

Creekside Oaks

Homes Association Second Restated CC&Rs

NOTICE REGARDING DISCRIMINATORY RESTRICTIONS

(California Government Code 12956.1)

In accordance with California Government Code 12956.1 the Association includes with this governing document the following information:

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

CONFORMED COPY: This document has
not been compared with the original.
SANTA CLARA COUNTY CLERK-RECORDER

Recording Requested By:

Crestside Oaks Homes Association

Doc#: 19413798

5/04/2007 10:53 AM

When Recorded Mail To:

**Crestside Oaks Homes Association
c/o Community Management Services, Inc.
1935 Dry Creek Road, Suite 203
Campbell, CA 95008**

**SECOND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
CRESTSIDE OAKS HOMES ASSOCIATION**

April 30, 2007

**SECOND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
CREEKSIDE OAKS HOMES ASSOCIATION**

TABLE OF CONTENTS

ARTICLE I	-2-
Definitions	-2-
Section 1.01. "Architectural Standards"	-2-
Section 1.02. "Articles"	-2-
Section 1.03. "Assessment"	-2-
Section 1.04. "Association"	-3-
Section 1.05. "Association Management Documents"	-3-
Section 1.06. "Association Manager"	-3-
Section 1.07. "Association Rules"	-3-
Section 1.08. "Board of Directors"	-3-
Section 1.09. "Bylaws"	-3-
Section 1.10. "Capital Improvement"	-3-
Section 1.11. "Common Area"	-3-
Section 1.12. "Common Expense"	-3-
Section 1.13. "Common Facilities"	-4-
Section 1.14. "Common Funds"	-4-
Section 1.15. "County"	-4-
Section 1.16. "Declarant"	-4-
Section 1.17. "Declaration"	-4-
Section 1.18. "Director"	-4-
Section 1.19. "Eligible Mortgage Holder"	-4-
Section 1.20. "Eligible Insurer or Guarantor"	-4-
Section 1.21. "Exclusive Use Common Area"	-4-
Section 1.22. "First Mortgage"	-5-
Section 1.23. "Guest"	-5-
Section 1.24. "Household"	-5-
Section 1.25. "Institutional Mortgagee"	-5-
Section 1.26. "Lease"	-5-
Section 1.27. "Lot"	-5-
Section 1.28. "Maintenance"	-5-
Section 1.29. "Map"	-5-
Section 1.30. "Member"	-6-

Section 1.31. "Mortgage"	-6-
Section 1.32. "Office of Recorder"	-6-
Section 1.33. "Owner"	-6-
Section 1.34. "Owner of Record"	-6-
Section 1.35. "Party Wall"	-6-
Section 1.36. "Person"	-6-
Section 1.37. "Properties"	-6-
Section 1.38. "Regular Assessment"	-6-
Section 1.39. "Repair"	-6-
Section 1.40. "Replacement"	-7-
Section 1.41. "Residence"	-7-
Section 1.42. "Residence Lot"	-7-
Section 1.43. "Residential Use"	-7-
Section 1.44. "Rule Change"	-7-
Section 1.45. "Rules"	-7-
Section 1.46. "Special Assessment"	-7-
Section 1.47. "Special Individual Assessment"	-7-
Section 1.48. "Tenant"	-7-
Section 1.49. "Voting Power"	-7-
ARTICLE II	-8-
Property Rights	-8-
Section 2.01. Owners' Non-Exclusive Easements of Enjoyment	-8-
Section 2.02. Delegation of Use/Rights and Obligations of Landlords and Tenants.	-9-
Section 2.03. Owner Registration	-11-
Section 2.04. Buyer Notification And Fees.	-11-
Section 2.05. Easements to Accompany Conveyance of Lot.	-12-
Section 2.06. Owners' Rights and Easements for Utilities.	-12-
Section 2.07. Exclusive Use Grants.	-13-
ARTICLE III	-14-
Homeowners Association	-14-
Section 3.01. Association Membership.	-14-
Section 3.02. Single Class of Membership.	-14-
Section 3.03. Voting Rights of Memberships.	-14-
Section 3.04. Assessments.	-14-
Section 3.05. Transfer of Membership	-14-
Section 3.06. Rights and Duties of the Association Board of Directors	-15-
Section 3.07. Powers and Authority of the Association.	-15-

Section 3.08. Association Rules.	-15-
Section 3.09. Breach of Rules or Restrictions.	-18-
Section 3.10. Limitation on Liability of the Association and the Association's Directors and Officers.	-19-
ARTICLE IV	-20-
Assessments	-20-
Section 4.01. Assessments Generally	-20-
Section 4.02. Regular Assessment.	-22-
Section 4.03. Special Assessments.	-25-
Section 4.04. Special Individual Assessments.	-26-
Section 4.05. Purpose and Reasonableness of Assessments.	-28-
Section 4.06. Exemption of Certain of the Properties from Assessments.	-28-
Section 4.07. Notice and Procedure for any Action Authorized Under Sections 4.02 and 4.03.	-29-
Section 4.08. Maintenance of Assessment Funds.	-29-
Section 4.09. Effect of Non-Payment of Assessments; Enforcement of Liens.	-30-
Section 4.10. Limitation on Foreclosure	-36-
Section 4.11. Transfer of Lot by Sale or Foreclosure	-37-
Section 4.12. Priorities	-37-
Section 4.13. Unallocated Taxes.	-38-
Section 4.14. Waiver of Exemptions.	-38-
Section 4.15. Statement of Defaults	-38-
ARTICLE V	-38-
Residence Party Walls	-38-
Section 5.01. General Rules of Law to Apply.	-38-
Section 5.02. Sharing of Repair and Maintenance	-39-
Section 5.03. Destruction by Fire or Other Casualty	-39-
Section 5.04. Weatherproofing	-39-
Section 5.05. Right to Contribution Runs with Land	-39-
Section 5.06. Alternative Dispute Resolution	-39-
ARTICLE VI	-39-
Maintenance	-39-
Section 6.01. Maintenance, Repair and Replacement.	-39-
Section 6.02. Repairs for Owners.	-44-
Section 6.03. Rubbish and Storage.	-44-

ARTICLE VII	-44-
Duties and Powers of the Association	-44-
Section 7.01. Duties	-44-
Section 7.02. Powers	-45-
ARTICLE VIII	-48-
Architectural And Landscape Control	-48-
Section 8.01. Improvements in General; Establishment of Architectural and Landscape Committees	-48-
Section 8.02. Common Area	-51-
Section 8.03. Enforcement of Architectural and Landscape Restrictions	-52-
Section 8.04. Variances	-52-
Section 8.05. Maintenance Responsibility	-53-
ARTICLE IX	-53-
Use of Properties and Restrictions	-53-
Section 9.01. Residential Use	-54-
Section 9.02. Lots.	-54-
Section 9.03. Common Area	-54-
Section 9.04. Use of the Properties	-55-
Section 9.05. Prohibition of Noxious Activities	-55-
Section 9.06. Temporary Structures	-55-
Section 9.07. Household Pets	-55-
Section 9.08. Signs	-56-
Section 9.09. Business Activities	-57-
Section 9.10. Garbage and Storage	-57-
Section 9.11. Exterior Storage	-58-
Section 9.12. Landscaping Maintenance Upon Lots.	-58-
Section 9.13. Cooperative Maintenance Obligations.	-59-
Section 9.14. Structural Integrity.	-59-
Section 9.15. No Alterations or Antennas.	-59-
Section 9.16. Parking and Vehicle Restrictions.	-60-
Section 9.17. Use of Private Streets in Common Area.	-61-
Section 9.18. Barbecues.	-62-
Section 9.19. Machinery and Equipment.	-62-
Section 9.20. Visitors.	-62-
Section 9.21. Compliance With Local Laws And Activities Affecting Insurance.	-62-

Section 9.22. Restriction on Further Subdivision and Severability. . .	-62-
Section 9.23. Diseases and Insects.	-62-
Section 9.24. Window Coverings.	-63-
Section 9.25. Flags.	-63-
Section 9.26. Variances.	-63-
ARTICLE X	-63-
Easements	-63-
Section 10.01. Encroachment Easements	-63-
Section 10.02. Maintenance Easements.	-64-
Section 10.03. Boundary Changes	-64-
Section 10.04. Blanket Utility Easement	-64-
Section 10.05. Side Yard Easements	-64-
Section 10.06. Other Easements	-65-
ARTICLE XI	-65-
Insurance	-65-
Section 11.01. Liability Insurance	-65-
Section 11.02. Fire and Extended Coverage Insurance	-65-
Section 11.03. Copies of Policies.	-66-
Section 11.04. Individual Insurance	-66-
Section 11.05. Trustee	-67-
Section 11.06. Demolition and Flood Insurance	-67-
Section 11.07. Workers Compensation	-67-
Section 11.08. Fidelity Bonds	-67-
Section 11.09. Director and Officer Liability Insurance	-67-
Section 11.10. Earthquake and Other Insurance.	-67-
Section 11.11 Deductible	-67-
Section 11.12. Owner's Insurance	-68-
Section 11.13. Adjustment of Losses	-68-
Section 11.14. Annual Insurance Review	-68-
Section 11.15. Insurance Disclosures	-69-
ARTICLE XII	-70-
Damage or Destruction	-70-
Section 12.01. Destruction of Common Area.	-70-
Section 12.02. Destruction of One or More Residences	-70-
Section 12.03. Loss Assessment Coverage	-71-

ARTICLE XIII	-71-
Condemnation	-71-
Section 13.01. Sale by Consent.	-71-
Section 13.02. Distribution of Proceeds of Sale.	-71-
Section 13.03. Distribution of Condemnation Award.	-71-
ARTICLE XIV	-72-
Breach and Default	-72-
Section 14.01. Remedy at Law Inadequate.	-72-
Section 14.02. Nuisance	-72-
Section 14.03. Costs and Attorneys' Fees.	-72-
Section 14.04. Cumulative Remedies.	-72-
Section 14.05. Failure Not a Waiver.	-72-
Section 14.06. Suspension, Fines and Enforcement.	-73-
Section 14.07. Violation of Law.	-75-
Section 14.08. Dispute Resolution Procedure.	-75-
Section 14.09. Alternative Dispute Resolution.	-78-
Section 14.10. Estoppel Certificate.	-80-
Section 14.11. Emergency Situations.	-80-
ARTICLE XV	-81-
Amendment of Declaration	-81-
Section 15.01. Amendment.	-81-
Section 15.02. Control if Amendment Provisions Conflict With Mortgagee Protection or Other Provisions.	-81-
Section 15.03. Reliance on Amendments.	-81-
Section 15.04. Provision That Amendments Conform With Mortgagee Requirements.	-81-
ARTICLE XVI	-82-
Provisions to Satisfy Lender Requirements	-82-
Section 16.01. Mortgage Permitted.	-82-
Section 16.02. Subordination.	-82-
Section 16.03. Restriction on Certain Changes.	-82-
Section 16.04. Mortgagee's Right to Examine Books and Records. ..	-83-
Section 16.05. Priority in Distribution of Insurance and Condemnation Proceeds.	-84-
Section 16.06. Status of Amenities.	-84-
Section 16.07. Payments by Mortgagees.	-84-
Section 16.08. Effect of Breach of Declaration on Mortgagee.	-84-

Section 16.09. Status of Loan to Facilitate Resale.	-85-
Section 16.10. Right to Appear at Meetings.	-85-
Section 16.11. Right to Furnish Information.	-85-
Section 16.12. Notice of Action.	-85-
Section 16.13. Right of First Refusal Inapplicable to Mortgagee.	-85-
Section 16.14. Limitation on Term of Management Contract.	-85-
Section 16.15. Control if Mortgagee Protections Conflict With Other Provisions.	-86-
ARTICLE XVII	-86-
Notices	-86-
Section 17.01. Mailing Addresses	-86-
Section 17.02. Personal Service Upon Co-Owners and Others.	-86-
Section 17.03. Deposit in U. S. Mails.	-86-
ARTICLE XVIII	-87-
General Provisions	-87-
Section 18.01. Construction and Severability; Singular and Plural; Titles.	-87-
Section 18.02. No Discriminatory Practices.	-87-
Section 18.03. Notification of Governing Documents and Sale.	-87-
Section 18.04. Easements Reserved and Granted.	-88-
Section 18.05. No Fixed Term.	-88-
Section 18.06. Power of Attorney.	-88-
Section 18.07. Conflicts Between Documents.	-88-
EXHIBIT "A"	-90-
EXHIBIT "B"	-91-
Officer's Certification	-92-
Index	-95-

**SECOND RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
CREEKSIDE OAKS HOMES ASSOCIATION**

The Restated Declaration of Covenants, Conditions and Restrictions of Creekside Oaks Homes Association, a California non-profit mutual benefit corporation ("Declarant"), recorded July 7, 1992 as Instrument No. 11438458, of the Official Records of Santa Clara County, California (the "Original Declaration"), which Declaration affects all of the Properties described and commonly known as Creekside Oaks, is hereby amended and restated in its entirety to read as follows:

RECITALS:

1. The Properties are a common interest development consisting of a planned development within the meaning of California Civil Code Section 1351(k).
2. Declarant and Declarant's members are the owners of the fee interest in certain real property in the County of Santa Clara, State of California, which is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (the "Properties"). Declarant's members consented to the creation and imposition of the plan of beneficial restrictions contemplated herein.
3. Declarant and Declarant's members desired to subject the Properties to certain easements, protective covenants, conditions, restrictions, reservations, liens and charges as set forth in the Original Declaration referred to above, all of which are for the benefit of all portions of the Properties and for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Properties and all of which shall run with the Properties and shall be binding on all parties having or acquiring any right, title or interest in the Properties, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

4. It was the further intention of the Declarant's members to own and sell the residential Lots improved by Residence structures within the Properties 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 which were in furtherance of a general plan for the subdivision, development, sale and use of the Properties as a "planned development" as that term is defined in California Civil Code Section 1351(k). It was the intention of the members of Declarant that the Common Area and Common Facilities within the Properties be owned and maintained by the Association, and reserved exclusively for the use and enjoyment of the Members of the Association, their tenants, lessees, guests and invitees all subject to the terms and conditions of this Declaration, the Articles and the Bylaws.

5. On the date specified in the Officers' Certification of Amendment attached hereto, sixty-seven percent (67%) of the total voting power of the Members of Creekside Oaks Homes Association (the successors in interest to the Declarant) voted by written ballot to amend and restate the Original Declaration, all in accordance with the procedures for amendment set forth in Article XI, Section 11.01 of the Original Declaration and Civil Code Section 1363.07. As so amended and restated, these easements, covenants, restrictions, and conditions shall run with the Properties and shall be binding on all parties having or acquiring any right, title or interest in the Properties or any portion thereof, and shall inure to the benefit of each Owner thereof.

ARTICLE I

Definitions

Section 1.01. "Architectural Standards" shall mean written specifications, details, plans and/or drawings adopted by the Board pursuant to Article VIII, Section 8.01 of this Declaration.

Section 1.02. "Articles" shall mean the Articles of Incorporation of Creekside Oaks Homes Association, which are filed in the Office of the Secretary of State of the State of California.

Section 1.03. "Assessment" shall mean an assessment made or assessed against an Owner and the Owner's Lot in accordance with the provisions of Article IV of this Declaration.

Section 1.04. "Association" shall mean and refer to Creekside Oaks Homes Association, a California non-profit mutual benefit corporation, its successors and assigns.

Section 1.05. "Association Management Documents" shall mean this Declaration, the Articles of Incorporation, Bylaws, Association Rules and Architectural Standards.

Section 1.06. "Association Manager" shall mean the person, persons or firm retained by the Association under contract to perform administrative, financial, managerial and/or other services for the Association.

Section 1.07. "Association Rules" shall mean the rules adopted by the Board of Directors of the Association, as the same may be in effect from time to time pursuant to Article III, Section 3.08 of this Declaration.

Section 1.08. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

Section 1.09. "Bylaws" shall mean the Bylaws of the Association, as such Bylaws may, from time to time, be amended.

Section 1.10. "Capital Improvement" shall mean an improvement constructed on or added to the Common Area which improvement did not previously exist in any form.

Section 1.11. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Members and the Tenants of non-resident Members. The Common Area owned by the Association is described as follows: all of Lot 25 as shown on the Map of Tract No. 4964 and all of Lot 78 as shown on the Map of Tract No. 5063.

Section 1.12. "Common Expense" shall mean any use of Common Funds authorized by Article IV and/or described in Exhibit "B" attached hereto and includes (a) all expenses or charges for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Facilities as incurred or as may be estimated from time to time by the Association and/or its Board of Directors, (b) any amounts reasonably necessary for reserves for maintenance and for nonpayment of any assessments, (c) the costs and expenses of the Association in the performance of its functions as provided for in its Articles of Incorporation, the Bylaws, or this Declaration, and (d) an adequate reserve fund for repair and replacement of Common Facilities, which shall be established by the Association and funded by Regular Assessments and Special Assessments,

when required.

Section 1.13. "Common Facilities" shall mean two (2) swimming pools, pool apron area and spa, barn located on Parcel "B" as shown on the Map of Tract No. 5063, lake and stream system, and the trees, hedges, plantings, lawns, shrubs, landscaping, fences, utilities, pipes, lines, lighting fixtures, buildings, structures and other facilities constructed or installed, or to be constructed or installed, or currently located on the Common Area and owned by the Association.

Section 1.14. "Common Funds" shall mean all funds collected or received by the Association (a) for use in the maintenance, management, administration, insurance, operation, replacement, repair, addition to, alteration or reconstruction of, all or any portion of the Common Area and Common Facilities and (b) for use in discharging any and all of its functions as provided for in its Articles of Incorporation, the Bylaws and this Declaration.

Section 1.15. "County" shall mean the County of Santa Clara, State of California.

Section 1.16. "Declarant" shall mean and refer to the project developer of the Properties, namely, Creekside Oaks Homes Association, a California non-profit, mutual benefit corporation, its successors and assigns.

Section 1.17. "Declaration" shall mean this Second Restated Declaration of Covenants, Conditions and Restrictions as such Declaration may, from time to time, be amended. The "Original Declaration" shall mean the document referenced in the preamble to this Declaration.

Section 1.18. "Director" shall mean a member of the Board of Directors of the Association.

Section 1.19. "Eligible Mortgage Holder" shall mean a first lender who has requested notice of certain matters from the Association in accordance with Section 16.12.

Section 1.20. "Eligible Insurer or Guarantor" shall mean an insurer or governmental guarantor of a first mortgage who has requested notice of certain matters from the Association in accordance with Section 16.12.

Section 1.21. "Exclusive Use Common Area" shall mean those portions of the Common Area reserved for the exclusive use of one or more Owners pursuant to this Declaration, including those patios that are adjacent to the residential buildings, normally

enclosed by a patio fence, or such areas enclosed by patio fences and perimeter walls and/or fences, hedges, shrubbery or other plantings.

Section 1.22. "First Mortgage" or "First Mortgagee" shall mean one having priority as to all other Mortgages or holders of Mortgages encumbering the same Lot or other portions of the Project.

Section 1.23. "Guest" shall mean a person who temporarily resides in a Residence. The Association Rules may define the term "Guest" with more particularity.

Section 1.24. "Household" shall mean the persons residing on a Lot as their principal place of residence.

Section 1.25. "Institutional Mortgagee" shall mean a Mortgagee that is a bank or savings and loan association or Mortgage company or other entity chartered or licensed under federal or state laws whose principal business is lending money on the security of real property or investing in such loans, or any insurance company or any federal or state agency or instrumentality, including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

Section 1.26. "Lease" shall mean any agreement (written or verbal) under which a person is permitted to occupy a Residence for compensation of any kind including, without limitation, any fee, service, gratuity or other consideration while the Owner is not in residence. The verb "leasing" shall include renting or otherwise permitting a person other than an Owner to occupy a Residence for compensation of any kind including any fee, service, gratuity or other compensation while the Owner is not in residence.

Section 1.27. "Lot" shall mean and refer to any plot of land shown upon any recorded map of the Properties excluding the Common Area, and to the Residence and other improvements constructed on a Lot.

Section 1.28. "Maintenance" shall mean the act of caring for property and keeping it in its existing state, preserving it from failure or deterioration, including painting, caulking, cleaning, and minor, non-structural upkeep.

Section 1.29. "Map" shall mean and refer to that Map entitled Tract No. 4964, Lots 1 through 25 "Creekside Oaks of Los Altos Unit One" recorded on April 10, 1971 in Book 281 of Maps, Pages 50 and 51 and Lots 26 through 78 of Tract No. 5063 "Creekside Oaks of Los Altos Unit Two" recorded on October 22, 1971 in Book 291 of Maps, Pages 53 and 54, in the records of Santa Clara County.

Section 1.30. "Member" shall mean and refer to every person or entity who holds a membership in the Association as provided in Article III, Section 3.01 of this Declaration, and whose rights as a Member are not suspended pursuant to Article XIV, Section 14.06 hereof.

Section 1.31. "Mortgage" shall mean a mortgage or deed of trust encumbering a Lot or other portion of the Project. A "Mortgagee" shall include the beneficiary under a deed of trust and any guarantor or insurer of a Mortgage.

Section 1.32. "Office of Recorder" shall mean the Office of the Recorder, County of Santa Clara, State of California.

Section 1.33. "Owner" shall mean any person, firm, corporation or other entity which owns a fee simple interest in any Lot (including contract sellers, but excluding those having such interest merely as security for the payment of a debt or the performance of an obligation).

Section 1.34. "Owner of Record" and "Member of the Association" include an Owner and shall mean any person, firm, corporation or other entity in which title to a Lot is vested as shown by the official records of the Office of the County Recorder.

Section 1.35. "Party Wall" shall mean any wall located on a property line dividing any Residence Lots, which wall is commonly used by any such Lots. The rights and responsibilities regarding Party Walls shall be governed by Article V of this Declaration.

Section 1.36. "Person" shall mean and include any individual, corporation, partnership, association or other entity recognized by the laws of the State of California.

Section 1.37. "Properties" shall mean and refer to that certain real property described in the first Recital to this Declaration and such additions thereto as may thereafter be brought within the jurisdiction of the Association. The Properties currently consist of seventy-eight (78) parcels of land with improvements designated on the recorded Map for Tract No. 4964 and Tract No. 5063. The Properties are presently comprised of seventy-six (76) Residences and the Common Area.

Section 1.38. "Regular Assessment" shall mean an assessment levied on an Owner and the Owner's Lot in accordance with Article IV, Section 4.02 hereof.

Section 1.39. "Repair" shall mean the minor restoration of property that is torn, broken, or otherwise damaged, or has sustained wear, tear, or deterioration such that minor

restoration is necessary.

Section 1.40. "Replacement" shall mean substantial reconstruction, restoration or substitution of the whole or a substantial part of property that has been damaged or destroyed through usage or through hazard or catastrophe such that it is no longer useable or serviceable in its current condition.

