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**AMENDED AND RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
BAYSHORE VILLAGE HOMEOWNERS' ASSOCIATION**

A CALIFORNIA NON - PROFIT MUTUAL BENEFIT CORPORATION

ORIGINAL

**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF
BAYSHORE VILLAGE HOMEOWNERS' ASSOCIATION,
Morro Bay, California**

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**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION,
A PLANNED DEVELOPMENT
Morro Bay, California**

This Amended and Restated Declaration of Covenants, Conditions and Restrictions of Bayshore Village Homeowners Association, a California non-profit mutual benefit corporation, is made this ____ day of _____, 2016, by the undersigned with reference to the following:

RECITALS

A. A *Declaration of Covenants, Conditions, and Restrictions* ("Original Declaration") was executed by C.P.C Development #5, a joint venture, and recorded on July 5, 1985, as Instrument No. 037770 in the Official Records of San Luis Obispo County, for the real property legally described as:

All of Tract No. 729, in the City of Morro Bay, County of San Luis Obispo, State of California, as shown on Map recorded on April 14, 1983 in Book 11, Page 30 of Maps, Official Records of said County.

B. An *Amendment to the Original Declaration* ("First Amendment") was executed by the then owners of the Property as defined herein, and recorded on June 7, 1990, as Instrument No. 38239 in the Official Records of San Luis Obispo County, for said real property.

C. A *Restated Declaration of Covenants, Conditions and Restrictions* ("First Restated Declaration") was executed by the Association, and recorded on February 13, 1996, as Instrument No. 1996-006796 in the Official Records of San Luis Obispo County, for said real property.

D. An *Amendment to the Restated Declaration of Covenants and Restrictions* ("First Restated Amendment") was executed by the Association, and recorded on May 24, 2001, as Instrument No. 2001-036682 in the Official Records of San Luis Obispo County, for said real property.

E. The undersigned have confirmed and placed in the records of the Association the signatures representing the necessary voting power of the owners of the Lots covered by said Declarations, reflecting their confirmation and approval to make this Amended and Restated Declaration which follows.

F. All provisions of the Original Declaration and amendments described above (except for Article X, regarding Rights of Mortgagees (Lenders), which is retained and incorporated in its entirety herein by reference as a new Article XIV), are hereby deleted, canceled, and revoked in their entirety, and the following new provisions inserted in their place to supersede said Declaration, as amended.

G. All real property in the Development shall be held, conveyed, leased, rented, used, occupied, hypothecated, encumbered, and improved, subject to the covenants, conditions, restrictions, and easements set forth in this Declaration, for the purpose of enhancing and protecting the value, desirability and attractiveness of the Development, all of which shall run with the Property and be binding on all parties having or acquiring any right, title or interest in the Property, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

APPLICATION AND CONSTRUCTION

1.1 Application. This Declaration applies to all Common Areas and Lots within the Development, as well as their respective Owners, Tenants, Residents, and Invitees. Any Lease shall provide that all Tenants, Residents, and Invitees are bound by the Governing Documents. All present and future Owners, Tenants, Residents, and Invitees shall be subject to, and shall observe, comply with and abide by, each and every provision of the Governing Documents, as defined herein, for the purpose of protecting the interests of all Owners and the Common Areas. The acceptance of a deed, Lease, or contract of sale with respect to any Lot, or occupancy of any Lot, shall constitute consent and agreement that each and all of the provisions of the Governing Documents, as defined herein, shall be binding and that said person(s) will observe and comply with them.

1.2 Term. This Declaration and its provisions shall continue to run with, benefit, and burden the Lots and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, the Association, and their respective successors in interest, for a term of sixty (60) years from the date of the recording of this Declaration, after which time the same shall be automatically extended for successive periods of ten (10) years each unless, within six (6) months prior to the expiration of the initial 60-year term or any such 10-year extension period, a written instrument, approved by seventy-five percent (75%) of all Owners terminating the effectiveness of this Declaration shall be recorded in the Official Records of San Luis Obispo County.

1.3 Conflicts. In the case of any conflict between this Declaration and the Articles or the Bylaws, this Declaration shall control. In the event of any conflict between the Articles and the Bylaws, the Articles shall control. The Rules, Architectural Guidelines, Board Resolutions, and all other policies are subordinate to, and shall not be inconsistent with or materially alter, any provision of the other Governing Documents.

1.4 General Plan. The Governing Documents create and perpetuate a general plan of development for the Development, and may be supplemented by additional covenants, restrictions, and easements applicable to particular areas within the Development, which may be more restrictive than the provisions of this Declaration, in which case the more restrictive provisions shall control as to the encumbered area. The Association may enforce any such additional covenants, restrictions, or other instruments, but unless required by this Declaration, shall be under no obligation to do so.

1.5 Construction of Declaration.

A. Restrictions Construed Together. All of the covenants, conditions, and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Property, as set forth in this Declaration.

B. Restrictions Severable. Notwithstanding the provisions of Paragraph A above, the covenants, conditions, and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

ARTICLE II

DEFINITIONS

2.1 "Architectural Guidelines" means those Rules adopted pursuant to Article VII hereof, to govern alterations and improvements to Lots, Common Areas and Exclusive Use Common Areas.

2.2 "Architectural Control Committee" or "ACC" refers to any committee established to govern alterations and improvements to the Development pursuant to Article VII hereof, or to the Board, if serving in that capacity.

2.3 "Articles" refers to the Articles of Incorporation of Bayshore Village Homeowners Association, as filed with the California Secretary of State.

2.4 "Assessment" means any Regular, Special, or Special Individual Assessment levied or imposed by the Association against an Owner and his or her Lot in accordance with this Declaration.

2.5 "Association" means Bayshore Village Homeowners Association, a California non-profit mutual benefit corporation, its successors and assigns. The Association is an "association" as defined by applicable law.

2.6 "Board" means the Board of Directors of the Association.

2.7 "Bylaws" means the Bylaws of the Association, as the same may be amended from time to time.

2.8 "Common Area" means (i) all real property (including any Improvements thereon) owned or to be owned by the Association for the common use and enjoyment of the Owners, including Lot 1 of Tract 729, and (ii) all real property (including the Improvements thereon) over which the Association or the Owners own or will own or an easement for the maintenance of the area for the benefit of the Owners. The Common Area owned by the Association at the time of recordation of this Declaration is defined pursuant to Civil Code Section 4095, or its amendments, including without limitation all property except the Lots therein. Unless the context clearly indicates a contrary intent, any reference herein to the "Common Areas" shall also include any Common Facilities located thereon, as defined in Section 2.10 of this Declaration.

2.9 "Common Expense" means any use of Common Funds authorized by this Declaration, by law, or by the Bylaws, including without limitation, expenditures for the administration, management, operation, insurance, maintenance, improvement, replacement, repair, addition, alteration or reconstruction of all or any portion of the Common Area and any Maintenance Area; any amounts estimated to be reasonably necessary for reserves for anticipated long-term maintenance, repair and replacement of capital improvements upon the Common Area and any Maintenance Area (the cost of which would not ordinarily be incurred on an annual basis); taxes paid by the Association; expenditures for the discharge of any lien or encumbrance levied against any Common Area; expenditures in collecting Assessments, including amounts expended to purchase a Lot in connection with the foreclosure of an Assessment lien against such Lot; unpaid Assessments; contingencies; and the service obligations of the Association, including costs for water, sewer, garbage, electrical, communications, gas, and other utilities services for the Common Area and (if not separately metered or charged) for the individual Lots. Common Expenses, however, shall not include the cost of any new construction, or unanticipated repair or replacement of a capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto.

2.10 "Common Facilities" means that portion of the Common Areas, the use of which may be suspended by the Board for violations of the Governing Documents, and includes the swimming pool, pool furniture and equipment, spa and associated equipment, guest parking spaces, recreational landscaped areas, irrigation facilities, drainage facilities, playground areas, lawns, trees, hedges, plants, shrubs and landscaping, fences and perimeter walls, lines, lighting fixtures, recreational building, walkways, driveways, structures, and other facilities constructed or installed, or to be constructed or installed, or located within the Common Area, to the extent the same are not necessary for access to or use of a Lot.

2.11 "Common Funds" means all funds collected or received by or on behalf of the Association and/or due and payable to the Association, including but not limited to the proceeds from insurance carried or obtained by the Association which are payable to or received by the Association for the benefit of the Owners or otherwise.

2.12 "Declarant" refers to the original Developer of the Development, i.e., C.P.C. Development #5, a joint venture.

2.13 "Declaration" means this instrument, as it may be amended or restated from time to time.

2.14 "Development" means the Property, and all Improvements on the Property, which are intended to create a planned development as described by applicable law.

2.15 "Exclusive Use Common Area" means a portion of the Common Area over which an exclusive easement(s) is reserved appurtenant to one or more, but fewer than all, of the Lots, or otherwise designated for the exclusive use of one or more, but fewer than all, of the Owners of the Lots, including, but not limited to, patios, porches, decks and balconies, storage spaces, and any Common Area parking space(s) exclusively assigned to an Owner as being appurtenant to and exclusively serving that Lot, with or without an easement expressed in any deed.

2.16 "Good Standing" shall mean those Members who are current in the payment of Assessments, fees, and fines, and who are not in violation of the Governing Documents, and/or not engaged as an opponent in any litigation or other formal action against the Association. Members who are more than thirty (30) days delinquent in the payment of their Assessments, fees or fines, or have been found in violation of the Governing Documents, following notice and hearing as described in the Bylaws, shall be in Good Standing only at such time as all Assessments, fees and fines are paid, any violations of the Governing Documents are cured, and any litigation or formal action against the Association resolved or terminated.

2.17 "Governing Documents" means and refers to all of the following, collectively: this Declaration and recorded amendments and supplemental declarations, if any; the Subdivision Map; the Articles; the Bylaws; the Rules and Architectural Guidelines; and any Resolutions of the Board; all as the same may be lawfully amended or modified from time to time.

2.18 "Improvement" includes, without limitation, any buildings, walls, fences, awnings, screens, sunshades, swimming pools, landscaping, landscape structures, solar heating equipment, spas, saunas, utility lines, or any physical structure of any kind, or to the construction, installation, alteration, or remodeling of any such structure. In no event shall the term "Improvement" be interpreted to include improvement projects that are restricted entirely to the interior of any Residence and which involve no modification of or entry into the roof, foundation or slab, or Party Walls or other load

bearing walls, nor any alteration, modification, or additional stress upon any physical portion or mechanical system (including plumbing or electrical systems) of the Common Area or of any other Residence.

2.19 "Invitee" means any person or entity entering any part of the Development for purposes relating to a Lot, or to any Owner, Tenant, or Resident thereof, including without limitation guests, vendors, contractors, maids, child care providers, health care providers, and any other visitor to a Lot.

2.20 "Lease" refers to an agreement between an Owner and a Tenant, as defined herein, for occupancy of a Lot or any part thereof. "Lease" includes any lease, rental agreement, occupancy agreement, or any other form of agreement providing for occupancy of a Lot by any person other than the Owner and his or her co-resident family members.

2.21 "Lot" shall mean any plot of land or parcel in the Development that is not part of the Common Area, as shown on any recorded Subdivision Map for the Development. When appropriate within the context of this Declaration, the term "Lot" shall also include the Residence and other Improvements constructed or to be constructed on a Lot.

2.22 "Maintenance Area" means any area within or outside of the Property which is not Common Area (including roofs and exterior building surfaces of Residences within a Lot) but which the Association is required to maintain by the Governing Documents, or by contract between the Association and any governmental authority.

2.23 "Manager" shall mean any person or company employed or retained by the Association to administer the operation, maintenance, and management of the Association and the Development.

2.24 "Member" means every person or entity who owns or exercises a Membership in the Association. The Members are the Owners of each of the seventy-two (72) Lots which are located on the Property, as further described herein and in the Bylaws.

2.25 "Membership" refers to the legal relationship and status of being a Member of the Association, and an entitlement to the rights and privileges appurtenant thereto as defined herein and in the Bylaws. Membership rights and privileges may be limited or suspended as provided in the Governing Documents and by applicable law. "Membership" may also refer to the Members collectively.

2.26 "Owner" means any person or entity in which title to a Lot is vested as shown by the Official Records of San Luis Obispo County. Family members and entity officials in whom title to a Lot is not so vested are not "Owners" for purposes of this Declaration, notwithstanding their occupancy of the Lot.

2.27 "Property" means all land described in Recital "A."

2.28 "Record," and/or its variants, refer to a complete, valid, lawful, and verifiable document evidencing rights or title to any part of the Property, including without limitation a Lot, recorded in the Official Records of San Luis Obispo County, or to the process of recording a document in said Official Records.

2.29 "Residence" means a private, single family dwelling designed, constructed, or to be constructed on a Lot, together with garages, structures and other Improvements on the same Lot or parcel.

2.30 "Resident" means any natural person residing in a Lot or any part thereof, for any duration, including any Owner, Tenant, family member, guest, or otherwise.

2.31 "Residential Use" means occupancy and use of a Lot for single family dwelling purposes, and recreational and other purposes incidental to such purposes, in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy residential dwellings.

2.32 "Rules" or "Rules and Regulations" means any and all written operating rules, regulations, architectural standards or guidelines (including the Architectural Guidelines), and other policies lawfully adopted by the Board, all as the same may be in effect from time to time.

2.33 "Subdivision Map" means the Map recorded in Book 11, Page 30 of Parcel Maps, in the Official Records of San Luis Obispo County, respecting the Property, and any amendments thereto pursuant to applicable law.

2.34 "Tenant" means any natural person or entity occupying a Lot, except the Owner and his or her co-resident family members, with or without the payment of rent.

2.35 "Civil Code", "Corporations Code" and similar references shall refer to those California statutes so referenced and any and all comparable superseding statutes.

ARTICLE III

PROPERTY RIGHTS AND OBLIGATIONS OF OWNERS

3.1 Lot Ownership. Each Lot within the Development includes a fee simple interest in the Lot; a Membership in the Association; and any exclusive or nonexclusive easement(s) appurtenant to such Lot over the Common Area as described in the Declaration, the Subdivision Map, and the deed to the Lot. The fee title to all such elements of the respective Lot shall conclusively be deemed to be conveyed,

transferred or encumbered with its respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to a Lot or Unit.

