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CAMEO COMMUNITY ASSOCIATION

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**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
CAMEO COMMUNITY ASSOCIATION**

A Planned Residential Development

If this document contains any restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code by submitting a “Restrictive Covenant Modification” form, together with a copy of the attached document with the unlawful provision redacted to the county recorder’s office. The “Restrictive Covenant Modification” form can be obtained from the county recorder’s office and may be available on its internet website. The form may also be available from the party that provided you with this document. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
CAMEO COMMUNITY ASSOCIATION**

A Planned Residential Development

This Amended and Restated Declaration of Covenants, Conditions and Restrictions ("**Declaration**") is made by Cameo Community Association, a California nonprofit mutual benefit corporation ("**Declarant**"), with reference to the following:

RECITALS

- A. Declarant is a homeowners association whose Members are the Owners of all the residential Lots within that certain real property ("**Covered Property**") in the City of Newport Beach, County of Orange, State of California, more particularly described on the attached **Exhibit "A"**.
- B. The Covered Property was developed as a detached Planned Development, as defined in Civil Code Section 4175, and includes three hundred nineteen (319) residential Lots, and related Common Areas.
- C. Ownership of the Covered Property is currently subject to the Declaration of Covenants, Conditions, Restrictions and Easements for Cameo Shores and Highlands Orange County, California executed and recorded by the "**Original Declarant**" (The Irvine Company, a West Virginia Corporation) on March 7, 1974, as Instrument No. 5314, Book 11090, Pages 174, et seq., in the Official Records of Orange County, California, and all amendments and supplements thereto ("**Original Declaration**").
- D. The Original Declarant conveyed the Covered Property subject to certain easements, protective covenants, conditions, restrictions, reservations, liens and charges, as set forth in the Original Declaration, for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and enhancing the quality of life in the Covered Property, all of which run with the Covered Property and are binding on all parties having or acquiring any right, title or interest in the Covered Property, or any part thereof, their heirs, successors and assigns, and inure to the benefit of each Owner thereof.
- E. It was the further intention of the Original Declarant, when selling and conveying the Covered Property subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes set forth in the Original Declaration, that the same was in furtherance of a general plan for the subdivision, development, sale and use of the Covered Property as a "planned development" as that term is defined in the California Civil Code.

- F. Declarant now desires to amend and restate the Original Declaration and replace it in its entirety with this Declaration. Declarant further desires that, on recordation of this Declaration, the Covered Property shall be subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges, contained in this Declaration, and that this Declaration take the place of and relate back in time to the recording of the Original Declaration.
- G. The Declarant's Members voted by secret ballot to amend and restate the Original Declaration in accordance with the procedures for amendment set forth in the Original Declaration and the California Civil Code. It was the intention of the Members to so replace the Original Declaration, in its entirety, with the recordation of this Declaration.
- H. Declarant hereby declares that all of the Covered Property is and shall continue to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the declarations, limitations, covenants, conditions, restrictions, reservations, rights and easements set forth in this Declaration, as may be amended from time to time, all of which are declared and agreed to be in furtherance of a plan established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Covered Property. All provisions of this Declaration shall constitute covenants running with the land and enforceable equitable servitudes upon the Covered Property and shall be binding on and for the benefit of all of the Covered Property and all parties having or acquiring any right, title or interest in all or any part of the Covered Property, including the heirs, executors, administrators and assigns of these parties and all subsequent Owners and lessees of all or any part of the Lots.

ARTICLE 1 **DEFINITIONS**

- 1.1. "**Articles**" means the Articles of Incorporation of Cameo Community Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.
- 1.2. "**Assessment**" means any Regular, Special or Reimbursement Assessment made or assessed by the Association against an Owner and the Owner's Lot.
- 1.3. "**Association**" means Cameo Community Association, a California nonprofit mutual benefit corporation, its successors and assigns. (The terms Association and Declarant as used herein are equivalent.) The Association is an "association" as defined in California Civil Code Section 4080.
- 1.4. "**Association Rules**" or "**Rules**" means the rules, regulations and policies adopted by the Board of Directors of the Association as the same may be in effect from time to time.
- 1.5. "**Board of Directors**" or "**Board**" means the Association's Board of Directors.

- 1.6. **"Bylaws"** means the Bylaws of the Association, as such Bylaws may be amended from time to time.
- 1.7. **"City"** means the City of Newport Beach and its various departments, divisions, employees and representatives.
- 1.8. **"Common Area"** is defined as the property and property interests held by the Association, whether in fee or by easement, lease or license, for the benefit of the Association Members, and shall mean the entire Covered Property except all Lots, and any other property or property interests held by the Association for the common use and benefit of the Members.
- 1.9. **"Common Expense"** means actual and estimated costs of and any use of funds or expense incurred by the Association 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;
 - (b) All expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors;
 - (c) All expenses or charges incurred by or on behalf of the Association, in any way relating to unpaid Regular, Special, and Reimbursement Assessments;
 - (d) Any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Area that the Association is obligated to maintain or replace, and for nonpayment of any Assessments; and
 - (e) The use of such funds to defray the costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents, including payment of taxes, insurance, compensation to managers, accountants, reserve analysts, architects, attorneys and other consultants/experts.
 - (f) Costs of any other item(s) designated by or in accordance with other expenses incurred by the Association for any reason whatsoever in connection with the Covered Property, the Governing Documents or in furtherance of the purposes of the Association.
 - (g) Funds to be used for the purpose of promoting the recreation, health, safety and welfare of the Members, and enhancing the value of the Covered Property, including, without limitation, the improvement and maintenance of the Covered Property, services, and facilities,

devoted to this purpose and related to the use and enjoyment of the Covered Property.

- 1.10. "**County**" means the County of Orange, State of California, and its various departments, divisions, employees and representatives.
- 1.11. "**Covered Property**" means all of the real property referred to and described in Exhibit A hereto, including, but not limited to all of Tract 3357 and Tract 3519.
- 1.12. "**Declaration**" means this instrument, as it may be amended from time to time.
- 1.13. "**Governing Documents**" is a collective term that means and refers to this Declaration, the Articles, the Bylaws, Architectural Guidelines and Standards and the Association Rules and Regulations.
- 1.14. "**Improvement**" means any structure or appurtenance thereto of every type and kind, including, but not limited to, patio covers, room additions, driveways, landscaping, trees, exterior painting of dwelling units and the like and includes, without limitation, the construction, installation, alteration or remodeling of any building, wall, deck, fence, patio, landscaping, landscape structure, skylights, solar heating equipment, spa, antenna, pole, utility line or any structure of any kind. In no event shall the term "Improvement" be interpreted to include components or projects which are restricted to the interior of any Residence and not visible or evident from outside the Residence.
- 1.15. "**Institutional Holder,**" "**Mortgagee**" or "**Lender**" means and refers to any beneficiary of a deed of trust or First Mortgagee of a Mortgage, which encumbers a Lot and which is a bank or savings and loan association or established mortgage company or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.
- 1.16. "**Lot**" means any of the residential Lots within the Covered Property. When appropriate within the context of this Declaration, the term "Lot" shall also include the Residence and other Improvements constructed or to be constructed on a Lot.
- 1.17. "**Member**" means every person or entity who holds a membership in the Association.
- 1.18. "**Mortgage**" means any recorded document, including a first deed of trust, by which a Lot is pledged to secure performance of an obligation.
- 1.19. "**Owner**" means the record owner, whether one or more persons or entities, of fee simple title to any Lot, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

- 1.20. **"Person"** means a natural individual, a corporation or any other entity with the legal right to hold title to real property.
- 1.21. **"Reimbursement Assessment"** means an Assessment made against an Owner and the Owner's Lot in accordance with this Declaration.
- 1.22. **"Residence"** means a private residential single-family dwelling located on a Lot.
- 1.23. **"Residential Use"** means occupation and use of a Residence for residential, single-family style dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations.
- 1.24. **"Special Assessment"** means an Assessment made against an Owner and the Owner's Lot in accordance with this Declaration.

ARTICLE 2

PROPERTY RIGHTS AND OBLIGATIONS OF OWNERS

- 2.1 Owners' Nonexclusive Easements of Enjoyment. Every Owner has a nonexclusive right and easement of enjoyment in and to the Common Area, 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 rights and restrictions:
- (a) The right of the Board to adopt Rules regulating access to and the use and enjoyment of the Common Area and Covered Property and, in the event of the breach of such Rules or any provision of any Governing Document by any Owner, occupant, tenant, guest, licensee or invitee, to levy fines, monetary penalties and charges, and temporarily suspend the membership privileges and rights, including use of Common Area recreational facilities, and any other privileges of any Owner;
 - (b) The right of the Board 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 to by the Members. No such dedication or transfer shall be effective unless an instrument signed by Members entitled to cast the majority of the votes of the membership has been recorded, agreeing to such dedication or transfer;
 - (c) The right of the Association to limit the number of guests of Owners and to limit the use of the Common Area by persons not in possession of a Lot, but owning a portion of the interest in a Lot required for membership;
 - (d) The right of the Association to enter a Lot for a reasonable purpose and upon reasonable notice or notice attempts to the Lot Owner;

