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FINAL

**SECOND RESTATED DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS**

of CARNELIAN WOODS
a California Nonprofit Corporation

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

TABLE OF CONTENTS

Article 1: Definitions	2
1.1 “Annual Meeting”	2
1.2 “Architectural Standards”	2
1.3 “Articles”	2
1.4 “Assessment”	2
1.5 “Association”	2
1.6 “Balcony”	2
1.7 “Board” or “Board of Directors”	2
1.8 “Budget”	2
1.9 “Building”	2
1.10 “Bylaws”	2
1.11 “CC&Rs”	2
1.12 “Committee”	2
1.13 “Common Area”	2
1.14 “Common Expenses”	3
1.15 “Davis-Stirling Act”	3
1.16 “Development”	3
1.17 “Director”	3
1.18 “Exclusive Use Common Areas”	3
1.19 “Governing Documents”	3
1.20 “Improvements”	3
1.21 “Lease” or “Rent”	3
1.22 “Lender”	3
1.23 “Lot”	3
1.24 “Manager”	4
1.25 “Member”	4
1.26 “Membership Approval” or “Approval of the Membership”	4
1.27 “Mortgage”	4
1.28 “Mortgagee”	4
1.29 “Officer”	4
1.30 “Operating Accounts”	4
1.31 “Owner”	4
1.32 “Parking Areas”	4

1.33	“Percentage Interest”	4
1.34	“Person”	4
1.35	“Quorum”	5
1.36	“Regular Assessments”	5
1.37	“Reimbursement Special Assessments” or “Reimbursement Assessments”	5
1.38	“Renovation”	5
1.39	“Reserves” or “Reserve Accounts”	5
1.40	“Resident”	5
1.41	“Responsibility Chart”	5
1.42	“Rules and Regulations” or “Rules”	5
1.43	“Separate Interest”	5
1.44	“Special Assessments”	5
1.45	“Tenant” or “Lessee”	5
1.46	“Undeveloped Lots”	5
1.47	“Unit” or “Lot”	6
1.48	“Utility Lines”	6
1.49	“Voting Power”	6
1.50	Definitions of Other Terms	6
Article 2:	Membership Rights and Privileges	6
2.1	Membership.....	6
a.	Membership Appurtenant to Units.....	6
b.	No Membership for Security Interests.....	6
c.	No Membership for Tenants	6
d.	No Separate Transfer of Membership.....	7
e.	Trusts	7
f.	Impersonal Entities	7
2.2	Proof of Ownership	7
2.3	Voting Rights	7
2.4	Inspection of Records	7
2.5	Ingress, Egress and Support	7
2.6	Easement for Use and Enjoyment	7
2.7	Encroachment Easement	7
Article 3:	Ownership Obligations	8
3.1	Obligation to Follow Governing Documents	8
3.2	Security.....	8
3.3	Purchase Subject to Violations.....	8

3.4	Obligation to Provide Key or Other Means of Access	8
3.5	Obligation to Provide Contact Information	8
3.6	Smoke Detectors and Fire Extinguishers.	8
3.7	Notice of Transfer of Ownership.....	9
3.8	Duty to Maintain, Repair and Replace	9
3.9	Obligation to Carry Insurance	9
3.10	Liability for Damage	9
3.11	Correction of Violations	9
3.12	Reimbursement to Association.....	9
3.13	Liability for Mitigation.....	9
3.14	Guests	10
Article 4:	Duties of the Association	10
4.1	Board of Directors	10
a.	Membership Meetings	10
b.	Director Qualifications and Meetings.....	10
4.2	Powers of a Nonprofit Corporation	10
4.3	Maintain Common Area	10
4.4	Incur and Pay Expenses.....	10
4.5	Rules and Regulations	10
4.6	Foreclose, Hold Title and Make Conveyances.....	11
4.7	Fee Limitation	11
4.8	Commercial Concessions	11
4.9	Utility and Cable Easements	11
4.10	Granting Utility Easements	11
4.11	Limitation on Granting Easements.....	11
4.12	Borrow Money	11
4.13	No Power to Encumber Real Property	11
4.14	Represent Association in Litigation	11
4.15	Receive and Dispose of Property	12
4.16	Limitations on Disposition of Personal Property	12
4.17	Limitations on Transfer of Real Property.....	12
4.18	Capital Improvements	12
a.	Authority	12
b.	Defined.....	12
c.	5% Limitation	13
d.	Obsolescence	13

4.19	Vendor Contract Limitations	13
a.	Public Utility Contract	13
b.	Fire and Burglary	13
c.	Bulk Cable Service	13
d.	Insurance	13
e.	Reserve Studies	13
4.20	Delegation to Manager	13
4.21	Nonprofit Character of Association	13
4.22	Discharge of Liens	13
Article 5:	Architectural Control.....	14
5.1	No Improvements or Alterations Without Approval	14
5.2	Right to Decorate Unit	14
5.3	No Exterior Installations	14
5.4	Architectural Standards	14
5.5	Architectural Control Committee	14
a.	Architect	14
b.	Conflicts of Interest	15
5.6	Submission of Plans	15
5.7	Rescinding Approval	16
5.8	Failure to Comply with Approval Requirements	16
5.9	Review Fees and Remodeling Agreement	16
5.10	Variances	17
5.11	Engineering and Code Requirements	17
5.12	Inspection	17
5.13	Building Department and Association Approvals	17
5.14	Mechanics' Liens	17
5.15	Hold Harmless and Indemnify	17
5.16	Combining Units	18
5.17	No Right to Divide Units	18
5.18	Square Footage and Setbacks	18
5.19	Drainage	18
5.20	Occupancy of Unfinished, Temporary or Mobile Structures Prohibited.....	18
5.21	Removal of Temporary Buildings	18
5.22	Undeveloped Lots.....	18
5.23	Waiver of Liability	18
Article 6:	Maintenance, Repair and Replacement Responsibilities	19

6.1	Responsibility Chart	19
6.2	Association and Owner Responsibilities	19
a.	Balconies on Units	19
b.	Buildings and Equipment	20
c.	Building Exteriors	20
d.	Common Area/Common Area Facilities/Recreational Amenities	20
e.	Drainage Structures	20
f.	Electrical	20
g.	Fences	21
h.	Fireplaces	21
i.	Forest Management	21
j.	Front Entry Gates/Monuments	22
k.	Gas	22
l.	Heating and Air Conditioning	22
m.	Improvements	22
n.	Landscaping and Irrigation	23
o.	Units	23
p.	Plumbing	23
q.	Private Roads	23
r.	Sewer Lines	24
s.	Slopes	24
t.	Safety Sensing Devices and Fire Extinguishers	24
u.	Telephone, Security and Internet/Cable	25
v.	Termites and Pests	25
w.	Trees	26
x.	Utility Lines	26
y.	Water Damage and Mold	26
6.3	Easement for Maintenance	27
Article 7:	General Restrictions	28
7.1	Antennas	28
7.2	Balconies	28
a.	Balcony Alterations	28
b.	Balcony Ledge	28
c.	Dangerous Acts	28
d.	Unsightly Objects	28
e.	Balcony Furniture	28
f.	View Obstructions	28
g.	Watering Plants	28
h.	Balcony Weight Limitations	28
i.	Damage	29
7.3	Barbecues	29
7.4	Criminal Activity Prohibited	29
7.5	Drains	29
7.6	Drilling and Exploration	29
7.7	Drones	29

7.8	Flammable Materials	29
7.9	Health/Safety Hazards	30
7.10	Hiring of Association Employees.....	30
7.11	Insects and Plant Diseases	30
7.12	Laundry	30
7.13	Machinery and Equipment	30
7.14	Marijuana and Controlled Substances	30
7.15	Nudity.....	30
7.16	Nuisance	30
	a. Unreasonableness.....	30
	b. Secondhand Smoke.....	30
	c. Allergies.....	30
	d. Board Determination.....	31
7.17	Obstruction of Common Area	31
7.18	Occupancy Restriction	31
7.19	Quiet Enjoyment.....	31
7.20	Residential Use.....	31
7.21	Roof Restricted Access	32
7.22	Sale of Unit.....	32
7.23	Sanitary Conditions	32
7.24	Satellite Dishes	32
7.25	Signs, Posters and Flags	32
7.26	Smoking and Vaping	32
7.27	Solar Energy Systems.....	32
7.28	Spas, Hot Tubs and Saunas	32
7.29	Storage.....	32
7.30	Tanks and Receptacles	33
7.31	Time Sharing Prohibited	33
7.32	Trash.....	33
7.33	Use of Independent Contractors	33
7.34	Utility Service.....	33
7.35	Vibrations	33
7.36	Window Coverings.....	33
Article 8:	Leasing and Rental Limitations	34
8.1	No Hotel Purposes.....	34

8.2	Resort Fee.....	34
8.3	Lease of Less than Entire Unit	34
8.4	No Assignment or Subleasing	34
8.5	Lease and Rental Agreements and Addendums	34
	a. Leases and Rental Agreements in Writing.....	34
	b. Required Lease and Rental Agreement Provisions.....	34
	c. Lease Addendum	34
8.6	Governing Documents.....	34
8.7	Transfer of Occupancy	34
8.8	Repairing Damage.....	35
8.9	Unlawful Detainer	35
8.10	Assignment of Rents	35
Article 9:	Pets.....	35
9.1	Pet Limitation.....	35
9.2	Assistance Animals	35
9.3	Nuisance	35
9.4	Dangerous Animals	36
9.5	Liability	36
9.6	Control.....	36
Article 10:	Vehicles and Parking.....	36
10.1	Management of Parking	36
10.2	Restricted Parking	36
10.3	Commercial Vehicles	36
10.4	Guest Parking	36
10.5	Proper Operating Condition	36
10.6	Electric Vehicle Charging Stations	36
10.7	Noise Limitation.....	37
10.8	Repair of Vehicles.....	37
10.9	Fluid Leaks	37
10.10	Theft or Damage.....	37
10.11	Impeding Access	37
Article 11:	Enforcement of Governing Documents	37
11.1	Association Enforcement Rights	37
	a. Monetary Penalties (Fines)	37
	b. Suspend Common Area Privileges	37

c.	Dispute Resolution.....	38
d.	Judicial Enforcement	38
11.2	Cumulative Remedies.....	38
11.3	Failure to Enforce Not a Waiver	38
11.4	Remedy at Law Inadequate	38
11.5	Right of Action Against Buyer.....	38
11.6	Right to Request Identification.....	38
11.7	Attorneys' Fees.....	38
Article 12:	Right of Entry	39
12.1	Limited Right of Entry	39
12.2	Notice of Entry	39
12.3	Avoid Unreasonable Interference.....	39
12.4	Emergency Entry	39
12.5	Refusal to Allow Entry.....	39
a.	Entry by Court Order	39
b.	Entry without Court Order	39
c.	Recovery of Attorneys' Fees and Costs in Lawsuit.....	40
d.	Expenses Not Recovered as Part of a Lawsuit.....	40
12.6	Damage Repaired by Association	40
12.7	Power to Vacate Unit	40
a.	Notice.....	40
b.	Duty to Vacate	40
c.	Recovery of Attorneys' Fees and Costs in Lawsuit.....	41
12.8	Entry by Owner	41
Article 13:	Assessments.....	41
13.1	Purpose of Assessments	41
13.2	Regular Assessment	41
a.	20% Limitation	41
b.	Uniform Rate of Assessment	41
c.	Payable Quarterly	41
d.	Written Notice.....	42
e.	Modification of Assessment	42
13.3	Special Assessment	42
a.	5% Limitation	42
b.	Uniform Rate of Assessment.	42
c.	Reimbursement Assessments.....	42
d.	Payment Schedule.....	42
e.	Written Notice.....	42
13.4	Emergency Assessment.....	42

13.5	Deposit of Assessments.....	43
a.	Commingling	43
b.	Interest	43
13.6	Reserves	43
a.	Be Segregated	43
b.	Be Invested	43
c.	Require Two Signatures.....	43
d.	Not Be Reimbursed to Owners	43
Article 14: Enforcement of Assessments		43
14.1	Liability for Assessments	43
14.2	Enforcement Rights	43
a.	Late Fees and Interest	43
b.	File Suit.....	44
c.	Lien and Foreclose.....	44
d.	Continuing Lien	44
e.	Suspend Privileges	44
f.	Additional Remedies.....	44
14.3	No Offsets	44
14.4	No Exemption by Waiver of Use	45
14.5	Attorneys' Fees.....	45
14.6	Non-Waiver of Assessments	45
Article 15: Insurance.....		45
15.1	Association Insurance.....	45
a.	Automobile Liability Insurance	45
b.	Boiler and Machinery Insurance	45
c.	Commercial General Liability ("CGL")	45
d.	Direct Physical Loss	45
e.	Directors and Officers.....	47
f.	Earthquake Insurance.....	47
g.	Employment Practices Liability.....	47
h.	Crime Insurance and Fidelity Bond	47
i.	Flood Insurance.....	48
j.	Umbrella Policy	48
k.	Workers' Compensation	48
15.2	Owner Obligation to Carry Insurance	48
a.	Owner Insurance	48
b.	Automobile Coverage	49
c.	Waiver of Claims	49
d.	Assignment of Proceeds.....	49
e.	Waiver of Subrogation.....	49
f.	Proof of Insurance.....	49
15.3	Responsibility for Deductible and Uncovered Losses.....	49
a.	Intentional or Negligent Acts.....	49
b.	Non-Negligent, Unintentional Acts	50

c. Uncovered Losses	50
15.4 Liability for Increased Insurance Rates	50
15.5 Choice of Contractor	50
15.6 Insurance Company Rating	50
Article 16: Protection of Lenders	50
16.1 Furnishing of Information	50
16.2 No Priority Over Rights of First Mortgagees	50
16.3 Relationship with Assessment Liens	51
16.4 Foreclosure	51
16.5 Priority of Mortgage Lien.....	51
16.6 Payment of Taxes and Charges	51
Article 17: Limitations of Liability	51
17.1 Standard for Liability	51
17.2 Limited Personal Liability.....	51
17.3 Association Not a Security Provider	51
17.4 Duty to Defend	52
17.5 Duty to Protect.....	52
17.6 Personal Injury or Property Damage Sustained Within a Unit.....	52
17.7 Actions Against Directors	52
Article 18: Damage/Destruction to Improvements	52
18.1 Generally	52
a. Cost of Reconstruction.....	53
b. Automatic Reconstruction	53
c. Ownership Approval.....	53
d. Distribution of Insurance Proceeds.....	53
18.2 Association's Duties.....	54
18.3 Duties of Board During Reconstruction	54
18.4 Right of Entry to Assess Damage and Make Repairs.....	54
18.5 Power to Vacate a Unit.....	54
18.6 Interior Unit Damage.....	54
18.7 Damage to Drywall	55
a. Replacement.....	55
b. Re-Taping	55
18.8 Special Assessment for Reconstruction.....	55
18.9 Encroachment.....	55

Article 19: Condemnation.....	55
19.1 Notice	55
19.2 Payment for Common Area.....	55
19.3 Payment for Unit	55
19.4 Revision of Documents	56
19.5 Status of Membership.....	56
Article 20: Miscellaneous	56
20.1 Amendment	56
20.2 Lender Approval.....	56
20.3 Amendment to Conform to Statute.....	56
20.4 Term of CC&Rs	56
20.5 Attorneys' Fees.....	57
20.6 Notices.....	57
a. To the Association:	57
b. To the Owners:.....	58
c. When Notice Deemed Delivered	58
20.7 Headings.....	58
20.8 Liberal Construction.....	58
20.9 Number and Gender	58
20.10 Severability.....	58
20.11 No Public Rights	58
20.12 Successor Association	58
20.13 Conflicting Provisions.....	59
Certification.....	60
Exhibit “A” Responsibility Chart	

SECOND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Carnelian Woods

a California nonprofit corporation

THIS SECOND RESTATED Declaration of Covenants, Conditions and Restrictions ("CC&Rs") is made by all persons who own Lots in that certain real property planned residential development known as Carnelian Woods, located in Placer County, California. These CC&Rs apply to and bind all properties previously covered by covenants, conditions and restrictions. Without reducing the number of properties covered by these CC&Rs, these CC&Rs apply to the properties listed on Exhibit "A" attached hereto and incorporated herein.

By this instrument, (1) except for any recorded covenants affecting only a single Lot in the properties covered by these CC&Rs and/or (2) unless expressly otherwise provided herein, the Owners of the Association hereby fully amend and restate, in their entirety, the Amended and Restated Declaration of Covenants, Conditions and Restrictions of Carnelian Woods recorded August 28, 2007 as Recorder's Document No. 2007-0084700-00 in the Official Records of Placer County, (as corrected pursuant to Civil Code Section 4235, by certificate recorded February 6, 2014 at Recorder's Serial No. 2014-0008220) as well as all amendments thereto and substitute in their place these CC&Rs, which:

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

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

ARTICLE 1: DEFINITIONS

- 1.1 “Annual Meeting” means the annual meeting of the Members of the Association.
- 1.2 “Architectural Standards” means those rules and guidelines which govern the making of physical changes, alterations, repairs or Improvements to Units, Common Area and Exclusive Use Common Areas.
- 1.3 “Articles” means the Association’s Articles of Incorporation.
- 1.4 “Assessment” means any Regular Assessment, Special Assessment, Reimbursement Special Assessment, or any other assessment levied, imposed, or assessed against an Owner’s Unit in accordance with the provisions of the Governing Documents or applicable law.
- 1.5 “Association” means Carnelian Woods, a California nonprofit corporation. The Association includes, when the context requires, its Officers, Directors, employees and agents.
- 1.6 “Balcony” refers to a balcony which is attached to a Unit and accessible through the Unit of which it is a part.
- 1.7 “Board” or “Board of Directors” means the Board of Directors of the Association.
- 1.8 “Budget” means a pro forma operating budget, showing the Association’s estimated revenue and expenses on an accrual basis, for a twelve (12) month period.
- 1.9 “Building” means any building or structure which is part of the Improvements of the Development.
- 1.10 “Bylaws” means the duly adopted Bylaws of the Association, including any amendments.
- 1.11 “CC&Rs” means this Second Restated Declaration of Covenants, Conditions and Restrictions and any amendments to these CC&Rs.
- 1.12 “Committee” means any committee appointed by the Board to assist in the management and administration of the affairs of the Association.
- 1.13 “Common Area” means the entire Development, except the Separate Interests owned by Owners and may include, without limitation: land; roads; paths; parking areas; balconies; recreational facilities, including pools, tennis courts; storage sheds or lockers; decks (Lodge deck and Pavilion deck); structures; buildings; trash rooms or enclosures; bearing walls; exterior walls; columns; beams; sub-floors; unfinished floors; roofs; foundations; stairways not located within a Unit; hallways and walkways which provide access to Units and other Common Areas; life safety equipment (not located within a Unit); those portions of reservoirs, tanks, pumps, motors, ducts, flues, chutes, conduits, pipes, plumbing, wires and other utility installations lying within the Development or contained within and immediately surrounded by that portion of any structure or space which is defined herein as a part of the Common Area (as

required to provide power, communications, light, telephone, cable television, gas, water, sewage, drainage, heat and air conditioning service) except to the extent such are included as part of a Unit. If no Common Area Improvements exist, the Common Area means the mutual and reciprocal easement rights appurtenant to Owners' Separate Interests.

