lot, unless the new Owner expressly assumes the personal liability of a prior Owner. However, if the acquired Lot is conveyed subject to a valid lien for delinquent Assessments (and related costs of collection (*i.e.*, the lien is not removed from record before close of escrow in the sale of the Lot)), the Association may continue to exercise its foreclosure remedies against the Lot, regardless of the change of ownership, and/or the Association may pursue its collection remedies against the prior Owner, individually.

(c) *Creation of Assessment Lien.* All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorney fees) for the collection thereof, shall be a charge on the Lot of a delinquent Owner and may become a lien on the Lot against which such Assessment is made when a Notice of Delinquent Assessment is Recorded in the chain of title to the delinquent Owner's Lot in accordance with Civil Code §5675 and Section 4.10(b)(v). Recordation of that Notice creates a lien on the Owner's Lot in favor of the Association. Any lien for unpaid Assessments created under the provisions of this Article may be subject to foreclosure to the extent and as provided in Section 4.10(b)(vii).

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

(e) *Limitation on Amount of Assessments.* In accordance with Civil Code §5600(b), the Association shall not impose or collect an Assessment or fee that exceeds the amount necessary to defray the costs for which the Assessment or fee is levied.

Section 4.2. Regular Assessments.

(a) *Preparation of Annual Budget; Establishment of Regular Assessments.* Not less than 30 days nor more than 90 days before the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement, or additions to the pipelines and water system owed by the Association, Common Facilities or portions of the Lots that the Association is obligated to maintain, if any, by preparing and distributing to all Members a budget satisfying the requirements of Section 12.5 the Bylaws. If the Board fails to distribute the budget for any fiscal year within the time period specified in the first sentence of this Section, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the Board first obtains the Members' approval in accordance with Section 4.8. Regular assessments shall include without limitation, water use charges and/or flat-rate water service charges as established by the Board of Directors or the Water Master (under the supervision of the Board of Directors)).

(b) *Establishment of Regular Assessment by Board; Membership Approval Requirements.* The total annual expenses estimated in the Association's budget (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year, provided, however, that except as provided in Section 4.5 (relating to Emergency Assessments), the Board of Directors may not impose a Regular Assessment that is more than 20 percent greater than the Regular Assessment for the Association's immediately preceding fiscal year without the Members' prior approval in accordance with Section 4.8.

(c) *Allocation of Regular Assessment.* Certain Allocations of regular assessments may be allowed disproportionately per equitable determination of the Association as long as the criteria for the allocation is reasonable.

(d) *Assessment Roll.* That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and Recorded in an Assessment roll, which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member. The Assessment roll (which may be maintained in electronic form) shall show, for each Lot, the name and address of the Owner of Record, all Regular, Special, and Special Individual Assessments levied against each Owner and his or her Lot, and the amount of such Assessments that have been paid or remain unpaid. The delinquency statement required by Section 2.5(c)(i)(D) shall be conclusive on the Association and the Owner of such Lot as to the amount of such indebtedness appearing on the Association's Assessment roll as of the date of such statement, in favor of all persons who rely thereon in good faith.

(e) *Mailing Notice of Assessment.* Not less than 30 nor more than 60 days before the beginning of the Association's fiscal year, the Board of Directors shall provide notice by first-class mail to the Owners of Lots, at the street address of each Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Association, of the amount of the Regular Assessment for the next succeeding fiscal year. This notice is in addition to the following notices that must also be distributed to the Members:

(i) The written notice required by Civil Code §5730 (general information regarding assessments, foreclosure rights, payment of assessments, and payment plans);

(ii) The form required by Civil Code §5570 (summarized information regarding the amount of the current Annual Assessment, additional assessments that have already been scheduled to be imposed or charged, and the calculation of capital replacement reserve replacement needs and reserve account funding requirements); and

(iii) The statement required by Civil Code §5310(a)(7) (describing the Association's policies and practices in enforcing lien rights or other legal remedies for the collection of delinquent assessment obligations).

These budgets and disclosure documents shall be delivered to the Members by one of the methods authorized by Civil Code §4035.

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

(g) *Installment Payments.* The Regular Assessment levied against each Owner and his or her Lot shall be due and payable in advance to the Association in equal quarterly installments on the first day of each month or on such other date or dates as may be established from time to time by the Board of Directors. Installments of Regular Assessments shall be delinquent if not paid within 15 days following the due date as established by the Board.

Section 4.3. Special Assessments.

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

(i) *Regular Assessment Insufficient in Amount.* If, at any time, the Regular Assessment for any fiscal year is insufficient in amount due to extraordinary expenses not contemplated in the budget prepared for that fiscal year, then, except as prohibited by Section 4.2(a), the Board of Directors shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit that the Association may incur in the performance of its duties and the discharge of its obligations hereunder.

(ii) *Capital Improvements.* The Board may also levy Special Assessments for additional capital improvements within the Common Areas (*i.e.*, improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, the existing Common Facilities) or to defray the costs of any other extraordinary, nonrecurring actions or undertakings that the Board, in its discretion, determines to be to the advantage and in the best interests of the Members as a whole. The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance and replacement repair of the Common Areas or the existing Common Facilities through Regular Assessments (including the funding of reasonable capital repair and replacement reserves) and to maintain adequate insurance on the Common Area and existing Common Facilities in accordance with Article X.

(iii) *Requirements for Special Assessments Levied to Fund Multiyear Projects.* Typically, Special Assessments shall be imposed only to fund a specific capital improvement project during a particular fiscal year. However, if the Board determines that a Special Assessment should be levied to fund a portion of a capital project that will, or is likely to, entail work and/or funding in more than 1 fiscal year, this fact and a detailed disclosure of the intended scope and estimated costs of the project shall also be included in the Association's annual budget disclosures for the year in which the Special Assessment is imposed or, if the Special Assessment requires Member approval, in the solicitation materials distributed to the Members to vote on the proposal.

(iv) *Major Capital Repair and Reconstruction Projects.* As more particularly provided in Section 11.3, the Board shall be entitled to levy a Special Assessment to fund uninsured major repairs or reconstruction of Common Areas, subject to the membership approval requirements of Section 11.3.

(b) *Special Assessments Requiring Membership Approval.* The following Special Assessments require prior membership approval in accordance with Section 4.8: (i) any Special Assessments that, in the aggregate, exceed 5 percent of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied and (ii) any Special Assessments imposed under subparagraph (a)(i) of this Section when the Board has failed to distribute a budget to the Members within the time specified in Section 4.2(a). The foregoing Member approval requirements shall not apply, however, to any Special Assessment imposed to address any emergency situation as defined in Section 4.5.

(c) *Allocation and Payment of Special Assessments.* When levied by the Board or approved by the Members as provided in subparagraph (b), the Special Assessment shall be divided among, assessed against, and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments under Section 4.2(c). The Board of Directors of the Association shall provide notice by first-class mail to each Owner of the imposition of a Special Assessment not less than 30 nor more than 60 days before the Special Assessment becomes due.

Special Assessments for purposes described in subparagraph (a)(i) of this Section shall be due as a separate debt of the Owner and a lien against his or her Lot and shall be payable to the Association in the same manner as the payment of Regular Assessments during the remainder of the then-current fiscal year. Special Assessments for purposes described in subparagraph (a)(ii) shall be due as a separate debt of the Owner and a lien against his or her Lot and shall be payable in full to the Association within 30 days after the mailing of such notice or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment. Special Assessments levied under subparagraph (a)(iii) shall be payable in such reasonable installments as shall be established at the time the Special Assessment is levied. Special Assessments levied under subparagraph (a)(iv) and Section 11.3 shall be due as a separate debt of each Owner and a lien against the Owners' Lots at such time as required by the repair or reconstruction project, but in no event sooner than 60 days after receipt of the Association's notice of levy of the Assessment.

Section 4.4. Special Individual Assessments.

(a) *Circumstances Giving Rise to Special Individual Assessments.* In addition to the Special Assessments levied against all Owners in accordance with Section 4.3, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii), provided, however, that no Special Individual Assessments may be imposed against an Owner under this section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled under Section 13.6 and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) *Damage to Common Areas or Common Facilities.* In the event that any damage to, or destruction of, any portion of the Common Areas or the Common Facilities, or any portion of the Lots or Residentces that the Association is obligated to reapan and maintain is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family,

or any of his or her tenants, guests, servants, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred by the Association in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment. If the Association's insurance provides coverage for the damage, the Owner who caused the damage shall remain responsible for the payment of any applicable insurance deductible.

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

(iii) *Required Maintenance of Lots and Residences.* If any Lot or Residence is maintained so as to become a nuisance, fire, or safety hazard for any reason, including, without limitation, e.g., the accumulation of trash, inoperable automobiles, improper weed or vegetation control, the Association shall have the right to enter the Lot, correct the offensive or hazardous condition, and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry on the property of any Owner by the Association shall be effected in accordance with Section 3.6(b).

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

(c) *Limitation on Right to Lien Lots for Special Individual Assessments.* The right of the Association to collect delinquent Special Individual Assessments through the use of lien and foreclosure remedies is subject to the limitations set forth in Section 4.10(b)(ix). However, Special Individual Assessments may be collected by the Association through the use of other legal processes, including, without limitation, an action in small claims court.

Section 4.5. Assessments to Address Emergency Situations.

(a) *Authority of Board to Impose Emergency Assessments.* The requirement of a membership vote to approve both (i) Regular Assessment increases in excess of 20 percent of the previous year's Regular Assessment and (ii) Special Assessments that, in the aggregate, exceed 5 percent of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied shall not apply to Assessments necessary to address emergency

situations (Emergency Assessments). For purposes of this section, an emergency situation includes, and is limited to, any of the following:

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

(ii) An extraordinary expense necessary to repair or maintain the Common Areas or Common Facilities when a threat to personal safety is discovered.

(iii) An extraordinary expense necessary to repair or maintain the Common Areas or Common Facilities that could not have been reasonably foreseen by the Board in preparing and distributing the budget under Section 4.2(a) and Section 12.5 of the Bylaws, provided, however, that before the imposition or collection of an Assessment under this subparagraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of Assessment.

(b) *Payment of Emergency Assessments.* When levied by the Board, the Emergency Assessment shall be divided among, assessed against, and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments under Section 4.2(c). The Emergency Assessment so levied shall be recorded on the Association's Assessment roll, and notice thereof shall be mailed to each Owner. An Emergency Assessment shall be due as a separate debt of the Owner and shall be payable in full to the Association within 30 days after the mailing of the notice of the Emergency Assessment or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Emergency Assessment. If an Emergency Assessment is not paid on or before the due date, the Assessment may be enforced in the manner provided in Section 4.10(b).

Section 4.6. Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively (a) to promote the recreation, health, safety, and welfare of individuals residing within the Development; (b) to promote the enjoyment and use of the Development by the Owners and their tenants, guests, and invitees; and (c) to provide for the repair, maintenance, replacement and protection of the Common Areas and Common Facilities and those portions of the Lots or Residences that the Association is obligated to maintain, if any. Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment and to constitute a separate, distinct, and personal obligation (with respect to which a separate lien may be created under Section 4.10(b)(v), except as limited by Section 4.10(b)(ix)) of the Owner of the Lot against which the Assessment is imposed that shall be binding on the Owner's heirs, successors, and assigns, provided, however, that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 4.7. Exemption of Portions of the Development From Assessments. The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

- (a) Any portion of the Development dedicated and accepted by a local public authority;
- (b) The Common Area and Common Facilities; and
- (c) Any Lot owned by the Association.

Section 4.8. Notice and Procedure for Member Approval Under Sections 4.2 and 4.3. If Member approval is required in connection with any increase or imposition of Assessments under Sections 4.2 and 4.3, the affirmative vote required to approve the increase shall be a Majority of a Quorum of the Members. The quorum required for such membership action shall be a majority of the Members. Any vote on an increase in the Regular Assessment or on the imposition of a Special Assessment that requires approval of the Members must be conducted by use of a secret ballot, and that balloting process shall be conducted using the same procedures for the casting of ballots in the election of directors under Section 7.5 of the Bylaws.

Section 4.9. Maintenance of Assessment Funds.

(a) *Establishment and Maintenance of Association Bank Accounts.* All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings, or money market accounts in a bank or other financial institution selected by the Board of Directors. In addition, the Board shall be entitled to make prudent investment of reserve funds in FDIC-insured certificates of deposit, money market funds, or similar investments consistent with the investment standards normally observed by trustees. The Board and such officers or agents of the Association as the Board shall designate shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by Civil Code §5510(a) and Section 12.2 of the Bylaws. Any interest received on deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b).

(b) *Expenditure of Assessment Funds.* Except as provided in this paragraph, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the requirement of which such Assessment was levied, such surplus may, in the Board's discretion, be (i) returned proportionately to the contributors thereof; (ii) reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded; or (iii) credited proportionately on account of the Owners' future Regular Assessment obligations. In accordance with Civil Code §5510(b), except for temporary transfers of monies from reserve funds that are permitted under subparagraph (d), the Board of Directors shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of

(or litigation involving the repair, restoration, replacement, or maintenance of) major components of the Development that the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

(c) *Separate Accounts; Commingling of Funds.* Except as otherwise provided in subparagraph (d)(iii), to preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts, as long as the separate accounting records described herein are maintained. For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom, provided, however, that receipts and disbursements of Special Assessments made under Section 4.3(a)(i) shall be accounted for together with the receipts and disbursements of Regular Assessments, and a separate accounting shall be maintained for each capital improvement for which reserve funds for replacement are required to be maintained by the Association.