Section 1.41. "Residence" shall mean all of those residential and other improvements located on a Residence Lot.

Section 1.42. "Residence Lot" shall mean any Lot within the Properties other than the Common Area.

Section 1.43. "Residential Use" shall mean occupation and use of a Residence for dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state or municipal rules and regulations.

Section 1.44. "Rule Change" shall mean the adoption, amendment, or repeal of an operating rule by the Board.

Section 1.45. "Rules" shall mean Association Rules.

Section 1.46. "Special Assessment" shall mean an assessment levied against an Owner and the Owner's Lot in accordance with Article IV, Section 4.03 hereof.

Section 1.47. "Special Individual Assessment" shall mean an assessment made against an Owner in accordance with Article IV, Section 4.04 hereof.

Section 1.48. "Tenant" shall mean and includes any renter of a Residence.

Section 1.49. "Voting Power" shall mean the total membership of the Association eligible to vote, that is, all memberships, except those suspended for default in payment of assessments or otherwise.

ARTICLE II

Property Rights

Section 2.01. Owners' Non-Exclusive Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, including ingress and egress to and from the Owner's Lot, which shall be appurtenant to and shall pass with the title to every Lot, which easement and Lot are subject to the following provisions:

(a) The right of the Association to suspend the voting rights and right to use of the Common Area and/or Common Facilities by an Owner for any period during which any Regular, Special or Special Individual Assessment against the Owner, individually, remains unpaid. However, an Owner's right of ingress and egress to and from his Residence shall not be impaired.

(b) The right of the Association to adopt rules and regulations as provided in Article III, Section 3.08 hereof, and, after prior notice of at least fifteen (15) days, and a hearing before the Board, if requested by the Owner, to temporarily suspend the voting rights and right to the use of Common Area and/or Common Facilities of any Owner, the Owner's Tenants and guests in accordance with Article XIV, Section 14.06 for a breach of the Association Management Documents.

(c) The right of the Association, to the extent reasonably necessary to protect the rights, privileges, benefits, uses and enjoyment of the Members in common, to limit the number of guests of Members who may use Common Area and/or recreation facilities and to adopt uniform Association Rules pursuant to Section 3.08 of Article III hereof regulating use and enjoyment of the Properties.

(d) The right of the Association, or its agents, when necessary, to enter any Lot to perform its obligations under this Declaration, including the enforcement of restrictions; any obligations with respect to construction, maintenance and repair as necessary for the benefit of the Common Area or the Owners in common; or to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, Association property. Without limitation, such entry may be had for the purpose of conducting an inspection to determine compliance with this Declaration. The Association's right of entry for such purposes shall be immediate in case of an emergency originating in or threatening such Lot, and the Association's work may be performed under such circumstances whether or not the Owner is present. In all non-emergency situations the Association, or its agents, shall furnish the Owner with at least twenty-four (24) hours written notice of its intent to enter the Lot, specifying the purpose of such entry.

(e) The right of the Association, subject to this Declaration (including Article VII, Section 7.02(i)), its Articles and the Bylaws to borrow money for the purpose of improving the Common Area and facilities, and in aid thereof to mortgage said property and grant a security interest in Association property including assessments; provided, the rights of any such mortgagee in the Common Area and facilities shall be subordinate to the rights of the Owners hereunder.

(f) The right of the Association to sell, dedicate or transfer all or any part of the Common Area to any person(s) and/or to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the Owners. No such sale, dedication or transfer shall be effective unless approved by at least two-thirds (2/3rds) of the Voting Power of the Owners.

(g) The right of the Association to adopt and enforce Association Rules concerning the control and use of any private streets, roadways and paving areas located upon or across the Common Area, including the right to regulate the kind of vehicles and their speed and the parking of vehicles upon such private streets and roadways. The Association is authorized to delegate to a municipality or other governmental entity or to contract with any private security patrol company to exercise its authorized rights in connection with such private streets, roadways, and parking areas.

(h) The right of the Board, subject to approval of the Members as set forth in Section 7.02(b), to grant to Owners easements, licenses, and rights of way upon the Common Area, and the right of the Board, subject to the approval of the Members as set forth in Section 4.03(b), to construct Capital Improvements on the Common Area.

(i) The right of Members to the exclusive use of certain Exclusive Use Common Area.

Section 2.02. Delegation of Use/Rights and Obligations of Landlords and Tenants.

(a) Leasing of Lots. Any Owner who leases a Residence must comply with each of the following restrictions, and each lease will be subject to these restrictions, whether they are expressly included within the lease or not.

(1) Each lease must be in writing.

(2) No lease shall be for a term of less than one hundred eighty (180) days.

- (3) Leases shall provide that Tenants are subject in all respects to the provisions of this Declaration, the Bylaws, and Association Rules. The Board may adopt a lease addendum form which, if so adopted, shall be executed as part of each lease or rental agreement. A copy of the lease addendum shall be provided to the Board within fourteen (14) days of the time the Owner enters into the lease or rental agreement. Landlord shall provide Tenant with copies of this Declaration, the Bylaws and Association Rules.
- (4) Owners shall notify the Secretary of the Association, or the managing agent, in writing, within fourteen (14) days of entering into a lease, of the names of all Tenants and members of Tenants' Household occupying the Residence, and a description for each vehicle to be parked on the Properties by the residents of the Residence, including vehicle license plate numbers. Owners leasing their Residence additionally shall notify the Secretary of the Association or the managing agent, of the address and telephone number where such Owner can be reached.
- (5) The Owners shall supply to each of their Tenants a copy of this Declaration, or a Board approved summary of this Declaration, and the Association Rules, at the Owner's expense. Any failure of the Tenant to comply with this Declaration, the Bylaws or Association Rules shall be a default under the lease, regardless of whether the lease so provides. The Owner shall at all times be responsible for compliance of Owner's Tenant with all of the provisions of this Declaration, the Bylaws and Articles and the Association Rules during the Tenant's occupancy and use of the Residence.
- (6) In the event that any Tenant fails to honor the provisions of this Declaration, the Bylaws or the Association Rules, the Owner immediately shall take all action to cure the default including, if necessary, eviction of the Tenant. The Association may maintain an eviction action against the Tenant in the event that the Owner has not taken action to prevent and/or correct the actions of the Owner's Tenant giving rise to the Common Area or Common Facility damage or nuisance after receiving written notice from the Association, or an authorized committee of the Board, detailing the nature of the violation and having a reasonable opportunity to either take appropriate corrective action on a voluntary basis or appear before the Board or

committee to present arguments as to why such action is not necessary. The remedy provided by this subsection is not exclusive and is in addition to any other remedy or remedies of the Association.

- (7) Owners shall indemnify and hold harmless the Association and its officers and Directors from and against any claims, damages, losses and expenses, including but not limited to attorneys' fees, which arise out of or are in any way connected with the lease or the occupancy of the Residence, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, including loss of use resulting therefrom, regardless of whether or not such claim, damage, loss or expense is caused in part by a party indemnified hereunder. However, Owner shall have no duty to indemnify any such person or entity from claims, damages, losses or expenses caused by the sole negligence or willful misconduct of the indemnitee.

(b) Use of Common Facilities by Landlords. Any non-resident Owner who leases the Owner's Residence is no longer eligible to use the Common Facilities that the Owner would otherwise be entitled to use by virtue of the ownership of the Lot.

Section 2.03. Owner Registration. The Board may require that each Owner notify the Secretary of the Association or the managing agent, if any, in writing, of the names of the Owner's Household members occupying such Residence and of the address of the Owner, if not the property address, and the telephone numbers where the Owner can be reached, as well as the telephone number of the Residence. Further, the Board may require that all Owners shall provide a description for each vehicle parked on the Properties by residents of the Residence, including vehicle license plate numbers.

Section 2.04. Buyer Notification And Fees.

(a) As more particularly provided in Section 1368 of the California Civil Code, the Owner of the Lot, as soon as practicable before transfer of title or execution of a real property sales contract therefor, shall provide the following to the prospective purchaser: (1) a copy of the governing documents of the Association including this Declaration, the Articles and Bylaws and all amendments thereto, and the Association Rules; (2) a copy of the most recent financial statement distributed pursuant to California Civil Code Section 1365; (3) a true statement in writing obtained from an authorized representative of the Association as to the amount of any current Regular and Special Assessments levied upon the property sold that are unpaid on the date of the statement, and any monetary fines or penalties levied upon

the Owner's interest and unpaid on the date of the statement, together with true information on late charges, interest and costs of collection, which, as of the date of such statement are, or may be, a lien upon the property sold; (4) any change in the Association's current Regular and Special Assessments and fees which have been approved by the Board of Directors, but have not become due and payable as of the date disclosure is provided pursuant to this Section; and (5) a copy or a summary of any notice previously sent to the Owner pursuant to subdivision (h) of Section 1363 that sets forth any alleged violation of the governing documents that remains unresolved at the time of the request. The Association may charge a fee for this service, which shall not exceed the Association's reasonable cost to prepare and reproduce the requested items.

(b) The Association's fee in connection with the marketing of an Owner's interest will not exceed the Association's actual or direct costs. For purposes of this Subsection (b), the term "marketing" means listing, advertising, or obtaining or providing access to show the Owner's Residence.

(c) The Association may issue a summary of the governing documents to the Owners. It is the obligation of the Owner to provide the purchaser of the Lot with this summary as soon as practicable before transfer of title or execution of a real property sales contract.

Section 2.05. Easements to Accompany Conveyance of Lot. Easements that benefit or burden any Lot shall be appurtenant to that Lot and shall automatically accompany the conveyance of the Lot, even though the description in the instrument of conveyance may refer only to the fee title to the Lot.

Section 2.06. Owners' Rights and Easements for Utilities. The rights and duties of the Owners of Lots within the Properties with respect to sanitary sewer, drainage, water, electricity, gas, pipes, vents, television receiving, telephone equipment, cables and lines, exhaust flues, and heating and air conditioning facilities, if any, (hereinafter referred to, collectively, as "utility facilities") shall be as follows:

(a) Whenever utility facilities are installed within the Properties, which utility facilities or any portion thereof lie in or upon a Lot or Lots owned by other than the Owner of a Lot served by said utility facilities, the Owners of any Lots served by said utility facilities shall have the right of reasonable access for themselves or for utility companies, or the City of Los Altos, to repair, to replace and generally maintain said utility facilities as and when the same may be necessary.

(b) Whenever utility facilities are installed within the Properties which utility facilities serve more than one Lot, the Owner of each Lot served by the utility facilities shall be entitled to the full use and enjoyment of such portions of the utility facilities as service the Lot.

(c) In the event of a dispute between Owners with respect to the repair or rebuilding of said utility facilities, or with respect to the sharing of the cost thereof, then, upon written request of one Owner addressed to the other Owner(s), the matter shall be submitted to alternative dispute resolution as provided in Article XIV, Sections 14.08 and 14.09 of this Declaration.

Section 2.07. Exclusive Use Grants. The affirmative vote of Members owning at least sixty-seven percent (67%) of the Lots shall be required before the Board of Directors may grant exclusive use of any portion of the Common Area to any Member, except any grant of exclusive use that is for any of the following reasons:

(a) To eliminate or correct engineering errors in documents recorded with the County Recorder or on file with a public agency or utility company.

(b) To eliminate or correct encroachments due to errors in construction of any improvements.

(c) To fulfill the requirement of a public agency.

(d) To transfer the burden of management and maintenance of any portion of the Common Area that is generally inaccessible and is not of general use to the membership at large of the Association.

Any measure placed before the Members requesting that the Board of Directors grant exclusive use of any portion of the Common Area shall specify whether the Association will receive any monetary consideration for the grant and whether the Association or the transferee will be responsible for providing any insurance coverage for exclusive use of the Common Area. All votes of the Members pursuant to this Section shall be conducted in accordance with Section 7.04(c) of the Bylaws.

ARTICLE III

Homeowners Association

Section 3.01. Association Membership. Every Owner of a Lot shall be a Member of the Association which shall have the responsibility of owning, managing and maintaining the Common Area and discharging the other duties and responsibilities described in this Declaration, the Articles and the Bylaws. Such membership is appurtenant to and may not be separated from ownership of any Lot within the Properties.

Each Owner, Tenant or occupant of a Lot shall comply with the provisions of this Declaration and (to the extent they are not in conflict with the Declaration) the Articles and Bylaws, the decisions and resolutions of the Association or the Board, as lawfully amended from time to time. Failure to comply with any such decisions, or resolutions shall be grounds for an action (i) to recover sums due, (ii) for damages, (iii) for injunctive relief, or (iv) to enforce such provisions, decisions or resolutions. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Declaration or in the Articles or the Bylaws, shall be deemed to be binding on all Owners of Lots, their successors and assigns.

Section 3.02. Single Class of Membership. As more particularly provided in the Bylaws, the Association shall have one class of membership. The rights, duties, obligations and privileges of the Members shall be as set forth in the Articles, the Bylaws, this Declaration and the Association Rules.

Section 3.03. Voting Rights of Memberships. Each Member of the Association shall be entitled to one vote for each Lot owned by said Member, except as otherwise provided herein and in the Bylaws. When more than one person holds an interest in any Lot, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Lot. Voting rights may be temporarily suspended under those circumstances described in Article XIV, Section 14.06 hereof.

Section 3.04. Assessments. Members of the Association shall be obligated to pay the assessments imposed by Article IV of this Declaration with respect to each Lot owned by said Member. Any assessments levied by the Association on its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

Section 3.05. Transfer of Membership. 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. In the case of a sale, membership passes

automatically to the purchaser upon transfer of title to the Lot. In the case of an encumbrance of such Lot, a mortgagee does not have membership rights until the mortgagee becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use pursuant to Article II, Section 2.02 hereof do not thereby become Members, although the Tenant and members of the Tenant's Household shall, at all times, be subject to the provisions of this Declaration, the Articles, Bylaws, and the Association Rules.

Any attempt to make a prohibited transfer is void. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in the Owner's name to the purchaser of the Lot, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

The Association may impose a reasonable transfer fee upon the sale or transfer of title to a Lot, said transfer fee to be consistent with the provisions of California Civil Code Sections 1366.1 and 1368(b) or any successor statutes thereto.

Section 3.06. Rights and Duties of the Association Board of Directors. The rights, duties and obligations of the Board of Directors of the Association shall be as set forth in this Declaration, the Articles, the Bylaws and the Association Rules.

Section 3.07. Powers and Authority of the Association. The Association shall have all of the powers of a non-profit mutual benefit corporation organized under the laws of the State of California in operating for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, Bylaws and this Declaration. The Association and its Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of this Declaration, the Bylaws and California law, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Association and the limitations thereon shall be as set forth in Article VII hereof.

Section 3.08. Association Rules.

(a) **Rulemaking Power.** The Board may, from time to time, subject to the provisions of this Declaration, propose, enact and amend the Association Rules of general application to the Owners of Lots within the Properties. Such Association Rules may concern, but need not be limited to, matters pertaining to use of the Common Area and Common Facilities, signs, collection and disposal of refuse, minimum standards of

maintenance of landscaping or other improvements on any Lot, the elimination of improvements which obstruct the vision of motorists or which create a hazard for vehicular or pedestrian traffic, the keeping of household pets on Lots, and any other subject or matter within the jurisdiction of the Association as provided in this Declaration and the Bylaws of the Association. Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with, or materially alter, any provision of, or the rights, preferences and privileges of Members as set forth in the Articles or Bylaws of the Association or this Declaration. In the event of any material conflict between any Association Rule and any provision of the Articles, Bylaws or Declaration, the provision contained in the Articles, Bylaws or Declaration (as the case may be) shall prevail.

(b) The Board shall provide written notice of a proposed Rule Change to the Members at least thirty (30) days before adopting the Rule Change. As used in this Section, the term "Rule Change" means the adoption, amendment, or repeal of an operating rule by the Board, and the term "operating rule" means a regulation adopted by the Board of Directors that applies generally to the management and operation of the Association or the conduct of its business and affairs. Without limitation, the term "operating rule" includes rules that relate to one or more of the following subjects:

- (1) Use of the Common Area or of an Exclusive Use Common Area.
- (2) Use of a Lot, including any aesthetic or architectural standards that govern alteration of a Lot.
- (3) Member discipline, including any schedule of monetary penalties for violation of the governing documents and any procedure for the imposition of penalties.
- (4) Any standards for delinquent assessment payment plans.
- (5) Any procedures adopted by the Association for resolution of assessment disputes.
- (6) Any procedures for reviewing and approving or disapproving a proposed physical change to a Member's Lot or to the Common Area.
- (7) Procedures for elections.

The notice shall include the text of the proposed Rule Change and a description of the purpose and effect of the proposed Rule Change. Such notice is not required if the Board determines that an immediate Rule Change is necessary to address an imminent threat to

public health or safety, or an imminent risk of substantial economic loss to the Association. A decision on a proposed Rule Change shall be made at a meeting of the Board, after consideration of any comments made by Members.

(c) Distribution of Proposed Rules. As soon as possible after making a Rule Change, but not more than fifteen (15) days after making the Rule Change, the Board shall deliver notice of the Rule Change to every Member. If the Rule Change was an emergency Rule Change, the notice shall include the text of the Rule Change, a description of the purpose and effect of the Rule Change, and the date that the Rule Change expires. However, no notice is required if the Board determines that an immediate Rule Change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Association, in which case an emergency Rule Change may be made which is effective for one hundred twenty (120) days unless the emergency Rule Change has a shorter effective period. Delivery of notice under this Section may be by personal delivery, first-class mail, postage prepaid, addressed to the Member at the address last shown on the books of the Association or otherwise provided by the Member, or as otherwise allowed by Civil Code Section 1350.7, or any successor statute.

(d) Reversal of Rules by Members. Members of the Association owning five percent (5%) or more of the separate interests may call a special meeting of the Members to reverse a Rule Change. The meeting shall be called pursuant to Civil Code Section 1357.140(b) within thirty (30) days after the Members of the Association are notified of the Rule Change. The Rule Change may be reversed by the affirmative vote of a majority of the votes represented and voting at a duly held meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum), or if these CC&Rs or the Bylaws require a greater proportion, by the affirmative vote or written ballot of the proportion required, or action may be taken by written ballot without a notice as provided in Civil Code Section 1357.140(c), or any successor statute. A Rule Change reversed under this Subsection may not be readopted for one year after the date of the meeting reversing the Rule Change. As soon as possible after the close of voting, but not more than fifteen (15) days after the close of the voting, the Board of Directors shall provide notice of the results of the Member vote to every Member of the Association.

(e) Mandatory Rules. The Association shall adopt Rules in accordance with the procedures prescribed by this Section 3.08, that do all of the following:

(1) Ensure that if any candidate or Member advocating a point of view is provided access to Association media, newsletters, or Internet Web sites during a campaign, for purposes that are reasonably related to that election, equal access shall be provided to all candidates and Members advocating a point of view, including those not endorsed by the

Board, for purposes that are reasonably related to the election. The Association shall not edit or redact any content from these communications, but may include a statement specifying that the candidate or Member, and not the Association, is responsible for that content.

(2) Ensure access to the Common Area meeting space, if any exists, during a campaign, at no cost, to all candidates, including those who are not incumbents, and to all Members advocating a point of view, including those not endorsed by the Board, for purposes reasonably related to the election.

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

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

(5) Specify a method of selecting one or three independent third parties as inspector, or inspectors, of election utilizing one of the following methods:

(A) Appointment of the inspector or inspectors by the Board.

(B) Election of the inspector or inspectors by the Members of the Association.

(C) Any other method for selecting the inspector or inspectors.

Section 3.09. Breach of Rules or Restrictions.

(a) In the event of a breach of any Rule or of any of the restrictions contained in the Bylaws or this Declaration by an Owner, the Owner's Household, Guests, employees, invitees, licensees, or Tenants, the Board, for and on behalf of all other Owners, shall enforce the obligations of each Owner to obey such Rules or restrictions in any manner provided by law or in equity, including but not limited to, appropriate hiring of legal counsel, the pursuing of legal action, or suspension of the Owner's right to use the Common Area and/or Common Facilities or suspension of the Owner's voting rights as a Member of the Association; provided, however, that any suspension for an infraction of the Association Rules may not be for a period in excess of sixty (60) days, after notice and, if requested, a hearing, as provided in Article XIV, Section 14.06, hereof. The provisions of this Section 3.09(a) shall

not apply to the Association's rights, remedies, or legal action including but not limited to suspension of an Owner's right to use the Common Area and/or Common Facilities and suspension of the Owner's voting rights as a Member of the Association, resulting from an Owner's failure to pay assessments, as provided in Article IV of this Declaration.

(b) In addition to the other remedies herein set forth, the Board, by vote of a majority of a quorum, may levy a fine against such Owner, after notice and opportunity for a hearing as provided in Section 14.06(c), in an amount not to exceed two (2) monthly installments of the Regular Assessment for each such violation, and the payment of such fine may be enforced as a Special Individual Assessment in the manner set forth in Section 4.04 of Article IV hereof. The Board shall implement schedules of reasonable fines and penalties as part of its general rulemaking power. A violation shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board shall include one component for the violation and a per diem component for so long as the detrimental effect continues, according to the Board's discretion. Similar violations on different days shall justify cumulative imposition of discipline. The Association shall take reasonable and prompt action to repair or avoid the continuing damaging effects of a violation or nuisance in the Common Area at the cost of the responsible Owner; however no discipline may be founded upon continuance of a violation beyond a date when the Association should reasonably have commenced action to end it.

(c) Prior to imposing any penalty provided herein for breach of any Association Rules enacted hereunder or restrictions contained in this Declaration (other than late charges, interest and collection expenses, including attorney's fees incurred for non-payment of assessments), the Board shall comply with the procedures and requirements of Article XIV, Section 14.06, hereof.

Section 3.10. Limitation on Liability of the Association and the Association's Directors and Officers.

(a) No member of the Board of Directors or officer or committee member of the Association shall be personally liable to any of the Association's Members or to any other person, for any error or omission of any such person, their agents, representatives or employees, in the discharge of their duties and responsibilities hereunder or under the Bylaws, or for their failure to provide any service required hereunder or under the Bylaws; provided that such person or officer has, upon the basis of such information as may be possessed by him or her, acted reasonably and in good faith. Without limiting the generality of the foregoing, this limitation on liability shall extend to such matters as the establishment of the Association's annual financial budget and the funding of Association capital

replacement and reserve accounts.

(b) No director or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Association's Members, or to any other person, for any error or omission in the discharge of their duties and responsibilities, or for their failure to provide any service required hereunder or under the Bylaws, provided that such Released Party has, upon the basis of such information as may be possessed by the Released Party, acted in good faith, in a manner that such person believes to be in the best interests of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

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

(c) Each Owner, on behalf of the Owner, the Owner's heirs, successors, assigns and Tenants agrees not to make any claim against the Association or any member of its Board, or any of its officers, committee members, agents or employees, for or on account of any loss, damage or conduct coming within the limitations on liability referred to in this Section 3.10 and agrees to indemnify each of them against, and hold each of them harmless from, any such claim made by any member of the Owner's Household, any of the Owner's guests, servants, employees, Tenants, licensees or invitees or the heirs, successors or assigns of any such person.