1.14 "Common Expenses" means the costs, expenses and charges in connection with maintaining, managing, insuring, operating, repairing, improving or replacing the Common Area or managing the affairs of the Association. Common Expenses include, but are not limited to, those amounts reasonably necessary for Reserves.

1.15 "Davis-Stirling Act" means and refers to the Davis-Stirling Common Interest Development Act, which is the portion of the California Civil Code beginning with Section 4000 that governs common interest developments.

1.16 "Development" means that certain residential development known as "Carnelian Woods" and located at 5101 N. Lake Blvd., Carnelian Bay, CA 96140.

1.17 "Director" means any member of the Association's Board of Directors.

1.18 "Exclusive Use Common Areas" means those portions of the Common Area which serve a single Unit, including but not limited to heating, ventilation and/or air conditioning, and Utility Lines, whether located inside or outside the boundaries of the Unit. Any Utility Line or portion thereof is deemed to "serve a single Unit" when its removal would interrupt service of only a single Unit. The Exclusive Use Common Area shall consist of an assignment or easement for exclusive use for the Balconies, entrances and walkways, such easements shall be appurtenant to respective Units as may be set forth in the Grant Deed to each Unit Owner at the time of conveyance of title to each Unit.

1.19 "Governing Documents" means these CC&Rs and any other documents which govern the operation of the Association, including, but not limited to, the Articles of Incorporation, Bylaws, Architectural Standards, Rules and Regulations, and Election Rules, as may be amended from time to time.

1.20 "Improvements" means all buildings and other structures located within the Development, including, but not limited to, streets, sidewalks, and utilities.

1.21 "Lease" or "Rent" and all related forms of such words, whether such terms are capitalized or not, mean and include leases, rental agreements, licensing agreements, leasing, renting, licensing, to lease, to rent, to license and all related word forms as the context dictates.

1.22 "Lender" means the holder of a first mortgage or deed of trust given by an Owner (or their predecessor in interest), the lien of which mortgage or deed of trust is superior to all other monetary encumbrances, except real property taxes and assessments.

1.23 "Lot" or "Unit" means any real property which is a Separate Interest such as lots, sublots, or parcels in the Development, subject to these CC&Rs, not owned in common with all Owners, the boundaries of which are shown and more particularly described in deeds conveying

Separate Interests and in this Declaration. Real property includes the improvements affixed to the Separate Interest.

1.24 “Manager” means any Person or company employed or retained by the Association to oversee the operation, maintenance and management of the Association.

1.25 “Member” means the Owner, whether one or more Persons, of a Unit within the Development as evidenced by a publicly-recorded deed to the Unit, but excluding any Person or Persons having such an interest in the Unit merely as security for the performance of an obligation. Membership is appurtenant to and may not be separated from the record fee ownership of a Unit and may not be transferred, encumbered, pledged, alienated, or otherwise separated in any way, except in connection with the record sale of a fee interest of the Unit to which it is appurtenant.

1.26 “Membership Approval” or “Approval of the Membership” means approved or ratified by an affirmative vote of a majority of the votes represented and voting in a duly held election in which a Quorum is represented, which affirmative votes also constitute a majority of the required Quorum, unless otherwise provided in the Governing Documents.

1.27 “Mortgage” means a charge against real property given as security for a debt, such as a deed of trust or other mortgage document.

1.28 “Mortgagee” means a beneficiary (or its assignee) under a deed of trust to a Unit and the term “First Mortgagee” refers to a beneficiary (or its assignee) under a deed of trust to a Unit with priority over all other Mortgagees and deeds of trust.

1.29 “Officer” means the president, vice-president, secretary, treasurer, and any other officer of the Association, as defined in the Bylaws.

1.30 “Operating Accounts” means any account into which the Association’s Assessments are deposited and out of which the Association’s operational expenses are paid.

1.31 “Owner” means the owner, whether one or more Persons, of the publicly-recorded fee title to any Unit within the Development, but excluding any Person or Persons having such an interest in the Unit merely as security for the performance of an obligation. Where the CC&Rs impose restrictions on Owners, the restriction also applies to Owner’s Tenants, and Owner’s and Tenant’s family, guests and invitees.

1.32 “Parking Areas” includes those portions of the Development used for the parking of vehicles.

1.33 “Percentage Interest” means that undivided percentage ownership of the Common Area assigned to each Unit.

1.34 “Person” means a natural person, corporation, partnership, trust, association, or other entity, as recognized by law.

1.35 “Quorum” means a quorum of the membership and is defined in the Association’s Bylaws.

1.36 “Regular Assessments” means Assessments other than Special Assessments and Reimbursement Assessments, levied or imposed against Owners in order to perform the Association’s obligations under the Governing Documents or the law.

1.37 “Reimbursement Special Assessments” or “Reimbursement Assessments” means those Special Assessments levied against Owners for expenses incurred by the Association arising out of: (i) actions or omissions of Owners, Tenants or their respective family, guests, invitees, vendors, or pets; (ii) materials or services provided to Owners, Tenants or their respective family, guests, invitees, or pets; or (iii) conditions originating on a Unit.

1.38 “Renovation” means any improvements, additions, alterations, or modifications made by an Owner in or to any Unit, Common Area, or Exclusive Use Common Areas.

1.39 “Reserves” or “Reserve Accounts” means those monies set aside in a separate account for anticipated long-term maintenance, repair, replacement and restoration of major Common Area components of the Development or Improvements upon the Common Area, and any other obligations of the Association that are authorized by either the Governing Documents or law.

1.40 “Resident” means any Person in actual possession of all or any portion of a Unit.

1.41 “Responsibility Chart” means the list of maintenance, repair, and replacement responsibilities attached as Exhibit “B”.

1.42 “Rules and Regulations” or “Rules” means the rules and regulations adopted by the Board to interpret and implement the Governing Documents and for the orderly conduct of the business of the Association.

1.43 “Separate Interest” means a lot, unit, parcel, area, or space separately owned by an Owner.

1.44 “Special Assessments” means Assessments levied from time to time against Members if at any time during the fiscal year the Regular Assessments are inadequate to perform the Association’s obligations under the Governing Documents or the law, including, but not limited to, Common Area maintenance and repairs, replacements, unexpected expenses, capital improvements, and emergency repairs.

1.45 “Tenant” or “Lessee” means a Person who has been given the right to temporary use and occupancy of a Unit owned by an Owner, whether such right to occupy and use is granted by a lease, rental agreement, license, or any other writing and whether consideration is paid in the form of money or any other tangible or intangible thing of value.

1.46 “Undeveloped Lots” shall mean any residential lot that is owned by the Association and described on Exhibit “A” attached hereto and incorporated herein.

1.47 “Unit” or “Lot” means any real property which is a Separate Interest, such as lots, units, sublots, or parcels in the Development, subject to these CC&Rs, not owned in common with all Owners and shown and more particularly described in deeds conveying Separate Interests and in this Declaration. Real property includes the improvements affixed to the Separate Interest, the boundaries of which are the space bounded by and contained within the interior unfinished surfaces of the perimeter and or party walls, floors, ceilings, fire boxes, windows, window frames, doors and door frames of each Unit. Paint, paper, paneling, outlets, stain, tile, carpet and other finishes are considered part of the Unit. Each Unit includes the portions of the Building so described as well as the airspace so encompassed. In addition, each Unit includes 1) any heating, air conditioning and water heating equipment, and outlets thereof wherever located; 2) any electrical, heating, cooling, ventilation, communications, water, and sewer systems which are part of a discrete and complete system intended to serve only such Unit; 3) screens and glazing in all window and door openings; 4) stairs and landings within a Unit; and 5) communications system, water system from its connection with any meter, and the electrical system from its connection within the electrical service entrance enclosure; and the sewer system to the point it connects with a common drainage pipe. A Unit does not include, however, any bearing wall or other structural member necessary for the support or adequate rigidity of any portion of the Common Area or any other Unit, except that any finished surface of such bearing wall or structural member which faces a Unit shall be a part of such Unit.

1.48 “Utility Lines” means sewer lines, storm drains, water pipes, electricity lines, gas lines, telephone lines or cables, television cables, satellite dish cables, heating and air conditioning conduits, heating and air conditioning ducts, heating and air conditioning flues, fiber optic cables, data lines, community security systems, and other similar lines, pipes, cables, ducts, flues, and conduit pipes.

1.49 “Voting Power” means the total number of Units entitled to vote.

1.50 Definitions of Other Terms. Unless the context clearly requires otherwise, all other terms are defined in the Davis-Stirling Act.

ARTICLE 2: MEMBERSHIP RIGHTS AND PRIVILEGES

2.1 Membership. Each Person is automatically a Member of the Association upon obtaining a publicly-recorded fee title ownership interest in a Unit and remains a Member until they cease to have such recorded fee ownership interest in a Unit.

- a. *Membership Appurtenant to Units*. Membership in the Association is for the benefit of and appurtenant to the Unit to which it relates and may not be separated from the ownership of the Unit.
- b. *No Membership for Security Interests*. Membership does not include Persons who hold an interest in a Unit merely as security for the performance of an obligation.
- c. *No Membership for Tenants*. Tenants have the same rights to use the Common Area as Members, unless otherwise restricted by the Governing

Documents, and have the same duties to follow the Association's Governing Documents but are not Members and have no right to vote.

- d. *No Separate Transfer of Membership.* No Member may transfer, pledge, or alienate in any way their membership in the Association, except upon the recorded transfer of the fee interest in the Unit to which it is appurtenant and then only to the transferee of such fee interest.
- e. *Trusts.* If title to a Unit is held in the name of one or more trustees, subject to a trust, a sole trustee or one of several trustees is authorized to exercise the rights and privileges of Association membership. The designation of one of several trustees must be in writing with documentation confirming both the designation and the authority of the designator to do so.
- f. *Impersonal Entities.* If title to a Unit is held by a legal entity that is not a natural Person, the governing authority of that legal entity is empowered to appoint a natural Person who is an officer (if a corporation), partner (if a partnership), or manager (if a limited liability company) which person will be solely authorized to exercise the rights and privileges of Association membership. The designation by the impersonal legal entity must be in writing with documentation confirming both the designation and its authority to do so.

2.2 Proof of Ownership. Proof of membership must be in the form of a recorded deed showing fee ownership of a Unit.

2.3 Voting Rights. In all matters submitted for a membership vote, Members are entitled to one (1) vote per Unit (regardless of the number of Owners having an interest in the Unit).

2.4 Inspection of Records. Members have the right to inspect records of the Association as provided for in the Bylaws and by law.

2.5 Ingress, Egress and Support. Members have a nonexclusive easement appurtenant to and for the benefit of their Units for ingress, egress, and support over, across and through the Common Area and every portion of any Unit required for the structural support of the Unit.

2.6 Easement for Use and Enjoyment. Members have a nonexclusive easement of use and enjoyment of the Common Area, subject to the rights of the Association to establish reasonable Rules regulating the use of the Common Area and any other rights described in the Governing Documents.

2.7 Encroachment Easement. Members agree that minor encroachments of the Common Area on Units or of Units on the Common Area or on other Units are permitted and that valid easements for the encroachments exist. Such minor encroachments are not encumbrances either on the Units or the Common Area.

ARTICLE 3: OWNERSHIP OBLIGATIONS

3.1 Obligation to Follow Governing Documents. Owners, Tenants and Residents must follow the Association's Governing Documents and ensure that their respective family, guests, and invitees abide by the Governing Documents.

3.2 Security. Neither the Association nor any Officer, Director, Committee member, employee or agent of the Association are insurers or guarantors of any level of security within the Development. Owners are responsible for their own security and must take appropriate measures to ensure their own security and that of their family, guests, invitees and Tenants. Owners agree not to rely on any security measures provided by the Association. The Association, its Officers, Directors, Committee members, employees and agents are not liable for any loss or damage from failure to provide adequate or effective security measures.

3.3 Purchase Subject to Violations. Buyers take ownership of Units subject to any violations by prior Owners, Tenants or their respective family, guests, invitees, or pets, of the Governing Documents concerning the Unit, whether such violations were disclosed by the seller of the Unit and whether the Association knew of the violations at the time of sale. Such buyers are liable for correcting such violations upon demand by the Association. Assessments, fines, and other charges not secured by a lien on the Unit prior to transfer of title are exempt from this provision.

3.4 Obligation to Provide Key or Other Means of Access. Owners must provide the Association with a set of current keys or other mechanism to access to their Units, such as a code. Keys or other mechanisms may be used by the Association to enter a Unit in an emergency or to perform necessary inspections or repairs after appropriate notice has been provided. If an Owner fails to provide current keys or other means of access to their Unit, the Association may engage the services of a professional locksmith to gain access to the Unit. The cost of such services will be the basis of a Reimbursement Assessment against that Unit and the Owners who own it. If, in an emergency, the Association is unable to gain access to the Unit because the Owners owning the Unit failed to provide current keys or means of access, the Owner will be liable for the cost of all resulting damage to the Owner's Unit, the Common Area and any other Unit. The Owner is prohibited from asserting any legal claim for or filing any legal action against the Association, or its Directors, Officers, or representatives (1) for trespass from entering the Unit in any manner allowed in this Section, or (2) for any damage resulting from forced entry into the Unit which damage resulted from the failure of Owners to provide current keys or means of access.

3.5 Obligation to Provide Contact Information. Owners and Tenants must provide the Association with the current contact information, including telephone numbers and email addresses at which they can be reached in an emergency. This may include rental agent or management company contact information.

3.6 Smoke Detectors and Fire Extinguishers. All Owners shall maintain designated safety sensing devices within their Unit in accordance with any insurance requirements and recommendations, applicable laws, codes and ordinances, including but not limited to smoke and carbon monoxide alarms and detectors and fire extinguishers.

3.7 Notice of Transfer of Ownership. No later than five (5) days after the assignment, sale, quitclaim or other transfer of their Units, Members must notify the Association of the name, address, phone number, and email address of the transferee and the nature of the transfer.

3.8 Duty to Maintain, Repair and Replace. The Owners' maintenance, repair and replacement obligations are more fully described in the Article in these CC&Rs entitled "Maintenance, Repair, and Replacement Responsibilities" and the Responsibility Chart attached as Exhibit "B" to these CC&Rs.

3.9 Obligation to Carry Insurance. Owners must purchase insurance for their Separate Interests, at their sole expense, as more fully described in the Article in these CC&Rs entitled "Insurance." The Association may confirm compliance with this Section by any Owner but is not required to and is specifically relieved of any responsibility or liability for not confirming compliance with this Section by any Owner.

3.10 Liability for Damage.

- a. Owners are liable for any and all damage to the Units, Common Area, including Exclusive Use Common Areas, and any personal property negligently caused by the Owner, Owner's Tenant, Occupants, or their respective family, guests, invitees, vendors, or pets.
- b. The Association and all Owners must repair, restore, remediate or replace any damaged portion of the Development as required by these CC&Rs. However, the Association may impose a Reimbursement Special Assessment against any liable Owner for all costs incurred by the Association in connection with any such repairs, restoration or replacement. The Reimbursement Special Assessment may become a lien against the liable Owner's Separate Interest, enforceable by the sale of the Owner's Unit under Civil Code sections 2924, 2924b, and 2924c.

3.11 Correction of Violations. Following notice, a hearing, and a finding by the Association of a violation of the Governing Documents, the Association will have the right, but not the duty, to correct or cause to be corrected the violation, including entering a Unit with the permission of an Owner owning the Unit, which permission will not be unreasonably withheld. All expenses incurred by the Association to correct the violation will be recovered from the Owners owning the Unit as a Reimbursement Assessment following notice and a hearing. If permission for entry into the Unit is not granted, the Association may enforce the violation by any other means allowed by the Governing Documents or the law.

3.12 Reimbursement to Association. If the Association provides materials or services that benefit a particular Owner, such Owner must reimburse the Association for the costs the Association incurred. If not, the Association may impose a Reimbursement Special Assessment against the Owner in the amount of such costs.

3.13 Liability for Mitigation. Owners are liable for expenses incurred by the Association in mitigating or repairing damage to Units, Common Area, and Improvements due to

damage: (i) originating from Owner's Unit, including, but not limited to, flood, fire, mold, insect, or rodent infestation; or (ii) from the negligence or willful misconduct of such Owner, Owner's Tenant, or their respective family, guests, invitees, vendors, or pets. If not repaid, the Association may impose Reimbursement Special Assessments against liable Owners.

3.14 Guests. Each Owner is liable to all other Owners and the Association for the conduct, behavior, and violations of Persons visiting the Owner or Owner's Tenant in the Development.

ARTICLE 4: DUTIES OF THE ASSOCIATION

4.1 Board of Directors. The management, maintenance and care of the Common Area, management of the Association, enforcement of the Governing Documents, and all other acts of the Association are performed by its Board of Directors, unless provided otherwise in the Governing Documents.

- a. *Membership Meetings*. The Association must have at least one (1) meeting of its Members each year, as provided for in the Bylaws. Annual Meeting and special meetings of the membership must be held at the dates, times, and locations provided for in the Bylaws.
- b. *Director Qualifications and Meetings*. The qualifications of Directors and candidates to be elected to the Board are provided for in the Bylaws. Meetings of the Board must be held as provided for in the Bylaws and as required by law.

4.2 Powers of a Nonprofit Corporation. The Association has all of the powers of a nonprofit mutual-benefit corporation organized under the laws of the State of California, operating for the benefit of its Members as provided for in Corporations Code § 7140.

4.3 Maintain Common Area. The Association's maintenance, repair and replacement obligations are more fully described in the Article in these CC&Rs entitled "Maintenance, Repair, and Replacement Responsibilities" and the Responsibility Chart attached as Exhibit "B" to these CC&Rs.

4.4 Incur and Pay Expenses. The Association is empowered to incur and pay the operational expenses of the Association, which include, but are not limited to, legal and accounting services; utilities; insurance; management services; vendor services, such as security, landscaping, garbage collection, pest control, swimming pool maintenance, saunas, tennis, pickleball, bocce ball and basketball courts, cleaning, painting, and other such services; maintenance, repair, reconstruction, and replacement of all or any portion of the Common Area or the personal property acquired by the Association; supplies and materials; and such other services for the use, enjoyment and protection of the Development and its Residents as the Board may determine from time to time are reasonable, proper, or desirable.

4.5 Rules and Regulations. The Board may adopt, amend, and repeal Rules and Regulations regarding any matter set forth in the Governing Documents, including, but not

limited to: (i) the use, occupancy, and maintenance of the Development; (ii) the general health, welfare, peace, comfort, safety and security of Residents in the Development; and (iii) the interpretation and implementation of the Governing Documents.

4.6 Foreclose, Hold Title and Make Conveyances. The Association is authorized to lien and foreclose upon any Unit for non-payment of Assessments, to take title to the Unit, to assume or otherwise pay off encumbrances, and to acquire, hold title to, lease and convey, with or without consideration, real and personal property and interests.

4.7 Fee Limitation. The Association may not impose fees that exceed the amount necessary to defray the costs for which the fee is levied.