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

(d) Reserve Funds.

(i) *Required Study of Reserve Account Requirements.* As more particularly provided in Section 12.6 of the Bylaws and as required by Civil Code §5550(a), at least once every 3 years, as part of a study of the Association's reserve account requirements, the Board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components of the Development that the Association is obligated to repair, replace, restore, or maintain. This 3-year rolling study must also be reviewed annually by the Board and adjusted as appropriate. As used herein, the phrase "major components of the Development" includes those elements of the Development that the Association is obligated to maintain, repair, and eventually replace that have a remaining useful life of less than 30 years. The study of the Association's reserve account requirements shall include all of the following:

(A) An identification of the probable remaining useful life of the major components;

(B) An estimate of the cost of repair, replacement, restoration, or maintenance of the major components during and at the end of their useful life;

(C) An estimate of the total annual contribution necessary to defray the cost of repairing, replacing, restoring, or maintaining the major components both during and at the end of their useful life (taking into account reserve funds on hand); and

(D) A reserve funding plan that will disclose to the Members how the Association plans to fund the contribution identified in subparagraph (C) to meet the Association's obligations for the

repair and replacement of all major components of the Development, not including major components that the Association's Board has determined will not be replaced or repaired. If the plan includes a change in the amount of the Regular Assessment or imposition of a Special Assessment to provide adequate funding of reserve requirements, the funding plan shall disclose the schedule of the date and amount of that Assessment.

(ii) *Adoption of the Reserve Funding Plan.* The reserve funding plan that is required under subparagraph (i)(D) shall be adopted by the Board at an open meeting before the membership of the Association, and if the plan includes an increase in Assessments to properly fund the reserve accounts, approval of that increase shall be done as a separate action of the Board, with member approval for the action if required by Civil Code §5605. The Association shall provide its Members with a summary of the reserve funding plan adopted by the Board in accordance with Civil Code §§5300 and 5570. This summary shall include notice to the Members that the full reserve study plan is available on request. On receipt of a request from a Member, the Association shall provide that Member with a copy of the complete reserve plan.

(iii) *Permitted Temporary Transfers of Reserve Funds.* Notwithstanding the restrictions on the use of reserve funds set forth in subparagraph (b), the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash flow requirements or other expenses if the Board has provided notice of the intent to consider the transfer in a notice of meeting, which shall be provided to the Members as specified in Civil Code §4920. The notice shall include the reasons why the transfer is needed, some of the options for repayment, and whether a Special Assessment may be considered. If the Board authorizes the transfer, the Board shall issue a written finding, recorded in the Board's minutes, explaining the reasons why the transfer is needed and describing when and how the monies will be repaid to the reserve fund.

The transferred funds shall be restored to the reserve fund within 1 year of the date of the initial transfer, except that the Board may, after giving the same notice required for considering a transfer, and on making a finding supported by documentation that a temporary delay would be in the best interests of the Development, temporarily delay the restoration. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this subparagraph (d). This Special Assessment is subject to the Member approval requirements of Civil Code §5605(b) and Section 4.3(b) if the aggregate amount of the Special Assessment exceeds 5 percent of the budgeted gross expenses of the Association for the year in which the Special Assessment is imposed. The Board may, at its discretion, extend the date the payment on the Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment.

When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of that decision and of the availability of an accounting of those expenses by general notice under Civil Code §4045. The Association shall make an accounting of expenses related to the litigation on at least a

quarterly basis. The accounting shall be made available for inspection by Members at the Association's principal office.

(e) *Limitations on Association's Authority to Assign or Pledge Assessment Obligations.* The Association may not voluntarily assign or pledge to a third party its right to collect payments or Assessments or to enforce or foreclose a lien, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association. However, the restrictions imposed by this subparagraph (e) shall not restrict the right or ability of the Association to assign any unpaid obligations of a former Member to a third party for purposes of collection.

Section 4.10. Collection of Assessments; Enforcement of Liens. Installments of Regular Assessments shall be delinquent if not paid within 15 days of the due date as established by the Board. Special Assessments, Special Individual Assessments, and Emergency Assessments shall be delinquent if not paid within the times prescribed in Sections 4.3(c), 4.4(b), and 4.5(b), respectively. When an Assessment becomes delinquent, the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law commencing 30 days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent Assessments, subject to the limitations imposed by Civil Code §§5600(b) and 5650 or comparable successor statutes. Once an assessment becomes delinquent, the Association may elect one or both of the following remedies:

(a) *Enforcement of Owner's Personal Obligation to Pay Assessments.* The Association may bring a legal action directly against the Owner for breach of the Owner's personal obligation to pay the Assessment, and in such action the Association shall be entitled to recover the delinquent Assessment or Assessments, accompanying late charges, interest, costs, and reasonable attorney fees. Commencement of a legal action shall not constitute a waiver of any lien rights as described in subparagraph (b).

(b) *Imposition and Enforcement of Assessment Lien; Limitations.* Except as otherwise provided in subparagraph (b)(ix) (which imposes limitations on the Association's right to utilize nonjudicial foreclosure remedies to collect certain Special Individual Assessments), the Association may impose a lien against the Owner's Lot for the amount of the delinquent Assessment or Assessments, plus any reasonable costs of collection (including reasonable attorney fees), late charges, and interest by taking the following steps:

(i) *Issuance of Delinquency Notice; Contents.* At least 30 days before Recording a lien on the Owner's Lot to collect a delinquent Assessment, the Association shall notify the Owner in writing by certified mail (the "Delinquency Notice"), providing the following information:

(A) A general description of the Association's collection and lien enforcement procedures and the method of calculating the amount;

(B) A statement that the Owner of the Lot has the right to inspect the Association records under Civil Code §5205;

(C) The following statement in 14-point boldface type if printed or in capital letters if typed: “IMPORTANT NOTICE: IF YOUR LOT IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.”

(D) An itemized statement of the charges owed by the Owner, including items that indicate the amount of any delinquent Assessments, the fees and reasonable costs of collection, reasonable attorney fees, any late charges, and interest, if any.

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

(F) The right of the notified Owner to request a meeting with the Board as provided in Civil Code §5665.

(G) The right to dispute the assessment debt by submitting to the Association a written request for dispute resolution under the Association’s “meet and confer” program as required by Civil Code §§5900–5920.

(H) The right of the noticed Member to request alternative dispute resolution with a neutral third party under Civil Code §§5925–5965 before the Association may initiate foreclosure against the Owner’s Lot, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure (as opposed to nonjudicial foreclosure).

(ii) *Application of Payments.* Any payments made by a delinquent Owner toward the delinquent Assessments that are in arrears shall first be applied to the Assessments that are owed at the time the payment is made; only after the Assessments owed are paid in full shall the payments be applied to the fees and the costs of collection, attorney fees, late charges, or interest. When an Owner makes a payment, the Owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the person who received the payment on behalf of the Association. The Association shall provide its Members with a mailing address for overnight payment of Assessments.

(iii) *Pre-Lien Offer to Meet and Confer With Owner or to Participate in ADR.* Before Recording a lien for delinquent assessments, the Association must offer the Owner and, if so requested by the Owner, participate in dispute resolution under the Association’s “meet and confer” program required by Civil Code §§5900–5920 or alternative dispute resolution with a neutral third party under Civil Code §§5925–5965. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure (as opposed to nonjudicial foreclosure).

(iv) *Right of Owner to Propose Payment Plans.* An Owner may also submit a written request to meet with the Board to discuss a payment plan for the delinquent assessment. This request

must also be made within 15 days of the postmark of the Delinquency Notice. The Association shall provide the Owner with the standards for payment plans, if such standards have been adopted. So long as a timely request for a meeting has been tendered, the Board shall meet with the Owner in executive session within 45 days of the postmark of the request for a meeting, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more Members to meet with the Owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an Association's ability to Record a lien on the Owner's Lot to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan. If the Owner defaults on any payment plan, the Association may resume its efforts to collect the delinquent assessments from the time before entering into the payment plan.

(v) *Association Assessment Lien Rights.* Except as provided in subparagraph (ix) (limiting the right to collect Special Individual Assessments by use of lien and foreclosure remedies), the amount of the Assessment, plus any costs of collection, late charges, and interest assessed in accordance with Civil Code §5650, shall be a lien on the Owner's Lot from and after the time the Association causes to be Recorded in the Office of the County Recorder a Notice of Delinquent Assessment. The Notice of Delinquent Assessment shall state the amount of the Assessment and other sums imposed in accordance with Civil Code §5650, a legal description of the Owner's Lot against which the Assessment and other sums are levied, and the name of the Owner of Record of the Owner's Lot against which the lien is imposed. The itemized statement of the charges owed by the Owner that is required by subparagraph (b)(i)(D) of this Section 4.10 shall be Recorded together with the Notice of Delinquent Assessment. The decision to Record a lien for delinquent assessments shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board in an open meeting, and the vote shall be recorded in the minutes of the meeting. If the Association fails to abide by the pre-lien notice and other procedures set forth above, the Association must recommence the required notice process, with any resulting additional costs being borne solely by the Association.

For the lien to be imposed by nonjudicial foreclosure as provided in subparagraph (vii), the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment shall be signed by any officer of the Association or by the person designated by the Association for that purpose or, if no one is designated, by the president of the Association. A copy of the Recorded Notice of Delinquent Assessment shall be mailed by certified mail to every person whose name is shown as an Owner of the Lot in the Association's records, and the notice shall be mailed no later than 10 calendar days after its Recordation. On receipt of a written request by an Owner identifying a secondary address for purposes of collection notices, the Association shall send additional copies of any notices, including Notices of Delinquent Assessments and Notices of Default, required by Civil Code §§5600–5740 to the secondary address that is specified.

(vi) *Priority of Assessment Liens.* A lien created under subparagraph (v) or subparagraph (ix) shall be prior to all other liens Recorded against the Owner's Lot after the Notice of Delinquent Assessment, except as described in Section 4.12.

(vii) *Enforcement of Assessment Liens.* Subject to the limitations of this Section 4.10(b) and in particular this subparagraph (vii), after the expiration of 30 days following the Recordation of a Notice of Delinquent Assessment, the Association's lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted under Civil Code §2934(a). Any sale by the trustee shall be conducted in accordance with Civil Code §§2924, 2924(b) and 2924(c) applicable to the exercise of powers of sale in mortgages and deeds of trusts. The fees of a trustee may not exceed the amounts prescribed in Civil Code §§2924(c) and 2924(d). In addition to the requirements of Civil Code §2924, the Association shall serve a notice of default on the Owner's legal representative in accordance with Code of Civil Procedure §415.10. As used herein, the Owner's legal representative shall be the person whose name is shown as the Owner of the liened Lot on the records of the Association, unless the Owner has previously designated another person as the Owner's legal representative in a writing mailed to the Association in a manner that indicates that the Association has received the designation.

The following specific limitations shall apply to the Association's authority to pursue foreclosure remedies as a means of collecting delinquent Assessments:

(A) The decision to initiate foreclosure of a lien for delinquent assessments that has been validly Recorded shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board in an executive session and shall record the vote in the minutes of the next meeting of the Board that is open to attendance by the Members. The Board shall maintain the confidentiality of the Owner(s) of the Lot to which the delinquent Assessment pertains by identifying the matter in the minutes by the parcel number of the property rather than the name of the Owner(s). A Board vote to approve foreclosure of a lien shall take place at least 30 days before any public sale of the Lot in question.

(B) Before initiating a foreclosure for delinquent assessments, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution under the Association's "meet and confer" program as required by Civil Code §§5900–5920 or alternate dispute resolution with a neutral third party under Civil Code §§5925–5965. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate judicial foreclosure (as opposed to nonjudicial foreclosure).

(C) If the Board votes to commence foreclosure proceedings to collect delinquent assessments under this subparagraph (vii), the Board shall provide notice of that decision by personal service to an Owner of the Lot who occupies the Residence on the Lot or to the Owner's legal representative. If the Owner does not occupy the Residence and Lot that are the subject of the foreclosure proceeding, the Board shall provide written notice to the Owner by first-class mail, postage prepaid, at the most current address for the Owner that is shown on the books of the Association. In the absence of written notification by the Owner to the Association, the address of the Owner's Lot may be treated as the Owner's mailing address.

