

CC&Rs (Required Civil Code Sec. 4525)
Campus Commons Village Corporation 4

NOTICE:

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

CAMPUS COMMONS HOMEOWNERS ASSOCIATION

Village Corporation No. Four

April 14, 2015

TO: All Village Four Homeowners
FROM: Board of Directors
RE: Amendment to CC&Rs

Dear Homeowners:

At the April 7, 2015 Village Four Board of Directors Meeting, the Inspector of Elections, counted and tabulated ballots from the recent election regarding amendment to the Village Four CC&Rs to include a rental restriction component. There were two parts to the amendment. The first, establishes a twenty-five percent (25%) cap on the number of rentals for the village, and the second, establishes a one year residency requirement before any new owner can rent acquired Village Four property.

Below is tabulation of the results.

# 1- Votes for Amendment of CC&Rs to include a rental restriction component	
Number of Units	53
Quorum	27
Ballots cast	41
Ballots in favor	31 (58%)
Ballots against	10
#2- One year residency component	
Vote:	24 out of 41 in favor (59%)
	17 out of 41 against
Result: Amendment passed with residency requirement	

In summary, effective April 10, 2015, this amendment includes the following conditions:

- 1) All new homeowners to Village Four are prohibited from leasing their home for the first 12 months.
- 2) A cap of (25%) rentals is established (only applies to new owners).
- 3) Grants the Board the ability to allow hardship exceptions to this rental prohibition under certain conditions up to 30%
- 4) Exempts current homeowners (owned prior to April 10, 2015), as well as their beneficiaries, from this rental prohibition who lease or may, in the future lease their homes, unless, or until the property is sold.
- 5) Establishes all lease terms to a minimum of 365 days.
- 6) Requires all Village Four homeowners who lease their homes to provide the Association with Tenant/Owner Information in order for the Association to contact homeowners, tenants, and management companies as necessary.

Enclosed is an official (recorded) copy of the amendment. This document amends the Village Four CC&Rs, and should be kept with the CC&Rs for reference. If you have any questions, please contact property manager, Larry Brown at 916-565-8080 X 119.

Very truly yours,

BOARD OF DIRECTORS
CAMPUS COMMONS VILLAGE FOUR HOMEOWNERS ASSOCIATION

RECORDING REQUESTED BY, AND WHEN
RECORDED, MAIL TO:

**CAMPUS COMMONS VILLAGE
CORPORATION NO. FOUR**
% Baydaline & Jacobsen LLP.
895 University Ave
Sacramento CA 95825
Attn: Rod Baydaline, Esq.

ORIGINAL
Accepted for Recording
COPY-NOT CERTIFIED

APR 10 2015
20150410-0467
Sacramento County
Clerk-Recorder

(SPACE ABOVE FOR RECORDER'S USE)

FIRST AMENDMENT
To
CAMPUS COMMONS VILLAGE
CORPORATION NO. FOUR
SECOND RESTATED DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

**FIRST AMENDMENT
TO
CAMPUS COMMONS VILLAGE CORPORATION NO. FOUR
SECOND RESTATED DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**

This First Amendment to Campus Commons Corporation No. Four, Second Restated Declaration of Covenants, Conditions and Restrictions (the "First Amendment") is executed by the Campus Commons Village Corporation No. Four, a California nonprofit mutual benefit corporation (the "Association").

RECITALS

A. An instrument entitled Campus Commons Village Corporation No. Four Second Restated Declaration of Covenants, Conditions and Restrictions, was recorded March 2, 2000, in Book 20000302, as Page 0903 in the Official Records of Sacramento County, State of California (the "Second Restated Declaration").

B. The Declaration encumbers that certain real property located in Sacramento County, commonly known as Campus Commons Village No. 4, a planned unit development as defined in California Civil Code § 4175, and more particularly described as follows (the "Development"):

Lots 401 through 453, and Lot 454C, as shown on the official plat of Campus Commons Unit No. Four, recorded in the office of the County Recorder of Sacramento County on November 26, 1969 in Book 84 of Maps, Map No. 3, Map No.19.

Lot A, as shown on the official plat of Campus Commons Unit No. 1, recorded October 29, 1965, in Book 78 of Maps, Map No. 3 in the Official Records of Sacramento County, California.

Lot 2A, as shown on the official plat of Campus Commons Unit No. 3, recorded July 9, 1969, in Book 84 of Maps, Map No. 6 in the Official Records of Sacramento County, California.

C. The Association is the community association formed to manage the Property and to enforce the provisions of the Second Restated Declaration.

D. Pursuant to Article XVII, Section 17.01 of the Second Restated Declaration, this First Amendment must be approved by 51% of the total voting power of the Association's membership.

E. This First Amendment was approved in accordance with the voting requirements specified in Recital D above.

NOW, THEREFORE, upon the recordation of the First Amendment in the official records of the County of Sacramento, State of California, the Second Restated Declaration shall be amended with respect to all property comprising the Development, as follows:

1. Article VI, of the Second Restated Declaration is supplemented by adding the following Sections 6.05 and 6.06 and shall read as follows:

Section 6.05. Delegation of Use to Tenants. Any Owner may delegate, in accordance with and subject to the Association's Governing Documents, his or her right in and to the use and enjoyment of the Common Areas to his or her family members or lessees or contract purchases who reside in his or her Lot; provided that any lease of his or her Lot may only be for Single Family Residential Use and in accordance with Article IV, Section 4.01 of the Declaration. An Owner who leases his or her Lot shall retain the right to enter the Property of his or her Lot to perform all functions and responsibilities common of landlords.

Section 6.06. Leasing of Lots.

A. Purpose. In order to (1) protect the value of the Lots in the Development; (2) preserve the character of the Property as a residential community of owner-occupied Lots; (3) prevent the Property from assuming the character of tenant-occupied residences; (4) ensure that those who manage the Association are committed to enhancing the livability and property values within the Development, and (5) retain the ability of property values within the Development to comply with eligibility requirements for financing in the secondary mortgage market insofar as such criteria provided that the Development be substantially owner-occupied, the leasing of each Lot shall be restricted in accordance with the provisions of this First Amendment.

B. Restriction. No Owner shall lease his or her Lot if, by leasing the Lot, the total number of Lots leased within the Property will exceed thirty percent (30%). The Lease of any Lot exceeding twenty-five percent (25%), or thirteen (13) of the total number of Lots leased within the Property will be subject to the approval of the Campus Commons Village Four Board of Directors on a case by case basis up to the amount of thirty percent (30%) or fifteen (15) Lots, in order to consider situations that are in the best interest of the association or any hardship, as specified in Section subsection (F), below, of an Owner seeking to lease his or her Lot when the cap of twenty-five percent (25%) has been reached. For purposes of this First Amendment, any Lot which is owned by a revocable trust, or which is owned by one or more trustees of a revocable trust, shall be deemed not to be leased when it is occupied by one or more persons who are either the trust's trustor(s), trustee(s), and/or beneficiaries. An Owner seeking to lease his or her Lot must occupy said Lot for at least twelve (12) consecutive months prior to leasing the Lot.

C. Terms. Any lease of any Lot shall be in writing and the written agreement shall expressly provide: (1) that it is subject to all provisions of the Association's Governing Documents, (2) that the lessees of the Lot shall comply with all provisions of the Association's Governing Documents, (3) that any violation of any such provisions of the Association's Governing Documents shall constitute a breach and default of the terms of such lease, and (4) that no lessee may sublet or assign his or her lease. The lease agreement shall also contain any other terms that may be required by the

Association's rules and regulations. The term of any lease agreement shall be for a period of not less than three hundred sixty five (365) days. Any Owner leasing a Lot shall provide the lessee with a copy of the Association's Governing Documents. No Owner shall be permitted to lease his or her Lot for transient or hotel purposes. No Owner may lease less than the entire Lot.

D. Procedure.

(i) *Application.* Any Owner who wants to lease his or her Lot shall submit a written application, as provided by the Association, and a copy of his or her proposed lease agreement to the Association at least thirty (30) days prior to the proposed lease or rental start date of his or her Lot. At a minimum the application shall state: (a) The Owner's name and mailing address and address of the Lot proposed to be leased ; (b) The proposed lease terms, which such shall be no less than three hundred sixty five (365) days; and (c) such other information as the Association may from time to time require. No lease agreement may be effected prior to the Owner receiving the Association's approval of his or her application. The Association shall provide the Owner with notice of eligibility or ineligibility to lease with five (5) business days of receipt of the application. Once an application is approved, the Owner must provide the Association with a copy of the signed lease agreement within thirty (30) days, or provide reason as to why no signed lease agreement is available.

(ii) *List of Leased Lots.* The Association shall keep a list of all Owners that are leasing their Lot. At a minimum the list shall include the Owner's name, mailing address, Lot address, the name of any management company, with management company's mailing address and contact persons information, the date that the Association approved the Owner's application, and the terms of lease or rental agreement.

(iii) *Priority of Applicants.* The Association shall establish and maintain a priority list, identifying the Owner name, mailing address, Lot address and date the written application or request of each Owner to lease his or her Lot was submitted to the Association when the cap on lease eligibility has been reached. As the number of Lots falls below twenty-five percent (25%), the Owner whose name is at the top of the waiting list will be notified in writing, of his or her right to lease, and shall be given ninety (90) days to obtain, and forward to the Association, a copy of a written signed lease agreement, indicating the lessees acknowledgement that they will abide by the terms and provisions of the Association's Governing Documents. If the Owner fails to supply such agreement to the Association within ninety (90) days of notification by the Association of the Boards approval, such Owner's name shall fall to the bottom of the waiting list and the next Owner on the waiting lists will be notified in writing, by the Association of the Board's approval, and also be given ninety (90) days to obtain, and forward to the Association, a copy of a signed, written agreement as described above. If this is not done, the next Owner on the list shall be notified and so on, until all of the names on the waiting list have been given the opportunity to lease his or her Lot. Once the Association has granted an Owner the authority to lease, the Owner's Lot, that Owner has the right to continue leasing the Lot to consecutive or lessees as long as the Owner and the lessees comply with this section and the Association's Governing Documents. If a Lot is not occupied under a lease agreement for a period in excess of one hundred and twenty (120) days, the Owner must re-apply for approval from the Association to lease the Lot.

(iv) *Meeting with the Board.* Each Owner shall have the right, upon written request delivered to the Association, to appear in person before the Board and to discuss the request to lease his or her Lot.

(v) *Board Decision Final.* Decisions of the Board pursuant to this section shall be final and conclusive.

E. Single Family Residential Use. Pursuant to Article IV, Section 4.01 of the Declaration, the use of each Lot is restricted to Single Family Residential Use. A leased Lot shall not be occupied by more individuals than permitted by applicable governmental ordinances or regulation, or zoning laws. No Lot may be leased or assigned by a lessee. If requested by the Association, Owner and/or occupant shall provide a declaration, under penalty of perjury, that his or her Lot is not being sublet to any third party.

F. Variances.

(i) The Board may grant variances from the restriction set forth in subparagraph (B) of this Section in cases of demonstrated hardship, which circumstances may include, but are not limited to: (a) the period of probate following the death of the Owner; (b) the decision of an employer to relocate an Owner to another community; or (c) an illness or disability that prevents the Owner from personally occupying the Lot. No waiver shall be granted to an Owner whose hardship is a result of the Owner's failure to obtain and read the Association's Governing Documents, including this lease and rental restriction.

(ii) If permission has been granted by the Board for demonstrated hardship, or similar situations of demonstrated hardship, such variance shall be of relatively short duration, such as until (a) probate proceedings are concluded; (b) the Owner has relocated to the community of his or her employment and has had a reasonable time to sell his or her Lot; or (c) the Owner has either recovered from the illness or disability, or in the alternative, has had a reasonable time to sell his or her Lot. Exceptions authorized by the Board shall take precedence over the order of priority established pursuant to subparagraph (d) and shall be subject to such limitations, requirements and conditions as the Board in its complete discretion deems appropriate.

G. Exemptions. This section does not apply to Lots where the Owner of Record inherited the Lot and the previous Owner of Record has resided in their Residence for a period of at least twelve (12) consecutive months. This limitation shall also not apply to any Member who is the Owner of Record on the date this First Amendment is recorded, but shall thereafter apply to such Lot or Lots upon transfer of title to such Lot subsequent to the date of this First Amendment is recorded.

H. Grandfathering Provision. The restriction of the number of Lots that may be leased as set forth in subsection (B) of this Section shall apply only to Owners taking title to their property after the date this First Amendment is recorded and all existing Owners at the time of the recording shall be entitled to be grandfathered in as of the Effective Date.

I. Rules and Regulations. The Association's Board of Directors shall have the authority to adopt rules to further define and enforce the restrictions contained within this section, and to define who qualifies as an Owner of Record for the purposes of the residency requirements of this First Amendment where the Owner of Record is other than a natural person(s).

J. Owner Responsibility. Each Owner leasing a Lot shall be strictly responsible and liable to the Association for the actions of such Owners lessees within the Development and for each lessees compliance with the provisions of all the Association's Governing Documents, as they may be amended from time to time. The failure of any lessee to comply with the terms of the Association's Governing Document shall constitute a default under such lease agreement and shall entitle the Owner to terminate the tenancy.

K. Violations. Upon the filing of any legal action where the Association becomes the prevailing party against an Owner to gain an Owner's compliance with this section, the Association, as prevailing party, shall be entitled to recover all of its attorney's fees and costs. Prior to the filing of any court action seeking declaratory or injunctive relief to enforce this provision (including either such action coupled with a claim for monetary damages in excess of \$5,000) the Association shall first comply with the provisions of California Civil Code section 5925 relating to Alternative Dispute Resolution.

L. Association's Enforcement Rights. In addition to all other remedies available, in the event an Owner leases his or her Lot in violation of the twenty-five percent (25%) cap set in subparagraph (B) or a tenant's conduct involves damage or misuse of any Common Area or constitutes a nuisance to Owners or residents, the Association shall be entitled to maintain an eviction action against the tenant to the same extent as the Owner of the Lot with the Association being deemed a third party beneficiary of any lease agreement involving any Lot within the Property. The association's right to maintain an eviction action shall arise only in the event that the Owner has failed to remove his or her tenant if the number of leased Lots exceeds twenty-five (25%) or has not prevented and/or corrected the actions of the tenant giving rise to the damage or nuisance and (1) the Association has given notice to the Owner detailing the nature of the infraction and the Owner has had a reasonable opportunity to take corrective action, or (2) the Owner has appeared before the Board to present arguments as to why eviction by the Association is not necessary. Any disciplinary action shall be prosecuted in strict compliance with the notice requirements and hearing procedures set forth in California Civil Code Section 4820, or comparable successor statute, and Governing Documents.