4.8 Commercial Concessions. The Board may negotiate contracts and grant commercial concessions over portions of the Common Area, subject to Membership Approval.

4.9 Utility and Cable Easements. The Association is hereby granted easements to enter into Units as is necessary or prudent to: (i) install, maintain, repair, and replace Common Area Utility Lines; and (ii) install, operate, maintain, repair, and replace transmission lines and other facilities for a community television system, high-speed internet lines, community security systems, or other similar systems; provided that any damage to an Owner's Unit caused by such work must be repaired at the Association's expense and in a timely fashion.

4.10 Granting Utility Easements. The Board is authorized to grant easements and rights of way in, under, or through the Common Area for constructing, erecting, operating, maintaining, repairing, and replacing utilities and similar services.

4.11 Limitation on Granting Easements. Granting any Owner an easement for exclusive use of any portion of the Common Area requires Membership Approval, except for heat pump and related heating system pads, or if the easement is for any of the reasons stated in the Davis-Stirling Act.

4.12 Borrow Money. The Association may borrow and repay monies, as needed to discharge its duties, and pledge or assign Special Assessment rights, as security for repayment of such borrowed money. Except for emergencies and loans needed to pay for the restoration of interruptions in gas, heat, water, or electrical services that the Association is obligated to restore, the aggregate total of all loans made by the Association in a given fiscal year may not exceed five percent (5%) of the budgeted gross expenses for the same fiscal year, without Membership Approval.

4.13 No Power to Encumber Real Property. The Common Area of the Association may not be encumbered as a security for debt.

4.14 Represent Association in Litigation. The Association, by its Board, may institute, defend, settle, or intervene in litigation, arbitration, mediation, administrative proceedings, or any other legal proceeding in any capacity necessary to represent the interests of the Association.

4.15 Receive and Dispose of Property. Subject to the Section of these CC&Rs entitled “Limitations on Transfer of Real Property”, the Association may acquire, hold, lease, encumber, convey, or otherwise dispose of real and personal property and take real and personal property by will, gift, bequest or any other legal transfer. Any funds or property so received must be used consistently with the purposes for which the Association was formed.

4.16 Limitations on Disposition of Personal Property. The Board may not, without Membership Approval, dispose of during any fiscal year personal property owned by the Association having an aggregate market value in excess of five percent (5%) of the Association’s budgeted gross expenses for that year.

4.17 Limitations on Transfer of Real Property. The Board may exchange, sell, dedicate, or otherwise transfer real property, including Common Area, owned by the Association only on the following conditions:

- a. Approval by a majority of the Voting Power of the Association must first be obtained, except for the sale or other transfer of property acquired by the Association in foreclosure proceedings.
- b. No exchange, sale, dedication or other transfer may include real property to which an Owner has an exclusive right to occupy or use.
- c. For any exchange of real property, the property received by the Association must be of equal or greater value than the property given.
- d. Any dedication of property must only be to a public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association.
- e. If the exchange, sale, dedication or other transfer of real property requires an amendment to the Governing Documents, any approval of such exchange, sale, dedication or other transfer by the Board must be conditioned upon approval of such amendment.

4.18 Capital Improvements. The following applies to Common Area Capital Improvements:

- a. *Authority*. The Board may alter, remove or replace Common Area Improvements as needed to carry out their duties.
- b. *Defined*. “Capital Improvement” means any substantial discretionary addition to the Common Area or significant alterations to the appearance of the Development. A Capital Improvement is not defined to mean additions or upgrades to Common Area materials which are necessary or prudent to comply with building or safety codes, or to prevent property damage or personal injury, or to reduce operating or maintenance costs for the

Common Area or to comply with Reserve component repairs or replacements.

- c. *5% Limitation.* Capital Improvements may not be made to the Common Area in any fiscal year in excess of five percent (5%) of the Association's budgeted gross expenses for that year, without Membership Approval.
- d. *Obsolescence.* If the Board determines that any Common Area Improvement is obsolete, and/or no longer brings sufficient value to the Association to justify its upkeep, and the cost to remove the amenity is more than five percent (5%) of the budgeted gross expenses for that fiscal year, the Board must obtain Membership Approval to remove the amenity.

4.19 Vendor Contract Limitations. Except for the contracts listed below, the Association is prohibited from entering into any contract for services which binds the Association for a period for more than two (2) years, without Membership Approval.

- a. *Public Utility Contract.* A contract with a public utility company, if the rates charged for the materials or services are regulated by the Public Utilities Commission. However, the term of the contract must be for the shortest term for which the supplier will contract at the regulated rate.
- b. *Fire and Burglary.* Contracts for terms up to three (3) years to lease or service burglar and/or fire alarm equipment or provide protective services.
- c. *Bulk Cable Service.* Contracts for terms up to five (5) years to provide cable, internet, or satellite communications service.
- d. *Insurance.* Contracts for insurance, if the policies do not exceed three (3) years duration.
- e. *Reserve Studies.* Contracts for up to three (3) years for reserve studies.

4.20 Delegation to Manager. The Board may delegate any of its duties, powers, or functions to any qualified Person or management company to act as Manager, except (i) attending Board meetings and voting on motions; (ii) electing Officers; (iii) filling vacancies on the Board; (iv) appointment of executive committees; and (v) approving settlement agreements. Notwithstanding any delegation of duties, however, the Manager's actions are subject to the direction and supervision of the Board.

4.21 Nonprofit Character of Association. Notwithstanding anything contained in these CC&Rs to the contrary, the Association may not engage in any activity which may jeopardize the nonprofit character of the Association.

4.22 Discharge of Liens. When necessary, the Association is empowered to discharge, by payment, any lien against the Common Area and assess the cost thereof to the Owner or Owners responsible for the existence of the lien. Prior to any Board decision to discharge a lien,

the Owner or Owners responsible for the existence of the lien must be given written notice and an opportunity to be heard by the Board and present any defenses which may exist.

ARTICLE 5: ARCHITECTURAL CONTROL

5.1 No Improvements or Alterations Without Approval. No Renovations by or on behalf of an Owner which alter the exterior appearance of any Unit or its Improvements, Common Area or Exclusive Use Common Areas are permitted until plans and specifications have been submitted to and approved in writing by the Architectural Control Committee or Board. Any Renovations which are unapproved, different from those approved by the Committee, or done without required governmental permits are automatically deemed disapproved and the Owner must promptly remove or correct the disapproved Renovations to comply with the Architectural Standards, the Architectural Control Committee's or Board's approvals, and governmental requirements.

5.2 Right to Decorate Unit. Owners are permitted to decorate the interior surfaces of the walls, partitions, ceilings, floors, windows and doors within their Unit, subject to any restrictions or procedures found in these CC&Rs and any Rules established by the Association.

5.3 No Exterior Installations. Installations of any kind, including but not limited to, trellises, awnings, electric lines, telephone lines, television antennas, satellite dishes, machines, or air conditioning units, on the exterior of the Buildings of the Development or that protrude through the walls or the roof of the Buildings, are prohibited except as authorized by the Architectural Control Committee.

5.4 Architectural Standards. The Board is authorized to adopt, amend, and repeal Architectural Standards. These Architectural Standards interpret and implement the provisions of these CC&Rs by setting forth the standards and procedures for the review and approval of proposed Renovations, guidelines or requirements for architectural design, placement of any Renovation, color schemes, exterior finishes and materials, and similar features which are recommended or required for use within the Development, provided that the Architectural Standards meet any minimum standards required by these CC&Rs. If any conflict exists between the Architectural Standards and these CC&Rs, the CC&Rs prevail.

5.5 Architectural Control Committee. The Board is authorized to appoint an Architectural Control Committee. If the Board does not appoint one, the Board is automatically deemed to be the Architectural Control Committee. The Architectural Control Committee has the authority to approve, reject, modify, give conditional approvals, and give limited approvals of Improvements and alterations as provided for in the Association's Architectural Standards.

- a. *Architect.* The Board is authorized to retain the services of an architect and one or more consultants to assist the Architectural Control Committee in its duties. Compensation for consultants' services must be determined by the Board. The cost of such consultants and any related expenses may be charged to those Owners submitting plans for Renovations as a Reimbursement Special Assessment. Any significant costs for which the

Owner will be responsible must be submitted to the Owner for approval before being incurred by the Association.

- b. *Conflicts of Interest.* A Director or Architectural Control Committee member is not permitted to participate in the decision-making process of any architectural submittal made by that Director or Architectural Control Committee member or members of their family. Further, a Director or Architectural Control Committee member is not permitted to participate in the decision-making process of any other architectural submittal if the approval would result in a monetary benefit to the Director or Architectural Control Committee member or any company in which the Director or Architectural Control Committee member or members of their family have a financial interest.

5.6 Submission of Plans.

- a. Plans and specifications in accordance with the Association's Governing Documents, describing the proposed Renovations, must be submitted to the Architectural Control Committee by personal delivery, email with confirmation of receipt from the Association or certified mail.
- b. Applications are deemed approved within forty-five (45) days from the date of submission of a complete application unless (i) disapproved by the Committee, (ii) additional information necessary to properly consider the application is requested by the Committee within the forty-five (45) day period, or (iii) any proposed Renovations would violate the Association's Governing Documents, any Building, Safety and Fire Codes, or any other laws.
- c. Applications shall not be approved by any individual Architectural Control Committee member or Director. In the event an individual Architectural Control Committee member or Director approves architectural plans and specifications, such approval should not be relied upon and shall not be deemed approval.
- d. The Architectural Control Committee is authorized to impose any reasonable conditions of approving an architectural application, in writing, including, but not limited to, (1) requiring modifications of particular aspects of the Owner's architectural submission and/or (2) requiring the preparation, execution and recording, at the Owner's expense, of a covenant establishing maintenance, repair and replacement, indemnity, and other obligations binding current and future Owners owning the Unit.
- e. Applications that are disapproved must be in writing and must explain why the proposed Renovation is disapproved. The Owner is permitted to seek reconsideration of a disapproved application, in writing, by the Board, unless (1) the original disapproval was made by the Board or a body that has

the same membership as the Board at a meeting that satisfied the requirements of the Open Meeting Act or (2) as to any Renovations that were disallowed because they would violate the Association's Governing Documents, any Building, Safety and Fire Codes, or any other laws. A permissible written request for reconsideration must be received by the Board not more than forty-five (45) days after the denial. Within forty-five (45) days after receipt of the request for reconsideration, the Board must hold an open meeting to consider the reconsideration and decide. Failure of the Board to decide within the forty-five (45) day period is deemed a decision in favor of the Owner.

- f. Once an application has been approved, material modifications to the approved plans and specifications thereof are not permitted and any subsequent alterations, relocations, additions or modifications require a separate application, review and approval. If a proposed material modification is likely to materially affect other aspects or components of the work, the Board, in its discretion, may order the Owner and their contractors and agents to cease working on both the modified component of the Renovation and any other affected component.
- g. Unless a shorter period is specified in the approval, Renovations approved by the Architectural Control Committee must be completed within one (1) year of the Owner receiving approval. Renovations not completed within one (1) year must be resubmitted for approval. The Architectural Control Committee, in its discretion, may grant short extensions for Renovations to be completed.

5.7 Rescinding Approval. The Architectural Control Committee and/or the Board is authorized to rescind previously approved plans but only for good cause.

5.8 Failure to Comply with Approval Requirements. Any Renovations, whether in progress or completed, which (1) were not approved in writing by the Architectural Control Committee or Board when such approval is required by the Governing Documents, (2) violate the Architectural Control Committee's or Board's conditions of approval, the Association's Governing Documents, or any Building, Safety and Fire Codes, or other laws, or (3) were performed by an unlicensed contractor (where a licensed contractor was required by law, the Governing Documents, or the Architectural Control Committee's conditions of approval), are automatically deemed disapproved and in violation of the Governing Documents.

5.9 Review Fees and Remodeling Agreement. The Board is authorized to establish a schedule of fees to be charged to an applicant to reimburse the Association for any out-of-pocket expenses it may incur in connection with the approval of an application, including architectural and/or engineering consultant fees, attorneys' fees for the preparation of recordable covenants or easements, or other documents uniquely necessary for compliance with reasonable conditions of approval, and expert expenses for reviewing plans. In addition, the Board is authorized to adopt and require Owners to sign a remodeling agreement.

5.10 Variances. The Architectural Control Committee is permitted to recommend reasonable architectural variances, subject to advanced written Board approval. The Board may grant the variance if it determines the variance will not (i) constitute a material deviation from the overall plan and scheme of the Development, (ii) result in a material detriment to the Association or any Owner, or (iii) create a nuisance in the Common Area or affecting any other Owner. The granting of a variance by the Board is not a variance or waiver as to any other Unit, nor does any variance affect the applicability or enforceability of any provision of this Article in respect to any other Unit.

5.11 Engineering and Code Requirements. Plans and specifications approved by the Architectural Control Committee or Board are not approved for engineering design, Building, Safety or Fire codes, or other safety specifications. Approval by the Architectural Control Committee or Board does not absolve Owners of the responsibility of obtaining any necessary governmental approvals or permits. Owners must ensure compliance with applicable Building, Safety and Fire codes, ordinances, and specifications.

5.12 Inspection. The Association has the right, but not the obligation, to periodically inspect any work approved by the Architectural Committee or Board. Owners must allow inspection. Any work in progress may be halted and the Owner will be subject to a fine if (1) an inspection is not allowed, or (2) the Renovations are in violation of the Governing Documents as provided in the Section above entitled "Failure to Comply with Approval Requirements" or elsewhere. Such inspections do not absolve Owners from compliance with the Association's Architectural Standards and all applicable Building, Safety and Fire codes.

5.13 Building Department and Association Approvals. Any construction, repair, modification, or alteration of any Improvement requiring the issuance of a building permit must be submitted by the Owner to the appropriate governmental entity for review and approval. The Architectural Committee may impose conditions of approval which are more restrictive than conditions imposed by governmental agencies. If the conditions of approval imposed by the governmental entity and the Architectural Committee conflict, the more restrictive conditions control.

5.14 Mechanics' Liens. Owners must ensure that no lien is placed against any other Unit, or against the Common Area, for labor or material furnished to their Units. If a lien is placed against the Common Area and/or another Owner's Unit, and the responsible Owner does not immediately cause the removal of the lien, the Association may, after written notice to the responsible Owner, pay the amounts necessary to have the lien removed and levy a Reimbursement Special Assessment against the responsible Owner for the monies advanced and any fees and costs incurred by the Association.

5.15 Hold Harmless and Indemnify. Approval of plans by the Association signifies only a general conformance with its Architectural Standards and not with Building, Safety, or Fire code compliance, lot lines, easements, or best construction practices. The Association and its Architectural Committee, Owners, Officers, Directors, employees, and agents are not liable and must be held harmless, defended and indemnified for mistakes in judgment or negligence arising out of or in connection with the Association's approval or disapproval of plans.

5.16 Combining Units. The combining of Units or Lots is not permitted without prior written Board approval. Once combined: (i) the Percentage Interest in the Common Area allotted to the combined Units will equal the sum of the Percentage Interests in the Common Area of each of the combined Units; (ii) the Assessments due and owing on the combined Units will equal the sum of the Assessments levied against each of the respective Units so combined; and (iii) the Owner of the combined Units will continue to have the same number of votes assigned to the Units before they were combined.

5.17 No Right to Divide Units. No Owner is permitted to divide any Unit or Lot; provided, however, that once two or more Units have been combined, the Owners owning such combined Units are permitted to restore them to their original dimensions and footprint only after receiving prior written Board approval.

5.18 Square Footage and Setbacks. The minimum and maximum square footage of structures and their setback requirements from lot lines must comply with the Association's Architectural Standards and any governmental requirements.

5.19 Drainage. Any changes to the established drainage patterns over a Unit (i) must comply with applicable Building Codes (ii) must not adversely affect the property of others, and (iii) must be approved in writing by the Architectural Committee in advance of any changes.

5.20 Occupancy of Unfinished, Temporary or Mobile Structures Prohibited. No trailer, RV, bus, mobile home, tent, shack, garage, temporary building or structure of any kind is permitted to be occupied or lived in at any time. Permanent residential dwellings must not be occupied or lived in until they have been completed and the exterior is made to comply with the Association's Architectural Standards and any required governmental occupancy permit has been issued.

5.21 Removal of Temporary Buildings. Temporary buildings or structures used during construction or remodeling must be removed immediately after the completion of construction.

5.22 Undeveloped Lots. The Association shall not change the use of, rent, sell, subdivide, merge, option, mortgage, assign, convey, or hypothecate any of the Undeveloped Lots, or rights thereof, including transferable development rights, without the prior written consent or vote of at least seventy-five percent (75%) of the Members by secret ballot.

5.23 Waiver of Liability. Neither the Architectural Committee or its members nor the Association or its Officers, Directors, employees or agents are liable for any damage, loss or prejudice suffered or claimed on account of the Architectural Committee's review, approval, or disapproval of any plans, drawings or specifications, or the conformance of the construction with the approved plans and any such claims are expressly waived. Prior approval of an architectural change does not automatically imply or require that a similar proposed architectural change will be approved.

ARTICLE 6: MAINTENANCE, REPAIR AND REPLACEMENT RESPONSIBILITIES

6.1 Responsibility Chart. A Responsibility Chart is attached as Exhibit “B” to these CC&Rs that sets forth a listing of the items within the Development and the routine maintenance, paint, repair, and replacement duty for which the Owners and Association are responsible. If there is a conflict between the Chart and any other portions of the CC&Rs, the other portions of the CC&Rs shall control.

6.2 Association and Owner Responsibilities. The Association’s and Owners’ maintenance, paint, repair, and replacement obligations are as set forth below and in the Responsibility Chart.

a. *Balconies on Units*.