- (e) The right of the Association, acting through the Board, to alter, close, modify, install or remove Improvements upon the Common Area; this includes the authority of the Board to install capital improvements to the Common Area without the need for an authorizing vote by the Owners.
- 2.2 Authority to Grant Exclusive Use of Common Area. The affirmative vote of Owners owning at least 67 percent of the Lots subject to Assessment shall be required before the Board may grant exclusive use of any portion of the Common Area to any Owner, except for any grant of exclusive use for a purpose the Board is specifically authorized, by statute, to issue without a membership vote. This provision does not apply to Owners or residents wishing to use the Common Area parks or similar Common Area recreational amenities on a temporary basis; such uses shall be governed by Rules adopted by the Board from time to time.
- 2.3 Persons Subject to Governing Documents. All present and future Owners and occupants of Lots within the Covered Property shall be subject to, and shall comply with, each and every provision of the Governing Documents, as the same or any of them shall be amended from time to time, unless a particular provision is specifically restricted in its application to one or more of such classes of persons (i.e., Owners, occupants, invitees, etc.). The acceptance of a deed to any Lot, the entering into a contract of sale with respect to any Lot, or the occupancy of any Residence shall constitute the consent and agreement of such Owner or occupant that each and all of the provisions of this Declaration, as the same or any of them may be amended from time to time, shall be binding upon said person and that said person will observe and comply with the Governing Documents.
- 2.4 Leasing of Residences. An Owner who has sold his/her/its/their Lot to a contract purchaser or who has leased or rented the Lot shall be deemed to have delegated his/her/its/their rights to use and enjoy the Common Area to the contract purchaser or tenant who resides in the Owner's Lot, subject to reasonable Rules adopted by the Board regarding the requirements and procedures for rentals and leases, and provided that any rental or lease may only be for Residential Use, and not for hotel, time share, short term, boarding house, room rental, apartment, or transient occupancy purposes. To the extent permitted by law, any rental or lease of a Lot shall apply to not less than the entire Lot, including its appurtenant rights (except voting rights in the Association that may not be transferred to a tenant or lessee). Any rental or lease of a Lot 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 shall provide the Owner's tenant or lessee with a copy of the Rules and Regulations at the beginning of the term and shall be responsible for compliance by the Owner's tenant or lessee with all of the provisions of the Governing Documents during the tenant's/lessee's occupancy and use of the Lot. The Owner shall provide a copy of the lease or rental agreement to the Association, along with proof of general liability and renters insurance upon request. The lease or rental agreement shall provide that any failure of the tenant to comply with the terms of any Governing Document shall constitute a default and material breach of the lease or rental agreement and shall

entitle the Owner to terminate the tenancy. The Owner/lessor's right to terminate a lease or rental agreement, on account of the tenant's violation of the Governing Documents, shall in no way restrict the right of the Association or any Owner to enforce the Governing Documents in accordance with California law and the Governing Documents, if the Owner's tenant violates the Governing Documents.

2.5 Obligations of Owners. A Lot Owner is subject to the following:

- (a) *Contract Purchasers.* A contract seller of a Lot shall be deemed to have delegated his or her voting rights as a Member of the Association and right to use and enjoy the Common Area to any contract purchaser in possession of the property. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until a deed is recorded transferring title to the purchaser.
- (b) *Joint Ownership of Lots.* In the event of joint ownership of a Lot, the obligations and liabilities of the multiple Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this subsection shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments.
- (c) *Prohibition on Avoidance of Obligations.* No Owner, by nonuse of the Common Area, abandonment of the Owner's Lot or otherwise, may avoid the burdens and obligations imposed on such Owner by the Governing Documents, including, without limitation, the payment of Assessments levied against the Owner and the Owner's Lot.
- (d) *Termination of Obligations.* Upon the recording with the County Recorder's office of a conveyance, deed, sale, assignment or other transfer of title to a Lot to a new Owner, the transferor Owner shall not be liable for any future Assessments levied with respect to such Lot which become due after the date of recording of the instrument evidencing said transfer, and upon such recording, all Association membership rights possessed by the transferor by virtue of the ownership of said Lot shall cease. .

ARTICLE 3
HOMEOWNERS' ASSOCIATION

- 3.1 Association Membership. Every Lot Owner of record shall be an Association Member. Each Owner shall hold one (1) membership in the Association for each Lot owned, and the membership shall be appurtenant to such Lot. Ownership of a Lot shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until his or her ownership in any Lots in the Covered Property ceases by the recording of an instrument with the County Recorder's office transferring title. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members until such

time as the security holder comes into title to the Lot through foreclosure or deed in lieu thereof.

- 3.2 One Class of Membership. The Association shall have one class of membership, consisting of the Lot Owners.
- 3.3 Voting Rights of Members. Each Member of the Association shall be entitled to one (1) vote for each Lot owned by said Member. When more than one person holds an interest in any Lot, all such persons shall be Members, although, in no event, shall more than one (1) vote be cast with respect to any one (1) Lot.
- 3.4 Assessments. The Association shall have the power to establish, fix and levy Assessments against the Lot Owners and to enforce payment of such Assessments in accordance with the provisions of this Declaration and any other method permitted by applicable law.
- 3.5 Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale or encumbrance of the Lot to which it is appurtenant and then only to the purchaser. In the case of a sale, membership passes automatically to the purchaser upon recording of a deed evidencing transfer of title to the Lot. In the case of an encumbrance of such Lot, a Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Any attempt to make a prohibited transfer is void.
- 3.6 Powers and Authority of the Association.
 - (a) *Powers Generally.* The Association shall have the responsibility of repairing, managing and maintaining the Common Area and the other areas over which the Association has easements in the Covered Property and will do so in a manner deemed appropriate by the Board of Directors 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 the powers of a nonprofit mutual benefit corporation and common interest development organized under the laws of the State of California, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents and by applicable law. The Association and its Board of Directors shall have the power to do any and all lawful things which they may be authorized, required or permitted to be done under and by virtue of the Governing Documents and the laws of the State of California and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the promotion of recreation, peace, health, comfort, safety and welfare of the Owners within the Covered Property. The specific powers of the Association and the limitations thereon shall be as set forth in the Articles, Bylaws and this Declaration.

(b) *Association's Limited Right of Entry.* The Association and/or its agents shall have the right, but not the duty, to enter any Lot for any Association purpose, including: enforcing the architectural, landscaping, use, maintenance and other restrictions contained in this Declaration or the Governing Documents; any obligations with respect to construction, maintenance and repair of Common Area; to make repairs or perform maintenance that an Owner has failed to perform on the exterior portions of an Owner's Lot (including but not limited to, the dwelling, walls, fences and roofs, and landscaping); to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, the Common Area; or to abate a nuisance. The Association's right of entry shall be immediate in case of an emergency originating in or threatening the Lot or any adjoining Lots or Common Area. In all non-emergency situations, the Association or its agents shall provide the Owner with at least twenty four (24) hours' written notice of its intent to enter the Lot, specifying the purpose and expected time of such entry. The Association's work may be performed under such emergency or non-emergency circumstances whether or not the Owner is present. The Association's right of entry as set forth herein shall not be deemed to create a duty on the Association's part to exercise that right of entry. Instead, exercise of the right of entry shall be at the discretion of the Board.

3.7 Rules and Regulations. The Board may, from time to time, propose, enact and amend Rules and Regulations. Such Rules may concern, but need not be limited to: matters pertaining to the maintenance, repair, management and use of the Covered Property, including the Common Area; architectural and landscaping control; member discipline; regulation of parking, pet ownership, use of the residential Lots, and other matters subject to restriction under the Governing Documents; collection, storage and disposal of refuse; minimum standards for the appearance and maintenance of any Residence or other Improvements on any Lot; construction hours, including construction activities on weekends; and any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents. The Rules shall be deemed reasonable and enforceable equitable servitudes and shall be enforceable as if they were set forth in this Declaration. Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in this Declaration in addition to any other remedies available by applicable law.

3.8 Limitation on Liability of Association's Directors and Officers/Committee Members.

- (a) *Claims Regarding Breach of Duty.* No director, officer, or committee member of the Association (collectively and individually referred to as the "**Released Party**") shall be personally liable to any of the Association's members, or to any other person, for any error or omission in the discharge of their duties and responsibilities or for their failure to provide any service required hereunder or under the Governing Documents, provided that such Released Party has, upon the basis of such information as may be possessed by the Released Party, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual budget, the funding of Association reserve accounts, collection of Assessments, repair and maintenance of Common Area, portions of the Covered Property and enforcement of the Governing Documents.
- (b) *Other Claims Involving Tortious Acts and Property Damage.* No Released Party shall be responsible to any Owner or to any of his or her lessees, occupants, guests, servants, employees, licensees, invitees or any other person for any loss or damage suffered by reason of theft or otherwise of any article, vehicle or other item of personal property which may be kept or stored by such Owner or other person on any Lot or within any Residence or for any injury to or death of any person or loss or damage to the property of any person caused by fire, explosion, the elements or any other Owner or person within the Covered Property, or by any other cause. It is the intent of this subsection to provide volunteer directors and officers with protection from liability to the full extent permitted by applicable law, including those provisions contained in the Davis-Stirling Common Interest Development Act ("**Act**") as set forth in the California Civil Code.

ARTICLE 4
ASSESSMENTS

4.1 Assessments Generally.

- (a) *Covenant to Pay Assessments.* Each Owner, by acceptance of a recorded 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: Regular Assessments, Special Assessments, and Reimbursement Assessments (collectively, "**Assessments**"). Each such Assessment shall be established and collected as hereinafter provided.
- (b) *Purposes of Assessments.* The Assessments levied by the Association shall be exclusively used for the purpose of promoting the recreation, health, safety and welfare of the Members and enhancing the value of the Covered Property including, without limitation, the improvement and maintenance of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area.
- (c) *Extent of Owner's Personal Obligation for Assessments.* All Assessments, together with late charges, interest and costs (including recording fees, management company charges and attorneys' fees) for the collection thereof, shall be the debt and personal obligation of the person who was the Owner of the Lot at the time the Assessment was levied. Each Owner who acquires title to a Lot (whether at judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Lot so purchased which becomes due and payable after the date of such sale, and shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability. Any unpaid Assessments of a previous Owner shall remain the debt of such previous Owner against whom assessed.
- (d) *Creation of Assessment Lien.* All Assessments, together with late charges, interest and collection costs (including reasonable attorneys' fees), shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such Assessment is made, securing the unpaid assessments and related charges accrued prior to the recording of the lien and that accrue after the recording of the lien. Any demand or claim of lien or lien on account of prior delinquencies shall be deemed to include subsequent delinquencies and amounts due on account thereof. Any lien for unpaid Assessments created pursuant to the provisions of this Article is subject to foreclosure.