ARTICLE IV

Assessments

Section 4.01. Assessments Generally.

(a) Each Owner of a Lot by acceptance of a deed therefor (whether or not it shall be so expressed in such deed), covenants and agrees to pay to the Association the Regular Assessments, Special Assessments and Special Individual Assessments hereinafter provided for and to allow the Association to enforce any assessment lien established hereunder by nonjudicial proceedings under a power of sale or by any other means authorized by law.

(b) Each installment payment of any Regular Assessment and each lump sum or installment payment of any Special Assessment or Special Individual Assessment, together with any interest charge provided for in subparagraph (e) hereof, late charges, and reasonable costs of collection, as assessed in accordance with California Civil Code Section 1366, attributable thereto or incurred in the collection thereof, shall be a separate debt of the Owner against whom the same has been assessed at the time the assessment or other sums are levied. Furthermore, each Regular Assessment and certain Special Assessments are hereby declared and agreed to be a lien upon and against the Lot so assessed in the nature of a mortgage with a power of sale in accordance with California Civil Code Section 2924 (or a comparable superseding statute), all as more particularly described in Section 4.09 of this Article IV. Special Individual Assessments may be imposed as a lien against the Owner's Lot only in those instances specifically identified in Section 4.04 of this Article IV.

(c) Each Owner who acquires title to a Lot (whether at a judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Lot so purchased which become due and payable after the date of purchase by such Owner; provided that any unpaid Assessment of a previous Owner shall remain the debt of such previous Owner against whom assessed and any lien created pursuant to the provisions of this Article IV by reason of such unpaid Assessment shall remain in force and effect as a lien on the Lot sold and may be subject to foreclosure as provided in Section 4.09 hereof.

(d) If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment or Special Individual Assessment assessed to any Owner is not paid within fifteen (15) days after the same becomes due, such payment shall be delinquent and the amount thereof shall be subject to a late charge not exceeding ten percent (10%) of the delinquent assessment or Ten Dollars (\$10.00) whichever is greater, pursuant to California Civil Code, Section 1366(d) or such larger sum as may hereafter be allowed by such statute or any successor statute thereto.

(e) Interest on Regular and Special Assessments together with reasonable costs of collection and late charges shall accrue at an annual percentage rate of twelve percent (12%) per annum commencing thirty (30) days after the assessment becomes due, or at such higher interest rate as may hereafter be permitted by California Civil Code Section 1366(d)(3) or any successor statute thereto.

(f) No Owner may exempt the Owner or the Owner's Lot from liability or charge for the Owner's share of any Regular, Special or Special Individual Assessment rightfully made and assessed against the Owner and the Owner's Lot by waiving or relinquishing, or offering to waive or relinquish, the Owner's right to use and enjoy all or any portion of the Common Area or Common Facilities or by the abandonment or nonuse of the

Lot.

Section 4.02. Regular Assessment.

(a) Estimate. Not less than thirty (30) nor more than ninety (90) days prior to the beginning of each fiscal year of the Association, the Board shall estimate the anticipated Common Expenses (including prudent contributions to the capital reserve fund for repair and replacement of Common Facilities) for the next succeeding fiscal year and shall deduct therefrom the amount of any estimated surplus which will remain from the current year's Assessment. In preparing its annual estimates of Common Expenses and the appropriate deductions therefrom on account of surplus, the Board shall consider the Common Expenses all as more particularly provided in Exhibit "B" attached hereto. Association assessments or charges shall include an adequate reserve fund for maintenance, repair and replacement of those improvements which the Association is obligated to maintain and that must be replaced on a periodic basis, and the assessments therefor shall be payable in regular installments rather than by Special Assessments. The total expenses (less deductions) thus estimated shall be allocated among all the Lots within the Properties in the manner described in subparagraph (b) of this Section 4.02 as the Regular Assessment for such Lot; notwithstanding any other provision in this Declaration to the contrary, the Board may not impose a Regular Assessment for any fiscal year more than twenty percent (20%) above the Regular Assessment for the Association's preceding fiscal year without the approval of a majority of the votes of the Members pursuant to Section 7.04 of the Bylaws. For purposes of this Section, a quorum means more than fifty percent (50%) of the Owners of the Association, and the meeting or ballot procedure must be conducted in accordance with Civil Code Section 1363.03, and Section 7.04(c) of the Bylaws.

The foregoing restrictions on assessment increases do not apply to increases necessary for emergency situations. For purposes of this Section 4.02 an emergency situation is any one of the following:

- (1) An extraordinary expense required by an order of the court.
- (2) An extraordinary expense necessary to repair or maintain the Properties or any part of it that the Association is responsible to maintain when a threat to personal safety on the property is discovered.
- (3) An extraordinary expense necessary to repair or maintain the Properties or any part of it that the Association is responsible to maintain that could not have been reasonably foreseen by the

Board in preparing and distributing the pro forma operating budget required under California Civil Code Section 1365, provided that before the imposition or collection of any assessment under this subparagraph the Board must 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, and shall distribute the resolution to the Members with the notice of assessment.

However, the Board may not increase the Regular Assessment for a fiscal year as provided herein unless the Board has complied with subdivision (a) of Section 1365 of the California Civil Code with respect to that fiscal year, or has obtained the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Section 7.04(c) of the Bylaws. "Quorum" for purposes of such a vote means more than fifty percent (50%) of the Owners of the Association.

This Section 4.02(a) incorporates the statutory requirements of California Civil Code Section 1366(b). If this Section of the California Civil Code is amended in any way, this Section 4.02(a) automatically shall be amended in the same manner without the necessity of amending this Declaration.

(b) Allocation of Regular Assessments Among the Owners. The total estimated Common Expenses shall be divided equally among, assessed against and charged to all Lots within the Properties. However, the provisions of Article XII shall control over this Section 4.02(b) in the event of conflict.

(c) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded upon an assessment roll which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or the Owner's authorized representative. The assessment roll shall show for each Lot the name and address of the Owner of record thereof, all Assessments, whether Regular or Special, levied against each Owner and the Owner's Lot, and the amount of such Assessments which have been paid or remain unpaid. A certificate executed and acknowledged by the Secretary, Treasurer or designated management representative of the Association stating the indebtedness secured by any lien created hereunder upon any such Lot shall be conclusive upon the Association and the Owner of such Lot as to the amount of such indebtedness as of the date of such certificate, in favor of all persons who rely thereon in good faith, and such a certificate shall

be furnished by the Association to any Owner or to any first Mortgagee under a Mortgage encumbering a Lot upon written request therefor at a reasonable fee payable to the Association.

(d) Mailing. The Board of Directors shall cause to be mailed to each Owner at the street address of the Owner's Lot, or at such other address as such Owner may from time to time designate to the Association in writing, a statement of the amount of the Regular Assessment assessed against the Owner's Lot for the next succeeding fiscal year after determination thereof in accordance with Section 4.02(a) hereof. The Association shall provide notice by first-class mail to the Owners of any increase in the Regular Assessments of the Association, not less than thirty (30) nor more than ninety (90) days prior to the increased assessment becoming due.

(e) Failure to Make Estimate. If, for any fiscal year, the Board of Directors shall fail to make an estimate of the Common Expenses, the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Section 4.03 hereof for that year, shall be assessed against each Owner and the Owner's Lot on account of the then current 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.

(f) Installment Payment. The Regular Assessment made against each Owner 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. Monthly installments of Regular Assessments shall be delinquent if not paid by the fifteenth (15th) day of the month. In the event of default of the payment of any installment of the Regular Assessment, in addition to the remedies set forth in this Declaration, the Board may, in its discretion, accelerate and declare immediately due and payable any remaining installment payments of the Regular Assessment levied for the fiscal year.

(g) Surplus Funds. If, as of the end of any fiscal year, there is an excess of membership income over membership expenses as defined in Internal Revenue Code Section 277 for the year ended, such excess shall be applied against the subsequent tax year's Member assessments as provided in Internal Revenue Service Revenue Ruling 70-604, unless some other lawful disposition of such excess income is determined by the vote of the Members.

Section 4.03. Special Assessments.

(a) Special Assessments. The Board, at any time, may levy a Special Assessment in order to raise funds for unexpected operating or other costs, insufficient operating or reserve funds, or such purposes as the Board in its discretion considers appropriate. Special Assessments hereunder may be imposed upon Board action alone except in those instances where membership approval is required pursuant to subparagraph (c) of this Section 4.03.

(b) Capital Improvements. Subject to subparagraph (c) of this Section 4.03, the Association may also levy Special Assessments for Capital Improvements to the Common Area or Common Facilities unrelated to repairs for damage or normal wear and tear to or destruction of the Common Facilities.

(c) Assessment Increases Requiring Membership Approval. As more particularly provided in California Civil Code Section 1366(b), no Special Assessment described in subparagraphs (a) or (b) hereof shall be made by the Board of Directors whereby the Special Assessments in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the approval of Owners, constituting a quorum, casting the majority of the votes at a meeting or election of the Association conducted in accordance with Civil Code Section 1363.03 and Section 7.04(c) of the Bylaws. Written notice of any such meeting shall be given not less than ten (10) nor more than ninety (90) days in advance of the meeting specifying the place, day and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken. The action may also be taken without a meeting pursuant to the provisions of California Corporations Code Section 7513. For purposes of this Section 4.03(c) the term "quorum" means more than fifty percent (50%) of the Members. All votes of the Members pursuant to this Section shall be conducted in accordance with Section 7.04(c) of the Bylaws.

The provisions of this subsection do not limit assessment increases for emergency situations. For purposes of this Section emergency situations are any one of the following:

- (1) An extraordinary expense required by an order of the court.
- (2) An extraordinary expense necessary to repair or maintain the Properties or any part of it that the Association is responsible to maintain when a threat to personal safety on the property is discovered.

- (3) An extraordinary expense necessary to repair or maintain the Properties or any part of it that the Association is responsible to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget required under California Civil Code Section 1365, provided that before the imposition or collection of any assessment under this subparagraph the Board must 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, and shall distribute the resolution to the Members with the notice of assessment.

This Section 4.03(c) incorporates the statutory requirements of California Civil Code Section 1366(b). If this Section of the California Civil Code is amended in any way, this Section 4.03(c) automatically shall be amended in the same manner without the necessity of amending this Declaration.

(d) Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided above a Special Assessment levied under subparagraph (a) shall be allocated among the Members as provided in Section 4.02(b) hereof, and a Special Assessment levied under subparagraph (b) shall be equally divided among, assessed against and charged to such Members and their Lots and shall be recorded on the Association's assessment roll in accordance with Article IV, Section 4.02(c) of this Declaration and notice thereof shall be mailed to each Owner subject thereto. Special Assessments for purposes described in subparagraph (a) shall thereafter be due as a separate debt of the Owner and a lien against the Owner's Lot, which debt shall be payable to the Association in lump sum, or monthly installments, which installments may not extend beyond the remainder of the then current fiscal year, as the Board shall determine. Special Assessments for purposes described in subparagraph (b) shall thereafter be due as a separate debt and payable in full to the Association. The Association shall provide notice by first-class mail to the Owners of any Special Assessments described in subparagraphs (a) or (b) of this Section 4.03 not less than thirty (30) nor more than sixty (60) days prior to the Special Assessment becoming due.

Section 4.04. Special Individual Assessments.

(a) In addition to the Special Assessments provided for in Section 4.03 hereof, the Association may also impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (1) and (2) below. A lien may be imposed

only for Special Individual Assessments described in Subsection (a)(1) of this Section 4.04.

(1) **Damage to Common Area.** In the event the Association incurs costs in the repair of damage to the Common Area or Common Facilities, for which an Owner or the Owner's guests or Tenants were responsible, the Association may impose a Special Individual Assessment against the Owner for such costs. Such costs shall be assessed and charged solely to and against such Owner and the Owner's Lot as a Special Individual Assessment. Nothing in this Subsection (1) shall require the Board to make a claim on any insurance carrier issuing a policy relating to the Common Area in the event of any such damage or destruction. A Special Assessment levied under this Section 4.04(a)(1) may become a lien as set forth in Section 4.04(b).

(2) **Expenses Incurred in Gaining Member Compliance.** In the event that the Association incurs any costs or expenses, including reasonable title company, accounting, legal fees, or fees or costs of experts or consultants, to accomplish (i) any maintenance, repair or replacement, under this Declaration, the Bylaws or the Association Rules, (ii) to prevent the continued maintenance of a nuisance or (iii) otherwise bring the Owner and/or the Owner's Lot into compliance with the provisions of this Declaration, the Bylaws or the Association Rules, the amount incurred by the Association or any monetary penalties and interest thereon duly imposed hereunder shall be assessed and charged solely to and against such Owner and the Owner's Residence as a Special Individual Assessment, but without right to record a lien; provided that Special Individual Assessments of the kind described in this Subparagraph (a)(2) may only be imposed after the Owner has been afforded notice and the opportunity for a meeting with the Board pursuant to Article XIV, Section 14.06 hereof, and has been given a reasonable opportunity to comply voluntarily with the Association's governing documents before the assessment is imposed.

(b) **Levy of Special Individual Assessment and Payment.** Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed in subparagraph (a) of this Section 4.04, such Special Individual Assessments shall be entered on the Association assessment roll, notice thereof

shall be mailed to the affected Owner and the Special Individual Assessment shall thereafter be due as a separate debt of the Owner.

Special Individual Assessments imposed pursuant to Section 4.04(a)(2) hereof may not be characterized nor treated as an assessment which may become a lien against the Member's Lot. Special Individual Assessments imposed pursuant to Section 4.04(a)(1) may become a lien against the Member's Lot as provided in Section 4.09 of this Article IV. However, this Section 4.04(b) shall not apply to charges imposed against an Owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent assessments.

Special Individual Assessments imposed pursuant to Section 4.04(a)(1) or (2) shall be payable in full to the Association within thirty (30) days after the mailing of notice of the assessment.

Section 4.05. Purpose and Reasonableness of Assessments. Each Assessment, whether it be a Regular, Special or Special Individual Assessment, made in accordance with the provisions of this Declaration, is hereby declared and agreed (a) to be for use exclusively to promote the benefit of the residents of the Properties by the Owners and their families, Tenants, invitees, licensees, guests and employees, or for the repair, maintenance, replacement and protection of the Common Area or Common Facilities within the Properties and other portions of the Properties that the Association is obligated to maintain and repair under Article VI of this Declaration, (b) to be a reasonable assessment, and (c) to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created to the extent provided in this Article IV above) of the Owner of the Lot against which the Assessment is made and shall bind the Owner's heirs, successors and assigns; provided that the personal obligation for delinquent assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 4.06. Exemption of Certain of the Properties from Assessments. The following real property subject to this Declaration, unless devoted to use as a residential dwelling, shall be exempt from the Assessments and the lien thereof provided herein:

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

Section 4.07. Notice and Procedure for any Action Authorized Under Sections 4.02 and 4.03. Any action authorized under Sections 4.02 or 4.03 of this Article IV requiring the vote of the Association Members shall be taken either by written ballot or at a meeting of the Members called for that purpose, written notice of which shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting or return date of the written ballots.

Section 4.08. Maintenance of Assessment Funds.

(a) **Deposit; Bank Account.** All sums received or collected by the Association from Assessments, whether Regular or Special, together with any interest charge thereon, shall be promptly deposited in a checking and/or savings account in an insured depository 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. The Board and such officers or agents of the Association as the Board shall designate shall have exclusive control of said account(s) and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by California Civil Code Section 1365.5 and Article XII, Sections 12.09 and 12.13 of the Bylaws.

To preclude a multiplicity of bank accounts, the proceeds of all assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. Any interest received on such deposits shall be credited proportionately to the balances of the various assessment fund accounts maintained on the books of the Association as provided in subparagraph (b) below, or may be allocated exclusively to reserve funds. However, reserve funds shall be segregated and placed in a separately designated bank account, together with all interest generated therefrom.

(b) **Separate Accounts; Commingling of Funds.** Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the requirement of which such assessment was levied, such surplus, in the Board's discretion, may be (1) returned proportionately to the contributors thereof; (2)

reallocated among the Association's reserve accounts if any such account is underfunded, in the Board's opinion; or (3) credited proportionately on account of the Owner's future Regular Assessment obligations.

For purposes of accounting, the Association shall keep a separate account of all funds received by it in payment of each Assessment, and of all disbursements made therefrom. Receipts and disbursements of Special Assessments made pursuant to Section 4.03(a) of this Article IV shall be combined with the receipts and disbursements of the Regular Assessments. All reserve funds and the interest thereon shall be deposited in separately designated accounts. The use of reserve funds is restricted as provided in Sections 12.14 and 12.15 of the Second Restated Bylaws.

Section 4.09. Effect of Non-Payment of Assessments; Enforcement of Liens.

(a) A Regular or Special Assessment and any late charges, reasonable fees and costs of collection, reasonable attorney's fees, if any, and interest, if any, as determined in accordance with Civil Code Section 1366, shall be a debt of the Owner of the Lot at the time the assessment or other sums are levied. At least thirty (30) days prior to recording a lien upon the separate interest of an Owner to collect a debt which is past due under this Article IV, the Association shall notify the Owner in writing, by certified mail of the following:

(1) A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount, a statement that the Owner of the separate interest has the right to inspect the Association records, pursuant to Section 8333 of the Corporations Code, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed:

"IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."

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

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

paid on time to the Association.

(4) The right to request a meeting with the Board as provided by Subsection (e) of this Section 4.09.

(5) The right to dispute the assessment debt by submitting a written request for dispute resolution to the Association pursuant to the Association's "meet and confer" program required in Article 5 (commencing with Section 1363.810) of Chapter 4.

(6) The right to request alternative dispute resolution with a neutral third party pursuant to Article 2 (commencing with Section 1369.510) of Chapter 7 before the Association may initiate foreclosure against the Owner's separate interest, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

(b) Prior to recording a lien for delinquent assessments, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to the Association's "meet and confer" program required in Civil Code Section 1363.810, et seq.).

(c) Prior to initiating a foreclosure for delinquent assessments, the Association shall offer the Owner and, if so requested by the Owner, shall participate in dispute resolution pursuant to the Association's "meet and confer" program required by Civil Code Section 1363.810, et seq. or alternative dispute resolution with a neutral third party pursuant to Civil Code Section 1369.510, et seq.. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

(d) The decision to record a lien for delinquent assessments shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board members in an open meeting. The Board shall record the vote in the minutes of that meeting.

(e) An Owner may submit a written request to meet with the Board to discuss a payment plan for the debt noticed pursuant to subdivision (a). The Association shall provide the Owners the standards for payment plans, if any exist. The Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request, if the request is mailed within fifteen (15) days of the date of the postmark of the notice, unless

there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more members to meet with the Owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede the Association's ability to record a lien on the Owner's separate interest to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Association may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan.

(f) The amount of the assessment, plus any costs of collection, late charges, and interest assessed in accordance with Civil Code Section 1366, shall be a lien on the Owner's Lot from and after the time the Association causes to be recorded with the County Recorder a notice of delinquent assessment, which shall state the amount of the assessment and other sums imposed in accordance with Civil Code Section 1366, a legal description of the Owner's separate interest against which the assessment and other sums are levied, and the name of the record Owner of the Lot against which the lien is imposed. The itemized statement of the charges owed by the Owner described in paragraph (2) of Subsection (a) shall be recorded together with the notice of delinquent assessment. In order for the lien to be enforced by nonjudicial foreclosure as provided in Subsection (g), the notice of delinquent assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice of delinquent assessment shall be signed by the person designated in this Declaration or by the Association for that purpose, or if no one is designated, by the president of the Association. A copy of the recorded notice of delinquent assessment shall be mailed by certified mail to every person whose name is shown as an Owner of the Lot in the Association's records, and the notice shall be mailed no later than ten (10) calendar days after recordation. Within twenty-one (21) days of the payment of the sums specified in the notice of delinquent assessment, the Association shall record or cause to be recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Owner of the Lot a copy of the lien release or notice that the delinquent assessment has been satisfied. A monetary charge imposed by the Association as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Area and facilities for which the Member or the Member's guests or Tenants were responsible may become a lien against the Member's separate interest enforceable by the sale of the interest under Sections 2924, 2924b, and 2924c,

(g) The Association may not voluntarily assign or pledge the Association's right to collect payments or assessments, or to enforce or foreclose a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association; however, the foregoing provision does not

restrict the right or ability of the Association to assign any unpaid obligations of a former Member to a third party for purposes of collection. Subject to the limitations of this Subsection, after the expiration of thirty (30) days following the recording of a lien created pursuant to Subsection (f), the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent assessment, or sale by a trustee substituted pursuant to Civil Code Section 2934a. Any sale by the trustee shall be conducted in accordance with Civil Code Sections 2924, 2924b, and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trust. The fees of a trustee may not exceed the amounts prescribed in Civil Code Sections 2924c and 2924d.

(h) Prior to initiating a foreclosure on an Owner's separate interest, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to the Association's "meet and confer" program or alternative dispute resolution. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

(i) The decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board members in an executive session. The Board shall record the vote in the minutes of the next meeting of the Board open to all Members. The Board shall maintain the confidentiality of the Owner or Owners of the Lot by identifying the matter in the minutes by the parcel number of the property, rather than the name of the Owner or Owners. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale.

(j) The Board shall provide notice by personal service to an Owner of a Lot who occupies the Lot or to the Owner's legal representative, if the Board votes to foreclose upon the Lot. The Board shall provide written notice to an Owner of a separate interest who does not occupy the separate interest by first-class mail, postage prepaid, at the most current address shown on the books of the Association. In the absence of written notification by the Owner to the Association, the address of the Owner's separate interest may be treated as the Owner's mailing address.

(k) A nonjudicial foreclosure by the Association to collect upon a debt for delinquent assessments shall be subject to a right of redemption. The redemption period within which the separate interest may be redeemed from a foreclosure sale under this Subsection ends ninety (90) days after the sale.

(l) Within twenty-one (21) days of the payment of the sum specified in the notice of delinquent assessment, the Association shall record or cause to be recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Owner of the Lot a copy of the lien release or notice that the delinquent assessment has been satisfied.

(m) If it is determined that a lien previously recorded against the Lot was recorded in error, the party who recorded the lien shall, within twenty-one (21) calendar days, record or cause to be recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Owner of the Lot with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission.