M. Indemnification. Every Owner of a Lot that is occupied by persons other than the Owner pursuant to a lease agreement or otherwise, agrees to and shall indemnify and defend the Association, its officers, directors, managers, and agents and shall hold them harmless for any cost, loss, claim, or damages of any kind, including, but not limited to attorney's fees arising out of the conduct or presence of the occupants of the Lot, including any such conduct arising or alleged to have arisen out of the enforcement or non-enforcement by the Association of the Association's Governing Documents against such occupants. Without limiting the generality of the foregoing, all costs, including attorney's fees incurred by the Association to enforce the Governing Documents against such occupants, including

evictions provided herein, shall be reimbursed to the Association by the Owner and may be assessed by the Association as a Special Individual Assessment.

2. **Miscellaneous.** To the extent any provision of this First Amendment conflicts with any provision of the Second Restated Declaration, the provision of this First Amendment shall prevail. Except as expressly provided herein to the contrary, the capitalized terms in this First Amendment shall have the same meanings given such terms in the Declaration. Except as amended by this First Amendment, the Second Restated Declaration is hereby ratified and confirmed by the Association and remains in full force and effect with respect to all property comprising the Development.

3. **Effective Date.** This First Amendment has been executed by the Association to be effective upon its recordation in the Official Records of Sacramento County, California.

CAMPUS COMMONS VILLAGE CORPORATION NO. FOUR,
a California nonprofit mutual benefit corporation

By: 
Carolyne Swayze, President

By: 
Sharon Vroman, Secretary

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

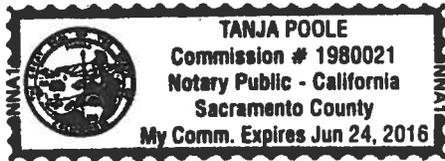
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of SACRAMENTO)

On APRIL 9, 2015 before me, TANJA POOLE, NOTARY PUBLIC,
Date Here Insert Name and Title of the Officer

personally appeared CAROLYNE SWANZE
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ (is) ~~(is)~~ are subscribed to the within instrument and acknowledged to me that he~~(s)~~ (is) ~~(is)~~ she~~(s)~~ they executed the same in his~~(s)~~ (is) ~~(is)~~ her~~(s)~~ their authorized capacity~~(ies)~~, and that by his~~(s)~~ (is) ~~(is)~~ her~~(s)~~ 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 Tanja Poole
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 FIRST AMENDMENT TO CAMPUS COMMONS VILLAGE
Title or Type of Document: CARP. NO. FOUR SECOND RESTATED DEC. OF CC&RS Document Date: _____
Number of Pages: 7 Signer(s) Other Than Named Above: SHARON VROMAN

Capacity(ies) Claimed by Signer(s)

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

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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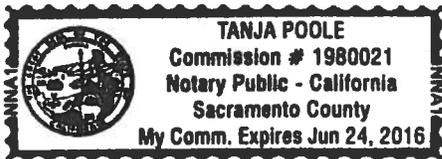
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

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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.

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Number of Pages: 7 Signer(s) Other Than Named Above: CAROLYNE SWAYZE

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
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 Individual Attorney in Fact
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RECORDING REQUESTED BY, AND WHEN
RECORDED, MAIL TO:

**CAMPUS COMMONS VILLAGE
CORPORATION NO. FOUR**
% Baydaline & Jacobsen LLP.
895 University Ave
Sacramento CA 95825
Attn: Rod Baydaline, Esq.

ORIGINAL
Accepted for Recording
COPY-NOT CERTIFIED

APR 10 2015
20150410-0467
Sacramento County
Clerk-Recorder

(SPACE ABOVE FOR RECORDER'S USE)

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Association's rules and regulations. The term of any lease agreement shall be for a period of not less than three hundred sixty five (365) days. Any Owner leasing a Lot shall provide the lessee with a copy of the Association's Governing Documents. No Owner shall be permitted to lease his or her Lot for transient or hotel purposes. No Owner may lease less than the entire Lot.

D. Procedure.

(i) *Application.* Any Owner who wants to lease his or her Lot shall submit a written application, as provided by the Association, and a copy of his or her proposed lease agreement to the Association at least thirty (30) days prior to the proposed lease or rental start date of his or her Lot. At a minimum the application shall state: (a) The Owner's name and mailing address and address of the Lot proposed to be leased ; (b) The proposed lease terms, which such shall be no less than three hundred sixty five (365) days; and (c) such other information as the Association may from time to time require. No lease agreement may be effected prior to the Owner receiving the Association's approval of his or her application. The Association shall provide the Owner with notice of eligibility or ineligibility to lease with five (5) business days of receipt of the application. Once an application is approved, the Owner must provide the Association with a copy of the signed lease agreement within thirty (30) days, or provide reason as to why no signed lease agreement is available.

(ii) *List of Leased Lots.* The Association shall keep a list of all Owners that are leasing their Lot. At a minimum the list shall include the Owner's name, mailing address, Lot address, the name of any management company, with management company's mailing address and contact persons information, the date that the Association approved the Owner's application, and the terms of lease or rental agreement.

(iii) *Priority of Applicants.* The Association shall establish and maintain a priority list, identifying the Owner name, mailing address, Lot address and date the written application or request of each Owner to lease his or her Lot was submitted to the Association when the cap on lease eligibility has been reached. As the number of Lots falls below twenty-five percent (25%), the Owner whose name is at the top of the waiting list will be notified in writing, of his or her right to lease, and shall be given ninety (90) days to obtain, and forward to the Association, a copy of a written signed lease agreement, indicating the lessees acknowledgement that they will abide by the terms and provisions of the Association's Governing Documents. If the Owner fails to supply such agreement to the Association within ninety (90) days of notification by the Association of the Boards approval, such Owner's name shall fall to the bottom of the waiting list and the next Owner on the waiting lists will be notified in writing, by the Association of the Board's approval, and also be given ninety (90) days to obtain, and forward to the Association, a copy of a signed, written agreement as described above. If this is not done, the next Owner on the list shall be notified and so on, until all of the names on the waiting list have been given the opportunity to lease his or her Lot. Once the Association has granted an Owner the authority to lease, the Owner's Lot, that Owner has the right to continue leasing the Lot to consecutive or lessees as long as the Owner and the lessees comply with this section and the Association's Governing Documents. If a Lot is not occupied under a lease agreement for a period in excess of one hundred and twenty (120) days, the Owner must re-apply for approval from the Association to lease the Lot.

(iv) *Meeting with the Board.* Each Owner shall have the right, upon written request delivered to the Association, to appear in person before the Board and to discuss the request to lease his or her Lot.

(v) *Board Decision Final.* Decisions of the Board pursuant to this section shall be final and conclusive.

E. Single Family Residential Use. Pursuant to Article IV, Section 4.01 of the Declaration, the use of each Lot is restricted to Single Family Residential Use. A leased Lot shall not be occupied by more individuals than permitted by applicable governmental ordinances or regulation, or zoning laws. No Lot may be leased or assigned by a lessee. If requested by the Association, Owner and/or occupant shall provide a declaration, under penalty of perjury, that his or her Lot is not being sublet to any third party.

F. Variances.

(i) The Board may grant variances from the restriction set forth in subparagraph (B) of this Section in cases of demonstrated hardship, which circumstances may include, but are not limited to: (a) the period of probate following the death of the Owner; (b) the decision of an employer to relocate an Owner to another community; or (c) an illness or disability that prevents the Owner from personally occupying the Lot. No waiver shall be granted to an Owner whose hardship is a result of the Owner's failure to obtain and read the Association's Governing Documents, including this lease and rental restriction.

(ii) If permission has been granted by the Board for demonstrated hardship, or similar situations of demonstrated hardship, such variance shall be of relatively short duration, such as until (a) probate proceedings are concluded; (b) the Owner has relocated to the community of his or her employment and has had a reasonable time to sell his or her Lot; or (c) the Owner has either recovered from the illness or disability, or in the alternative, has had a reasonable time to sell his or her Lot. Exceptions authorized by the Board shall take precedence over the order of priority established pursuant to subparagraph (d) and shall be subject to such limitations, requirements and conditions as the Board in its complete discretion deems appropriate.

G. Exemptions. This section does not apply to Lots where the Owner of Record inherited the Lot and the previous Owner of Record has resided in their Residence for a period of at least twelve (12) consecutive months. This limitation shall also not apply to any Member who is the Owner of Record on the date this First Amendment is recorded, but shall thereafter apply to such Lot or Lots upon transfer of title to such Lot subsequent to the date of this First Amendment is recorded.

H. Grandfathering Provision. The restriction of the number of Lots that may be leased as set forth in subsection (B) of this Section shall apply only to Owners taking title to their property after the date this First Amendment is recorded and all existing Owners at the time of the recording shall be entitled to be grandfathered in as of the Effective Date.

I. Rules and Regulations. The Association's Board of Directors shall have the authority to adopt rules to further define and enforce the restrictions contained within this section, and to define who qualifies as an Owner of Record for the purposes of the residency requirements of this First Amendment where the Owner of Record is other than a natural person(s).

J. Owner Responsibility. Each Owner leasing a Lot shall be strictly responsible and liable to the Association for the actions of such Owners lessees within the Development and for each lessees compliance with the provisions of all the Association's Governing Documents, as they may be amended from time to time. The failure of any lessee to comply with the terms of the Association's Governing Document shall constitute a default under such lease agreement and shall entitle the Owner to terminate the tenancy.

K. Violations. Upon the filing of any legal action where the Association becomes the prevailing party against an Owner to gain an Owner's compliance with this section, the Association, as prevailing party, shall be entitled to recover all of its attorney's fees and costs. Prior to the filing of any court action seeking declaratory or injunctive relief to enforce this provision (including either such action coupled with a claim for monetary damages in excess of \$5,000) the Association shall first comply with the provisions of California Civil Code section 5925 relating to Alternative Dispute Resolution.

L. Association's Enforcement Rights. In addition to all other remedies available, in the event an Owner leases his or her Lot in violation of the twenty-five percent (25%) cap set in subparagraph (B) or a tenant's conduct involves damage or misuse of any Common Area or constitutes a nuisance to Owners or residents, the Association shall be entitled to maintain an eviction action against the tenant to the same extent as the Owner of the Lot with the Association being deemed a third party beneficiary of any lease agreement involving any Lot within the Property. The association's right to maintain an eviction action shall arise only in the event that the Owner has failed to remove his or her tenant if the number of leased Lots exceeds twenty-five (25%) or has not prevented and/or corrected the actions of the tenant giving rise to the damage or nuisance and (1) the Association has given notice to the Owner detailing the nature of the infraction and the Owner has had a reasonable opportunity to take corrective action, or (2) the Owner has appeared before the Board to present arguments as to why eviction by the Association is not necessary. Any disciplinary action shall be prosecuted in strict compliance with the notice requirements and hearing procedures set forth in California Civil Code Section 4820, or comparable successor statute, and Governing Documents.

M. Indemnification. Every Owner of a Lot that is occupied by persons other than the Owner pursuant to a lease agreement or otherwise, agrees to and shall indemnify and defend the Association, its officers, directors, managers, and agents and shall hold them harmless for any cost, loss, claim, or damages of any kind, including, but not limited to attorney's fees arising out of the conduct or presence of the occupants of the Lot, including any such conduct arising or alleged to have arisen out of the enforcement or non-enforcement by the Association of the Association's Governing Documents against such occupants. Without limiting the generality of the foregoing, all costs, including attorney's fees incurred by the Association to enforce the Governing Documents against such occupants, including

evictions provided herein, shall be reimbursed to the Association by the Owner and may be assessed by the Association as a Special Individual Assessment.

2. **Miscellaneous.** To the extent any provision of this First Amendment conflicts with any provision of the Second Restated Declaration, the provision of this First Amendment shall prevail. Except as expressly provided herein to the contrary, the capitalized terms in this First Amendment shall have the same meanings given such terms in the Declaration. Except as amended by this First Amendment, the Second Restated Declaration is hereby ratified and confirmed by the Association and remains in full force and effect with respect to all property comprising the Development.

3. **Effective Date.** This First Amendment has been executed by the Association to be effective upon its recordation in the Official Records of Sacramento County, California.