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

4.2 Regular Assessments.

- (a) *Preparation of Annual Budget.* Not less than thirty (30) nor more than ninety (90) days prior to the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Area) by preparing and distributing to all Association Members a budget satisfying the requirements of Civil Code Section 5300 and the Bylaws.
- (b) *Establishment of Regular Assessment.* The total annual expenses estimated in the Association's budget (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year; provided that, except as provided below, the Board of Directors may not impose a Regular Assessment that is more than twenty (20) percent greater than the Regular Assessment for the Association's immediately preceding fiscal year without the approval of Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association. For purposes of this Section, "quorum" shall mean more than fifty (50) percent of the Members or as required by the Act.
- (c) *Allocation of Regular Assessment.* The total estimated Common Expenses, determined in accordance with subsection (a) above, shall be allocated among, assessed against and charged to each Owner according to the ratio of the number of Lots within the Covered Property owned by the assessed Owner to the total number of Lots subject to Assessments so that each Lot bears an equal share of the total Regular Assessment. Subject to the membership approval requirements set forth above, the Board may alter or adjust the budget during the fiscal year and thus alter or adjust the amount of the Regular Assessments levied against each Lot.
- (d) *Failure to Make Estimate.* If, for any reason, the Board of Directors fails to prepare and distribute a budget for the next fiscal year, then the Regular Assessment in effect at the close of the preceding fiscal year, together with any Special Assessment made for that year, shall be assessed against each Owner and his or her Lot for the next fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Association.

- (e) *Installment Payment of Assessments.* The Regular Assessment levied against each Owner and his or her Lot shall be due and payable in advance to the Association in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Board. Installments of Regular Assessments shall be delinquent if not paid within thirty (30) days after the due date.

4.3 Special Assessments.

- (a) *Purposes for Which Special Assessments May Be Levied.* Subject to the membership approval requirements set forth below, the Board of Directors has the authority to levy Special Assessments against the Owners and their Lots for any Association purpose and undertaking, including, but not limited to, the following:
 - (i) *Regular Assessment Insufficient in Amount.* If, at any time, the actual or expected income to the Association from the Regular Assessments for any fiscal year is, in the Board's opinion, insufficient, the Board of Directors may levy and collect a Special Assessment to raise and collect additional funds;
 - (ii) *Capital Improvements.* The Board may also levy Special Assessments for capital improvements to the Common Area (i.e., improvements not in existence on the date of this Declaration that are unrelated to replacement of or repairs for damage to, or destruction of, the existing Common Area).
- (b) *Special Assessments Requiring Membership Approval.* No Special Assessment described in this Section which, in the aggregate, exceeds five percent (5%) of the budgeted gross expenses of the Association for the fiscal year in which the Special Assessment(s) is/are levied shall be made without the affirmative vote or written assent of a majority of the Members voting at a meeting or election of the Association at which a quorum of the Members shall be present. For purposes of this Section, "quorum" shall mean more than fifty percent (50%) of the Members or as may be required by the Act.
- (c) *Allocation and Payment of Special Assessments.* When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments. The Special Assessment so levied shall be recorded on the Association's Assessment roll and notice thereof shall be provided to each Owner via Individual Delivery pursuant to Civil Code Section 4040, or any successor statute.

- (d) *Assessments to Address Emergency Situations.* The requirement of a membership vote to approve Regular Assessment increases in excess of twenty percent (20%) of the previous year's Regular Assessment, or to approve Special Assessments that, in the aggregate, exceed five percent (5%) of the budgeted gross expenses of the Association for the fiscal year in which the Special Assessment(s) is/are levied, shall not apply to Assessments necessary to address emergency situations. For purposes of this subsection, an emergency situation is any of the following or as may be provided for in the Act:
- (i) An extraordinary expense required by an order of a court.
 - (ii) An extraordinary expense necessary to repair or maintain the Common Area or any portion of the separate interests which the Association is obligated to maintain where a threat to personal safety is discovered.
 - (iii) An extraordinary expense necessary to repair or maintain the Common Area or any portion of the separate interests which the Association is obligated to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the budget; provided that, prior to the imposition or collection of an assessment under this subsection, 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.

4.4 Reimbursement Assessments.

- (a) *Circumstances Giving Rise to Reimbursement Assessments.* The Board of Directors may impose Reimbursement Assessments against an Owner to recover costs and expenses incurred by the Association as a result of the Owner's acts or omissions or those of the Owner's tenants, family members, Residence occupants, guests, servants, employees, licensees or invitees. A decision on whether to impose such a Reimbursement Assessment may be made by the Board of Directors at an executive session Board hearing for which the Owner was sent prior written notice. The circumstances which can result in a Reimbursement Assessment include, but are not limited to, the following:
- (i) A Reimbursement Assessment may be levied to recover costs incurred by the Association to repair damage to the Common Area or other portions of the Covered Property or for other expenses, including management fees, expert fees, attorneys fees and other costs, resulting from the act or omission of any Owner or the Owner's

tenants, Residence occupants, guests, servants, employees, licensees or invitees;

(ii) A Reimbursement Assessment may be levied to recover expenses incurred by the Association in obtaining or attempting to obtain a Member's compliance with the Governing Documents or in bringing a Member or Member's Lot into compliance with the Governing Document, so, for example, amounts paid by the Association in connection with the repair, maintenance or replacement of any Improvement an Owner is responsible for under the Governing Documents but has failed to undertake or complete can be recovered via a Reimbursement Assessment (this includes, but is not limited to, funds spent by the Association in connection with exercising the Association's right of entry to deal with a condition on an Owner's Lot); similarly, expenses incurred by the Association in efforts to convince an Owner to comply with the Governing Documents (such as legal fees or extra management expenses) can be recovered via a Reimbursement Assessment;

(iii) If, as a result of the acts or omissions of any Owner or the Owner's tenants, Residence occupants, guests, servants, employees, licensees or invitees, the Association incurs an expense (such as an increase in the Association's insurance premiums, attorneys fees or the cost of having patrol service police behavior at an Association meeting or monitor a Lot, Covered Property or Common Area for compliance with the Governing Documents), that expense can be recovered via a Reimbursement Assessment.

(b) *Levy of Reimbursement Assessment and Payment.* If a Reimbursement Assessment is levied against an Owner, notice thereof shall be transmitted to the affected Owner (by mail or other reasonably available method for document delivery), and the Reimbursement Assessment shall be due as of the date of transmission.

4.5 Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be (a) to promote the recreation, health, safety and welfare of Owners and others residing within the Covered Property; (b) to promote the enjoyment and use of the Covered Property by the Owners and their tenants, occupants, invitees, licensees, guests and employees; (c) to provide for the repair, maintenance, replacement, improvement and protection of the Covered Property Common Area, Residences and Lots; (d) to assure the services and facilities devoted to promotion of the value of the Covered Property. Each and every Assessment levied under this Declaration is further declared and agreed to be a reasonable Assessment and to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created hereby) of the Owner of the Lot against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and

assigns, except the personal obligation of each Owner for Assessments levied during the Owner's period of ownership shall not pass to the Owner's successors in title unless expressly assumed by them. If an Owner takes title to a Lot that is subject to a recorded Association lien, the Owner does not by that act assume personal responsibility for repayment of the unpaid assessments and related charges secured by the lien that were levied prior to the Owner taking title. However, the Lot remains subject to the lien, and that lien remains subject to foreclosure by the Association. Thus, it may be in the Owner's best interests to pay the unpaid assessments and related charges secured by the lien and thus clear the lien from the Lot.

4.6 Exemption of Certain of the Covered Property From Assessments. The Common Area and any Lot owned by the Association (for the period of time during which the Association owns the Lot), and any portion of the Covered Property dedicated and accepted by a local public authority, are exempt from the Assessments and the lien thereof provided herein.

4.7 Maintenance of Assessment Funds. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors,. In addition, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees to protect and preserve principal, including FDIC insured accounts, and investments backed by the full faith and credit of the United States. 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. The withdrawal of funds from Association reserve accounts shall comply with any approval or signature requirements imposed by applicable law.

4.8 Collection of Assessments; Enforcement of Liens.

(a) *Delinquent Assessments.* If any Regular Assessment installment or any Special Assessment or Reimbursement Assessment is not paid within fifteen (15) days after the same becomes due, such payment shall be delinquent. If an Assessment is delinquent, the Association may recover all of the following: (i) reasonable costs incurred in collecting the delinquent Assessment, including reasonable attorneys' fees; (ii) a late charge in the sum of ten dollars (\$10.00) or ten percent (10%) of the delinquent Assessment, whichever is greater; (iii) interest on all sums imposed in accordance with the Act , including the delinquent Assessment, reasonable fees and costs of collection, and reasonable attorneys' fees, at the maximum annual percentage rate permitted by law, commencing thirty (30) days after the Assessment becomes due.