(n) The Association may bring an action at law against the Owner personally obligated to pay the delinquent assessment, or foreclose its lien against the Owner's Residence and Lot. Provided, however, that lien enforcement proceedings shall not be undertaken until the expiration of thirty (30) days following the recording of the Notice of Delinquent Assessment pursuant to Section 4.09(b). Furthermore, the right of foreclosure in the case of Special Individual Assessments described in Section 4.04(a)(2) and (3) hereof shall only exist to the extent specifically provided in Section 4.04(b) of this Article IV. To the extent permitted hereunder, foreclosure by the Association of its lien may be by judicial foreclosure or by non-judicial foreclosure, in the same manner as the foreclosure of a mortgage or deed of trust upon real property under the laws of the State of California. Non-judicial foreclosure shall be commenced by the Association or its duly authorized agent by recording in the Office of the County Recorder a notice of default, which notice shall state all amounts which have become delinquent with respect thereto and the costs (including attorneys' fees), penalties and interest which have accrued thereon, the amount of any assessment which is due and payable although not delinquent, a description of the property in respect to which the delinquent assessment is owed, the name and address of the trustee authorized by the Association to enforce the lien by sale and the name of the record or reputed Owner thereof. The Association shall have the rights conferred by Section 2934a of the Civil Code to assign its rights and obligations as trustee in any non-judicial foreclosure proceeding to the same extent as a trustee designated under a deed of trust, and for purposes of said Section 2934a, the Association shall be entitled to employ the services of a title insurance company or responsible company engaged in the business of acting as a trustee in foreclosure to act as an agent on behalf of the Association in commencing and prosecuting the foreclosure process.

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 Section 2924c of the California Civil Code. The

Association or its assignee shall mail a copy of the notice to the Owner or reputed Owner at the last address appearing on the books or records of the Association, and to any person to whom the giving of notice is required by applicable provisions of Section 2924b of the California Civil Code. In the event such notice is given by the Association or its assignee, the Owner and junior encumbrancers shall have reinstatement rights identical to those provided by law for trustors or mortgagors, which rights must be exercised during the period specified by law for reinstatement of obligations secured by deeds of trust. In addition to the requirements of Section 2924, a notice of default shall be served by the Association on the Owner's legal representative in accordance with the manner of service of summons in Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2 of the Code of Civil Procedure. Upon receipt of a written request by an Owner identifying a secondary address for purposes of collection notices, the Association shall send additional copies of any notices required by this Section to the secondary address provided.

After the lapse of such time as may then be required by law following the recordation of a notice of default under a deed of trust, the Association or its assignee may give notice of sale in the manner and for the period required in the case of deeds of trust. After the giving of the notice of sale, the Association, or its assignee, without demand on the Owner, may sell the Lot and Residence or other property at the time and place fixed in the notice of sale, at public auction to the highest bidder for cash in lawful money of the United States, payable at the time of sale. The Association or its assignee may postpone sale by public announcement at the time fixed by the preceding postponement. The Association shall deliver to the purchaser at such foreclosure sale the Association's deed conveying the Lot or other property so sold, but without covenant or warranty, express or implied. The recitals in such deeds shall be conclusive proof of the truthfulness thereof. Any person, including the Association, may bid on the property and purchase the same at such sale.

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

During the period a Lot is owned by the Association, following foreclosure: (1) no right to vote shall be exercised on behalf of the Lot; (2) no assessment shall be assessed or levied on the Lot; and (3) each other Lot shall be charged, in addition to its usual assessment, its share of the assessment that would have been charged to such Lot had it not been acquired by the Association as a result of foreclosure. After acquiring title to the Lot at foreclosure sale following notice and publication, the Association may execute, acknowledge and record a deed conveying title to the Lot, which deed shall be binding upon the Owners, successors,

and all other parties.

Suit to recover a money judgment for unpaid common expenses, rent and attorneys' fees shall be maintainable without foreclosure or waiving the lien securing the same. Furthermore, the Board may take such additional action, consistent with this Declaration, as is necessary or appropriate to enforce its assessment rights hereunder.

(o) Offsets. All Assessments levied by the Board shall be payable in the full amount specified, including any Special Individual Assessments imposed as provided by the terms of this Declaration, and no offsets against any such amounts shall be permitted for any reason whatsoever, including without limitation a claim that the Association has failed to properly exercise its duties of maintenance or enforcement.

Section 4.10. Limitation on Foreclosure. If the Association seeks to collect delinquent Regular or Special Assessments of an amount less than one thousand eight hundred dollars (\$1,800), not including any accelerated assessments, late charges, fees and costs of collection, attorney's fees, or interest, it may not collect such debts through judicial or nonjudicial foreclosure, but may attempt to collect or secure that debt in any of the following ways:

(1) By a civil action in small claims court, pursuant to Chapter 5.5 (commencing with Section 116.110) of Title 1 of the Code of Civil Procedure. If the Association chooses to proceed by an action in small claims court, and prevails, it may enforce the judgment as permitted under Article 8 (commencing with Section 116.810) of Title 1 of the Code of Civil Procedure. The amount that may be recovered in small claims court to collect upon a debt for delinquent assessments may not exceed the jurisdictional limits of the small claims court and shall be the sum of the following:

- (A) The amount owed as of the date of filing the complaint in the small claims court proceeding.
- (B) In the discretion of the court, an additional amount to that described in Subsection (A) equal to the amount owed for the period from the date the complaint is filed until satisfaction of the judgment, which total amount may include accruing unpaid assessments and any reasonable late charges, fees and costs of collection, attorney's fees, and interest, up to the jurisdictional limits of the small claims court.

(2) By recording a lien on the Owner's separate interest upon which the Association may not foreclose until the amount of the delinquent assessments secured by the lien, exclusive of any accelerated assessments, late charges, fees and costs of collection, attorney's fees, or interest, equals or exceeds one thousand eight hundred dollars (\$1,800) or the assessments are more than 12 months delinquent. If the Association chooses to record a lien under these provisions, prior to recording the lien, shall offer the Owner and, if so requested by the Owner, participate in dispute resolution as set forth in Article 5 (commencing with Section 1368.810) of Chapter 4 of the Civil Code.

(3) Any other manner provided by law, except for judicial or nonjudicial foreclosure.

Section 4.11. Transfer of Lot by Sale or Foreclosure. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure by the mortgagee of the first mortgage of record shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer (except for assessment liens recorded prior to the mortgage). No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Where the mortgagee of the first mortgage of record or other purchaser of a Lot obtains title to the same as the result of foreclosure of any such first mortgage, the person acquiring title, the Owner's successors and assigns, shall not be solely liable for the share of the common expenses or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from Owners of all of the Lots including such acquirer, the Owner's successors and assigns.

If a Lot is transferred, the grantor shall remain liable to the Association for all unpaid assessments against the Lot through and including the date of the transfer. The grantor shall be entitled to a statement from the Association dated as of the date of transfer, setting forth the amount of unpaid assessments against the grantor due the Association and the Lot so transferred shall not be subject to a lien for unpaid assessments in excess of the amount set forth in the statement, provided, however, the grantee shall be liable for any such assessment that becomes due after the date of the transfer.

Section 4.12. Priorities. When a notice of delinquent assessment has been recorded, such assessment shall constitute a lien on each respective Lot prior and superior to all other liens 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 made in good faith and for value; provided, however, that such subordination shall apply only to the

assessment installments which have become due and payable prior to the sale of such property pursuant to a decree of foreclosure of any such mortgage or deed of trust or pursuant to the power of sale in such mortgage or deed of trust. Such foreclosure shall not relieve such property from liability for any assessment installments thereafter becoming due or from the lien of any such subsequent assessment.

Section 4.13. 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 assessments made under the provisions of Section 4.02 of this Article IV and, if necessary, a Special Assessment may be levied against the Lots in an amount equal to such taxes to be paid in installments as determined by the Board.

Section 4.14. Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Article IV, the benefit of any homestead or exemption law of California in effect at the time any assessment or installment thereof becomes delinquent or any lien is imposed.

Section 4.15. Statement of Defaults. Within ten (10) days of the mailing or delivery of a written request by any Owner, the Board shall provide the Owner with a written statement containing the following information: (a) whether to the knowledge of the Association, the Owner or the Owner's Lot is in violation of any of the provisions of this Declaration, the Articles, Bylaws, or Association Rules; (b) the amount of Regular and - Special Assessments, including installment payments, paid by the Owner during the fiscal year the request is received; and (c) the amount of any assessments levied against the Owner's Lot that are unpaid as of the date of the statement, including any late charges, interest, or costs of collection that as of the date of the statement are or may be made a lien against the Owner's Lot as provided by this Declaration, the Articles, Bylaws, or Association Rules.

ARTICLE V

Residence Party Walls

Section 5.01. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Residences within the Properties and placed on the dividing line between the Residence Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply

thereto.

Section 5.02. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in equal proportion to such use.

Section 5.03. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, then, to the extent that such damage is not covered by insurance and repaired out of the proceeds of same, any Owner who has used the wall may restore it, and if the other Owner thereafter makes use of the wall, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 5.04. Weatherproofing. Notwithstanding any other provisions of this Article, to the extent that such damage is not covered and paid by the insurance provided for herein, an Owner whose negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5.05. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 5.06. Alternative Dispute Resolution. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, then, upon written request of one Owner addressed to the other Owner(s), the matter shall be submitted to alternative dispute resolution as provided in Article XIV, Sections 14.08 and 14.09 of this Declaration.

ARTICLE VI

Maintenance

Section 6.01. Maintenance, Repair and Replacement.

(a) **Allocation of Responsibilities Between Association and Owners.** Except as otherwise specifically provided in this Section 6.01, or elsewhere in this Declaration, the Association shall be solely responsible for maintenance, repair and replacement of the Common Area and the Owner shall be solely responsible for maintenance, repair and

replacement of the Lot. The respective responsibilities of the Association and the Owners with respect to maintenance, repair and replacement of the Common Area and Lots shall be as set forth on the following Table in which "A" designates Association, and "O" designates Owner:

Component	Maintenance	Repair	Replacement
Common Area and Common Facilities (painting, maintaining, cleaning, repairing and replacing of the Common Area, including landscaping, parking areas and recreational facilities) (excluding Exclusive Use Common Area)	A	A	A
Common Area (except Exclusive Use Common Area) termites (repair and maintenance occasioned by the presence of wood-destroying pests or organisms)	A	A	A
Exclusive Use Common Area(s) (except fences)	O	O	O
Roofs, including sheathing, gutters and downspouts	A	A	A
Skylights (including flashings)	A	A	A
Chimney caps, spark arresters	A	A	A
Chimney flue cleaning	O	O	O
Solar equipment, including but not limited to flashings, leak repairs and damage from wood destroying pests and organisms	O	O	O
Paint, stain and finish: (1) exterior wood siding and trim; (2) entry doors and garage doors; and (3) chimney caps	A	A	A

Component	Maintenance	Repair	Replacement
Weatherproof envelope, including building paper (but excluding doors and windows)	A	A	A
Windows and doors	O	O	O
Window framing, door framing	O	O	O
Atrium drains and drywell	A	A	A
Fire alarm system	O	O	O
Flashing beneath paint	A	A	A
Entry doors, garage doors (including initial painting), utility closet door, window screens, screen doors, garage interiors, including openers, hinges, bolts, locks and weatherstripping (except painting, staining or finishing of exterior doors)	O	O	O
Paint, stain and finish exterior doors, garage doors and utility closet doors	A	A	A
Decks, including but not limited to flashings, leak repairs and damage from wood destroying pests or organisms	O	O	O
Patios, including but not limited to flashings, leak repairs and damage from wood destroying pests and organisms	O	O	O
Heating, ventilating and air-conditioning equipment	O	O	O
Garage doors	O	O	O
Cleaning of all vents serving Owner's Residence	O	O	O

Component	Maintenance	Repair	Replacement
Doorbell and wiring of Owner's Residence and all exterior lights attached to Residence	O	O	O
Wiring for utilities servicing Owner's Lot or Residence, located inside the foundation lines of Residence.	O	O	O
Trees, shrubs, grass, walks, and fences located on Common Area, except Exclusive Use Common Area	A	A	A
Landscaping in Exclusive Use Common Area	O	O	O
Sewer lines, water lines, gas lines and electrical lines on the Lot and Exclusive Use Common Area	O	O	O
Sewer lines, water lines, gas lines and electrical lines in the Common Area excluding the Exclusive Use Common Area	A	A	A
Fences and walks located on Lot and Exclusive Use Common Area, except the painting of the exterior side, but including painting of good neighbor fence	O	O	O
Painting of exterior side of perimeter fences, but not good neighbor fences	A	NA	NA
Water lines between shutoff valve and Residence, shutoff valve, and pipes and conduits on the Lot	O	O	O
Damage to Lot or Residence occasioned by presence of wood-destroying pests or organisms (expense of temporary relocation during repair being responsibility of the Owner)	O	O	O

Component	Maintenance	Repair	Replacement
Modifications from original construction, not by Association	O	O	O
Exclusive Use Common Area	O	O	O
Except for the limited maintenance, repair and replacement of certain components of the Properties which is the obligation of the Association as shown in this Table, each Lot Owner shall, at the Owner's sole cost and expense, maintain and repair the Owner's Lot and the improvements thereon. Such maintenance and repair shall be performed by the Owner so as to keep the Owner's Lot in a condition of good order and repair, and in accordance with the Association Rules.	O	O	O

(b) **Negligent Damage.** The financial responsibility of the Association for maintenance, repair and replacement under this Section 6.01 shall not extend to damage arising out of or caused by the willful or negligent act or negligence of an Owner, or the Owner's Household members, guests, Tenants or invitees. The cost of maintenance, repair or replacement resulting from such willful or negligent acts shall be the responsibility of the Owner who caused or whose Household members, guests, Tenants or invitees caused such damage. Owners are solely responsible for construction components on their Lots or Exclusive Use Common Area, such as atrium covers which impair Association access for maintenance, repair or replacement. The cost thereof shall constitute a Special Individual Assessment chargeable to such Residence and shall be payable to the Association by the Owner of such Residence.

(c) **Modifications for the Disabled.** A Residence may be modified by an Owner, at the Owner's sole expense, to facilitate access for persons who are blind, visually handicapped, deaf, or physically disabled, or to alter conditions which may be hazardous to such persons, subject to the limitations and requirements set forth in Section 1360 of the California Civil Code as that statute may be amended, revised or altered and of this Declaration, the Bylaws and the Rules.

(d) **Modifications.** Each Owner, his successors and assigns, shall be solely responsible for the maintenance, repair and replacement of any modifications made to the Residence, or Common Area, whether or not such modifications received approval pursuant to Article VIII of this Declaration. Notwithstanding the foregoing, the Board shall have the power to enforce the provisions of this Declaration relating to unauthorized modifications to the Common Area, including, without limitation, the remedies set forth in Article XIV of this Declaration.

(e) **Duty to Notify.** Each Owner has an affirmative duty to notify the Association of water intrusion into the Owner's Residence or Residence within seventy-two hours (72) of the time that the Owner knew or reasonably should have known of such damage. Within such seventy-two (72) hour period, each Owner shall also notify the Association of any damage to the Owner's Residence or Residence which the Owner contends is the responsibility of the Association. The Association shall not be liable for any personal injury, property damage or economic loss of any kind resulting from the failure of the Owner to so notify the Association.

Section 6.02. Repairs for Owners. In the event an Owner fails to maintain the Residence or Lot in a manner which the Board deems necessary to preserve the appearance and value of the property, the Board may notify Owner of the work required and request it be done within thirty (30) days from the giving of such notice. In the event Owner fails to carry out such maintenance within said period, the Board may cause such work to be done and may recover the cost thereof from such Owner by the levy of a Special Individual Assessment.

Section 6.03. Rubbish and Storage. All Lots, whether occupied or unoccupied, shall at all times be maintained in such a manner as to prevent their becoming unsightly by the reason of the accumulation of rubbish, debris or unsightly growth thereon. Without limitation, no personal property may be stored outside a Residence which is visible from the Common Area. Any such improperly stored property may be removed by the Association and stored or disposed of at the Owner's expense following an opportunity to be heard as provided in Section 14.06(c).

ARTICLE VII

Duties and Powers of the Association

Section 7.01. Duties. In addition to the duties enumerated in its Bylaws, or elsewhere provided for in this Declaration, and without limiting the generality thereof, the Association shall perform the following duties:

(a) Maintenance. Except as otherwise provided in this Declaration, the Association shall maintain, repair, replace, restore, operate and manage all of the Common Area as more particularly set forth in Article VI, Section 6.01(a) of this Declaration.

(b) Insurance. The Association shall maintain such policy or policies of insurance as are required by Article XI of this Declaration.

(c) Discharge of Liens. The Association shall discharge by payment, if necessary, any lien against the Common Area, and assess the cost thereof to the Member or Members responsible for the existence of said lien.

(d) Assessments. The Association shall fix, levy, collect and enforce assessments as set forth in Article IV hereof.

(e) Payment of Expenses. The Association shall pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes or governmental charges levied or imposed against the property of the Association.

(f) Enforcement. The Association shall enforce this Declaration. The Association shall maintain and operate the Common Area and Common Facilities in accordance with all applicable municipal, state, and federal laws, statutes and ordinances, as the case may be. The Association shall also, as a separate and distinct responsibility, ensure that third parties (including Owners and their guests) utilize the Properties in accordance with the aforementioned regulations. The Association shall, when it becomes aware of any violation of the aforementioned regulations, expeditiously correct such violations.

Section 7.02. Powers. In addition to the powers enumerated in its Articles of Incorporation and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the following powers:

(a) Utility Service. The Association shall have the authority to obtain, for the benefit of all of the Residences, all water, gas and electric service and refuse collection, janitorial service, cable television, satellite television, and Internet service.

(b) Easements. The Association shall have authority, by document signed or approved by two-thirds (2/3rds) of the total voting power of the Association, to grant or convey to any third person permits, licenses, rights of way and easements in addition to those shown on the Map, in, on, over or under the Common Area for the purpose of constructing, erecting, operating or maintaining thereon, therein or thereunder, roads, utilities, overhead

or underground lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities, and each purchaser in accepting a deed to a lot, expressly consents hereto. Nothing in this Section 7.02(b) shall limit the power of the Board of Directors as provided in Section 10.04 of this Declaration.

(c) Manager. The Association may employ a manager and may employ other persons and contract with independent contractors, who must be duly licensed when required by law, or managing agents to perform all or any part of the duties and responsibilities of the Association, except for the responsibility to levy fines, impose discipline, hold hearings, file suit, or make capital expenditures. The term of the management contract shall be limited as provided in Section 16.14 of this Declaration. The Board of Directors shall verify that each such manager and contractor is adequately insured. No Owner, Tenant or occupant of any Residence shall be eligible to serve as the Association Manager or as an employee of the Association Manager or as a vendor.

(d) Adoption of Rules. Subject to Section 3.08 of this Declaration, the Board of Directors may adopt reasonable rules not inconsistent with this Declaration relating to the use of the Properties including the Common Area and all facilities thereon, and the conduct of Owners and their Tenants and guests with respect to the Properties and other Owners. Written copies of such Rules and any schedule of fines and penalties adopted by the Board shall be furnished to Owners.

(e) Access. For the purpose of performing the maintenance authorized herein or for any other purpose reasonably related to the performance by the Association or the Board of Directors of their respective responsibilities, the Association's agents or employees shall have the right, after reasonable written notice (not less than twenty-four (24) hours except in emergencies) to enter a Residence, Lot or the Common Area at reasonable hours. Such entry shall be made with as little inconvenience to the Owner as practicable and any damage caused thereby shall be repaired by the Board at the expense of the Association.

(f) Assessments, Liens and Fines. The Association shall have the power to levy and collect assessments in accordance with the provisions of Article IV hereof. The Association may impose fines or take disciplinary action against any Owner for failure to pay assessments or for violation of any provision of the Declaration, Bylaws and/or the Association Rules. Penalties may include but are not limited to: fines, temporary suspension of voting rights, rights to the use of Common Facilities or other appropriate discipline, provided that the accused Member is given notice and the opportunity to be heard with respect to the alleged violations before a decision to impose discipline is made.

(g) Enforcement. The Association shall have the authority to enforce this Declaration as provided in Article XIV hereof.

(h) Acquisition and Disposition of Property. The Association shall have the power to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, or otherwise dispose of real or personal property in connection with the affairs of the Association. Except for a Residence acquired by the Association through foreclosure of a lien as provided in Section 4.09 of this Declaration, any transfer of real property shall be by document signed or approved by two-thirds (2/3) of the Members.

(i) Loans. The Association shall have the power to borrow money, and only with the assent (by vote or written consent) of a majority of the total voting power of the Association, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred. Borrowing of money by the Association shall require the assent (by vote or written consent) of a majority of the total voting power of the Association except as authorized by Article IX, Section 9.03(e) of the Bylaws under which the Board may borrow on behalf of the Association up to twenty percent (20%) of the budgeted gross receipts for the current fiscal year without a vote of the Members.

(j) Contracts. The Association shall have the power to contract for goods and/or services for the Common Area, facilities and interests or for the Association, subject to limitations elsewhere set forth in the Articles, Bylaws or this Declaration. The Association shall not enter into any contract with an independent contractor until the independent contractor submits proof to the Association that it has procured worker's compensation insurance as required by law and the Association receives adequate proof of licensure if required by law, and such liability insurance as the Board deems appropriate.

(k) Delegation. The Association, the Board, and the officers of the Association shall have the power to delegate their authority and powers to committees, officers or employees of the Association, or to a manager employed by the Association, provided that the Board shall not delegate its responsibility:

- (1) To make expenditures for capital additions or improvements chargeable against the reserve funds;
- (2) To conduct hearings concerning compliance by an Owner or the Owner's Tenant, guest or invitee with the Declaration, Bylaws or Association Rules promulgated by the Board;

- (3) To make a decision to levy monetary fines, impose Special Assessments against individual Residences, temporarily suspend an Owner's rights as a Member of the Association or otherwise impose discipline;
- (4) To make a decision to levy Regular or Special Assessments; or
- (5) To make a decision to bring suit, record a claim of lien or institute foreclosure proceedings for default in payment of assessments.

(l) Use of Recreational Facilities. The Board shall have the power to limit the number of an Owner's Tenants or guests who may use the recreational facilities, provided that all limitations apply equally to all Owners, unless imposed for disciplinary reasons, after notice and an opportunity for a hearing, as provided in the Bylaws.

(m) Security. The Association shall have the power to contract for security service for the Common Area.

(n) Appointment of Trustee. The Association, or the Board acting on behalf of the Association, has the power to appoint or designate a trustee to enforce assessment liens by sale as provided in Article IV, Section 4.09(b) and California Civil Code Section 1367(b).

(o) Other Powers. In addition to the powers contained herein, the Board may exercise the powers granted to a nonprofit mutual benefit corporation under California Corporations Code Section 7140.