(D) Debts for Assessments, Regular or Special, may not be collected through judicial or nonjudicial foreclosure until the delinquent assessment amount, exclusive of any accelerated assessments, late charges, fees, costs of collection, attorney fees, and interest equals or exceeds \$1800.00 or the Assessments are more than 12 months delinquent. Delinquent Assessments in a smaller amount may not be collected through foreclosure but may be collected by any of the following other means: (1) a civil action in small claims court; (2) a lien on the Owner's Lot (subject to the restrictions on foreclosure of that lien); or (3) any other manner provided by law, other than foreclosure. If the Association elects to Record a lien for delinquent Assessments, before Recording the lien the Association must offer the Owner and, if so requested by the Owner, participate in dispute resolution in accordance with Civil Code §§5900–5920. The limitations on the use of foreclosure remedies set forth in this subparagraph (D) do not apply to assessment collection actions against the Declarant in its capacity as an Owner when the Declarant's Assessment obligations are delinquent.

(viii) *Foreclosed Owner's Right of Redemption.* A nonjudicial foreclosure by the Association of an Owner's interest in his or her Lot to collect a debt for delinquent Assessments shall be subject to a right of redemption. The redemption period within which the Lot may be redeemed from a foreclosure sale under this subparagraph (viii) (which reflects Civil Code §5715(b)) ends 90 days after the sale. In addition to the requirements of Civil Code §2924f, a notice of sale in connection with the Association's foreclosure of a Lot in the Development shall include a statement that the property is being sold subject to the right of redemption created by Civil Code §5715(b).

(ix) *Limitation on Authority to Use Lien and Foreclosure Remedies to Collect Special Individual Assessments.*

For so long as any Lots within the Development are being sold under authority of a Bureau of Real Estate (BRE) Public Report, a Special Individual Assessment or other monetary charge imposed by the Association (A) as a means of reimbursing the Association for costs incurred to repair damage to Common Area improvements or landscaping for which the Member or the Member's guests or tenants were responsible or (B) as a disciplinary measure for failure of a Member to comply with the Governing Documents (except for reasonable late payment penalties, interest, and other reasonable costs of collection authorized by Civil Code §5650) may not be characterized nor treated as an Assessment that may become a lien against the Owner's Lot enforceable by the sale of the interest under Civil Code §§2924, 2924(b), and 2924(c).

Once the Association is no longer subject to the regulatory jurisdiction of the BRE,

The following categories of Special Individual Assessments may be collected through the use of lien and foreclosure remedies in accordance with subparagraphs (v)–(viii): (A) Special Individual Assessments or other monetary charges imposed by the Association as a means of reimbursing the Association for costs incurred to repair damage to Common Areas and Common Facilities for which the Member or the Member's guests or tenants were responsible and (B) Special Individual Assessments imposed to recover late charges, reasonable costs of collection, and interest assessed in accordance with Civil Code §5650.

(x) *Obligation to Record Lien Releases.* If it is determined that a lien previously Recorded against a Lot was Recorded in error, the party who recorded the lien, within 21 calendar days, shall record or cause to be Recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Lot Owner with a declaration that the lien filing or Recordation was in error and a copy of the lien release or notice of rescission. If the determination that the lien was Recorded in error is the result of dispute resolution “meet and confer” proceedings conducted under Civil Code §§5900–5920 or alternative dispute resolution with a neutral third party under Civil Code §§5925–5965, the Association shall also be obligated to promptly reverse all late charges, fees, interest, attorney fees, costs of collection, costs imposed for the issuance of the notices required by law, costs of Recording the lien release, and all costs incurred in the mediation or alternative dispute resolution process.

In addition, within 21 days of the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall Record or cause to be Recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Lot Owner with a copy of the lien release or notice that the delinquent Assessment has been satisfied.

(xi) *Effect of Failure to Adhere to Statutory Lien and Foreclosure Procedures.* If the Association fails to comply with the notice and other pre-lien procedures set forth in this Section 4.10(b) and Civil Code §§5650–5690 before Recording a lien, the Association shall recommence the required notice process before Recording a lien. Any costs associated with recommencing the notice process shall be borne by the Association and not by the Lot Owner.

The provisions of this Section 4.10(b) are intended to comply with the requirements of Civil Code §§5650–5690 as in effect on the date that this Amended and Restated Declaration is Recorded in the Official Records of County. If these sections of the Civil Code are amended or modified in the future in a way that is binding on the Association and causes this Section to be in conflict with applicable law, the provisions of this Section 4.10(b) automatically shall be amended or modified in the same manner by action of the Board of Directors without necessity of approval of the amendment by the Members, as long as all Members are given a copy of the Recorded amendment and the decision to approve the amendment is made at a duly noticed open meeting of the Board.

Section 4.11. Transfer of Lot by Sale or Foreclosure. The following rules shall govern the right of the Association to enforce its Assessment collection remedies following the sale or foreclosure of a Lot:

(a) Except as provided in subparagraph (b), the sale or transfer of any Lot shall not affect any Assessment lien that has been duly Recorded against the Lot before the sale or transfer, and the Association can continue to foreclose its lien in spite of the change in ownership.

(b) The Association’s Assessment lien shall be extinguished as to all delinquent sums, late charges, interest, and costs of collection incurred before the sale or transfer of a Lot under a foreclosure or exercise of a power of sale by the holder of a prior encumbrance (but not under a deed in lieu of foreclosure). A “prior encumbrance” means any first Mortgage or other Mortgage

or lien Recorded against the Lot at any time before Recordation of the Association's Assessment lien (see Section 4.12).

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

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

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

Section 4.12. Priorities. When a Notice of Delinquent Assessment has been Recorded, such notice shall constitute a lien on the Lot prior and superior to all other liens except:

(a) All taxes, bonds, assessments, and other levies that by law would be superior thereto (under current law, association assessment liens are subordinate to other liens and encumbrances Recorded before Recordation of the Association's Notice of Delinquent Assessment); and

(b) The lien or charge of any first Mortgage of record (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value, provided, however, that such subordination shall apply only to the Assessments that have become due and payable before the transfer of such property under the exercise of a power of sale or a judicial foreclosure involving a default under such first Mortgage or other prior encumbrance.

Section 4.13. Unallocated Taxes. If any taxes are assessed against the Common Area or the personal property of the Association rather than being assessed to the Lots, such taxes shall be included in the Regular Assessments imposed under Section 4.2, and if necessary, a Special Assessment may be levied against the Lots in accordance with Section 4.3(a) in an amount equal to such taxes to be paid in two installments, 30 days before the due date of each tax installment.

Section 4.14. Assignment of Rents. Each Owner hereby presently assigns to the Association, absolutely and regardless of possession of the property, all rents and other monies now due or hereafter to become due under any lease or agreement or otherwise for the use or occupancy of any or all parts of any Lot owned by the Owner, now existing or hereafter made for the purpose of collecting all Assessments due the Association under this Declaration that are in default. The Association hereby confers on each Owner the authority to collect and retain the rents and other monies derived from any such lease or agreement as they become due and payable, provided, however, that the Association, at its sole discretion, may revoke such authority at any time on

written notice to the Owner of a default in the payment of any Assessment due hereunder. On revocation of such authority, the Association may, under court order or by court-appointed receiver, collect and retain such monies, whether past due and unpaid or current.

Section 4.15. Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created under this Article, the benefit of any homestead or exemption law of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed.

Section 4.16 Water Rate and Assessments Related to the Water Distribution.

(a.) *Establishment of Water Rate.* The Board of Directors shall establish by resolution, as may from time to time be amended, a schedule for the collection of charges, dues or assessments against the Members or owners of lots or parcels of land served by the Association.

(b) *Maintenance of a Reserve Fund for Water System Purposes.* The system of rates and charges established by the Board of Directors shall result in the accumulation and maintenance of a reserve fund for the repair, administration, maintenance and replacement of the water supply distribution and fire protection system. Members who are owners of unimproved lots included within the Association's service area shall bear a proportionate share of the cost of repair and replacement of the water supply, distribution and fire protection system, as well as a proportionate share of the cost of maintaining the fund.

(c) *Reasonable Relationship to Providing Water and Maintaining the System.* The rates and charges shall bear a reasonable relationship to the cost of furnishing water and maintaining the system. Members or owners of lots or parcels of land may be subject to these charges and assessments whether or not said person used the facilities of the Association as long as water service is made available to the Member at all times. However, no Member or owner of a lot or parcel of land shall be assessed for more than one water service connection if no such water service connections are used by them on that lot or parcel of land.

(d) *Delinquent Charges.* The Board of Directors may levy and collect the rates and charges from the Member and withhold delivery of water while rates or charges are delinquent; make such rates and charges a lien against the shares; and withhold transfer of the shares subject to a lien of unpaid rates or charges. Should a Member be delinquent in paying any such rates and charges, the right to receive water or dividends pursuant to such membership may be forfeited, however, those rights shall not be sold or transferred to any other persons separate and apart from the transfer of the lot. In addition or instead, the Board may treat these as Regular Assessments as provided for in Section 4.2 above.

(e) *Rules and Regulations for the Water System.* The Board of Directors may adopt, repeal, modify, and enforce rules and regulations advisable for carrying out the foregoing purposes and powers, including the manner of delivery of water, and the imposition of penalties for violation of such rules and regulations or for the failure to pay charges, rates or assessments.

ARTICLE V

Architectural Control

Section 5.1. Design Sub-Committee Approval of Improvements.

(a) *Approval Generally.* Before commencing construction or installation of any Improvement, as defined in Section 1.19, within the Development (other than the initial construction of Residences by the Declarant), the Owner planning such Improvement must submit to the Architectural Committee a written request for approval. The Owner's request shall include structural plans and specifications satisfying the minimum requirements (specified in the Design Rules (see Section 5.5)). No work on the Improvement shall be undertaken unless the Committee's approval of the proposal is first obtained. The Design Sub-Committee shall base its decision to approve, disapprove, or conditionally approve the proposed Improvement on the criteria described in Section 5.6.

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

If the Association, its Design Sub-Committee, or the agents or employees of either learn that a work of Improvement, or any modification thereof, is proceeding without proper approval, the Association shall be entitled to exercise the enforcement remedies specified in Section 5.11, including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of Improvement until such time as proper Architectural Committee review and approval is obtained.

Section 5.2. Committee Membership. The Design Sub-Committee shall be composed of four Members of the Association appointed by the Board of Directors and one member of the Board of Directors. In selecting Members for the Architectural Committee, the Board shall endeavor to select individuals whose occupations or education will provide technical knowledge and expertise relevant to matters within the Committee's jurisdiction. Committee members shall serve for 1-year terms, subject to the Board's power to remove any Committee member and to appoint his or her successor. Neither the members of the Architectural Committee nor its designated representatives shall be entitled to any compensation for services performed under this Declaration.

Section 5.3. Duties of the Committee. It shall be the duty of the Design Sub-Committee to consider and act on the proposals and plans for Improvement submitted to it under this

Declaration, to adopt Design Rules under Section 5.5, to perform other duties delegated to it by the Board of Directors, and to carry out all other duties imposed on it by this Declaration.

Section 5.4. Meetings. The Design Sub-Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of a majority of the Committee members shall constitute the action of the Committee, and the Committee shall keep and maintain a written record of all actions taken.

The applicant shall be entitled to appear at any meeting of the Design Sub-Committee at which his or her proposal has been scheduled for review and consideration. The applicant shall be entitled to be heard on the matter and may be accompanied by his or her architect, engineer, and/or contractor. Other Owners whose Development may be affected by the proposed Improvement in terms of the structural integrity, view or solar access of the applicant's or any adjacent Lot, noise, or other considerations shall also be entitled to attend the meeting.

Reasonable notice of the time, place, and proposed agenda for Design Sub-Committee meetings shall be communicated before the date of the meeting to any applicant whose application is scheduled to be heard.

If the proposed Improvement will be visible from any neighboring in the Lot in the sole discretion of the Design Sub-Committee, the Owners of Residences shall be notified promptly by the Design Sub-Committee of the applicant's submittal and shall thereafter be given notice of any Committee meeting at which the application is scheduled to be heard.

Section 5.5. Design Rules. The Design Sub-Committee may, from time to time and with approval of the Board of Directors, adopt, amend, and repeal rules and regulations to be known as "Design Rules." The Design Rules shall interpret and implement the provisions hereof by setting forth (a) the standards and procedures for Design Sub-Committee review, including the required content of Improvement plans and specifications; (b) guidelines for architectural design or placement of any work of Improvement or color schemes, exterior finishes, and materials and similar features recommended or required for use in connection with particular Improvement projects within the Development; and (c) the criteria and procedures for requesting variances from any property use restrictions that would otherwise apply to the proposed Improvement under Section 5.12. Notwithstanding the foregoing, no Design Rule shall be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Design Rules and this Declaration, the provisions of the Declaration shall prevail. Design Rules that relate to procedural requirements for the review and approval of Improvement projects are "Operating Rules" subject to Section 3.7(c).

Among other things, the Design Rules shall provide a fair, reasonable, and expeditious procedure for making decisions on submitted Improvement plans and projects. The procedures shall include prompt deadlines for various actions and a maximum time for response to an application consistent with Section 5.7.