(b) *Effect of Nonpayment of Assessments.*

- (i) Creation and Imposition of a Lien for Delinquent Assessments. The amount of any delinquent Regular, Special or Reimbursement Assessment, together with any late charges, interest and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall be the personal obligation of the Owner and become a charge and continuing lien upon the Lot of the Owner so assessed when the Association causes to be recorded with the County Recorder's office a Notice of Delinquent Assessment executed by an authorized representative of the Association, setting forth (1) the amount of the delinquent Assessment(s) and any unpaid late charges, interest and collection costs; (2) the legal description of the Owner's Lot against which the Assessments and other sums are levied; (3) the name(s) of the Owner(s) of record of such Lot; (4) the name and address of the Association; and (5) the name and address of the trustee authorized by the Association to enforce the lien by sale, along with any other legal requirements imposed by applicable law. Any demand or claim of lien or lien on account of prior delinquencies shall be deemed to include subsequent delinquent Assessments, late charges, interest and other amounts due on account thereof. Immediately upon recordation of a Notice of Lien, the amounts set forth therein, together with all sums accruing after the date of recordation of the Notice of Lien (including, any and all subsequently accruing assessments, late charges, interest, collection costs, and attorneys' fees) shall constitute a continuing lien in favor of the Association upon the Lot described in the Notice of Lien. Upon payment in full of the sums secured by the Lien, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof.
- (ii) Remedies Available to the Association to Collect Assessments. The Association may, in the Board's discretion, initiate a legal action against the Owner personally obligated to pay any delinquent Assessment, foreclose its lien against the Owner's Lot or accept a deed in lieu of foreclosure. Foreclosure by the Association of its lien may be by judicial foreclosure or by non-judicial foreclosure by the trustee designated in the Notice of Delinquent Assessment or by a trustee substituted pursuant to applicable law. Any sale of a Lot by a trustee acting pursuant to this Declaration shall be conducted in accordance with California Civil Code Sections 2924, 2924b and 2924c or other applicable laws are applicable to the exercise of powers of sale in mortgages or deeds of trust.
- (iii) Non-judicial Foreclosure. Non-judicial foreclosure may be commenced by recording with the County Recorder's office a Notice of Default stating all amounts which have become delinquent with

respect to the Owner's Lot and the costs (including attorneys' fees), penalties and interest that have accrued thereon; the amount of any Assessment which is due and payable although not delinquent; a legal description of the property with respect to which the delinquent Assessment is owed; and the name(s) of the Owner(s) of record or reputed Owner(s) thereof. The Notice of Default shall state the election of the Association to sell the Lot or other property to which the amounts relate and shall otherwise conform with the requirements for a notice of default under California Civil Code Section 2924(c), California Civil Code Section 5710, or comparable superseding statutes.

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

- (iv) Actions for Money Judgment and Judicial Foreclosure. In the event of a default in payment of any Assessment, the Association may initiate legal action, in addition to any other remedy provided herein or by law, to recover a judgment for foreclosure and/or a money judgment or judgments for unpaid Assessments, late charges, costs and attorneys' fees without foreclosure or waiver of the lien securing same. The assessment lien shall remain enforceable and intact even after entry of any judgment for foreclosure, until such time as the property is sold by the sheriff or marshal pursuant to a writ of sale, or such time as the lien is extinguished by virtue of a foreclosure of a senior lien, and shall not be merged into any judgment obtained. Nothing in this Section shall preclude the Association from seeking a money judgment in addition to an order for foreclosure of the Association's assessment lien.

- 4.9 Transfer of Lot by Sale or Foreclosure. The sale or transfer of any Lot shall not affect any Assessment lien duly recorded with respect to such Lot prior to the sale or transfer. However, the sale or transfer of any Lot pursuant to the foreclosure of any first Mortgage or other mortgage or lien recorded prior to the Association's Assessment lien (collectively, "prior encumbrance") shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer. 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 from liability for any Assessments thereafter becoming due or from the lien thereof.

Where the first Mortgagee or other purchaser of a Lot obtains title to the same as a result of foreclosure of any such first Mortgage or other prior encumbrance or exercise of a power of sale contained therein, the person acquiring title, his or her successors and assigns, shall not be solely liable for the Assessments chargeable to such Lot which became due prior to the acquisition of title. Instead, such unpaid Assessments shall be deemed to be Common Expenses collectible from the Owners of all of the Lots, including such acquirer, his or her successors and assigns. Furthermore, foreclosure shall not affect the Association's right to maintain an action for the collection of delinquent Assessments against the foreclosed party personally.

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

(a) *Subordination of Assessment Liens*. If any Lot subject to a monetary lien created by any provision hereof shall be subject to the lien of a Deed of Trust: (1) the foreclosure of any lien created by anything set forth in this Declaration shall not operate to affect or impair the lien of such Deed of Trust; and (2) the foreclosure of the lien of Deed of Trust, the acceptance of a deed in lieu of foreclosure of the Deed of Trust or sale under a power of sale included in such Deed of Trust shall not operate to affect or impair the lien hereof, except that the lien hereof for said charges as shall have accrued up to the foreclosure, the acceptance of the deed in lieu of foreclosure shall be subordinate to the lien of the Deed of Trust, with the foreclosure-purchaser, deed-in-lieu-grantee or purchaser at such sale taking title free of the lien hereof for all said charges that have accrued up to the time of the foreclosure, deed given in lieu of foreclosure, or sale under said power of sale, but subject to the lien hereof for all said charges that shall accrue subsequent to the foreclosure or deed given in lieu of foreclosure or sale under said power of sale.

4.11 Unallocated Taxes. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than being assessed to the Lots, such taxes shall be included in the Regular Assessments and, if

necessary, a Special Assessment may be levied against the Lots in an amount equal to such taxes to be paid in two installments, thirty (30) days prior to the due date of each tax installment.

- 4.12 Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Declaration, the benefit of any homestead or exemption law of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed against the Owner's Lot.
- 4.13 Assignment of Rents. Each Owner assigns to the Association, absolutely and regardless of possession of the Lot/Residence, all rents and other monies now due or that become due under any lease or rental agreement for the use or occupation of Owner's Lot/Residence, either now existing or made in the future, for the purpose of collecting all delinquent Assessments and all late charges, costs, attorneys' fees and interest. The Association authorizes each Owner to collect and retain the rents and other monies derived from any such lease or agreement. Provided, however, the Association may revoke such authority at any time, on written notice to the Owner of a delinquency in the payment of any Assessment due under this Declaration. Upon revocation of such authority the Association may, pursuant to court order or by court appointed receiver, collect and retain such monies, whether past due and unpaid or current. The Association's rights under this Section shall be subordinate to the rights of any First Mortgagee.
- 4.14 Reserve Funds. The Association shall meet all requirements of the Act and any other applicable laws with regard to reserve studies, funding of reserves, assessments to include reserve funding, and all other provisions of the Act concerning review and disclosure by the Board of funding levels, and use of reserve funds.

ARTICLE 5

ARCHITECTURAL CONTROL

- 5.1 Architectural Committee Approval of Improvements.
- (a) *Approval Generally.* Before commencing construction or installation of any Improvement within the Covered Property, the Owner planning such Improvement must submit to the Association's Architectural Committee ("**Committee**" or "**Architectural Committee**") a written request for approval. The Owner's request shall include structural plans, specifications and plot plans satisfying the requirements of this Declaration and the Architectural Standards and Guidelines established by the Association. Unless the Committee's approval of the proposal is first obtained, no work on the Improvement shall be undertaken. The Committee shall base its decision to approve or disapprove the proposed improvement on the criteria

described in this Declaration and the Architectural Standards and Guidelines.

- (b) *Modifications to Approved Plans Must Also Be Approved.* Once a work of Improvement has been duly approved by the Committee, no 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 effect on other aspects or components of the work, the Committee, in its sole discretion, may order the Owner, his or her contractors and agents to cease working not only on the modified component of the Improvement, but also on any other affected component.

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

- 5.2 Architectural Committee Membership. The Architectural Committee shall be composed of not less than three (3) nor more than five (5) Members of the Association appointed by the Board. Committee members shall serve subject to the Board's power to remove any Committee member and to appoint his or her successor. Neither the members of the Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto. The Board may appoint Members of the Association who have background, experience and knowledge in the area of architecture, construction, plan review and general building, including, but not limited to, Members who may be architects, contractors, engaged building trades, design, and planning. In the event the Board does not appoint an Architectural Committee, the Board shall serve as the Committee. The Association may retain a licensed professional architect to review plans and specifications. The architect shall be compensated by the Association for his/her services. The Owner who is submitting plans and specifications shall be responsible to reimburse the Association for all costs associated with the submittal, including the costs for the architect, management and any other experts or consultants who are retained by the Association to assist with the submittal. The Board may adopt rules and regulations concerning the Architectural Committee, including criteria for serving on the Committee, procedures regarding the Committee review and meetings, and other guidelines and standards concerning the Committee and its operation.