- i. Association Responsibility. The Association must maintain, paint, repair and replace exterior surfaces, railings, and structural components of Balconies. Subject to the notice provisions in these CC&Rs under “Right of Entry,” the Association has the right to enter upon any Balcony to conduct any maintenance, paint, repair, or replacement for which the Association is responsible.
- ii. Owner Responsibility. Owners must, at their sole expense, maintain, paint, repair and replace portions of their Balconies as indicated on the Responsibility Chart and as follows:
 - (a) *Clean and Sanitary*. Owners must keep their Balconies in a clean and sanitary condition, free of debris, trash, animal feces, and animal waste bags.
 - (b) *Balcony Doors*. Owners must maintain, paint, repair, and replace their Balcony doors, door casings, thresholds, flashing, weather stripping, waterproofing, caulking, door guides, and any other related hardware and sealants.
 - (c) *Inspection*. To ensure Owner obligations are met, the Association has the right to enter onto Balconies to inspect them. Failure by an Owner to maintain, paint, repair or replace portions of the Balcony gives the Association the right to perform such work in accordance with the notice and repair provisions of these CC&Rs. The Association is permitted to recover the costs of such work by imposing a Reimbursement Assessment and imposing a lien against the Unit, if not paid, as provided for in these CC&Rs.

b. *Buildings and Equipment.*

- i. Association Responsibility. All portions of Buildings and equipment owned by the Association must be maintained, painted, repaired, and replaced by the Association. The Association may discontinue the use of or dispose of equipment or Association Buildings as it deems appropriate.

c. *Building Exteriors.*

- i. Association Responsibility. The Association must paint the exterior of all Buildings including fascia boards and roofs.

d. *Common Area/Common Area Facilities/Recreational Amenities.*

- i. Association Responsibility. The Association must maintain, paint, repair, and replace the Common Area, including any Common Area facilities and recreational amenities, including, without limitation, the lodge, maintenance rooms, restrooms, shower, spa, saunas, swimming pool, tennis, pickleball, bocce ball and basketball courts.

e. *Drainage Structures.*

- i. Association Responsibility. The Association must maintain, repair, and replace all drainage structures, culverts and canals for the major collection of storm runoff and any natural drainage courses within Common Area necessary for the protection of the Development and the watershed, and to comply with Best Management Practices and related or successor requirements imposed by the Tahoe Regional Planning Agency or other public authorities.

f. *Electrical.*

- i. Association Responsibility. The Association must maintain, repair, and replace all electrical wiring, light fixtures, electrical outlets, circuit breakers, and switches servicing the Common Area facilities. The Association must maintain, repair, and replace electrical wiring and components that do not exclusively serve a Unit. The Association will be responsible for a complete replacement of all electrical wiring or a complete replacement of the service entrance equipment in the Development or a single Building.
- ii. Owner Responsibility. Owners must maintain, repair, and replace all electrical wiring, light fixtures, electrical outlets, circuit breakers, and switches exclusively servicing the Unit, wherever located within the Development. The Owners' obligations include repairs and replacements necessary to restore interrupted electrical service to the

electrical lines that exclusively service the Unit, wherever located within the Development.

g. *Fences.*

- i. Association Responsibility. The Association must maintain, paint, repair, and replace all Common Area fences on the perimeter of the Development.

h. *Fireplaces.*

- i. Association Responsibility. The Association must maintain, paint, repair and replace the exterior of the chimney, the chimney cap, and the chase cover.
- ii. Owner Responsibility. Fireplace elements located inside a Unit, including fireplace mantles, fireboxes, flue and chimneys, are the Unit Owner's responsibility to maintain, repair and replace. Owners must have their flues cleaned on a regular basis and arrange with the Association for roof access. If the Association retains a chimney sweep to clean all flues, Owners with fireplaces must cooperate with the cleaning project and reimburse the Association for their portion of the costs. From time to time, the Association may inspect fireboxes in Units. If it is determined that an Owner's firebox needs repair or replacement, the Owner must immediately cease using the firebox and have it repaired or replaced at the Owner's expense or eliminated altogether (and walled over) so it cannot be used.

i. *Forest Management.*

- i. Association Responsibility. The Association shall conduct and maintain a forest management program to ensure the preservation and health of the natural environment, including trees, shrubs, watershed, and natural vegetation. The Association shall, from time to time, but at least once every three calendar years, retain a professional forester to examine the forest within the Development and to report on its condition and recommendations for its health and preservation. In accordance with such program, the Association shall have the right and discretion to plant or harvest, cut, or remove such vegetation or trees for health, safety, environmental or aesthetic purposes. This shall include the right and obligation to maintain a defensible space around structures for fire control purposes. The Association shall have the right to sell commercially valuable timber or other products that arise from such operations. No Member shall be entitled to disturb any trees, shrubs, watershed or other natural vegetation. All forestry activities shall comply with applicable laws and regulations, and subject to all applicable permits.

- j. *Front Entry Gates/Monuments.*
 - i. Association Responsibility. The Association must maintain, paint, repair, and replace the entry gates and systems, and monument signs in the Common Area.
- k. *Gas.*
 - i. Association Responsibility. The Association must maintain, repair, and replace any gas equipment and gas fixtures which serve the Common Area facilities. The Association must maintain, repair, and replace all gas lines that do not exclusively serve a Unit. The Association will be responsible for a complete replacement of all gas lines in the Development or in a single Building.
 - ii. Owner Responsibility. Owners must maintain, repair, and replace all gas lines and equipment which exclusively service the Unit, wherever located within the Development. The Owners' obligations include repairs and replacements necessary to restore interrupted service to the gas lines that exclusively service the Unit, wherever located within the Development.
- l. *Heating and Air Conditioning.*
 - i. Association Responsibility. The Association must maintain, repair, and replace all mechanical equipment, heating and air conditioning equipment, heat exchangers, drip pans, valves, thermostats, compressors, control equipment, and any other mechanical equipment servicing the Common Area facilities and any of such components that does not exclusively service a Unit.
 - ii. Owner Responsibility. Owners must maintain, repair, and replace all mechanical equipment, heating and air conditioning equipment, heat exchangers, drip pans, valves, thermostats, compressors, control equipment, and any other mechanical equipment exclusively servicing the Unit, wherever located within the Development. The Owners' obligations include repairs and replacements necessary to restore interrupted service to the heating systems that exclusively service the Unit, wherever located within the Development. Owners are responsible for any damage to the Common Area caused by their heating and air conditioning units.
- m. *Improvements.*
 - i. Owner Responsibility. Owners must maintain, paint, repair and replace all Improvements or alterations to the Unit or appurtenant

areas by any current or prior Owner of the Unit, or by any party other than the Association.

n. *Landscaping and Irrigation.*

- i. Association Responsibility. The Association must maintain, repair, and replace all landscaping and irrigation in the Common Area.

o. *Units.*

- i. Owner Responsibility. Except for portions of the Units that are the Association's responsibility, Owners must maintain, paint, repair, and replace their Unit and shall maintain the same in a neat, orderly and attractive condition and in such a manner as to enhance its appearance. Owners must prevent their Units from becoming unsightly by reason of deterioration of paint or other materials and, in general, must do all other things necessary or desirable to keep their property neat, clean, attractive and in good order. Owners must keep their Units free and clear of all debris and rubbish (including rubbish dumped by others). Owners will cooperate in allowing the Association to enter the Unit for an annual inspection to ensure the Unit is being maintained pursuant to the requirements and guidelines contained in the Governing Documents.

p. *Plumbing.*

- i. Association Responsibility. The Association must maintain, repair, and replace any plumbing equipment and plumbing fixtures which serve the Common Area facilities. The Association must maintain, repair, and replace all plumbing equipment that does not exclusively serve a Unit. The Association will be responsible for a complete replacement or re-piping of all plumbing lines in the Development or in a single Building.
- ii. Owner Responsibility. Owners must maintain, repair, and replace all plumbing equipment, including plumbing fixtures, toilets, faucets, bathtubs, tub and shower valves, shower pans, drain lines, water lines, angle stops, garbage disposals, water heaters, etc., which exclusively service the Unit, wherever located within the Development. The Owners' obligations include repairs and replacements necessary to restore interrupted service to the water lines that exclusively service the Unit, wherever located within the Development.

q. *Private Roads.*

- i. Association Responsibility. The Association shall be responsible for the maintenance of all private roads within the Development. In

connection with this responsibility, the Association shall have the right to temporarily interrupt, block, or redirect access on such roads; to repair or reconfigure them based on necessity or engineering recommendations; and to establish policies, rules and regulations for their use. Notwithstanding the foregoing, the Association shall have no responsibility for traffic law enforcement, control, or use of such roads by any motorist. The Association shall be responsible for maintaining a reasonable snow removal program on such roads, by its own employees or outside vendors, provided, however, that the Association shall have no responsibility for failure or delay to clear any road of snow or other obstructions. The Association may, in its discretion, limit or forbid the operation of types or classes of vehicles or equestrian uses on roads and paths in the Development.

r. *Sewer Lines.*

- i. Association Responsibility. The Association must maintain, repair, and replace any sewer lines and cleanouts which serve the Common Area facilities. The Association must maintain, repair, and replace all sewer lines that do not exclusively serve one Unit. The Association will be responsible for a complete replacement of all sewer lines in the Development or a single Building.
- ii. Owner Responsibility. Owners must maintain, repair, and replace all sewer lines and cleanouts which exclusively service the Unit, wherever located within the Development.

s. *Slopes.*

- i. Association Responsibility. The Association must stabilize, maintain, repair, and replace all Common Area slopes and drainage contours throughout the Development.

t. *Safety Sensing Devices and Fire Extinguishers.*

- i. Association Responsibility. The Association is authorized to install smoke alarms/detectors, carbon monoxide alarms/detectors, fire extinguishers and other safety devices, as determined by the Board, in any Unit that has not been so equipped, at the expense of the Owner. The Association shall conduct an annual inspection of these devices and ensure they are in proper working order. Owners must cooperate in allowing the Association to enter the Unit and conduct the inspection.
- ii. Owner Responsibility. Owners must maintain designated safety sensing devices within their Unit in accordance with all insurance requirements or recommendations, applicable laws, codes and

ordinances now or hereinafter existing. These include, but are not limited to, current requirements for smoke and carbon monoxide alarms/detectors.

u. *Telephone, Security and Internet/Cable.*

- i. Association Responsibility. The Association must maintain, repair, and replace all telephones, telephone lines, internet, cable and/or satellite lines, intercom equipment, and security systems servicing the Common Area facilities.
- ii. Owner Responsibility. Owners must maintain, repair, and replace all telephones, telephone lines, internet, cable and/or satellite television lines, intercom equipment, and security systems exclusively servicing the Unit, wherever located within the Development. All wiring and lines referenced above must follow the Building beams and perimeters and not cross, as much as possible, the underside of the floor area.

v. *Termites and Pests.*

- i. Association Responsibility. The Association may exercise any rights and authority provided for in the Davis-Stirling Act. In addition, the Association has the authority and duty to do the following:
 - (a) Treat, repair and/or replace, at its own cost, Common Area, and any other areas which the Association must maintain, repair or replace, infested or damaged by insects, rodents, and wood-destroying pests or organisms (including microorganisms);
 - (b) Treat, by fumigation by tenting or other methods, Units infested by wood-destroying pests or organisms (including microorganisms);
 - (c) Impose a Special Assessment against the membership for the cost of the treatment and/or repairs; and
 - (d) Summarily remove Residents, at Residents' expense, to ensure prompt treatment and repairs in the manner provided for in the Davis-Stirling Act.

- ii. Owner Responsibility. Each Owner is obligated to do the following with respect to the Owner's Unit:
 - (a) Treat, except for fumigation by tenting, at Owner's expense, the portions of Owner's Unit infested or damaged by wood-destroying pests or organisms (including microorganisms);
 - (b) Treat Owner Unit infested by insects (such as ants, cockroaches, silverfish, etc., other than wood-destroying pests) and rodents.
 - (c) Repair and replace, at Owner's expense, any damage to Owner's Unit caused by the presence of wood-destroying pests or organisms (including microorganisms), other insects and rodents.
 - (d) Comply with all legal requirements necessary to effect any fumigation by tenting requested by any fumigator, including the execution of any paperwork mandated by law.

w. *Trees.*

- i. Association Responsibility. The Association must trim, prune and remove trees in the Common Area.

x. *Utility Lines.*

- i. Association Responsibility. The Association must maintain, repair, and replace the Utility Lines that exclusively service the Common Area. The Association must maintain, repair, and replace all Utility Lines that do not exclusively serve a Unit. The Association shall be responsible for a complete replacement of Utility Lines in the Development or in a single Building.
- ii. Owner Responsibility. Owners must maintain, repair, and replace all Utility Lines that exclusively service the Unit, wherever located within the Development. The Owners' obligations include repairs and replacements necessary to restore interrupted service to the Utility Lines that exclusively service the Unit, wherever located within the Development.

y. *Water Damage and Mold.*

- i. Owner Responsibility.
 - (a) Each Owner is responsible for the maintenance, repair and/or replacement of items within the interior of their Unit and Exclusive Use Common Areas, including, but not limited to, cabinets, fixtures, appliances, flooring, and personal property, that may be damaged from water that may leak or flow into the

Unit or Exclusive Use Common Areas from within the Unit, the Building, or the Common Area, unless such damage is determined by a court, arbitrator or other tribunal to be caused by the gross negligence or intentional misconduct of the Association, its Board, Officers, or designated agents.

- (b) Each Owner, and not the Association, is liable for water damage and mold in and to Units, Common Area, and Exclusive Use Common Areas, and any personal property: (i) negligently caused by the Owner, Owner's Tenant or their respective family, guests, or invitees, vendors, or (ii) caused by Owner's negligent failure to mitigate damage from failing to regularly inspect and promptly report signs of water intrusion and leaks, including, but not limited, to roof, door and window leaks.
- (c) Each Owner must regularly inspect their Unit for plumbing leaks, water accumulation, water intrusion through windows, doors, and roofs, and signs of mold, and must promptly report such conditions to the Association. Owners must periodically service and/or replace angle stops, supply lines, and drain lines to appliances, HVAC equipment, sinks, toilets, and the like in their Units. Supply lines must be stainless steel reinforced.
- (d) The Association and all Owners must repair, restore or replace any water or mold damaged portions of the Development as required by these CC&Rs. Each Owner is financially liable for any and all damage to the Common Area or other Units due to the Owner's failure to promptly perform such work. The Association reserves the right to enter any Unit and/or Exclusive Use Common Areas, as permitted by these CC&Rs, to repair, restore, remediate or replace any portion of a Unit and/or Exclusive Use Common Areas in order to protect any Building and Common Area from any damage from water and/or mold. The Association may impose a Reimbursement Special Assessment against any liable Owner for all costs incurred by the Association for any such repairs, restoration, remediation or replacement. The Reimbursement Special Assessment may become a lien against the liable Owner's Separate Interest enforceable by the sale of the Owner's Unit under Civil Code sections 2924, 2924b, and 2924c.

6.3 Easement for Maintenance. Each Owner has easements across Units and Common Area as may be necessary for installing, maintaining, repairing, or replacing Utility Lines which cannot reasonably be serviced from their Units. Access to Units and Common Area is limited to a reasonable work area and for a reasonable time. Except in emergencies, reasonable notice and consent to perform such work, which may not be unreasonably withheld, must be obtained from the affected Unit Owner and/or the Association, as applicable. Immediately after the work is

completed, Owners must restore affected Units and/or the Common Area to the same or better condition than they were in prior to the commencement of such work. Such restoration work on affected Units and Common Area must be done promptly at the sole expense of the Owner performing the installation, repair, or maintenance work.

ARTICLE 7: GENERAL RESTRICTIONS

7.1 Antennas. No antennas for transmitting or receiving radio signals or any other form of electromagnetic radiation may be installed, except as provided in the Association's Rules and Regulations, its Architectural Standards, and applicable law.

7.2 Balconies.

- a. *Balcony Alterations*. Owners have no right to paint or alter their Balconies without the prior written approval of the Architectural Control Committee.
- b. *Balcony Ledge*. No plants or hanging vines are permitted to extend over the edge of any Balcony, except as allowed in the Rules and Regulations. No item is permitted to be placed temporarily or permanently on any ledge, except as allowed in the Rules and Regulations. Owners are not permitted to drape laundry, rugs, or other similar items over any Balcony wall or railing.
- c. *Dangerous Acts*. Owners and Residents are not permitted to throw or sweep any objects or other substances from any Unit, its doors, windows, or Balconies.
- d. *Unightly Objects*. Owners must keep their Balconies in a clean and sanitary condition and free of debris, trash, animal feces, and animal waste bags.
- e. *Balcony Furniture*. Owners are permitted to furnish their Balconies with outdoor furniture if allowed in the Rules and Regulations.
- f. *View Obstructions*. No vegetation or other obstruction is permitted to be planted or maintained upon any Balcony which unreasonably obstructs the view from any other Unit. Any item or vegetation which, in the opinion of the Board, creates an unreasonable view obstruction must be removed or pruned to the Board's satisfaction.
- g. *Watering Plants*. Owners must not water their plants or use water on their Balconies in such a way as to cause water to drip, spray, or flow onto the Balcony or windows of another Unit.
- h. *Balcony Weight Limitations*. Owners are not permitted to place unreasonable weight loads on any Balcony. The number and size of plants may be regulated by the Rules and Regulations. No refrigerators, freezers, or other appliances are permitted on Balconies.

- i. Damage. Owners are liable for any damage to their Balconies caused by the acts, omissions, or willful misconduct of Owners, their Occupants, guests, or their family or pets. Any such damage which the Association repairs under these CC&Rs may be assessed against the Owner as a Reimbursement Assessment.

7.3 Barbecues. Except for natural gas or electric barbecues attached to U.L. approved receptacles designed for such purposes, barbecues are prohibited. Hours of operation, other permissible equipment, and other Rules regarding barbecue operation, including future restrictions on barbecue types and operations, may be stated in the Rules and Regulations. Occupants must take reasonable precautions to minimize smoke from entering other Units.

7.4 Criminal Activity Prohibited. No Person is permitted to engage in criminal activities anywhere within the Development, including, without limitation, within the Common Area or any Unit. For purposes of this Section “criminal activities” includes, without limitation, drug-related activities (including the illegal manufacture, sale, distribution, use or possession of a controlled substance), gang-related activities, the unlawful use or discharge of firearms, prostitution, or any misdemeanors or felonies enumerated in the California Penal Code, or any federal criminal statute, local ordinance, regulation or other law. In addition, Owners owning a Unit must prohibit, in their lease, rental agreement or otherwise, Persons who engage in criminal activities from occupying their Unit.

7.5 Drains. Owners are not permitted to interfere with established drainage patterns in the Development unless an alternative provision is made and approved in advance in writing by the Architectural Committee.

7.6 Drilling and Exploration. No Unit is permitted to be used in any manner to explore for, remove, refine, or store any quantities of water, gasoline, oil, hydrocarbons, minerals, gravel, earth, or earth substances of any kind in excess of usual and customary amounts necessary for residential use.

7.7 Drones. A “drone” is defined as a powered aerial vehicle that flies autonomously or is remotely piloted. The operation of drones in the Development, if allowed by the Association, must comply with the Association’s Rules and Regulations and federal and state law. No Person is permitted to operate, cause, allow or authorize the operation of a drone in the airspace above any portion of the Development in such a way as to invade the privacy of Association Owners, guests, Residents or vendors, whether equipped with a camera or otherwise. Prior written approval of the Board of Directors must be given for drone operations that are contrary to this Section or the Association’s Rules and must comply with such terms and conditions as the Board may deem appropriate under the circumstances.

7.8 Flammable Materials. Except for reasonable amounts of legal ammunition for use with legal firearms, the storage or use of explosives, fireworks, or highly flammable or highly corrosive materials by Owners, Tenants, Residents, or their respective family, guests, or invitees anywhere in the Development is prohibited.

7.9 Health/Safety Hazards. Owners must not permit conditions which constitute a health, safety, or fire hazard to exist on their Units, Balconies, storage areas, Parking Areas, or Exclusive Use Common Areas.

7.10 Hiring of Association Employees. Owners are permitted to hire off-duty Association employees to perform work. However, any use of off-duty employees is at the employing Owner's expense and such Owner is responsible for workers' compensation and payroll deductions for that employee. The Association is not liable for the acts or omissions of employees hired by Owners while in the course and scope of employment by the Owner.

7.11 Insects and Plant Diseases. No thing or condition is permitted to exist upon any Unit which induces, breeds or harbors infectious plant diseases or noxious insects.