Section 5.6. Basis for Approval of Improvements. When a proposed Improvement is submitted to the Architectural Committee for review, the Committee shall grant the requested

approval only if the Committee, in its sole discretion exercised in good faith, makes the following findings regarding the proposed project:

(a) The Owner's plans and specifications conform to this Declaration and to the Architectural Rules in effect at the time such plans are submitted to the Committee;

(b) The Improvement will be in harmony with the external design of other structures and landscaping within the Development;

(c) The Improvement, as a result of its appearance, location, or anticipated use, will not interfere with the reasonable enjoyment of any other Owner of his or her Lot; and

(d) The proposed Improvement(s), if approved, will otherwise be consistent with the architectural and aesthetic standards prevailing within the Development and with the overall plan and scheme of development within the Development.

The decision of the Committee shall be in writing, shall be made in good faith, and shall not be arbitrary, unreasonable, or capricious. Although it is recognized that the Architectural Committee's determination will, of necessity, be subjective to some degree, the members of the Committee shall consider such factors as the quality of workmanship and materials proposed for the Improvement project; the harmony of its exterior design, finished materials, and color with that of other existing structures; the proposed location of the Improvement in relation to the existing topography, finished grade elevations, roads, Common Areas, and other existing structures; and the impact, if any, that the Improvement will have or may have on the structural integrity of the Lot or adjacent Lots. Decisions shall be consistent with any governing provision of law, including, without limitation, the Fair Employment and Housing Act (Govt C §§12900–12996).

The Design Sub-Committee's approval of any plans, drawings, or specifications for any work of Improvement done or proposed or for any other matter requiring the approval of the Committee under this Declaration, or any waiver thereof, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval by the same or some other Owner. In reviewing a particular submittal, the Committee may take into consideration different locations for Improvements, the size of the structure, proximity to other Residences or Common Facilities, and other factors. Accordingly, the Committee shall be entitled to determine that a proposed Improvement or component thereof is unacceptable when proposed on a particular Lot, even if the same or a similar Improvement or component has previously been approved for use at another location if factors such as drainage; topography; noise; visibility from roads, Common Areas, or other Lots; or prior adverse experience with the product, the design, or with similar Improvements mitigate against erection of the Improvement or use of a particular component thereof on the Lot involved in the Owner's submittal.

In approving a request for construction of an Improvement, the Design Sub-Committee may condition approval on the adoption of modifications in the Owner's plans and specifications or

observance of restrictions as to location, noise abatement, or similar mitigating conditions applicable to the Improvement.

Section 5.7. Time Limits for Approval or Rejection; Right of Appeal to the Board.

(a) *Approval or Disapproval by the Committee.* Within 30 days after submission of plans and specifications satisfying the requirements of the Design Rules, the Design Sub-Committee shall return one set of such plans to the applicant, with written notice of either approval or disapproval. If the proposed Improvement is disapproved, the written decision of the Committee shall include both an explanation of why the proposed change was disapproved and a description of the procedure for reconsideration of the Committee's decision by the Board. If written suggestions of changes required for approval of the project accompany the returned set of plans, the applicant may implement such changes to the plans and within 30 days resubmit plans incorporating such changes for approval to the Committee, which shall not unreasonably withhold its approval as long as the Owner has complied in all material respects with the requested changes. If no written notice of approval or disapproval is received by the applicant within 30 days after the Owner's plans and specifications (or revisions thereto) are submitted to the Committee, the plans shall be deemed to have been approved as submitted.

(b) *Appeals to the Board.* If the Board establishes an Design Sub-Committee, then in accordance with Civil Code §4765(a)(5), any decision by the Committee other than to approve the Owner-applicant's proposal as presented shall be subject to appeal to the Board and shall be placed on the agenda for confirmation, modification, or denial at the next scheduled regular Board meeting, and the 30-day period set forth in this Section for Association action shall be extended to include the days from the committee's action to the meeting at which the appeal is heard. The Design Rules shall include fair and expeditious procedures for the hearing of appeals under this subparagraph (b).

Section 5.8. Proceeding With Work. On receipt of approval of an Improvement project from the Design Sub-Committee, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement of construction as approved. In all cases, work on an Improvement project shall commence within 12 months from the date of such approval. If the Owner fails to comply with this paragraph, any approval given under this Article shall be deemed revoked, unless the Design Sub-Committee, on written request of the Owner before the expiration of the initial 12 month period, extends the time for commencement or completion. No such extension shall be granted except on a finding by the Design Sub-Committee that there has been no change in the circumstances on which the original approval was granted and that the Owner has a bona fide intention and ability to complete the Improvement project within the time specified in the extension request.

Section 5.9. Failure to Complete Work. Unless the Owner has been granted an extension of time to complete the project by the Design Sub-Committee, the construction, reconstruction, refinishing, or alteration of any such Improvement must be complete within 6 months after construction has commenced, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner because of strikes, fires, national emergencies, natural calamities, or other supervening forces beyond the control of the Owner or the Owner's

agents. The Committee shall be entitled to grant longer times for completion of a particular Improvement project as part of the project approval process.

If the Owner fails to comply with this section, the Design Sub-Committee shall notify the Board of such failure, and the Board shall proceed, in accordance with the provisions of Section 5.10(c)–(d), as though the failure to complete the Improvement was a noncompliance with approved plans.

Section 5.10. Inspection of Work by Design Sub-Committee. Inspection of the work relating to any approved Improvement and correction of defects therein shall proceed as follows:

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

(b) On the completion of any work of Improvement for which Design Sub-Committee approval is required under this Article, the Owner shall give the Design Sub-Committee a written notice of completion.

(c) Within 30 days thereafter, the Design Sub-Committee, or its duly authorized representative, may inspect the Improvement to determine whether it was constructed, reconstructed, altered, or refinished in substantial compliance with the approved plans. If the Design Sub-Committee finds that the Improvement was not erected, constructed, or installed in substantial compliance with the Owner's approved plans, then within the 30-day inspection period the Committee shall give the Owner a written notice of noncompliance detailing those aspects of the Improvement project that must be modified, completed, or corrected. If the violation or nonconforming work is not corrected, the Association and its Design Sub-Committee shall have the enforcement rights and remedies set forth in Section 5.11.

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

Section 5.11. Enforcement of Architectural Review and Approval Requirements.

(a) *Authority to Red Tag Projects.* In addition to other enforcement remedies set forth in this Declaration, the Design Sub-Committee shall have the authority to order an abatement (red tag) of any construction, alteration, or other matter for which approval is required, to the extent that the work has not been approved by the Committee or the work does not conform to the plans and specifications submitted to and approved by the Committee. If an Improvement project is red tagged, the Owner and his or her contractor shall cease all construction activity until such time as the issue giving rise to the red tag order is resolved. The red tag notice shall clearly state the reasons why the abatement has been ordered.

(b) *Effect of Failure to Comply With This Article V.* If the Owner fails to remedy any noticed noncompliance within 30 days from the date of receipt of the Association's notice of noncompliance (see Section 5.10(c)), or if the Owner believes that the project has been red tagged or has received a notice of noncompliance without justification, the Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged noncompliance. The hearing shall be conducted in accordance with Section 13.6(d).

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

(d) *Lack of Complaint Not Deemed Approval; Attorney Fees.* No work for which approval is required shall be deemed to be approved simply because it has been completed without a complaint, notice of violation, or commencement of a suit to enjoin such work. If any legal proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorney fees in addition to the costs of such proceeding.

Section 5.12. Variances. The Design Sub-Committee, in its sole discretion, shall be entitled to allow reasonable variances in any procedures specified in this Article V or in any minimum improvement standards imposed by Article VI to overcome practical difficulties, avoid unnecessary expense, or prevent unnecessary hardship to applicants, provided all of the following conditions are met:

(a) If the requested variance will necessitate deviation from, or modification of, a property use restriction that would otherwise be applicable under this Declaration, the Design Sub-Committee may, but shall not be obligated to, condition approval of the variance on the Owner-applicant's receipt of approvals for the variance from neighboring Owners of Lots within a prescribed radius of the Owner-applicant's Lot. Under such circumstances, the Design Sub-Committee shall be entitled to issue notice to the neighboring Owners of the date, time, and location of the Design Sub-Committee hearing on the variance proposal to afford the neighbors an opportunity to attend and be heard on the matter.

(b) The Design Sub-Committee must make a good faith written determination that the variance is consistent with one or more of the following criteria:

(i) The requested variance will not constitute a material deviation from any restriction contained herein;

(ii) The variance relates to a land use restriction or minimum construction standard otherwise applicable hereunder that is unnecessary or burdensome under the circumstances; or

(iii) The variance, if granted, will not result in a material detriment or create an unreasonable nuisance with respect to any other Lot or Common Area within the Development.

Section 5.13. Nonconforming Use of Development.

(a) *Establishment of Nonconforming Use; Notice Requirements.* In addition to its jurisdiction over the review and approval of new Improvements and regulation of the timely and proper completion of such Improvements, the Design Sub-Committee shall also be vested with authority and responsibility to regulate continued compliance by Lots with the provisions of this Article V and Article VI. To this end, the Design Sub-Committee may appoint a compliance officer who shall tour the Development from time to time and report to the Committee any apparent violations of those articles (architectural or land use violations). If the Design Sub-Committee agrees that the compliance officer has identified an architectural or land use violation on any Lot, the Committee shall so notify the Owner in writing. The notice shall detail the nature of the alleged violation and advise the Owner of his or her right to be heard on the matter in accordance with Section 13.6(d). If the Owner fails to make a timely request for a hearing, the Design Sub-Committee shall be entitled to make its own determination of whether a violation exists at the next regularly scheduled Committee meeting following expiration of the notice period.

If the Design Subcommittee determines that a violation exists, it shall issue a notice of noncompliance, which shall identify the subject Lot, describe the nonconforming use, and specify the Article and Section number of the Governing Document being violated. Following issuance of a notice of noncompliance, the provisions of subparagraph (b) shall apply.

(b) Nonconforming Improvements.

(i) *Repair and Maintenance.* A nonconforming Improvement may be maintained or repaired without the necessity of complying with the Governing Documents as long as during any period of 4 consecutive months such repair and maintenance shall not exceed 25 percent of the current replacement cost of the nonconforming Improvement. Any repair or maintenance of the Improvement, the cost of which exceeds 25 percent of the current replacement cost thereof, shall require conformance to the Governing Documents as then in effect.

(ii) *Enlargement of Existing Nonconforming Improvements.* An Improvement that is nonconforming as to use may not be added to or enlarged unless such nonconforming Improvement, and the additions and enlargements thereto and the use thereof, are brought into compliance with the Governing Documents as then in effect.

(iii) *Restoration.* A nonconforming Improvement that is damaged or partially destroyed by any reason to the extent of not more than 50 percent of its value at that time may be restored, and the occupancy or use of such structure or part thereof, which existed at the time of such partial destruction, may be continued or resumed, provided the total cost of such restoration does not exceed 50 percent of the value of the Improvement at the time of such damage and that such restoration is started within a period of 1 year and is diligently prosecuted to completion. In the event such damage or destruction exceeds 50 percent of the value of such nonconforming Improvement, no repair or reconstruction shall be made unless every portion of such

Improvement is made to conform to all Governing Document regulations for new Improvements of a similar nature. The value of the nonconforming Improvement shall be determined by the Architectural Committee. If the Owner disputes the Committee's determination of value, the matter may be appealed to the Board of Directors, whose decision shall be final.

(c) *Certificate of Compliance.* On the elimination of any nonconforming Improvement, the Association shall execute and deliver to the Owner of the Lot a compliance certificate, as described in Section 5.14, which shall reference any previously issued notice of noncompliance, rescind the notice of noncompliance, and confirm that the Lot is in compliance with all applicable Governing Document provisions referenced in the notice of noncompliance.

Section 5.14. Compliance Certificate. Within 30 days after a written request is presented to the Design Sub-Committee by any Owner, and on payment to the Association of a reasonable fee (as established from time to time by the Board), the Architectural Committee shall issue a compliance certificate, executed by any two of its members, certifying (with respect to any Lot owned by the requesting Owner) that, as of the date thereof, (a) all Improvements made and other work completed by the Owner comply with this Declaration and any applicable Architectural Rules or (b) such Improvements or work do not so comply, in which event the certificate shall also identify the noncomplying Improvements or work and set forth with particularity the basis of such noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in the Lot through the Owner, shall be entitled to rely on the Association's compliance certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, all Owners of the Lot to which the certificate pertains, and any persons deriving any interest through them.

Section 5.15. Limitation on Liability. Neither the Association, its Design Sub-Committee, nor any member thereof shall be liable to any Owner for any damage, loss, or prejudice suffered or claimed on account of any mistakes in judgment, negligence, or nonfeasance arising out of (a) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (b) the construction or performance of any Improvement project, whether or not under approved plans, drawings, or specifications; or (c) the execution and filing of a notice of noncompliance under Section 5.10(c) or of a compliance certificate under Section 5.14, whether or not the facts therein are correct, provided, however, that such member has acted in good faith on the basis of such information as he or she possessed at the time the act or omission occurred.

Section 5.16. Compliance With Governmental Regulations. Review and approval by the Design Sub-Committee of any proposals, plans, or other submittals pertaining to Improvements shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the Owner who desires to construct, install, or modify the Improvement.