A. Joint Ownership. In the event of joint ownership of any Lot, the obligations and liabilities of such Owners shall be joint and several. Joint and several liability shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments. All Owners may exercise rights to use and enjoy the Lot and Common Areas, subject to the provisions and limitations herein; however, Owners of less than ten percent (10%) interests in any Lot shall not be considered "Members" for purposes of exercising certain rights and privileges of Membership, as further provided in the Bylaws.

B. Entity Ownership. If fee title to a Lot is owned by any trust, LLC, corporation, partnership, or other impersonal entity, the entity shall be responsible for the obligations and liabilities of the Owner. Unless the entity designates a natural person to exercise the rights and privileges of Membership, such rights and privileges may be exercised only by the trustee(s), president, proprietor, managing partner, or similarly empowered executor of such entity's interests; however, the entity shall be deemed to delegate its rights to use and enjoy the Common Facilities to any Tenant(s) or Resident(s).

3.2 Ownership of Common Areas. The Common Areas shall be owned in fee by the Association.

3.3 Prohibition of Partition or Severance. No Owner shall have any right to partition, subdivide, or sever his or her Lot from the Development, except as such partition may be provided for in provisions of this Declaration relating to destruction or condemnation, or as otherwise provided by applicable law. Nothing herein shall prevent partition of a co-tenancy in a Lot.

3.4 Power of Attorney for Partition after Destruction or Condemnation. Each Owner hereby irrevocably appoints the Association as attorney-in-fact for partition of the Common Areas, when the same may lawfully be partitioned in cases of destruction and condemnation, and irrevocably grants to the Association full power in the Owner's name and stead to sell the Common Areas, and to execute deeds and conveyances to it in one or more transactions, for the benefit of all Owners. Such power of attorney shall: (a) be binding on all Owners, whether they assume the obligations under this Declaration or not; (b) be exercisable by a majority of the Board acting on behalf of the Owners, subject to the prior approval by vote or written consent of a majority of the Members and institutional first Mortgagees; and (c) be exercisable only after Recordation of a certificate, executed by those who have power to exercise the power of attorney, confirming that the power of attorney is properly exercisable under applicable law. This certificate shall be conclusive evidence of proper exercise in favor of any person relying on it in good faith.

3.5 Prohibition on Avoidance of Obligations. No Owner, by non-use of the Common Area or Common Facilities, abandonment of the Lot, or otherwise, may avoid the burdens and obligations imposed by the Governing Documents, including, without limitation, the payment of Assessments.

3.6 Termination of Obligations. Upon the conveyance, sale, assignment or other transfer of a Lot, the transferor Owner shall not be liable for any Assessments respecting such Lot which become due after the date of Recording of the instrument evidencing said transfer and, upon such Recording, all Membership rights possessed by the transferor by virtue of the ownership of said Lot shall cease.

3.7 Duty to Notify Association of Sales and Delegations. Each Owner shall notify the Association in writing of any intended, pending or proposed sale of a Lot, including the identity of any escrow company, proposed purchaser, or contract purchaser for the Lot. Each Owner or contract purchaser shall also notify the Association of the names of any person(s) to whom such Owner or contract purchaser has delegated any rights to use and enjoy the Property, and the relationship that each such person bears to the Owner or contract purchaser.

ARTICLE IV

LEASING OF LOTS

4.1 Delegation of Use and Leasing of Lots. Any Owner may delegate the rights to use and enjoy the Lot and the Common Area to Tenants or other Residents of the Lot, provided that any Lease must be for Residential Use, in writing, and for a term not less than thirty (30) days.

A. During any period when a Lot has been Leased, the Owner, his or her family and Invitees shall not be entitled to use and enjoy the Common Areas, including Common Facilities, except to the extent reasonably necessary to perform any responsibilities of the Owner with respect to the Lot. However, this restriction shall not apply to an Owner who is contemporaneously residing in any other Lot.

B. Any Lease respecting a Lot shall be in writing and shall require the Tenant to comply with the Governing Documents, all of which shall be deemed incorporated by reference in the Lease. The Owner shall provide to the Association a copy of the written Lease, which shall include contact information of both the Owner and Tenant. The Lease shall require the Tenant to maintain renter's insurance, and proof of such insurance shall be provided to the Association prior to Tenant's taking possession. Each Owner shall provide any Tenant with a current copy of all Governing Documents and shall be responsible for compliance by the Tenant with all of the provisions of the Governing Documents during the Tenant's occupancy and use of the Lot.

C. Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of Owners. No such delegation shall relieve an Owner from liability to the Association or to other Owners for payment of Assessments or performance of the covenants, conditions and restrictions contained in this Declaration.

4.2 Eviction by Association. Subject to Section 4.7, in the event that any Tenant fails to honor the provisions of any Governing Document, the Association shall be entitled to take corrective action as it deems necessary or appropriate under the circumstances, which may include initiation of an action against the Owner to compel the Owner to evict the Tenant, or initiation of an eviction proceeding in accordance with this Article, or the imposition of disciplinary fines and penalties against the Owner and/or Tenant.

A. Whether or not such right is stated in any Lease, every Owner who Leases his or her Lot, or any portion thereof, automatically grants to the Association the right to determine a Tenant's default under the Governing Documents, which may result in terminating the tenancy and evicting the Tenant in the case of nuisance or damage as described herein. If the Board takes such eviction action, either in its own name or in the Owner's name, either directly against the Tenant or against the Owner, the Owner shall be responsible for all costs thereof, including reasonable attorney's fees, and shall reimburse the Association upon demand for the entire amount of such costs. If the Owner refuses to make such reimbursement, the sums shall be levied as a Special Individual Assessment.

B. The Association's right to maintain an eviction action hereunder is derived from applicable law and shall only arise if the Tenant's conduct causes damage to or destruction of Common Areas, improvements or other property of the Association, or the property of other Owners or Residents, or constitutes a nuisance or unreasonable interference with the quiet enjoyment of other Residents, or if such Tenant has occupied the premises without the Owner's permission and consent or without a written Lease.

4.3 Security Deposit. Through its rule-making power, the Board is hereby authorized and empowered to establish and implement an Association security deposit procedure to protect the Association and the Common Area from negligence, damage and/or destruction caused by Tenants, their Residents and Invitees. Said security deposit, if required, shall be payable by the Owner and shall be fixed in an amount not to exceed the greater of \$500 or one (1) or two (2) month's Regular Assessment and need not be held by the Association in a separate security deposit fund. Within two weeks following receipt of notice from the Owner that the Lot is no longer being Leased, the Association shall furnish the Owner with an itemized statement indicating the basis for, and the amount of, any security received and the disposition of the security and shall return the remainder, if any, to the Owner.

4.4 Recoverable Costs and Expenses. In the event of: (i) damage to, or destruction of, Common Areas by a Tenant or the Owner of a Leased Lot; (ii) the

imposition of a fine or penalty against an Owner as a result of any act or omission of his or her Tenant; or (iii) expenses incurred by the Association in the successful prosecution of an eviction proceeding pursuant to this Declaration, the Association shall be entitled to apply the security deposit to recover its costs and expenses. The Owner shall thereupon immediately reimburse the security deposit fund in an amount equal to the sums thus applied. Upon termination of the Lease and notification to the Association of such termination, the security deposit, or the balance thereof, if any, shall be refunded to the Owner without interest. As a condition to the Association's right to apply security deposit funds in the manner provided in Section 4.3 above, the Association must give the Owner the notice and hearing rights specified in this Declaration and/or in the Bylaws.

4.5 Assignment of Rents. In the event of a default by the Owner in the payment of Assessments, late charges, fines, and collection costs, the Owner grants, conveys, and confers to the Association the right, power and authority to collect the rents from the Tenant and assigns such rents to the Association to be retained by the Association to pay such delinquent sums, which may include current Assessments. This assignment shall not become effective until after the Association has provided the Owner with notice and hearing rights specified in this Declaration and/or in the Bylaws. After complying with such notice and hearing procedures, the Association shall give written notice to the Tenant that all future rental payments shall be paid directly to the Association until the delinquent Assessment(s), fines, and collection costs are paid in full and, at the option of the Board, the Tenant may thereafter be required to deduct from rental payments paid to the Owner, the amount of the Assessment(s) due for each month and to pay that amount directly to the Association to be credited to the Owner's account.

A. Prior to any default in the payment of assessments, late charges, and fines, the Owner shall retain the right, power and authority to collect and retain all rents collected from the Lot.

B. The Association may exercise its right to collect rents through its Board, Manager, agents, attorneys, or through a receiver to be appointed by the Court.

4.6 Discipline of Tenants. Subject to Paragraph 4.7 below, in the event that any Tenant fails to honor the provisions of any Governing Document, the Association may, but shall not be obligated to, take such corrective action as it deems necessary or appropriate under the circumstances, which may include, but is not limited to suspension of the Tenant's privileges to use any recreational Common Facilities, or the imposition of fines and penalties against the Owner and/or Tenant.

Any fine or penalty levied pursuant to this Section shall be considered a Special Individual Assessment, but shall not be enforced by foreclosure of a lien. If a Special Individual Assessment is imposed as a result of the conduct of a Tenant, the Tenant agrees to be personally obligated for the payment of such assessments in the event the Owner fails to pay the assessments prior to the delinquency date. This

provision, however, shall not be interpreted to release the Owner from any obligation, including the obligation to pay any duly imposed Special Individual Assessments for which such Owner would otherwise be responsible. Any Tenant charged with a violation of the Governing Documents is entitled to the same notice and hearing rights to which the Owner is entitled as provided in Section 4.7 below. Every Owner shall be responsible for assuring his or her Tenant's compliance with the Governing Documents.

4.7 Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to the Property or to preserve the rights of quiet enjoyment of other Owners and Residents, the Association shall have no right to initiate disciplinary action against an Owner or Tenant on account of the misconduct of the Tenant unless and until the following conditions have been satisfied:

A. The Owner has received written notice from the Board, Manager or authorized representative detailing the nature of the Tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing on the matter. Such written notice shall be deemed satisfied by sending it to the Owner's address, as it appears in the Association's records.

B. The Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, not less than ten (10) days from the date of the notice.

C. The Owner has failed to prevent or correct the Tenant's objectionable actions or misconduct, or evict the Tenant.

ARTICLE V

BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION

5.1 Association Membership. One Membership shall be appurtenant to each Lot. Every Owner of a Lot shall be deemed a Member of the Association, except as described in this Declaration or the Bylaws. The Association shall have one class of Membership and the rights, duties, obligations and privileges of the Members shall be uniformly as set forth herein and in the Bylaws.

5.2 Transfer of Memberships. No Membership may be transferred, encumbered, pledged or alienated in any way, except upon the sale, transfer, or encumbrance of the Lot to which it is appurtenant and then only to the purchaser or transferee. In the case of a sale, inheritance, or other transfer, the Membership transfers automatically to the transferee upon recording of a deed evidencing transfer of title to the Lot. In the case of an encumbrance, Membership does not transfer to a Mortgagee until Recording of a foreclosure or deed in lieu thereof. Delegation of rights does not constitute a transfer of Membership. Any attempt to make a prohibited transfer

is void. In the event any Owner should fail or refuse to transfer his or her Membership to the lawful purchaser or other transferee, the Association shall have the right to record the transfer upon its books and thereupon any Membership in the name of the transferor shall be null and void.

5.3 Voting Rights of Members. Each Membership shall be entitled to one vote in any Membership action, or to one vote for each vacancy to be filled in an election, as provided in the Bylaws. In no event shall more than one such vote per action, or per vacancy, be cast with respect to any Lot. Voting rights may be temporarily suspended, following the notice and hearing procedures herein or in the Bylaws, for non-payment of Assessments or other violations of the Governing Documents.

5.4 Powers and Authority of the Association.

A. Powers Generally. The Association shall have the power, and responsibility, to manage and maintain the Common Areas and to discharge the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of such responsibilities and duties, the Association shall have all of the powers of a non-profit corporation organized under the laws of the State of California in the ownership and management of the Property and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association and Board shall have the power to do any and all lawful acts which may be authorized, required or permitted to be done under and by virtue of the Governing Documents, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. The Association shall have the power to establish, fix and levy Assessments against the Lots and to collect and enforce payment thereof in accordance with the provisions of this Declaration and applicable law. Specific powers and limitations of the Association shall be as set forth in the Bylaws.

B. Association's Limited Right of Entry. The Association, and/or its agents, shall have the right, when necessary, to enter any Lot to perform the Association's obligations under this Declaration, including: (i) exterior maintenance or repair obligations; (ii) obligations to enforce the Governing Documents; (iii) any obligations with respect to construction, maintenance and repair of adjacent Common Areas; or (iv) after ten (10) days written notice, to make necessary repairs (including landscaping) to a Lot, Residence, or Exclusive Use Common Area (including the patio or yard area) that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, any property, health, or welfare of the Association or other Owners.

In case of an emergency originating in or threatening the Lot where entry is required, or any adjoining Lots or Common Areas, the Association's rights of entry hereunder shall be immediate and the entry and repair may be performed whether or

not the Owner, Tenant, or Resident of the Lot is present. In all other situations, the Association or its agents shall furnish the Owner, and any Tenant or other Resident, with at least 24 hours' written notice of its intent to enter the Lot, specifying the purpose and scheduled time of such entry and shall make every reasonable effort to schedule and perform its entry and work in a manner that respects the privacy of the Resident(s). **In no event shall the Association's right of entry, for non-emergency situations, be construed to permit the Association or its agents to enter any Lot without the Owner's express permission.**

C. Security

(1) Owners, Residents, and Invitees of a Lot are responsible for their own personal safety and the security of their property in the Development. The Association may, but shall not be obligated to, maintain or support certain activities within the Development designed to enhance the level of safety or security which each person provides for himself and his property, but neither the Association nor any board member, Manager, agent or employee, shall in any way be considered an insurer or guarantor of safety or security within the Development, nor shall such parties be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

(2) No representation or warranty is made that any systems or measures, including any mechanism, gate, or other system for limiting access to the Development, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing all Tenants, Residents and Invitees of its Lot that the Association, its Board and committees, are not insurers or guarantors of safety and security and that each person within the Development assumes all risks of personal injury and loss or damage to property, including Lots and the contents of Lots and Residences, resulting from acts of third parties.