CAMPUS COMMONS VILLAGE CORPORATION NO. FOUR,
a California nonprofit mutual benefit corporation

By: 
Carolyne Swayze, President

By: 
Sharon Vroman, Secretary

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

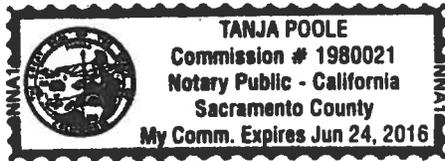
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State of California)
County of SACRAMENTO)

On APRIL 9, 2015 before me, TANJA POOLE, NOTARY PUBLIC,
Date Here Insert Name and Title of the Officer

personally appeared CAROLYNE SWANZE
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ (is) ~~(is)~~ are subscribed to the within instrument and acknowledged to me that he~~(s)~~ (is) ~~(is)~~ she~~(s)~~ they executed the same in his~~(s)~~ (is) ~~(is)~~ her~~(s)~~ their authorized capacity~~(ies)~~, and that by his~~(s)~~ (is) ~~(is)~~ her~~(s)~~ 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 Tanja Poole
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

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Description of Attached Document FIRST AMENDMENT TO CAMPUS COMMONS VILLAGE
Title or Type of Document: CARP. NO. FOUR SECOND RESTATED DEC. OF CC&RS Document Date: _____
Number of Pages: 7 Signer(s) Other Than Named Above: SHARON VROMAN

Capacity(ies) Claimed by Signer(s)

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

Signer's Name: _____
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Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

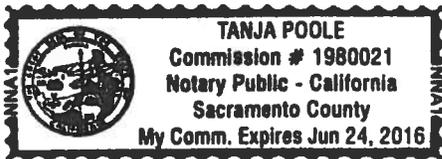
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State of California)
County of SACRAMENTO)
On APRIL 9, 2015 before me, TANJA POOLE, NOTARY PUBLIC
Date Here Insert Name and Title of the Officer
personally appeared SHARON VROMAN
Name(s) of Signer(s)

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 Tanja Poole
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 FIRST AMENDMENT TO CAMPUS COMMONS VILLAGE
Title or Type of Document: CORP. NO. FOUR SECOND RESTATED DEC. OF CC, RS Document Date:
Number of Pages: 7 Signer(s) Other Than Named Above: CAROLYNE SWAYZE

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 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: _____

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**CAMPUS COMMONS
VILLAGE CORPORATION
NO. FOUR**

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

CAMPUS COMMONS VILLAGE CORPORATION NO. FOUR

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SECOND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS CAMPUS COMMONS VILLAGE ASSOCIATION NO. FOUR

The First Restated Declaration of Covenants, Conditions and Restrictions of Campus Commons Village Association No. Four, recorded on October 8, 1985, in Book 85-10-8, Page 1273, of the Official Records of Sacramento, California (the "First Restated Declaration") is hereby amended and restated in its entirety to read as follows:

RECITALS

- A. The Moss Development Company, a California corporation, (the "Declarant") was the owner of certain property located in the County of Sacramento, State of California which is more particularly described as Lots 401 through 453, and Lot 454C as shown on the official plat of Campus Commons Unit No. Four, recorded in the office of the County Recorder of Sacramento County on November 26, 1969 in Book 84 of Maps, Map No. 19, and as Lot "A" as shown on the official plat of Campus Commons Unit No. 1, recorded October 29, 1965, in Book 78 of Maps, Map No. 3, Official Records of Sacramento County, California and as Lot 2A as shown on the official plat of Campus Commons Unit No. 3, recorded July 9, 1969, in Book 84 of Maps, Map No. 6, Official Records of Sacramento County, California, (the "Properties").
- B. Declarant subdivided the Properties into Lots, Streets and Common Areas, subject to certain easements, protective covenants, conditions, restrictions, reservations, liens and charges as set forth in a document entitled "Declaration of Restrictions, Covenants and Architectural Control Campus Commons Unit No. 4" and recorded August 21, 1970, in Book 70-08-21, Page 9, of the Official Records of Sacramento County, California as amended by an instrument recorded on June 5, 1972 in Book 72-06-05, Page 280 of the Official Records of Sacramento County, and further amended by an instrument recorded on April 1, 1975 in Book 75-04-01, page 495 of the Official Records of Sacramento County and further amended by an instrument recorded on January 25, 1982 in Book 82-01-25, page 511 of the Official Records of Sacramento County (being jointly referred to herein as the "Original Declaration"). In recording the Original Declaration it was the intention of the Declarant to create and to impose on the Properties and the Owners mutual equitable servitudes, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Properties, and all of which shall run with the Properties, and shall be binding on all parties having or acquiring any right, title or interest in the Properties, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.
- C. The Original Declaration contained provisions authorizing its subsequent amendment upon approval of a stated percentage of the Owners of Lots within the Properties. Accordingly, on September 19, 1985, the First Restated Declaration was approved by vote of the Members in accordance with the amendment provisions of the Original Declaration. This Declaration also

constitutes an amendment of the Original Declaration as well as the First Restated Declaration pursuant to their respective amendment provisions.

D. It was the further intention of the Declarant to sell and convey residential Lots improved by Residences originally constructed by Declarant to the Owners, subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitude between Declarant and such Owners which are set forth in this Declaration and which are intended to be in furtherance of a general plan for the subdivision, development, sale and use of the Properties as a "planned development" as that term is defined in section 1351(k) of the California Civil Code.

E. Declarant created two separate organizations of Lot Owners to own, manage and maintain the Common Areas and Common Facilities referenced in this Declaration and to exercise jurisdiction over the common properties and the administration of this Declaration, namely Campus Commons Village Association No. Four (the "Association") and Campus Commons Park Corporation (the "Park Corporation").

F. The real property referred to as "Area A" in the Original Declaration and the Common Facilities located thereon are owned and maintained by Campus Commons Park Corporation for the use and enjoyment of the Members of the Association and members of other associations within the various Villages comprising the subdivisions commonly known as "Campus Commons" and their families, tenants, and guests all subject to the terms and conditions set forth in the Governing Documents of the Park Corporation and this Declaration.

G. On December 15, 1999, the Owners of Lots representing at least sixty-six and two-thirds percent (66-2/3%) of the voting power of the Members of the Association voted by written ballot to amend and restate the First Restated Declaration, all in accordance with the procedures for amendment set forth in Article XIII, Section 1 of the First Restated Declaration. In approving this Second Restated Declaration it was the intention of the Owners to replace the First Restated Declaration, in its entirety, with the Recordation of this Declaration without, however altering the priority of the Original Declaration, as that document has been previously amended and restated, in the chain of title to all Lots and Common Areas constituting the Properties. As used herein, the word "Restated" means that the Original Declaration and all amendments thereto are presented in this consolidated document, rather than presenting the amendments.

H. The Owners' action to amend and restate the First Restated Declaration as set forth herein and the fact that the requisite percentage of affirmative votes required in the First Restated Declaration was achieved, is attested by the execution of this Declaration by duly authorized officers of the Association, as required by section 1355(a) of the California Civil Code. As so amended and restated, the easements, covenants, restrictions and conditions set forth herein shall run with the Properties and shall be binding upon all parties having or acquiring any right, title or interest in the Properties or any portion thereof, and shall inure to the benefit of each Owner thereof.

**SECOND RESTATED COVENANTS, CONDITIONS AND
RESTRICTIONS CAMPUS COMMONS VILLAGE
ASSOCIATION NO. FOUR**

**ARTICLE I
Obligations of Owners**

Section 1.01. Persons Subject to Governing Documents.

- A. **Owners, Tenants, Occupants and Guests.** All present and future Owners of the Lots and Residences within the Properties comprising Campus Commons Village Association No. Four, their tenants, occupants, invitees and guests, shall be obligated to, and shall comply with, each and every provision of the Governing Documents of the Association and the Park Corporation, as the same or any of them shall be amended from time to time, unless a particular provision is specifically restricted in its application to one or more of such classes of persons (i.e., Owners, tenants, occupants, invitees and guests, etc.).
- B. **Consent and Agreement.** The acceptance of a deed to any Lot, the entering into a lease, sublease or contract of sale with respect to any Lot, or the occupancy of any Residence on a Lot, shall constitute the consent and agreement of such Owner, tenant or occupant, that each and all of the provisions of this Declaration shall be binding upon the Owner, tenant and occupants, and that each will observe and comply with all the covenants, conditions, restrictions and rules of the Association and the Park Corporation, as set forth in the Governing Documents, as any of them may be amended from time to time.
- C. **Notification of New Residents.** Owners who are selling a residence and Lot within the Properties are obligated by State law to provide prospective purchasers with information regarding its Governing Documents and the finances of the Association as required in Section 6.02, below. Similarly, Owners who lease or rent their residences are obligated to provide the Association and the tenant or Lessee with certain information regarding the Association and the Governing Documents, as more particularly required in Section 6.01G, below.

Section 1.02. Compliance With Additional Rules and Regulations.

Each Owner, tenant, occupant, invitee and guest, also shall observe, comply with, and abide by any and all additional Rules approved by the Board of Directors of the Association or the Park Corporation pursuant to Section 2.08 of this Declaration for the purpose of protecting the interests of Owners and tenants, or protecting the Common Areas and Common Facilities.

Section 1.03. Payment of Assessments and Discharge of Liens.

As described in Article VIII, (Assessments), below, each Owner of a Lot, by acceptance of a Deed or other conveyance, whether or not it is expressed in such deed or conveyance, covenants and agrees to pay to the Association or the Park Corporation each Regular, Special, and Special Individual Assessment levied against the Owner and to promptly discharge any assessment lien, including reasonable attorney fees and costs of enforcement that may become a charge against the Owner's Lot as authorized by California Civil Code section 1366.

Section 1.04. Joint Ownership of Lots.

In the event of joint ownership of any Lot, the obligations and liabilities of the multiple Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this Section shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including the obligation to make timely payment of all assessments levied against the Lot.

Section 1.05. No Avoidance of Governing Document Obligations.

No Owner may exempt himself/herself from personal liability for the burdens and obligations imposed by the Governing Documents, including without limitation the payment of assessments, by waiver of the use and enjoyment of the Common Area or any facilities thereon or by abandonment or non-use of the Owner's Lot or any other portion of the Properties.

ARTICLE II
Homeowner Associations

Section 2.01. The Association and the Park Corporation.

There are two separate organizations with jurisdiction within the Properties and the central Common Areas of Campus Commons in which each Owner is a Member by virtue of his or her ownership interest in a Lot. Those organizations are the Campus Commons Village Corporation No. Four (the "Association") which exists to provide specified management and maintenance services to the Lots, Residences and Common Areas within the Properties and Campus Commons Park Corporation (the "Park Corporation") which exists to own, manage and maintain Common Area "A" and Common Facilities located thereon. The Association and the Park Corporation shall each perform the duties and responsibilities allocated to such entities in their respective Governing Documents.

Section 2.02. Association and the Park Corporation Membership.

- A. **Membership.** Every Owner of a Lot, by virtue of that ownership, shall be a Member of the Association and a Member of the Park Corporation and shall hold one membership in the Association and one membership in the Park Corporation for each Lot owned. The memberships in both organizations shall be connected to ownership of a Lot within the Properties. A person who owns multiple Lots within the Properties shall possess a membership (with separate voting rights) for each Lot the person owns.
- B. **Duration of Membership.** Each Owner shall remain a Member of the Association and the Park Corporation until his or her ownership of all Lots within the Properties ceases, at which time the former Owner's membership in both the Association and the Park Corporation shall automatically cease.
- C. **Security Holders Are Not Members .** Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members of the Association or the Park Corporation until such time as they acquire title to the Lot by foreclosure or acceptance of a deed in lieu thereof.

Section 2.03. One Class of Membership.

The Association and the Park Corporation shall each have a single class of membership. The rights, duties, obligations and privileges of the Members of each corporation shall be as set forth in the Governing Documents of the two corporations.

Section 2.04. Rights of Members.

- A. **Voting Rights.** Each Member of the Association and the Park Corporation shall be entitled to one vote for each Lot owned by that Member with respect to matters or actions of either corporation requiring member approval.
- B. **Multiple Owners.** When more than one person holds an ownership interest in any Lot, all such persons shall be Members, insofar as use and enjoyment of the Common Areas and Common Facilities is concerned, although in no event shall more than one vote be cast with respect to any Lot.
- C. **Suspension of Voting Rights.** Voting rights may be temporarily suspended under those circumstances described in Article XIV, (Enforcement of Governing Documents), below.

Section 2.05. Levy of Assessments.

The Association and the Park Corporation shall each have the power to establish, fix and levy Assessments against the Owners of Lots within the Properties and to enforce payment of such

Assessments in accordance with Article VIII, (Assessments), below. All Assessments levied by either the Association or the Park Corporation against its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

Section 2.06. Transfer of Memberships.

- A. **Transfer Restrictions.** Membership in the Association and the Park Corporation may not be transferred, encumbered, pledged or alienated in any way, except upon the sale of the Lot which gives rise to the membership, and then, only to the purchaser of the Lot.
- B. **Transfer Upon Sale.** In the case of a sale of a Lot within the Properties, the membership belonging to the transferred Lot shall automatically pass to the purchaser upon recordation of a deed evidencing the transfer of title.
- C. **Tenants Not Members.** Tenants who are delegated rights of use pursuant to Article VI, (Leasing and Sale of Residences), do not thereby become Members, although the tenant and the tenant's family and guests shall, at all times, be subject to the covenants, conditions, restrictions and rules of the Association and the Park Corporation as set forth in this Declaration and the other Governing Documents to the same extent as Owners.

Section 2.07. General Powers and Authority of the Association and the Park Corporation.

- A. **Powers of a Non-Profit Corporation.** The Boards of Directors of the Association and the Park Corporation shall each have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in the ownership and management of their respective properties and the discharge of their respective responsibilities hereunder for the benefit of each corporation's Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents or applicable law.
- B. **General Welfare of Owners.** The Boards of Directors of the Association and the Park Corporation each shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of 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 or the Park Corporation for the peace, health, comfort, safety or general welfare of the Owners and tenants of Lots within the Properties.
- C. **Independent Service Contracts.** The Boards of Directors of the Association and the Park Corporation each shall have the power to independently contract for any and all services including property management and accounting required to manage the Association and the Park Corporation.
- D. **Specific Powers Stated In Bylaws.** The specific powers of the Association and the Park Corporation, and the limitations thereon, are as set forth in their respective Bylaws.

Section 2.08. Association and the Park Corporation Rules.

- A. **Rule Making Power.** The Boards of Directors of the Association and the Park Corporation may, from time to time and subject to the provisions of this Declaration, propose, enact and amend Rules of general application to the Owners, tenants, occupants, invitees and guests within their respective properties.
- B. **Association Rules.** The Association Rules may concern, but need not be limited to:
- (i) The maintenance and repair of Lots, Residences and the Common Areas within its properties.
 - (ii) Use of the Association's Common Areas by Owners, tenants, occupants, invitees and guests.
 - (iii) Property use and restrictions, including parking, leasing and landscaping.
 - (iv) Control of architectural exterior improvements, changes and equipment installations, and rules supplementing the architectural approval procedures set forth in Article IX, below.
 - (v) Disciplinary action for improper conduct by Owners, tenants, occupants, invitees and guests.
 - (vi) Any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents.
- C. **Park Corporation Rules.** Park Corporation Rules may concern, but need not be limited to:
- (i) Maintenance and repair of Common Area "A" and the Common Facilities thereon.
 - (ii) Use of Common Area "A" and Common Facilities by Owners, their tenants, occupants, invitees and guests,
 - (iii) Conduct of social activities, including rental of facilities for Owner and non-Owner events,
 - (iv) Disciplinary action for improper use of the Park Corporation Common Area and Common Facilities by Owners, their tenants, occupants, invitees and guests.
 - (v) Any other subject or matter within the jurisdiction of the Park Corporation as provided in the Governing Documents.
- D. **Conflict with Other Governing Documents.** Notwithstanding the foregoing grant of authority, Association and the Park Corporation Rules shall not be inconsistent with or materially alter any provision of the other Governing Documents, or the rights, preferences and privileges of Members thereunder. In the event of any material conflict between any Association or the Park Corporation Rule and any provision of the Bylaws or this Declaration, the provision in the Bylaws or this Declaration shall prevail.
- E. **Distribution of Rules.** A copy of the Association and the Park Corporation Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and tenant once a year. A copy of the Rules also shall be available and open for inspection during normal business hours at their respective principal offices.