ARTICLE VI

Minimum Improvement Standards

Unless a variance is requested from, and granted by, the Architectural Committee in accordance with Section 5.12, Improvements constructed on any Lot in the Development shall conform to the following minimum improvement standards:

Section 6.1. Building Plans. All building and Improvement plans must be submitted to, and approved by, the Architectural Committee before being submitted to any governmental agency to obtain a building permit.

Section 6.2. Compliance With Approved Plans and Applicable Improvement Requirements. Once approved by the Architectural Committee, the Improvement project must be constructed and completed in accordance with the approved plans and specifications and any applicable minimum construction standards imposed by this Article VI or the Architectural Rules (unless the Committee has approved a specific variance from those standards).

Section 6.3. Licensed Contractor. Residential structures and any other significant structural Improvement project, as reasonably determined by the Committee, shall be constructed by a contractor licensed under the laws of the State of California and, if considered necessary or appropriate by the Committee, shall be designed by a licensed architect.

Section 6.4. Site and Drainage Review. General site considerations including site layout, open space and topography, orientation and locations of buildings, vehicular access, circulation and parking, setbacks, height, walls, fences, and similar elements shall be designed to provide a desirable environment and to avoid alteration of established drainage courses.

Section 6.5. Restrictions on Exterior Lighting.

(a) All exterior light fixtures shall direct their light downward to avoid creating light pollution (*i.e.*, lighting the sky) or light trespass (*i.e.*, light that crosses a property line—front, side, or rear) onto neighboring properties, Common Area, or rights-of-way.

(b) Vapor lights (mercury or sodium), metal halide, halogen (except low-voltage landscape lighting), or other high-intensity lighting will not be approved for Residences in the Development.

(c) Security lighting will be permitted only if it is screened and is triggered by movement, sound, or heat and stays on for no more than 5 minutes. Activators must be positioned so they are not triggered by passing automobile traffic.

(d) Exterior holiday lighting will be permitted only if it does not blink or flash. Holiday lighting may be displayed only between November 1 and January 15 of each year and must be removed immediately thereafter.

Section 6.6. Hours of Permitted Construction Activity. Noise-producing construction activities are prohibited on Sunday and are permitted from 7:00 a.m. to the earlier of 7:00 p.m. or dusk on Monday through Friday and from 9:00 a.m. to the earlier of 7:00 p.m. or dusk on Saturday.

Section 6.7. Antennas, Aerials, and Satellite Dishes. To ensure adequate aesthetic controls and to maintain the general attractive appearance of the Development, no Owner, resident, or lessee shall place or maintain any objects, such as masts, towers, poles, or radio or television antennas, on the exterior of any building within the Development unless architectural review and approval is first obtained in accordance with Article V, provided, however, that:

(a) The Association shall have the right, without obligation, to erect, place, or install and maintain any such apparatus for the benefit of all or a portion of the Development;

(b) In accordance with federal law, antennas or satellite dishes with a diameter or diagonal measurement not greater than 36 inches that are designed to receive direct broadcast satellite services, video programming services via multipoint distribution services, or television broadcast signals (collectively, Permitted Devices) may be erected, placed, or installed on a Lot, provided that:

(i) Any such Permitted Device is placed in the least conspicuous location on the Residence at which an acceptable quality signal can be received and is either not visible from neighboring property or is screened from view from streets and any neighboring Lot or Common Area.

(ii) Reasonable restrictions that do not significantly increase the cost of installing a Permitted Device or significantly decrease its efficiency or performance (including, without limitation, screening material, location, or complimentary-color painting of the Permitted Device) may be imposed as part of the Architectural Rules.

Furthermore, no activity shall be conducted on any Lot that causes an unreasonable broadcast interference with television or radio reception on any neighboring Lot.

Section 6.9. Electric Vehicle Charging Stations. No electric vehicle charging station shall be

ARTICLE VII

Association and Owner Maintenance Responsibilities

Section 7.1. Common Area Maintenance. The Association shall be solely responsible for all maintenance, repair, upkeep, and replacement of all portions of the Common Area. No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter, or maintain any Improvement on, create any excavation or fill, or change the natural or existing drainage of any portion of the Common Area. In addition, no person shall remove any tree, shrub, or other vegetation from, or plant any tree, shrub, or other vegetation on, the Common Area without express approval of the Association.

Without limiting the foregoing, the Association shall be responsible for:

(a) The reconstruction, replacement, or refinishing of any Common Facility or other Improvements within the Common Area as necessary in accordance with the original design, finish, or standard of construction of such Improvement.

(b) The construction, reconstruction, replacement, refinishing of any road, driveway, trail, or surface on any portion of Common Area designated on a Subdivision Map as a private road or parking area.

(c) The replacement of trees or other vegetation and the planting of trees, shrubs, and ground cover on any portion of Common Area.

(d) The placement and maintenance of such signs as the Association may deem necessary for the identification of the development and of roads, the regulation of traffic, including parking, and the regulation and use of Common Area and Common Facilities.

Section 7.2. Owner Maintenance Responsibilities.

(a) Each Owner shall be responsible for the maintenance and repair of his or her Residence and Lot.

Section 7.3. Association's Recovery of Costs of Certain Repairs and Maintenance.

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

(b) *Owner Defaults in Maintenance Responsibilities.* If an Owner fails to perform maintenance or repair functions on the Owner's Lot for which he or she is responsible, the Association may give written notice to the offending Owner with a request to correct the failure within 15 days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance, the Association may exercise its rights under Section 3.6(b) to enter the Owner's Lot and perform the repair or maintenance, as long as the Owner has been given notice and the opportunity for a hearing in accordance with Section 13.6(e).

Section 7.4. Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the Association's maintenance and repair obligations hereunder, individual Owners shall cooperate with the Association and its agents and maintenance personnel in the prosecution of its work.

ARTICLE VIII

Use of Development and Restrictions

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

Section 8.1. Single-Family Residential Use. The use of the individual Lots in the Development is hereby restricted to Single-Family Residential Use. In no event shall a Residence be occupied by more individuals than permitted by applicable zoning laws or governmental regulations.

Section 8.2. Lots. Each Lot shall be conveyed as a separately designated and legally described fee simple estate subject to this Declaration.

Section 8.3. Interior Improvements. No Owner shall undertake any activity or work with respect to the Owner's Residence that will impair the structural soundness or integrity of any adjoining Residence or impair any easement or hereditament or do any act or allow any condition to exist in or around the Owner's Residence or Lot that will adversely affect any other Residences or their occupants. Any interior Improvements involving the structural components of the Residence other than nonload-bearing interior walls shall require prior architectural approval in accordance with Article V.

Section 8.4. Common Areas. The Common Areas shall be preserved as open space and used for recreational purposes and other purposes incidental and ancillary to the use of Lots. Such use shall be limited to the private use for aesthetic and recreational purposes by the Members, their tenants, families, and guests, subject to the provisions of the Governing Documents. No Improvement, excavation, or work that in any way alters any Common Area or Common Facility from its natural or existing state shall be made or done except by the Association, and then only in strict compliance with the provisions of this Declaration.

Section 8.5. Prohibition of Noxious Activities. No illegal, noxious, or offensive activities shall be carried out or conducted on any Lot or Common Area, nor shall anything be done within the Development that is or could become an unreasonable annoyance or nuisance to neighboring property Owners. Without limiting the foregoing, no Owner shall permit noise, including but not limited to barking dogs, the operation of excessively noisy air conditioners, stereo amplifier systems, television systems, motor vehicles, or power tools, to emanate from an Owner's Lot or from activities within the Common Area that would unreasonably disturb any other Owner's or tenant's enjoyment of his or her Lot or the Common Area.

Section 8.6. Temporary Structures. No structure of a temporary character, trailer, mobile home, camper, tent, shack, garage, or other outbuilding shall be used on any Lot at any time as a Residence, either temporarily or permanently.

Section 8.7. Household Pets. The following restrictions regarding the care and maintenance of pets within the Development shall be observed by each Owner and resident:

(a) Not more than two (2) dogs, two and (2) cats, may be kept on each Lot, as long as the same are not kept, bred, or maintained for commercial purposes. Horses shall also be allowed on certain lots with the limitations outlined in Section 8.7 (e) and must abide by the Rules and Regulations that the Board shall establish. No other animals, livestock, or poultry of any kind shall be kept, bred, or raised on any Lot or in any Residence.

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

(c) No household pet shall be left chained or otherwise tethered in front of a Lot or in the Common Area. Pet owners shall be responsible for the prompt removal and disposal of pet wastes deposited by their pets within the Development.

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

(e) Horses shall only be permitted on lots to the south and east of Woodridge Road (specifically, lots 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, and 70, as illustrated in Exhibit C – Horse approved lot map). And Horses shall not be permitted on any county roads in the subdivision (Woodridge Drive, Winterwood Drive, Cedarwood Court, Lakeridge Road, and portions of Wilson’s Hill)

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

Section 8.8. Signs. No advertising signs or billboards shall be displayed on any Lot or posted within or on any portion of the Common Area except that Owners may post on their Lots any signs required by legal proceedings and a single “For Rent,” “For Lease,” or “For Sale” sign of reasonable dimensions.

Real estate brokers’ A-frame or other directional signs advertising Lots for sale or lease shall only be allowed within the Common Area or roadways within the Development in strict compliance with applicable Association Rules.

Section 8.9. Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any Residence, garage, or outbuilding or in any portion of any Lot without the prior written approval of the Board, provided, however, that the foregoing restriction shall not apply to the activities, signs, or activities of the Association in the discharge of its responsibilities under the Governing Documents. Furthermore, no restrictions contained in this section shall be construed in such a manner so as to prohibit any Owner from (a) maintaining his

or her personal library in his or her Residence; (b) keeping his or her personal business records or accounts therein; (c) handling his or her personal or professional calls, correspondence, or electronic communications therefrom; (d) leasing or renting his or her Residence in accordance with Section 2.4; or (e) conducting any other activities on the Owner's Lot otherwise compatible with residential use and the provisions of this Declaration that are permitted under applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific governmental authorization, as long as any such activity does not involve exterior signage or create customer traffic within the Development. The uses described in (a) through (e) are expressly declared to be customarily incidental to the principal residential use and not in violation of this section. Section 8.12. *Clotheslines*. No exterior clothesline shall be erected or maintained, and there shall be no drying or laundering of clothes on any Lot in a manner that is visible from any neighboring Lot or the Common Area.

Section 8.10. Trash Disposal. No rubbish, trash, or garbage shall be allowed to accumulate outside of any Residence on any Lots. Any trash that is accumulated by an Owner outside the interior walls of a Residence shall be stored entirely within appropriate covered disposal containers and facilities located on the Owner's Lot. The Board make make additional rules regarding this as part of the the Association Rules.

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

Section 8.11. Storage. Storage of personal property on any Lot shall be entirely within garages and enclosed storage areas.

Section 8.12. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated, or maintained on or adjacent to any Lot, except such machinery or equipment as is usual or customary in connection with the use, maintenance, or repair of a private Residence or appurtenant structures within the Development.

Section 8.13. Diseases and Pests. No Owner shall permit any thing or condition to exist on his or her Lot or in his or her Residence that shall induce, breed, or harbor infectious plant diseases, rodents, or noxious insects.

Section 8.14. Parking and Vehicle Restrictions. The following parking and vehicle restrictions shall apply within the Development:

(a) Campers, boats, trailers, motorcycles, commercial vehicles, and trucks in excess of one half tons are not to be parked within the Development, other than out of sight from all County Roads.

However, campers, trailers, and recreational vehicles may be parked in a manner reasonably accessible for evacuation during the high fire danger months that affect Shingletown California, which are from mid-August to mid-October, or as established by the Board.

(b) The Board shall have the authority to tow at the Owner's expense, any vehicle parked or stored in violation of this section. The Board shall post such notices or signs within the Common Area as may be required by law to effectuate this towing provision.

(c) The Board shall have the authority to promulgate further reasonable rules and restrictions of uniform application regarding the parking and/or operation of vehicles within the Development as may be deemed prudent and appropriate.

Section 8.15. Use of Private Streets in Common Area.

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

(b) Although all roads within the Development are subject to the California Vehicle Code, the Association shall have the right to adopt reasonable rules regarding the control and use of the roads, vehicles operated thereon, and the speed of such vehicles. The Association is further authorized to delegate the discharge of its rights hereunder to a municipality or other governmental entity or to contract with a private security patrol company for such purposes so long as the private character of the roads is not jeopardized by such action. The Speed limit for all roads within the subdivision is 25 miles per hour. All residents and their visitors shall drive carefully and reasonably.

Section 8.16. Activities Affecting Insurance. Nothing shall be done or kept on any Lot or within any Residence or within the Common Area that will increase the rate of insurance relating thereto on any policy maintained by the Association (see Article X) without the prior written consent of the Association, and no Owner shall permit anything to be done or kept on an Owner's Lot or in a Residence or within the Common Area that would cause any Improvements to be uninsurable against loss by fire or casualty or result in the cancellation of insurance on any Residence or any part of the Common Area.

Section 8.17. Restriction on Commercial Logging. Cutting, destroying trees on the subdivisions lots for any monetary income, barter, trade, or other consideration shall be strictly prohibited within the Development.