D. Enforcement of Association's Rights. The Association shall have the right to institute, defend, settle or intervene in litigation, arbitration, mediation, or administrative proceedings in its own name as the real party in interest and without joining with it the Owners, in matters pertaining to the following:

- (1) Enforcement of the Governing Documents.
- (2) Damage to the Common Area.
- (3) Damage to the Lots that the Association is obligated to maintain or repair.

(4) Damage to the Lots that arises out of, or is integrally related to, damage to the Common Area or Lots that the Association is obligated to maintain or repair.

5.5 Association Rules.

A. Rule-Making Power. The Board may, from time to time, propose, enact, amend, or repeal reasonable Rules and Regulations. Such Rules may concern, but are not limited to: (i) the management and use of the Common Area by Owners, Tenants, Residents, and Invitees; (ii) use of a Lot, including pets, conduct, and any aesthetic or architectural standards; (iii) discipline, including any procedure for conducting disciplinary proceedings and schedule(s) of monetary or other penalties for violation of the Governing Documents; (iv) standards and procedures for resolution of Assessment disputes, including for delinquent Assessment payment plans; (v) restrictions on the use and parking of vehicles within the Property; and any other matter within the authority of the Association as provided in the Governing Documents.

B. Adoption and Amendment of Rules.

(1) Notice. The Board shall provide written notice to the Members of a proposed rule change, except for an emergency rule change, at least thirty (30) days before making the rule change. The notice shall include the text of, and a description of the purpose and effect of, the proposed rule change.

(2) Adoption. A decision on a proposed rule change shall be made at a meeting of the Board, after consideration of any comments made by Members.

(3) Distribution of Rules. As soon as possible, but not more than 15 days, after making a rule change, the Board shall mail or otherwise deliver notice of the rule change to each Member and each Lot. If an emergency rule change is made under paragraph (4), the notice shall include the text of the rule change, a description of the purpose and effect of the rule change, and the date that the rule change expires.

(4) Emergency Rule Change. If the Board determines that an immediate rule change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Association, it may make an emergency rule change without prior notice to the Members. An emergency rule change is effective for 120 days, unless the rule change provides for a shorter effective period. An emergency rule change made may not be readopted.

C. Reversal of Rule Change.

(1) Five percent (5%) or more of the Members may call a special meeting of the Members to reverse a rule change (other than an emergency rule change) by delivering a written request to the President or Secretary not more than

thirty (30) days after notice of the rule change. Upon receipt of such request, the Board shall either notice and hold a Membership meeting, or distribute a written ballot to each Member, in conformity with applicable law and the Bylaws, to vote on reversal of the rule change.

(2) Not more than fifteen (15) days after the close of voting, the Board shall mail or otherwise deliver notice of the results to each Member and each Lot.

(3) The rule change may be reversed by a majority of a quorum of Members present in person, by proxy, or by ballot at the meeting. If the rule change is reversed by this procedure, the rule change may not be readopted for one year after the date of the reversal; however, the Board may adopt a different rule on the same subject.

D. All Rules must be in writing. Any duly adopted Rule or amendment to the Rules shall become effective immediately following the date of adoption and distribution by the Board to the Owners and Tenants.

5.6 Breach of Rules or Restrictions. Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in this Declaration.

5.7 Limitation on Liability of Association's Directors and Officers.

A. Claims Regarding Breach of Duty. No director, officer, committee member, Manager, employee, or other agent of the Association shall be personally liable to any of the Association's Members, or to any other party, including the Association, for any error, negligence, or omission in the discharge of their duties and responsibilities or for their failure to provide any service required hereunder or under the Bylaws, provided that such director or other actor has, upon the basis of such information as may be possessed by the director or actor, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

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

(1) The act or omission was performed within the scope of the volunteer director's or officer's Association duties;

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

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

(4) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim was made one or more policies of insurance that include coverage for general liability of the Association in a sum not less than \$2,000,000 and individual liability of the officers and directors of the Association for negligent acts or omissions in their official capacities, with minimum coverage of insurance being not less than \$500,000.

(a) The reimbursement of actual expenses incurred by a director or officer in the execution of that person's Association duties shall not affect that person's status as a volunteer for the purposes of this section.

(b) The provisions of this paragraph B are intended to reflect the protections accorded to volunteer directors and officers of community associations under applicable law. In the event that any applicable law providing such liability protections is amended or superseded by another similar provision of the California statutes, this paragraph B shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor statutory provision.

ARTICLE VI

ASSESSMENTS

6.1 Covenant to Pay Assessments. Each Owner, by acceptance of the deed to the Owner's Lot, is deemed to covenant and agree to pay to the Association Regular, Special and Special Individual Assessments levied pursuant to the provisions of this Declaration. Each such Assessment shall be established and collected as hereinafter provided. The Owner may not waive or otherwise escape liability for these assessments by non-use of the Common Area or abandonment of the Owner's Lot.

A. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a debt and a personal obligation of the persons who were the Owners of the Lot at the time the Assessment was levied. Each Owner who acquires title to a Lot (whether at judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Lot so purchased which become due and payable after the date of such sale, and shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability. Any unpaid Assessment of a previous Owner shall remain the debt of such previous Owner against whom assessed.

B. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall

be a charge on the Lot and shall be a continuing lien upon the Lot against which such Assessment is made. Any lien for unpaid Assessments created pursuant to the provisions of this article may be subject to foreclosure as provided in this Declaration.

6.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote, protect, enhance and maintain the recreation, health, safety and welfare of the residents in the Development and for the improvement, maintenance, replacement, repair and operation of the Common Area and the improvements and personal property in the Common Area that are owned or maintained by the Association, as set forth in this Declaration, and to further any other purpose that is for the common benefit of the Owners in their use and enjoyment of the Development.

6.3 Regular Assessments.

A. Preparation of Annual Budget; Establishment of Regular Assessments. Not less than thirty (30) nor more than ninety (90) days prior to the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities) by preparing and distributing to all Association Members a budget satisfying the requirements of the Bylaws and this Declaration. If the Board fails to distribute the budget for any fiscal year within the time period provided for in this section, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the Board first obtains the approval of eligible Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with the Bylaws.

B. Establishment of Assessments; Membership Approval Requirements. The total annual expenses estimated in the Association's budget (less projected income from sources other than assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year, provided that, except as provided in this Declaration otherwise, the Board of Directors may not impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the Association's immediately preceding fiscal year without the vote or written assent of eligible Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association, conducted in accordance with applicable law.

C. Assessments to Address Emergency Situations. The requirement of a membership vote to approve Regular Assessment increases in excess of twenty percent (20%) of the previous year's Regular Assessment shall not apply to assessment increases necessary to address emergency situations. For purposes of this subparagraph (c), an "emergency situation" is defined by applicable law, and includes the following:

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

(2) An extraordinary expense necessary to repair or maintain the Common Areas, Common Facilities or any portion of the separate interests which the Association is obligated to maintain where a threat to personal safety is discovered.

(3) An extraordinary expense necessary to repair or maintain the Common Areas, Common Facilities or any portion of the separate interests which the Association is obligated to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the budget pursuant to Paragraph A, above, provided that, prior to the imposition or collection of an assessment under this Subparagraph (3), the Board shall adopt a Resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Resolution shall be distributed to the Members together with the notice of assessment.

6.4 Mailing Notice of Assessment. The Board of Directors shall mail to each Owner at the street address of the Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Association, notice of any increase or decrease in the amount of the Regular or Special Assessments for the next succeeding fiscal year no less than thirty (30) days nor more than ninety (90) days prior to the increased assessment becoming due.

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

6.6 Reserve Funds. Each annual regular assessment shall include a portion for reserves in such amounts as the Board in its discretion considers appropriate to meet the cost of the future repair, replacement, or additions to the major components of the Common Area Improvements and Common Facilities that the Association is obligated to maintain and repair. Reserve funds shall be deposited in a separate account and the signatures of at least two persons who shall either be Members of the Board, or one officer who is not a Member of the Board and a Member of the Board, shall be required to withdraw money from the reserve account. Except as provided below, no money shall be transferred from a reserve fund to the Association's general operating fund and reserve funds may not be expended for any purpose other than the repair, restoration, replacement, or maintenance of major components that the Association is obligated to maintain or as otherwise permitted by applicable law.

Notwithstanding the foregoing, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short term cash flow requirements or other expenses, provided the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed and describing when and how the money will be repaid to the reserve

fund. The transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except that the Board may, on the making of a finding supported by documentation that a temporary delay is in the best interest of the Association, temporarily delay the restoration. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve accounts, and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by applicable law. This special assessment is subject to the limitations imposed by applicable law and the restrictions imposed herein. The Board may, at its discretion, extend the date the payment on the Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of any unpaid special assessment.

When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of the Association of that decision in the next available mailing to all Members pursuant to applicable law and of the availability of an accounting of those expenses. Unless the Governing Documents impose more stringent standards, the Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members upon request.

6.7 Installment Payment of Assessments. The Regular Assessment levied against each Owner and his or her Lot shall be due and payable in advance to the Association in equal monthly installments on the first day of each month. Installments of Regular Assessments shall be delinquent if not paid by the 15th day of the month in which the Assessment is due.

6.8 Equal Allocation of Assessments. Except as provided in Paragraph A below, Regular and Special Assessments shall be allocated among, assessed against, and charged to each Owner so that each Lot bears an equal share of the total Assessment.

A. Variable Assessments. Notwithstanding the above, Regular and Special Assessments relating to insurance, painting, or roofing expenses of the Association shall be prorated as to each Lot by multiplying the total square footage of the Residence located on each Lot by the "cost per square foot" of the prorated assessment. For purposes of calculating any prorated assessment, the square footage of each type of Residence within the Development, excluding garages, shall be:

- (1) "A" Residences: 1,408 square feet
- (2) "B" Residences: 1,613 square feet
- (3) "C" Residences: 1,669 square feet

The "cost per square foot" used in the foregoing calculation shall be established by dividing the total amount of the Regular or Special Assessment relating to insurance, painting and/or roofing costs of the Association by the total square footage of all Residences within the Development, which shall be 115,487 square feet. The resulting product established pursuant to the above calculation as to a particular Lot pertaining to a Regular or Special Assessment for insurance, painting and/or roofing costs shall represent the amount of prorated assessment which shall be allocated to that Lot in addition to any assessment imposed pursuant to this Declaration.

6.9 Special Assessments.

A. Purposes for Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth in Paragraph B below, the Board of Directors shall have the authority to levy Special Assessments against the Owners and their Lots for the following purposes, among others:

(1) Regular Assessment Insufficient in Amount. If, at any time, the Regular Assessment for any fiscal year is insufficient in amount due to extraordinary expenses not contemplated in the budget prepared for said fiscal year, then the Board of Directors shall levy and collect a Special Assessment, for the purpose of defraying, in whole or in part, any deficit which the Association may incur in the performance of its duties and the discharge of its obligations hereunder.

(2) Capital Improvements. The Board may levy Special Assessments for capital improvements within the Common Area.

(3) Loan Repayments. The Board may levy Special Assessments to repay disaster loans or loans obtained for the purpose of repairing Common Area facilities or financing litigation.

(4) Litigation. The Board may levy Special Assessments to fund litigation.

B. Special Assessments Requiring Owner Approval. No Special Assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for the fiscal year in which the Special Assessment(s) is levied shall be made without the vote or written assent of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association, provided that this membership approval requirement shall not apply to any Special Assessment levied to address "emergency situations" as defined above.

C. Special Assessments for purposes described in this Section shall be due as a separate debt of each Owner and a lien against his or her Lot.

6.10 Special Individual Assessments.

A. Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 6.7, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the following circumstances, after the Owner has been given the notice and hearing rights to which the Owner is entitled, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Association's Governing Documents.

(1) Damage to Common Area or Common Facilities. If any damage or destruction of any portion of the Development is caused by the willful misconduct or negligent act or omission of any Owner, Tenant, or Resident, or any Invitee, servant, or employee thereof, which causes the Association to incur any costs and expenses to repair, all such costs and expenses incurred in connection therewith shall be assessed and charged solely to and against such Lot as a Special Individual Assessment.

(2) Expenses Incurred in Gaining Member Compliance. If the Association incurs any costs or expenses to (a) obtain the compliance with any provision of the Governing Documents (including to remedy any noncompliance) of a Lot's Owner Tenant, Resident, or Invitee, and/or the Lot itself, or to (b) accomplish any repair, maintenance or replacement to any portion of the Property that the Owner is responsible to maintain but has failed to undertake or complete after at least fifteen (15) days' written notice, the amount incurred by the Association (including without limitation fines and penalties, accounting fees, management fees, court costs and reasonable attorney's fees, including those incurred prior to filing a lawsuit) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(3) Attorneys' Fees. Any reasonable attorneys' fees and costs incurred by the Association in the enforcement of the Governing Documents with respect to a Lot, or its Owner, Tenant, Resident or Invitee, or to determine the rights or duties of a Member under the Governing Documents, may be levied against that Member as a Special Individual Assessment which may be collected in any manner provided for by the Governing Documents or by law.

B. Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied, notice of such Special Individual Assessment shall be mailed to the affected Owner(s) and shall thereafter be due as a separate debt of the Owner(s) payable in full to the Association within thirty (30) days after the mailing of notice of the Assessment, or within such other time period as the Board may determine.

6.11 Maintenance of Assessment Funds. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors which has offices located within the State of California, County of San Luis Obispo. In addition, the Board shall be entitled to make prudent investment of reserve funds in

insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees.

6.12 Collection of Assessments; Enforcement of Liens.

A. Delinquent Assessments. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment or Special Individual Assessment assessed to any Owner is not paid within fifteen (15) days after the same becomes due, such payment shall be delinquent and may, at the Board's election, bear interest at the rate of twelve percent (12%) per annum, or any other percentage provided by law, beginning thirty (30) days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to impose a late charge for any delinquent Assessments not exceeding ten percent ten percent (10%) of the delinquent assessment or \$10.00, whichever is greater, or such other amount as provided by law.