- F. **Adoption and Amendment of Rules.** Rules, except for Architectural Rules, may be adopted or amended from time to time by majority vote of the Board of Directors of the Association or the Park Corporation, provided, however, that a notice of the proposed rule or amendment shall be communicated to the Owners at least 20 days in advance of the date of the Board meeting at which action on the proposed rule or amendment is scheduled to be taken. The notice shall set forth the new rule or rule amendment and the date, time and location of the meeting at which the proposed rule is scheduled for action. At the discretion of the Board of Directors, notice may be given by Newsletter, Special Bulletin and by posting on a Bulletin Board available to Owners and tenants.
- G. **Effective Date of New or Amended Rules.** Any duly adopted new rule, or amendment to an existing rule, except Architectural Rules, shall become effective upon a date determined by the Board of Directors making the change, but not until the Rule has been:
- (i) Published in an Association or the Park Corporation Newsletter, if any, or otherwise communicated to Owners and tenants in writing; and
 - (ii) Posted on a Bulletin Board available to Owners and tenants.
- H. **Violation of Rules.** Any violation of Association or Park Corporation Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XIV, (Enforcement of Governing Documents), below.

Section 2.09. Limitation on Liability of Directors and Officers.

- A. **Breach of Duty.** No director or officer of the Association or the Park Corporation shall be personally liable to any of the Members or to any other person, for any error or omission in the discharge of their duties and responsibilities, or their failure to provide any service required under the Governing Documents; provided that such director or officer has, upon the basis of such information as he or she possessed at the time, acted in good faith, in a manner that such person believed to be in the best interests of the Association or the Park Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person would use under similar circumstances.
- B. **Limited Liability.** Without limiting the generality of the foregoing, the standard of care and limitation of liability shall extend to such matters, including but not limited to, the establishment of the Association's or the Park Corporation's annual financial budget, the funding of Association or the Park Corporation reserve accounts, repair and maintenance of Common Areas and Common Facilities and enforcement of the Governing Documents.
- C. **Claims of Tortious Acts and Property Damage.** No person who suffers bodily injury or property damage (including, without limitation, emotional distress or wrongful death) as a result of a tortious act or omission of a volunteer director or officer of the Board of Director's of the

Association or the Park Corporation shall recover damages from such Board member or officer if all of the following conditions are satisfied:

- (i) The Board member or officer is the Owner of no more than two Lots within the Properties or occupies a Residence on a Lot within the Properties;
- (ii) The act or omission was performed within the scope of the volunteer director or officer's Association duties;
- (iii) The act or omission was performed in good faith;
- (iv) The act or omission was not willful, wanton, or grossly negligent;
- (v) The Association or the Park Corporation maintained and had in effect at the time the act or omission occurred and at the time a claim is made, general liability insurance and directors and officers liability insurance with coverage under both types of policies of at least one million dollars (\$1,000,000).

D. **Authorized Payments to Board Members.** The payment of actual expenses incurred by a Board director or officer in the execution of such person's Association duties shall not affect such person's status as a volunteer for the purposes of this Section. The provisions of paragraph C, above, and this paragraph D are intended to reflect the protections accorded to volunteer directors and officers of community associations pursuant to California Civil Code section 1365.7 and should not be construed to expand or limit the fiduciary duties owed by a Board director or officer.

In the event California Civil Code section 1365.7 is amended or superseded by another similar provision of the California statutes, paragraph C, above, and this paragraph D shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor Civil Code provision.

ARTICLE III

Easement Rights

Section 3.01. Owners' Nonexclusive Easements of Access and Enjoyment.

C. Every Owner and tenant shall have a nonexclusive right to an easement of access to and from the Owner's Lot, Residence, garage or assigned parking space(s), and easement to and for the use and enjoyment of the Association's Common Area, and the Common Area and Common Facilities of the Park Corporation. Such easements are appurtenant to the ownership of a Lot within the Properties and shall pass with the title to every Lot, subject to the following provisions:

- (i) **The right of the Association and the Park Corporation to adopt Rules as provided in Section 2.08-A, Rule Making Power, above, regulating the use and enjoyment of the Common Areas and Common Facilities for the benefit and well-being of the Owners and**

tenants in common, and, in the event of the violation of such rules or any provision of any Governing Document by any Owner or tenant to initiate disciplinary action against the violating owner or tenant in accordance with Article XIV, (Enforcement of Governing Documents), below. Such action may include the levying of fines, penalties and/or the temporary suspension of voting rights and/or right to use the Common Facilities, other than roads and walkways

- (ii) **The right of the Park Corporation to charge reasonable admission and other fees for the use of the Common Facilities on Common Area "A", or to limit the number of guests of Members or tenants who may use any Common Area "A" recreational facility.**
- (iii) **The right of the Association to assign, rent, lease, and control use of any unassigned garages, parking or carport spaces and charge reasonable fees for their use.**
- (iv) **The right of the Association and the Park Corporation to maintain their respective Common Areas including pruning, removing or replacing trees, shrubs, flowers and ground cover up to patio fences and Residence walls regardless of the actual location of the property line dividing Lots from the Common Areas.**
- (v) **The right of the Association and the Park Corporation; to borrow money, in accordance with their Bylaws, for the purpose of improving their Common Areas and Common Facilities; provided, however, that any such indebtedness shall be considered an expense of the Association for purposes of the Special Assessment provisions of Section 8.12, (Special Assessments), below.**
- (vi) **The right of the Association to dedicate or transfer all or part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the Owners; provided, however, that no such dedication or transfer shall be effective unless an instrument, approved by at least two-thirds (2/3) of the voting power of the Members, and their first Mortgagees consenting to such dedication or transfer has been recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Lot. The instrument approving the dedication may be executed in counterparts so long as each counterpart is in recordable form.**
- (vii) **The right of the Association to designate portions of the Common Area as Exclusive Use Common Area for the benefit of an individual Lot Owner for purposes of assignment of parking spaces or allocating landscaping maintenance obligations in accordance with Section 3.09, below.**
- (viii) **The right of the Association and the Park Corporation to grant easements affecting the Common Area to the extent specifically described in Section 3.05, below.**

Section 3.02. Association Limited Right of Entry.

A. Right of Entry, Generally. Without limiting the description of the Association's rights and powers as described in Sections 2.07 and 3.01, above, but in addition thereto, the Association and its agents shall have the right and power to enter any Lot and Exclusive Use Common Area to perform the Association's obligations under this Declaration, including:

- (i) Exterior painting and roofing obligations with respect to individual Lots and Residences;
- (ii) Obligations to enforce Property Use Restrictions under Article IV, and Architectural Control under Article IX, below;
- (iii) Construction and repair of Lots and Residences covered by insurance paid for by the Association.
- (iv) Needed repairs to a Lot or Residence that an Owner has failed to perform which, if left undone, will pose a threat or nuisance to neighboring Owners and tenants, or cause an unreasonable interference with the Association's painting and roofing responsibilities as delegated to the Association by the Owner.

B. Limitations on Exercise of Right of Entry. The Association's right of entry pursuant to this Section 3.02 shall be subject to the following limitations:

- (i) In all non-emergency situations involving routine repair and/or maintenance activities, the Association, or its agents, shall furnish the Owner or tenant, with at least 3 days prior notice of its intent to enter the Lot, specifying the purpose and scheduled time of such entry, and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing on the Lot.
- (ii) In all non-emergency situations involving access for purpose of enforcing the Governing Documents against an Owner in violation thereof, the Association's entry shall be subject to observance of the notice and hearing requirements imposed by Article XIV, (Enforcement of Governing Documents), below.
- (iii) The right of entry may be exercised immediately and without prior notice to the Owner or resident in case of an emergency originating in or threatening the Lot where entry is required or any adjoining Lots or Common Area. The Association's work may be performed under such circumstances whether or not the Owner or tenant is present.
- (iv) Except in paragraph (iii), above, the Association's right of entry hereunder shall not be construed to permit the Association or its agents to enter any Lot or Residence without prior notice to, and knowledge of, the Owner or tenant.

Section 3.03. Encroachment Easements.

- A. **Declaration of Easement.** Each Lot is hereby declared to have an easement over adjoining Lots and Common Area for the purpose of accommodating any encroachment due to roof overhang, fences or walls which are built in accordance with the original design, plans and specifications of Declarant, and due to engineering errors, errors in original construction, settlement or shifting of the building, or similar causes.
- B. **Rights and Obligations of Owners.** There shall be valid easements for the maintenance of these encroachments as long as they shall exist, and the rights and obligations of the Owner shall not be altered in any way by the encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if the encroachment occurs due to the willful misconduct of the Owner or Owners.
- C. **Encroachments.** In the event a structure is partially or totally destroyed, and is repaired or rebuilt, the Owners of each adjoining Lot agree that minor encroachments over adjoining Lots shall be permitted and that there shall be valid easements for the maintenance of the encroachments so long as they shall exist.

Section 3.04. Street Easements.

Subject to the existence of any Exclusive Use Common Area Parking Rights established in accordance with Section 3.09. below, each Owner and the Association shall have and is hereby granted a nonexclusive easement for street, roadway and vehicular traffic purposes over and along the private streets and paved parking areas within the Properties.

Section 3.05. Blanket Utility Easement.

There is hereby created a blanket easement upon, across, over and under all of the Common Areas of the Association and the Park Corporation for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewer, gas, telephones, electricity, sprinkler, drainage, and a master television antenna or cable television system.

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 any Common Area.

Notwithstanding the foregoing, no sewer, electrical lines, water lines, or other utilities may be installed or relocated within the Properties except as initially designed and approved by the Declarant or thereafter approved by the affected Board of Directors. The easements provided for in this Section shall in no way affect any other recorded easement on the Properties.

Section 3.06. Maintenance Easements.

An easement is hereby granted to the Association, its officers, agents, employees, and to any management company or contractor selected by the Association to enter in or to cross over the Common Area and any Lot to perform the Association's duties of maintenance and repair of the Lots, Common Area, or Common Facilities; provided, however, that any entry by the Association or its agents onto any Lot and the roof or exterior of any Residence shall only be undertaken in strict compliance with Section 3.02, above.

Section 3.07. Boundary Changes.

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

Section 3.08. Party Wall Easements.

In all cases where a structural wall constituting a portion of a single Residence, or a structural wall constituting a party wall for two or more Residences, is located upon the dividing line between adjacent Lots, the Owners of the adjoining Lots shall have reciprocal mutual nonexclusive easements for the maintenance of the wall, the reconstruction of the wall in the event of the partial or total destruction of the same, drainage associated with the wall or the Residence of which the wall is a part, and an easement to accommodate the foundation and/or roof or eaves encroachment as depicted in the original design, plans and specifications which were the basis for the original construction of the Residence or Residences on the Lot or Lots. Refer to Article X, (Party Walls), below.

Section 3.09. Exclusive Use Common Areas.

- A. The Association Board of Directors may designate portions of the Common Area as Exclusive Use Common Area upon the request of an Owner under the following circumstances:
- (i) If an existing parking space occupies portions of a Lot and Common Area, upon application to the Association Board of Directors by the Lot Owner, and the execution and recordation of an agreement between the Association and Lot Owner, the Board of Directors may designate the Common Area portion as an Exclusive Use Common Area parking space assigned to such Owner.
 - (ii) The agreement between the Association and Owner may require the payment by the Owner of a Special Individual Assessment in exchange for the assignment of an Exclusive Use Common Area parking space.

- (iii) If existing portions of the Common Area are enclosed within a patio area or fenced area serving a Residence, that portion of the Common Area shall be Exclusive Use Common Area belonging to such Residence's Lot, and the Owner of such Lot shall be responsible for the maintenance and repairs of the Exclusive Use Common Area in accordance with Article VII, (Maintenance Responsibilities), below.
- (iv) Exclusive use agreements referred to in subparagraphs (i) and (ii), above, may not be transferred to subsequent Owners. They are personal and do not run with the land.

Section 3.10. Owners Subject to All 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 Properties and each Lot and Common Area as shown on the Subdivision Map.

Section 3.11. Priority of Easements.

Wherever easements granted to the City or County are, in whole or in part, common with any other easements, the easements of the City or County shall have and are hereby granted priority over the other easements in all respects.

ARTICLE IV
Use of Properties and Restrictions

In addition to the restrictions established by law or Rules promulgated by the Association or the Park Corporation Boards of Directors pursuant to Section 2.08, above, the following restrictions are hereby imposed upon the use of Lots, Residences and Common Areas within the Properties of the Association and the Park Corporation.

Section 4.01. Single Family Residential Use.

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

Section 4.02. Lot Conveyance.

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

Section 4.03. Interior Improvements.

- A. **Integrity of Residences.** No Owner or tenant shall undertake any activity or improvement with respect to a Residence that will impair the structural soundness or integrity of the Residence, or any adjoining Residence, or impair any easement or any other interest in real property, or do any act or allow any condition to exist in or around the Residence or Lot which will adversely affect any other Residences or their occupants.
- C. **Architectural Approval.** Any interior Improvements involving interior load-bearing or party walls, shall require prior architectural approval in accordance with Article IX, (Architectural Control), below.

Section 4.04. Prohibition of Noxious Activities.

- A. **Annoyance and Nuisance.** No legal or illegal, noxious or offensive activities shall be carried out or conducted upon any Lot or Common Area, nor shall anything be done within the Properties which is or could become an unreasonable annoyance or nuisance to neighboring property Owners and tenants, including, but not limited to excessive noise, odor, or accumulated trash.
- B. **Unreasonable Noise.** Without limiting the foregoing, no Owner or tenant shall permit noise, including, but not limited to barking dogs, fireworks, the operation of excessive noisy air conditioners, hot tubs, amplified sound systems, electronic devices, motor vehicles or power tools, to emanate from an Owner's Lot or from activities within the Common Area, which would unreasonably disturb any other Owner's or tenant's enjoyment of their Lot or the Common Area.