- 5.3 Duties of Committee. It shall be the duty of the Architectural Committee to consider and act upon the proposals and plans submitted to it pursuant to this Declaration, to propose Architectural Standards and Guidelines pursuant to this Declaration, to perform other duties delegated to it by the Board of Directors and to carry out all other duties imposed upon it by this Declaration.
- 5.4 Meetings. The Architectural Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of a majority of the Committee members shall constitute the action of the Committee, and the Committee shall keep and maintain minutes of its meetings, reflecting actions taken on each matter submitted to it.
- (a) *Attendance at Meetings.* The Owner applicant shall be entitled to appear at any meeting of the Architectural Committee at which the Owner's proposal has been scheduled for review and consideration. The Owner shall be entitled to be heard on the matter and may be accompanied by his or her architect, engineer and/or contractor. Other Owners whose property may be affected by the proposed Improvement shall also be entitled to attend the meeting.
- (b) *Notice of Meetings.* Reasonable notice of the time, place and proposed agenda for Architectural Committee meetings shall be communicated before the date of the meeting to any Owner applicant whose application is scheduled to be heard.
- 5.5 Architectural Standards and Guidelines. The Architectural Committee may make recommendations to the Board and the Board may, from time to time, adopt, amend and repeal rules and regulations to be known as "Architectural Standards and Guidelines" ("**Standards**"). Such Standards shall interpret and implement the provisions of this Declaration by setting forth (a) the standards and procedures for Architectural Committee review; (b) guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended or required for use within the Covered Property; (c) restrictions controlling the species and placement of any trees, plants, bushes, shrubbery, ground cover, etc., to be placed, planted, irrigated and maintained in the Covered Property; (d) procedures and required information and materials to be included with all plans and specifications; (e) view impairment and procedures for addressing potential view impairments in applications and complaints regarding view impairments (f) requirements for accessory dwelling units ("**ADUs**",) junior accessory units ("**JADUs**"), and (g) procedures for neighbor awareness and comment. The Standards may provide for the payment of a fee payable to the Association to accompany each application for approval and the Association may determine the amount of such fee, in its discretion. The Standards may also require a deposit for the Association's use in the event of any damage to the Common Area that is caused by the Owner applicant's construction activities. The Association may retain such deposit to pay any delinquent Assessments, including Reimbursement Assessments, owed by the Owner.

Notwithstanding the foregoing, no Standard shall be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Standards and this Declaration, the provisions of the Declaration shall prevail.

- (a) *Landscaping Approval.* No trees, bushes, shrubs, or plants shall be maintained upon any Lot which, without clipping or pruning thereof, in the reasonable opinion of the Architectural Committee, unduly impede or detract from the view of any Lot. The Architectural Committee shall have the right to require any Member to remove, trim, top or prune any tree, bush, shrub or plant which, in the reasonable opinion of the Architectural Committee, impedes or detracts from the view of any Lot. The Board may adopt rules regarding landscape, including view impairment standards and guidelines. The Association will also review any landscape submittal based on the Standards for landscape then in place.

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

- (a) The Owner's plans and specifications (i) conform to this Declaration and to the Standards in effect at the time those plans are submitted to the Committee; (ii) will result in the construction of an Improvement that is in harmony with the external design of other structures and/or landscaping within the Covered Property; and (iii) will not interfere with the reasonable enjoyment of any other Owner of his or her Lot.
- (b) The proposed Improvement(s), if approved, will otherwise be consistent with the architectural and aesthetic standard prevailing within the Covered Property and with the overall plan and scheme of development of the Covered Property and the purpose of this Declaration.
- (c) The plans and specifications must show the nature, kind, shape, height, materials, exterior color and surface, and the proposed location of any structures or modifications. The plans must also show the Lot dimensions, location of the proposed modifications on the Lot, show the general location of adjacent Lots and Common Areas. The plans and specifications must also meet all requirements set forth in the Standards, including any impact or effect on other Lots, such as view impediments.
- (d) Though it is recognized that the Committee's determination to approve or disapprove an Improvement will, of necessity, be subjective to some degree, the members of the Committee shall act reasonably and in good faith. Factors commonly considered by the Committee in reviewing proposed Improvements include the quality of workmanship and materials proposed for the Improvement project; the harmony of the proposed Improvement's exterior design, finish materials, and color with that of the

existing structures; potential view impairment, and the proposed location of the Improvement in relation to existing topography, finished grade elevations, roads, Common Area and other structures.

- (e) The Committee shall be entitled to determine that a proposed Improvement or component thereof is unacceptable in the context of a particular Lot, even if the same or a similar Improvement/component has previously been approved for use at another location or locations within the Covered Property. Factors that may cause the Committee to reject a proposal that was previously approved at another site include, but are not limited to: poor drainage; unique topography; visibility from roads, Common Area or other Lots; proximity to other residences or Common Area; or prior adverse experience with the product or design of the proposed Improvement or any component thereof.
- (f) Landscaping shall be deemed to be a work of Improvement requiring Committee approval. Landscaping shall include lawns, shrubs, plants, bushes, trees, flowers and any landscape structures. The Committee may withhold approval if it determines that the harmony or aesthetic beauty of any Lot would be impeded by a proposed planting, or if the proposed planting would, without clipping or pruning thereof, in the reasonable opinion of the Committee, unduly impede or detract from the view of any Lot.

5.7 Time Limits for Approval or Rejection. Within forty-five (45) days after the Association's receipt of complete plans and specifications satisfying the requirements of this Declaration and the Standards the Committee shall return one set of such plans to the applicant, with either written notice of approval or disapproval. If the Committee disapproves the Owner's plans and specifications, the Committee shall do so in a written decision that shall include an explanation of the reasons for the disapproval, and the procedure for reconsideration of the decision to the Association's Board of Directors. Upon request from an Owner who submits plans and specifications to the Committee, the Association shall provide the Owner with written evidence of the Association's receipt of such plans and specifications. An Owner's inability to produce written evidence from the Association that it received plans and specifications shall be prima facie evidence that the Association did not receive such plans and specifications.

5.8 Reconsideration of Disapproval by Board of Directors. An Owner applicant whose plans and specifications have been disapproved by the Committee may submit a written request for reconsideration of the Committee's decision to the Board. Such request for reconsideration must be submitted to the Board within thirty (30) days of the date of the Committee's written disapproval. The Board shall act on the request for reconsideration within forty-five (45) days of receipt of the Owner's request. Provided, however, the applicant shall not have a right to reconsideration, if the initial determination to disapprove the application was made by the Board of

Directors, or by an Architectural Committee with the same composition as the Board of Directors, at a meeting open to the Members.

- 5.9 Proceeding With Work. Upon receipt of written approval of plans and specifications from the Architectural Committee, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement of construction and excavation, if required, pursuant to said approval. If the Owner fails to diligently work on the project, approval given may be revoked, unless the Architectural Committee, upon written request of the Owner extends the time for commencement or completion.
- 5.10 Failure to Begin and Complete Work. Construction, reconstruction, refinishing or alteration of any such approved Improvement must be started as quickly as possible after permits are issued and completed as quickly as possible after construction has commenced.
- 5.11 Inspection of Work by Architectural 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 Architectural 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) Upon the completion of any work of Improvements for which Architectural Committee approval is required the Owner shall give the Committee a written notice of completion.
 - (c) Within thirty (30) days thereafter, the Architectural Committee, or its duly authorized representative, may inspect the Improvement to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approved plans. If the Committee finds that the Improvement was not erected, constructed, reconstructed or installed in substantial compliance with the Owner's approved plans, then within the thirty (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, and providing a time frame for completion of the work. If the violation or nonconforming work is not corrected, the Association shall have the enforcement rights and remedies set forth in this Declaration.
 - (d) If, for any reason, the Committee fails to notify the Owner of any noncompliance within sixty (60) 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 Association with respect thereto.

- 5.12 Enforcement. In addition to other enforcement remedies set forth in this Declaration, the Board of Directors shall have enforcement rights with respect to any matters required to be submitted to and approved by the Architectural Committee, and may enforce such architectural control by any proceeding at law or in equity. The Association shall have the authority to order an abatement of any construction, alteration or other matter for which approval is required, to the extent that it has not been approved by the Association, or if it does not conform to the plans and specifications submitted to the Association. No work for which approval is required shall be deemed to be approved simply because it has been completed without a complaint, notice of violation, or commencement of a suit to enjoin such work. If any legal proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorneys' fees and expert fees, in addition to the costs of such proceeding.
- 5.13 Limitation on Liability. Neither the Association, its Architectural Committee, nor Board, nor any member thereof shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any work of Improvement, whether or not pursuant to approved plans, drawings or specifications; or (c) the development of any Lot within the Covered Property.
- 5.14 Compliance With Governmental Regulations; Encroachments on Other Lots. Review and approval by the Architectural Committee of any proposals, plans or other submittals pertaining to Improvements shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements or agreements, the responsibility for which shall lie solely with the Owner who desires to construct, install, or modify the Improvement. The Association is not responsible for and does not review applications for or make any decision regarding the application's compliance with building codes or other laws, nor does it review whether or not the proposed plans may encroach upon another Lot. Association approval does not relieve the owner of any duties to obtain City permit(s), nor does Association approval reflect compliance with any other public agency requirements. If an Owner/applicant contends that any provision of law mandates or requires the installation of all or any part of any proposed Improvement, the applicant must specify, in writing, to the Association what provision of law applies and what components of the proposed Improvement are required by law. Association approval also does not relieve the Owner of any duty to ensure that the proposed Improvement does not encroach on another Lot. It is the Owner's responsibility to ensure same. In the event an Improvement does encroach on another Lot, the Association, Committee, Board, and any members thereof shall not be responsible nor liable for such a

dispute, which shall be solely between the Owners of the Lots impacted by such Improvement.

- 5.15 Variances. The Owner applicant may request a variance from the requirements of this Declaration and the Standards for good cause. The Owner applicant may submit the request for a variance to the Committee for its review and consideration. The Committee will then make recommendations to the Board of Directors regarding the variance request. The Board will then make a determination on the variance within sixty (60) calendar days after it receives the recommendations from the Committee. The Board may grant variances from the requirements of the Architectural Standards or restrictions in this Declaration, provided that such variance is reasonably necessary in order to carry out the general purpose and intent of the Governing Documents. Any variance shall be in writing and shall not constitute a waiver of any Standards or this Declaration, or hinder the enforcement of any Standards or this Declaration.