B. Effect of Nonpayment of Assessments.

(1) Creation and Imposition of a Lien for Delinquent Assessments. As more particularly provided by applicable law, the amount of any delinquent Regular Assessment, Special Assessment, Special Individual Assessment (pursuant to Section 6.13 of this Article), or Emergency Assessment, together with any late charges, interest and costs (including reasonable attorneys' fees) shall become a lien upon the Lot of the Owner so assessed when the Association causes to be recorded, in the Office of the County Recorder, a Notice of Delinquent Assessment (or equivalent) executed by the Board or an representative of the Association authorized by the Board. The Association shall record the lien in accordance with and pursuant to applicable statutory law.

(2) Remedies Available to the Association to Collect Assessments. After the expiration of the statutory time period, prescribed by applicable law, following the recording of Notice of Delinquent Assessment, the Association may initiate legal action against the Owner personally obligated to pay the delinquent Assessment for a money judgment and/or foreclosure of said lien against the Owner's Lot, or accept a deed in lieu of foreclosure, in a manner consistent with applicable statutory law. Foreclosure by the Association of said lien may be by judicial or non-judicial foreclosure.

6.13 Limitation on Right to Lien Lots for Special Individual Assessments. A Special Individual Assessment imposed by the Association as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Areas and Common Facilities for which the Owner, or his or her Tenants, Residents, or Invitees were responsible may become a lien against the Lot enforceable by the sale of the Lot pursuant to applicable law. However, other Special Individual Assessments imposed by the Association pursuant to Section 6.10A(2), as a disciplinary measure for failure to comply with the Governing Documents, such as for fines, levied pursuant to this Declaration and/or applicable law, except for late payment

penalties for delinquent Assessments, may not be characterized nor treated as an Assessment that may become a lien against the Lot that is enforceable by sale pursuant to applicable law. Special Individual Assessments relating to delinquent Assessments shall be subject to imposition of a lien and enforceable through foreclosure or sale under a power of sale for failure of an Owner to pay such Assessment, all as more particularly provided in herein.

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

6.15 Prohibition on Avoidance of Obligations. No Owner, by non-use of the Common Area or Common Facilities, abandonment of the Owner's Lot or otherwise may avoid the burdens and obligations imposed on such Owner by the Governing Documents, including, without limitation, the payment of Assessments levied against the Owner and his or her Lot pursuant to this Declaration.

6.16 No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that (i) the Association is not properly exercising its duties and powers as provided in this Declaration; (ii) a Member has made or elects to make no use of the Common Areas; or (iii) any construction or maintenance performed or not performed by the Association shall in any way postpone Assessments or entitle a Member to claim any such offset or reduction.

ARTICLE VII

ARCHITECTURAL CONTROL

7.1 Generally. No Improvement of any kind shall be erected, commenced, or maintained within the Property, nor shall any exterior or structural addition, change or alteration be made in or to any portion of the Common Area, any Residence, Lot, or Exclusive Use Common Area, without the prior written approval of the Association as provided herein.

7.2 Interior and Exterior Improvements. No interior Improvement to any Residence involving structural or mechanical components of the building, other than non-load-bearing interior walls, shall be commenced without the prior written approval of the Association as provided herein. Under no circumstances shall any Owner undertake any activity or work that will affect the exterior appearance, structural soundness, mechanical systems, or integrity of the Owner's, or any other, Residence, Lot, or Common Area, nor impair any easement. No Owner shall undertake the joining of adjacent Residences, as such work will impair the structural integrity of other Residences. Without limiting the foregoing, no changes in or additions of fences, hedges, patios, patio covers, porch enclosures, end windows, balconies, landscaping,

lighting structures, carports, garages, awnings, walls, exterior paint or decor or other matter visible from any other Lot or the Common Area shall be commenced, constructed, erected, or maintained by any Owner or person without prior written Association approval as set forth herein.

7.3 Architectural Guidelines. The Board may adopt, amend and repeal, under the procedures set forth in Section 5.5 hereof, rules and regulations to be known as Architectural Guidelines. Said Guidelines shall interpret and implement the provisions of this Declaration by setting forth particular standards and procedures for review and approval of proposed Improvements; guidelines for architectural design; placement of any Improvement; color schemes; exterior finishes; materials; and similar features, which are approved for use within the Property. Said Guidelines shall not conflict with, nor be in derogation of, the standards required by this Declaration.

7.4 Review by Board or Committee. In accordance with the Bylaws, the Board may appoint an Architectural Control Committee ("ACC"), consisting of at least three (3) Members in Good Standing, to review proposed Improvements. Members of the ACC shall serve for a one (1) year term, unless removed earlier therefrom by resignation, disqualification, or the vote of a majority of the Board. Members of the ACC may be appointed for additional one year terms by the Board. If the Board does not appoint an ACC, the Board shall exercise the Association's review authority as described herein.

A. Compensation of ACC Members. Unless the members of the ACC are professional consultants hired to perform review services, the members of the ACC shall receive no compensation for services rendered, other than reimbursement for actual expenses incurred by them in the performance of their duties hereunder. In no event may a director or officer of the Association receive compensation for service on the ACC, notwithstanding any professional qualifications he or she may possess.

B. Meetings of the ACC. The ACC shall meet as necessary to perform its duties hereunder, in accordance with any provisions of the Governing Documents governing committee functions. The ACC may from time to time, in accordance with such provisions of the Governing Documents and subject to the Board's direction, designate an ACC member to perform any delegated actions or duties of the ACC, except the approval of requests or the granting of variances. In the absence of such delegations, the vote or written consent of a majority of the ACC shall constitute an act of the ACC.

7.5 Submission of Plans. A Member proposing an Improvement shall submit a written request in accordance with this Declaration and any Guidelines, together with plans and specifications showing the nature, color, kind, shape, height (including front, side and rear elevations), materials, and location of the same. The Board or ACC may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Said requests and

plans may be submitted by personal delivery, or certified mail, to the Secretary or Manager. The term "plans and specifications" as used in this Article may include:

(1) A professionally prepared plot plan, which indicates: (a) the size of the Lot; (b) Lot contour lines; (c) the location of all existing and proposed Improvements; (d) setbacks from Lot lines of all existing and proposed Improvements; (e) the proposed drainage plan for the Lot, as improved; (f) the location of all trees and vegetation which are to be removed as part of the construction plan; and (g) the location of all proposed utility installations.

(2) A professionally prepared (prepared by an architect or licensed building designer) set of plans showing all: (a) elevations (including foundation); (b) floor plans; (c) location of all heating and/or cooling equipment; (d) decking; (e) screening devices; and (f) retaining walls.

(3) Description of exterior materials (if not included with above plans) and samples of roofing material and exterior colors, if appropriate.

(4) A complete and professionally prepared landscape plan which includes the names, location, and sizes of all proposed trees, shrubbery, and lawn area(s), identifies any trees scheduled for removal, and describes the Owner's plans for replanting trees and vegetation and for stabilizing slopes during and after construction.

(5) The Owner's proposed construction schedule. If the contemplated Improvement project is of a nature that does not merit extensive plans and specifications, the ACC may (but shall not be obligated to) waive or modify any of the above plan and specification requirements upon receipt of a written request from the applicant to do so.

7.6 Review and Decision. The Board or ACC shall fairly, reasonably and expeditiously render decisions regarding Members' requests for approval, after consideration of compliance with the Declaration and Guidelines, quality of workmanship and materials, aesthetic appearance, harmony of external design and location in relation to surrounding structures, setback lines, topography and finish grade elevation.

A. All decisions regarding proposed Improvements shall be in writing. In the event the Board or ACC fails to approve or disapprove a request within forty-five (45) days after said plans and specifications have been submitted, the request shall be deemed denied. Under such circumstances, the written request may be resubmitted to the Board.

B. The Board or ACC may condition its approval of proposals or plans and specifications for any improvement: (1) upon the Member furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be Recorded against the Common Area as a result of such

work; (2) on such changes to the request and/or plans and specifications as it deems appropriate; (3) upon the Member's agreement to grant appropriate rights of entry to the Association for the maintenance of Improvements; (4) upon the Member's agreement to reimburse the Association for any increase in Common Expenses as a result of such Improvement; (5) upon the Member's agreement to install (at its sole cost) water, gas, electrical, or other utility meters to measure any increased consumption; or (6) upon the Member's agreement to complete the proposed work within a stated period of time.

C. The Board or ACC shall approve a request if it deems: (i) that the installation, construction, alterations or additions contemplated thereby in the locations indicated are of a quality of workmanship and materials as similar Improvements to the Properties, will not be detrimental to the appearance of the surrounding area of the Properties as a whole and will not interfere with the reasonable enjoyment of any other Owners or his or her property; (ii) that the appearance of any structure affected thereby will be in harmony with the external design of surrounding structures, including size, and with the natural topography and landscaping within the Properties, considering the location of the proposed Improvement with respect to topography and other structures and finished grade elevation, the nature of other Improvements in the area, other land uses in the area, the adequacy of site dimensions and all other criteria which, in the opinion of the Board or ACC, should be evaluated in making such determination; (iii) that the installation or construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Common Area or the enjoyment thereof by the Members; and (v) with respect to an irrigation system, that the Board or ACC determines, in its sole discretion, that the proposed system and drainage pattern is designed to recognize water conservation on all Lots.

D. If a request is disapproved, the written decision reflecting same shall include both an explanation of why the proposed change is disapproved and a description of the procedure for reconsideration or appeal of the decision by the Board. Appeals from decisions of the ACC may be made to the Board, who must hear the appeal and either affirm, reverse or modify the decision at an open meeting. An appeal must be submitted in writing not more than thirty (30) days following the final decision of the ACC. Within forty-five (45) days following receipt of the request for appeal, the Board shall render its written decision. This does not require reconsideration of a decision made by the Board or a body/committee that has the same membership as the Board. The Rules or Guidelines may include additional fair, reasonable and expeditious procedures to process appeals.

7.7 Inspection of Work. The Board or ACC may at any time inspect any work for which approval is required under this Article, and may require any Owner to take such action as may be necessary to remedy any noncompliance with the approved plans or with the requirements of this Declaration.

7.8 Enforcement. In the event of an architectural violation, the Board shall have the right to suspend the right to use Common Facilities, suspend the Member's voting rights, and levy fines against the Member (or Tenant, if applicable), after notice and the opportunity to be heard is provided.

The Board may also pursue such legal remedies as the Board deems appropriate, including, but not limited to, an action for a temporary restraining order and/or injunction to compel the Member (or Tenant) to bring its Lot into compliance with the Governing Documents, including architectural decisions made by the ACC pursuant to this Section. The Association shall have no duty to identify architectural violations, and any failure of the Association, its Board, its officers, its Manager or any agent or employee to detect and identify an architectural violation shall not operate to waive the Association's rights or remedies with respect to any such violation, unless (1) the Board or Manager shall have been notified in writing of the violation and (2) no remedial or enforcement action shall have been taken by the Association within five (5) years following such notice, except as otherwise provided by law.

7.9 Variances. The Board, in its sole discretion, shall be entitled to allow reasonable variances from these requirements in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships.

7.10 Limitation on Liability. Neither the Association, Board, ACC, if any, nor any member thereof, shall be liable to any Member (or Tenant) for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance in connection with the approval or disapproval of any plans, drawings and specifications, whether or not defective, or the construction or performance of any Improvement, whether or not pursuant to approved plans, drawings or specifications.

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

7.12 No Waiver of Future Approvals. The approval of the ACC or Board in any matter described in this Article shall not be deemed to constitute a waiver of any right to withhold approval or consent to any similar matter subsequently submitted for approval.

ARTICLE VIII

RESTRICTIONS ON USE OF LOTS AND COMMON AREA

In addition to the restrictions established by law and the Rules, which are not inconsistent with this Declaration, the following restrictions are hereby imposed upon the use of Lots, Common Areas, and Exclusive Use Common Areas within the Property.

8.1 Residential Use. The Lots, Residences, and Exclusive Use Common Areas are restricted to Residential Use except as provided herein.

8.2 Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any Lot, Residence, garage, Exclusive Use Common Areas, or Common Areas. No restrictions contained herein shall be interpreted to

prohibit any Owner or Tenant from maintaining a home office, nor from conducting any other activities within the Lot otherwise compatible with Residential Use and the provisions of this Declaration which are permitted under applicable zoning laws, and health ordinances, resolutions, Rules and Regulations of the County of San Luis Obispo without the necessity of a special use permit or governmental authorization, unless other Residents are disturbed by an unreasonable number of visitors to the Property, excessive noise, or additional traffic and provided further there shall be no signs advertising their home office.

8.3 Prohibition of Noxious Activities. No illegal, noxious or offensive activities shall be carried on or conducted within the Property, including within any Residence, nor shall anything be done within the Property which is or could become an unreasonable annoyance or nuisance to other Residents nor otherwise interfere with the quiet enjoyment of the Property by other Residents. Without limiting the foregoing, no Owner shall permit unreasonable noise, including, but not limited to, the operation of excessively noisy air conditioners, stereo amplifier systems, television systems, motor vehicles or power tools, to emanate from Lot or from activities within the Common Area, which would unreasonably disturb any other Resident's enjoyment of his or her Residence or the Common Area.

8.4 Behavior of Persons on the Property. Each Owner and Tenant of a Lot shall be accountable for the conduct and behavior of all Residents and Invitees of such Owner or Tenant, and shall be liable to the Association and to other Owners, Residents, and Invitees, for any property damage or nuisance caused by such persons.

8.5 Damage to Common Area. With the exception of functions authorized within the charter of any committee appointed by the Board pursuant to the Bylaws and applicable law, no Owner, Tenant, Resident, Invitee, or contractor employed or authorized by anyone other than the Board may make any Improvement to the Common Area, nor remove or alter any furnishings, structures, improvements or landscaping materials therein. The Common Area shall not be obstructed by any person. Each Owner shall be liable to the remaining Owners for any damage to the Common Area that may be sustained by reason of the negligent or willful conduct of said Owner, or that Owner's family members, contract purchasers, Tenants, Residents, or Invitees. Each Owner, by acceptance of his or her deed, agrees personally and for family members, contract purchasers, Tenants, Residents, and Invitees, to indemnify each and every other Owner, and to hold every other Owner harmless from, and to defend him or her against any claim of any person for personal injury or property damage occurring within the Lot or Exclusive Use Common Area of the Owner, except to the extent that the injury or damage occurred by reason of the willful or negligent act or omission of the Association or of an Owner, Tenant, Resident, or Invitee of another Lot.