7.12 Laundry. The Association may adopt reasonable Rules and restrictions regarding the use of clotheslines and drying racks as allowed by law. No item may be draped over fences, trees or Balcony walls or railings.

7.13 Machinery and Equipment. No machinery or equipment of any kind is permitted to be placed, operated or stored upon or adjacent to any Unit except for such machinery or equipment as is usual and customary in connection with the use, maintenance, repair, or construction of a Unit or its Improvements, and only for as long as is necessary to complete such maintenance, repair, or construction.

7.14 Marijuana and Controlled Substances. Growing or distributing marijuana or medical marijuana, whether for personal use, as well as manufacturing, synthesizing, producing or distributing any illicit or controlled substances as defined by applicable state and/or federal laws, is strictly prohibited in the Development, whether in Units, Exclusive Use Common Areas, or Common Area.

7.15 Nudity. Public displays of nudity are prohibited.

7.16 Nuisance. Owners are prohibited from causing or permitting any act or condition which constitutes a nuisance.

- a. *Unreasonableness*. To constitute a nuisance, the act or condition must be an unreasonable disturbance or annoyance, unreasonably injurious to health, indecent, or unreasonably detrimental to Persons or property.
- b. *Secondhand Smoke*. Any "exfiltration" (air flow outward through a wall, Building envelope, window, etc.) of any noxious odor or smoke, including tobacco smoke, from a Unit, whether through windows, doors, vents, or other means, is prohibited. It is the responsibility of the Owner causing such exfiltration of smoke or odors to prevent it.
- c. *Allergies*. Residents with allergies or sensitivities must, at their own expense, take precautions to protect themselves against commonplace levels

of noise, odors, dust, smoke, gases, pollen, or other environmental pollutants.

- d. *Board Determination.* Because a nuisance is largely subjective, the Association is not obligated to become involved in disputes where, in the opinion of the Board, the alleged disturbance does not constitute a nuisance. Despite the Board's determination, the parties retain the right to take appropriate legal action against each other without involving the Association.

7.17 Obstruction of Common Area. Obstruction or misuse of the Common Area, for other than its intended purpose, is prohibited, unless expressly permitted in writing by the Board for good cause.

7.18 Occupancy Restriction. No more than two (2) natural Persons per bedroom, plus two (2) additional natural Persons may reside in a Unit. For purposes of this restriction, "reside" means to use or occupy any Unit for more than thirty (30) consecutive days and/or more than sixty (60) aggregate days, whether or not consecutive, in any one calendar year. Where the number of natural Persons residing in a Unit, as of the date these CC&Rs are recorded, exceeds the maximum number permitted in this Section, the natural Persons then residing in the Unit ("Permitted Residents") are permitted to continue residing there; provided, however, any Permitted Residents who cease to reside in the Unit cannot be replaced while the number of Residents in the Unit equals or exceeds the maximum permitted in this Section.

7.19 Quiet Enjoyment. No one may engage in any behavior, whether verbal or physical, including, but not limited to, the posting or distributing of documents, openly or anonymously, anywhere in the Development, where such behavior is abusive, harassing, threatening, intimidating, defaming, slanderous, unlawfully aggressive, and/or otherwise legally actionable against other Owners, Residents, guests, invitees, Directors, or the Association's management, employees, agents, or vendors. Because such breaches of quiet enjoyment are largely subjective, the Board may choose to act only against egregious breaches. When the Association chooses not to act on a complaint of breach of quiet enjoyment, or the complaining party believes the Association's action is not sufficient, such party may take legal action to enforce this provision against other Owners and/or Residents, but is not permitted and expressly waives their right to take any action, legal or otherwise, including commencing or maintaining a lawsuit against the Association and/or its Officers, Directors, employees, and/or agents for their failure to act on the party's complaint and/or for the manner in which they handled it.

7.20 Residential Use. Using a Unit, or permitting a Unit or any portion of it, to be occupied or used for any purpose other than a private residential dwelling is prohibited. Units must not be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other nonresidential purpose. Notwithstanding the foregoing, Residents may use a room in their Unit as a home office, provided that (1) the primary use of the Unit remains as a residence, (2) no business advertising or signage is used in connection with the home office use, (3) package deliveries are kept to a minimum, and (4) no customers, clients or patients visit the Unit. The Board may adopt additional Rules regarding the use of such home offices.

7.21 Roof Restricted Access. Owners and their families, Unit Residents, guests, employees, vendors and agents are prohibited from entering onto the Association's Common Area roofs without the prior written consent of the Board.

7.22 Sale of Unit. The Association may impose restrictions or limitations on open houses, brokers' caravans and other matters relating to the sale of a Unit in the Rules and Regulations.

7.23 Sanitary Conditions. Owners must maintain and repair their Units and all Improvements thereon in a clean and sanitary condition and not allow rubbish or debris of any kind to accumulate, causing any Unit or portion of a Unit to become unsanitary, unsightly, or offensive.

7.24 Satellite Dishes. Satellite dishes may only be installed as provided for in the Rules and Regulations, Architectural Standards, and applicable law.

7.25 Signs, Posters and Flags. Signs, posters, flags, banners, notices, nameplates, cards, and advertisements of any kind may only be displayed to the public view on or from any Unit or in or on any Common Area, including any Exclusive Use Common Areas, as allowed by law. Owners may display one sign in a designated area which is of reasonable dimensions and design, advertising that the property is for sale or lease, as allowed by law and subject to any restrictions in the Rules and Regulations. Commercial signs may not be displayed.

7.26 Smoking and Vaping. All smoking, vaping, and use of e-cigarettes is prohibited in the interior and exterior areas of the Common Area and Exclusive Use Common Areas. "Smoking" means, but is not limited to, any practice by which a substance, whether tobacco, marijuana or any other substance, is burned for the purpose of inhaling its smoke. "Vaping" means inhaling water vapor to obtain nicotine, cannabis or any other substance. "E-cigarette" means an electronic device that vaporizes liquid nicotine, cannabis or any other substance. Additional Common Area restrictions concerning Smoking, Vaping and E-cigarette use, consistent with these CC&Rs, may be adopted by the Board.

7.27 Solar Energy Systems. Solar Energy Systems may only be installed after obtaining written approval of the Architectural Committee and as provided for in the Rules and Regulations, Architectural Standards, and applicable law.

7.28 Spas, Hot Tubs and Saunas. No spa, hot tub, or sauna may be installed in any Unit unless approved in writing by the Architectural Committee.

7.29 Storage. No Unit is permitted to be used at any time for open air storage of building materials, vehicles, implements, tools, furniture, landscaping materials or equipment, irrigation pipes or apparatus, junk, trash or any other things whatsoever; provided, however, that building and landscaping materials, tools or equipment may be placed and maintained on construction sites as provided for in the Architectural Standards.

7.30 Tanks and Receptacles. Installation of any tank for the storage of fuel outside any structure on a Unit is subject to advanced written approval of the Architectural Committee. Such tanks must be either buried below the surface of the ground or screened by fencing or shrubbery to the satisfaction of the Architectural Committee.

7.31 Time Sharing Prohibited. No Unit may be divided, used or conveyed on a time increment basis (commonly referred to as “time sharing”). The term “time sharing” is defined to include any agreement, plan, program or arrangement under which the right to use, occupy or possess a Unit or any portion of a Unit rotates or changes among various Persons, either corporate, partnership, individual or otherwise, on a periodically recurring basis.

7.32 Trash. Owners must not keep trash on or in any portion of the Unit or the Development except as provided for in the Rules and Regulations. Owners must use only the supplied dumpsters and place all trash in a dumpster.

7.33 Use of Independent Contractors. Owners may use independent contractors to perform work in their Units subject to the Association’s Rules and its Construction Guidelines, if any. Such contractors must be licensed and insured as required by law. The Association is permitted to, but not required to, police or enforce this provision, and has no responsibility or liability for failing to do so. Owners are liable for any injury to Persons or damage to the Common Area, Exclusive Use Common Areas, Units and any personal property caused by the acts or omissions of such Owner’s contractor. The Association is authorized, in its sole discretion, to repair, restore or replace property damaged by an Owner’s contractor and is permitted to impose a Reimbursement Special Assessment against the responsible Owner for all costs and expenses incurred by the Association from repairing the damage. The Reimbursement Special Assessment may become a lien against the liable Owner’s Unit enforceable by the sale of the Owner’s Unit under Civil Code sections 2924, 2924b, and 2924c.

7.34 Utility Service. No lines, wires or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, are permitted to be constructed, placed or maintained anywhere in or upon any Unit without advanced written approval of the Architectural Committee. Such lines, wires or other devices must be constructed, placed and maintained underground or installed to run along Building beams or Building perimeter and not cross, as much as possible, the underside of the floor area, or as specified in the Architectural Committee approval. Nothing herein forbids the erection and use of temporary power or telephone services incident to previously approved construction of Buildings on the Unit.

7.35 Vibrations. No Owner, or Tenant, guest or invitee of an Owner, may operate any fixtures, appliances, furniture, equipment or other devices which cause unreasonable vibrations resulting in unreasonable annoyance to occupants of other Units.

7.36 Window Coverings. Appropriate window coverings must be installed on windows and properly maintained at all times. The color of such window coverings must be in harmony with the exterior of the structure. No window may be covered by paint, aluminum foil, newspapers, bed sheets, cardboard, blankets, or other similar items.

ARTICLE 8: LEASING AND RENTAL LIMITATIONS

In addition to the restrictions found in Article 7, that Owners may not use their Units for business, commercial, manufacturing, mercantile, storing, or vending purposes, the following residential restrictions apply:

8.1 No Hotel Purposes. Owners shall have the right to lease the Unit provided that the restrictions herein are adhered to. Units and Unit Improvements may not be rented for hotel, fractional or similar purposes.

8.2 Resort Fee. Owners that lease their Unit for thirty (30) days or less may be subject to a resort fee as determined by the Board.

8.3 Lease of Less than Entire Unit. No Owner is permitted to lease or rent less than the entire Unit unless an Owner also resides on the Unit. The entire Unit, or any portion thereof as permitted herein, may only be leased or rented under a single lease or rental agreement signed by all adult Tenants occupying the Unit.

8.4 No Assignment or Subleasing. No lease of or rental agreement concerning a Unit may be assigned. No Unit may be sublet or subleased.

8.5 Lease and Rental Agreements and Addendums.

- a. *Leases and Rental Agreements in Writing.* All leases and rental agreements between an Owner and Tenant must be in writing.
- b. *Required Lease and Rental Agreement Provisions.* All provisions of any leases and rental agreements between an Owner and Tenant must be consistent with and not violate any provisions of the Association's Governing Documents. All leases must include, at a minimum, provisions that require Tenants (1) to comply with all provisions of the Association's Governing Documents and (2) to be bound by and subject to the same disciplinary procedures and fines as Owners.
- c. *Lease Addendum.* Owner, Tenant, and the Association may also execute a "Lease Addendum" supplied by the Association, in which the parties allow the Association to directly enforce the terms of the lease or rental agreement between Owner and Tenant and/or such other terms to which the parties may agree.

8.6 Governing Documents. Owners must provide their Tenants with the Association's Rules and Regulations and ensure compliance with them.

8.7 Transfer of Occupancy. Owners living offsite must promptly provide the Association with the current name, address, phone number, and email address of each Unit Resident and any changes in such information.

8.8 Repairing Damage. Owners are liable for all damage to the Units, Common Area, including Exclusive Use Common Areas, and any personal property which was caused by the negligent acts or omissions of such Owner, Owner's Tenant, or their respective family, guests, invitees, vendors, or pets. The Association is authorized, in its discretion, to repair, restore or replace such damaged property and is permitted to impose a Reimbursement Special Assessment against the liable Owner for all costs and expenses incurred by the Association from repairing, restoring or replacing the damaged property. The Reimbursement Special Assessment may become a lien against the liable Owner's Unit, enforceable by the sale of the Owner's Unit under Civil Code sections 2924, 2924b, and 2924c.

8.9 Unlawful Detainer. Owners who lease their Units must ensure compliance with the Association's Governing Documents by their Tenants. If an Owner fails to take legal action against their Tenant, who is in violation of the Governing Documents, within ten (10) days after receipt of the Association's written demand to do so, the Association is permitted to institute unlawful detainer proceedings on behalf of such Owner and against the Tenant and the Association is hereby granted right of possession to the Unit for such purpose. The Association may be awarded costs of suit and/or attorneys' fees by the court as provided by law.

8.10 Assignment of Rents. As security for the payment of Assessments, fines, and other sums owed to the Association, Owners who lease their Units pledge their rights as Landlords (including the right to receive rent) to the Association. If an Owner becomes delinquent in payment of Assessments or fines to the Association, the Association is permitted to assign the rents payable by the Tenant to the Association until the Owner's account is paid in full as provided for in Civil Code § 2938 or any other provision of law. During the period of assignment, Owners have no right to collect the assigned amounts from Tenants and may not evict Tenants for complying with the Association's assignment of rents.

ARTICLE 9: PETS

9.1 Pet Limitation. Usual domesticated dogs, cats, and birds may be kept in Units as pets. Aquariums of 100 gallons or less are permitted to be maintained in Units with only non-poisonous, legal, aquatic creatures, excluding any snakes. No animal is permitted to be kept, bred, or maintained: (i) for any commercial purpose; (ii) in unreasonable numbers; or (iii) for any purpose that would involve any odor, noise, or other nuisance which would unreasonably disturb the use and enjoyment of any portion of the Development by other Owners. The Board is permitted to adopt additional Rules and Regulations regarding the quantity, kinds and sizes of pets, and tanks which may be kept and other pet issues not conflicting with these CC&Rs.

9.2 Assistance Animals. An animal otherwise prohibited by these CC&Rs, which is kept by a Resident for the purpose of servicing the Resident's qualified disability, may be kept by such Resident provided the animal is properly cared for (i.e., kept healthy, clean, and properly groomed and waste material is properly disposed of) and not unruly or disruptive (e.g., barking, growling, running loose, displaying aggressive behavior, etc.). All pet Rules apply to assistance animals, unless contrary to law.

9.3 Nuisance. The Board is authorized to prohibit any animal which, in its opinion, constitutes a nuisance to other Owners pursuant to evidence provided at a noticed hearing.

9.4 Dangerous Animals. No wild or undomesticated animal, or animal which the Board has determined to be aggressive or dangerous pursuant to evidence provided at a noticed hearing, is permitted to be kept in the Development. The Board is authorized to require dogs found to exhibit aggressive or dangerous behavior to wear a muzzle while in the Common Area until a further determination is made by the Board as to whether the pet will be allowed to remain in the Development.

9.5 Liability. Owners are liable for any injury to Persons or property caused by any animal brought or permitted onto or kept within the Development by the Owner, Owner's Tenant or their respective family, guests, or invitees.

9.6 Control. Pets are permitted in the Common Area, only as permitted by the Rules or this Section. All dogs in the Common Area must be on a leash held by a natural Person capable of controlling the dog. The Association is permitted to remove any unleashed dog found within the Common Area to a pound or animal shelter under the jurisdiction of the city or county in which the Development is located.

ARTICLE 10: VEHICLES AND PARKING

10.1 Management of Parking. The Association manages and controls the use of all Common Area parking and private streets.

10.2 Restricted Parking. Only the following types of vehicles are permitted to be parked or stored in parking spaces: automobiles, trucks, motorcycles, and mopeds. Vehicles must be parked completely within the parking space. Oversized vehicles, such as an RV, camper, boat, recreational watercraft, trailer or similar vehicles, are only permitted after application to and approval of the Board to use in selected parking areas. They may not be parked in other parts of the Common Area. The Board may create new rules or change the restrictions related to parking.

10.3 Commercial Vehicles. Commercial vehicles, including pickup trucks, one (1) ton or larger panel trucks, tow trucks, stake bed trucks, tank trucks, dump trucks, step vans, concrete trucks, taxis, buses, vans designed for ten (10) people or more, vehicles with commercial signage, and the like, are prohibited, except as provided in the Rules and Regulations.

10.4 Guest Parking. Guest parking is limited by and subject to the Association's Rules and Regulations. Unless prohibited by law, the Association is permitted to suspend guest parking rights at a disciplinary hearing due to delinquent Assessments, unpaid fines or other charges, and repeated Rules violations.

10.5 Proper Operating Condition. All vehicles parked or stored in the Development must be maintained in proper operating condition, and not be a hazard or nuisance by noise, exhaust emissions, or appearance. All vehicles parked or stored in the Development must carry current registration tags and must be insured.

10.6 Electric Vehicle Charging Stations. Owners are permitted, with written approval of the Architectural Committee and/or Board, to install at their own expense an electric charging station compliant with Section 4745 of the Civil Code or any successor statute. Use of

Association electricity to power an Owner's electrical vehicle charging station is prohibited unless, following written approval of the Architectural Committee and/or the Board, the Owner has installed an electrical submeter to track electricity usage. The Owner must pay the Association for all Association electricity used by the electrical vehicle charging station. The Association may impose reasonable requirements on the location and installation of the equipment. All electrical work must be done by a licensed electrician with appropriate permits from the Building Department.

10.7 Noise Limitation. All vehicles must be configured to operate quietly.

10.8 Repair of Vehicles. Construction, repair, or servicing of vehicles within any portion of the Development is prohibited. However, emergency repairs are permitted when necessary to move a vehicle to a proper repair facility.

10.9 Fluid Leaks. Owners must keep the Common Area and streets in front of their Units free of fluids such as oil, radiator coolant, brake fluid, power steering fluid, etc. Owners who fail to do so are subject to fines or other discipline, and a Reimbursement Assessment for the cost of cleaning the affected areas.

10.10 Theft or Damage. The Association is not liable for any loss or damage suffered by any Owner, Tenant, or guest due to theft of or damage to any vehicle or vehicle contents, unless resulting from the Association's intentional misconduct or gross negligence.

10.11 Impeding Access. Vehicles must not impede or prevent ready access to any door, gate, entrance, or exit.

ARTICLE 11: ENFORCEMENT OF GOVERNING DOCUMENTS

11.1 Association Enforcement Rights. In addition to any other rights described in these CC&Rs and without waiving the Association's right to institute any other enforcement measures, and subject to the notice and hearing provisions in the Bylaws and as required by law, the Association is authorized to enforce the Governing Documents by any of the following means:

- a. *Monetary Penalties (Fines)*. The Board is authorized to assess reasonable monetary penalties (fines) for violations of the Association's Governing Documents by an Owner, Owner's Tenants or their respective family, invitees or guests. A monetary penalty (fine) imposed by the Association as a disciplinary measure for failure of an Owner to comply with the Association's Governing Documents, is hereby treated and deemed to be an Assessment that may become a lien against the Owner's Separate Interest, but such lien may not be enforced by the sale of the interest under Sections 2924, 2924b, and 2924c (non-judicial foreclosure). As Assessments, Owners are liable for all costs of collection, including reasonable attorneys' fees, court costs, and related expenses for delinquent monetary penalties (fines).
- b. *Suspend Common Area Privileges*. The Board is authorized to temporarily suspend Common Area privileges of Owners, Owner's Tenants and their

respective family, invitees, and guests for their failure to comply with the Association's Governing Documents. Any such suspension must be for a period of time not to exceed thirty (30) days for each noncontinuing violation. For continuing violations, the suspension may be imposed for as long as the violation continues.