ARTICLE 6

USE OF PROPERTY AND RESTRICTIONS

- 6.1 Residential Use. Each Lot and Residence shall be used for residential, single-family dwelling purposes only. In accordance with California law, the concept of "single family dwelling purpose" shall refer to a group of people, related or not, living together as a common household. This does not prohibit an Owner's rental or leasing of a Lot or an ADU or JADU or community that have all required governmental permits, and, for an ADU or JADU visible from the Common Area or another Lot, the Association's architectural approval. All residential care facilities, including family day care facilities, elder and adult residential care facilities, alcohol and other drug recovery and treatment programs ("**Care Facilities**") must notify and provide information about the operation of the facility, along with copies of current licensure, appropriate insurance and other documents evidencing governmental approval of the Care Facility to the Association prior to commencing any operations. The Association may adopt and enforce Standards and Rules & Regulations regarding the ADUs, JADUs, Care Facilities, and other uses of the Lot, including height, roof materials, view, set backs and all other requirements of the Standards, and Rules, as well as compliance with all applicable governmental requirements, nuisance prohibitions, and protection of quiet enjoyment within the Association.
- 6.2 Business or Commercial Activity. No Lot shall be used for any business, commercial, hotel, timeshare, rental pool, manufacturing, apartment, boarding house, mercantile, storage, vending, distribution of goods, or other such nonresidential purposes. The provisions of this Section shall not preclude professional and administrative occupations with no external evidence thereof that are merely incidental to the use of the Lot as a residential home, and which do not increase traffic, noise or otherwise constitute a nuisance or in any way negatively impact the Covered Property.

- 6.3 Nuisances. No noxious or offensive trade or activity to the neighborhood shall be carried on, in or upon any Lot or the Covered Property nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to the surrounding Owners and occupants or which may in any way interfere with the quiet enjoyment of the Owners on their Lots, or which shall in any way increase the rate of insurance for the Owners or the Association.. The Board shall have the right to determine if any noise, odor, vibration, eyesore, visual blight, unsightly or unattractive items, interference or activity producing such noise, odor or interference constitutes a nuisance. No drilling, refining, quarrying, manufacturing, or mining of any kind shall be permitted on any Lot. No activity or condition which may constitute a health or safety hazard, danger or threat to persons or property may exist on any part of the Covered Property.
- 6.4 Signs. No signs (except those placed by the Association) shall be placed or installed on the Common Area without prior written Association approval. No commercial signs shall be displayed on any Lot, Residence or Common Area, except that an Owner may post on his or her Lot a "For Rent" or "For Sale" sign of reasonable dimensions and appearance. Noncommercial signs, posters, flags or banners may be placed on a Lot so long as the signs or posters are not more than 9-square feet and so long as the flags or banners are not more than 15-square feet. No sign or other banner, flag or billboard may contain obscene or profane language, defamatory statements, hate speech. The Board may adopt Rules concerning signs, banners and flags for the protection of residents, and to impose reasonable restrictions.
- 6.5 Temporary Structures. No structure of a temporary character, including, but not limited to, a trailer, shacks, mobile home, camper, tent or similar item, shall be used or kept on any Lot at any time as a residence, living space, or for any other purpose. No shade cover, umbrella, awning or EZ Up-style coverings are permitted except where specifically approved in writing by the Architectural Committee.
- 6.6 Animals. No animals, livestock, poultry, insects, or other animals of any kind shall be kept on any Lot or in any Residence except that domesticated birds, cats, dogs or aquatic animals kept within an aquarium may be maintained as household pets, provided that they are not kept, bred or raised for commercial purposes or in unreasonable quantities. Any dog residing on a Lot or brought into the Covered Property must be either kept within an enclosure or on a leash being held by a person capable of controlling the animal, and the Owner of the Lot associated with the dog (i.e., where the dog resides or, in the event of a guest or invitee, the Lot being visited by that guest or invitee) is responsible for compliance with this requirement. It shall be the absolute duty and responsibility of each Owner to clean up after pets brought to or kept upon the Covered Property by the Owner or the Owner's family members, tenants, invitees or guests. Furthermore, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests and invitees, for any damage to person or property caused by any animals brought or kept upon the Covered Property by the Owner or the Owner's family members,

tenants, invitees or guests. Recovery of any such damage shall be handled between the Owners, and the Association shall have no duty to intervene or take enforcement action regarding such damages. The Board has the right, but not the duty, to prohibit maintenance of any animal which constitutes, in the opinion of the Board, a nuisance, danger or threat.

- 6.7 Garbage. No rubbish, trash, junk or garbage shall be allowed to accumulate on any Lot. Each Owner is responsible for keeping the Owner's lot free of rubbish, trash, debris and junk. Trash generated by normal residential use is acceptable, provided the trash is stored entirely within City disposal containers located on the Owner's Lot, screened from view from any street, neighboring Lot or Common Area in a manner approved by the Architectural Committee. The Board may adopt Rules establishing time frames for curbside placement of disposal containers for collection.
- 6.8 Common Area. Each Owner shall be strictly liable to the Association for the cost to repair any damage to the Covered Property caused by that Owner or that Owner's contract purchasers, tenants, residents, occupants, guests, licensees, contractors, vendors or invitees, and the Association may recover the same via levy of a Reimbursement Assessment.
- 6.9 Clotheslines. No clothesline shall be erected or maintained, and there shall be no drying, hanging or laundering of clothes or other items (towels, rugs, etc.) on any Lot in a manner which is visible from any neighboring Lot or the Common Area, except that backyard clotheslines and drying racks are permissible, subject to compliance with Rules which may be adopted by the Board imposing reasonable restrictions on use of such devices.
- 6.10 Burning. There shall be no exterior fires whatsoever except barbecue fires and firepits located upon the Owner's Lot and contained within receptacles designed for such purposes. No Owner or resident shall permit any condition to exist on his or her Lot, including, without limitation, trash piles or weeds, which creates an undue fire hazard or is in violation of applicable fire regulations.
- 6.11 Diseases and Pests. No Owner shall permit anything or condition to exist on his or her Lot which shall induce, breed or harbor infectious plant diseases, rodents or insects. Each Owner is responsible for treating and taking reasonable steps to eradicate pests from the Owner's Lot.
- 6.12 Parking and Vehicle Restrictions. The following parking and vehicle restrictions shall apply within the Covered Property:
- (a) The Board shall have the authority to tow, at the Owner's expense, any vehicle parked or stored on the Covered Property in violation of any provision of the Governing Documents or governmental regulations
 - (b) No Owner, resident or guest shall park, store or keep on any Lot, street, alley or Common Area within the Covered Property: any vehicular

equipment, mobile or otherwise, deemed to be a nuisance by the Board; any commercial vehicle (including, but not limited to, any dump truck, cement mixer truck, oil or gas truck, or delivery truck) (except on a temporary basis when being used in the furnishing of services to the Association or the Owners); or any recreational vehicle (including, but not limited to, any camper unit, house car or motor home), bus, trailer, trailer coach, camp trailer, boat, travel trailer, aircraft, mobile home or any other similar vehicle. Recreational vehicles may be parked on an Owner's Lot for loading and unloading purposes only for up to 48 hours during any 10-day period. The 10-day period will begin running when the vehicle is brought onto the Covered Property and will reset on the later to occur of the vehicle's return or 10 days. Trailers, campers, boats and similar equipment shall only be permitted on any Lot if placed or maintained wholly within a garage. The Board shall have the discretion to determine whether a vehicle qualifies as a prohibited vehicle under this Section.

- (c) No vehicle repairs or restorations are permitted except wholly within the Owner's garage; provided, however, that such activity shall at no time be permitted for commercial purposes or if it is determined by the Board to be a nuisance to other residents. Occasional minor vehicular maintenance (change flat tire, replace a taillight) is permitted but not if the same generates undue negative impacts on the Covered Property or surrounding Lots as determined by the Board.
- (d) The Board shall have the authority to promulgate Rules regarding parking and vehicles within the Covered Property as the Board may be deemed prudent and appropriate.

6.13 Restriction on Further Subdivision and Severability. No Lot shall be further subdivided without the Board's approval nor shall less than all of any such Lot be conveyed or leased by an Owner, and no Owner of a Lot within the Covered Property shall be entitled to sever his or her Lot from the development. Owners may apply to the Association for approval to subdivide a Lot into two parcels pursuant to Senate Bill 9 (Government Code Sections 65852.21 and 66411.7). The Association shall adopt Standards for any Lot subdivision. Owners must comply with all Association requirements, and also obtain all necessary City and other approvals.

6.14 Antennas, Satellite Dishes and Related. No exterior radio antenna, CB antenna, satellite dish, wireless cable antenna or other antenna of any type shall be erected on or maintained from any Lot unless approved by the Architectural Committee. Notwithstanding the restrictions in the previous sentence (or any other provision of this Declaration), a television antenna designed to receive local broadcast signals, satellite dishes with a diameter of one meter or less, or wireless cable antenna with a diameter of one meter or less, or similar devices covered by applicable federal regulations may be installed upon a Lot in a reasonable and relatively unobtrusive location upon property within the exclusive use or control of the Owner, subject to

Rules as may be adopted by the Board from time to time. Cables and wiring shall be neatly hidden from view and properly secured. Any dish or antenna and related cabling and wiring not actively being used by the occupants of a Lot shall be promptly removed by the Owner.