Section 4.05. Miscellaneous Structures.

No structure of a temporary character, or trailer, mobile home, camper, tent, shack, garage or other outbuilding shall be erected or used on any Lot or parking area at any time as a Residence or for storage, either temporarily or permanently, except for places of storage in patios that are not visible from the Common Area or neighboring Lots.

Section 4.06. Household Pets.

The following restrictions regarding the care and maintenance of pets within the Properties shall be observed by each Owner, tenant and resident:

- A. **Number of Pets.** Not more than two (2) common household pets may be kept on each Lot or in each Residence so long as the same are not kept, bred or maintained for commercial purposes. No other animals, livestock, or poultry of any kind shall be kept, bred or raised on any Lot or in any Residence.

- B. **Supervision of Dogs.** Dogs shall only be allowed on the Common Area when they are leashed and otherwise under the supervision and restraint of their Owners.
- C. **Tethered Pets.** No household pet shall be left chained or otherwise tethered inside a patio, outside a Lot or in the Common Area.
- D. **Pet Waste.** Pet owners shall be responsible for the prompt removal and disposal of pet wastes deposited by their pets within patios, the Common Areas and curb side green belts.
- E. **Owners Responsibility.** Each person bringing or keeping a pet on the Property, including in a Residence, in a patio or on the Common Areas, shall be solely responsible for the conduct of the pet.
- F. **Association Liability.** The Association, its Board of Directors, officers, employees and agents shall have no liability to any Owners, their family members, guests, tenants and contract purchasers for any damage or injury to persons or property caused by any pet.
- G. **Licenses and Inoculation.** All animals within the Properties shall be kept, licensed, and inoculated in accordance with City, County, and State of California animal control laws.
- H. **Additional Pet Rules.** The Association's Board of Directors shall have the right to establish and enforce additional rules and regulations and to impose standards for the reasonable control and keeping of household pets in, upon and around the Properties to ensure that the same do not interfere with the quiet and peaceful enjoyment of the Properties by the other Owners and tenants.
- I. **Prohibition of Pets.** The Association Board of Directors may, in its sole discretion, prohibit within the Properties any animal that constitutes a nuisance (whether due to its size, viciousness, unreasonable noise, or otherwise), provided that any prohibition which affects an animal already residing within the Properties shall not be adopted without first providing the Owner responsible for the animal a written notice and an opportunity to be heard before the Board of Directors.
- J. **Abatement of Offending Pets.** If the Association Board of Directors determines a pet nuisance exists, the Board shall cause a notice of abatement to be issued to the offending Owner and occupant of the subject Lot, advising of the finding of a pet nuisance and demanding immediate abatement.
- K. **Disciplinary Action.** In the event an Owner of a pet which has been determined a nuisance fails to abate the problem upon demand the Association Board of Directors shall take such disciplinary action as it deems appropriate under Article XIV, (Enforcement of Governing Documents), below.

Section 4.07. Signs.

- A. **Limited Display.** No advertising signs, posters, pennants, banners or flags shall be displayed on the exterior of fences, walls of Residences or on the Common Area, except for the American and California flags which may be displayed adjacent to the front door of a Residence at any time. In addition, Owners may post on their Lots any signs required by legal proceedings.
- B. **Marketing of Residences.** A single "For Rent," "For Lease" or "For Sale" sign no larger than 24"x 30" may be displayed in a Residence window, unless temporary approval is granted by the Association Board of Directors for display of such signs on a Residence wall or Lot fence.
- C. **Real Estate Signs.** Temporary "Open House" or other directional signs of real estate brokers advertising Lots and Residences for sale or lease are permitted on green belts areas adjacent to roadways and walkways, and in front of Lots while a Residence is for sale and actually open for inspection.

Section 4.08. Business Activities.

- A. **Commercial Business Activities.** No commercial business activities of any kind whatsoever, including garage and estate sales, shall be conducted by an Owner or tenant in any Lot, Residence, garage, carport, parking space, or on any portion of the Common Area provided, however, the foregoing restriction shall not apply to the signs or activities of the Association or the Park Corporation in the discharge of their responsibilities under their Governing Documents.
- B. **Permitted Personal Business Activities.** The foregoing restriction on commercial business activities shall not be construed in such a manner so as to prohibit an Owner or tenant from:
- (i) Maintaining the Owner's or Tenant's personal library in the Residence;
 - (ii) Keeping personal business records or accounts therein;
 - (iii) Handling personal or professional telephone calls or correspondence;
 - (iv) Leasing or renting the Residence in accordance with Article VI, (Leasing and Sale of Residences), below;
 - (v) Conducting a home business through the use of typewriters, computers, facsimile transmissions and other electronic media, so long as the business involves no signage, unusual noise, customer, or employee traffic, or illegal activity; and
 - (vi) Conducting any other activities on the Owner's Lot which are compatible with residential usage and permitted under applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific governmental authorization so long as any such activity does not involve exterior signage or create customer or employee traffic within the Properties.

The uses described in sub-Sections (i) through (vi), above, are expressly declared to be customarily incidental to private residential use.

Section 4.09. Garbage, Rubbish, Trash and Waste.

- A. **Accumulation.** Any garbage, rubbish, trash, newspapers, cans or glass that is accumulated by an Owner or tenant in a patio shall be stored entirely within plastic bags, or containers provided by the City waste disposal service, and shall be screened from view from any street, neighboring Lot or Common Area.
- B. **City Pickup.** Trash storage containers may be moved outside patios the evening before, or the day of, those days scheduled for pickup by the City, and returned thereto by the end of the day. When not put out for pickup, containers shall not be visible from adjacent Lots, streets or the Common Area.
- C. **Extraordinary Accumulation.** Any extraordinary accumulation of rubbish, trash, garbage, waste or debris (such as debris generated upon vacating of premises or during the construction of modifications and improvements) shall be promptly removed from the Properties to a public dump or trash collection area by the Owner, tenant or contractor at their expense.
- D. **Failure to Store and Remove.** Following appropriate notice to an offending Owner or tenant, the Association shall be entitled to impose reasonable fines and penalties as Individual Special Assessments for the failure to properly store or dispose of waste, or to enter the Lot and remove the accumulated waste with the cost assessed to the Owner.

Section 4.10. Storage.

- A. **Personal Property.** Personal property stored on patios shall not be visible to adjacent Lots, streets or the Common Area.
- B. **Association and the Park Corporation Storage.** The Association and the Park Corporation shall have the right to establish and maintain appropriate storage yards and storage buildings for the storage of materials and equipment used by the Association and the Park Corporation in connection with their planting, building, repair, maintenance and preservation of the structures, gardens and other improvements within the Lots and Common Areas.

Section 4.11. Clothes Lines and Laundry.

No exterior clothes line or clothes tree shall be erected or maintained, and there shall be no drying or hanging of laundry in any patio or on any fence in a manner in which the laundry is visible from any neighboring Lot, the Common Area or street.

Section 4.12. Television Antennas.

- A. **Restrictions and Limitations.** No outside television antenna, aerial, or other television receiving device with a diameter or diagonal measurement in excess of thirty-six (36) inches shall be erected,

constructed or placed on any Lot, Residence or Common Area by Owners or tenants. Antennas with a diameter or diagonal measurement of thirty-six (36) inches or less may be installed only according to the Associations Architectural Rules, which shall be in accordance with applicable governmental regulations.

- B. **Architectural Rules.** Reasonable restrictions which do not significantly increase the cost of any authorized television antenna system or significantly decrease its efficiency or performance may be imposed by the Board of Directors and may be included in the Association's Architectural Rules.

Section 4.13. Radio Antennas.

No microwave or shortwave radio sending or receiving antennas, aerials or towers of any kind shall be erected on Lots, Residences or other Common Area without application to the Association's Architectural Control Committee and the approval of the Association Board of Directors.

Section 4.14. Outdoor Fires.

There shall be no outdoor fires whatsoever within the Properties except barbecue fires located upon Lot patios and contained within receptacles designed for such purpose.

Section 4.15. Sports Equipment.

No sports equipment apparatus such as basketball standards shall be attached to any Residence, garage or carport, or erected on any Lot or placed on any Common Area by an Owner or tenant without the express consent of the Association Board of Directors.

Section 4.16. Machinery and Equipment.

- A. **Limitation.** No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is commonly used in connection with the maintenance or repair of a private Residence or appurtenant structures.
- B. **Noise Abatement.** No loud power equipment, including but not limited to lawn mowers, leaf blowers, and chainsaws, shall be operated by Owners, tenants, or gardeners on a Lot prior to 7:30 a.m. or after 5:00 p.m.

Section 4.17. Diseases and Pests.

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

Section 4.18. Use of Association Streets.

Cars, light duty trucks, motorcycles, service and delivery vehicles only shall be allowed on the Association's private streets and cul-de-sacs for ingress and egress to garages and parking spaces. The streets and cul-de-sacs within the Properties shall not be used for vehicle repair.

Section 4.19. Visitors and Guests.

Each Owner, tenant and resident shall be accountable to the other Owners, tenants, residents and to the Association for the conduct and behavior of their family, visitors and guests temporarily residing in or visiting the Owner's Residence, and for any property damage caused by such family, visitors and guests.

Section 4.20. Fireworks.

No explosive or burning fireworks of any kind shall be stored or ignited within the Association or the Park Corporation properties.

Section 4.21. Hoses.

When not in use, hoses and garden tools must be stored in patios, garages or carport storage closets.

Section 4.22. Roof Equipment.

No equipment whatsoever shall be placed on any roof without the prior review of the Association's Architectural Control Committee and approval of the Association's Board of Directors in accordance with its Architectural Rules.

Section 4.23. Activities Affecting Insurance.

- A. **Increased Cost.** Nothing shall be done or kept on any Lot or within any Residence which will increase the cost of insurance relating thereto on any policy maintained by the Association or the Park Corporation per Article XI, (Insurance), below, without the prior consent of the Association or the Park Corporation.
- B. **Insurability.** No Owner shall permit anything to be done or kept on the Owner's Lot or within the Owner's Residence or the Common Area which would cause any Residence to be uninsurable against loss by fire or casualty, or result in the cancellation of insurance on any Residence or any part of the Common Area.

Section 4.24. Common Areas and Common Facilities Restrictions.

- A. **Restrictions of Use.** The use and improvement of the Common Areas of the Association and the Park Corporation shall be restricted to green belt, parking and open space, and the Common Facilities of the Park Corporation shall be restricted to those same uses, and in addition, such social and recreational activities, as originally planned by the Declarant or as subsequently added to in accordance with the provisions of this Declaration and the Bylaws of the Association and the Park Corporation.
- B. **Common Area Alterations.** Nothing shall be altered, constructed, placed or stored in the Common Areas without the approval of the Association or the Park Corporation, as appropriate.
- C. **Limitations of Use and Enjoyment.** Use and enjoyment of the Common Areas and Common Facilities shall at all times be subject to the limitations of this Declaration, the Bylaws and the Rules of the Association and the Park Corporation. See Section 3.01, above, and paragraph D, below.
- D. **Additional Restrictions.** Without limiting the foregoing, it is specifically provided that the Common Areas and Common Facilities shall be restricted to the following purposes:
- (i) Recreational and social activities, including rental for such activities, to the extent that the Facilities were constructed for such activities.
 - (ii) The driveways and cul-de-sacs of the Association shall be restricted to vehicular traffic to and from parking spaces, carports and garages, and shall not be used for vehicle repair.
 - (iii) Walkways shall not be used by persons in or on motor vehicles, bicycles, scooters, skateboards, roller skates, roller blades or for any other non-pedestrian activity.
 - (iv) Construction, installation, operation and maintenance of existing or additional recreational facilities by the Association or the Park Corporation for the use and enjoyment of the Owners, their tenants and guests.
 - (v) Beautification of the property in general and provisions for maintaining the privacy of the users thereof and of adjoining Lot Owners through landscaping and other means as the Association and the Park Corporation shall deem architecturally appropriate.
- E. **Changes and Improvements.** No person shall make any change or improvement in the Common Areas or remove any planting, structure or other object therefrom without the prior approval of the Landscape Committee of the Association or the Park Corporation.
- F. **Members' Liabilities.** Members shall be responsible to the Association or the Park Corporation for the cost of any and all damage to any portion of the Common Areas or Common Facilities

caused by them, or by persons to whom they have delegated any right of usage, not covered by insurance including the deductible.

Section 4.25. Restriction Variances.

- A. The Association Board of Directors, in its sole discretion, shall be entitled to allow reasonable variances in any land use restriction specified in this Article to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardship to any Owner-applicant, provided all of the following conditions are met:
- (i) Upon receipt of an Owner's written request for a variance, the Association's Board of Directors shall first make a determination as to whether the proposed variance has merit for consideration and approval. If the Board finds the requested variance has merit, then the Board shall schedule a public hearing on the matter for a subsequent Regular or Special meeting of the Board of Directors.
 - (ii) At least twenty (20) days prior to the scheduled hearing date, a notice shall be sent to all potentially affected Association Owners stating the variance request, the reasons and potential effects. A notice shall also be posted on a Bulletin Board available to Owners at least twenty (20) days prior to the date when the Board of Directors is scheduled to act on the requested variance. No decision shall be made with respect to the proposed variance until the twenty (20) day notice period has elapsed.
 - (iii) After a hearing the Board of Directors may grant the requested variance, if it makes a good faith determination, recorded in the minutes, that the variance is consistent with one or more of the following criteria:
 - (a) the requested variance will not constitute a material deviation from any restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite non-compliance; or
 - (b) that the variance relates to a use restriction otherwise applicable hereunder that is unnecessary or burdensome under the circumstances; or
 - (c) that the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance with respect to any other Lot or Common Area within the Properties.
 - (iv) The Association Board of Directors may approve, disapprove, or amend the variance application, or defer action to a subsequent meeting to consider additional information. The ultimate decision of the Association Board of Directors shall be final and binding on the Owner.

- (v) The Board, or any Committee, considering a request for a variance may, in its sole discretion, provide notice to, or solicit comments from, neighboring property Owners, whose Lot may be impacted by the variance if approved.