8.6 Activities Affecting Insurance. Nothing shall be done or kept within any Lot, Exclusive Use Common Area, or the Common Area which will increase the rate of insurance on any policy maintained by the Association without the prior written consent of the Association and no Owner shall permit anything to be done or kept within his or her Lot, Exclusive Use Common Area, or the Common Area which would cause any

Improvements to be uninsurable against loss by fire or casualty or result in the cancellation of insurance on any Lot or any part of the Common Area.

8.7 Pets. No animals of any kind shall be raised, bred or kept in any Lot or Common Area, except that no more than two (2) domesticated dogs, not exceeding fifty (50) pounds each, or two (2) domesticated cats, birds in cages, aquatic animals in an aquarium, or other animal(s) as agreed to between the Association and the Owner, may be kept in a Lot, and provided they are not kept, bred or maintained for any commercial purpose or in unreasonable numbers. Notwithstanding the foregoing, no animals may be kept in the Development which result in an annoyance or nuisance, or which are threatening or obnoxious to Residents. The Board, in its sole discretion, shall have the right to determine what are reasonable numbers and what constitutes a threat or nuisance. Pet owners shall be responsible for the prompt disposal of wastes deposited by their pets in the Property. Every Owner shall be liable for any damage, nuisance, or unreasonable noise or odors, caused to any person or property by any animals brought or kept upon the Property by any other Owner, Resident, Tenant, or Invitee of his or her Lot.

A. Leash Required. No Owner, Tenant, Resident or Invitee who possesses a dog shall permit, allow, or cause the dog to run, stray, be uncontrolled or in any manner be in, upon, or at large upon any part of the Common Area, unless it is restrained by a substantial leash and under the control of a person responsible for and capable of controlling the animal.

B. Dangerous Animals.

(1) Notwithstanding the foregoing, no domestic dogs or other animals shall be within the Common Area that are deemed by the Board to be vicious or potentially dangerous. All vicious and potentially dangerous animals must be kept indoors or in a securely fenced area within the Lot from which it cannot escape, and into which children or other individuals cannot trespass. An animal shall be deemed "vicious" for purposes of this Section if, when unprovoked: (i) it has bitten a person (however, an animal may be vicious even though it is not proven to have bitten any person); (ii) in an aggressive manner, it inflicts severe injury on or kills a human being; or (iii) it is previously determined to be and currently listed as a potentially dangerous animal (as determined by the Board or governmental authority) and, after its owner or keeper has been notified of this determination, it continues to engage in behavior deemed potentially dangerous. For purposes of determining if an animal is "vicious," "severe injury" means any physical injury to a human being that results in muscle tears, disfiguring lacerations, or requires multiple sutures or corrective or cosmetic surgery.

(2) An animal shall be deemed "potentially dangerous" if, when unprovoked: (i) on two separate occasions within the prior 36-month period, it engages in any behavior that requires a defensive action by any person to prevent bodily injury when the person and the animal are off the property of its owner or keeper; (ii) it bites a person causing a less "severe injury" than as defined above; or (iii) on two separate occasions within the prior 36-month period, it has killed, seriously bitten, inflicted injury,

or otherwise caused injury attacking a domestic animal off the property of its owner or keeper.

8.8 Garbage and Unsightly Items. No rubbish, trash, or garbage shall be allowed to accumulate within or outside of any Lot. No Owner or Tenant shall allow an accumulation of trash, debris, paper, or other items which would create a fire, safety, or health hazard, including any infestation of vermin, contamination by noxious substance or biohazard, obnoxious odors or related nuisance. Any extraordinary accumulation of rubbish, trash, garbage or debris (such as debris generated upon vacating of premises or during the construction of modifications and Improvements) shall be removed from the Property to a public dump or trash collection area by the Owner or Tenant at his or her expense. All refuse containers, wood piles, stored areas, machinery and equipment shall be prohibited upon any Residence and Lot unless obscured from view of adjoining Lots, streets or portions of the Property. Refuse containers shall be screened from view so that they are not visible from the street, any other Lot or the Common Area, but may be set out for a reasonable period of time before and after scheduled trash pick-up times.

8.9 Temporary Structures. No structure of a temporary character, trailer, shed, tent, shack, mobilehome, garage, bam, or other outbuilding shall be placed on any Lot at any time or used as a Residence, either temporarily or permanently.

8.10 Storage. There shall be no storage of personal property within the Common Areas without the prior written permission of the Board. Storage of personal property shall be within a Lot, or within designated storage areas. The Board may regulate storage in designated storage areas, subject to conditions determined by the Board and included in the Rules. Absolutely no hazardous or combustible materials shall be stored within the Development, including without limitation any explosives, ammunition, accelerants, gasoline, kerosene, cleaning solvents, corrosives, or biohazard, which either by its nature or by unreasonable accumulation thereof may result in a threat to health or safety of persons or property in the Development; provided, however, reasonable amounts of gasoline, kerosene, cleaning solvent or other similar materials may be stored in metal containers in garages. No tanks for such storage shall be installed anywhere in the Development.

8.11 Clotheslines. No exterior clothesline shall be erected or maintained, and there shall be no drying or laundering of clothes in any Lot or Exclusive Use Common Area in a manner which is visible from of adjoining Lots, streets or portions of the Property.

8.12 Window Covers. Only curtains, drapes, blinds, shutters, and shades may be installed as interior window covers. No window shall be covered, on the interior or exterior, by tint, paint, foil, sheets or similar items. The Board may adopt rules regulating the type, color and design of window covers. No sunshades, awnings, canvass, ornamental screens, or any other window covering shall be installed on the exterior of a Residence, including the exterior walls within the Patio or balcony areas, without the prior written permission of the Board.

8.13 Signs

A. Commercial Signs. No advertising signs or billboards shall be displayed on any building containing Residences nor posted within or upon any portion of the Common Area, except that Owners may display one sign which advertises their Lots "For Rent," "For Lease", "For Sale", or "For Exchange" or advertise directions to the Lot on a common sign post to be reasonably located in plain view of the public. The sign shall be of reasonable dimensions and design.

B. Noncommercial Signs.

(1) Noncommercial signs, posters, flags, or banners may be posted or displayed on or in an Owner's Lot, except as required for the protection of public health or safety or if the posting or display would violate a local, state, or federal law.

(2) For purposes of this section, a noncommercial sign, poster, flag, or banner may be made of paper, cardboard, cloth, plastic, or fabric, and may be posted or displayed from the window, door, balcony, or outside wall of the Residence, but may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component, or include the painting of architectural surfaces.

(3) Noncommercial signs and posters may not be more than nine (9) square feet in size and noncommercial flags or banners may not be more than fifteen (15) square feet in size.

C. Any signs must be maintained in good condition. The Board may adopt reasonable rules and regulations governing placement and display of signs consistent with the law and this Declaration.

8.14 Antennas and Similar Devices. In order to ensure adequate aesthetic controls and to maintain the general attractive appearance of the Property, no Owner or Tenant shall place or maintain any objects, such as masts, towers, poles, television and radio antennas, or television satellite reception dishes, on or about the roof or exterior of any building or on any Common Area within the Property, except as authorized by law. The Board may establish guidelines on the placement of satellite dishes which are consistent with applicable law.

8.15 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon any Lot, Exclusive Use Common Area, or the Common Area, except such machinery or equipment as is usual or customary in connection with the use, maintenance or repair of a Lot or appurtenant structures within the Property. No hobby or carpenter shops are permitted on the Property.

8.16 Parking and Vehicle Restrictions. Except as expressly permitted by Association Rules adopted in accordance with Section 5.5 herein, no trailer, camper, motor home, vehicle, boat or other commercial or recreational vehicle shall be parked or permitted to remain upon any property within the Development, unless parked or stored entirely within an enclosed garage. Commercial vehicle as used herein shall not include sedans, station wagons or standard pickup trucks which are used for both personal and business uses, provided, that any signs or markings of a commercial nature on such dual-use vehicles are unobtrusive and inoffensive as determined by the Board.

A. The Board shall have the authority to make reasonable rules and restrictions regarding parking, use, washing, and maintenance of vehicles within the Property as may be deemed prudent and appropriate. The Board shall have the authority to tow, at the Owner's expense, any vehicle parked or stored in violation of any restriction in this Section or any parking or vehicle Rules adopted by the Board. The Board shall post such notices or signs within the Common Area as may be required by law to effectuate this towing provision.

B. No motor vehicle shall be dismantled, repaired, constructed, serviced, painted or restored upon any portion of the Development which is visible from the streets or roadways surrounding the Development, except for emergency work needed to move the vehicle to an appropriate repair facility. No inoperable vehicles shall be parked or stored on the Development unless parked or stored entirely within an enclosed garage.

8.17 Garage Doors. Garages shall be used only for the purpose of parking vehicles and equipment and storing an Owner's household goods, and shall not be converted for living or recreational activities. No garage doors shall be permitted to remain open except for a temporary purpose, and the Board may adopt rules for the regulation of the opening of garage doors, including the imposition of disciplinary fines or other penalties on Owners Residents, Tenants, or Invitees who violate such rules.

8.18 Sports Apparatus. Sports apparatus are prohibited with the exception of a portable basketball standard, which shall be stored out of sight of the street or neighboring houses except when it is being used.

8.19 Oil and Mineral Rights. No oil, mineral, or water drilling, development operations, refining, quarrying, or mining operations of any kind shall be permitted upon or in the Property nor, subsequent to the recording of this Declaration, shall wells, tanks, tunnels, or excavations or shafts be installed upon the surface of the Property or within five hundred (500) feet below the surface of such properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the Property.

8.20 Variances. Upon application by any Owner, the Board shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article, if specific application of the restriction will, in the sole discretion of the Board, either deny a substantial right of the affected Owner or Tenant, or cause an

undue hardship to the affected Owner or Tenant, or fail to further or preserve the common plan and scheme of development contemplated by this Declaration.

ARTICLE IX

MAINTENANCE RESPONSIBILITIES

9.1 Association's Responsibilities. The Association shall be solely responsible for all maintenance, repair, upkeep and replacement of the Common Area and Common Facilities, as required by applicable law. The Association's maintenance, repair and replacement obligations, which may differ from any applicable law are specifically set forth, in detail, in the Summary of Responsibility for Maintenance and Repair, attached hereto as **Exhibit "A"** and incorporated by this reference. In the event of any ambiguities or conflicts regarding maintenance, repair or upkeep obligations, the Summary of Responsibility for Maintenance and Repair shall control. Without limiting the foregoing, the Association shall be responsible for:

A. Maintenance, reconstruction, replacement, repair or refinishing and otherwise managing and operating of all Common Area and all Common Facilities, including without limitation, the maintenance, replacement and planting of Common Area landscaping, trees, shrubs, ground covering and other vegetation, and the maintenance and replacement of Common Area irrigation equipment, storm drain systems, debris-detention basins and utilities, and perimeter walls and fences.

B. Maintenance reconstruction, replacement, or refinishing of Common Area streets and street lighting, guest parking spaces, walkways, driveways and Common Facilities, including without limitation recreational buildings, swimming pools, spa and related furniture and equipment.

C. Maintenance, reconstruction, repair or replacement of sewer, water, telephone, plumbing, gas, electrical lines and conduits and other apparatus for same located under or within the Common Area.

D. The Association shall maintain (but not repair or replace, except as specifically provided herein) any Maintenance Area, including, without limitation, the Maintenance Areas established in this subsection. Without limitation, the Association acting through the Board shall:

(1) Maintain the roof covering each Residence as originally constructed, or as may be further improved or modified by or with the consent of the Association, in good condition and repair and in such a manner as to place each such roof in an attractive, neat and orderly condition (including repair or replacement of the roof if required because of normal wear, tear or deterioration);

(2) Maintain the exteriors of each Residence, including building surfaces, foundations and slabs, gutters, and downspouts, as originally

constructed, or as may be further improved or modified by or with the consent of the Association, in good condition and repair and in such a manner as to place such exterior in an attractive, neat and orderly condition (including, without limitation, the painting, repair, and replacement of such exterior components if required because of normal wear, tear or deterioration);

(3) Maintain and replace the planting of landscaping, trees, shrubs, ground covering and other vegetation on each Lot up to the front of each Residence, including irrigation equipment and utilities not separately metered to the Lot;

(4) To the extent not covered by insurance carried by the Association, the cost of any of the maintenance services required to be performed by the Association under this Section which are caused by earthquake, fire, acts of God, riot, civil disturbance, or by any other cause, except ordinary wear, tear, deterioration, or the negligence or willful misconduct of the Association in the performance or non-performance of its duties, shall be borne by the Lot Owner.

(5) The costs of any maintenance services required to be performed by the Association under this Section which are caused by the negligence or willful misconduct of any Owner, or his Lot's Residents, Tenants, Invitees, or contract purchasers, shall be borne entirely by such Owner.

E. The Association shall be responsible for the repair and maintenance of damage occasioned by the presence of wood-destroying pests or organisms within the Development. Each Owner shall cooperate with the Association in temporarily relocating at his or her sole expense during repairs and maintenance of such damage, if necessary.

9.2 Owner Maintenance, Repair and Replacement Responsibilities.

A. Each Owner of a Lot shall be responsible for the maintenance, repair, and upkeep of his or her Lot and Residence (except as the Association may be responsible for exterior maintenance) in a clean, sanitary and attractive condition and good state of repair. No Improvements (including but not limited to Residences or garages) shall be permitted to fall into disrepair and all Improvements shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In addition each Owner shall have the right, at his or her sole cost and expense, to paint, tile, finish, alter, substitute, add, or remove any fixtures within such Owner's Residence; however, no Owner may interfere with or damage any Common Area, Maintenance Area, or otherwise impair the structural integrity of the building in which the Residence is located, or interfere with the use and enjoyment of the Common Areas or the Lots or any other part of the Development.

In addition, each Owner shall be responsible for the maintenance of any and all Exclusive Use Common Areas appurtenant to his or her Lot, including the balconies, decks, patios or porches, in a clean, sanitary, workable, and attractive condition, as set forth in applicable law. Each Owner's maintenance, repair and

replacement obligations, which may differ from any such applicable law are specifically set forth, in detail, in the Summary of Responsibility for Maintenance and Repair (**Exhibit "A"**). In the event of any ambiguities or conflicts in regards to maintenance, repair or upkeep obligations, the Summary of Responsibility for Maintenance and Repair shall control.