Section 8.18. Trees and Natural Vegetation. Trees are a critical, integral part of the design and aesthetic nature of the subdivision and are to be preserved. Trees and natural vegetation on property shall be removed only to provide required space for the construction of approved private residence, outbuildings, outdoor living improvements, and/or for fire protection (as described herein below). Substantially diseased or damaged trees, as well as those posing immediate danger of falling on people or structures, may also be taken down. The fire protection standard for any tree removal will be the Cal Fire Defensible Space and Hardening Your Home

document (CAL Fire Defensible Zones or its successor guidelines), which can be found on the CAL Fire Website (www.readyforwildfire.org/prepare-for-wildfire-get-ready/defensible-space/) Removal of trees for fire protection in excess of the above guidelines are not permitted.

Prior to any new or remodel construction, any living trees cut or removed prior to the architectural or building plans being approved by the Design Sub-committee and by the County of Shasta will result in a fine of \$500.00 per tree and associated attorney's fees incurred in enforcing such fine. Additionally, any violation of any of the tree removal standards herein at any time before or after initial construction shall be subject to the same fine and attorney's fees.

Section 8.19. Restriction on Further Subdivision and Severability. No Lot shall be further subdivided, nor shall less than all of any such Lot be conveyed by an Owner thereof, nor shall any Owner of a Lot within the Development be entitled to sever that Lot from the Common Area portion of the Development.

Section 8.20. Variances. On application by any Owner, the Design Sub-Committee shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article if specific application of the restriction will, in the sole discretion of the Design Sub-Committee, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of development contemplated by this Declaration. In considering and acting on any request for a variance, the Design Sub-Committee shall follow the procedures set forth in Section 5.12 for the granting of design variances.

Section 8.21. Enforcement of Property Use Restrictions. The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the environmental standards and property use restrictions contained herein. Accordingly, in the event that the Association becomes aware of an design or property use infraction that does not necessitate immediate corrective action under Section 13.6, the Owner or tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of his or her right to be heard on the matter.

ARTICLE IX

Easements

Section 9.1. Blanket Utility Easement. Easements within the subdivision are outlined in recorded plats and incorporated by reference; they include those for utilities, drainage, water line, rights of way and other purposes as shown on recorded plats. Outlined are easements that directly impact the maintenance and access of roads within the subdivision:

- A). An easement for ingress and egress for maintaining the pumphouse and pipelines, affects lots 19 through 32 inclusive, and flag lot 78 (Woodridge Lake)
- B). An easement for a fire exit and public utility affects lots 6, 7, 46 and 47
- C). An easement for a private road and public utility affects lots 69 and 70 (Exhibit A)

Easements not listed above but part of the public records shall not be invalidated or adversely affected by such exclusion and the easements provided for in this section shall in no way affect any other Recorded easement on the Development.

Section 9.2. Street Easements. Each Owner and the Association shall have and is hereby granted a nonexclusive easement for street, roadway, and vehicular traffic purposes over and along the private streets and paved parking areas within the Development.

Section 9.3. Firebreak & Fire Exit Easement. Firebreaks are also referred to as “Fuel Break Ease.” As shown on the Woodridge Lake Estates Subdivision map, recorded June 1979 in Shasta County CA. No man-made structures nor any storage of cut vegetation such as limbs, trunks, leaves, pine needles shall be built or accumulated within the 100-foot firebreak easements as outlined in Exhibit A, which is hereby incorporated by reference. Additionally, the wildlife corridor in here under Section 9.4 , will be preserved and not adversely impacted by the firebreak easement. The placement of buildings on lots shall allow for a thirty (30) foot minimum clearance from fire break easement as required by Shasta County Fire Safety Standards and the local CALFIRE Station.

FIRE EXITS are those shown on the Woodridge Lake Estates Subdivision maps, recorded June 1979 in Shasta County CA.

The Fire Exit easements are:

- i). An easement for a fire exit and public utility affects lots 6, 7, 46, 47, 58, and 59.

Section 9.4 Wildlife Corridors. Wildlife corridors are provided within the subdivision which protect land for wildlife habitat along the entire rear length (rear property lines) of the specified adjoining lots as described below as well as those fronting the Lake and backing into land owned by Shasta Forests Timberlands, LLC as shown on Exhibit B hereby incorporated by reference.

No vegetative disturbances nor structures (buildings including sheds, detached garages, or other man-made structures), except to provide for fire safety, habitat enhancement and/or forest management otherwise allowed under these Declarations, will be allowed within these corridors. Access by horses or any horse activities will not be permitted nor allowed in the Wildlife Corridors. Applicable corridor widths for specific lots are as follows:

LOT NUMBERS	APPROVED WIDTHS
D). 64 adjoining to 60 63* adjoining to 60 61 adjoining to 60	50 feet
E). 51 adjoining to 52 50 adjoining to 53 49 adjoining to 54 and 55 48 adjoining to 55 and 56 47 adjoining to 56, 57, and 58 46 adjoining to 58	75 feet
F). 38 adjoining to 42 and 43 39 adjoining to 41 11 adjoining to 9 and 10 8 adjoining to 9 and 11 7 adjoining to 11, 12, and 13 6 adjoining to 13, 14, 15, and 16 2 adjoining to the Lake 3 adjoining to the Lake 4 adjoining to the Lake 5 adjoining to the Lake 6 adjoining to the Lake 21 adjoining to the Lake 22 adjoining to the Lake 23 adjoining to the Lake 24 adjoining to the Lake 25 adjoining to the Lake	100 feet
G). 26 44 27 45 28 46 29 59 30 65 31* 66 32 67 33 68 34 69 35 70 36 71 37 72	100 feet

Section 9.5. Maintenance Easements. An easement is hereby granted to the Association, its officers, agents, employees, selected by the Association to enter in or to cross over the Common Area and any Lot to perform the Association's duties of maintenance and repair of the Lots, Common Area, or Common Facilities, provided, however, that any entry by the Association or its agents shall only be undertaken in strict compliance with Section 3.6(b).

Section 9.6. Other Easements. Each Lot and its Owner, and the Association as to the Common Area, are hereby declared to be subject to all the easements, dedications, and rights-of-way granted or reserved in, on, over, and under the Development and each Lot and Common Area as shown on the Subdivision Map.

ARTICLE X

Insurance

Section 10.1. Types of Insurance Coverage. The Association shall purchase, obtain, and maintain, with the premiums therefor being paid out of Common Funds, the following types of insurance, if and to the extent such insurance, with the coverages described, is available at a reasonable premium cost:

(a) *Fire and Casualty Insurance:* A policy of fire and casualty insurance naming as parties insured the Association and any Mortgagee of the Common Area and common Facilities and containing the standard extended coverage and replacement cost endorsements and such other or special endorsements as will afford protection and insure for the full insurable, current replacement cost (excluding foundations and excavation, but without deduction for depreciation), as determined annually by the insurance carrier, all Common Facilities and the personal property of the Association for or against the following:

- (i) Loss or damage by fire or other risks covered by the standard extended coverage endorsement.
- (ii) Loss or damage from theft, vandalism, or malicious mischief.
- (iii) Such other risks, perils, or coverage as the Board of Directors may determine.

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

(b) *Public Liability and Property Damage Insurance:* To the extent such insurance is reasonably obtainable, a policy of comprehensive public liability and property damage insurance naming as parties insured the Association, each member of the Board, any manager, the Owners and occupants of Lots, and such other persons as the Board may determine. The policy will insure each named party against any liability incident to the ownership and use of the Common Area and include, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less

than \$500,000.00, covering all claims for death, personal injury, and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for nonowned and hired automobiles, liability for property of others, and any other liability or risk customarily covered with respect to projects similar in construction, location, and use.

(c) *Directors' and Officers' Errors and Omissions Insurance:* To the extent such insurance is reasonably obtainable, individual liability insurance for Association directors and officers, providing coverage for negligent acts or omissions in their official capacities. The minimum coverage of such shall be not less than \$500,000.00.

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

Section 10.2. Coverage Not Available. In the event any insurance policy, or any endorsement thereof, required by Section 10.1 is for any reason not available, then the Association shall obtain such other or substitute policy or endorsement as may be available that provides, as nearly as possible, the coverage herein described. The Board shall notify the Owners of any material adverse changes in the Association's insurance coverage.

Section 10.3. Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time.

Section 10.4. Trustee. All casualty insurance proceeds payable under Section 10.1(a) may, in the discretion of the Board of Directors, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees, and others, as their respective interests shall appear. The trustee shall be a commercial bank in the County that agrees in writing to accept such trust.

Section 10.5. Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried under Section 10.1. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

Section 10.6. Waiver of Subrogation. All casualty and liability insurance carried by the Association, or the Owners shall contain provisions whereby the insurer waives rights of subrogation as to the Association, directors, officers, Declarant, Owners, occupants of Lots, their family, guests, agents, and employees.

Section 10.7. Notice of Cancellation. All insurance carried by the Association shall require the insurer to notify any first Mortgagee requesting such notice at least 15 days in advance of the effective date of any reduction or cancellation of the policy.

Section 10.8. Annual Review of Policies. All insurance policies maintained by the Association shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is adequate.

Section 10.9. Insurance on Lots and Residences. An Owner may carry whatever personal liability, property damage liability, or fire and casualty insurance with respect to his or her Lot, Residence, and personal property as the Owner desires. The Association shall have no responsibility for the adequacy or extent of such insurance coverage.

Section 10.10. Annual Review of Association Insurance and Disclosure to Members. The Board shall review the adequacy of all insurance, including the amount of liability coverage and the amount of property damage coverage, at least once every year. At least once every 3 years, the review shall include a replacement cost appraisal of all insurable Common Area Improvements, without respect to depreciation. The Board shall adjust the policies to provide the amounts and types of coverage and protection that are customarily carried by prudent owners' associations operating in similar common interest developments in the greater __[specify area]__ region. In accordance with Civil Code §5300(b)(9), the Association shall distribute to its Members annually a summary of the Association's property, general liability, and flood insurance (if any), such distribution to be made within 60 days before the beginning of the Association's fiscal year. To the extent that any of the information required to be disclosed under this paragraph is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it to all Members. The summary distributed under this paragraph shall contain in at least 10-point boldface type the statement required by California Civil Code §5300(b)(9).

The Association shall, as soon as reasonably practical, notify the Members by first-class mail if any of the policies described in this paragraph have lapsed or been canceled and are not immediately renewed, restored, or replaced or if there is a significant change in any of those policies, such as a reduction in coverage or limits or an increase in the deductible. If the Association receives any notice of nonrenewal of a policy described in this paragraph, the Association shall immediately notify the Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

ARTICLE XI

Damage or Destruction

Section 11.1. Destruction; Proceeds Equal or Exceed 85 Percent of Reconstruction Costs. If there is a total or partial destruction of any Residence or Common Facility Improvements within the Development and if the available proceeds of the insurance maintained under Article X are sufficient to cover not less than 85 percent of the costs of repair and reconstruction, the Improvements shall be promptly rebuilt unless, within 90 days from the date of destruction, 50

percent of the “eligible Members” (as defined in Section 11.4) determine that such repair and reconstruction shall not take place.

Section 11.2. Destruction; Proceeds Less Than 85 Percent of Reconstruction Costs. If the proceeds of insurance are less than 85 percent of the cost of repair and reconstruction (see Section 11.1), repair and reconstruction may nevertheless take place if, within 90 days from the date of destruction, eligible Members then holding at least 50 percent of the total Voting Power determine that such repair and reconstruction shall take place.

Section 11.3. Rebuilding Procedures. If the eligible Members determine to rebuild under Section 11.1 or 11.2, the Owner of each Lot located within a structure that has been totally or partially destroyed shall be obligated to contribute his or her proportionate share of the cost of reconstruction or restoration of the structure containing his or her Lot, over and above the available insurance proceeds. Owners shall each contribute his or her proportionate share of the cost of reconstruction or restoration of any portion of the Common Area on the basis of the ratio between the square footage of the floor area of his or her Lot and the total square footage of the floor area of all Lots. If any Owner fails or refuses to pay his or her proportionate share, the Board may levy a Special Individual Assessment against the Lot of such Owner, which may be enforced under the lien provisions contained in Section 4.10(b).

If any Owner disputes the amount of his or her proportionate liability under this section, such Owner may contest the amount of his or her liability by submitting to the Board, within 10 days after notice to the Owner of his or her share of the liability, written objections supported by cost estimates or other information that the Owner deems to be material, and he or she may request a hearing before the Board at which the Owner may be represented by counsel. Following such hearing, the Board shall give written notice of its decision to all Owners, including any recommendation that adjustments be made with respect to the liability of any Owners. If such adjustments are recommended, the Board shall schedule and include in the notice a special meeting of Members for the purpose of acting on the Board’s recommendation, including making further adjustments if deemed by the Members to be necessary or appropriate. All adjustments shall be affirmed or modified by 50 percent of the total Voting Power of the eligible Members. If no adjustments are recommended by the Board, the decision of the Board shall be final and binding on all Owners, including any Owner filing objections.