Section 4.26. Enforcement of Property Use Restrictions.

- A. **Notice of Non-Compliance.** In the event that the Association becomes aware of a violation of a property use restriction(s) set forth herein, that does not necessitate immediate corrective action under Section 3.02, above, the Owner or Tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent restriction(s).
- B. **Time to Comply and Right of Appeal.** Such notice of non-compliance shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of any appeal rights. Enforcement shall be carried out in accordance with Article XIV, (Enforcement of Governing Documents), below.
- C. **Costs to Gain Compliance.** In the event that the Association expends funds to gain compliance with any of the provisions of this Article or any rules adopted pursuant to Section 2.08, above, such expenditures, including any reasonable attorney fees, may be recovered from a non-complying Owner by means of a Special Individual Assessment.

ARTICLE V
Parking Rules

Section 5.01. Adoption of Parking Rules.

- A. **Control of Vehicle Parking.** In addition to the parking rules contained in this Article V, the Boards of Directors of the Association and the Park Corporation shall have the right to adopt and enforce additional Parking Rules for the control of vehicle parking, including the use of garages, carports and parking spaces, and to control traffic throughout their respective properties.
- B. **Tenants Compliance.** Lot Owners shall be responsible for notifying their tenants, occupants, invitees and guests of the Association's Parking Rules and shall be responsible for their compliance.
- C. **Enforcement.** The provisions of Section 5.02, Parking Rules, below, may be enforced by the Association, the Park Corporation or the City of Sacramento.

- D. **Vehicle Towing.** Vehicles parked in violation of Parking Rules may be towed away without prior notice to the vehicle Owner, provided the Association complies with California Vehicle Code Section 22658.2 or its successor code section.
- E. **Costs of Enforcement.** Any costs of enforcement of Parking Rules may be recovered by means of a Special Individual Assessment against an offending Lot Owner.

Section 5.02. Parking Rules

- A. **Parking Assignments.** Generally each Residence in Campus Commons is assigned parking spaces for two vehicles, either in a garage, a carport, open space or combination thereof, depending upon whether the Residence contains a garage, and the number of carport stalls and open spaces available in the Residence's cul-de-sac.
- B. **Owner Entitlements.** If only one carport, stall or open space has been assigned to a previous Owner or tenant, that is all to which a new Owner or tenant is entitled. However, an Owner or tenant may make a written request to the Association for a second assigned stall or space when one becomes available. In the meantime, the Owner or tenant may not use a guest space for additional personal parking.
- C. **Parking Limitations.** Owners and tenants shall limit their parking within the Properties to the one or two vehicles which can be accommodated in their assigned parking garages, carport stalls or open spaces so that other parking spaces may be used for temporary parking by guests of Owners and tenants, home service vehicles, other occasional visitors and emergency vehicles.
- D. **Use of Garages, Carports and Parking Spaces.** Garages, carports and parking spaces are to be used solely for the parking of standard passenger vehicles, motorcycles and non-commercial trucks not to exceed three-quarter ton load capacity. In addition, garages shall not be used for any activity or storage that precludes the parking of the vehicle(s) of the tenants of the residence inside.
- E. **Excess Vehicles.** Owners and Tenants having more vehicles than can be accommodated in their garage, assigned carport and/or open space, must park the excess vehicles on City streets or rent appropriate storage space.
- F. **Construction Equipment.** Parking or storage of construction equipment, boats, motor homes, campers, trailers, commercial vehicles and trucks in excess of three-quarter ton load capacity anywhere within the Properties is prohibited, except when loading or unloading.
- G. **Non-Vehicle Use.** Parking spaces, carport stalls or garages shall not be used for any purpose which would prevent the Owner or tenant from parking regular passenger vehicles therein.
- H. **Conversion of Carports and Garages.** Carports or garages shall not be converted for any type of living, recreational or business activities.

- I. **Limitation on Garage Storage.** Garages shall not be used as a warehouse or storeroom to the extent that Owners' or tenants' vehicles can not be parked inside.
- J. **Double Parking.** Double parking is not be permitted within the Properties due to restriction of fire and safety vehicles and inconvenience to Owners and tenants.
- K. **Blocking of Access.** Under no circumstances shall a vehicle be parked in a manner that blocks a cul-de-sac, alley, driveway, parking space, carport or garage. Parking in alleys and driveways is prohibited by the Association or local ordinance.
- L. **Repair and Maintenance Work.** No vehicle repair or maintenance work by homeowners, tenants, family, guests or repairmen, other than washing, polishing and emergency work, shall be permitted within parking spaces, carports, garages, driveways or Common Areas.
- M. **Extended Parking.** No guest vehicle of any type shall be parked in any unassigned parking space for more than seventy-two (72) hours consecutively.
- N. **Maintenance of Assigned Parking Spaces.** Owners and Tenants shall keep their assigned open parking spaces and carports in a neat and orderly condition with no miscellaneous outside storage.
- O. **Garages Doors.** Owners with garages shall park their vehicles inside with the door closed except when they must have access to the garage.
- P. **Garage Door Opener.** Once installed, automatic garage door openers shall be the responsibility of the Owner or tenant to repair and replace the device when necessary.

Section 5.03. Temporary Parking Rules.

The Association and the Park Corporation Board of Directors shall have the authority to enact temporary parking rules within their properties, as a temporary situation may require, without prior notice to Members.

ARTICLE VI

Leasing and Sale of Residences

Section 6.01. Delegation of Use.

- A. **Tenants and Purchasers.** In the event of a sale, lease or rental of a Lot and Residence the Owner shall delegate the Owners' rights to use and enjoy the Common Area and Common Facilities of the Association and the Park Corporation to the purchaser, tenant or lessee who resides in the Residence; provided, however, that any rental or lease may only be to a single family for Single Family Residential Use and for a term not less than ninety (90) days.

During any period when a Residence has been rented or leased, the Owner and the Owner's family shall not be entitled to use and enjoy the Common Area or Common Facilities of the Park Corporation, except that,

- (i) The restriction on usage by Owner-lessors shall not apply to any Owner-lessor who is contemporaneously residing in another Residence within the Properties.
- (ii) Non-resident Owners who are leasing their Residences shall have full rights to access the Residence to perform the Owner's responsibilities as a lessor.

B. **Tenant Obligations.** Any tenant or lessee of a Residence shall be obligated to comply with the provisions of the Governing Documents, including Rules, all of which shall be deemed incorporated by reference in the lease or rental agreement.

C. **Discipline of Tenant.** Subject to paragraph (F) below (Due Process Requirements), in the event that any tenant or lessee fails to honor the provisions of any Governing Document or Rules, the Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances which may include initiation of an eviction proceeding in accordance with the following paragraph, suspension of the tenant's privileges to use any Common Facilities or the imposition of fines and penalties against the Owner-lessor.

D. **Eviction Rights.** Whether or not such right is stated in any lease or rental agreement, every Owner who rents or leases a Residence automatically grants to the Association the right to determine a tenant's violation of the Governing Documents and to terminate the tenancy and to evict the tenant for such violation under the circumstances described below.

The Association's right to maintain an eviction action hereunder is derived from section 1165 of the California Code of Civil Procedure and only shall arise if the tenant's or lessee's conduct involves damage to or destruction of Common Areas or Common Facilities, or constitutes a nuisance or unreasonable interference with the quiet enjoyment of other Owners and tenants. Exercise of this eviction authority shall also be subject to Paragraph F, below.

- E. **Cost of Eviction.** If a Board of Directors takes an eviction action, either in its own name or in the Owner's name, the Owner shall be responsible for all costs thereof, including reasonable attorney fees, and shall reimburse the Association or the Park Corporation upon demand for the entire amount of such costs. If the Owner refuses to make such reimbursement, the sums may be collected from the Owner as a Special Individual Assessment, refer Section 8.12, below.
- F. **Due Process Requirements.** Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to the Properties or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to initiate disciplinary action against

an Owner-lessor, or the Owner's lessee or tenant, on account of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied:

- (i) The Owner-lessor has received written notice from the Association or its duly appointed agent providing a reasonably detailed description of the nature of the lessee's/tenant's alleged violation or misconduct and advising the Owner of the right to a hearing on the matter in the event the Owner believes that remedial or disciplinary action is unwarranted or unnecessary;
- (ii) The Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner; and
- (iii) The Owner has failed to prevent or correct the tenant's objectionable actions or misconduct within a reasonable period of time.

The time within which corrective action is reasonably required of the Owner is likely to depend on the nature and circumstances of the violation, but in no event shall exceed thirty (30) days, as specified in the Association's notice. Any hearing requested hereunder by an Owner-lessor shall be conducted in accordance with Article XIV, (Enforcement of Governing Documents), below, and the request for a hearing must be received by the Association within fifteen (15) days following mailing or personal delivery of the Association's notice.

- G. **Duty of Owners to Notify Association.** Each Owner shall notify the Association of the names of any rental or lease tenant residing on the Owner's Lot.

Each new Owner or tenant shall notify the Association of the names of all persons to whom such Owner, or tenant has delegated any rights to use and enjoy the Common Facilities, and

the relationship that each such person bears to the Owner or tenant and, if requested by the Association, the make, model and license plate number of the tenant's vehicle(s).

Furthermore, every Owner-lessor shall provide each tenant or lessee with a current copy of all Governing Documents, including Rules, and shall be responsible for compliance by the tenant or lessee with all of the provisions of the Governing Documents and Rules during the tenant's/lessee's occupancy and use of the Residence. To facilitate compliance with this requirement, the Association may prepare and distribute to Owners a tenant information packet presenting those Rules and Governing Document provisions of particular pertinence to tenants and the leasing of Residences, which packet shall include (without limitation) the complete text of this Article and Articles IV (Use of Properties and Restrictions) and XIV (Enforcement of Governing Documents).

- H. **Transfer of Rights.** An Owner who contracts to sell a Lot must delegate the Owner's voting rights as a Member and the Owner's right to use and enjoy the Common Area and Common Facilities of the Association and the Park Corporation to any contract purchaser upon possession of the property subject to the contract of sale.

Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold has been transferred to the purchaser.

Section 6.02. Notification Regarding Governing Documents.

- A. **Notification to Purchaser.** As provided in section 1368 of the California Civil Code, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof shall give the prospective purchaser:
- (i) A copy of the Governing Documents;
 - (ii) The Association and the Park Corporation's most recent financial statements;
 - (iii) A true statement in writing from the Association as to:
 - (a) the amount of any delinquent Assessments, together with information relating to late charges, attorney fees, interest, and costs of collection which, as of the date the statement is issued, are or may become a lien on the Lot being sold; and
 - (b) the amount of the Association current Regular and Special Assessments and fees; and
 - (iv) Any change in the Association or the Park Corporation's current Regular and Special Assessments which have been approved by the Board of Directors but which have not become due and payable as of the date the information is provided.
- B. **Information Requests.** Within ten (10) days of the mailing or delivery of a written request to the Association for the information described in paragraph (A), above, the Association shall provide the Owner with the information and copies of the requested documents.
- C. **Fee for Information.** The Association shall be entitled to charge a fee for providing the requested items equal to, but not more than, the reasonable cost of preparing and reproducing the requested documents and information.

Section 6.03. Termination of Obligations.

Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the seller-Owner shall not be liable for any Assessments levied with respect to such Lot which become due after the date of recording of the deed evidencing the transfer and, upon such recording, all Association and the Park Corporation membership rights possessed by the transferor by virtue of the ownership of the Lot shall automatically cease.

Section 6.04. Rental and Leasing Assessments.

If in the opinion of either the Association or the Park Corporation Board of Directors, there are added operating or administrative burdens and costs attributable to the rental or leasing of

Residences, either Board may impose an annual Rental and Leasing Assessment on such Lots commensurate with such burdens and costs. Refer Section 8.13, below.

ARTICLE VII

Maintenance Responsibilities

Section 7.01. Maintenance Responsibilities, Generally.

- A. **Purpose.** The purpose and intent of this Article VII is to provide for an allocation of maintenance, repair and replacement responsibilities as among the Association, the Park Corporation and the individual Owners which will perpetuate an orderly and harmonious neighborhood throughout the Properties and protect the aesthetics and property values of the Properties for the benefit of Owners and residents alike.

- B. **Consistency of Repairs.** Until a change has been approved by the Association Board of Directors, in accordance with Article IX (Architectural Control), below, any and all maintenance and repair of the exterior portions of all Residences, including the roof, sidewalls, fences and attachments thereof, shall preserve the same color and type of material last approved and applied to the Residence; and the removal of any portion or portions of roof, sidewall, fencing and attachments thereof shall be replaced with like materials so as to preserve the same texture and general appearance.

- C. **Insured Damage.** To the extent that the expense of maintenance repair, or reconstruction of any part of the Properties, whether Lots or Common Area, is covered and payable, or paid, by insurance held by the Association, the responsibility for such work shall be as set forth in Article XI (Insurance), below.

- D. **Cooperative Maintenance.** To the extent necessary or desirable, individual Owners shall cooperate with the Association and the Park Corporation, their committees, agents, and contractors in the prosecution of the maintenance obligations described in Sections 7.02 and 7.03, below.

Section 7.02. Association and the Park Corporation Maintenance Responsibilities.

- A. **Common Areas.** Except as provided in Section 7.03B, below, the Association shall be solely responsible for all maintenance, repair, upkeep and replacement of all portions of the Common Areas within the Properties and the Park Corporation shall be solely responsible for all maintenance, repair, upkeep and replacement of the Common Area and Common Facilities it owns. Accordingly, no person other than the Association or the Park Corporation, or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of their respective Common Areas. Without limiting the foregoing:

- (i) No person shall remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon the Common Area without express approval of the Association or the Park Corporation Landscape Committee for their respective Common Areas.
- (ii) the Association with respect to its Common Area and the Park Corporation with respect to its Common Area and Common Facilities shall be responsible for:
 - (a) The construction, replacement or refinishing of any Common Facility or other improvements upon the respective Common Areas as necessary in accordance with the original design, finish or standard of construction of the improvement or any change approved by the governing Board of Directors.
 - (b) The construction, reconstruction, replacement or refinishing of any road, parking area or walkway upon any portion of the respective Common Areas designated on a subdivision map as a private road, walkway or parking area.
 - (c) The trimming, clipping, removal or replacement of all trees, shrubs, flowers and ground cover upon any portion of their respective Common Areas up to patio fences and Residence walls.
 - (d) Notifying Owners or tenants in advance of plans to remove large trees and shrubs in the Common Area adjacent to their Residence or patio. However, the decision to remove is solely that of the Association or the Park Corporation.
 - (e) The placement and maintenance of any signs as the Association or the Park Corporation may deem necessary for the identification of the development and roads, the regulation of traffic, including parking, the regulation and use of Common Areas and Common Facilities and for the health, welfare and safety of Owners, tenants, and guests. Signs to be placed within any public street area shall be subject to City approval.
 - (f) To the extent not maintained or repaired by the City, County or a utility company, the maintenance and repair of underground service lines and laterals and sidewalks and steps located within the Common Areas and servicing homes within the properties up to the property line of an Owner's Lot, including sewer, water, gas, electrical and drain lines.