B. Each Owner of a Lot shall be responsible for the maintenance, repair, upkeep of plumbing, electrical, telephone, and other utility installations within such Owner's Lot, and for all heating systems and equipment, servicing his or her Lot whether located within the Lot or otherwise. Each Owner shall also be responsible for maintaining in an open and unobstructed condition all sewer and drainage pipes and lines serving only his or her Lot. If the Association is called upon by an Owner to investigate a stoppage or leak, the origin of which is unknown, the Association's plumber shall determine whether the repair or replacement involves a portion of the plumbing or sewer lines required to be maintained by an individual Owner. If it is, the Owner agrees to reimburse the Association for the expense within thirty (30) days. If the Owner fails to reimburse the Association, the expense may be levied against the Owner as a Special Individual Assessment, which may be subject to collection procedures set forth herein.

C. Owners shall be responsible for the cost to repair any damage to any property, including property which is Common Area or which is part of or appurtenant to another Lot, which is caused by any component within and/or servicing his or her Lot, whether or not said damage was foreseeable to occur.

D. No owner shall cut, trim, prune, remove, replace, or otherwise alter or affect the appearance or location of any living tree, plant, or other vegetation located in any portion of the Common Area without the prior written consent of the Association. Should any owner fail to comply with the restriction imposed by this provision, the Association may recover from such owner the cost of restoring or replacing any such vegetation.

9.3 Obligation To Permit Entry by Association and Adjacent Owners. Each Owner shall be obligated to permit the Owners or representatives of adjacent Lots to enter the Owner's Lot for purposes of performing installations, alterations, maintenance or repairs to utilities, mechanical or electrical services, including installation of television antennas and related cables, which are reasonably necessary for the use and enjoyment of the adjacent Lot, provided that requests for entry are made at least twenty-four (24) hours in advance and that entry is at a time convenient to the Owner whose Lot is being entered, except in the event of an emergency when no notice shall be required. Each Owner shall also honor the right of the Association and its agents to enter his or her Lot as provided in this Declaration for maintenance, repairs and/or to gain compliance with this Declaration.

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

9.5 Non-Responsibility for Consequential Damages / Mold Remediation / Reconstruction. Except for damages for which the Association has insurance, neither the Association nor its Board of Directors, officers, manager or its employees or agents shall be liable to any Owner, or any other person, for injury, damage or loss to any Owner or any Owners' property, or any other persons or property, in the Properties resulting from any casualty, or from any water, rain, dust, sand, or any other element which may leak or flow from outside of any Lot or from any part of the building, or from any pipes, drains, conduits, appliances or equipment or from any other place or cause, provided the Association, such Board Members or other persons have, upon the basis of such information as may be possessed by them, acted in good faith, and without willful or intentional misconduct. The Association's Non-Responsibility for Consequential Damages, as herein stated, includes, but is not limited to, fixtures, cabinets, paint, wall coverings, window coverings and floor coverings, costs necessary to test for the presence of mold, abate the same, and reconstruct Lots damaged by said damages.

9.6. Party Walls. Each wall or fence which is built as a part of the original construction of the Residences within the Properties and placed on the dividing line between the Lots shall constitute a party wall. A party wall shall be considered to adjoin and abut against the property line dividing the Lots from the bottom of the foundation over the full length and height of any structure or wall. The Association shall maintain, repair and replace such Party Walls, with the exception of any Party Wall damaged or destroyed due to negligence, willful misconduct, omission, neglect or other act of an Owner, his or her family, tenants, guests or invitees.

A. Use of Party Wall. Owners whose Lots are separated by a party wall shall have the right to the exclusive use of the surface of the wall on his or her side and shall maintain the surface of the wall on his or her side. Neither such Owner shall use any portion of such party wall so as to interfere with the use and enjoyment of the other Owner.

ARTICLE X

EASEMENTS

10.1 Owners' Nonexclusive Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Areas within the Property, including ingress and egress to and from his or her Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following rights and restrictions:

A. The right of the Association to assign, rent, lease, and to otherwise designate and control the use of any unassigned parking and storage spaces within the Common Area, and to limit the number of guests who may use any Common Facilities.

B. The right of the Association to adopt Rules regulating the use and enjoyment of the Property for the benefit and well-being of the Owners in common, and, in the event of the breach of such rules or any provision of any Governing Documents by any Owner, Tenant, Resident, or Invitee of a Lot, to temporarily suspend the voting rights and/or right to use the Common Facilities, other than parking and roads, by any person and any other Owner or Resident of the Lot, subject to compliance with due process requirements.

C. The right of the Association to enter into or upon any Lot or Exclusive Use Common Areas when such access is essential for the maintenance of the Common Area or to enforce the provisions of the Governing Documents, subject to Section 5.4(B) hereof.

D. The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and in aid thereof to mortgage said property; provided, however, that the rights of any such Mortgagee in said properties shall be subordinate to the rights of the Owners hereunder; and further provided that any such indebtedness shall be considered a Common Expense.

E. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the Owners; provided, however, that no such dedication or transfer shall be effective unless an instrument, approved by at least two-thirds of the voting power of the Members, and their First Mortgagees, consenting to such dedication or transfer has been recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Lot. Said instrument may be executed in counterparts so long as each counterpart is in recordable form.

F. The right of the Board or ACC, if any, to approve any proposed alteration or modification to the Common Area or any Lot.

G. The right of the Association to limit the number of guests and tenants using the Common Area.

10.2 Encroachment Easements. If any portion of the Common Area encroaches on any Lot or if any portion of a Lot encroaches on the Common Area, regardless of the cause which may include but is not limited to settlement or shifting of the building, except to the extent any encroachment is due to the willful conduct of an Owner or other party, a valid easement exists for such encroachment and for the maintenance of it as long as it remains, and all Lots and the Common Area are made subject to such easements.

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

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

10.5 Maintenance Easements. An easement is hereby granted to the Association, its officers, agents, employees, and to any Manager or contractor selected by the Board, to enter in or to cross over the Common Area and any Lot to perform the duties of maintenance and repair of the Common Area, Common Facilities, Maintenance Areas, or any other area required or permitted to be maintained by the Association, provided that any entry by the Association or its agents shall only be undertaken in strict compliance with this Declaration.

ARTICLE XI

INSURANCE

11.1 Fire and Casualty Insurance. The Association shall obtain and maintain a policy of fire and casualty insurance naming as parties insured the Association and any Mortgagee of the Common Area, and containing the standard extended coverage and replacement cost endorsements and, in the Board's discretion, such other or special endorsements as will afford protection and insure, for the full insurable, current replacement cost, all Common Area, Common Facilities, and Maintenance Areas that the Association is required to repair or restore in the event of partial or total destruction thereof and, also in the Board's discretion, all or portions of the Lots, and the personal property of the Association for or against the following:

- (a) Loss or damage by fire or other risks covered by the standard extended coverage endorsement;
- (b) Loss or damage from theft, vandalism or malicious mischief; and
- (c) Such other risks, perils or coverage as the Board may determine.

Such policy or the endorsement made a part thereof shall, to the extent available, provide that the insurer issuing the policy agrees to abide by the decision of the Association made in accordance with the provisions of this Declaration as to whether or not to repair, reconstruct or restore all or any damaged or destroyed portion of the Common Facilities. If available for a reasonable cost, the insurance policy shall include building code upgrade coverage.

The insurance shall be kept in full force and effect at all times and the full replacement value of the insured property shall be reevaluated on an annual basis.

11.2 General Liability and Property Damage Insurance. The Association shall obtain and maintain a policy of commercial general liability and property damage insurance naming as parties insured the Association, each member of the Association's Board of Directors, any manager, the Owners of all Lots, and such other persons as the Board may determine and agreed upon by the respective carrier. The policy shall insure each named party against liability incident to the ownership, maintenance, and repair of the Common Area and any other Association-owned or maintained real or personal property. The limits of such insurance shall not be less than two million dollars (\$2,000,000.00) covering all claims for death, personal injury, and property damage arising out of a single occurrence, or in such other minimum amount as required by applicable law to protect Owners from civil liability arising solely by reason of their ownership interest in the Common Area.

11.3 Directors and Officers Liability Insurance. The Association shall obtain and maintain Directors and Officers Liability Insurance covering prior acts in order to ensure that past Board Members are protected for decisions made during their term of service. The policy shall name as insureds not only the current Board Members but also volunteer committee members, if such insurance is available. The limits of such insurance shall not be less than five hundred thousand dollars (\$500,000.00), or in such other minimum amount as required by applicable law to protect volunteer officers or directors from personal liability in excess of the insurance coverage. If commercially available for a reasonable price, such Directors of Officers Liability coverage shall include an endorsement extending coverage for the acts, errors, and omissions committed by the Association's Manager.

11.4 Fidelity Bond and Other Insurance.

A. The Board shall obtain and maintain fidelity bonds or insurance, in an amount equal to at least three (3) months operating expenses plus Reserves." Any such policies or bonds must contain an endorsement that includes as covered individuals under said policies or bonds any non-compensated Board members and also the Association's Manager.

B. To the extent such insurance is reasonably obtainable or required by any institutional First Mortgagee, the Association may also purchase with Common Funds such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limitation, demolition insurance, flood

insurance, worker's compensation, commercial umbrella coverage, and boiler and machinery coverage.

11.5 Coverage Not Available. If any insurance policy or endorsement required herein is for any reason not available, then the Association shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage described above.

11.6 Copies of Policies. Copies of all insurance policies shall be retained by the Association and shall be available for inspection by any Owner in accordance with applicable law.

11.7 Individual Fire, Casualty and Earthquake Insurance Limited. The Association's blanket insurance policy maintained pursuant to Section 11.1 above shall be the primary coverage in the event of a loss covered by the Association's insurance. If any Lot Owner maintains insurance coverage which results in a reduction in insurance proceeds otherwise payable to the Association pursuant to policies obtained by the Association, the Association shall specially assess the Owner to the extent of any reduction.

11.8 Individual Assessment Loss Coverage and Other Individual Coverage.

A. Each Owner must obtain and maintain loss assessment coverage for fire, earthquake, and other casualties with a minimum limit of \$50,000.00. In the event of fire, earthquake, or other casualty which results in each Owner becoming responsible for the payment of a special or emergency assessment, each Owner shall instruct the insurance carrier to pay the proceeds directly to the Association to pay for services, labor and materials provided to the Association for repair and/or reconstruction or to replenish reserve funds.

B. Each Owner must also carry the following insurance (any premises liability and property damage insurance policy shall include a waiver of subrogation clause as to the Association, other Owners, and any institutional First Mortgagee of such Lot, and shall cover damages caused by Owner's Tenant, if any):

(1) Premises liability insurance in an amount not less than one million dollars (\$1,000,000) against physical injury, death and property damage arising out of a single occurrence within the Lot.

(2) Coverage on portions of the structure not covered by the Master Policy of the Association. ("Tenant's Improvements" coverage).

(3) Loss of use coverage for living expenses.

(4) Personal property coverage.

C. The Association shall have no responsibility for the adequacy or extent of any such insurance coverage outlined herein.

11.9 Renters Insurance. If an Owner does not reside in his/her Lot and the Lot is leased to a Tenant, then the Owner must carry a rental dwelling policy as well as require the Tenant to carry a renters policy both of which, shall provide, at a minimum, the coverage outlined in Section 11.8 (a) and (b) above.

11.10 Trustee. All insurance proceeds payable pursuant to policies maintained by the Association may, in the discretion of the Board of Directors, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees and others, as their respective interests appear. Said trustee shall be a commercial bank, escrow company, title company, or other person or institution with trust powers within the County that agrees in writing to accept such trust.

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

11.12 Board's Discretion to Submit Insured Losses. The Board shall have the discretion as to whether or not it is in the best interests of the Association to submit an insurance claim to its insurer.

11.13 Losses Solely Attributable to a Lot; Deductibles. Each Owner shall be responsible to pay the deductible for any claims made under the Association's policies of insurance for losses solely attributable to the respective Owner's Lot.

ARTICLE XII

DAMAGE OR DESTRUCTION

12.1 Destruction of Common Area. If there is a destruction of some or all of the Common Area, resulting from any casualty loss, including without limitation fire, earthquake, wind, rain, subsidence, flood, or any other cause, the procedures in this Article shall be followed. For purposes of this Article, "destruction" applies to any Improvements that are rendered unsafe for any human habitation by being razed, destroyed, or annihilated, but not merely unsatisfactory for habitation by a particular individual, regardless of sensitivity to particular conditions.

A. If the proceeds of insurance maintained by the Association is at least eighty-five percent (85%) of the projected costs of the repair, the Common Area shall be repaired to its former condition as promptly as is practical and in a lawful and workmanlike manner. Available insurance proceeds shall be used for such purpose and

the Board shall levy a uniform Special Assessment at such time and in such amount as is necessary to cover any costs in excess of insurance proceeds.

B. If such proceeds of insurance is less than eighty-five percent (85%) of the projected costs of the repair, the Common Area shall nevertheless be repaired unless, within ninety (90) days from the date of destruction, Members holding at least seventy-five percent (75%) of the total voting power of the Association object in writing to such repair. In such event, the Common Area shall be cleared and landscaped for community park use; provided, however, that there shall exist in such Common Area adequate vehicular and pedestrian rights of way to ensure lawful access to the Lots. The costs of such clearing and landscaping shall be paid for with available insurance proceeds, and any deficiency shall be raised by the levy of Special Assessments in an amount determined by the Board. In the event any excess insurance proceeds remain, the Board may, in its discretion, retain such funds in the Common Funds or distribute pro rata all or a portion of such sums to the Owners, subject to any prior rights of mortgagees whose interests may be protected by the insurance policies.

12.2 Destruction of Residences Covered by Association Insurance. In the event of the partial or total destruction of any Residence(s) resulting from any casualty loss, including without limitation fire, earthquake, wind, rain, subsidence, flood, or any other cause, which is covered by insurance carried by the Association, the following procedures shall be followed:

A. The Board, on behalf of the Owner(s) of the damaged Residence(s), shall cause the same to be repaired as soon as reasonably possible and in a lawful and workmanlike manner, so that its exterior appearance substantially resembles its appearance prior to such damage and destruction. Notwithstanding the foregoing, any affected Owner may, within thirty (30) days after the casualty occurs, request permission from the Board and/or ACC to have the Residence repaired in accordance with new or changed plans and specifications, in accordance with Article VII hereof.