ARTICLE VIII

Architectural And Landscape Control

Section 8.01. Improvements in General; Establishment of Architectural and Landscape Committees. The purpose and intent of this Article is to empower the Association to preserve property values within the Properties. The Board, the Architectural Committee and the Landscape Committee shall operate pursuant to the following guidelines:

(a) The objective is to prevent additions, alterations or replacements which are reasonably likely to be detrimental to the overall ambiance of the Properties, and reasonably likely to adversely affect property values throughout the Properties. The

restrictions are not intended to empower the Board or the Committees to act arbitrarily, capriciously, or whimsically in the process of reviewing plans. Standards should be established which are both reasonable and objective, and which are reasonably ascertainable, and are uniformly and fairly applied to all, and in all cases. The Board shall base its decisions on what is in the best interests of the Properties as a whole, and upon consideration of the recommendation of the Architectural or Landscape Committees.

(b) No building, fence, wall, pool, spa, obstruction, outside or exterior wiring, balcony, screen, patio, patio cover, tent, awning, trellis, addition, improvement or structure of any kind shall be commenced, installed, erected, painted, repainted or maintained upon the Properties, nor shall any alteration or improvement of any kind be made thereto until the same has been approved in writing by the Board. Notwithstanding the foregoing, Owners may improve or alter any improvements within the interior of the Owner's Residence, provided such improvement or alteration does not impair the structural or acoustical integrity of the Residence or any other Residence.

(c) Plans and specifications showing the nature, kind, shape, color, size, materials and location of any proposed improvements or alterations shall be submitted to the Board for approval as to quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to repaint in accordance with a color scheme previously approved by the Board, or to rebuild in accordance with plans and specifications previously approved by the Board. Nothing contained in this Subsection shall be construed to limit the right of an Owner to paint the interior of the Residence any color desired.

(d) No landscaping shall be made to the Common Area or Exclusive Use Common Area nor to any decks, patios or yards which are visible from the street or from the Common Area by any Owner until plans and specifications showing the nature, kind, shape and location of the materials shall have been submitted to and approved in writing by the Board following receipt of a recommendation by the Landscape Committee. The Association may, by written revocable license, allow an Owner to make landscape improvements in the Common Area at the sole expense of the Owner. Such licenses are subject to the Association Rules.

(e) The Architectural Committee and the Landscape Committee shall each consist of three (3) members. The Board shall have the power to appoint all of the members of the Architectural and Landscape Committees. Members appointed to the Landscape and Architectural Committees must be Members of the Association. A majority of the Architectural and Landscape Committees may designate a representative to act for it. In the

event of death or resignation of any member of either Committee, the Board shall appoint a successor. Neither the members of either Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant to this Declaration.

(f) The Board may adopt Association Rules pursuant to Article III, Section 3.08 to implement a fair, reasonable and expeditious procedure for decisions under this Section 8.01, including prompt deadlines to respond to an Owner's application or request for reconsideration by the Board. The decision of the Board may not be unreasonable, arbitrary, or capricious. Approval of plans by the Board shall in no way make the Board or its members responsible for or liable for the improvements built after approval of the plans, and the Owner whose plans are approved shall defend, indemnify and hold the Committee, the Board, the Association, and its Members harmless from any and all liability arising out of such approval.

(g) A decision on a proposed change shall be made in good faith and may not be unreasonable, arbitrary, or capricious.

(h) All alterations, modifications, or other improvements on or within the Properties shall comply with all design requirements, approvals and procedures of the governmental entity with appropriate jurisdiction. Before commencement of any alteration or improvements approved by the Board, the Owner shall comply with all appropriate governmental laws and regulations. Approval by the Board does not satisfy the appropriate approvals that may be required by any governmental entity with appropriate jurisdiction.

(i) The Association shall annually provide the Members with notice of the requirements for Association approval of physical changes to the Properties. The notice shall describe the types of changes that require Association approval, and shall include a copy of the procedure used to review and approve or disapprove a proposed change.

(j) If a proposed change is disapproved, the written decision shall include both an explanation of why the proposed change is disapproved and a description of the procedure for reconsideration of the decision by the Board of Directors. If a proposed change is disapproved, the applicant is entitled to reconsideration by the Board of Directors of the Association that made the decision, at a meeting of the Board that satisfies the requirements of Civil Code Section 1363.05. This paragraph does not require reconsideration of a decision that is made by the Board of Directors or a body that has the same membership as the Board of Directors.

The appropriate Committee or Board shall inspect work within sixty (60) days after a notice of completion has been delivered to the Committee or Board by the Owner. The

Committee or Board may also inspect the work at any time prior to completion as it deems appropriate to determine that the Board approval is being followed. The Committee or Board is to inspect the work performed, and determine whether it was performed and completed in compliance with the approval granted, in all material respects. If at any time during the construction of any work, the Committee recommends and the Board finds that the work was not performed or completed in compliance of the approval granted, in all material respects, or if the Board finds that the appropriate approval which was required for any work was not obtained, the Board shall notify the Owner in writing of the non-compliance. The notice shall specify in writing the particulars of non-compliance, and shall set forth the requirement of the Owner to remedy the non-compliance. The Board shall determine in its reasonable judgement whether an alteration, modification or improvement complies with the approval as granted in all material respects. Minor changes, deviations or imperfections that do not negatively affect or impact the Properties shall not be considered as non-compliance.

If the Board has determined an Owner has not constructed an improvement in compliance of the approval granted in all material respects, and if the Owner fails to remedy such non-compliance in accordance with provisions of the notice of non-compliance, then after expiration of thirty (30) days from the date of such notification, the Association may exercise the remedies set forth in Section 8.03.

(l) Nothing in this Section 8.01 shall impair the rights of Owners to place certain noncommercial signs, posters, flags or banners pursuant to Civil Code Section 1353.6 or any successor statute. In the event of any conflict between this Section 8.01 and Sections 9.08 or 9.15, Sections 9.08 or 9.15 shall control.

Section 8.02. Common Area. No improvement, excavation or work which in any way alters any Common Area from its natural or existing state shall be made or done except upon strict compliance with, and within the restrictions and limitations of, the following provisions of this Section.

(a) No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any improvement upon, or shall make or create any excavation or fill upon, or shall change the natural or existing drainage of, or shall destroy or remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon the Common Area.

(b) The Association may from time to time:

(1) Reconstruct, replace, or refinish any Common Facility or other improvement or portion thereof upon the Common Area in

accordance with the original design, finish or standard of construction of such improvement of such Common Area which was approved by the governmental entity having jurisdiction.

- (2) Construct, reconstruct, replace, refinish any road improvement or surface upon any portion of Common Area designated on a map as a private road or parking area.
- (3) Replace trees or other vegetation and plant trees, shrubs and ground cover upon any portion of Common Area.
- (4) Place and maintain upon the Common Area such signs as the Association may deem necessary for the identification of the Properties and of roads, the regulation of traffic, including parking, the regulation and use of Common Area and Common Facilities, and for the health, welfare and safety of Owners, Tenants and guests. Any such signs to be placed within the street area shall be subject to City approval.

Section 8.03. Enforcement of Architectural and Landscape Restrictions. If an Owner makes an improvement, addition or change to the exterior or structure of the Residence without approval from the Board of Directors, the Association may direct that the improvement, addition or change be removed and in the event that the Owner fails to diligently remove or modify the work following notice and an opportunity to be heard as provided in Section 14.06, the Association may either enter upon the Lot to effect removal or modification, commence alternative dispute resolution under Article XIV, Sections 14.08 and 14.09 of this Declaration or commence legal action to compel removal. However, no such entry for removal or modification shall be made unless the affected Owner(s) has been provided notice and an opportunity to be heard in accordance with the procedure set forth in Article XIV, Section 14.06 of this Declaration. The Association may also exercise any of its other applicable remedies under this Declaration, the Bylaws or California law. Any costs and expenses incurred by the Association in the discharge of its responsibilities hereunder, including reasonable attorneys' fees and costs, fees of consultants and experts, including but not limited to, architects and engineers, may be recovered from the Owner by means of a Special Individual Assessment.

Section 8.04. Variances. The Board of Directors shall be entitled to allow reasonable variances with respect to this Article VIII in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships, provided the following conditions are met:

(a) All requests for variances shall be submitted to the Association in writing. Requests shall be submitted to the Association Secretary or Association management agent, as the Board may designate.

(b) If the requested variance will necessitate deviation from, or modification of an Architectural Standard that would otherwise apply under this Declaration, the Board must conduct a hearing on the proposed variance after giving at least ten (10) days' prior written notice to all Owners of Residences located in the same building structure as the Residence affected by the variance or located within one hundred feet (100) feet of the Lot to which the variance applies. The Owners receiving notice of the proposed variance shall have thirty (30) days in which to submit to the Board written comments or objections with respect to the variance. No decision shall be made with respect to the proposed variance until the thirty (30)-day comment period has expired.

(c) The Board must make a good faith determination that: (i) the requested variance, if granted, will not constitute a material deviation from the overall plan and scheme of development within the Properties or from any restriction contained herein (or the Architectural Standards) or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or (ii) the variance relates to a requirement hereunder that is unnecessary or burdensome under the circumstances; or (iii) the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance, with respect to any other Residence, Common Area or Owner within the Property.

Section 8.05. Maintenance Responsibility. Notwithstanding Article VI, the Owner of a Lot shall be solely responsible for maintenance, repair and replacement of any construction component(s) which have been added, altered or replaced from the original construction condition by or on behalf of the Owner or occupant, or by or on behalf of any prior Owner or occupant.

ARTICLE IX

Use of Properties and Restrictions

Use of the Lots, Common Area and other portions of the Properties shall be subject to the following rules and restrictions. In the event that the Association is compelled to expend funds to gain compliance with such rules and restrictions, whether for attorneys' fees or otherwise, the same may be recovered from the offending Owner by means of a Special Individual Assessment.

Section 9.01. Residential Use. The use of the Residence Lots within the Properties is hereby restricted to Residential Use.

No Lot or Lots or any portion thereof in the project shall be leased, subleased, occupied, rented, let, sublet, or used for or in connection with any time sharing agreement, plan, program or arrangement, including, without limitation, any so called "vacation license", "travel club", "extended vacation", or other membership or time interval ownership arrangement. The term "time sharing" as used herein shall be deemed to include, but shall not be limited to, any agreement, plan, program, or arrangement under which the right to use, occupy, or possess the Lot or Lots or any portion thereof in the Properties rotates among various persons, either corporate, partnership, individual, or otherwise, on a periodically recurring basis for value exchanged, whether monetary or like kind use privileges, according to a fixed or floating interval or period of time of twenty-five (25) consecutive calendar days or less. Provided, this Section shall not be construed to limit the personal use of any Lot or any portion thereof in the project by any Lot Owner or the Owner's social or familial guests.

Section 9.02. Lots. Each Lot shall be conveyed as a separately designated and legally described fee simple estate subject to this Declaration. All Lots, whether occupied or unoccupied, and the Residences and other improvements placed thereon, shall at all times be maintained in such a manner as to prevent their becoming unsightly by the reason of the accumulation of rubbish, debris or unsightly growth thereon.

Section 9.03. Common Area.

(a) Generally. The Common Area shall be preserved as open space and used for those recreational purposes originally planned as Common Facilities by the Declarant or subsequently installed by the Association in accordance with this Declaration. Nothing shall be altered, constructed, placed or stored in the Common Area except upon the direction and under the authority of the Association in accordance with Article VIII hereof. Use and enjoyment of Common Area shall at all times be subject to this Declaration, the Bylaws and the Association Rules and other purposes incidental and ancillary to the use of Lots.

(b) Common Area. In addition to the provisions of Section 9.03(a) hereof, but subject to Article II, Section 2.01(b), Article II, Section 2.02(b) and Article III, Sections 3.08 and 3.09(a), it is further provided that the use of the Common Area shall be available for and limited to the private use, for aesthetic and recreational purposes, of the Association's resident Members, their families and guests and of the authorized Tenants of nonresident Members and the families and guests of such Tenants.

Section 9.04. Use of the Properties. The use of all Properties shall be limited to those uses, as strictly interpreted, which are specified in this Declaration. Any change in use of the Properties, or any part thereof, shall require the vote or written consent of two-thirds (2/3) of the Members of the Association.

Section 9.05. Prohibition of Noxious Activities. No noxious or offensive activities shall be carried on or conducted upon any Lot or the Common Area, nor shall anything be done on any Lot or the Common Area that shall be or become an unreasonable annoyance or nuisance to the neighborhood, or which may in any way increase the rate of insurance for the Properties, or cause any insurance policy to be canceled, or to cause a refusal to renew the same, or which will impair the structural integrity of any building. Without limiting any of the foregoing, no Owner or Tenant shall permit excessive noise, including, but not limited to, the barking of dogs, the operation of air conditioners, stereo amplifier systems, television systems, motor vehicles or power tools, to emanate from any Lot, or the Common Area, which would unreasonably disturb any other Member's enjoyment of the Owner's Lot or the Common Area. Excessive noise levels may be determined according to the ordinances of the City of Los Altos or other applicable governmental regulation dealing with such matters.

Section 9.06. Temporary Structures. No structure of a temporary character, trailer, mobilehome, camper, motor vehicle, tent, shack, or other outbuilding shall be used on the Common Area at any time as a residence, either temporarily or permanently. Furthermore, no structures shall be built for any purposes on a Lot or the Common Area (other than the original Townhome structure) which are visible from neighboring Lots or above the fences between adjoining Lots.

Section 9.07. Household Pets. The following restrictions regarding the care and maintenance of pets within the Properties shall be observed by each Owner and resident:

(a) A reasonable number of common household pets, such as dogs and cats, may be kept on each Lot. Animals may not be kept, bred or maintained for commercial purposes. A reasonable number of fish or small caged animals also may be kept, subject to the Rules. No other animals, livestock, or poultry of any kind shall be kept, bred or raised in any Residence.

(b) Dogs shall only be allowed on the Common Area when they are leashed or otherwise under the supervision and restraint of their Owners. Pet owners shall be responsible for the prompt removal of pet wastes deposited by their pets on the Properties.

(c) No household pet shall be left chained or otherwise tethered in front of a Residence or in the Common Area.

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

(e) The Board may, in its sole discretion, prohibit maintenance within the Properties of any animal that constitutes a nuisance (whether due to its size, viciousness, unreasonable noise or otherwise) with respect to any other Owner(s).

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

(g) In addition to the foregoing pet restrictions, all pet control codes and ordinances for the State of California, the City of Los Altos and the County shall apply at all times within the Properties.

(h) An Owner or his or her Tenant who keeps or maintains any pet upon any portion of the property shall be deemed to have indemnified and to have agreed to hold the Association free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the property. All pets shall be properly registered with the County and any other appropriate agency to the extent required by law.

Section 9.08. Signs. No advertising signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on any Lot or the Common Area, nor shall any Lot be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Residence or any resident thereof. Notwithstanding the foregoing, any Owner of a Lot or the Owner's agent may display or have displayed on the Owners' Lot, in accordance with Civil Code Section 712, or on another Owners' Lot with that Owners' consent, a sign which is reasonably located, in plain view of the public, and is of reasonable dimensions and design and not adversely affecting public safety, including traffic safety, advertising the property for sale, lease, or exchange, or advertising directions to the property by the Owner or the Owner's agent. The "for sale" sign shall be promptly removed upon close of escrow and the site restored. The placement of all signs is subject to

the Association Rules. In addition, noncommercial signs, posters, flags and banners are permitted to the extent provided in Civil Code Section 1353.6 or any successor statute. Nothing in this Section 9.08 prohibits the posting or displaying of noncommercial signs, posters, flags or banners on or in an Owner's separate interest except as required for the protection of public health or safety, or if the posting or display would violate a local, state, or federal law. Noncommercial signs, posters, flags or banners may be made of paper, cardboard, cloth, plastic, or fabric, and may be posted or displayed from the yard, window, door, or outside wall of the separate interest, but may not be made of lights, roofing, siding, painting materials, flora, or balloons, or any other similar building, landscaping or decorative component, or include the painting of architectural surfaces. Noncommercial signs and posters that are more than nine (9) square feet in size, and noncommercial flags or banners that are more than fifteen (15) square feet in size are prohibited.

Section 9.09. Business Activities. No business activities of any kind whatsoever shall be conducted in any building or in any portion of any Lot except for activities of the Association or the maintenance of buildings by the Association, its successors and assigns, in furtherance of its powers and purposes as set forth herein. Notwithstanding the foregoing, no restrictions contained in this Article IX shall be construed in such a manner as to prohibit any Owner from (a) maintaining a personal library within the Residence; (b) keeping personal business records or accounts therein; (c) handling personal or business telephone calls or correspondence therefrom; or (d) conducting any other activities on the Owner's Lot such as a home office, otherwise compatible with residential use and the provisions of this Declaration which are permitted under applicable zoning laws or governmental regulations without the necessity of first obtaining a special use permit or similar specific governmental authorization. Such uses are expressly declared to be customarily incident to the principal residential use and not in violation of any provision of this Article IX. In no event may any business activities be conducted on the Properties which increase vehicular traffic, or create unreasonable noise or nuisances to residents of other Residences or which cause or threaten to cause the increase in any insurance premiums paid by the Association or reduce the availability of any insurance maintained by the Association. This Section 9.09 does not apply to other businesses to the extent specifically authorized by statute, including family day care centers as specifically authorized by California Health and Safety Code Section 1597.40, and community care facilities as specifically authorized by California Health and Safety Code Section 1566.5.

Section 9.10. Garbage and Storage. No rubbish, trash, or garbage shall be allowed to accumulate on Lots and any trash or garbage outside the interior walls of a Residence or garage shall be stored entirely within appropriate covered disposal containers maintained in good, clean condition. No disposal containers, other than those maintained by the Association, shall be allowed in the Common Area except on collection day or in the

afternoon of the previous day. All garbage and trash shall be placed and kept in covered containers. In no event shall such containers be maintained so as to be visible from a neighboring property or the Common Area. No portion of any Lot shall be used for the storage of building materials or other materials, other than in connection with approved construction. Garbage and trash containers must be removed within twenty-four (24) hours after the collection activity. Any extraordinary accumulation of rubbish, trash, garbage or debris shall be removed from the Properties to a public dump or public trash collection area by the Owner or Tenant at the Owner's expense.

No toxic or hazardous materials shall be disposed of within the Properties by dumping in the garbage containers or down the drains, or otherwise. Toxic or hazardous material disposal must be performed outside the Properties in accordance with all applicable statutes, ordinances and regulations.

The Association shall be entitled to impose reasonable fines and penalties for collection of garbage, refuse or material which is disposed of in any manner inconsistent with this Section. Each Owner shall defend, indemnify and hold harmless the Association, its officers and Directors against any liability, loss, damage or cost penalty, including attorney's fees, arising from or relating to the unlawful disposal of hazardous or toxic materials. Nothing in this Section shall be interpreted so as to preclude the Association from establishing and maintaining within the Properties appropriate storage yards and storage buildings for the maintenance and retention of materials and equipment needed for planting, building, repair, maintenance and preservation of the structures, gardens and other improvements of the Lots and the Common Area.

Section 9.11. Exterior Storage. No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes on patios or other areas in any manner which is visible from any neighboring Lot. Further, no clothes washers, clothes dryers, furniture (other than furniture made expressly for outdoor use) refrigerators, freezers or other appliances may be kept, stored or operated on any patio, porch or other exterior area.

Section 9.12. Landscaping Maintenance Upon Lots.

(a) In addition to maintenance upon the Common Area, the Association shall provide for the care, maintenance and replacement of trees, shrubs and other landscaping located outside of fenced or walled areas. Each Owner shall allow the Association reasonable access to these portions of the Lot for the care and maintenance to be provided by the Association. Any tree, shrub or other landscaping on Lots, including such landscaping in entryways and enclosed patio areas which is visible from another Lot or from the Common Area is subject to the Association Rules and landscape standards. Owners shall not allow

trees, shrubs or other landscaping in enclosed patio or yard areas to damage or interfere with any building or Common Area component maintained by the Association.

(b) In the event that the need for replacement of trees, shrubs, or other landscaping is caused through the willful or negligent acts of its Owner, or through the willful or negligent acts of the Household, Guests or invitees of the Owner of the Lot needing such replacement, the cost of such exterior maintenance may be collected as a Special Individual Assessment. Such an Assessment shall be added, however, only after reasonable notice to the Owner and opportunity for a hearing by the Board.

(c) Landscaping visible from the Common Area or another Lot is subject to such landscape standards as the Board may adopt.

Section 9.13. Cooperative Maintenance Obligations. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of the Common Area and all exterior wall surfaces and roofs of Residences, including but not limited to, recreation and parking areas and walks, shall be undertaken by the Board of Directors or by its duly delegated representatives and, to the extent necessary or desirable to accomplish such maintenance, individual Owners shall cooperate with the Association and its agents in the prosecution of its work.

Section 9.14. Structural Integrity. No Residence Owner shall undertake any action or work that will impair the structural soundness or integrity of the Owner's Lot or another Lot or impair any easement or estate, or do any act or allow any condition to exist which will adversely affect the other Residences or their Owners.

Section 9.15. No Alterations or Antennas. In order to insure adequate aesthetic controls and to maintain the general attractive appearance of the Properties, no Owner, resident or Tenant shall, at the Owner's expense or otherwise, construct fences, walls, or make any alterations, additions or modifications to or on any part or portion of the Common Area or exterior surfaces of any Residence (including, without limitation, the erection of awnings, exterior window coverings, hangings and the like), or place or maintain any objects, such as masts, towers, poles, or television and radio antennas, or satellite dishes, on or about the exterior of any building within the Properties, except as authorized by the Board. No construction or alteration of improvements may be undertaken on any Lot without approval of the Board pursuant to Article VIII hereof. Notwithstanding Article VIII, Section 8.01 of this Declaration and this Section 9.15, the Board shall authorize the installation of antennas as required by applicable California and federal laws and regulations. However, such installations are subject to such reasonable safety rules and reasonable preferred location rules as may be adopted by the Board. The installation of any antenna authorized by this

Section 9.15 is subject to the Architectural Standards which may be adopted by the Board pursuant to Section 8.01(c) of this Declaration.

Section 9.16. Parking and Vehicle Restrictions. The following parking and vehicle restrictions shall apply within the Properties:

(a) All private driveways and garages shall be maintained in a neat and orderly condition. Garage doors shall be maintained in a closed position except as necessary to permit ingress and egress of vehicles or to provide ventilation when the resident is in the garage area. Garage doors shall be deemed "closed" for purposes of this Section 9.16(a) if it is open no more than twenty-four inches (24").

(b) The residents of a Lot may park no more vehicles on the Properties than are allowed by the Association Rules. The parking of such vehicles is limited to the garage and parking area as allowed by the Association Rules. All resident vehicles shall be parked in a garage at night. Non-resident Owners may not park vehicles on the Properties except temporarily as required for the management and maintenance of their Lot.

(c) Garages are to be used for the parking of such standard passenger vehicles, motorcycles and trucks not to exceed three-quarter ton capacity as may be approved by the Board. Garages shall not be converted to living quarters or workshops or used for the storage of boats, trailers, campers or recreation vehicles except with the written consent of Association. In no event shall the garage area be used in a way which will preclude the parking of the Owner's or occupant's vehicles within the garage.