Section 11.4. Definition of “Eligible Members” Entitled to Vote. For purposes of any vote under this Article, the Members eligible to vote shall be (a) in the case of any damage to or destruction of Common Facilities, the requisite percentage of the total Voting Power of the Association and (b) in the case of any damage to or destruction of Residences, the requisite percentage of those Members whose Residences are located in the damaged or destroyed structure(s). Any membership vote required hereunder shall be conducted either at a duly convened meeting at which a quorum is present or by written ballot conducted in accordance with Section 4.6 of the Bylaws.

Section 11.5. Rebuilding Contract. If the Members who are eligible to vote on the matter determine to rebuild, the Board shall reconstruct the damaged or destroyed portions of the Development substantially in accordance with the original plan. The Board or its authorized

representative shall obtain bids from at least two reputable contractors and shall award the repair and reconstruction work to the lowest qualified bidder. The Board shall have the authority to enter into a written contract with the contractor for such repair and reconstruction, and the insurance proceeds held by the trustee shall be disbursed to the contractor according to the terms and conditions of the agreement. It shall be the obligation of the Board to take all steps necessary or appropriate to ensure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

Section 11.6. Rebuilding Not Authorized. If the Members who are eligible to vote on the matter determine not to rebuild, then any insurance proceeds available for rebuilding shall be used or distributed as follows:

(a) If, before the expiration of 120 days from the date of destruction, 50 percent of all Owners and institutional first Mortgagees with Mortgages encumbering the affected Lots within the Development consent by vote or in writing, the Board acting on behalf of the Association shall have the right to purchase the Lots that were rendered uninhabitable by such damage or destruction at the fair market value thereof immediately before the damage or destruction (as determined by an appraiser). The Board's decision as to whether or not a Lot is uninhabitable shall be final and binding on all parties. Any payment of the purchase price shall be made jointly to the selling Owner and all Mortgagees of his or her Lot, and each Owner by accepting a deed to a Lot agrees to be bound by these provisions and to sell his or her Lot by grant deed to the Association as provided herein. Concurrently with such purchase, the Board or individuals authorized by the Board, acting as attorney-in-fact of all Owners, shall amend the Subdivision Map and this Declaration to eliminate from the Development the Lots so purchased.

(b) Notwithstanding the determination of eligible Members not to rebuild under Section 11.1 or 11.2, any Lots that are not rendered uninhabitable shall be repaired and restored to a condition as near as possible to their condition immediately before such damage or destruction. Such repair and restoration shall be paid first from the insurance proceeds remaining after the purchase of Lots under subparagraph (a) of this Section, if any, and second from a Special Individual Assessment levied against all remaining Owners in the manner described in Section 11.3.

(c) If the required 50 percent of all Owners and institutional first Mortgagees do not consent to purchase the Lots that were rendered uninhabitable, an appraiser shall determine the relative fair market values of all Lots in the Development as of a date before any damage or destruction, and the proceeds of insurance shall be apportioned among all Owners and their respective Mortgagees in proportion to such relative values.

Section 11.7. Minor Repair and Reconstruction. In any case, the Board shall have the duty to repair and reconstruct Improvements without the consent of Members and irrespective of the amount of available insurance proceeds in all cases of partial destruction when the estimated cost of repair and reconstruction does not exceed \$5000. Any amounts paid by the Board up to and including \$5000 shall be assessed to the damaged Lots on the basis of the ratio between the square footage of the floor area of the Lot to be assessed and the total square footage of the floor area of all Lots to be assessed. In the case of damage to Common Facilities that does not exceed \$5000, all Lots shall be assessed for an equal portion of any uninsured expense.

Section 11.8. Appraiser. In this Article and in Article XII (on Condemnation), wherever reference is made to a determination of the value or fair market value of one or more Lots by an appraiser, this shall mean an appraisal by an independent appraiser selected by the Board, who shall be a member of the Society of Real Estate Appraisers (SREA) or other nationally recognized appraiser organization and who shall apply its or such other organization's standards in determining the value or fair market value of each Lot. The costs of such appraisals shall be paid from the sale or insurance proceeds, as the case may be.

ARTICLE XII

Condemnation

If all or part of the Common Area shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Lots, shall be payable to the Association as trustee for all Owners and Mortgagees according to the loss or damages to their respective interests in the Common Area. The Association, acting through its Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation, settlement, and litigation of the issues with respect to the taking and compensation affecting the Common Area. Each Owner hereby designates and appoints each Association as his or her attorney-in-fact for such purposes.

ARTICLE XIII

Breach and Default

Section 13.1. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default, or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges, or equitable servitudes contained in this Declaration is inadequate, and the failure of any Owner, tenant, occupant, or user of any Lot, or any portion of the Common Area or Common Facilities, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers, or the Board of Directors or by their respective successors in interest.

Section 13.2. Nuisance. Without limiting the generality of the foregoing Section 13.1, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 13.3. Attorney Fees. Reasonable attorney fees and costs shall be awarded to the prevailing party in any procedure to enforce the Governing Documents or a party's rights arising under the Governing Documents. Such enforcement procedure includes an action brought in any court having jurisdiction over any alternative dispute resolution procedure implemented under the Governing Documents or under Civil Code §§5975 and 5905–5915, as those sections may be

renumbered and revised from time to time. In any enforcement procedure, such as mediation, conducted under Civil Code §5910, in which there is not an agreement between all of the parties that attorneys will represent them, recoverable costs are limited to attorney fees and costs incurred in providing the notices required under such statute.

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

Section 13.5. Failure Not a Waiver. The failure of any Owner, the Board of Directors, the Association, or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges, or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability on the Association or the Board or any of its officers or agents.

Section 13.6. Rights and Remedies of the Association.

(a) *Rights Generally.* In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey the Association Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available at law or in equity, including but not limited to hiring legal counsel, imposing fines and monetary penalties, pursuing legal action, suspending the Owner's right to use recreational Common Facilities, or suspending the Owner's voting rights as a Member of the Association, provided, however, that the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this Section 13.6.

The decision on whether it is appropriate or necessary for the Association to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have the rights of enforcement under Civil Code §§5925, 5960, and 5975 or otherwise by law.

(b) *Schedule of Fines.* The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment, subject to the limitation on the use of lien and foreclosure remedies stated in Section 4.10(b).

(c) *What Constitutes a Violation.* A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for

the violation and, according to the Board's discretion, a per diem component for as long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures. The Association shall take reasonable and prompt action to repair or avoid the continuing damaging effects of a violation or nuisance occurring within the Common Area at the cost of the responsible Owner.

(d) Limitations of Disciplinary Rights.

(i) The Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his or her Lot on the basis of failure by the Owner (or his or her family members, tenants, guests, or invitees) to comply with any provision of the Governing Documents or of any duly enacted Association Rule, except when (A) the loss or forfeiture is the result of (1) the judgment of a court of competent jurisdiction; (2) a decision arising out of arbitration; or (3) a foreclosure or sale under a power of sale for the Owner's failure to pay Assessments levied by the Association; or (B) the loss or forfeiture is (1) limited to a temporary suspension of an Owner's rights as a Member of the Association; or (2) the imposition of monetary penalties for failure to pay Assessments or otherwise comply with any Governing Documents, as long as the Association's actions satisfy the due process requirements of subparagraph (iii).

(ii) Monetary penalties imposed by the Association (A) for failure of a Member to comply with the Governing Documents; (B) as a means of reimbursing the Association for costs incurred by the Association in repairing damage to the Common Area or Common Facilities allegedly caused by a Member; or (C) in bringing the Member and his or her Lot into compliance with the Governing Documents may not be characterized nor treated as an Assessment that may become a lien against the Member's Lot enforceable by a sale of the Lot in nonjudicial foreclosure, provided, however, that this limitation on the Association's lien rights shall not apply to charges imposed against an Owner consisting of reasonable late payment penalties to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorney fees) in the Association's efforts to collect delinquent Assessments.

(iii) No disciplinary action, penalty, or temporary suspension of rights shall be imposed under this Article XIII unless the Owner alleged to be in violation is given at least 10 days' prior notice by personal delivery or first-class mail that the Board of Directors will be meeting to consider imposing such discipline. The notice shall include, at a minimum, the date, time, and place of the meeting, the nature of the alleged violations for which the Owner may be disciplined, and a statement that the Owner has a right to attend and address the Board at the hearing. The Board shall meet in executive session if requested by the Owner.

(iv) If disciplinary action is taken, the Board shall notify the accused Owner in writing, either by personal delivery or first-class mail, of the Board's decision within 15 days following conclusion of the hearing.

(v) In accordance with Civil Code §5855, disciplinary action shall not be effective against an Owner unless the Board fulfills the requirements of this Section. The Association shall also

adopt hearing and disciplinary procedures that comply with the requirements set forth in Civil Code §5910.

Notwithstanding the foregoing, under circumstances involving conduct that constitutes (A) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (B) a traffic or fire hazard; (C) a threat of material damage to, or destruction of, the Common Area or Common Facilities; or (D) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Board of Directors or its duly authorized agents may undertake immediate corrective or disciplinary action and, on the offending Owner's request (which must be received by the Association in writing within 5 days following the Association's disciplinary action) or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

(e) *Notice and Hearing Procedures.* If the Association acts on its own initiative to schedule a hearing, notice of the date, time, and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Association no later than 5 days following the date when the fine is levied.

The hearing shall be held no more than 15 days following the date of the disciplinary action or 15 days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.

At the hearing, the accused shall be given the opportunity to be heard, including the right to present evidence and to present or question witnesses. The Board shall notify the accused Owner, in writing, of the Board's decision within 5 business days following conclusion of the hearing. In no event shall the effective date of any disciplinary action commence sooner than 5 days following conclusion of the hearing unless (i) the hearing merely affirms summary disciplinary action initiated under the immediately preceding paragraph or (ii) earlier commencement is necessary to preserve the quiet enjoyment of other residents or to prevent further damage to or destruction of the Lots or any portion thereof.

(f) *Notices.* Any notice required by this Article XIII shall, at a minimum, set forth the date and time for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents, and a reference to the specific Governing Document provision alleged to have been violated. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice, provided, however, that if notice is given by mail it shall be sent by first-class or certified mail sent to the last address of the Member shown on the records of the Association.

(g) *Rules Regarding Disciplinary Proceedings.* The Board, or an appropriate committee appointed by the Board to conduct and administer disciplinary hearings and related proceedings, shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings, as long as such rules meet the minimum requirements of Civil Code

§§5855 and 5900–5920. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules.

Section 13.7. Court Actions. Court actions to enforce the Governing Documents may be initiated on behalf of the Association only by resolution of the Board. Before filing any court action seeking declaratory or injunctive relief to interpret or enforce the Governing Documents (including either such action coupled with a claim for monetary damages not in excess of \$5000), the Association shall first comply with the provisions of California Civil Code §§5925–5960 relating to alternative dispute resolution. The Association’s own notice and hearing procedures may be drafted to satisfy these statutory requirements.

Section 13.8. Assessment Collection Actions. The notice and hearing procedures set forth in Section 13.6 shall not apply to any actions by the Association or its duly authorized agents to collect delinquent assessments. Assessment collections shall be subject to the notice and procedural requirements imposed by Section 4.10 and any other notice, hearing, and/or dispute resolution requirements or procedures as may be specifically applicable by law to community association assessment collection efforts.

ARTICLE XIV

Protection of Mortgagees

Section 14.1. Assessment Lien Subordinated. Any lien created or claimed under the provisions of Section 4.10(b) shall be subject and subordinate to the lien of any first Mortgage given in good faith and for value. No such Mortgagee who acquires title to any Lot by judicial foreclosure or by exercise of power of sale contained in the Mortgage shall be obligated to cure any breach of this Declaration by a former Owner of such Lot or shall be liable for any unpaid Assessments made against the Lot that accrued before the date the Mortgagee acquired such title. No lien created or claimed under the provisions of Section 4.10(b) shall in any way defeat, invalidate, or impair the rights of any Mortgagee under any such Recorded Mortgage.

Section 14.2. Amendment of This Declaration. No amendment of this Declaration shall affect any of the rights of the holder of any Mortgage described in Section 14.1 that is made in good faith and for value, if such Mortgage is Recorded and notice of the delivery and Recording thereof is given to the Association before the Recording of such amendment.

Section 14.3. Default by Owner; Mortgagee’s Right to Vote. In the event of a default by any Owner under a Mortgage encumbering such Owner’s Lot, the Mortgagee under such Mortgage shall, on (a) giving written notice to the defaulting Owner; (b) Recording a Notice of Default in accordance with Civil Code §2924; and (c) delivering a copy of such Recorded Notice of Default to the Association, have the right to exercise the vote of the Owner at any regular or special meeting of the Association held only during such period as such default continues.

Section 14.4. Breach; Obligation After Foreclosure. No breach of any provision of this Declaration by the Association or any Owner shall impair or invalidate the lien of any Recorded Mortgage made in good faith and for value and encumbering any Lot. The Association or its

successors and assigns shall be obligated to abide by all of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges, and equitable servitudes provided for in this Declaration, as it may be amended from time to time, with respect to any person who acquires title to or any beneficial interest in any Lot through foreclosure, trustee sale, or otherwise.