B. The Board shall levy a Special Individual Assessment against the Owner of each such damaged Residence in an amount equal to the difference, if any, between the insurance proceeds available for the repair of each such Residence and the cost of such repair thereof. Insurance proceeds available for repair shall include any such proceeds payable to any mortgagees which have agreed to commit to such repair. If such Assessment remains unpaid thirty (30) days after its due date, the Board may be relieved of any obligation to repair such Residence, or may effect the remedies for collection of such Assessment as provided in Article VI hereof, at the option of the Board.

C. All insurance proceeds not expended to perform the repair of the Residence(s) shall be distributed to the affected Owner(s) and their mortgagees, as their respective interests shall appear.

D. If the Board determines that any Residence has become uninhabitable by reason of its total or partial destruction, Regular Assessments shall abate against the Owner of such Lot until the Board determines that repairs have restored its habitability. However, if the Board determines that such abatement will adversely and substantially affect the management, maintenance and operation of the Association, it may elect to disallow such abatement.

12.3 Minor Restoration and Repair Work. The Association shall order restoration or repair work without complying with the other provisions of this Article whenever the estimated cost of the work does not exceed \$50,000.00. If insurance proceeds are unavailable or insufficient, the Association shall levy a Special Assessment for the cost of the work.

12.4 Destruction of Residences Not Covered by Association Insurance.

A. Obligation to Rebuild. Except as provided in Section 12.2, if all or any portion of any Residence is damaged or destroyed by fire or other casualty, it shall be the duty of the Lot Owner to rebuild, repair or reconstruct said Residence in a manner which will restore it substantially to its appearance and condition immediately prior to the casualty, or to remove any damaged structures from the Lot without unreasonable delay.

B. Association Approval. Any Owner who has suffered damage shall apply to the ACC for approval of plans for the reconstruction, rebuilding, or repair of his or her Residence pursuant to Article VII hereof. Such application shall be made in writing together with full and complete plans, specifications, working drawings and elevations showing the proposed reconstruction and the end result thereof. The ACC shall grant such approval only if the design proposed by the Owner would result in a finished Residence in harmony with the exterior design of other Residences within the Properties.

C. Time Limitation. The Owner(s) of any damaged Residence(s) and the ACC shall be obligated to proceed expeditiously to discharge their respective obligations. Unless otherwise waived, the Owner(s) shall commence reconstruction or removal of the damaged or destroyed structure within ninety (90) days after the casualty occurs, and complete the same within six (6) months after the casualty occurs.

ARTICLE XIII

CONDEMNATION

13.1 Sale by Unanimous Consent or Taking. If an action to condemn all or any portion of the Common Area is proposed or threatened by any governmental agency having the right of eminent domain, then, on unanimous written consent of all of the Owners and all institutional Mortgagees, the Property, or a portion thereof may be sold and conveyed to the condemning authority by the Board or its designees acting as the attorney-in-fact of all Owners pursuant to Section 3.4 hereof, for a price deemed fair and

equitable by the Board. However, if the Owners or Mortgagees do not consent to such a sale, and the condemning authority institutes condemnation proceedings, the court shall fix and determine the condemnation award.

13.2 Distribution and Sale: Proceeds of Condemnation Award.

A. Total Sale or Taking. A total sale or taking of the Property is a sale or taking that: (i) renders more than fifty percent (50%) of the Lots uninhabitable (such determination to be made by the Board in the case of a sale and by the court in the case of a taking); or (ii) renders the Property as a whole uneconomical as determined by the vote or written consent of sixty-six and two-thirds percent (66-2/3%) of those Owners and their respective institutional Mortgagees whose Lots will remain habitable after the taking. However, any determination that a sale or taking is total must be made before the proceeds from any sale or award are distributed. The proceeds of any such total sale or taking of the Property, after payment of all expenses relating to the sale or taking, shall be paid to all Owners and to their respective Mortgagees in the proportion that the fair market value of each Lot bears to the fair market value of all Lots on the Property. The fair market value of Lots shall be determined in the condemnation action, if such be instituted, or by an appraiser.

B. Partial Sale or Taking. In the event of a partial sale or taking of the Properties, meaning a sale or taking that is not a total taking, as determined in section 13.2, paragraph A, above, the proceeds from the sale or taking shall be paid or applied in the following order of priority and any judgments of condemnation shall include the following provisions as part of its terms:

(1) To the payment of expenses of the Association in effecting the sale or to any prevailing party in any condemnation action to whom such expenses are awarded by the Court to be paid from the amount awarded; then

(2) To Owners and to their respective Mortgagees, as their interests may appear, of Lots on the Property whose Lots have been sold or taken, an amount up to the fair market value of such Lots as determined by the court in the condemnation proceeding or by an appraiser, less such Owners' share of expenses paid pursuant to section 13.2, subparagraph B(1) (which share shall be in proportion to the ratio that the fair market value of each Owner's Lot bears to the fair market value of all Lots.

(3) To any remaining Owner(s) and to his or her Mortgagees, as their interests may appear, whose Lot has been diminished in value as a result of the sale or taking disproportionate to any diminution in value of all Lots, as determined by the Court in the condemnation proceeding or by an appraiser, an amount up to the total diminution in value; then

(4) To all remaining Owners and to their respective Mortgagees, as their interests may appear, the balance of the sale proceeds or award in proportion to the ratio that the fair market value of each remaining Owner's Lot bears to the fair market value of all remaining Owners' Lots as of a date immediately prior to commencement of condemnation proceedings, as determined by the Court in the condemnation proceeding or by an appraiser.

13.3 Appraiser. Wherever in this Article reference is made to a determination of the value or fair market value of one or more Lots by an appraiser, this shall mean an appraisal by an independent appraiser selected by the Board, who shall be a member of the Society of Real Estate Appraisers (SREA) or other nationally recognized appraiser organization and who shall apply the SREA or other national appraisal organization's standards in determining the value or fair market value of each Lot. The costs of such appraisals shall be paid from the condemnation proceeds as an expense of the Association.

ARTICLE XIV

RIGHTS OF LENDERS

The rights of Lenders and Mortgagees shall be as set forth in Article X of the Original Declaration, as defined in Recital "A" hereof, which is retained and incorporated in its entirety herein by this reference, and set forth below as follows:

14.1 Warranty: The mortgagees of Lots in the Development shall be entitled to the following rights and guaranties:

(a) Notice of Default: A mortgagee, upon request, will be entitled to written notification from the Association of any default in the performance by the mortgagor of any obligation under the Association's governing instruments which is not cured within sixty (60) days.

(b) Priority of Mortgagee: Notwithstanding all other provisions of this Declaration, liens created hereunder upon any Lot shall be subject and subordinate to, and shall not affect the rights of the holder of the indebtedness secured by any mortgage recorded prior to the recordation date of the Notice of Delinquent Assessment, provided that after the foreclosure of any such mortgage there may be a lien created on the interest of the purchaser at the foreclosure sale to secure all assessments assessed to that purchaser as an owner after the date of the foreclosure sale. Such a said lien, if claimed, shall have the same effect and be enforced in the same manner as provided herein.

(c) Effect of Breach: No breach of any provision of these covenants, conditions and restrictions shall invalidate the lien of any mortgage made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon any owner whose deed is derived through foreclosure or trustee's sale or otherwise.

(d) Liability For Assessments: Any mortgagee who obtains title to a Lot pursuant to the remedies provided in the mortgage or judicial foreclosure of the mortgage (but not pursuant to a deed in lieu of foreclosure) will not be accrue prior to the acquisition of title to said Lot by the mortgagee.

(e) Mortgagee Approval: Unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned), or two-thirds (2/3) of the owners have given their prior written approval, the Association shall not be entitled to:

(1) By act or omission, seek to abandon or terminate the project;

(2) Change the pro rata interest or obligations of any individual Lot for the purpose of:

(i) Levying assessments or charges, or allocating distributions of hazard insurance proceeds or condemnation awards; or

(ii) Determining the pro rata share of Ownership of each Lot in the Common Area and the improvements thereon.

(3) Petition or subdivide any Lot;

(4) By act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this clause);

(5) Use hazard insurance proceeds for losses to any Property (whether to Lots or to the Common Area) for other than the repair, replacement, or reconstruction of such property, except as provided by statute in case of substantial loss to the Lots and/or Common Area of the Development.

(f) Liens: All taxes, assessments, and charges which may become liens prior to the first mortgage under local law, shall relate only to the individual Lot and not to the Development as a whole.

(g) Priority: No provision of the Governing Documents of the Association gives any Owner, or any other party, priority over any rights of the first mortgagee of the Lot pursuant to its mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of Lots and/or the Common Area or portions thereof.

(h) Reserve Fund: Association assessments shall be large enough to provide for an adequate reserve fund for maintenance, repairs, and replacement of

those common elements that must be replaced on periodic basis. Such a reserve fund will be funded through the regular monthly assessments rather than by special assessments.

(i) Management: Any agreement for professional management of the Development will not exceed one (1) year and shall be cancelable by either party without cause and without imposition of a termination fee on ninety (90) days written notice.

ARTICLE XV

ENFORCEMENT

15.1 Remedy at Law Inadequate. Except for nonpayment of any Assessment, the remedy at law to recover damages for the breach, default or violation of any of the Governing Documents are hereby declared and agreed to be inadequate. Any such breach, default, or violation may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board of Directors, or by their respective successors in interest.

15.2 Nuisance. Without limiting the generality of the foregoing section, the result of every act or omission whereby any provision of this Declaration is violated is hereby declared to be a nuisance. Violation of any law, ordinance or regulation by any Owner, Tenant, resident, guest, invitee, agent or contractor which affects the health, safety, or property rights of other Members is hereby declared to be a nuisance and a violation of this Declaration. Every remedy against nuisance, either public or private, shall be applicable against every such violation of law or the Declaration.

15.3 Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any Owner or Tenant of any Lot, the court may award to the prevailing party in any such action such attorneys' fees and other costs as the court deems just and reasonable. An Owner shall be responsible for attorneys' fees and costs incurred by the Association to cure the defaults respecting his or her Lot, including those of his or her Tenant(s) or of any guest, invitee, agent, or contractor thereof.

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

15.5 Failure Not a Waiver. The failure of any Owner, the Association, or its Board, officers, or agents to enforce any of the provisions of this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure

result in or impose any liability upon the Association or the Board, or any of its officers or agents.

15.6 Rights and Remedies of the Association.

A. Rights Generally. In the event of a breach or violation of any Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's Tenants, guests, employees, invitees, or contractors, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey such Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited to, the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or the suspension of the Owner's right to use recreational Common Facilities or suspension of the Owner's voting rights as a Member of the Association.

B. Schedule of Fines: Due Process. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for illegally parked vehicles). The Board shall distribute to each Owner, by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed for those violations, or any changes thereto. Such fines may not be levied unless the Board first provides written notice to the Owner, by either personal delivery or first-class mail, at least ten (10) days prior to the meeting to consider or impose discipline upon an Owner, and provides the Owner an opportunity for a hearing before the Board. The notice shall contain the date, time, and place of the meeting, the nature of the alleged violation for which the Owner is subject to discipline, and a statement that the Owner has a right to attend and may address the Board at the meeting. The Board shall meet in executive session if requested by the Owner being disciplined. No penalty or temporary suspension of rights shall be imposed pursuant to this Section unless the Owner alleged to be in violation is given, by either personal delivery or first-class mail, at least fifteen (15) days prior written notice of the penalty imposed or temporary suspension.

C. Notwithstanding the foregoing, under circumstances involving conduct that constitutes: (1) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (2) a traffic, life safety, or fire hazard; (3) a threat of material damage to, or destruction of, the Common Area or Common Facilities; or (4) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as parking violations), the Board of Directors or its duly authorized agents may undertake immediate corrective or disciplinary action and, upon request of the offending Owner, or on its own initiative, conduct a hearing as soon thereafter as reasonably practicable.

D. Rules Regarding Disciplinary Proceedings. The Board shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules and shall provide for notices and procedures satisfying the alternative dispute resolution requirements of applicable law.

E. Court Actions. Before initiating any court action seeking solely declaratory or injunctive relief to interpret or enforce the Governing Documents or declaratory or injunctive relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits for small claims court, the Association or Owner shall first comply with the provisions of applicable law relating to alternative dispute resolution, except in the case of an emergency in which immediate injunctive relief is necessary.

ARTICLE XVI

AMENDMENT OF DECLARATION

16.1 Amendment in General. This Declaration may be amended or revoked by the vote or assent of fifty-one percent (51%) of all eligible Owners, using voting procedures prescribed in the Bylaws or by law. The percentage of Owners necessary to amend a specific provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that provision.

16.2 Effective Date of Amendment. An amendment will be effective upon the Recording of a Certificate of Amendment, and the distribution of a copy of the Recorded amendment to each Owner. The Certificate of Amendment shall be executed by the President and Secretary of the Association, setting forth the amendment in full, and certifying that the approval requirements herein have been duly met. Notwithstanding anything to the contrary herein, no amendment shall affect the rights of the holder of any deed of trust or Mortgage recorded prior to such amendment.

16.3 Amendment by Board. Where permitted by the *Davis-Stirling Common Interest Development Act* or other applicable law, the Board may amend this Declaration to conform to current law, to remove restrictive covenants in violation of law, or otherwise. Any such amendment shall be approved by the Board in a duly held open meeting, and shall be conducted in strict accordance with applicable law.

ARTICLE XVII

GENERAL PROVISIONS

17.1 No Public Rights. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any portion of the Development to the general public or for any public use or purpose whatsoever.

17.2 Survival of Association. In the event the Association as a corporate entity is dissolved, then a nonprofit, unincorporated association shall automatically be deemed formed to succeed to all the rights and duties of the Association, all of which shall continue to be governed by the Governing Documents and applicable law.

17.3 Notices. Any communication or notice of any kind required, permitted, or described herein shall be in writing, and may be served and delivered (unless otherwise provided by applicable law), as an alternative to personal service, by mailing same as follows:

A. Notice To a Member: To the street address of the Lot or at such other address as such Member may designate in writing to the Association.