(d) All Common Area parking shall be available to guests in accordance with the Association Rules. No Common Area parking area shall be Exclusive Use Common Area.

(e) Designated guest parking areas within the Common Area are not to be used, either permanently or temporarily, for the storage of boats, trailers or similar items of personal property, except as provided in Subsection (g) of this Section 9.16.

(f) No motor vehicle shall be constructed, reconstructed or repaired within the Properties and no dilapidated or inoperable vehicle, including vehicles with flat tires or without wheel(s) or an engine, shall be stored on the Properties; provided, however that the provisions of this Section shall not apply to emergency vehicle repairs not to exceed twenty-four (24) hours. Vehicles without license plates or current displayed registration may not be kept on the Properties.

(g) Campers, trailers, housetrainers, mobile homes, motor homes, recreational vehicles, boats, boat trailers, golf carts, limousines, commercial vehicles and trucks in excess of three-quarter ton capacity are not to be parked within the Properties, except for periods not to exceed twenty-four (24) hours for the purpose of loading and unloading. Personal property, other than authorized vehicles, shall not be stored in garages if such storage will necessitate or result in the parking of vehicles elsewhere within the Properties. No unlicensed or unregistered vehicles may be kept or operated on the Properties.

(h) The Association Rules may regulate vehicle size, weight and type.

(i) The Board shall have the authority to tow, at the Owner's expense, any motor vehicle, trailer or equipment parked or stored in violation of this Section. The Association shall install a sign at each vehicular entrance to the Properties containing a statement that public parking is prohibited and that all vehicles not authorized to park on the Properties will be removed at the Owner's expense. The sign shall contain the telephone number of the local traffic law enforcement agency and the name and telephone number of each towing company that is a party to a written general towing authorization agreement with the Association. The sign shall not be less than 17 x 22 inches in size with lettering not less than one inch in height. The Association shall comply with Vehicle Code Section 22658 in performing the removal of motor vehicles from the Properties.

Section 9.17. Use of Private Streets in Common Area.

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

(b) All operators of motor vehicles, including motorcycles, within the Properties must possess a valid driver's license.

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

(d) Although all roads within the Properties are subject to the California Vehicle Code, the Association shall have the right to adopt reasonable rules regarding the control and use of roads within the subdivision, vehicles operated thereon and the speed and parking of such vehicles, and is further authorized to delegate the discharge of its rights hereunder to a municipality or other governmental entity or to contract with a private security patrol company for such purposes so long as the private character of the subdivisions roads is not jeopardized by such action.

Section 9.18. Barbecues. There shall be no exterior fires whatsoever except barbecue fires, barbecue pits and outdoor fireplaces located only upon Lots and patios and contained within receptacles designed for such purpose. Barbecue fires, fire pits and outdoor fireplaces must be screened or otherwise appropriately contained to prevent the spread of fire.

Section 9.19. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual or customary in connection with the use, maintenance or construction of a Residence or appurtenant structures within the Properties or authorized maintenance of the Common Area. No appliances, machinery or equipment may be maintained, stored or used outside a Residence. Without limitation, no personal property may be stored outside a Residence or Residence which is visible from the Common Area. Any such property may be removed by the Association and stored at the Owner's expense following an opportunity to be heard as provided in Section 14.06(c).

Section 9.20. Visitors. Each Owner shall be accountable to the remaining Owners, their families, visitors, guests and invitees, for the conduct and behavior of the Household members and guests residing in or visiting the Owner's Residence and for any property damage caused by such persons.

Section 9.21. Compliance With Local Laws And Activities Affecting Insurance. Subject to rights of reasonable contest, nothing shall be done or kept on any Lot or within the Common Area which will increase the rate of insurance relating thereto without the prior written consent of the Association and no Owner shall permit anything to be done or kept on the Owner's Lot or the Common Area which would result in the cancellation of insurance on any Residence or any part of the Common Area or which would be in violation of any applicable statute, ordinance, law or administrative ruling or regulation.

Section 9.22. Restriction on Further Subdivision and Severability. No Lot shall be further subdivided nor shall less than all of any such Lot be conveyed by an Owner thereof. No Owner of a Lot within the Properties shall be entitled to sever that Lot from the Common Area portions of the Properties. No easement or other interest in a Lot shall be given without the prior written approval of the Board of Directors.

Section 9.23. Diseases and Insects. No Owner shall permit any thing or condition to exist upon the Owner's Lot which shall induce, breed, or harbor infectious plant diseases or noxious insects.

Section 9.24. Window Coverings. Windows can be covered only by drapes, shutters, blinds or shades and cannot be painted or covered by foil, cardboard, reflective films, bed sheets, towels or other similar materials. The use and the covering of the interior surfaces of the glass doors and windows appurtenant to any Lot in the Properties, whether by draperies, shades or other items visible from the exterior of the building, shall be subject to the Association Rules; provided, however, that the exterior lining or surface of the draperies, shades or other covering items visible from the exterior shall be white or other neutral color approved by the Board.

Section 9.25. Flags. Notwithstanding the provisions of this Declaration, including Article VIII, Section 8.01, an Owner may display the flag of the United States on the Owner's Lot, subject to the Association Rules required for the protection of the public health or safety. For purposes of this Section 9.25, "display of the flag of the United States" means a flag of the United States made of fabric, cloth or paper displayed from a staff or pole or in a window, and such display is authorized only to the extent permitted by California Civil Code Section 1353.5 or any successor statute thereto.

Section 9.26. Variances. Upon application by any Owner, the Board of Directors shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article IX, if specific application of the restriction will, in the sole discretion of the Board, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of development contemplated by this Declaration.

ARTICLE X

Easements

Section 10.01. Encroachment Easements. Each Lot as the dominant tenement shall have an easement over adjoining Lots and Common Area as the servient tenements for the purpose of accommodating any encroachment due to foundations, exterior wall, windows, eaves, roof overhangs, chimneys and fences or walls which are built in accordance with the original design, plans and specifications or due to engineering errors, errors or adjustments in original construction, settlement or shifting of the building, or similar causes. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the intentional conduct of said Owner or Owners other than adjustments in the original

construction. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each adjoining Lot agree that minor encroachments over adjoining Lots and Common Area shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. In the event that an error in engineering, design or construction results in an encroachment of a building into the Common Area, or into or onto an adjoining Lot, or into a required setback area, a correcting modification may be made in the Map. The Association shall also execute the certificate of correction. The Board of Directors may, by vote or written approval of a majority of the Directors, authorize the execution of the certificate of correction.

Section 10.02. Maintenance Easements. An easement is hereby granted to the Association, its officers, agents, employees, and to any management company selected by the Association to enter in or to cross over the Common Area and any Lot to perform the duties of maintenance and repair of the Residences or Common Area provided for herein. The right of the Association to enter the interior of a Residence is subject to Section 7.02(e) of this Declaration.

Section 10.03. Boundary Changes. An easement shall exist for use and maintenance of Common Area over any portion of a Lot which, because of a change in the boundary of a private structure, including a fence, wall or patio, at the time of original construction, lies between that boundary and a Lot line abutting the Common Area.

Section 10.04. Blanket Utility Easement. There is hereby created a blanket easement upon, across, over and under all of the Properties for ingress, egress, installation, replacing, repairing and maintaining all utilities on the Properties, including but not limited to water, sewers, gas, telephones, drainage and electricity, heating and air conditioning facilities, drainage facilities, fire protection, cable television and a master television antenna system, if any. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment and underground facilities on the Properties. Notwithstanding the foregoing, no sewer, electrical lines, water lines, or other utilities may be installed or relocated on said Properties except as initially constructed or thereafter approved by the Association's Board of Directors. The easements provided for in this Section 10.04 shall in no way affect any other recorded easement on the Properties.

Section 10.05. Side Yard Easements.

(a) Easements. In all cases where a structural wall constituting a portion of a single Residence, or a structural wall constituting a common wall for two Residences, is located upon the dividing line between adjacent Lots, the Owners of said adjoining Lots shall have reciprocal mutual nonexclusive easements for access to and maintenance of said wall,

the reconstruction of said wall in the event of the partial or total destruction of the same, drainage associated with said wall or the Residence of which said wall is a part, and an easement to accommodate the foundation and/or roof or eave encroachment as per the original design, plans and specifications which were the basis for the original construction of the Residence or residences on said Lot or Lots. The Owner of a Lot having a structural wall situated on the boundary line between the Owner's Lot and the adjoining Lot shall not attach anything to the outside of the wall which shall protrude across the boundary line into the adjoining Lot, and the Owner of the adjoining Lot upon which such a wall is situated shall not attach anything to the outside of said wall without (in each case) the consent and permission of the Owner of the adjoining Lot upon which the Residence of which said wall is a part is situated.

(b) **Alternative Dispute Resolution.** In the event of any dispute arising concerning the provisions of this section, the matter shall be submitted to alternative dispute resolution as provided in Article XIV, Sections 14.08 and 14.09 of this Declaration.

Section 10.06. Other Easements. Each Lot and its Owner and the Association, as the case may be, is declared to be subject to all easements, dedications, and rights-of-way granted or reserved in , on, over, and under the Property and each Lot as shown on the Map.

ARTICLE XI

Insurance

Section 11.01. Liability Insurance. To the extent such insurance is reasonably obtainable, the Association shall obtain and maintain comprehensive public liability insurance insuring the Association, and the Owners and occupants of Lots, and their respective Household members, guests, invitees, and the agents and employees of each, against any liability incident to the ownership or 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 liability or risk customarily covered with respect to projects similar to the Properties in construction, location, and use.

Section 11.02. Fire and Extended Coverage Insurance. The Association also shall obtain and maintain a master or blanket policy of hazard insurance for the full insurable

value (based on current replacement cost) of all of the Common Area improvements and Residences within the Properties, subject to the deductible referenced in Sections 11.11 and 12.06. The form, content, and term of the policy and its endorsements and the issuing company must be satisfactory to institutional mortgagees. If more than one institutional mortgagee has a loan of record against the Properties, or any part thereof, the policy and endorsements shall meet the standards of the various institutional mortgagees represented in the Properties. The policy shall contain an agreed amount endorsement or its equivalent, an increased cost of construction endorsement or a contingent liability from operation of building laws endorsements or their equivalent, an extended coverage endorsement, vandalism, malicious mischief coverage and a special form endorsement. The policy shall be in the amounts as shall be determined by the Board. The policy shall name as insured the Association, the Residence Owners and all institutional mortgagees as their respective interests may appear, and may contain a loss payable endorsement in favor of the trustee described in Section 11.05 below. Should the Board, despite its reasonable efforts to do so, be unable to obtain insurance coverage meeting all of the specifications set forth above, it shall observe such specifications as closely as possible, and where forms of coverage or insuring agreement specified above are unavailable, the Board shall substitute available forms of coverage and insuring agreements which in its judgment are the nearest equivalent to those specified.

Section 11.03. Copies of Policies. Copies of all Association insurance policies (or certificates thereof showing the premiums thereon to have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time.

Section 11.04. Individual Insurance. Except as provided in this Section, no Residence Owner shall separately insure the Owner's Residence or any part of it against loss by fire or other casualty covered by an insurance carried under Section 11.02 of this Article XI. If any Residence Owner violates this provision, any diminution in insurance proceeds otherwise payable pursuant to the provisions of Section 11.02 that results from the existence of such other insurance will be chargeable to the Owner who acquired other insurance, and the Owner will be liable to the Association to the extent of any such diminution. The Association recommends that Owners continuously maintain personal liability insurance. As the Association insurance may not insure betterments and improvements to the Residence, nor the Owner's Household furniture and other personal property, nor untenability of the premises, nor loss assessment coverage, the Association recommends that Owners secure adequate insurance coverage therefor. The Association further recommends that Owners continuously maintain loss assessment coverage including earthquake loss assessment coverage.

Section 11.05. Trustee. All insurance proceeds payable under Section 11.02 of this Article XI, may, in the discretion of the Board of Directors, be paid to a trustee, to be held and expended for the benefit of the Owners, mortgagees and others, as their respective interests shall appear. Said trustee shall be a commercial bank in Santa Clara County that agrees in writing to accept such trust. If repair or reconstruction is authorized, the Board shall have the duty to contract for such work as provided for in this Declaration.

Section 11.06. Demolition and Flood Insurance. The Board may purchase and maintain demolition insurance in adequate amounts to cover demolition in case of total or partial destruction of insured structures and a decision not to rebuild, and a blanket policy of flood insurance.

Section 11.07. Workers Compensation. The Board shall purchase and maintain worker's compensation insurance, to the extent that it is required by law, for all employees or uninsured contractors of the Association.

Section 11.08. Fidelity Bonds. The Board shall purchase and maintain fidelity bonds or insurance covering all officers, Directors and employees of the Association handling or responsible for Association funds.

Section 11.09. Director and Officer Liability Insurance. To the extent insurance is available, the Association shall purchase and maintain insurance in an amount not less than Five Hundred Thousand Dollars (\$500,000) on behalf of any Director, Officer, or member of a Committee of the Association (collectively the "agents") against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, regardless of whether the Association would have the power to indemnify the agent against such liability under applicable law.

Section 11.10. Earthquake and Other Insurance. The Board may, in its discretion, purchase earthquake insurance and/or other insurance with such coverages and in such amounts as the Board may deem prudent from time to time, including, by way of example and not of limitation, insurance on personal property owned by the Association.

Section 11.11 Deductible. Policies purchased by the Board may provide for a deductible amount from the coverage thereof, as determined by the Board in its reasonable discretion. In the event of any loss which relates in part to insurable portions of a Residence and in part to the Common Area, the Board shall apportion the deductible amount directly proportional to the amount of such loss related to such Residence and the amount of the loss related to the Common Area and Facilities. Where such loss is solely to a Residence, the deductible amount shall be borne solely by the Residence Owner to the extent the loss affects

components that the Owner is responsible to maintain and repair under Article VI, Section 6.02 of this Declaration, and by the Association to the extent the loss affects components that the Association is responsible to maintain and repair under Article VI, Section 6.01 of this Declaration. However, in the event of damage within the deductible is caused by negligence of the Association, the Association shall be financially responsible for such loss. Where such loss is solely to the Common Area, the deductible amount shall be borne from the common funds. However, if any event of loss is caused by the intentional or negligent act of any Owner, the Owner's agents, Tenants or guests, such Owner shall be solely responsible for the amount of such loss. Provided further, that in the event of loss caused directly or indirectly by an earthquake, the deductible shall be borne first by the Owner whose Residence sustains damage, up to a sum equal to six (6) times the amount of the current monthly installment of the Regular Assessment, and then by all Association Members equally. The Association shall levy a Special Assessment against all Owners (but without the consent or approval of Owners, despite any contrary provisions of this Declaration) to fund the amount of the uninsured loss to the Common Area, or the amount of the earthquake insurance deductible applicable to any policy of earthquake insurance maintained by the Association, if the loss to any Residence exceeds six (6) times the current monthly installment of the regular assessment.

Section 11.12. Owner's Insurance. An Owner may carry whatever personal liability and personal property damage liability insurance with respect to the Owner's Residence that the Owner desires. However, the Association recommends that each Owner carry an "HO-6" or equivalent form of policy providing coverage for betterments and improvements, the Owner's personal property, liability insurance related to the Owner's Lot, and loss assessment coverage and earthquake loss assessment coverage.

Section 11.13. Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to Sections 11.01, 11.02, 11.06 and 11.10 of this Article XI. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer.

Section 11.14. Annual Insurance Review. The Board shall at least annually determine whether the amounts and types of insurance obtained provide adequate coverage in light of increased construction costs, inflation, practice in the area in which the Properties are located, or any other factor which tends to indicate that either additional insurance policies or increased coverage under the existing policies is necessary or desirable to protect the interests of the Owners and of the Association. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

Section 11.15. Insurance Disclosures. The Association shall provide the following insurance disclosures to the Members.

(a) A summary of the Association's property, general liability, earthquake and flood insurance policies, and fidelity insurance policies, which shall be distributed not less than thirty (30) nor more than ninety (90) days preceding the beginning of the Association's fiscal year, that includes all of the following information about each policy:

- (1) The name of the insurer.
- (2) The type of insurance.
- (3) The policy limits of the insurance.
- (4) The amount of deductibles, if any.

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

(c) To the extent that any of the information required to be disclosed pursuant to Subparagraph (a) is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it to all of its Members.

(d) The summary distributed pursuant to Subparagraph (a) shall contain, in at least 10-point boldface type, the following statement:

"This summary of the association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance

specified in this summary, the association's policies of insurance may not cover your property, including personal property, or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage."

ARTICLE XII

Damage or Destruction

Section 12.01. Destruction of Common Area. If there is a partial or total destruction of any of the Common Area, the improvements shall be repaired or reconstructed by the Association substantially in accordance with the original as-built construction, modified as may be required by applicable building codes and regulations in force at the time of such repair or reconstruction, and subject to such alterations and upgrades as may be approved by the Board.

Each Lot, and the Owners thereof, shall be obligated to contribute equally to such funds as shall be necessary to pay the cost of reconstruction over and above the insurance proceeds. In the event of failure or refusal by any Owner to pay such Owner's share after notice and the continuation of such refusal for a period of sixty (60) days, the Association may levy a Special Assessment against such Owner which may be enforced under the lien provisions contained in this Declaration. The Association shall have the authority to enter into a written contract with a licensed contractor for such reconstruction work and the insurance proceeds held by the Association shall be disbursed to said contractor according to the terms of the agreement.

Section 12.02. Destruction of One or More Residences. If there is a partial or total destruction of one or more Residences, the Residence or Residences shall be repaired or reconstructed by the Association substantially in accordance with the original as-built construction, modified as may be required by applicable building codes and regulations in force at the time of such repair or reconstruction, and subject to such alterations and upgrades as may be approved by the Board.

Each Lot, and the Owners thereof, shall be obligated to contribute equally to such funds as shall be necessary to pay the cost of reconstruction over and above the insurance

proceeds. In the event of failure or refusal by any Owner to pay such Owner's share after notice and the continuation of such refusal for a period of sixty (60) days, the Association may levy a Special Assessment against such Owner which may be enforced under the lien provisions contained in this Declaration.

Section 12.03. Loss Assessment Coverage. The Association encourages each owner to purchase a Residence owners package policy or its equivalent, including loss assessment coverage and earthquake loss assessment coverage.

ARTICLE XIII

Condemnation

Section 13.01. Sale by Consent. If an action for condemnation of all or a portion of the Common Area is proposed or threatened by any governmental agency having the right of eminent domain, then, after approval by vote or written consent of at least fifty-one percent (51%) of all of the Owners, and with the prior written consent or deemed consent of seventy-five percent (75%) of all institutional first Mortgagees, the Common Area, or a portion of it may be sold and conveyed to the condemning authority by the Association or its designees acting as the attorney-in-fact of all Owners under an irrevocable power of attorney, which each Owner by accepting a deed to a Lot in the Properties grants to the Board and which shall be coupled with the interest of all other Owners, for a price deemed fair and equitable by the Board. A Mortgagee shall be deemed to have consented to such action if notice is provided by return receipt mail to the Mortgagee's last known address as shown in the Association's records or in the mortgage itself and if the Mortgagee shall fail to object to such action within thirty (30) days thereafter.

Section 13.02. Distribution of Proceeds of Sale. On a sale occurring under Section 13.01 of this Article XIII the proceeds shall be distributed equally to each Owner and their Mortgagees as their respective interests may appear.

Section 13.03. Distribution of Condemnation Award. If the Common Area, or a portion of it, is not sold but is instead taken, the award shall be apportioned among the Owners and their respective Mortgagees by the terms of the judgment of condemnation, and if not so apportioned, then the award shall be distributed equally to each Owner and their Mortgagees as their respective interests may appear.

ARTICLE XIV

Breach and Default

Section 14.01. Remedy at Law Inadequate. Except for the non-payment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration is inadequate. Accordingly, failure of any Owner, Tenant, occupant or user of any Lot, or of any portion of the Common Area or Common Facilities, to comply with any provision of this Declaration or any rule, regulation, decision or resolution of the Board of Directors or Bylaws or Articles of Incorporation of the Association, all as may be amended from time to time, 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.

Section 14.02. Nuisance. Without limiting the generality of the foregoing, the result of every act or omission whereby any covenant contained in this Declaration or the Bylaws or Association Rules is violated, in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 14.03. Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any Owner or other party hereto under this Declaration, the Court may award to any party to such action such attorneys' fees and other costs as it may deem just and reasonable.

Section 14.04. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

Section 14.05. Failure Not a Waiver. The failure of any Owner, the Board of Directors or the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon the Association or the Board, or any of its officers or agents.

Section 14.06. Suspension, Fines and Enforcement.

(a) **Limitations.** The Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of the Owner's Residence on account of a failure by the Owner to comply with the provisions of the Articles or Bylaws of the Association or this Declaration or of duly-enacted Association Rules except (a) where the loss or forfeiture is the result of the judgment of foreclosure or sale under a power of sale for failure of the Owner to pay assessments levied by the Association, or (b) where the loss or forfeiture is limited to a temporary suspension of an Owner's rights as a Member of the Association (including, without limitation, voting rights) or other appropriate discipline (including, without limitation, the imposition of monetary penalties pursuant to the Association Rules as adopted and published by the Board) for failure to comply with the Association Management Documents. However, voting rights may be suspended as provided in Article III, Section 3.01 of the Bylaws.

(b) **Complaint.** Upon a finding by the Board of a violation of a provision of the Association Management Documents, the Board shall serve a complaint on the Owner who is alleged to have violated, or whose Household member(s), Tenant(s), guest(s), invitee(s) or agent(s) are alleged to have violated, any such provision. The complaint shall be served in the manner prescribed for the delivery of notices in the Article entitled "Notices" of the Declaration and shall contain the following information:

- (1) A brief description of the alleged violation and, in the event the correction of the alleged violation requires actions, such as the installation, removal, repair, replacement, reconstruction or maintenance of improvements, the date by which such violation is to be corrected.
- (2) The disciplinary and/or corrective action and/or penalties, such as the levying of a Special Individual Assessment or the suspension of voting and other membership rights, which are contemplated by the Board, and the suspension of voting or other privileges that may be imposed for a period of not more than sixty (60) days unless the violation (including the nonpayment of Assessments) continues beyond such period of time, in which event such suspension may be imposed for as long as the violation continues.

(c) Notice of Right to a Hearing. At the time the complaint is served, the Board shall serve the Owner with notice of the Owner's right to request a hearing before the Board and to present evidence concerning the alleged violation. If the Owner does not request a hearing in writing within ten (10) days of the service of the notice, the Owner's right to a hearing shall be deemed waived. If the Owner makes a timely request for a hearing, the Board shall set a date for a hearing before the Board and shall serve notice of the date, time and place of the hearing to the Owner and to any witnesses designated by the Board or the Owner who are to be present for the purpose of presenting any relevant evidence. The notice of the hearing also shall include a statement that the Member has a right to attend and may address the Board at the meeting. Such hearing shall be held not less than ten (10) days nor more than sixty (60) days from the date of said written notice to the Owner. Such hearing shall be conducted according to such reasonable rules and procedures as the Board shall adopt which shall provide the Owner with the right to present oral and written evidence and to confront and cross-examine any person offering at such hearing evidence adverse to the Owner.