Section 14.5. Exchange of Information. The Association shall, at the written request of any Mortgagee, insurer, or guarantor, notify such party of:

- (a) Any condemnation or casualty loss that affects either a material portion of the Development or the Lot(s) securing the Mortgage;
- (b) Any delinquency of 60 days or more in the payment of Assessments or charges owed by the Owner(s) of the Lot(s) securing the Mortgage;
- (c) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (d) Any proposed action of the Association that requires the consent of a specified percentage of Eligible Mortgagees (see Section 14.12(a) for definition of “Eligible Mortgagee”).

To be entitled to receive this information, the Mortgagee, insurer, or guarantor must send a written request to the Association, stating both its name and address and the number or address of the Lot(s) securing the Mortgage. Any Mortgagee of any Lot is hereby authorized to furnish to the Board of Directors, on written request by the Board therefor, the amount of any unpaid balance of any indebtedness secured by a lien of a Mortgage and the amount and due date of any delinquent payment or payments of such indebtedness.

Section 14.6. Certain Restrictions Affecting the Association. Notwithstanding any other provisions of this Declaration, without the prior written consent of at least 50% percent of the Owners or 50% percent of the first Mortgagees, such percentage to be based on the total of number of Lots so mortgaged, with each such Mortgagee entitled to one vote for each Lot, the Association shall not:

- (a) By act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area or any Improvements thereon (except that the granting of any easement for public utilities or for other public purposes consistent with the intended use of the Development shall not be deemed a “transfer” as that term is used in this subparagraph (a));
- (b) Change the method specified in Article IV of this Declaration for determining the Assessments or other charges that may be assessed against an Owner or the method of allocating distributions of hazard insurance proceeds or condemnation awards;
- (c) By act or omission, change, waive, or abandon the scheme of maintenance and repair of the Development, or the enforcement thereof, as provided for in this Declaration;

(d) Fail to maintain fire and extended coverage insurance on the Common Facilities in the amount and against the risks provided for in Section 10.1; or

(e) Use any insurance proceeds received as a result of the loss or damage to the Common Facilities for any purpose other than the repair, replacement, or reconstruction of such Common Facilities.

Section 14.7. Right of First Mortgagees to Make Certain Payments; Right of Reimbursement. The holders of first Mortgages on the Lots shall have the right (but not the obligation), jointly or singly, (a) to pay taxes or other Assessments or charges that are in default and that may or have become a lien or charge against the Common Facilities; (b) to pay overdue premiums on casualty insurance policies for the Common Facilities; and (c) to secure and pay for new casualty insurance coverage on the Common Facilities on the lapse of any such policy, in the amount and against the risks provided for in Section 10.1. Any first Mortgagee making such payment shall be entitled to immediate reimbursement therefor from the Association. On the request of any first Mortgagee, the Association shall, by separate instrument signed by the president or any vice president and the secretary, evidence its agreement to the provisions of this section as the same affect the Mortgage held by such Mortgagee.

Section 14.8. Right to Examine Books and Records of the Association. All Mortgagees, insurers, and guarantors of any Mortgages on any Lot shall have the right, on written request to the Association, to:

(a) Examine current copies of the Governing Documents and the Association's books, records, and financial statements during normal business hours;

(b) Require the Association to provide an audited statement for the preceding fiscal year (i) at no expense to the requesting entity when the Development consists of 50 or more Lots or (ii) at the requesting entity's expense when the Development consists of fewer than 50 Lots and no audited statement is available; and

(c) Receive written notice of all membership meetings and designate a representative to attend all such meetings.

Section 14.9. Notices to First Mortgagees. The Association shall furnish to the holder of any first Mortgage on any Lot or on the Common Area, on written request by the first Mortgagee, 30 days' prior written notice of (a) abandonment or termination of the Association; (b) the effective date of any proposed material amendment to the Declaration; (c) the effectuation of any decision by the Association to terminate professional management, if any, and assume self-management of the Development; (d) any condemnation or eminent domain proceeding; and (e) any extensive damage to or destruction of any Improvements located in or on the Common Area.

Section 14.10. Superiority of Mortgage to Condemnation Proceeds. If any Lot, or portion thereof, or the Common Area, or any portion thereof, is made the subject of any condemnation or eminent domain proceeding, the lien of any first Mortgage shall be prior and superior to the

claims of the Owners of the Lots or Common Area with respect to any distribution of the proceeds of any condemnation award or settlement.

Section 14.11. Superiority of Mortgage to Insurance Proceeds. In the event of any substantial damage to or destruction of the Improvements on any Lot or on any part of the Common Area, the lien of any first Mortgage shall be prior and superior to the claims of the Owners of the Improvements with respect to any distribution of any insurance proceeds relating to such damage or destruction.

Section 14.12. Approval of Material Amendments or Termination.

(a) *Material Amendments; "Eligible Mortgagee."* In addition to the approvals required by Section 17.1 for any amendment to this Declaration, Eligible Mortgagees who represent at least 51 percent of the votes of Lots that are subject to Mortgages held by Eligible Mortgagees must approve any amendment to this Declaration of a material nature. An Eligible Mortgagee is the beneficiary of a first Mortgage who has requested the Association to notify it of any proposed action that requires the consent of a specified percentage of Eligible Mortgagees. A change to any of the following would be considered as material:

- (i) Voting rights;
- (ii) Assessments, Assessment liens, or the priority of Assessment liens;
- (iii) Reserves and responsibility for maintenance, repair, and replacement of the Common Area;
- (iv) Convertibility of Lots into Common Area and vice versa;
- (v) Annexation or de-annexation of property to or from the Development;
- (vi) Insurance or fidelity bonds;
- (vii) Leasing of Lots;
- (viii) Imposition of any restrictions on an Owner's right to sell or transfer his or her Lot;
- (ix) A decision by the Association to establish self-management when professional management had been required previously by the Governing Documents or by an Eligible Mortgagee;
- (x) Restoration or repair of the Development (after a hazard damage or partial condemnation) in a manner other than that specified in the Governing Documents;
- (xi) Any action to terminate the legal status of the Development after substantial destruction or condemnation occurs; or
- (xii) Any change to provisions that expressly benefit Mortgagees, insurers, or guarantors.

(b) *Termination.* In addition to the approvals required by Section 17.1, Eligible Mortgagees who represent at least 50 percent of the votes of Lots that are subject to Mortgages held by Eligible Mortgagees must approve any proposed termination of the legal status of the project for reasons other than substantial destruction or condemnation of the Development.

(c) *Implied Approval.* Each Eligible Mortgagee that receives notice of a proposed amendment or termination of this Declaration by certified or registered mail with a “return receipt” requested shall be deemed to have approved the amendment or termination if the Eligible Mortgagee fails to submit a response to the notice within 30 days of receiving the notice.

Section 14.13. Declaration to Conform With Mortgagee Requirements. It is the intent of this Article that this Declaration, the Articles of Incorporation, the Bylaws, and the Development in general shall now and in the future meet all requirements of any institutional Mortgagee intending to secure its Mortgage by a Lot or necessary to purchase, guarantee, insure, or subsidize any Mortgage of a Lot by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, or the U.S. Department of Veterans Affairs.

ARTICLE XV

Notices

Section 15.1. Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to any Owner: To the street address of the Owner’s Lot or to such other address as the Owner may from time to time designate in writing to the Association.

If to the Association: Woodridge Mutual Water and Property Owners Corporation, at the principal office of the Association or to such other address as the Association may from time to time designate in writing to the Owners.

Nothing in this Section 15.1 is intended to preclude the use of any other means of delivering notices to Members or Owners (other than by personal service or mail) if other methods of delivery are authorized by this Declaration, by Civil Code §4040, §4045, or §4055, or by other provisions of the Davis-Stirling Common Interest Development Act that reference any of those sections.

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

Section 15.3. Deposit in United States Mail. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered five (5) days after deposit in the United States mail in the County.

ARTICLE XVI

No Public Rights in the Development

Nothing contained in this Declaration 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.

ARTICLE XVII

Amendment of Declaration

Section 17.1. Amendment of the Declaration Generally. This Declaration may be amended or revoked in any respect on compliance with the following provisions:

(a) **Member Approval Requirements.** Any amendment shall be approved by the vote or assent by written ballot of the holders of not less than fifty (50) percent of the Voting Power of the Members. Notwithstanding the foregoing, the percentage of the Voting Power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

(b) Additional Approvals for Amendments to Particular Provisions.

(i) **Mortgagee Approvals.** Mortgagee approvals shall be required to amend any of the provisions described in Section 14.12.

Section 17.2. Restatements. This Section describes the methods for restating the Declaration after an amendment.

(a) **General.** The Board has the right, by resolution without the necessity of consent by the Owners, to restate this Declaration when it has been properly amended under its requirements for amendment. Such restatement shall be effective on execution of the restatement by any two officers of the Association and its Recordation. On Recordation of the restatement, the restatement shall supersede the prior declaration and its amendments in their entirety, without, however, affecting the priority of the Declaration in the chain of title to all properties that are subject to the Declaration as established by the Declaration's initial date of Recordation.

(b) **Form of Restatement.** The restatement shall restate the entire text of the original document, with these exceptions: (i) changes incorporating all amendments approved by the Owners; (ii) changes made to rearrange or delete text for consistency with the approved amendments; (iii) changes made to delete material no longer legally effective or legally required, such as the provisions that are for the exclusive benefit of the Declarant; (iv) the addition of a statement that the Board has authorized the restatement under this Section 17.2; (v) changes made to delete any provision declared illegal by constitutional or statutory enactment, by regulation, or by controlling judicial opinion; and (vi) changes needed to distinguish the restatement from the original document, such as Article, Section, or subparagraph numbering changes.

ARTICLE XVIII

General Provisions

Section 18.1. Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges, and equitable servitudes contained in this Declaration shall run with and shall benefit and burden the Lots and the Common Area as herein provided and shall inure to the benefit of and be binding on the Owners, the Association, its Board of Directors, and its officers and agents, and their respective successors in interest, for the term of 30 years from the date of the Recording of this Declaration. After the expiration of the initial term, the term of this Declaration shall be automatically extended for successive periods of 10 years each, unless within 6 months before the expiration of the initial 30 year term or any such 10 year extension period, a recordable written instrument, approved by Owners entitled to vote and holding at least a majority of the Voting Power of the Association terminating the effectiveness of this Declaration, is Recorded.

Section 18.2. Annexation of Additional Property.

(a) *Membership Approval Required.* Additional real property may be annexed to the Development and brought within the general plan and scheme of this Declaration on the approval by vote or written consent of Members entitled to exercise not less than 66 percent of the Voting Power of the Association. On obtaining the requisite approval under this Section 18.2, the owner of any real property who desires to annex such property to the Development, add it to the general plan and scheme of this Declaration, and subject the property to the jurisdiction of the Association shall Record a Declaration of Annexation as more particularly described in subparagraph (b).

(b) *Declaration of Annexation.* Any annexations of real property to the Development authorized under subparagraph (a) shall be effected by Recording a Declaration of Annexation or other similar instrument with respect to the additional real property. The Declaration of Annexation (i) shall be executed by the owner of the subject property; (ii) shall extend the general plan and scheme of this Declaration to such real property; and (iii) may contain such additions to and modifications of the covenants, conditions, and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added real property, as long as the supplemental restrictions are consistent with the general plan and scheme of this Declaration and all applicable laws and governmental regulations. Any such supplemental declaration may set forth use restrictions and the design and building standards that shall apply to the annexed parcel in question, or it may give blanket approval for development of that parcel in accordance with specific architectural plans and drawings that are signed, dated, and incorporated by reference in the supplemental declaration.

The filing of a Declaration of Annexation shall constitute and effectuate the annexation of the additional real property described therein, and thereon that real property shall become and constitute a part of the Development and be subject to and encompassed within the general plan and scheme of this Declaration. Lots within the annexed property shall thereon become subject to Assessment by the Association and to the functions, powers, and jurisdiction of the

Association, and the Owners of Lots within the annexed real property shall automatically become Members.

Section 18.3. Construction.

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

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

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

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

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

(f) *References to State Statutes.* Any references in this Declaration to state statutes shall be to the referenced statute as in effect on the date that this Declaration is Recorded in the Official Records of the County. In the event that any referenced statute is subsequently amended or superseded, all such references shall thereon mean and refer to the referenced statute as so amended, modified, or superseded, as long as the amended statute continues to regulate or pertain to the same subject matter.

Date: _ _ _ _ _

WOODRIDGE MUTUAL WATER AND PROPERTY OWNERS CORPORATION,
___ a California nonprofit mutual benefit corporation
___ By: _____
___ President
___ By: _____
___ Secretary

BLANK PAGE FOR NOTARIZATION PURPOSES

EXHIBITS TO BE ADDED:

EXHIBIT A- EASEMENT DESCRIPTION

EXHIBIT B- WILDLIFE CORRIDOR LOT MAP

EXHIBIT D HORSE APPROVED LOT MAP