- c. *Dispute Resolution.* As to any dispute between an Owner and the Association, the Association is authorized to engage in Internal Dispute Resolution and/or Alternative Dispute Resolution as provided for in the Governing Documents and the law.
- d. *Judicial Enforcement.* A lawsuit may be filed for damages, declaratory relief, injunctive relief (whether the relief sought is mandatory or prohibitory) and/or such other relief permitted by law.

11.2 Cumulative Remedies. The respective rights and remedies, provided by the Governing Documents, under the law, or available in equity, are cumulative and the exercise of any one or more of such rights or remedies does not preclude or affect the exercise, at the same or at different times, of any other such rights or for the same or different failures of the Owners or others to perform or observe any provision of the Governing Documents.

11.3 Failure to Enforce Not a Waiver. Failure to enforce the Governing Documents, whether by the Board or any Owner or other Person entitled to enforce them, is not deemed a waiver of the right to do so. Waiver or attempted waiver of any provision of the Governing Documents with respect to a given Unit is not deemed a waiver of such right as to any other Unit. Additionally, violation of any provision of the Governing Documents by the Owners owning any Unit or Units does not affect the applicability or enforceability of any provision of the Governing Documents against the Owners owning any other Unit.

11.4 Remedy at Law Inadequate. If remedies at law for violation of the Association's Governing Documents are inadequate, then equitable, declaratory, and/or injunctive relief may be sought and awarded.

11.5 Right of Action Against Buyer. If an Owner fails to correct architectural, nuisance, or other continuous violations concerning the Owner's Unit prior to the transfer of title to the Unit to a buyer, the Association retains the right to enforce compliance against the buyer for such violations.

11.6 Right to Request Identification. All Persons using the Association's Common Area facilities must show proper identification when requested by Directors of the Board or the Association's peace officers or security personnel.

11.7 Attorneys' Fees. If any party initiates any action or proceeding to enforce or interpret the Governing Documents or California law relating to the Development, the prevailing party is entitled to recover reasonable attorneys' fees and court costs, including reasonable expert fees, as permitted by law.

ARTICLE 12: RIGHT OF ENTRY

12.1 Limited Right of Entry. During reasonable hours and subject to the notice requirements contained in this Article, the Association's representatives, employees, and vendors are authorized to enter Units, Common Area, and Exclusive Use Common Areas: (i) to inspect and perform maintenance, repairs, or replacements to the Common Area or Exclusive Use Common Areas; or (ii) to mitigate or repair damage; or (iii) to inspect the Units and Exclusive Use Common Areas to ensure compliance with the Governing Documents, including annual inspections and maintenance.

12.2 Notice of Entry. The Association must give at least forty-eight (48) hours' written notice by personal delivery or email, or five (5) calendar days' written notice by first-class mail or email, to the Resident and a Unit Owner, stating the purpose for and time of the entry. Email notification may be used only if the recipient previously consented to receive such notices and communications from the Association by email.

12.3 Avoid Unreasonable Interference. The right of entry must be exercised to avoid unreasonable or unnecessary interference with the possession, use, and enjoyment of the Owner or Resident of such Unit.

12.4 Emergency Entry. In an emergency, the Board or its authorized representatives may enter the Unit without permission and is not subject to liability to the Owner or Resident for such entry. If exercised in good faith, such entry is deemed to be consented to by all Owners and does not constitute trespass or any other wrongful act. If the Association must damage or destroy property to gain access to the Unit, the Owner will have no right of action against the Association or its representatives for such damage or destruction. However, the Association must repair any such damage or destruction if the emergency did not originate in the affected Unit. Prior to emergency entry, if feasible, the Board must make a good faith effort to contact an Owner owning the Unit.

12.5 Refusal to Allow Entry.

- a. *Entry by Court Order*. Following any refusal to expressly grant entry permitted in these CC&Rs, the Association may file suit and seek a court order to gain entry authorized in these CC&Rs. However, if the Owner owning the Unit or a Resident of the Unit has expressly prohibited entry authorized in these CC&Rs, the Association's representatives are permitted to gain entry only after filing suit and obtaining a court order.
- b. *Entry without Court Order*. If the Owner owning the Unit or a Resident of the Unit does not expressly prohibit entry authorized in these CC&Rs, but is unavailable or otherwise refuses to expressly grant access, the Association, through its representatives, are permitted to enter the Unit, without a court order, in the manner permitted elsewhere in this Article. Such Persons entering with no court order, when acting in good faith, are not liable for trespass or any other unintentional damages resulting from such entry.

- c. *Recovery of Attorneys' Fees and Costs in Lawsuit.* If the Association files a lawsuit to gain entry and prevails, it is entitled to recover from the Owner, by judgment, all expenses the Association incurred because of refusal to allow entry, including, without limitation, the cost of hiring a locksmith, the cost of repairing damage that was reasonably necessary to gain entry, and reasonable attorneys' fees and costs of suit for enforcement of this provision of the CC&Rs as the court may order.
- d. *Expenses Not Recovered as Part of a Lawsuit.* If the Association gains entry without a court order and/or chooses not to seek recovery of its expenses in a lawsuit, it is permitted to recover all expenses it incurred because of an Owner's refusal to allow entry, including, without limitation, the cost of hiring a locksmith and the cost of repairing damage that was reasonably necessary to gain entry, but excluding attorneys' fees, by a Reimbursement Special Assessment against the Owner, enforceable by all means provided for in these CC&Rs and by law, including lien and foreclosure.

12.6 Damage Repaired by Association. Any damage caused by the Association to the Common Area or Unit Improvements must be promptly repaired by the Association. The Association is authorized to recover the cost of any damage caused by others, but repaired by the Association, by a Reimbursement Special Assessment (if caused by an Owner, an Owner's Tenant, family member, invitee or guest), or any other legal means against the responsible parties.

12.7 Power to Vacate Unit. The Association is permitted to require Residents to vacate a Unit to allow maintenance, repair or replacement of the Association's Common Area or other areas for which the Association is obligated. All costs of temporary relocation during the maintenance, repair or replacement of the areas within the responsibility of the Association must be borne by the Owner owning the Separate Interest affected, and not the Association, as provided for in the Davis-Stirling Act. Such temporary relocation costs include, without limitation, food, lodging, lost rent or other income, and any other associated expenses incurred by the Owner. However, it is the Association's duty to diligently make such repairs reasonably quickly.

- a. *Notice.* The Board must give notice of the need to temporarily vacate a Unit to Residents and Owners not less than fifteen (15) days prior to the date of the relocation. The notice must state the reason for the temporary relocation, the date and time of the repairs, and the anticipated date and time of completion of repairs. Notice must be either by personal delivery or first-class mail to the address shown on the books of the Association.
- b. *Duty to Vacate.* Owners and Residents must cooperate with the Association and, if requested by the Association, vacate their Units to allow the Association to perform its obligations. If not, the Association may file a lawsuit to require cooperation and/or for the Unit to be vacated.

- c. *Recovery of Attorneys' Fees and Costs in Lawsuit.* If the Association files a lawsuit to require cooperation and/or require the Unit to be vacated and prevails, it is entitled to recover from the Owner, by judgment, all expenses the Association incurred because of refusal to cooperate and/or vacate, including, without limitation, reasonable attorneys' fees and costs of suit for enforcement of this provision of the CC&Rs as the court may order.

12.8 Entry by Owner. Each Owner must permit other Owners and their representatives to enter their Unit to perform installations, alterations, or repairs to the mechanical or electrical services to a Unit, if: (i) requests for entry are made in advance; (ii) entry is made at a time reasonably convenient to the Owner whose Unit is being entered; and (iii) the entered Unit is left in substantially the same condition as existed immediately preceding such entry. Any damage to the Unit caused by entry must be repaired by the entering Owner. Both the Owner allowing entry and the Owner gaining entry must hold harmless and defend the Association and its Officers, Directors, Committee members, Owners, agents, and employees against claims of damage or injury resulting from one Owner's entry into another Owner's Unit.

ARTICLE 13: ASSESSMENTS

13.1 Purpose of Assessments. The general purpose of Assessments is to provide for the recreation, health, safety, and welfare of the Owners, enforce and comply with the Governing Documents, manage the Development, enhance the quality of life in the Association, improve, maintain, repair, and replace Common Area and Exclusive Use Common Areas, provide for the acquisition and maintenance of property, services and facilities devoted to these purposes, and for any action or undertaking on behalf of the Association.

13.2 Regular Assessment. The Board must levy Regular Assessments in an amount sufficient to provide for the performance by the Board of each and every one of its powers and duties, provided, however:

- a. *20% Limitation.* Pursuant to the Davis-Stirling Act, the Board is not permitted, without the approval of Owners casting a majority of the votes with a Quorum present, to impose a Regular Assessment which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year. Quorum for the purposes of this provision means more than fifty percent (50%) of the Members of the Association.
- b. *Uniform Rate of Assessment.* Regular Assessments must be fixed at a uniform rate for all Units.
- c. *Payable Quarterly.* Regular Assessments are payable by each Owner against whom assessed in four (4) equal quarterly installments, or at such other dates and in such other installments as the Board determines. Assessments for new Owners must be prorated according to the date on which the individual becomes an Owner.

- d. *Written Notice.* Individual notice under Civil Code § 4040 of any increase in Regular Assessments must be given to each Owner not less than thirty (30) days nor more than sixty (60) days prior to the increased Assessment becoming due.
- e. *Modification of Assessment.* The Board may modify the Regular Assessments during the course of a fiscal year if necessary to conform to a revised estimate of costs and expenses. However, if the aggregate increase exceeds twenty percent (20%) of the Regular Assessment for the immediately preceding fiscal year, the Board must obtain the approval of Owners as provided for in the Davis-Stirling Act. If an annual Regular Assessment is not published for a new fiscal year, the Regular Assessment for the prior fiscal year will apply and govern each Owner's payments until changed by a new Regular Assessment.

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

- a. *5% Limitation.* Pursuant to the Davis-Stirling Act, the Board is not permitted, without the approval of Owners casting a majority of the votes with Quorum present, to impose a Special Assessment which is more than five percent (5%) of the budgeted gross expenses of the Association for such fiscal year. Quorum for purposes of this provision means more than fifty percent (50%) of the Members of the Association.
- b. *Uniform Rate of Assessment.* Special Assessments are fixed at a uniform rate for all Units.
- c. *Reimbursement Assessments.* Special Assessments are also permitted to be levied against individual Units for reimbursement of expenses incurred by the Association for required maintenance or arising out of actions or omissions of such Owner, Owner's Tenant, or their respective family, guests, invitees or pets, as expressly provided for elsewhere in these CC&Rs.
- d. *Payment Schedule.* Special Assessments are payable by each Owner against whom assessed either quarterly or at such dates and in such installments as the Board determines.
- e. *Written Notice.* Written notice of Special Assessments must be sent by first-class mail to each Owner not less than thirty (30) days nor more than sixty (60) days prior to the Assessment becoming due.

13.4 Emergency Assessment. In emergency situations, the Board may increase Regular Assessments beyond twenty percent (20%) or impose Special Assessments above five percent (5%) only as provided for by law.

13.5 Deposit of Assessments. All sums received by the Association must be promptly deposited into accounts clearly designated in the Association's name.

- a. *Commingling*. The Association must maintain separate accounts for its operating funds and its Reserves, respectively, and no funds from those separate accounts are permitted to be commingled at any time.
- b. *Interest*. No Owner has the right to receive interest on any such funds deposited.

13.6 Reserves. All Reserves, must:

- a. *Be Segregated*. Be received in trust by the Board, set aside and segregated from the other monies and not be commingled with the Association's Operating Account.
- b. *Be Invested*. Be invested in low-risk investments consistent with the requirements of Civil Code § 5380. Reserves must be deposited in a financial institution, as defined in the Financial Code § 31041, in California, which is insured by the federal government, the Federal Deposit Insurance Corporation, the National Credit Union Administration Insurance Fund, or a guaranty corporation subject to the Financial Code § 14858 and only into accounts that protect the principal. In no event may reserve funds be invested in stocks or high-risk options.
- c. *Require Two Signatures*. Be withdrawn from the Reserve Account only upon approval by the Board and the signature of two (2) Directors.
- d. *Not Be Reimbursed to Owners*. All contributions to the Reserves, as well as interest earned, are for the benefit of the Association and not to benefit any individual Owner. As such, contributions and interest are not refundable to Owners when they cease to be Owners of the Association.

ARTICLE 14: ENFORCEMENT OF ASSESSMENTS

14.1 Liability for Assessments. Assessments, together with charges, interest, costs, and attorneys' fees (regardless of whether legal proceedings are instituted), are a debt of each Owner of a Separate Interest at the time the Assessment or other sums are levied. Co-owners and/or Owners owning a full or partial interest in a Unit are jointly and severally liable for the entire amount of all Assessments, late charges, interest, reasonable costs of collection, reasonable attorneys' fees, and monetary penalties.

14.2 Enforcement Rights. In addition to any other rights provided for by law or described in these CC&Rs, the Board has the right to collect delinquent Assessments as follows:

- a. *Late Fees and Interest*. Unpaid Assessments are deemed delinquent fifteen (15) days after they are due and are subject to a late charge of the greater of either ten percent (10%) or ten dollars (\$10.00), which may not be imposed

more than once on any delinquent payment, and interest at the rate of twelve percent (12%) per annum, which may commence thirty (30) days after the Assessment becomes due.

- b. *File Suit.* The Association is authorized to commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien and initiate foreclosure against the Owner's Unit for the delinquent Assessment. In any action to collect delinquent Assessments, late charges and/or interest, the prevailing party is entitled to costs and reasonable attorneys' fees. All amounts included in any judgment may become the subject of a judgment lien in any county in California in which an abstract of judgment is recorded.
- c. *Lien and Foreclose.* In accordance with the Davis-Stirling Act, a delinquent Assessment or installment, together with any late charges, interest, costs, attorneys' fees, and penalties, will become a lien on the Unit upon the recordation of a "Notice of Delinquent Assessment" in the Office of the County Recorder. The Board is permitted to enforce any Assessment lien against a Unit by filing an action for judicial foreclosure or by nonjudicial foreclosure in the manner provided for in the Davis-Stirling Act. The Association, through its Board, is authorized to bid on the Unit at the sale and may hold, lease, mortgage, and convey the acquired Unit as permitted by law.
- d. *Continuing Lien.* Any demand or claim of lien or lien on account of prior delinquencies is deemed to include subsequent delinquencies and amounts due on account thereof. It is the intent of these CC&Rs that any lien recorded against a Separate Interest by the Association to secure payment of delinquent Assessments and/or other amounts be a continuing lien to include any and all subsequent Assessments and other amounts as permitted in the Davis-Stirling Act, to the full extent allowed in *Bear Creek Master Ass'n v. Edwards*, (2005) 130 Cal. App. 4th 1470.
- e. *Suspend Privileges.* Subject to the notice and hearing provisions set forth in the Bylaws, the Association is authorized to suspend membership privileges, except voting rights, until the delinquent Assessments, fees and fines, including any accumulated penalties, interest, and costs of collection, have been paid in full.
- f. *Additional Remedies.* The remedies provided in this Section are in addition to, not in substitution for, any other rights and remedies which the Association may have.

14.3 No Offsets. All Assessments are payable in the amount specified by the Assessment and no offsets against such amount are permitted for any reason, including, without limitation: (i) a claim that the Association is not properly exercising its duties and powers, as provided in these CC&Rs; (ii) an Owner has not made or elects not to make use of the Common

Area; (iii) any maintenance, repairs or replacements for which the Association is responsible have not been performed or have not been performed to an Owner's satisfaction.

14.4 No Exemption by Waiver of Use. Owners are not permitted to exempt themselves from liability for Assessments nor release their Units from liens and charges by waiver of their use and enjoyment of the Common Area, by abandonment of their Units, or through non-use of Common Area or membership privileges.

14.5 Attorneys' Fees. Any reasonable attorneys' fees and costs incurred by the Association in the collection of Assessments, late fees, and interest against an Owner may become a Reimbursement Special Assessment against that Owner, which may be collected in any manner provided for by these CC&Rs or by law.

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

ARTICLE 15: INSURANCE

15.1 Association Insurance. The Association must obtain and maintain policies of insurance as described below. To help keep premiums at a reasonable level, the Board is authorized to establish appropriate deductibles for its policies of insurance. Unless otherwise determined by the Board, coverage must be on an occurrence basis.

- a. *Automobile Liability Insurance.* If appropriate, the Association is permitted to purchase non-owned and hired automobile liability coverage and garage-keepers' legal liability coverage.
- b. *Boiler and Machinery Insurance.* If appropriate, the Association is permitted to purchase insurance for the loss or damage to or as a result of equipment failures such as boilers, pressure vessels, pressure pipes, motors, mechanical breakdowns, electrical failures, and the like.
- c. *Commercial General Liability ("CGL").* The Association must maintain one or more CGL policies which provide appropriate liability limits for injury or death to one or more Persons in any one accident or occurrence. The Association must carry coverage in amounts that meet or exceed those called for in Civil Code § 5805 and any successor statutes.
- d. *Direct Physical Loss.*
 - i. Generally. Unless unavailable, the Association must maintain one or more policies for loss or damage by fire or other perils covered by the standard "Special Form" policy (or its equivalent) covering all Common Area Improvements in the Development, and such other Improvements in the Development as the Board may deem appropriate.