- 6.15 Solar Energy Systems. The Board is empowered to adopt guidelines for the installation of solar energy systems, subject to California Civil Code Section 714 *et seq.* The guidelines may include provisions that encourage Owners to place panels and collectors in locations where they are not visible from the Common Area, and require that accessory conduits and equipment be painted to match exterior adjacent walls.
- 6.16 Drones. The Board shall be authorized to adopt Rules governing the use of drones in the Covered Property, including Rules prohibiting the use of drones in the Covered Property, subject to any superseding federal, state or local laws or ordinances.
- 6.17 Insurance Rates. Nothing shall be done or kept on any Lot, Covered Property or Common Area by an Owner or an Owner's tenant, family member, resident, guest or invitee which will increase the rate of insurance on any property insured by the Association without the approval of the Board nor shall anything be done or kept on any Lot, Covered Property or Common Area which would result in the cancellation of insurance on any property insured by the Association.
- 6.18 Use Restriction Rules. The Board has the authority to adopt, from time to time, and amend Rules to facilitate interpretation and application of the use restrictions in this Declaration.

ARTICLE 7

MAINTENANCE RESPONSIBILITIES

- 7.1 Owner Maintenance Responsibilities. Each Owner shall be responsible for the maintenance, repair and replacement of his or her Lot and all Improvements located on the Lot in a neat, clean, orderly, safe, sanitary and attractive manner, consistent with the surrounding Lots, and to ensure that such area does not pose a threat to the health, safety or welfare of other Owners. the alteration or replacement of exterior items shall be subject to the requirements of this Declaration.
- 7.2 Association Maintenance Responsibilities. The Association shall provide landscaping and gardening services for all Common Areas and applicable Covered Property and shall be solely responsible for all maintenance, repair, upkeep and replacement within the Common Area. All grass, trees and ornamental vegetation shall be properly irrigated, trimmed, fertilized, and in all respects cared for in a manner so as to provide a well-maintained appearance at all times. Any utilities used specifically for the benefit of the Common Area will be separately metered, and the cost of such utilities with constitute a Common Expense. The Association

may enter, with notice, upon any Lot as necessary in connection with construction, maintenance, or emergency repair for the benefit of the Common Area, Covered Property or the Owners in common. No person other than the Association or its duly authorized agents shall construct, reconstruct, finish, alter or maintain any Improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of the Common Area or any portion of the Covered Property for which the Association has responsibilities. In addition, no person shall remove any tree, shrub or other vegetation from, or plant any tree, shrub or other vegetation upon the Common Area or any portion of the Covered Property for which the Association has responsibilities without prior express written approval of the Association.

- 7.3 Recovery of Cost of Certain Repairs and Maintenance. If the Association incurs any expense to repair damage to the Common Area or any portion of the Covered Property for which the Association has responsibilities or an Improvement thereon where such damage was caused by an Owner or an Owner's guest, family member, licensee, contractor, invitee, agent, tenant or lessee, the Association may decide, after a duly noticed hearing, to levy a Reimbursement Assessment against the responsible Owner to recover the damage repair costs incurred by the Association. In addition, the Association may recover as a Reimbursement Assessment all management fees, expert/consultant fees, attorneys' fees and costs incurred as a result of any such conduct. The deductible on any insurance policy will be the responsibility of such Owner, which amount shall also be recoverable via a Reimbursement Assessment. Likewise, in the event any Owner fails to maintain the exterior of the Residence or other Improvements on a Lot (including landscaping), the Association may cause such maintenance to be accomplished and may decide, after a noticed hearing, to levy a Reimbursement Assessment against the Owner.

ARTICLE 8 **EASEMENTS**

- 8.1 Maintenance Easements. An easement is hereby granted to the Association, its officers, agents, employees, and to any management company or contractor selected by the Association to enter in or to cross over the Common Area, any portion of the Covered Property for which the Association has responsibilities and any Lot to perform the duties of maintenance and repair of the Lots or Common Area, provided that any entry by the Association or its agents onto any Lot shall only be undertaken in compliance with this Declaration.
- 8.2 Utility and Drainage Easements. Owner rights and duties with respect to drainage facilities, sanitary sewer, water, electricity, gas, telephone, cable television, security system lines, and other service lines and facilities ("**Service Lines and Facilities**") are as follows:

- (a) Easements for Service Lines and Facilities on Lots, any portion of the Covered Property for which the Association has responsibilities or Common Area is granted in favor of the Owner of a Lot or Association served by such Service Lines and Facilities to the full extent necessary for the maintenance and repair by the Owner, Association, or servicing company;
- (b) If Service Lines and Facilities serve more than one Lot, each Owner served is entitled to reasonable use and enjoyment and access for repair, replacement and maintenance of all necessary portions of the Service Lines and Facilities. In the event of a dispute between Owners respecting the repair, replacement or maintenance of the Service Lines and Facilities, or the sharing of the cost thereof, said Owners shall first contact the appropriate utility company in an effort to resolve the dispute; provided however, if said dispute remains unsolved, the matter shall be submitted to the Board who shall decide the dispute and the decision of the Board shall be final and conclusive on the Owners.
- (c) Easements established over the Lots, any portion of the Covered Property for which the Association has responsibilities and Common Area, may not unreasonably interfere with an Owner's use and enjoyment of the Lots, any portion of the Covered Property for which the Association has responsibilities and Common Area. Notwithstanding that an Owner may install improvements within such easement area with the approval of the Architectural Committee, each Owner acknowledges that such improvements may be removed by the respective utility or public agency to maintain, repair or replace any of the foregoing facilities without any liability to the Owner to repair or restore such improvements.
- (d) Whenever utility facilities are installed within the Covered Property, the utility lines for such facilities shall be installed underground.

8.3 Encroachment Easements. Each Lot possesses an appurtenant easement over all adjoining Property (including Lots and Common Area) to accommodate minor encroachments due to: (a) original engineering or survey errors; (b) errors in original construction; or (c) settlement or shifting of a building, wall or structure.

8.4 Drainage Easements. An easement for drainage exists over each Lot, any portion of the Covered Property for which the Association has responsibilities and the Common Area, in favor of all Lots within the Covered Property, in order to accommodate drainage flow from adjacent Lots. There will be no modification, interference with or obstruction of the established surface drainage patterns or constructed drainage facilities, unless adequate alternative provision is made for proper drainage. Any alteration of the established drainage pattern or constructed drainage facilities must comply with applicable ordinances of the City. For purposes of this Section, "established" drainage is the drainage that exists at the time the overall grading of any Lot was originally completed in compliance with the grading requirements of the City.

- 8.5 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 Covered Property and each Lot and Common Area as shown on the Map for the Covered Property or in a document recorded with the County Recorder's office.

ARTICLE 9
PARTY WALLS/FENCES

- 9.1 General Rules of Law to Apply. Each fence or wall on the dividing line between two Lots shall constitute a party wall, and to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

ARTICLE 10
INSURANCE

- 10.1 Types of Insurance Coverage. The Association shall purchase, obtain and maintain the following types of insurance, if and to the extent such insurance, with the coverages described below, is readily commercially 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 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 Area 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; and
 - (iii) Such other risks, perils or coverage as the Board of Directors may determine.
- (b) *Public Liability and Property Damage Insurance.* To the extent such insurance is reasonably obtainable, the Association shall obtain and maintain a policy of comprehensive public liability and property damage insurance naming as parties insured the Association, each member of the Association Board of Directors, any manager, the Owners and occupants of Lots, and such other persons as the Board may determine. The policy will insure each named party against any liability incident to the ownership

and use of the Common Area and any other Association owned or maintained real or personal property and including, if obtainable, a cross liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than two million dollars (\$2,000,000) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location and use.

- (c) *Directors and Officers Liability Insurance.* The Board shall purchase and maintain a policy of directors and officers liability insurance naming as parties insured the Association, each member of the Board of Directors, each officer of the Association, each committee member serving on an authorized and approved Association Committee, and any manager and any other person as the Board may determine.
- (d) *Dishonesty Insurance and Fidelity Bond.* The Board shall purchase and maintain some form of dishonesty insurance or a fidelity bond covering loss due to wrongful acts or misappropriation by officers, directors, managing agents, or employees, in the amount of Fifty Thousand Dollars (\$50,000.00) or an amount that is equal to or more than the combined amount of the reserves of the Association and total assessments for three (3) months, whichever is greater. Such dishonesty insurance or fidelity bond shall include computer fraud and funds transfer fraud. If the Association uses a managing agent or management company, the Association's dishonesty insurance or fidelity bond coverage shall additionally include dishonest acts by that person or entity and its employees.
- (e) *Additional Insurance and Bonds.* To the extent such insurance is reasonably obtainable, the Association may also purchase as a Common Expense, such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this subsection, demolition insurance, flood insurance, earthquake insurance and workers' compensation insurance. 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.

10.2 Responsibility for Deductible Amounts. The full insurance deductible shall be paid by the party whose acts or omissions are responsible for any damage that results in a property damage claim filed under the Association's insurance policy. If the acts or omissions are those of an Owner or the Owner's tenant, guest or occupant, the Owner shall be responsible for paying the deductible. If it is impossible to determine whose acts or omissions were responsible for the loss, the deductible shall be paid by the party who owns or is responsible for the maintenance, repair

or replacement of the component or property where the cause of the damage originated. If an Owner is determined to be responsible for the payment of any deductible, pursuant to this provision, such Owner shall be subject to imposition of a Reimbursement Assessment for the amount of such deductible.

- 10.3 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 which provides, as nearly as possible, the coverage described above. The Board shall notify the Owners of any material adverse changes in the Association's insurance coverage.
- 10.4 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.