B. Association Maintenance of Certain Lot Areas and Residence Exterior Components. The Association shall provide exterior non-structural maintenance upon each Lot and Residence which is subject to Assessment hereunder, as follows:

- (i) **Walls, Fences and Trellises.** Painting, and washing prior to painting, of the exterior wall surfaces of all Residences and garages including roof fascias and vents, eave troughs, crickets, gutters, down spouts, trellises and exterior and interior surfaces of wooden patio fences adjoining Residences and garages, provided, however, that:
- (a) Any damaged, rotten, or deteriorated siding, trellis or fence wood, regardless of cause, shall be repaired or replaced by the Owner prior to painting. The Owner may request the Association to make the necessary repairs and bill the cost to the Owner as a Special Individual Assessment.
 - (b) The Association shall not be responsible for the repair or replacement of exterior doors, screen doors, garage doors or exterior lighting fixtures and other hardware and glass surfaces, unless the structure is owned by the Association.
- (ii) **Roof Maintenance.** Repair, and replacement of outer roof materials and sealant down to but not including the plywood. Repair or replacement of all layers of plywood and other structural materials such as the trusses, framing, and fascias shall be the responsibility of the Owner.
- (a) Roof leaks first shall be repaired on the outside by the installing roofing contractor to the extent of that contractor's warranty, then by a contractor hired by the Association.
 - (b) Interior structural damage to a home from sudden and accidental roof leaks, may be covered by the Association's property damage insurance, if the Association is promptly notified of a leak and it can be demonstrated that reasonable efforts to repair were not undertaken in a reasonable period of time after such notification.
- (iii) **Regular and Normal Maintenance of Landscaping Improvements.** Except as otherwise provided in section 7.03B, below, the Association shall care for and replace, as appropriate any trees, shrubs, grass, walkways, and other landscaping improvements located on any portion of a Lot up to (but not within) any Residence or fenced area of the Lot. Landscape improvements located within fenced or enclosed patio areas on Lots or Exclusive Use Common Areas are the responsibility of the Owner or tenant.
- (iv) **Owner Installed Items.** Any additional cost to the Association in the performance of its responsibilities pursuant to this Section by virtue of an Owner installed item of any kind (approved or un-approved) on any Residence, fence or wall may be charged to the Owner as a Special Individual Assessment.
- (v) **Insured Losses.** The limitations on the Association's exterior maintenance and repair obligations hereunder shall not be construed as a limitation on the Association's obligation to contract for and to supervise major repair and replacement of Residences necessitated by a loss covered by insurance maintained by the Association.

Section 7.03. Owner Maintenance Responsibilities.

A. Lots, Residences and Exclusive Use Common Areas. Each Owner shall be responsible for all maintenance, repair, and replacement of any kind associated with the upkeep of the Owner's Lot, Residence, fence, and Exclusive Use Common Area, not specifically delegated to the Association as stated in Section 7.02 above, including without limitation the following:

- (i) All foundations, fencing, trellises, exterior walls and roofing, all window glass and frames, including security windows, all household doors and garage doors, including screen and security doors, and automatic garage door openers, all interior and exterior lighting fixtures, all kitchen and bathroom appliances and fixtures and all television, cable and satellite antennas and dishes, and any other equipment installed by the Owner or tenant.
- (ii) All Improvements within the property lines of the Owner's Lot, including concrete surfaces, brick features, and decks, all interior portions of the Residence, including, but not limited to walls, ceilings, floors, floor coverings, doors, appliances, and the plumbing, electrical, heating and air conditioning systems whether inside or outside the Residence, and all underground sewer, water, gas, electrical and drain lines, and above-ground sidewalks and steps, servicing the Owner's Residence and Lot, from the point where such service lines and sidewalks cross over the Owner's property line. In the event that an Owner's maintenance or repair of a service line, sidewalk or steps located within the Owner's property lines disturbs the Common Areas, or service lines or sidewalks located within the Common Areas, the Owner shall restore the same to their pre-existing condition immediately upon conclusion of the maintenance or repair project.
- (iii) All planting, maintenance, or replacing of flowers, shrubs, or trees within the fenced or enclosed areas of the Lot and Exclusive Use Common Area, provided that Owners shall not permit fences or walls, to become obscured for painting by the Association, or the roof damaged by tree limbs. The cost of pruning such growth incurred by the Association may be charged to the Owner as a Special Individual Assessment.
- (iv) Prompt repair or replacement of all or part of any fence, trellis, wall, Residence exterior siding or structure on the Owner's Lot or Exclusive Use Common Area that becomes damaged or rotten for any reason whatsoever, including, but not limited to termites or sprinkler spray.

Repairs and replacement shall be done in accordance with Article IX (Architectural Control), below, and the Association's Architectural Rules and any exterior improvement or replacement thereof shall be subject to review and approval by the Association in accordance with Article IX.

B. Owner Common Area Landscape Projects. With the prior approval of the Association Landscape Committee, an Owner may assume responsibility, in whole or in part, for the Improvement and maintenance of landscaping, drainage or sprinkler systems located in the

Common Area immediately adjacent to the Owner's Residence, garage or patio fences. Any application by an Owner to assume responsibility for Common Area landscaping shall be in writing and shall include sufficient detail to permit the Committee to consider such factors as:

- (i) The varieties and quality of trees, shrubs, flowers or other plantings appropriate to the proposed location of the project within the Common Area.
 - (ii) The consistency of the proposal to other plantings and landscaping in the same vicinity.
 - (iii) The ease of future maintenance.
 - (iv) The non-interference with existing drainage, the painting of the Residence or fences, or potential for adverse impacts on roof maintenance.
- C. **Subsequent Owners.** Approval of an Owner's Common Area landscape plan is applicable only to the requesting Owner, not to a subsequent Owner, unless the Owner's approval includes a Maintenance Agreement, as provided in Section 7.04, below.
- D. **Changes to Approved Plan.** Any changes in an Owner's planting, landscaping, drainage or sprinkler system in the Common Area deemed significant by the Landscape Committee, also must be reviewed and approved by the Landscape Committee.
- E. **Appeal of Disapproval.** If the Landscape Committee disapproves an Owner's landscape plan, the Owner may appeal the decision to the Association Board of Directors whose decision shall be final.
- F. **Retroactive Approval.** In the event an Owner has installed unapproved plants, landscaping, drainage or sprinkler system in the perimeter Common area immediately adjacent to the Owner's Lot that has been unnoticed for more than one year, it may be approved retroactively by the Association Landscape Committee if it is not in conflict with the landscape and drainage plan for the neighboring areas and does not create a burden on the landscape maintenance responsibilities of the Association. However, the mere existence of such areas or an Owner's actions to improve or maintain the area shall not create any right in the Owner to continue such activity without Association approval.
- G. **Inappropriate Landscaping.** Other than as provided in paragraph for Section 4.24-F above, any unapproved changes in planting, landscaping, drainage or sprinkler system deemed inappropriate by the Landscape Committee may result in Association action to remove such changes and to restore the former or new planting or landscaping in the area. The cost to the Association for such action may be recovered as a Special Individual Assessment against the Owner.
- H. **Owner's Standard of Landscape Maintenance.** An Owner's maintenance of approved landscaping in Common Area adjacent to the Owners Lot shall meet the standards of the Landscape Committee. If such standards are not met, the approval of the Committee for the

Owner-maintained landscaping may be revoked and the Association shall resume maintenance of the planting and landscaping involved.

Section 7.04. Landscape Maintenance Agreements.

Approval of an Owner's Common Area landscape Project adjacent to a Lot or Residence by the Association Landscape Committee may be conditioned upon the Owner accepting full responsibility for repair, maintenance and replacement of the change or improvement under the terms of a landscape Maintenance Agreement. Landscape Maintenance Agreements may be recorded and run with the property and be binding on all parties having or acquiring a right, title, or interest in the Lot, and shall inure to the benefit of each Owner, the Owner's heirs, successors and assigns. If a landscape Maintenance Agreement is not recorded it shall apply only to the consenting Owner, however a subsequent Owner may apply to the Association Landscape Committee to continue the maintenance responsibilities under a new landscape Maintenance Agreement. Maintenance Agreements may be required when the Association's Landscape Committee grants approval for an Owner Common Area landscape project pursuant to Section 7.03B, above.

Section 7.05. Recovery of Certain Repair and Maintenance Costs.

- A. **Owner Negligence.** If the need for maintenance or repair, which, otherwise, would be the responsibility of either the Association or the Park Corporation hereunder, is caused through the willful or negligent acts of an Owner, the Owner's family, tenants, occupants or guests, and is not covered or paid for by insurance policies maintained by the Association, the Park Corporation, or the responsible Owner, the cost of such maintenance or repairs shall be subject to recovery by the Association or the Park Corporation through the imposition of a Special Individual Assessment against the offending Owner.
- B. **Owner Default.** If an Owner fails to perform maintenance or repair functions for which the Owner is responsible pursuant to in Section 7.03, the Association or the Park Corporation shall give written notice to the offending Owner with a request to correct the failure within fifteen (15) days after receipt of notice. If the Owner refuses or fails to perform the necessary repair or maintenance, the Association may exercise its rights under Section 3.02, above, to enter the Owner's Lot and Exclusive Use Common Area and perform the repair or maintenance so long as the Owner has been given written notice and the opportunity for a hearing in accordance with Article XIV, (Enforcement of Governing Documents), below.

ARTICLE VIII

Assessments

Section 8.01. Assessments Generally.

Each Owner of one or more Lots, by acceptance of a deed or other conveyance therefor (whether or not it shall be so expressed in such deed or conveyance), covenants and agrees to pay to the Association and/or Park Corporation: (i) Regular Assessments, including Rental and Leasing Assessments, if applicable; (ii) Special Assessments; and (iii) Special Individual Assessments. Each such assessment shall be established and collected as hereinafter provided.

Section 8.02. Use of Assessments.

- A. The Association and the Park Corporation assessments made in accordance with the provisions of this Declaration are hereby declared and agreed to be for:
- (i) The maintenance of those Common Areas, and portions of Lots and Residences, which the Association is obligated to maintain, repair or replace, and
 - (ii) The maintenance of those Common Area and Common Facilities which the Park Corporation is obligated to maintain, repair, or replace, and
 - (iii) To protect the social welfare, health and safety of members and tenants residing within the Properties, and
 - (iv) To promote the recreational use and social enjoyment of the Common Areas and Common Facilities by members, their families and tenants, or
 - (v) Such other purpose(s) which may be dictated by law, or special needs and circumstances as approved by the assessing Board of Directors.

Section 8.03. Owner's Personal Obligation.

- A. **Debt of Owner.** All assessments, together with late charges, interest, and reasonable costs (including reasonable attorney fees) for the collection thereof, shall be a debt and a personal obligation of the person who was the Owner of the Lot at the time the assessment was levied.
- B. **Current Owner Liability.** 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 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 of his or her predecessor in interest. Nevertheless, if a person acquires title to a Lot which is subject to a valid Association or Park Corporation Assessment lien (i.e., the lien was not removed prior to close of escrow and transfer of title) the Association or Park Corporation, as the case may be, shall be entitled to pursue enforcement of that lien in accordance with Sections 8.21C and 8.22, below.

- C. **Prior Owner Liability.** Any unpaid assessment not paid in escrow, or assumed by the new Owner, shall remain the personal debt of such previous Owner against whom assessed.

Section 8.04. Assessment Liens.

- A. **Delinquency.** All assessments, together with late charges, interest, and reasonable costs (including reasonable attorney fees) for the collection thereof, shall become a lien against the Lot to which the assessment is charged upon recordation by the Association or the Park Corporation of a Notice of Delinquent Assessment in accordance with California Civil Code section 1367(b).
- B. **Foreclosure.** Any lien for unpaid assessments created pursuant to the provisions of this Article may be subject to foreclosure as provided in Sections 8.22 and 8.23, below.

Section 8.05. No Owner Assessment Exemption.

No Owner may exempt himself or herself from personal liability for assessments duly levied by the Association or the Park Corporation, nor release the Lot or other Association property owned from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area or any facilities thereon or by abandonment or non-use of the Owner's Lot(s) or any other portion of the Properties.

Section 8.06. Properties Exempt From Assessments.

- A. The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the assessments and the lien thereof provided herein:
- (i) Any portion of the Properties dedicated and accepted by a local public authority;
 - (ii) The Common Area and Common Facilities of the Association and the Park Corporation; and
 - (iii) Any Lot owned by the Association, unless the Residence on the Lot is being rented during the term of the Ownership.

Section 8.07. Regular Assessments.

A. **Budgeting for the Park Corporation's Annual Assessment.**

- (i) Not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the Park Corporation's fiscal year the Board of Directors of the Park Corporation shall cause a budget to be prepared and distributed to its Members. The budget shall contain a projected expenditure plan for a period of not less than twenty (20) years for maintenance, repair and replacement of those major improvements on Common Area "A" for which the Park Corporation is responsible and the annual funding required to support it; and an Operating Budget including assessments, non-dues income, estimated expenses and reserve funding for

the next fiscal year. This budget shall contain the information required by California Civil Code Section 1365.