- ii. Scope of Coverage. The Board is authorized, in its sole discretion, to limit the scope of coverage under such policies to what is commonly referred to as “bare walls” coverage. Exclusions from coverage may include, but are not limited to, the following fixtures and/or components within or appurtenant to a Separate Interest:
- (a) Exclusive Use Common Areas;
 - (b) Floor, wall, and ceiling coverings;
 - (c) Forced air units, heaters, air conditioners, and electrical and plumbing fixtures;
 - (d) Water heaters, water softeners, water filters, and built-in and free-standing appliances;
 - (e) Built-in cabinets and countertops;
 - (f) Window treatments and components, such as curtains, drapes, blinds, and related hardware;
 - (g) Personal property of an Owner;
 - (h) Betterments and Improvements made by the Owners; and
 - (i) Replacements of any of the foregoing.
- iii. Coverage Levels. The amount of such insurance must not be less than one hundred percent (100%) of the aggregate full insurable value, meaning replacement cost, not a depreciated amount or actual cash value (ACV), if available and economically feasible. If coverage for one hundred percent (100%) of the aggregate full insurable value of the insured property is not available through one or more carriers, the Association must obtain coverage for the highest percentage of the property available to the extent such percentage is also economically feasible. When determining economic feasibility for a given amount of coverage, the Board may consider:
- (a) The difference in cost between different percentages of coverage;
 - (b) The relative risks of experiencing different percentages of loss, such as the risk of a 50% loss vs. a 100% loss;
 - (c) Actual or anticipated increases in other required Association expenses;
 - (d) The general financial health of the Association, including its Reserves and delinquency status;

- (e) The general ability of the membership to bear the cost of increased Assessments to pay for increased premiums; and
 - (f) Such other financial and economic factors that a reasonable Board would consider under the circumstances.
- iv. Blanket Basis. The coverage must be written on a blanket basis, if available, with an agreed value endorsement and an inflation guard endorsement.
- v. Ordinance or Law Coverage. If available and economically feasible, the Association must provide “Ordinance or Law Coverage” or its equivalent, including:
 - (a) Coverage for Loss to the Undamaged Portion of the Building or structure.
 - (b) Demolition Cost Coverage.
 - (c) Increased Cost of Construction Coverage.
- vi. Maintenance Fee Receivable Coverage. If available and economically feasible, the Association must provide “Maintenance Fees Receivable” coverage, or its equivalent, to cover the loss from unpaid or uncollected Assessments resulting from a covered property loss.
- vii. Other Coverage. The Association may include such other endorsements which the Board may deem necessary or reasonable.
- e. *Directors and Officers*. The Association must purchase Directors and Officers errors and omissions insurance insuring the Association, Directors, Officers, Committee members, trustees, Association employees, Association volunteers, any community manager in contract with the Association, any management company in contract with the Association and employees of such Association management company who perform services on behalf of the Association. The Association must carry coverage in amounts that meet or exceed those called for in Civil Code § 5800 and any successor statutes.
- f. *Earthquake Insurance*. The Association may purchase earthquake insurance after considering the cost and availability.
- g. *Employment Practices Liability*. The Association should consider purchasing employment practices liability coverage (whether or not it has employees), when available and affordable.
- h. *Crime Insurance and Fidelity Bond*. The Association must maintain crime insurance, employee dishonesty coverage, fidelity bond coverage, or their equivalent, for its Directors, Officers, and employees in an amount that is

equal to or more than the combined amount of the Reserves of the Association and total Assessments for three months. The coverage maintained by the Association shall also include protection in an equal amount against computer fraud and funds transfer fraud. If the Association uses a managing agent or management company, the Association's crime insurance, employee dishonesty coverage, fidelity bond coverage, or their equivalent, shall additionally include coverage for, or otherwise be endorsed to provide coverage for, dishonest acts by that Person or entity and its employees. Self-insurance does not meet the requirements of this Section.

- i. *Flood Insurance.* When required by any first mortgage holder, Fannie Mae, Freddie Mac, or the Fair Housing Administration (FHA), the Association must purchase flood insurance on any portion of the premises that Federal Emergency Management Agency (FEMA) determines to be in a Special Flood Hazard Area (SFHA). Otherwise, the Association may purchase flood insurance, after considering the cost and availability.
- j. *Umbrella Policy.* The Association may purchase an excess or umbrella policy over its public liability and property damage, Directors and Officers liability, and workers' compensation policies to provide higher liability limits as the Board determines.
- k. *Workers' Compensation.* The Association must carry workers' compensation insurance as required by law to cover employees of the Association. If available, the Association is also permitted to purchase a Voluntary Labor Endorsement to protect its volunteers.

15.2 Owner Obligation to Carry Insurance.

- a. *Owner Insurance.* At their sole expense, Owners must purchase and maintain insurance covering their real and personal property, whether the Unit is Owner-occupied, vacant or held out for rent. This includes, without limitation:
 - i. Personal property coverage that insures the contents of their Unit against damage or loss;
 - ii. Real property coverage that insures their Unit against damage or loss, including, but not limited to, all Improvements to the Unit and all fixtures and components within or appurtenant to the Unit;
 - iii. Real property coverage that insures Exclusive Use Common Areas servicing the Unit;
 - iv. Premises liability that includes protection for bodily injury and property damage;

- v. Personal liability coverage with a policy limit of at least One Million Dollars (\$1,000,000);
 - vi. Loss of use that protects an Owner for additional living expenses, loss of rents, or any other losses should their Unit become uninhabitable due to a covered loss;
 - vii. Loss assessment coverage in a minimum coverage amount as determined by the Board that protects against Special Assessments due to a loss which exceeds the Association's master policy limits or deductible; master policy deductible coverage, and;
 - viii. Such other coverage as the Owner deems appropriate.
 - ix. The Owner's policy shall be the primary policy for any claims for damages or loss of the Owner's property.
- b. *Automobile Coverage.* If an Owner operates a vehicle which is driven across or stored in the Association's Common Area, the Owner must carry appropriate automobile insurance. The Association has no obligation to police this provision and is specifically relieved of any responsibility or liability from doing so or failing to do so.
- c. *Waiver of Claims.* Owners waive their claims against the Association to the extent such claims are covered under insurance which Owners are required to carry under these CC&Rs, regardless of whether Owners actually carry such insurance.
- d. *Assignment of Proceeds.* If any loss intended to be covered by the Association's insurance occurs and the proceeds payable by the Association's insurance are reduced because of proceeds paid under an Owner's insurance coverage, that Owner must assign such insurance proceeds to the Association, to the extent of the reduction. The Board must apply those proceeds to the same purposes as the reduced proceeds received by the Association.
- e. *Waiver of Subrogation.* All insurance policies maintained by an Owner must include a waiver of subrogation clause against the Association.
- f. *Proof of Insurance.* The Association may ask Owners for confirmation of insurance and the failure to provide proof or failure to carry insurance shall constitute a violation of this section.

15.3 Responsibility for Deductible and Uncovered Losses.

- a. *Intentional or Negligent Acts.* If any Common Area property is damaged as a result of the intentional or negligent acts or omissions of any Owner, Owner's Tenant, or their respective family, guests, invitees, vendors, or pets

and a claim is tendered to the Association's insurance carrier, the Owner will be solely responsible for paying any portion of the claim not paid due to the deductible.

- b. *Non-Negligent, Unintentional Acts.* If any property damage loss which results from a failure of any component, element or portion of the Development and did not result from a negligent or intentional act or omission is tendered to the Association's property damage policy, the Association will apportion the deductible of such policy or policies amongst all claimants according to the percentage each claim bears against the total of all claims for the loss when distributing the Association's insurance proceeds to the various claimants.
- c. *Uncovered Losses.* Apart from deductibles as set forth above, responsibility for any losses for which the Association's property damage policy does not provide coverage will be determined according to the maintenance, repair and/or replacement provisions set forth in these CC&Rs and/or the law.

15.4 Liability for Increased Insurance Rates. If any negligent act or omission of any Owner, Owner's Tenant, or their respective family, guests, invitees, vendors, or pets causes an increase in the cost of the Association's insurance, the amount of the increase may be assessed against the Owner and their Unit as a Reimbursement Special Assessment.

15.5 Choice of Contractor. With respect to any repairs for which proceeds of insurance are paid or are payable to the Association, the Board must designate the contractor to perform the repairs to the Common Area.

15.6 Insurance Company Rating. All policies of insurance required by this Article must be issued by either a California admitted insurance company or an approved carrier on the California List of Approved Surplus Line Insurers (LASLI). Each such carrier must hold an A.M. Best Insurance or Standard and Poor's rating of "A" or better.

ARTICLE 16: PROTECTION OF LENDERS

16.1 Furnishing of Information. Each Lender is, upon written request, entitled to inspect the books and records of the Association during normal business hours and receive written notice of Board and membership meetings and designate a representative to attend such meetings.

16.2 No Priority Over Rights of First Mortgagees. Nothing in these CC&Rs gives an Owner or any other party priority over any rights of first Mortgagees of Units, pursuant to their Mortgages, in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of Units and/or the Common Area. Additionally, if any Unit or any portion of a Unit is made the subject matter of any condemnation or eminent domain proceeding, no provision herein entitles the Owner, or any other party, to priority over a first Mortgagee of a Unit, concerning any distribution of the proceeds of any award or settlement.

16.3 Relationship with Assessment Liens. Any lien that the Association may have on any Unit for the payment of Assessments subordinates to the lien or equivalent security interest of any Lender with a first trust deed or Mortgage on the Unit, made in good faith and for value, and no such lien impairs the obligation or the priority of such trust deed or Mortgage, unless the Lender expressly subordinates its interest, in writing, to such lien.

16.4 Foreclosure. Any holder of a first Mortgage who takes title to a Unit, pursuant to the remedies provided in the mortgage, through foreclosure of the Mortgage takes the property free of any claim for unpaid Assessments or charges against the mortgaged Unit which accrued prior to the time such Person takes title to the Unit.

16.5 Priority of Mortgage Lien. No breach of any provision of these CC&Rs nor the enforcement of any lien created herein affects, impairs, defeats, or invalidates the lien of any Mortgage or deed of trust made in good faith and for value, but these CC&Rs are binding upon any Owner whose title is derived through foreclosure, trustee sale, or otherwise.

16.6 Payment of Taxes and Charges. Lenders may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any portion of 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 such Common Area. Lenders making such payments shall be owed immediate reimbursement from the Association.

ARTICLE 17: LIMITATIONS OF LIABILITY

17.1 Standard for Liability. Officers, Directors, Committee members, employees, or agents are not responsible to the Association, or any Owner, Owner's Tenant, or their respective family, guests, or invitees for any loss or damage to the Association, or any Person or property suffered by reason of water, fire, smoke, explosion, electricity, dust, sand, insect or rodent infestation, or any other source, unless there is clear and convincing evidence the damage or loss was caused by the willful, intentional or bad faith misconduct of the Association's Officers, Directors, Committee members, employees, or agents, based upon the information such individual possessed at the time of the purported act or omission. The Association's Officers, Directors, Committee members, employees and agents cannot be held strictly liable for their acts or omissions.

17.2 Limited Personal Liability. No Officer, Director, Committee member, or employee of the Association is personally liable for any loss, injury, or damage to Persons or property for any act or omission, if the act or omission was performed in good faith, within the scope of the Person's duties for the Association, was not self-dealing, and did not constitute willful or intentional misconduct.

17.3 Association Not a Security Provider. The Association is authorized to provide security measures in the Development. However, the Association is not a provider of security and has no duty to provide any security in the Development. The obligation to provide security lies with each Owner individually. The Association cannot be held liable for any harm, loss or damage to Persons or property by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. This includes, but is not limited to, any harm,

loss or damage from theft of or damage to any article or thing placed or stored in or on any portion of the Common Area.

17.4 Duty to Defend. The Association must indemnify and defend and must advance reasonable attorneys' fees and costs to its Officers, Directors, Committee members, and employees for all expenses and liabilities reasonably incurred by such Person(s) regarding any proceeding (including, but not limited to, alternative dispute resolution proceedings) to which they are a party by reason of having been an Officer, Director, Committee member, or employee of the Association. However, the Association may seek recovery of its attorneys' fees and costs from, and is not liable for, any judgments or other liabilities for the acts or omissions of, any Persons adjudged to have acted in bad faith or in gross negligence in the performance of their duties to the extent permitted by law.

17.5 Duty to Protect. The Association must protect its Officers, Directors, Committee members, and employees from unlawful harassment in the workplace as such phrase is defined in the law. However, the Association has no duty to prosecute or fund the prosecution of any claim or cause of action which an Officer, Director, Committee member, or employee of the Association asserts against another Officer, Director, Committee member or employee of the Association, or against an Owner, which is (1) not based on conduct of the accused performed in the course and scope of their duties (2) founded on personal issues or disputes between the parties, (3) for personal injuries or emotional distress, or (4) for defamation.

17.6 Personal Injury or Property Damage Sustained Within a Unit. This Section applies if any Person sustains personal injury or property damage within a Unit or on its attached Balcony and the injury or damage results in a claim against the Association or any of its Officers, Directors, Committee members, Owners, agents, or employees. The Owner of the Unit or Balcony where the injury or damage occurred must: (i) fully indemnify and hold harmless the Association, Officer, Director, Committee member, Owner, agent, or employee against whom such claim or suit is brought; and (ii) defend, at their own cost and expense, any resulting litigation against the Association, Officer, Director, Committee member, Owner, agent, or employee. However, there is no obligation to hold harmless, defend or indemnify any party whose gross negligence or willful misconduct was the cause of the injury or damage.

17.7 Actions Against Directors. Owners are not permitted, and waive all rights, to file an action or state any cause of action in any pleading against a Director or Officer of the Association, acting within the scope of that Person's duties as a Director or Officer unless the court first determines that the Owner seeking to file the pleading has established evidence that substantiates the claim.

ARTICLE 18: DAMAGE/DESTRUCTION TO IMPROVEMENTS

18.1 Generally. All provisions of this Article apply only when the Common Area has been partially or totally destroyed by fire, earthquake, groundwater flooding or other similar casualties. The provisions do not apply to (1) any damage resulting from any plumbing failure originating in a single Unit and/or (2) any damage resulting from any casualty or occurrence that affected only a single Unit.

- a. *Cost of Reconstruction.* As soon as practical, the Board must: (i) obtain bids from at least two (2) reputable contractors that are licensed in California and insured, which bids must set forth in detail the work required to reconstruct the damaged or destroyed portions of the Common Area to substantially the same condition as they existed prior to such damage and the itemized cost of such work (subject to any increased building standards then in effect); and (ii) determine the amount of all insurance proceeds and Reserves available to the Association for the purpose of effecting such reconstruction.
- b. *Automatic Reconstruction.* If the cost to reconstruct the Common Area, excluding the deductible and the value of any insurance proceeds due the Association, is less than or equal to three times the amount of the total annual operating Budget of the Association for the current fiscal year, the Board, without a vote of the membership, must cause the Common Area to be reconstructed to substantially the same condition as existed prior to such damage (subject to any increased building standards then in effect). Such reconstruction must be completed as promptly as practical. Notwithstanding any other provision, the Board is authorized, without a vote of the membership, to levy an Emergency Special Assessment against the membership to provide the funds necessary for such reconstruction and/or for repayment of any monies borrowed by the Association for such reconstruction.
- c. *Ownership Approval.* If the Board determines that the cost to reconstruct the Common Area, excluding the deductible and the value of any insurance proceeds due the Association, is an amount greater than three times the total annual operating Budget of the Association for the current fiscal year, then the Common Area must be reconstructed unless sixty-seven percent (67%) of the membership, by ballot or at a special meeting called for such purpose, vote not to reconstruct the damaged or destroyed Common Area.
- d. *Distribution of Insurance Proceeds.*
 - i. No Partition Action Promptly Filed. If a partition action is not filed within six (6) months of the partial or total destruction, the Board must distribute the insurance proceeds available for reconstruction, together with any other sums otherwise available to the Association for such purpose, to the Owners, less costs for clearing the debris, collecting insurance proceeds, and any other expenses necessarily incurred as a result of the damage or destruction, proportionately according to an appraised fair market value of the Units (as of a date immediately prior to destruction or condemnation). Such payment is subject to the rights of Mortgagees holding Mortgages encumbering Units and all unpaid Assessments, together with any interest charges. Appraisers hired by the Board to appraise the Units will be paid by the Association.

- ii. Partition Action Promptly Filed. If a partition action is filed within six (6) months of the partial or total destruction, the Association must interplead the insurance proceeds available for reconstruction, together with any other sums otherwise available to the Association for such purpose, to the Owners, less costs for clearing the debris, collecting insurance proceeds, and any other expenses necessarily incurred as a result of the damage or destruction into the partition action.

18.2 Association's Duties. If the Common Area, any Improvements thereon, and/or any other portion of the Development which the Association is obligated to maintain, repair or replace, are partially or totally destroyed by fire, earthquake, flood or other casualty, the Association must maintain, repair, replace and/or restore same to its former condition (or better) as promptly as practical. The proceeds of any insurance received must be used for such maintenance, repair, replacement and/or restoration.

18.3 Duties of Board During Reconstruction. If reconstruction is undertaken, the Board must: (i) enter into a written contract with a contractor who is licensed and insured for such repair, reconstruction, and restoration; (ii) disburse insurance proceeds available for the work, along with funds collected by reason of Assessments, in appropriate progress payments; and (iii) take all steps necessary to ensure the commencement and completion of such repair, reconstruction, and restoration in a lawful, workmanlike manner at the earliest possible date.

18.4 Right of Entry to Assess Damage and Make Repairs. Representatives of the Association, contractors, engineers, workmen, or any other Persons designated by the Board have the right and authority to enter any Unit, Common Area, or Exclusive Use Common Areas after such casualty to determine the extent of damage and to make repairs, as provided for under the "Right of Entry" provisions contained in these CC&Rs.

18.5 Power to Vacate a Unit. If necessary, the Board has the authority to vacate a Unit to make repairs, as provided for under the "Right of Entry" provisions contained in these CC&Rs.

18.6 Interior Unit Damage. Repair, restoration and rebuilding of any damage caused by fire, earthquake, or other casualty to: (i) the interior of any individual Unit; (ii) personal property, furniture, furnishings, and decorations contained within a Unit; or (iii) any Improvements which were added to a Unit by any present or prior Unit Resident or Owner not covered by the Association's insurance must be made by and at the individual expense of the current Unit Owner. The Unit Owner must receive written architectural approval from the Association of the plans to repair, restore and reconstruct before beginning the work and comply and conform to any requirements of the Association's Governing Documents and all state and local building ordinances, codes, and statutes. The repairs, restoration and reconstruction must be completed as promptly as practical and in a lawful and workmanlike manner. If the work is of a nature that would normally require approval by the Association, the Owner must seek such approval, as provided for in these CC&Rs.

18.7 Damage to Drywall. If there is damage to the plaster and drywall inside a Unit from a casualty described above:

- a. *Replacement*. The Association is only liable for the replacement of drywall on the perimeter walls and ceiling of the Unit which, in the estimation of the Board, suffered sufficient damage to require replacement. The Association is not liable for repainting the walls or replacing wall coverings of any kind. The restoration and repair of all other interior walls must be at the sole expense of the Owner.
- b. *Re-Taping*. Damage to perimeter walls that does not require replacement of the drywall (e.g., buckled joint tape, hairline fractures of the drywall, etc.) is the responsibility of the individual Owner. The Owner is responsible for the restoration and repair of all finished surfaces, including, but not limited to, re-taping, painting, plastering, and wallpapering.

18.8 Special Assessment for Reconstruction. If the proceeds of insurance obtained by the Association are paid to any Mortgagee of a Unit and, by reason of such payment, the insurance proceeds are not made available to the Association as trustee, or otherwise, to effect any repair, reconstruction, or restoration of any damage and/or destruction to all or any portion of the Development as provided in these CC&Rs, the amount of such proceeds not made available must be assessed and charged to and against the Owner(s) and their Unit as an Emergency Special Assessment. The Emergency Special Assessment must be made by written notification from the Board to the Owner or Owners against whom made.

18.9 Encroachment. If a Building is partially or totally destroyed and then rebuilt, Owners agree that minor encroachments of the Common Area on Units or of Units on the Common Area or on other Units are permitted and that valid easements for the encroachments exist. Such encroachments are not considered to be encumbrances either on the Units or the Common Area.

ARTICLE 19: CONDEMNATION

19.1 Notice. Promptly upon learning of any potential condemnation or sale by eminent domain, the Board must notify all Owners and First Mortgagees who have filed a written request for notice.

19.2 Payment for Common Area. When an action in eminent domain is brought to condemn all or any portion of the Common Area, the Association must represent the Owners in all proceedings, negotiations, or settlements. Awards for the acquisition of Common Area must be paid to the Board, as trustee, for deposit into the Association's Reserves unless a majority of the total Voting Power of the Association elects to distribute the award among the Owners in accordance with their Percentage Interest.