(d) Decision of Board. The Board shall deliver its decision and the reasons therefor to the Owner within fifteen (15) days after the hearing, by either personal delivery or first-class mail. The disciplinary and/or corrective action and/or penalties determined by the Board shall become effective five (5) days after delivery of the decision and the reasons therefor to the Owner.

(e) Corrective Work. If a violation requiring corrective work continues to exist after the expiration of the time limitation established by the Board for the completion of such corrective work, the Board shall have the right, but not the obligation, to enter upon such Owner's Lot (but not the interior of the Residence) as necessary to accomplish such corrective work. Prior to entering onto the interior of the Residence, the Board shall provide the Owner notice of the right to a hearing as provided in Subsection (c) of this Section 14.06. Unless Owner and the Board otherwise agree, such entry upon the Owner's Lot to perform the corrective work shall take place only during daylight hours on any day, Monday through Friday, excluding holidays.

(f) Reimbursement. If the Association pays for all or any portion of any corrective work required to correct a violation, such amount shall be reimbursed by Owner. Notwithstanding the foregoing, as provided in the Declaration, notice and an opportunity to be heard must be given before any item of construction can be altered or demolished.

(g) Exceptions. The provisions of this Section 14.06 shall not apply to the imposition of late charges or interest for the late payment of any assessment nor to the recordation of a lien or foreclosure of a lien in the case of delinquent assessments. Further,

nothing in this Section 14.06 shall limit the power of the Board to take immediate action that may be necessary to alleviate an emergency situation.

(h) **Schedule of Penalties.** The Board shall adopt and distribute to each Member, by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed. The Board of Directors shall distribute, in like manner, additional schedules of monetary penalties whenever changes to the schedule are adopted.

(i) Except as otherwise provided in law, an order of the court, or an order pursuant to a final and binding arbitration decision, the Association may not deny an Owner or occupant physical access to his or her Residence or Lot, either by restricting access through the Common Area to the Owner's Residence or Lot, or by restricting access solely to the Owner's Residence or Lot.

Section 14.07. Violation of Law. Any violation of any state, municipal or local law, or ordinance or regulation pertaining to the ownership, occupation or use of any property within the Properties is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

Section 14.08. Dispute Resolution Procedure.

(a) This Section applies to a dispute between the Association and a Member involving their rights, duties, or liabilities under the Davis-Stirling Act, under the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code), or under the governing documents of the Association.

(b) This article supplements, and does not replace, Section 14.09 relating to alternative dispute resolution as a prerequisite to an enforcement action.

(c) The Association shall provide a fair, reasonable, and expeditious procedure for resolving a dispute within the scope of this Section by adopting appropriate Association Rules.

(d) In developing a procedure pursuant to this Section, the Association shall make maximum, reasonable use of available local dispute resolution programs involving a neutral third party, including low-cost mediation programs such as those listed on the Internet Web sites of the Department of Consumer Affairs and the United States Department of Housing and Urban Development.

(e) If the Association does not provide a fair, reasonable, and expeditious procedure for resolving a dispute within the scope of this Section, the procedure provided in Civil Code Section 1363.840 shall be used.

(f) A fair, reasonable, and expeditious dispute resolution procedure shall at a minimum satisfy all of the following requirements:

(1) The procedure may be invoked by either party to the dispute. A request invoking the procedure shall be in writing.

(2) The procedure shall provide for prompt deadlines. The procedure shall state the maximum time for the Association to act on a request invoking the procedure.

(3) If the procedure is invoked by a Member, the Association shall participate in the procedure.

(4) If the procedure is invoked by the Association, the Member may elect not to participate in the procedure. If the Member participates but the dispute is resolved other than by agreement of the Member, the Member shall have a right of appeal to the Association's Board of Directors.

(5) A resolution of a dispute pursuant to the procedure, that is not in conflict with the law or the governing documents, binds the Association and is judicially enforceable. An agreement reached pursuant to the procedure, that is not in conflict with the law or the governing documents, binds the parties and is judicially enforceable.

(6) The procedure shall provide a means by which the Member and the Association may explain their positions.

(7) A Member of the Association shall not be charged a fee to participate in the process.

(8) If the Association does not otherwise provide a fair, reasonable, and expeditious dispute resolution procedure, the following provisions shall apply and will be deemed fair, reasonable, and expeditious, within the meaning of Civil Code Section 1363.040:

(i) Either party to a dispute within the scope of this Section may invoke the following procedure:

(A) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.

(B) The Member may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.

(C) The Board of Directors shall designate a member of the Board to meet and confer.

(D) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.

(E) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the Board designee on behalf of the Association.

(ii) An agreement reached under this Section binds the parties and is judicially enforceable if both of the following conditions are satisfied:

(A) The Agreement is not in conflict with law or the governing documents of the Association.

(B) The Agreement is either consistent with the authority granted by the Board of Directors to its designee or the Agreement is ratified by the Board of Directors.

(iii) A Member of the Association may not be charged a fee to participate in the process.

Section 14.09. Alternative Dispute Resolution.

(a) Definitions as used in this Section:

(1) "Alternative dispute resolution" means mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision making process. The form of alternative dispute resolution chosen may be binding or nonbinding, with the voluntary consent of the parties.

(2) "Enforcement action" means a civil action or proceeding, other than a cross-complaint, for any of the following purposes:

(i) Enforcement of the Davis-Stirling Act.

(ii) Enforcement of the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code).

(iii) Enforcement of the governing documents.

(b) The Association or an Owner may not file an enforcement action in the Superior Court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to this Section.

(c) This Section applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the California Code of Civil Procedure.

(d) This Section does not apply to a small claims action.

(e) Except as otherwise provided by law, this Section does not apply to an assessment dispute.

(f) Any party to a dispute may initiate the process required by Section 1369.520 by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:

(1) A brief description of the dispute between the parties.

(2) A request for alternative dispute resolution.

(3) A notice that the party receiving the Request for Resolution is required to respond within thirty (30) days of receipt or the request will be deemed rejected.

(4) If the party on whom the request is served is the owner of a separate interest, a copy of this article.

(5) A description of the Association's internal dispute resolution process.

(g) Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.

(h) A party on whom a Request for Resolution is served has thirty (30) days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

(i) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within ninety (90) days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.

(j) Chapter 2 (commencing with Section 1115) of Division 9 of the Evidence Code applies to any form of alternative dispute resolution initiated by a Request for Resolution under this article, other than arbitration.

(k) The costs of the alternative dispute resolution shall be borne by the parties.

(l) At the time of commencement of an enforcement action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied:

(1) Alternative dispute resolution has been completed in compliance with this Section.

(2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution.

(3) Preliminary or temporary injunctive relief is necessary.

(m) The Association shall annually provide the Members a summary of the provisions of this Section that specifically references Civil Code Section 1369.510-1369.590. The summary shall include the following language:

Failure of a Member of the Association to comply with the alternative dispute resolution requirements of Section 1369.520 of the Civil Code may result in the loss of your right to sue the Association or another Member of the Association regarding enforcement of the governing documents or the applicable law.

The summary shall be provided either at the time the pro forma budget required by Section 1365 is distributed or in the manner prescribed in Section 5016 of the Corporations Code. The summary shall include a description of the Association's internal dispute resolution process, as required by Section 1363.850.

Section 14.10. Estoppel Certificate. Within thirty (30) days after written demand is delivered to the Association by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Board), the Board shall cause to be recorded an estoppel certificate, certifying (with respect to any Lot of said Owner) that as of the date thereof, either: (i) all improvements made and other work completed by said Owner comply with this Declaration, or (ii) such improvements or work do not so comply, in which event the certificate shall also identify the non complying improvements or work and set forth with particularity the basis of such non-compliance. Any purchaser from the Owner, or from anyone deriving any interest in a Lot through him, shall be entitled to rely on the certificate with respect to the matters therein set forth, such matters being conclusive as between the Association and all Owners and such persons deriving any interest through them.

Section 14.11. Emergency Situations. The following shall constitute emergency situations: (i) an immediate and unreasonable infringement of or threat to the safety or peaceful enjoyment of residents of the Properties, (ii) a traffic or fire hazard, (iii) a threat of material damage to or destruction of the Properties or any portion thereof, or (iv) a violation of any provision of the governing documents that is of such a nature that there is no material question regarding the identity of the violator or whether the violation has occurred (such as parking violations). Notwithstanding any other provisions of the governing documents, under circumstances involving conduct that constitutes an emergency, the Board or its duly authorized agents may undertake immediate corrective or disciplinary action and, upon request of the Owner as to whom such corrective or disciplinary action has been taken, or on its own initiative, conduct a hearing as soon thereafter as reasonably possible. If the Owner

desires a hearing, the Owner's written request shall be delivered to the Association no later than ten (10) days following the date when the notice of the Board's disciplinary action is transmitted to the Owner. The hearing shall be held not later than fifteen (15) days following the date of the Board's notice of the disciplinary action or fifteen (15) days following the receipt of the Owner's request for a hearing, whichever is later. If a hearing is scheduled or requested, any sanctions imposed or other disciplinary action taken by the Board shall be held in abeyance and shall become effective only if affirmed at the hearing.

ARTICLE XV

Amendment of Declaration

Section 15.01. Amendment.

(a) **Amendment In General.** Except as otherwise provided in Section 16.03 of Article XVI of this Declaration, this Declaration may be amended or revoked in any respect by the vote by secret written ballot of the holders of not less than a majority of the voting power of the Members. All votes of the Members pursuant to this Section shall be conducted in accordance with Section 7.04(c) of the Bylaws.

(b) **Effective Date of Amendment.** The amendment shall be effective upon the recordation in the Office of the Recorder of Santa Clara County of an instrument setting forth the terms thereof, duly certified and executed by the President and Secretary of the Association. Notwithstanding anything to the contrary herein contained, no such amendment shall affect the rights of the holder of any first deed of trust or mortgage recorded prior to the recordation of such amendment.

Section 15.02. Control if Amendment Provisions Conflict With Mortgagee Protection or Other Provisions. To the extent any provisions of this Article XV conflict with the provisions of Article XVI or any other provisions of this Declaration, the provisions of Article XVI or the other provisions shall control.

Section 15.03. Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

Section 15.04. Provision That Amendments Conform With Mortgagee Requirements. It is the intent of the Association that this Declaration and the Articles and Bylaws of the Association, and the Properties in general, shall now and in the future meet all

requirements necessary to purchase, guarantee, insure, or subsidize any mortgage of a Lot in the Properties by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration, the Veterans Administration and the California Department of Veterans Affairs. The Association and each Owner shall take any action or shall adopt any resolutions required by the Association or any Mortgagee to conform this Declaration or the Properties to the requirements of any of these entities or agencies.

ARTICLE XVI

Provisions to Satisfy Lender Requirements

Section 16.01. Mortgage Permitted. Any Owner may encumber the Owner's Lot with a Mortgage.

Section 16.02. Subordination. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any first Mortgage that encumbers all or a portion of the Project, or any Lot, made in good faith and for value; and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such first Mortgage unless the Mortgagee expressly subordinates its interest, in writing, to such lien. If any Lot is encumbered by a first Mortgage made in good faith and for value, the foreclosure of any lien created by any provision set forth in the Declaration for assessments, or installments of assessments, shall not operate to affect or impair the lien of the Mortgage. On foreclosure of the first Mortgage, the lien for assessments or the installments that have accrued up to the time of foreclosure shall be subordinate to the lien of the Mortgage, with the foreclosure-purchaser taking title to the Lot free of the lien for assessments or installments that have accrued up to the time of the foreclosure sale. On taking title to the Lot at foreclosure of the first Mortgage, the foreclosure-purchaser shall be obligated to pay only assessments or other charges levied or assessed by the Association that became due or payable on or after the foreclosure-purchaser acquired title to the Lot, except for assessment liens recorded prior to the Mortgage. The subsequently levied assessments or other charges may include previously unpaid assessments, provided all Owners including the foreclosure-purchaser and the foreclosure purchaser's successors and assigns are required to pay their proportionate share as provided in this clause.

Section 16.03. Restriction on Certain Changes. Unless at least sixty-seven percent (67%) of the total voting power or at least sixty-seven percent (67%) of all first Mortgagees of Lots have given their prior written approval, neither the Association nor the Owners shall be entitled:

(a) By act or omission to seek to abandon or terminate the project, partition, subdivide, encumber, sell, or transfer the Common Area or property owned directly or indirectly by the Association. However, the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Association shall not be deemed a transfer within the meaning of this clause.

(b) To change the method of determining the obligations, assessments, dues, or other charges that may be levied against an Owner.

(c) By act or omission to change, waive, or abandon the provisions of this Declaration, or the enforcement of them, pertaining to architectural design or control or the exterior appearance of Lot structures, the exterior maintenance of Lot structures, the maintenance of the Common Area walks or common fences and driveways, or the upkeep of lawns and plantings within the Property.

(d) To fail to maintain fire and extended coverage insurance on the insurable Association property, including any Common Area improvements, on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost).

(e) To use hazard insurance proceeds for losses to any Association property, including Common Area improvements, for other than the repair, replacement, or reconstruction of such property.

A Mortgagee shall be deemed to have consented to such action if notice is provided by return receipt mail to the Mortgagee's last known address as shown in the Association's records or in the mortgage itself and if the Mortgagee shall fail to object to such action within thirty (30) days thereafter.

Section 16.04. Mortgagee's Right to Examine Books and Records. Institutional first Mortgagees shall have the right to examine current copies of the Declaration, Bylaws, Articles or other Rules concerning the Properties, and the books and records of the Association and the right to require the submission of financial data concerning the Association, including annual reports, budgets, and operating statements as furnished to the Owners. Such audit and financial statement shall be furnished to such requesting Mortgagee at the Association's reasonable cost of duplication and shall be furnished within a reasonable amount of time following such request. Any holder, insurer or guarantor of a first Mortgage shall be entitled, upon written request, to an audited or reviewed financial statement for the immediately preceding fiscal year, at the Association's reasonable cost of duplication. Such statement shall be furnished within a reasonable time following such request.

Section 16.05. Priority in Distribution of Insurance and Condemnation Proceeds. No Owner, or any other party, shall have priority over any right of institutional first Mortgagees of Residences pursuant to their Mortgages in case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Lots or the Common Area. Any provision to the contrary in this Declaration or in the Bylaws or other documents relating to the Properties is to such extent void. All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses acceptable to the affected institutional first Mortgagees, naming the Mortgagees as their interests may appear in the Official Records of the Santa Clara County Recorder prior to the related loss.

Section 16.06. Status of Amenities. All amenities (such as parking, recreation, and service areas) and Common Area shall be available for use by Owners, their Tenants and guests, as set forth in this Declaration, and all such amenities with respect to which Regular or Special Assessments for maintenance or other uses may be levied shall constitute Common Area. All such amenities shall be owned by the Association free of encumbrances except for any easements granted for public utilities or for other public purposes consistent with the intended use of such property by the Owners, their Tenants and guests or by the Association.

Section 16.07. Payments by Mortgagees. Mortgagees of Lots may, jointly or severally, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for Common Area improvements or other insured property of the Association provided that such Mortgagee(s) has given ten (10) days written notice to the Association prior to the making of such payment(s) and the Association has failed to pay the same. Upon making any such payments, such Mortgagees shall be owed immediate reimbursement from the Association. This provision shall constitute an agreement by the Association for the express benefit of all Mortgagees and, upon request of any Mortgagee, the Association shall execute and deliver to such Mortgagee a separate written agreement embodying this provision.

Section 16.08. Effect of Breach of Declaration on Mortgagee.

(a) Lien Not Invalidated. No breach of any provision of this Declaration shall invalidate the lien of any Mortgage made in good faith and for value; but all of the covenants, conditions and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

(b) Mortgagee Need Not Cure Breach. Any Mortgagee who acquires title to a Lot by foreclosure or by deed in lieu of foreclosure or assignment in lieu of foreclosure

shall not be obligated to cure any breach of this Declaration that is noncurable or of a type that is not practical or feasible to cure.

Section 16.09. Status of Loan to Facilitate Resale. Any first Mortgage given to secure a loan to facilitate the resale of a Lot after acquisition by foreclosure, or by a deed in lieu of foreclosure, or by an assignment in lieu of foreclosure, shall be deemed to be a loan made in good faith and for value and entitled to all of the rights and protections of mortgages under this Declaration.

Section 16.10. Right to Appear at Meetings. Because of its financial interest in the Properties, any Mortgagee may appear (but cannot vote) at meetings of Owners or of the Board (except the Mortgagee may not attend executive Board meetings) to draw attention to violations of this Declaration that have not been corrected or that have been made the subject of remedial proceedings or assessments.

Section 16.11. Right to Furnish Information. Any Mortgagee can furnish information to the Board concerning the status of any Mortgage.

Section 16.12. Notice of Action. Upon written request to the Association, identifying the name and address of the Eligible Mortgage Holder or Eligible Insurer or Guarantor, and the Lot number or address, such Eligible Mortgage Holder or Eligible Insurer or Guarantor will be entitled to timely written notice of: (a) any condemnation loss or any casualty loss which affects a material portion of the Properties or any Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, as applicable; and (b) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

Section 16.13. Right of First Refusal Inapplicable to Mortgagee. No right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey the Owner's Lot shall be granted to the Association without the written consent of any Mortgagee of the Lot.

Section 16.14. Limitation on Term of Management Contract. Any agreement for professional management by an Association Manager shall provide for termination by either party without cause or payment of a termination fee on sixty (60) days' written notice of the same, shall have a maximum contract term of one (1) year, provided that the Association may renew any such contract on a year-to-year basis. The Association may not establish self-management when professional management has been previously required by any First Mortgagee or any insurer or governmental guarantor of a First Mortgage, without the prior written approval of at least fifty-one percent (51%) of the First Mortgagees.

Section 16.15. Control if Mortgagee Protections Conflict With Other Provisions. In the event of any conflict between any of the provisions of this Article XVI and any other provisions of this Declaration, the provisions of this Article XVI shall control.

ARTICLE XVII

Notices

Section 17.01. Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

- | | |
|------------------------|--|
| If to any Owner: | To the street address of the Owner's Lot or to such other address as the Owner may from time to time designate in writing to the Association, consistent with Section 17.02 of this Declaration. |
| If to the Association: | At such address as the Board may, from time to time, designate by resolution. |
| If to a Mortgagee: | To the last known address of the Mortgagee as shown in the Official Records of Santa Clara County or as specifically designated by the Mortgagee, in written notice to the Association. |

Section 17.02. Personal Service Upon Co-Owners and Others. Personal service of a notice or demand to one of the co-owners of any Lot, to any general partner of a partnership which is the owner of record of the Lot, or to any officer or agent for service of process of a corporation which is the owner of record of the Lot, shall be deemed delivered to all such co-owners, to such partnership, or to such corporation, as the case may be.

Section 17.03. Deposit in U. S. Mails. All notices and demands served by mail shall be by first-class mail, with postage prepaid, and shall be deemed delivered seventy-two (72) hours after deposit in the United States mail in Santa Clara County, California.

ARTICLE XVIII

General Provisions

Section 18.01. Construction and Severability; Singular and Plural; Titles.

(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 Properties as set forth in the Recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

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

(c) **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) **Liberal Construction.** The provisions of this Declaration shall be liberally construed to effectuate its purpose. Failure to enforce any provision of the Declaration shall not constitute a waiver of the right to enforce the provision thereafter.

Section 18.02. No Discriminatory Practices. No Owner shall execute or cause to be recorded any instrument that imposes a restriction upon the sale, leasing, or occupancy of the Owner's Lot on the basis of age, race, sex, sexual orientation, marital status, familial status, national origin, ancestry, color, disability, religion or source of income. No sale, rental or leasing of a Lot shall be prevented directly or indirectly on the basis of age, race, sex, sexual orientation, marital status, familial status, national origin, ancestry, color, disability, religion or source of income.

Section 18.03. Notification of Governing Documents and Sale. Concurrently with the consummation of the sale of any Lot under circumstances where the transferee becomes an Owner of the Lot, or within five (5) business days thereafter, the transferee shall

notify the Association in writing of such sale. Such notification shall set forth the name of the transferee and the Owner's Mortgagee and transferor, the common address of the Lot purchased by the transferee, the transferee's and the Mortgagee's mailing address, and the date of sale. Before the receipt of such notification, any and all communications required or permitted to be given by the Association, the Board, or the Association Manager shall be deemed to be duly made and given to the transferee if duly and timely made and given to the transferee's transferor. Mailing addresses may be changed at any time upon written notification to the Association. Notices shall be deemed received seventy-two (72) hours after mailing if mailed to the transferee, or to the transferee's transferor if the Association has received no notice of transfer as above provided.

Section 18.04. Easements Reserved and Granted. Any easements referred to in this Declaration shall be deemed reserved or granted, or both reserved and granted whether or not this Declaration is referred to in the deed to a Lot.

Section 18.05. No Fixed Term. This Declaration and all amendments hereto shall continue in full force and effect until superseded pursuant to Article XV.

Section 18.06. Power of Attorney. To the extent necessary to carry out and enforce the provisions of this Declaration, an irrevocable power of attorney coupled with an interest is granted to the Association by the Owners and each of them.

Section 18.07. Conflicts Between Documents. The terms and provisions set forth in this Declaration are not exclusive, as Owners are also subject to the terms and provisions of other Association Management Documents, including the Articles of Incorporation, Bylaws, Association Rules, and Architectural Standards. In the event of a conflict between any provisions of any of said Association Management Documents with the provisions of any other Association Management Documents, the order of superiority of such documents shall be (a) Articles of Incorporation, (b) Declaration of Covenants, Conditions and Restrictions, (c) Bylaws, (d) Architectural Standards, and (e) Association Rules, and the provisions of any such documents shall be superseded by the provisions of the document shown above to be

superior to such document to the extent of such conflict:

Dated: May 2, 2007

Creekside Oaks
Homes Association

By Carole Hartoch Flaxman
Carole Hartoch Flaxman, President

By Justin Dalmar Berglund
Justin Dalmar Berglund, Secretary

o:\users\kathy\govinst\creeksideoaksc&rs\April 30, 2007

EXHIBIT "A"

Tract No. 4964, Lots 1 through 25 "Creekside Oaks of Los Altos Unit One" upon that Subdivision Map recorded on April 10, 1971 in Book 281 of Maps, Pages 50 and 51, in the Office of the County Recorder of the County of Santa Clara, and Lots 26 through 78 inclusive, Tract No. 5063, "Creekside Oaks of Los Altos Unit Two" upon that Subdivision Map recorded on October 22, 1971 in Book 291 of Maps, Pages 53 and 54, in the Office of the County Recorder of the County of Santa Clara.