ARTICLE 11

DAMAGE OR DESTRUCTION

- 11.1 Common Area; Bids and Determination of Available Insurance Proceeds. In the event any Common Area is destroyed through a catastrophic event, the Board of Directors shall (a) attempt to obtain bids from at least two reputable, licensed contractors, which bids shall set forth in detail the work required to repair, reconstruct and restore the damaged or destroyed portions of the Common Area to substantially the same condition as they existed prior to the damage and the itemized price asked for such work, and (b) attempt to ascertain the amount of all insurance proceeds available to the Association for the purpose of effecting such repair, reconstruction and restoration.
- 11.2 Common Area; Sufficient Insurance Proceeds. If, in the opinion of the Board, the insurance proceeds available to the Association are sufficient to cover the costs of repair, reconstruction and restoration of the damaged Improvements, then the Association may cause such Common Area to be repaired, reconstructed and restored subject to such modifications, upgrades or changes deemed desirable by the Board. The Association is not obligated to restore the Common Area to its prior appearance and condition if, in the Board's opinion, architectural or design modifications will enhance the Common Area.
- 11.3 Common Area; Insurance Proceeds Insufficient. If, in the opinion of the Board, the insurance proceeds available to the Association are not sufficient to cover the estimated cost of repair, reconstruction and restoration, then the Board shall determine whether (a) to repair, reconstruct and restore the damaged or destroyed Common Area and specially assess all Owners for such additional funds as may be needed for such purpose, or (b) decide on a different course of conduct and utilize the insurance proceeds for the same.
- 11.4 Damage to Lots.

- (a) If a Lot, Residence or Improvement on a Lot is damaged or destroyed, whether by fire, other casualty or any other cause, the Owner shall proceed with due diligence to repair or reconstruct the Lot, Residence or Improvement subject to compliance with the architectural approval provisions of this Declaration.
- (b) Unless the Board agrees to a longer time period, repair or reconstruction must commence within a reasonable time after permits are issued by the City and must be completed within the time limit set by the Association in its approval of the plans submitted , subject to delays that are beyond the Owner's control.
- (c) Notwithstanding the foregoing, the Owner must immediately take reasonable steps as required to make safe any hazardous conditions resulting from the damage or destruction.

ARTICLE 12
CONDEMNATION

- 12.1 Association as Trustee for Owner. 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 according to the loss or damages to their respective interest 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 the Association as his or her attorney in fact for such purposes.

ARTICLE 13
BREACH AND DEFAULT

- 13.1 Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration are inadequate and that the failure of any Owner, occupant or user of any Lot, or any portion of the Common Area, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board of Directors, or by their respective successors-in-interest. 13.2 Nuisance. Without limiting the generality of the foregoing, the result of every act or omission whereby any covenant contained in this Declaration is violated, in whole or in part, is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or

omission. Nuisances shall include, but not be limited to the following activities. No noxious or offensive activities (including but not limited to the repair of motor vehicles, operation of any business, use of any property for events, parties, or rentals) shall be carried on upon a Lot or the Covered Property or on any public street abutting or visible within the Association. No horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of a Residence and its contents or a vehicle, shall be placed or used in any such Residence or vehicle. No lighting which may create any unreasonable glare or have an unreasonable negative impact on adjoining Lots shall be permitted. No loud noises, noxious odors, noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or items which may unreasonably interfere with the quiet enjoyment of any Lot or any Owner in the Association, shall be located, used or placed on any portion of the Covered Property or on any public street abutting or visible within the Association which is exposed to the view or hearing of other Lots or Owners without the prior written approval of the Association. The Board of Directors of the Association shall have the right to determine if any noise, odor, or activity producing such noise, odor or activity constitutes a nuisance. Notwithstanding the foregoing, second-hand smoke is deemed to be a nuisance. Smoking of any kind, including cigarettes, cigars, pipes, marijuana, "vapping" and any other type of substance, is prohibited on or within all Common Area. All persons who are loitering, or using the Covered Property in any manner which may constitute a nuisance, annoyance, harassment or other unacceptable conduct will be considered to be a nuisance. All Owners must immediately abate any nuisance caused upon being given notice by the Association's Board of Directors. No Owner shall permit or cause anything to be done or kept upon the Covered Property or on any public street abutting or visible within the Association which may increase the rate of insurance on Lots or within the Covered Property, or may result in the cancellation of such insurance, or which will obstruct or interfere with the rights of any Owners.

- 13.3 Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any Owner or other party hereto under this Declaration, the court shall award to the prevailing party in any such action such attorneys' fees, expert fees and other costs as the court deems just and reasonable.
- 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.
- 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 or any other breach thereafter nor shall such failure result in or impose any liability upon the Association or the Board or any of its officers or agents.

13.6 Rights and Remedies of the Association.

- (a) *Rights Generally.* In the event of a breach or violation of any Association Rule or of any provision contained in any Governing Document by an Owner, Owner's guests, tenants, contractors, vendors, employees, invitees or licensees, the Association may enforce the obligations of each Owner to obey such Rules, covenants or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including, but not limited to, the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, and/or the suspension of the Owner's right to use recreational Common Area or other privileges or rights as a Member of the Association. The decision of whether it is appropriate or necessary for the Association to initiate enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board or its duly authorized enforcement committee.
- (b) *Schedule of Fines.* The Board may, from time to time, adopt and implement one or more schedules of reasonable fines and penalties for breaches of any one or more positive or negative requirements set forth in this Declaration or in the Rules.
- (c) *Ongoing Violations.* If a violation of the Governing Documents is continuous (such as maintenance of an unapproved Improvement), the Board, after notice and a hearing, may impose a daily, weekly or monthly fine against the Owner in addition to suspensions and other disciplinary measures. Similar violations on different days shall justify cumulative imposition of disciplinary measures.
- (d) *Notices.* A hearing notice shall set forth the date, time and place for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents, and generally describe the proposed or potential disciplinary measure or measures which may be imposed. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice, provided that if notice is given by mail, it shall be sent by first-class or certified mail sent to the last address of the member shown on the records of the Association.
- (e) *Rules Regarding Disciplinary Proceedings.* The Board shall be entitled to adopt Rules that further elaborate and refine the procedures for conducting disciplinary proceedings.

ARTICLE 14
NOTICES

- 14.1 **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; e-mailing, if permissible; or by any other methods of notice authorized by the Act as follows:

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

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

- 14.2 **Service Upon Co-Owners and Others.** Mailing or delivery of a notice or demand to one of the Co-Owners of any Lot; to any general partner of a partnership which is the record Owner; or trustee of a trust which is the record owner; or to any officer, director or agent for service of process of a corporation which is the record Owner shall be deemed delivered to all such Co-Owners, to such partnership, trust or corporation, as the case may be.
- 14.3 **Deposit in United States Mail.** All notices and demands served by mail shall be by first-class or certified mail, return receipt requested, with postage prepaid, and shall be deemed delivered on deposit into the United States mail.

ARTICLE 15
PROTECTION OF MORTGAGEES

- 15.1 **Mortgagee Protection Clause.** No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provisions herein, shall defeat or render invalid the lien of any deed of trust made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, with respect to a Lot.

ARTICLE 16
AMENDMENT OF DECLARATION

- 16.1 **Amendment in General.** This Declaration may be amended or revoked in any respect by the vote or assent by secret ballot of a majority of the Members of the Association. Notwithstanding the foregoing, the percentage of the Members 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. Article 4, Section 4.10(a) and Article 15, Section 15.1 may not be amended without the consent of the First Mortgagees.

- 16.2 Amendment by Board. Notwithstanding the foregoing Section 16.1, above, the Board of Directors shall have the power to amend this Declaration without Owner approval, upon adoption of a Board resolution authorizing such amendment, if such amendment is: (1) required under any law; (2) to correct a typographical, technical or scrivener's error in this Declaration; and/or (3) to correct a cross-reference in this Declaration to the t Act or another law that was repealed and continued in a new provision. Such Board resolution shall be recorded with the amendment.

- 16.3 Effective Date of Amendment. The amendment will be effective upon the recording in the Office of the Recorder of Orange County a Certificate of Amendment, duly executed and certified by the president of the Association setting forth in full the amendment so approved and that the approval requirements of Section 18.1, above, have been duly met. Notwithstanding anything to the contrary contained in this Declaration, no such amendment shall affect the rights of the holder of any first deed of trust or mortgage recorded prior to the recording of such amendment.

ARTICLE 17
GENERAL PROVISIONS

- 17.1 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 upon the Owners and the Association, and their respective successors-in-interest, for the term of 60 years from the date of the recording of this Declaration, after which time the same shall be automatically extended for successive periods of 10 years each.

- 17.2 No Gift or Dedication. Nothing contained in this Declaration shall be deemed to be a gift or a dedication of all or any portion of the Covered Property to the general public or for any public use or purpose whatsoever.

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

 - (b) *Restrictions Severable.* Notwithstanding the provisions of subsection a, above, the covenants, conditions and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity

of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

- (c) *Singular Includes Plural.* The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter as the context requires.
- (d) *Captions.* All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.
- (e) *Exhibits.* All exhibits to which reference is made herein are deemed to be incorporated herein by reference, whether or not actually attached.

OFFICERS' CERTIFICATE

The undersigned President and Secretary of Cameo Community Association, a California nonprofit mutual benefit corporation, hereby certify under penalty of perjury that this Amended and Restated Declaration of Covenants, Conditions, and Restrictions was approved by the requisite percentage of members.

CAMEO COMMUNITY ASSOCIATION,
a California Nonprofit Mutual Benefit
Corporation

Dated: _____

By: _____
Its President

Name Printed: _____

Dated: _____

By: _____
Its Secretary

Name Printed: _____