19.3 Payment for Unit. When an action in eminent domain is brought to condemn all or any portion of one or more Units, the award made for such taking must be payable to the respective Owners of the Units, subject to: (i) the rights of Mortgagees holding Mortgages

covering such Units; and (ii) all unpaid Assessments of each Owner, taken together with interest and other pending charges. The Board of Directors has no responsibility for the restoration of an Owner's personal or real property taken as a result of condemnation.

19.4 Revision of Documents. When any part of the Development is condemned, the Board must, as soon as practical, prepare, file, and/or record a revised subdivision map, or other documents, reports, schedules, or exhibits necessary to show the changed or altered status of the Development.

19.5 Status of Membership. If a Unit is taken in condemnation, the Unit ceases to be part of the Development, the Owner ceases to be a Member of the Association, and the Percentage Interest in Common Area appurtenant to that Unit automatically becomes vested in the remaining Owners, in proportion to their respective Percentage Interests in the Common Area.

ARTICLE 20: MISCELLANEOUS

20.1 Amendment. Amendment or restatement of these CC&Rs is permitted by obtaining the affirmative vote of Owners comprising more than fifty percent (50%) of the Voting Power of the Association or as provided for by law, provided that the percentage of the Voting Power necessary to amend a specific provision is not less than the percentage of affirmative votes prescribed for action to be taken under that provision. Any amendment enacted in compliance with this provision becomes effective when recorded with the Offices of all County Recorders where the Development is situated.

20.2 Lender Approval. If a First Mortgagee is entitled, by the terms of these CC&Rs, to consent to, approve, disapprove, or object to a proposed amendment to or restatement of the CC&Rs, but fails to return a ballot, or other form providing written disapproval or objection within thirty (30) days of receipt, such First Mortgagee is deemed to have consented to and approved the proposed amendment or restatement, provided the ballot, or other form permitting written disapproval or objection, was delivered by certified or registered mail with return receipt requested and the delivery signed for by a representative of the First Mortgagee.

20.3 Amendment to Conform to Statute. If a provision in these CC&Rs contradicts current law, according to a written opinion of the Association's legal counsel, on the unanimous approval of the Board of Directors and without approval of the Owners, the Board is authorized to amend that provision, but only to the extent necessary to render the provision compliant with applicable law. A resolution explaining the need for the change must be adopted by the Board in an open meeting of the Board and recorded in the minutes.

20.4 Term of CC&Rs. These CC&Rs continue in full force and effect for a term of sixty (60) years from the date of their recordation (the Renewal Date), after which time they are automatically extended for successive periods of twenty (20) years. The provisions of this Article are also subject to any prohibitions against partitioning the Common Area that might apply. These CC&Rs may be terminated if, within six (6) months prior to the Renewal Date of any twenty-year extension period, (i) at least seventy-five percent (75%) of the Owners and seventy-five percent (75%) of the First Mortgagees approve by secret ballot circulated by the Association

via its Board of Directors to terminate these CC&Rs, and (ii) an appropriate governmental agency has agreed in writing to assume the Association's Common Area maintenance, repair, and replacement obligations, and (iii) certification of the Owners' and First Mortgagee's approval to terminate and the agency's agreement to assume maintenance duties are recorded with the Office of County Recorder in which the Development is situated, and (iv) the Association's contractual and other legal obligations are wound up, and (v) all required corporate filings, tax returns, and notices are filed with appropriate agencies to effectuate dissolution of the Association/corporation, and (vi) insurance tail coverage is purchased to cover any potential liability the Association may have until all applicable statutes of limitations have run their course.

20.5 Attorneys' Fees. In a lawsuit by the Association seeking the enforcement of the Governing Documents against an Owner or to determine the rights or duties of the Owner under the Governing Documents, the prevailing party may be awarded reasonable attorneys' fees and costs as permitted by law.

20.6 Notices. Any communication or notice of any kind permitted or required to be delivered pursuant to the Association's Governing Documents, or pursuant to the Davis-Stirling Act, must be in writing. Such delivery must be made as follows:

a. *To the Association:*

- i. Manner of Delivery. By electronic delivery (email, facsimile, or other electronic means), by personal delivery (for which a receipt will be provided), or by mail (first class, postage prepaid, registered or certified, express mail, or overnight delivery by an express service center). This provision consents to allow personal delivery and electronic delivery to the Association. However, the Association is permitted to withdraw such consent, in writing, as to any Owner whose electronic communications or personal visits are abusive or harassing, and limit communications and notices from such Owner to mail only.
- ii. Recipient of Delivery. The Person designated in the Association's annual policy statement to receive documents on behalf of the Association. If no Person has been designated to receive documents, the document must be delivered to the President or Secretary of the Association.

b. *To the Owners:*

- i. Manner of Delivery. For communications and notices subject to the Davis-Stirling Act, in the manner required therein, including individual notice or delivery, general notice or delivery, electronic delivery (with consent), or otherwise. For other communications and notices not subject to the Davis-Stirling Act, by electronic delivery (email, facsimile, or other electronic means), by personal delivery, or by mail (first class, postage prepaid, registered or certified, express mail, or overnight delivery by an express service center).
- ii. Location of Delivery by Mail or Email. Delivery must be made according to the Owner's preferred delivery method, or if no method is selected, as otherwise determined by Civil Code § 4041, and as further provided for in Civil Code § 4040 (individual delivery) and Civil Code § 4045 (general delivery).

c. *When Notice Deemed Delivered.*

- i. By Mail. If a document is delivered by mail, delivery is deemed to be complete on deposit into the United States mail.
- ii. By Electronic Means. If a document is delivered by electronic means, delivery is complete at the time of transmission.

20.7 Headings. The headings contained in these CC&Rs are for convenience of reference and are not a part of and are not intended to govern, limit, or aid in the construction of any term or provision of these CC&Rs.

20.8 Liberal Construction. The provisions of the Governing Documents must be liberally construed to effectuate their purpose of creating a uniform plan for the use, operation and maintenance of the Development.

20.9 Number and Gender. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

20.10 Severability. The provisions of these CC&Rs and any other Governing Document are deemed independent and severable and the invalidity, partial invalidity, or unenforceability of any one provision has no effect on the validity or enforceability of any other provision.

20.11 No Public Rights. Nothing contained in these CC&Rs is a gift or dedication of all or any portion of the Development to the general public or for any public use or purpose whatsoever.

20.12 Successor Association. If the Association, as a corporate entity, is dissolved, a nonprofit, unincorporated association, without further action, automatically succeeds to all the rights and duties of the corporation. The affairs of the unincorporated association will continue to

be governed by these CC&Rs, the Bylaws, Architectural Standards, and the Rules and Regulations, as well as any applicable law.

20.13 Conflicting Provisions. When a conflict exists between these CC&Rs and the Articles or the Bylaws, these CC&Rs control. When a conflict exists between the Articles and the Bylaws, the Articles control. When there is a conflict between the Responsibility Chart and any other portions of the CC&Rs, the other portions of the CC&Rs control.

DRAFT

CERTIFICATION

WE CERTIFY this ____ day of _____, 2026 that this Second Restated Declaration of Covenants, Conditions and Restrictions has been duly approved and adopted by the affirmative vote of not less than seventy-five percent (75%) of the total voting power of Carnelian Woods.

CARNELIAN WOODS

President

Secretary

SIGNATURES MUST BE NOTARIZED

REPLACE THIS PAGE WITH NOTARY ACKNOWLEDGEMENT(S)

DRAFT

EXHIBIT “A”
Legal Description

Carnelian Woods Property

All that certain real property situate, lying and being in the County of Placer, State of California, as follows:

Tract No. 210 Carnelian Woods Unit No. 1 filed for record December 17, 1971, in Book J of Maps, at Page 41 Official Records.

Tract No. 229 Carnelian Woods Unit No. 2 filed for record December 17, 1971, in Book J of Maps, at Page 42 Official Records.

Tract No. 236 Carnelian Woods Unit No. 3 filed for record December 26, 1972, in Book J of Maps, at Page 61 Official Records.

Tract No. 237 Carnelian Woods Unit No. 7 filed for record December 26, 1972, in Book J of Maps, at Page 62 Official Records.

A parcel of 23.582 acres, more or less, and a parcel of 25.671 acres, more or less, annexed to the Development by Declarations of Annexation recorded December 26, 1972 at Book 1463, page 534 as Recorder's Document No. 1972-0033061, and October 29, 1973, at Book 1529, Page 368 as Recorder's Document No. 1973-0029294, all in the Placer County Official Records.

A parcel of real property containing 27.69 acres more or less, deeded as Common Area, by Grant Deed recorded August 7, 1989 at Book 3683, page 589 as Recorder's Document No. 1989-0042273, as corrected by the Grant Deed recorded December 28, 1990, under Recorder's Document No. 1990-083058 and Declaration of Annexation recorded August 7, 1989, under Recorder's Document No. 1989-0042275, all in the Placer County Official Records.

118 Privately-Owned Residential Lots (“Units”)

All that certain real property situate, lying and being in the County of Placer, State of California, as follows:

Lots 1 through 20, inclusive as shown on Tract No. 210 Carnelian Woods Unit No. 1 filed for record December 17, 1971, in Book J of Maps, at Page 41 Official Records.

Lots 21 through 76 inclusive as shown on Tract No. 229 Carnelian Woods Unit No. 2 filed for record December 17, 1971, in Book J of Maps, at Page 42 Official Records.

Lots 108 through 113 inclusive and Lots 120 through 155 inclusive, as shown on Tract No. 236 Carnelian Woods Unit No. 3 filed for record December 26, 1972, in Book J of Maps, at Page 61 Official Records.

123 Undeveloped Lots-Carnelian Woods

All that certain real property situate, lying and being in the County of Placer, State of California, as follows:

PARCEL ONE

Lots 77 through 107 inclusive and Lots 114 through 119 inclusive, as shown on the “Tract No. 236, Carnelian Woods Unit No. 3”, recorded in the Office of the County Recorder of Placer County on December 26, 1972, in Book “J” of Maps at Page 61.

PARCEL TWO

Lots 156 through 241 inclusive, as shown on the “Tract No. 237, Carnelian Woods Unit No. 7”, recorded in the Office of the County Recorder of Placer County on December 26, 1972 in Book “J” of Maps at Page 62.

EXHIBIT “B” RESPONSIBILITY CHART

This Responsibility Chart attached hereto, incorporated by reference and made a part of the CC&Rs to which it is attached. If there is a conflict between this Chart and any other portions of the CC&Rs, the other portions of the CC&Rs shall control.

The following is a listing of the items within the Development for which Owners and the Association are responsible for the routine maintenance, repair and replacement duty, in accordance with the CC&Rs and may not apply to situations where damage is caused by the negligence or willful misconduct of any party.

Unless specifically provided otherwise in the Chart, the items below include the responsibility to maintain, repair, replace and paint (if painting is applicable).

This Chart is provided for convenience as to the general determination of responsibility for the maintenance, repair and replacement of various components of the Development. The physical boundaries of the various components of the Development, such as the Unit, Common Area, and Exclusive Common Area, are not necessarily determinative of the responsibility for routine maintenance, repair and replacement.

In certain situations, the Association’s insurance coverage may provide for the repair/replacement of components that are designated as the Owners’ responsibility under the CC&Rs, including this Chart. These circumstances shall not be deemed to be, or construed as, modifying the routine maintenance, repair and replacement duties set forth herein.

NOTE: *Please carefully review this Responsibility Chart to be sure that it reflects your current or desired practice and is consistent with the Reserve Study.*

COMPONENT(S) O = Owner, A = Association “Full” means maintain, clean, paint, repair, and replace. “Maintain” means keep clean and attractive.						
		Full	Maintain	Paint	Repair	Replace
1.	Air Conditioning/Heating Systems – for Common Area facilities	A				
2.	Air Conditioning/Heating Systems – for Unit, wherever located within the Development	O				
3.	Appliances for Common Area facilities	A				
4.	Appliances (dishwasher, refrigerator, microwave, stove, oven, range hood and fan, etc.) - Unit	O				

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5.	Antennas and Satellite Dishes – Unit	O				
6.	Balcony doors – flashing, waterproofing, framing, painting, staining, weather-stripping, except glazing and screens	A				
7.	Balcony doors – glazing and screens	O				
8.	Balcony – Exterior surfaces and structural components	A				
9.	Balcony – Light Fixtures	A				
10.	Balcony – Paint			A		
11.	Cabinets and countertops for Common Area facilities	A				
12.	Cabinets and countertops – Unit	O				
13.	Ceilings (including, but not limited to, “popcorn” texturing and any asbestos-containing materials (ACM) in texturing, if not previously removed and/or abated)	O				
14.	Doors – interior – bedrooms, closets, bathrooms, etc. – Unit	O				
15.	Doorbell – bell and interior components	O				
16.	Doorbell – button/switch and exterior components	A				
17.	Drain lines – Unit	O				
18.	Drains – overflow – bathtubs, showers and sinks	O				
19.	Drainage systems in Common Area (e.g., ditches, catch basins, etc.)	A				
20.	Driveways in Common Area	A				
21.	Dryer vents	A				

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22.	Drywall and insulation in and around Common Area facilities	A				
23.	Drywall and insulation in and around the Unit	A				
24.	Electrical systems and components for Common Area	A				
25.	Electrical systems and components exclusively serving one Unit, wherever located within the Development (includes wiring, panel, and circuit breakers)	O				
26.	Entry door – flashing/waterproofing/framing - exterior – Unit	A				
27.	Entry door – glazing and screen - Unit	O				
28.	Entry door – locks, hardware and weather-stripping, except glazing and screen – Unit	A				
29.	Entry door – painting or staining – exterior surface – Unit	A				
30.	Entry door – painting or staining – interior surface - Unit	O				
31.	Entry gates and systems, and monument signs for Development	A				
32.	Railings – Balcony		O	A	A	A
33.	Fences and Walls – perimeter of Development and Common Area	A				
34.	Fireplace mantel, firebox, flue, chimney and all interior surfaces – Unit	O				
35.	Fireplace chimney cap, chase cover and exterior structure (i.e., stucco, bricks) – Unit	A				

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36.	Fire sprinklers – all components, water lines serving the Common Area	A				
37.	Floor coverings in Common Area facilities	A				
38.	Floor coverings – interior - carpeting, hardwood, tile, marble, granite, vinyl, etc. – Unit	O				
39.	Floors - unfinished slab and/or sub-floors – Unit	A				
40.	Front entry landings – Unit	A				
41.	Front entry gates – Development	A				
42.	Garbage disposal clogs	O				
43.	Gas lines serving Common Area	A				
44.	Gas lines exclusively serving one Unit, wherever located within the Development	O				
45.	Heating and air conditioning systems and components serving Common Area facilities and those that do not exclusively serve a Unit	A				
46.	Heating and air conditioning systems and components exclusively serving a Unit, wherever located within the Development	O				
47.	Hose Bibs – Common Area	A				
48.	Hose Bibs for Unit (e.g., connected to Unit, serving only one Unit)	O				
49.	Irrigation for Common Area landscaping	A				
50.	Landscaping – Common Area	A				
51.	Leaky faucets in Units	O				

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52.	Light switches, electrical outlets and wall plates – Unit	O				
53.	Light fixtures – Common Area	A				
54.	Light fixtures – Unit	O				
55.	Mechanical equipment, heating and air conditioning equipment, heat exchangers, drip pans, valves, thermostats, compressors, condensers, control equipment, and any other mechanical equipment located on or exclusively servicing one Unit	O				
56.	Moisture from or around vents, A/C condenser lines – Unit	O				
57.	Parking Spaces/Parking Units – concrete, asphalt surfaces – Common Area	A				
58.	Pests – spraying/eradication of exterior/landscaping or Common Area pests	A				
59.	Pests - spraying/eradication of interior pests in Units (e.g., ants, bees, fleas, rodents, bed bugs, etc.)	O				
60.	Plumbing fixtures and lines for Common Area	A				
61.	Plumbing fixtures for Unit	O				
62.	Plumbing lines serving Common Area facilities and those that do not exclusively serve one Unit	A				
63.	Plumbing lines exclusively serving one Unit, wherever located within the Development (e.g., risers, washing machine hoses, dishwasher hoses, ice maker hoses).	O				

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64.	Pressure regulators for Common Area irrigation and plumbing	A				
65.	Private Streets – Common Area	A				
66.	Recreational Amenities/Common Area facilities – Common Area	A				
67.	Roof – decking/sheathing/flashing	A				
68.	Roof – shingles/tiles	A				
69.	Roof – underlayment (e.g., tar paper), plywood and structural elements	A				
70.	Roof – vents, furnace flues, plumbing stacks and other roof penetrations	A				
71.	Screen door	O				
72.	Sewer lines and cleanouts for Common Area and those that do not exclusively serve one Unit	A				
73.	Sewer lines and cleanouts exclusively serving one Unit, wherever located within the Development	O				
74.	Sidewalks – Common Area	A				
75.	Sink, faucet, garbage disposal, drain, supply lines and angle stops – Unit	O				
76.	Sliding glass door - door, hardware, rollers, weather stripping, mullions, etc. – Unit	A				
77.	Sliding glass door – flashing, waterproofing, frames and tracks – Unit	A				
78.	Structural elements of Unit (e.g., framing, supports) – except roofs	A				
79.	Surveillance systems for Unit (e.g. cameras, alarms, lights, wiring, etc.)	O				

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80.	Telephone lines, cable television, computer lines, DSL cables, exclusively serving one Unit, wherever located within Development	O				
81.	Termite inspection, eradication, and treatment in Common Area (includes tenting)		A			
82.	Termite inspection, eradication, and treatment on Units (does not include damage caused by termites)		O			
83.	Termite – repair of damage to Common Area			A	A	A
84.	Termite – repair of damage to Unit			O	O	O
85.	Toilets, tank mechanisms, wax ring, supply lines and angle stops and local stoppage exclusively serving one Unit, wherever located within the Development	O				
86.	Tubs, showers, faucets, valves, shower pans, drains, and drain lines that exclusively serve one Unit	O				
87.	Vanities, sinks, faucets, drains, supply lines and angle stops that exclusively serve one Unit	O				
88.	Walls – Non-bearing interior walls and partitions such as bedroom, dining room walls, etc. – Unit	O				
89.	Walls - Perimeter walls surrounding the Unit – including bearing walls, studs, frames and other structural items – Unit	A				
90.	Walls – Perimeter walls - exterior surfaces/stucco/siding/ - Unit	A				
91.	Walls – Perimeter walls – exterior trim – Unit	A				

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		Full	Maintain	Paint	Repair	Replace
92.	Walls – interior surfaces and coverings - paint, wallpaper, paneling, mirrors, etc. – Unit	O				
93.	Water lines that exclusively serve one Unit, wherever located within the Development	O				
94.	Water Softeners – Unit	O				
95.	Water shut-off valve – exclusively servicing one Unit, wherever located within the Development	O				
96.	Windows – glass, mullions, screens, hardware, weather stripping, caulking, drapes, blinds, etc. and frame damage caused by Owner	O				
97.	Windows – flashing/waterproofing and frame replacement (normal wear and tear)	A				