EXHIBIT "B"

CREEKSIDE OAKS HOMES ASSOCIATION ASSESSMENTS

All Residence Lots of residing and nonresiding Owners shall be assessed each year for the estimated costs attributable to the operation and maintenance of the Common Area and Expenses, including but not limited to the following:

1. Maintenance, management, operation, repair and replacement of all real property and the improvements thereon which the Association is obligated to maintain pursuant to the provisions of this Declaration.
2. Unpaid assessments.
3. Management and administration of the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and employees.
4. To the extent not metered or billed to Owners, utilities and services which generally benefit and enhance the value and desirability of the Properties.
5. Premiums on all insurance and fidelity bonds maintained by the Association pursuant to the Declaration (except for fidelity bonds obtained by a management agent for its officers, employees and agents).
6. Reserves for the periodic maintenance, repair and replacement of the improvements maintained by the Association pursuant to this Declaration.
7. Taxes paid by the Association.
8. Discharge of any lien or encumbrance levied against Association property or portions thereof.
9. Security systems or services, if any, installed or maintained by the Association.
10. Other expenses incurred by the Association in connection with the Common Area or the cost of any other item or items designated by the Declaration or Bylaws, or in furtherance of the purposes of the Association or in the discharge of any duties or powers of the Association.

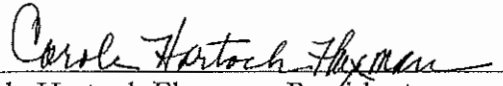
**Officer's Certification of Adoption of
Second Restated Declaration of Covenants,
Conditions and Restrictions of
Creekside Oaks Homes Association**

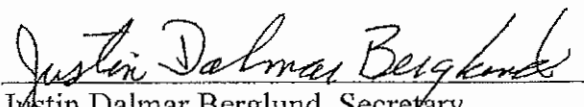
We, the undersigned, say:

That we are the duly elected and acting President and Secretary, respectively, of Creekside Oaks Homes Association, a California non-profit mutual benefit corporation; that the Second Restated Declaration of Covenants, Conditions and Restrictions of Creekside Oaks Homes Association which amends that certain Restated Declaration of Covenants, Conditions and Restrictions recorded on July 7, 1992, Instrument No. 11438458, Official Records of the County Recorder of Santa Clara County, California has been duly approved by vote of not less than sixty percent (60%) of the Lot Owners within Tract No. 4964, as shown on that certain Map entitled "Creekside Oaks of Los Altos Unit One" which Map was filed April 10, 1971, in Book 281 of Maps, Pages 50 and 51, and Tract No. 5063 as shown on that certain Map entitled "Creekside Oaks of Los Altos Unit Two" in the Office of the Recorder of the County of Santa Clara pursuant to and as required by Article XI, Section 11.01 of said Declaration. We hereby further certify that the Second Restated Declaration of Covenants, Conditions and Restrictions of Creekside Oaks Homes Association was deemed approved by more than fifty-one percent (51%) of the First Mortgagees as required by Article X, Section 10.05 of said Restated Declaration recorded on July 7, 1992.

That this Certification is made pursuant to Section 1355 of the Civil Code of the State of California, and is to be recorded together with the Second Restated Declaration of Covenants, Conditions and Restrictions of Creekside Oaks Homes Association in the records of the County Recorder of Santa Clara County, the County in which said common interest subdivision is located.

We declare under penalty of perjury, under the laws of the State of California that the foregoing is true and correct.


Carole Hartoch Flaxman, President


Justin Dalmar Berglund, Secretary

State of California)
) ss
County of Santa Clara)

On May 2, 2007, 2007 before me, I.D. MACNALLY,
a Notary Public, personally appeared Carole Hartoch Flaxman, personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) (is) are
subscribed to the within instrument and acknowledged to me that he (she) they executed the
same in his (her) their authorized capacity(ies), and that by his (her) their signature(s) on the
instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.



[seal]

I.D. MacNally
Notary Public
State of California

State of California)
) ss
County of Santa Clara)

On May 2, 2007 before me, I. D. MACNALLY
a Notary Public, personally appeared Justin Dalmar Berglund, personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.



[seal]

I. D. MacNally
Notary Public
State of California

Index

Accounting	-27-, -29-, -30-
Advertising	-12-, -56-
Air conditioning	-12-, -64-
Alterations	-3-, -48--50-, -59-, -70-
Alternative Dispute Resolution	-13-, -31-, -33-, -39-, -52-, -65-, -75-, -78--80-
Amendment	-2-, -7-, -16-, -81-
Amplifier systems	-55-
Animals	-55-
Antennas	-59-
Appurtenant structures	-62-
Arbitration	-31-, -33-, -75-, -78-, -79-
Architectural	-2-, -3-, -16-, -48-, -49-, -52-, -53-, -57-, -59-, -60-, -70-, -83-, -88-
Architectural Committee	-48-, -49-
Architectural standards	-2-, -3-, -16-, -53-, -60-, -88-
Articles	-2--4-, -9--11-, -14--16-, -38-, -45-, -47-, -72-, -73-, -81-, -83-, -88-
Assessment ..	-2-, -6--8-, -16-, -19--38-, -43-, -44-, -48-, -52-, -53-, -59-, -66-, -68-, -70--74-, -78-, -82-
Assessments ..	-3-, -7-, -9-, -11-, -12-, -14-, -19--34-, -36--38-, -45-, -46-, -48-, -66-, -73-, -74-, -82--85-, -91-
Association	-1--20-, -22--40-, -43--78-, -80--86-, -88-, -89-, -91-, -92-, -103-
Association Management Documents	-3-, -8-, -73-, -88-
Association rules ..	-3-, -5-, -7--11-, -14--16-, -18-, -19-, -27-, -38-, -43-, -46-, -47-, -49-, -50-, -54-, -56--58-, -60-, -61-, -63-, -72-, -73-, -75-, -88-
Association's	-8-, -19-, -22-, -26-, -27-, -30-, -35-, -46-, -54-, -64-
Attorney's fees	-19-, -30-, -36-, -37-, -58-
Attorneys' fees	-28-, -34--36-, -52-, -53-, -72-
Audit	-83-
Balcony	-49-
Bank	-5-, -29-, -67-
Bank Account	-29-
Board of Directors ...	-3-, -4-, -12-, -13-, -15--19-, -24-, -25-, -29-, -31-, -33-, -46-, -50-, -52-, -59-, -62--64-, -67-, -72-, -75--77-
Breach	-8-, -18-, -19-, -72-, -84-, -85-
Budgeting process	-23-, -26-
Business	-5-, -16-, -25-, -34-, -45-, -57-, -87-
Bylaws ...	-2--4-, -9--11-, -13--20-, -22-, -23-, -25-, -27-, -29-, -30-, -38-, -43--48-, -52-, -54-, -72-, -73-, -81-, -83-, -84-, -88-, -91-
California ..	-1--4-, -6-, -11-, -15-, -21-, -23-, -25-, -26-, -29-, -34-, -35-, -38-, -43-, -48-,

	-52-, -56-, -57-, -59-, -61-, -63-, -78-, -82-, -86-, -92--94-
Capital expenditures	-46-
Capital improvement	-3-
Casualty loss	-85-
Chimney	-40-
Civil Code . -1-, -2-, -11-, -15-, -17-, -21--23-, -25-, -26-, -29--35-, -37-, -43-, -48-, -50-, -51-, -56-, -57-, -63-, -69-, -76-, -80-, -92-	
Civil Procedure	-35-, -36-, -78-
Clothesline	-58-
Common Area -2--10-, -13--16-, -18--21-, -25-, -27-, -28-, -32-, -38--40-, -42--49-, -51-- 68-, -70--72-, -75-, -83-, -84-, -91-	
Common Expenses	-22--24-, -36-, -37-
Common Facilities -2--4-, -8-, -11-, -15-, -18--22-, -25-, -27-, -28-, -40-, -45-, -46-, -52-, -54-, -72-	
Compliance	-8-, -10-, -27-, -32-, -47-, -51-, -53-, -62-, -79-, -80-
Contract	-3-, -6-, -9-, -11-, -12-, -46--48-, -56-, -61-, -67-, -70-, -85-
Corporation	-1-, -3--6-, -15-, -48-, -75-, -78-, -82-, -86-, -92-
Corporations	-25-, -30-, -48-, -75-, -78-, -80-
Corporations Code	-25-, -30-, -48-, -75-, -78-, -80-
County	-1-, -4--6-, -13-, -32-, -34-, -56-, -67-, -81-, -84-, -86-, -90-, -92--94-
Coverages	-67-
Damage -10-, -11-, -20-, -25-, -27-, -32-, -38--44-, -46-, -56-, -58-, -59-, -62-, -65-, -68-, -70-, -80-	
Debt	-6-, -21-, -26-, -28-, -30-, -31-, -33-, -36-
Declarant	-1-, -2-, -4-, -54-
Declaration	-1--4-, -6--11-, -13--16-, -18-, -19-, -22--24-, -26--28-, -32-, -34-, -36-, -38-, -39-, -43--47-, -50-, -52--57-, -59-, -60-, -63--65-, -67--75-, -80--88-, -91-, -92-, -103-
Dedications	-65-
Default	-7-, -10-, -24-, -32-, -34-, -35-, -48-, -72-, -84-
Directors . . . -3-, -4-, -11--13-, -15--19-, -24-, -25-, -29-, -31-, -33-, -46-, -50-, -52-, -58-, -59-, -62--64-, -67-, -72-, -75--77-	
Disbursements	-30-
Disciplinary	-46-, -48-, -73-, -74-, -80-, -81-
Dogs	-55-
Domain	-71-
Door	-41-, -57-
Doors	-40-, -41-, -60-, -63-
Downspouts	-40-
Drainage	-12-, -51-, -64-, -65-

Driveways	-60-, -83-
Earthquake	-66--69-, -71-
Easement	-8-, -59-, -62--65-
Easements	-1-, -2-, -8-, -9-, -12-, -45-, -63--65-, -72-, -83-, -84-, -88-
Electrical	-42-, -64-
Electricity	-12-, -46-, -64-
Eligible Insurer or Guarantor	-4-, -85-
Eligible Mortgage Holder	-4-, -85-
Emergency	-8-, -17-, -22-, -25-, -60-, -75-, -80-
Emergency situation	-22-, -75-
Employees	-18--20-, -28-, -46-, -47-, -56-, -64-, -65-, -67-, -91-
Endorsement	-65-, -66-
Escrow	-56-
Estate	-54-, -59-
Eviction action	-10-
Exclusive Use Common Area	-4-, -9-, -16-, -40-, -42-, -43-, -49-, -60-
Family	-57-
Federal	-5-, -32-, -45-, -57-, -59-, -82-
Fee	-1-, -5-, -6-, -12-, -15-, -24-, -54-, -76-, -77-, -80-, -85-
Fees	-11-, -12-, -19-, -27-, -28-, -30-, -32--37-, -52-, -53-, -58-, -72-
Feminine	-87-
Fences	-4-, -5-, -40-, -42-, -55-, -59-, -63-, -83-
Financial data	-83-
Financial responsibility	-43-
Financial statement	-11-, -83-
Fines	-11-, -19-, -46-, -48-, -58-, -73-
Fines and penalties	-19-, -46-, -58-
Fires	-62-
First Mortgage	-4-, -5-, -37-, -82-, -83-, -85-
First Mortgagee	-5-, -24-, -85-
Fixtures	-4-
Foreclosure	-15-, -21-, -30--38-, -47-, -48-, -73-, -74-, -82-, -84-, -85-
Foundation	-42-, -65-
Freezers	-58-
Furniture	-58-, -66-
Garage	-40-, -41-, -57-, -60-
Garbage	-57-, -58-
Glass	-63-
Governmental	-4-, -9-, -45-, -50-, -52-, -55-, -57-, -61-, -71-, -85-
Gutters	-40-

Health	-15-, -17-, -52-, -56-, -57-, -63-
Heating	-12-, -41-, -46-, -64-
Home	-5-, -57-, -82-
Home office	-57-
Homeowners Association	-14-
Household ...	-5-, -10-, -11-, -15-, -16-, -18-, -20-, -43-, -55-, -56-, -59-, -62-, -65-, -66-, -73-
Household pet	-56-
Household pets	-16-, -55-, -56-
Income	-24-, -87-
Indebtedness	-23-
Information	-12-, -19-, -20-, -38-, -69-, -73-, -85-
Injunctive relief	-14-, -80-
Injury	-11-, -44-, -56-, -65-
Installation	-59-, -64-, -73-
Installment	-21-, -24-, -38-, -68-
Installment payments	-24-, -38-
Installments	-19-, -22-, -24-, -26-, -38-, -82-
Installments of assessments	-82-
Institutional first Mortgagees	-71-, -83-, -84-
Institutional Mortgagee	-5-, -66-
Institutional Mortgagees	-66-
Insurance ...	-3--5-, -13-, -27-, -34-, -39-, -45-, -47-, -55-, -57-, -62-, -65--70-, -83--85-, -91-
Insurance and Condemnation Proceeds	-84-
Insurance coverage	-13-, -66-, -84-
Insurance policies	-66-, -68-, -69-, -84-
Insurance proceeds	-66-, -67-, -70-, -71-, -83-, -84-
Insurance Review	-68-
Insured	-29-, -46-, -65--67-, -84-, -85-
Insured certificates of deposit	-29-
Insured depository	-29-
Interest .	-1-, -2-, -6-, -9-, -12-, -14-, -19-, -21-, -27--38-, -57-, -62-, -65-, -71-, -72-, -74-, -79-, -80-, -82-, -85-, -88-, -92-
Interest and costs	-12-
Interest charge	-21-, -29-
Interest rate	-21-
Investment	-29-
Land	-5-, -6-, -39-
Landscaping	-4-, -16-, -40-, -42-, -49-, -57--59-

Law	-15-, -18-, -20-, -32--35-, -37--39-, -46-, -47-, -52-, -56-, -57-, -61-, -62-, -67-, -72-, -75--78-, -80-
Lease	-5-, -9--11-, -47-, -56-
Leasing	-5-, -9-, -10-, -87-
Lender	-4-, -32-, -82-
Lessees	-2-, -9-, -15-, -54-
Liability	-19--21-, -37--39-, -47-, -50-, -56-, -58-, -65--69-, -72-
License plate	-10-, -11-
Licensure	-47-
Lien	-12-, -20-, -21-, -23-, -26--28-, -30--38-, -45-, -47-, -48-, -70-, -71-, -74-, -82-, -84-, -91-
Lien or encumbrance	-91-
Liens	-1-, -2-, -30-, -37-, -38-, -45-, -46-, -48-, -72-, -82-
Liens and charges	-1-
Liens and Fines	-46-
Loan	-5-, -32-, -66-, -82-, -85-
Loans	-5-, -47-
Lot -2-, -3-, -5--8-, -11--16-, -20--24-, -26--28-, -30-, -32--35-, -37-, -38-, -40-, -42--44-, -46-, -52--60-, -62--65-, -68-, -70--72-, -74-, -75-, -80-, -82--88-, -92-	
Machinery	-62-
Mail	-17-, -24-, -26-, -30-, -32-, -33-, -35-, -69-, -71-, -74-, -75-, -79-, -83-, -86-
Maintain . -10-, -12-, -22-, -25-, -26-, -28-, -33-, -43--45-, -47-, -51-, -52-, -59-, -64--68-, -83-, -91-	
Maintenance . . -3--5-, -8-, -13-, -16-, -20-, -22-, -27--29-, -36-, -39-, -40-, -43--46-, -53-, -55--60-, -62--64-, -73-, -83-, -84-, -91-	
Maintenance and repair	-8-, -43-, -64-
Maintenance of Common Area	-64-
Management -3-, -4-, -8-, -13-, -16-, -23-, -46-, -53-, -60-, -64-, -73-, -85-, -88-, -91-	
Management Documents	-3-, -8-, -73-, -88-
Map	-3--6-, -45-, -52-, -64-, -65-, -90-, -92-
Marital status	-87-
Masculine	-87-
Member . . -4-, -6-, -13-, -14-, -16--20-, -24-, -27-, -32-, -33-, -45-, -46-, -48-, -50-, -67-, -69-, -73--77-, -80-	
Membership	-6-, -7-, -13--15-, -18-, -24-, -25-, -50-, -54-, -73-
Monetary penalties	-16-, -27-, -73-, -75-
Mortgage	-4--6-, -9-, -21-, -24-, -34-, -37-, -38-, -47-, -71-, -81--85-
Mortgage foreclosure	-37-
Mortgage or deed of trust	-6-, -34-, -38-
Mortgagee	-5-, -6-, -9-, -15-, -24-, -37-, -66-, -71-, -81--86-, -88-

Mortgagee Protection	-81-
Mortgages	-66-, -67-, -71-, -82--85-, -92-
Mortgages	-5-, -33-, -84-, -85-
Motor vehicle	-55-, -60-, -61-
Motor vehicles	-55-, -61-
Motorcycles	-60-, -61-
Municipal	-7-, -45-, -75-
Negligence	-11-, -38-, -43-, -68-
Negligent	-39-, -43-, -59-, -68-
Noise	-55--57-
Noncompliance	-53-
Notices	-35-, -73-, -86-, -88-
Nuisance	-10-, -19-, -27-, -53-, -55-, -56-, -72-
Occupancy	-10-, -11-, -87-
Officers	-11-, -19-, -20-, -29-, -47-, -56-, -58-, -64-, -67-, -72-, -91-
Ordinances	-45-, -55-, -56-, -58-
Owner . . -1-, -2-, -5--15-, -18--21-, -23-, -24-, -26--28-, -30--35-, -37--40-, -42--44-, -46-, -47-, -49--59-, -62-, -63-, -65--68-, -70--75-, -78--87-	
Owner of Record	-6-, -23-, -86-
Paint	-40-, -41-, -49-
Parking	-9-, -40-, -52-, -59--61-, -80-, -84-
Partnership	-6-, -54-, -86-
Party Wall	-6-, -38-, -39-
Passenger	-60-
Patios	-4-, -41-, -49-, -58-, -62-
Penalties	-11-, -16-, -19-, -27-, -28-, -34-, -46-, -58-, -73--75-
Pets	-16-, -55-, -56-
Plantings	-4-, -5-, -83-
Porch	-58-
Project	-4--6-, -54-, -82-, -83-
Properties -1-, -2-, -4--8-, -10--15-, -22-, -23-, -25-, -26-, -28-, -38-, -43-, -45-, -46-, -48--66-, -68-, -71-, -75-, -80--85-, -87-, -91-	
Property . -1-, -3-, -5--9-, -11-, -12-, -22-, -25-, -28-, -33--35-, -38-, -44-, -45-, -47-, -48-, -53-, -56-, -58-, -60--63-, -65--70-, -75-, -83-, -84-, -91-	
Property line	-6-
Public . . . -9-, -13-, -17-, -28-, -33-, -35-, -46-, -56--58-, -61-, -63-, -65-, -72-, -83-, -84-, -93-, -94-	
Radio	-59-
Recitals	-1-, -35-, -87-
Recordation	-32-, -35-, -74-, -81-

Recorder	-6-, -13-, -32-, -34-, -81-, -84-, -90-, -92-
Recording	-30-, -31-, -33-, -34-, -37-
Recreational	-40-, -48-, -54-, -61-
Regular Assessment	-6-, -19-, -21--24-, -30-, -68-
Rental	-10-, -87-
Residence ...	-2-, -5--12-, -27-, -34-, -35-, -38-, -41--44-, -46-, -47-, -49-, -52--57-, -59-, -62-, -64--68-, -70-, -71-, -73--75-, -91-
Residence Lot	-7-
Residential	-2-, -4-, -7-, -28-, -54-, -57-
Residential Use	-7-, -54-, -57-
Responsibilities	-6-, -14-, -19-, -20-, -39-, -40-, -46-, -52-
Restoration	-6-, -7-, -39-
Road	-52-
Roof	-63-, -65-
Rules ...	-3-, -5-, -7--11-, -14--19-, -27-, -38-, -43-, -46-, -47-, -49-, -50-, -53--61-, -63-, -72--75-, -83-, -88-
Safety	-15-, -17-, -22-, -25-, -52-, -56-, -57-, -59-, -63-, -80-
Savings	-5-, -29-
Secretary	-2-, -10-, -11-, -23-, -53-, -81-, -89-, -92-
Security	-5-, -6-, -9-, -32-, -47-, -48-, -61-, -91-
Servitudes	-2-, -72-
Sewer	-12-, -42-, -64-
Sewers	-46-, -64-
Signature	-29-, -93-, -94-
Signs	-15-, -51-, -52-, -56-, -57-
Solar	-40-
Special Assessment	-7-, -21-, -24--27-, -29-, -30-, -38-, -68-, -70-, -71-
Special Individual Assessment	-7-, -8-, -19-, -21-, -27-, -28-, -43-, -44-, -52-, -53-, -59-, -73-
Structure	-49-, -52-, -53-, -55-, -64-
Sublet	-54-
Suspension	-18-, -19-, -46-, -73-
Tax	-24-
Taxes	-37-, -38-, -45-, -84-, -91-
Telephone	-10--12-, -46-, -57-, -61-
Telephones	-64-
Television	-12-, -45-, -46-, -55-, -59-, -64-
Tenant	-7-, -10-, -14-, -15-, -46-, -47-, -55-, -56-, -58-, -59-, -72-, -73-
Tenant's	-10-, -15-
Tenants	-2-, -3-, -8--10-, -15-, -18-, -20-, -27-, -28-, -32-, -43-, -46-, -48-, -52-, -54-,

	-56-, -68-, -73-, -84-
Termites	-40-
Towing	-61-
Toxic	-58-
Traffic	-16-, -52-, -56-, -57-, -61-, -80-
Transfer	-9-, -11--15-, -37-, -47-, -83-, -85-, -88-
Trash	-57-, -58-
Trim	-40-
Trust	-6-, -29-, -33--35-, -38-, -47-, -67-, -81-
Unit	-5-, -90-, -92-
Utilities	-4-, -12-, -42-, -45-, -64-, -83-, -84-, -91-
Utility	-9-, -12-, -13-, -41-, -45-, -64-
Vehicle	-10-, -11-, -55-, -60-, -61-
Vehicles	-9-, -55-, -60-, -61-
Vehicular	-16-, -57-, -61-
Ventilating	-41-
Ventilation	-60-
Vents	-12-, -41-
Vote	-7-
Voting	-2-, -7--9-, -14-, -17--19-, -45--47-, -73-, -81-, -82-
Waiver	-38-, -72-, -87-
Walls	-5-, -6-, -38-, -57-, -59-, -63-
Wastes	-55-
Water	-12-, -42-, -44--46-, -64-
Windows	-41-, -63-
Yard	-57-, -59-, -64-
Zoning	-7-, -57-