B. Notice To the Association: To the address of business office, or the Manager, or the President.

C. Mailbox Rule: All notices or demands to be served by mail shall be by first-class mail with postage prepaid. Service shall be deemed to be completed three (3) business days after such mailing.

D. Failure of Mortgagee to Respond. Any Mortgagee and/or governmental agency who receives a written request from the Board to respond or consent to any action shall be deemed to have approved such action, unless the receives a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

IN WITNESS WHEREOF, this Amended and Restated Declaration of Covenants, Conditions and Restrictions has been adopted as provided above effective this 22nd day of APRIL, 2016.

Bayshore Village Homeowners Association

By:

Janet Gould

, President

Janet Gould

(Print Name)

By:

Brian Hoggan

, Secretary

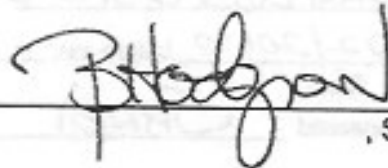
BRIAN HOGGAN

(Print name)

CERTIFICATE

I, the undersigned, the duly elected and acting Secretary of Bayshore Village Homeowners Association, a California non-profit mutual benefit corporation, do hereby certify that the foregoing **AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS** were duly adopted on APRIL 22nd 2016.

This Certificate is executed under penalty of perjury on APRIL 22nd, 2016, in MORRO, California.
BAY



, Secretary

BRIAN HODGSON

(Print Name)



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

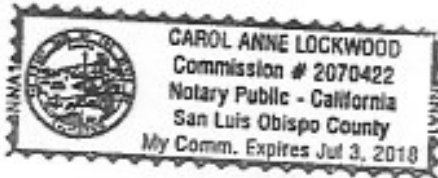
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of SAN LUIS OBISPO)
On 04/22/2016 before me, CAROL ANNE LOCKWOOD,
Date Here Insert Name and Title of the Officer
NOTARY PUBLIC
personally appeared BRIAN HODGSON
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document BEACHSIDE VILLAGE CC&R
Title or Type of Document: BEACHSIDE VILLAGE CC&R Document Date: 04/22/2016
Number of Pages: 52 Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)
Signer's Name: _____
 Corporate Officer — Title(s): SECRETARY
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

STAC 11732

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of SAN LUIS OBISPO
On 04/22/2016 before me, CAROL ANNE LOCKWOOD,
Date NOTARY PUBLIC
Here Insert Name and Title of the Officer
personally appeared JANET MARIE GOULD
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.
Signature [Handwritten Signature]
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document BAYSHORE VILLAGE
Title or Type of Document: C.C. & R. Document Date: 04/22/2016
Number of Pages: 52 Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)
Signer's Name: _____
 Corporate Officer - Title(s): PRESIDENT
 Partner - Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer - Title(s): _____
 Partner - Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

A copy of this document is being furnished to the State of California for its records and for the purpose of determining the amount of tax liability of the decedent and the estate.

County of San Diego
City of San Diego
Name of Decedent FRANK J. ...
Address ...
Date of Death ...

The undersigned, being duly qualified and sworn, do hereby certify that the foregoing is a true and correct copy of the original as the same appears in the records of the State of California.

Witness my hand and official seal this ... day of ... 19...
Signature ...
Registrar of the State of California



OPTIONAL
If you are a resident of California, you may wish to designate a beneficiary of the proceeds of the insurance or annuity contract or of the proceeds of a mutual fund account.

Name of Beneficiary ...
Address ...
City ...
State ...
Zip ...
Signature ...
Date ...

EXHIBIT "A"

**BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION
SUMMARY OF RESPONSIBILITY FOR MAINTENANCE AND REPAIR**

PLEASE SEE NOTES AND DEFINITIONS FOR INTERPRETATION OF THIS SUMMARY.

	Component	OWNER Duty to Maintain	OWNER Duty to Repair	OWNER Duty to Replace	HOA Duty to Maintain	HOA Duty to Repair	HOA Duty to Replace
1. Lot, Residence, and Exclusive Use Common Area Components							
1	Air Conditioning and Heating (HVAC) Systems, including compressor and equipment - located within or servicing the Lot	✓	✓	✓			
2	Appliances within the Residence	✓	✓	✓			
3	Balconies	✓				✓	✓
		All surface maintenance, including drains thereon (keep free of debris to ensure proper functioning)					
4	Beams – interior				✓	✓	✓
5	Bearing Walls – interior				✓	✓	✓
6	Ceilings - interior finished and unfinished surfaces	✓	✓	✓			
7	Chimney – exterior surface only				✓	✓	✓
8	Chimney, flues and other related components – interior and structural	✓	✓	✓			
9	Decks– including drains thereon (keep free of debris to ensure proper functioning)	✓				✓	✓
		All surface maintenance, including drains thereon (keep free of debris to ensure proper functioning)					
10	Doors – both perimeter and interior; excepting exterior painting of perimeter doors	✓	✓	✓			
11	Door Frames	✓	✓	✓			

**BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION
SUMMARY OF RESPONSIBILITY FOR MAINTENANCE AND REPAIR**

PLEASE SEE NOTES AND DEFINITIONS FOR INTERPRETATION OF THIS SUMMARY.

	Component	OWNER Duty to Maintain	OWNER Duty to Repair	OWNER Duty to Replace	HOA Duty to Maintain	HOA Duty to Repair	HOA Duty to Replace
12	Door Hardware (including hinges, knobs, locks, weather strip, and related items)	✓	✓	✓			
13	Perimeter Doors – Exterior painting only (including trim pieces surrounding doorway outside the Residence, or outside the garage, except as noted in #10)				✓	✓	✓
14	Exterior Doorsteps	✓				✓	✓
15	Driveways	Keep in neat and clean condition			✓	✓	✓
16	Electrical System – within and servicing the Lot	✓	✓	✓			
17	Exclusive Use Common Area, including decks, balconies, porches, patios	Keep and Maintain in clean & sanitary condition – keep all drains free of debris to ensure proper functioning				✓	✓
18	Fireplace - interior elements (including all decorative interior masonry (hearth), mantle, and trim)	✓	✓	✓			
19	Fireplace & Fireboxes – internal and structural elements (including all structural masonry, any wooden structural framing supporting the fireplace, the flue mechanism (if any), and chimney vent pipes)	✓	✓	✓			

**BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION
SUMMARY OF RESPONSIBILITY FOR MAINTENANCE AND REPAIR**

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	Component	OWNER Duty to Maintain	OWNER Duty to Repair	OWNER Duty to Replace	HOA Duty to Maintain	HOA Duty to Repair	HOA Duty to Replace
20	Fixtures - located within and servicing the Lot	✓	✓	✓			
21	Flooring	✓	✓	✓			
22	Flues	✓	✓	✓			
23	Foundations				✓	✓	✓
24	Furnishings and personal property	✓	✓	✓			
25	Garages - including garage door, hardware incident thereto, and any electrical opening equipment	✓	✓	✓			
26	Interior Staircases, bannisters, railings, and associated trim	✓	✓	✓			
27	Landscaping – except within enclosed patios				✓	✓	✓
28	Non-Perimeter (i.e. interior) Doors	✓	✓	✓			
29	Non-Perimeter Interior Walls – all framing, insulation, drywall, paint, structural and related improvements	✓	✓	✓			
30	Non-Perimeter Interior Walls – interior surfaces only	✓	✓	✓			

**BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION
SUMMARY OF RESPONSIBILITY FOR MAINTENANCE AND REPAIR**

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	Component	OWNER Duty to Maintain	OWNER Duty to Repair	OWNER Duty to Replace	HOA Duty to Maintain	HOA Duty to Repair	HOA Duty to Replace
31	Patio – All surface maintenance, including drains thereon (keep free of debris to ensure proper functioning), and landscaping thereon; including walls enclosing patio	✓				✓	✓
32	Perimeter Doors (garage doors; front, rear, & side entry doors to the Unit, and sliding glass doors, if any), including hardware	✓	✓	✓			
33	Perimeter Walls - interior surfaces	✓	✓	✓			
34	Perimeter Walls - structural framing and other components, and exterior surfaces				✓	✓	✓
35	Perimeter Walls – exterior surfaces, but excluding additions, improvements or modifications made by Owner				✓	✓	✓
36	Porches – All surface maintenance, and all decks, patio covers installed by Owners, and all landscaping within enclosed patios	✓	All surface maintenance, including drains thereon (keep free of debris to ensure proper functioning)			✓	✓
37	Plumbing within the Residence and servicing the Lot, including water supply pipes, drainage and sewer pipes, and all fixtures and appliances within Residence	✓	✓	✓			

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SUMMARY OF RESPONSIBILITY FOR MAINTENANCE AND REPAIR**

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	Component	OWNER Duty to Maintain	OWNER Duty to Repair	OWNER Duty to Replace	HOA Duty to Maintain	HOA Duty to Repair	HOA Duty to Replace
38	Residence – exterior surfaces, but excluding any additions, improvements or modifications made by Owner	Owner shall timely notify HOA of any exterior deficiencies			✓	✓	✓
39	Roofs – including skylights, but excluding any additions, improvements or modifications made by Owner	Owner shall timely notify HOA of any deficiencies			✓	✓	✓
40	Screens	✓	✓	✓			
41	Slabs				✓	✓	✓
42	Telephone or communications/cable wires within the Residence or serving a Lot	✓	✓	✓			
43	Termite & wood-destroying pest damage to Common Areas & Lots (including structural)	Inspect areas in and around Unit and immediately report any infestation or damage			✓	✓	✓
44	Utility Components and outlets (see definitions below) within the Residence and serving the Lot	✓	✓	✓			
45	Utility Outlets - located within and servicing the Lot	✓	✓	✓			
46	Vertical Supports (framing and building support structures)				✓	✓	✓
47	Water Heaters - within and servicing the Lot	✓	✓	✓			

**BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION
SUMMARY OF RESPONSIBILITY FOR MAINTENANCE AND REPAIR**

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	Component	OWNER Duty to Maintain	OWNER Duty to Repair	OWNER Duty to Replace	HOA Duty to Maintain	HOA Duty to Repair	HOA Duty to Replace
48	Windows, including glass, window frames, hardware and equipment	✓	✓	✓			
49	Wires – located within or servicing the Lot	✓	✓	✓			
II. Common Area [**]							
50	Clubhouse – including kitchen, bathrooms and showers				✓	✓	✓
51	Common Recreational Facilities				✓	✓	✓
52	Common Area Landscaping (including grass, lawns, trees, hedges and other plants) up to the front of each Residence				✓	✓	✓
53	Common Area Utility Components and Outlets				✓	✓	✓
54	Conduits for Common Area Utilities				✓	✓	✓
55	Detention and Desilting Basins				✓	✓	✓
56	Drainage facilities				✓	✓	✓
57	Driveways				✓	✓	✓
58	Fences				✓	✓	✓
59	Guest Parking Spaces				✓	✓	✓
60	Irrigation facilities				✓	✓	✓
61	Lighting fixtures				✓	✓	✓

**BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION
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	Component	OWNER Duty to Maintain	OWNER Duty to Repair	OWNER Duty to Replace	HOA Duty to Maintain	HOA Duty to Repair	HOA Duty to Replace
62	Paved Surfaces				✓	✓	✓
63	Rain Gutters and Downspouts	Owner shall timely notify HOA of any deficiencies			✓	✓	✓
64	Retaining Walls				✓	✓	✓
65	Roofs				✓	✓	✓
66	Sidewalks				✓	✓	✓
67	Sewer Lines – from the point of connection to each Lot to the point of connection with government-maintained sewer lines				✓	✓	✓
68	Slabs and Foundations				✓	✓	✓
69	Storm Drainage Systems				✓	✓	✓
70	Streets				✓	✓	✓
71	Street Lighting Systems				✓	✓	✓
72	Swimming Pool & Spa				✓	✓	✓
73	Swimming Pool Area, Fencing, Furniture, and Equipment				✓	✓	✓

**BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION
SUMMARY OF RESPONSIBILITY FOR MAINTENANCE AND REPAIR**

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	Component	OWNER Duty to Maintain	OWNER Duty to Repair	OWNER Duty to Replace	HOA Duty to Maintain	HOA Duty to Repair	HOA Duty to Replace
74	Termites and Wood Destroying Pests - common area treatment and eradication				✓	✓	✓
75	Walkways				✓	✓	✓

NOTES AND DEFINITIONS

**** IMPORTANT:** The costs of any maintenance services required to be performed by the Association under this Section which are caused by the negligence or willful misconduct of any Owner, or his Lot's Residents, Tenants, Invitees, or contract purchasers, shall be borne entirely by such Owner. (CC&Rs, Section 9.1(D)(5).)

UTILITY: Utilities are supporting services for human habitation and/or comfort, and include plumbing, sewer, water, electricity, gas, and communications/entertainment such as cable or satellite TV services and internet infrastructure, as well as ventilation, heating, and air conditioning. "Utility components" include lines, wires, pipes, ducts, conduits, vents, breakers and fuses, valves and valve handles, straps for securing pipes or water heaters to walls or other fixtures, fittings, gas and power meters, and all other parts or equipment of the given utility system. The "outlet" of a utility service is the point that a utility component may be connected to an appliance, such as an electrical outlet (into which appliances and devices are plugged) or a gas or water supply shutoff valve (to which an appliance such as a stove, refrigerator, toilet or sink fitting is attached).

MAINTAIN, REPAIR, AND REPLACE: "Maintain" (or "maintenance") means general upkeep: periodic cleaning, trimming, irrigation (of plants), repainting, refinishing, re-staining, lubrication, replacement of filters or similar components when necessary, and ensuring that the item is generally free from trash, debris, dirt, grit, contamination, mold, mildew, excess water accumulation, insect or other infestations, and any other action that does not amount to "repair" or "replacement" as defined here. "Repair" means refurbishment of items that have sustained damage or severe deterioration, such as rusted, rotted, or broken components, as well as any services necessary to return an item from a non-operating condition to an operable and safe condition, short of complete "replacement." "Replacement" means removal of an existing item which, because of its age, deterioration, or disrepair, cannot be (or for whatever reason simply will not be) repaired to its former condition, and installation of another (generally new) item with the identical or substantially similar purpose in its place.