- (ii) The total Common Expenses of the Park Corporation, as disclosed in the budget, less income from sources other than Assessments, shall become the aggregate Regular Assessment of the Park Corporation for the forthcoming fiscal year, subject to Member approval to the extent required in Section 8.07C, below. That Regular Assessment shall be allocated equally among all Lots within all portions of Campus Commons, the including Lots within the Properties, and Park Corporation shall advise the Association and other Owner Associations within Campus Commons of the allocable share of the total Park Corporation Regular Assessment for which the Associations' Members are liable.
- (iii) A copy of the Park Corporation's annual Operating Budget and Reserve Plan shall be distributed to all members of the Park Corporation Association in accordance with the Bylaws of the Park Corporation.
- (iv) Currently, it is the practice of Park Corporation to make arrangements with the Association and the other Owner Associations within Campus Commons to bill and collect Park Corporation Assessments through the Association and the other Owner Associations. However, in the event that the Park Corporation Board of Directors elects, at any time, to impose any such assessments directly upon the Owners of Lots within the Properties, the requirements and limitations described herein with respect to the Association's assessment authority shall be deemed to apply to the Park Corporation with the same force and effect as if set forth in full in this Article.
- (v) With reference to the preceding paragraph, any reference to the Association shall be replaced by reference to Park Corporation, any reference to the Association's Common Area shall be replaced by a reference to the Park Corporation's Common area and Common Facilities, and any reference to Owners or Members of the Association shall be replaced by a reference to the Members of the Park Corporation.

B. Budgeting for the Association's Regular Assessment.

- (i) Not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the Association's fiscal year the Board of Directors shall cause a budget to be prepared and distributed to its Members. The budget shall contain a projected expenditure plan for a period of not less than twenty (20) years for maintenance, repair and replacement of those major components for which the Association is responsible and the annual funding required to support it; and an Operating Budget including estimated expenses, Park Corporation assessment and reserve funding, less any estimated non-dues income, for the next fiscal year.
- (ii) The Regular Assessment per Lot shall be the total estimated Association Common Expenses, including, reserve funding, less estimated non-dues income for the next fiscal year, divided

by the total number of Lots in the Association, plus any Supplemental Regular Assessment levied against any particular Lot for exclusive use of any portion of the Common Area, See Section 3.09, above. In addition, as noted in Section 8.07A(iv), above, it is the current practice of the Association to include in its Assessment invoices to Members, each Member's allocable share of the Park Corporation Regular Assessments.

(iii) Not less than thirty (30) days prior to the beginning of the Association's fiscal year, each Owner shall be notified by first-class mail of the amount of the total Regular Assessment, Association and the Park Corporation assessments, assessed against each Lot for the forthcoming fiscal year.

C. **Increase of Regular Assessments.** Any increases in the Regular Assessment of either the Association or Park Corporation in excess of twenty percent (20%) over the prior year's Regular Assessment requires approval by a Majority of a Quorum of the Members of the assessing corporation (See Section 8.16, below).

Section 8.08. Assessment Roll.

A. **Roll Maintenance.** The Association shall maintain an Assessment Roll, which shall set forth all assessments, including Park Corporation assessments, charged to a Lot and all payments received.

B. **Roll Inspection.** The Assessment Roll for a particular Lot shall be open for inspection during normal business hours at the Association's principal office by the Owner of the Lot, or the Owner's authorized representative, for any purpose reasonably related to the Owner's interest in the Lot.

C. **Roll Contents.** The Assessment Roll shall show, for each Lot, the name and address of the Owner of Record, all Regular, Special and Special Individual Assessments levied against each Owner and Owner's Lot, and the amount of such assessments which have been paid or remain unpaid.

D. **Delinquency Statement.** A delinquency statement shall be conclusive upon the Association and the Owner of such Lot as to the amount of such indebtedness appearing on the Association's Assessment Roll as of the date of such statement, in favor of all persons who rely thereon in good faith.

Section 8.09. Notice of Regular Assessment.

Within the time requirements specified in subparagraph (i) of Section 8.07, above, the Association shall provide by first-class 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, a statement of the amount of the Regular Assessment for the next succeeding fiscal year.

Section 8.10. Failure to Adopt and Distribute a Budget.

- A. **Preceding Fiscal Year Assessment.** If, for any reason, the Board of Directors of either the Association or a Park Corporation fails to prepare a budget for the next fiscal year, or has failed to distribute an annual budget within the times prescribed by Sections 8.07A(i) and 8.07B(i), above, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Section 8.12A(i), below, for that year, shall be assessed against each Owner and the Owner's Lot for the then current fiscal year, and installment payments based upon such automatic assessment shall be payable on the regular payment dates previously established by the governing Board of Directors.
- B. **No Increase.** No increase in the Regular Assessment may be implemented by the Association or the Park Corporation under the circumstances described in subparagraph A, above, without the Member's approval in accordance with Section 8.16, below.

Section 8.11. Installment Payment.

The Regular Assessment of both the Association and Park Corporation levied against each Owner, and each Owner's Lot, shall be due and payable in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Association's Board of Directors.

Section 8.12. Special Assessments.

- A. **Purposes.** Subject to the membership approval requirements set forth in paragraph C below, the Boards of Directors of the Association and the Park Corporation shall have the authority to levy Special Assessments against the Owners and their Lots for the following purposes:
- (i) **Regular Assessment Insufficient in Amount.** If, at any time, the Regular Assessment for any fiscal year is insufficient in amount due to extraordinary expenses not contemplated in the budget prepared for that fiscal year, then, except as limited by Subparagraph C, below, the Boards of Directors shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Association or the Park Corporation may incur in the performance of its duties and the discharge of its obligations hereunder.
 - (ii) **Capital Improvements.** A Board of Directors may levy a Special Assessment for additional capital improvements within the Common Area (i.e., improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, existing Common Facilities).
- B. **Intent of Special Assessment Authority.** The Special Assessment authority conferred hereunder is not intended to diminish a Board's obligation to plan and budget for normal maintenance, repair

or replacement of the Common Area or existing Common Facilities through Regular Assessments (including the funding of reasonable reserves) and to maintain adequate insurance on the Common Area and existing Common Facilities in accordance with Article XI, (Insurance), below.

C. Membership Approval of Certain Special Assessments.

The following Special Assessments may be imposed only if they are approved by an affirmative vote of a Majority of a Quorum of the Members:

- (i) Any Special Assessments which, in the aggregate, exceed 5 percent of the budgeted gross expenses of the Association or the Park Corporation for the fiscal year in which the Special Assessment(s) is/are levied; and
- (ii) Any Special Assessments imposed pursuant to subparagraph A(i) of this Section when a Board of Directors has failed to distribute a budget to the Members within the time prescribed by Sections 8.07A(i) and 8.07B(i), above.
- (iii) The foregoing Member approval requirements shall not apply, however, to any Special Assessment imposed to address an "emergency situation" as defined in Section 8.14, below.

D. Allocation and Recording.

- (i) When levied by a Board of Directors and approved, if necessary, by the Members as provided above, the Special Assessment shall be divided among and assessed against each Owner and each Owner's Lot in the same manner prescribed for the allocation of Regular Assessments pursuant to Section 8.07, above. The Special Assessment so levied shall be recorded on the Association Assessment Roll and notice thereof shall be mailed to each Owner.
- (ii) Special Assessments for purposes described in subparagraph A(i) of this Section shall be due as a separate debt of the Owner and a lien against the Owner's Lot, and shall be payable to the Association or Park Corporation in equal monthly installments during the remainder of the then current fiscal year.
- (iii) Special Assessments for purposes described in subparagraph A(ii) shall be due as a separate debt of the Owner and a lien against Owner's Lot, and shall be payable in full to the Association or the Park Corporation within thirty (30) days after the mailing of such notice or within such extended period as the assessing Board of Directors shall determine to be appropriate under the circumstances giving rise to the Special Assessment.

Section 8.13. Rental and Leasing Assessments.

- A. Rental Leasing Burdens.** If in the opinion of the Board of Directors of the Association or the Park Corporation, there are added operating or administrative burdens and costs attributable to the

rental or leasing of Residences, and absentee Owners in general, either Board may impose a special Rental and Leasing Assessment on such Lots commensurate with such burdens and costs.

- B. **Determination of Burden.** A Rental and Leasing Assessment shall be based upon a determination by the assessing Board of Directors of the unique burdens experienced and the actual or estimated costs incurred due to rental and lease tenants, and absentee Owners in general.
- C. **Cost of Communicating.** When imposing a Rental and Leasing Assessment, the governing Board of Directors may consider the costs incurred in communicating with absentee Owners regarding both tenant and Association matters, and the lack of Owner participation in Association and/or Park Corporation activities and affairs.
- D. **Equal Assessment.** Any annual Rental and Leasing Assessment shall be applied equally to all rented and leased Lots within the Properties, and shall be a component of such Lot's Regular Assessment.
- E. **Park Corporation Assessment.** Any annual Rental and Leasing Assessment levied by the Park Corporation shall be assessed against the Association for collection from the Owners of Lots renting or leasing their Residences.

Section 8.14. Emergency Assessments.

- A. **Membership Vote.** The requirement of a membership vote shall not apply to assessments which are necessary to address emergency situations as defined in Paragraph B, below.
- B. **Emergency Situations.** For purposes of this Section an emergency situation is any of the following:
 - (i) An extraordinary expense required by an order of a court.
 - (ii) An extraordinary expense necessary to maintain, repair, or replace all or part of a Common Area, or any portion of the Lots which the Association is obligated to maintain, or any portion of the Common Area or Facility which the Park Corporation is obligated to maintain, where a threat to personal safety is discovered.
 - (iii) An extraordinary expense necessary to repair, replace or maintain the Common Area, or any portion of the Lots which the Association is obligated to maintain, or a Common Area or Facility which the Park Corporation is obligated to maintain that could not have been reasonably foreseen by the governing Board of Directors in preparing the annual budget.
- C. **Board of Directors Resolution.** Prior to the imposition or collection of an assessment under subparagraph B(iii), above, the governing Board of Directors levying the Special Assessment shall pass a resolution, recorded in the minutes, containing information about the extraordinary expense

necessitating the assessment, and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of assessment.

Section 8.15. Special Individual Assessments.

- A. **Right of Notice and Hearing.** No Special Individual Assessments may be imposed against an Owner pursuant to this Section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Article XIV, (Enforcement of Governing Documents), below, and, if appropriate, has been given a reasonable opportunity to voluntarily pay for the action or circumstances creating the need for a Special Individual Assessment.
- B. **Circumstances for Assessments.** Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments shall include the following:

- (i) **Damage to Common Areas, Facilities, Lots or Residences.** In the event that any damage to, or destruction of, any portion of the Common Area or the Common Facilities, or any portions of the Lots or Residences which the Association or the Park Corporation is obligated to repair and maintain, is caused by the willful misconduct or negligent act or omission of any Owner, any member of the Owner's family, or any of the Owner's tenants, guests, servants, or contractors, the governing Board of Directors shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.
- (ii) **Acts Increasing Insurance Premiums.** In the event that any act or omission of any Owner, the Owner's family, tenants, guests, servants, or contractors shall in any way cause or be responsible for an increase in the premiums for any insurance purchased or obtained by the Association or the Park Corporation, the amount of the annual increase may be assessed and charged each year to and against the Owner as a Special Individual Assessment until the increase is discontinued by the insurer.

The right to impose a Special Individual Assessment pursuant to this subparagraph (ii) shall only apply when the insuring company notifies the responsible Board of Directors that a specific amount of increase in the premium for its insurance is directly attributable to the act or omission of the Owner or the Owner's family, guests, servants or contractors.

- (iii) **Gaining Member Compliance.** In the event that the Association or the Park Corporation incurs any costs or expenses to:
- (a) Collect the payment of delinquent Assessments;

- (b) Perform any maintenance, repair or replacement to any portion of the Properties that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion; or
- (c) Otherwise bring the Owner and/or the Owner's Lot into compliance with any provision of the Governing Documents;

The amount incurred by the Association or the Park Corporation (including reasonable fines and penalties duly imposed hereunder, title company fees, accounting fees, court costs and reasonable attorney fees) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

- (iv) **Required Lot Maintenance.** If any Lot is maintained so as to become a nuisance, fire or safety hazard, for any reason, the Association shall have the right to enter the Lot, to correct the offensive or hazardous condition and to recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry on the property of any Owner by the Association shall be effected in accordance with Section 3.02, above.

- C. **Notice of Special Individual Assessment Payment.** Once a Special Individual Assessment has been levied against an Owner for any reason described above, and subject to the conditions imposed in subparagraph A of this Section, such Special Individual Assessment shall be recorded on the Association's Assessment Roll and notice thereof shall be mailed to the affected Owner. The Special Individual Assessment thereafter shall be due as a separate debt of the Owner and shall be payable in full to the Association or the Park Corporation within thirty (30) days after the mailing of a Notice of the Assessment.

Section 8.16. Member Approval of Assessments.

If Member approval is required in connection with any assessment increase, as stated in Section 8.07C and 8.10B, above, or in connection with the imposition of a Special Assessment pursuant to Section 8.12C, above, the affirmative vote required to approve the increase shall be a Majority of a Quorum of the Members of the Association or the Park Corporation, as applicable. Member approval may be obtained at a membership meeting called for that purpose or by written ballot.

Section 8.17. Management of Assessment Funds.

- A. **Deposit Accounts.** The Association and the Park Corporation shall each promptly deposit all sums received or collected from assessments, together with any late charges or interest thereon, in one or more insured checking, savings or money market accounts in a bank, credit union, or savings and loan association selected by each Board of Directors, and with an office located within Sacramento County. Once established, no changes in the financial institutions or investments shall be made without the approval of a majority of the appropriate Board of Directors.

- B. **Investment Accounts.** In addition, each Board of Directors shall be entitled to make prudent investments of operating and reserve funds in insured certificates of deposit, money market funds or similar secured investments consistent with the investment standards normally observed by trustees. Each Board of Directors shall manage reserve funds to assure that maturity dates are commensurate with the needs designated in the currently approved reserve study.
- C. **Management of Accounts.** The Board of Directors of the Association and the Park Corporation shall each be responsible for the management and control of all financial accounts and investments and shall be responsible to the Owners for the maintenance of accurate records thereof. The Boards of Directors may designate an officer or managing agent of each Board who shall have subordinate responsibility of said account(s) and investments and shall assist such Board with its records maintenance obligations.
- D. **Check Signatures.** The withdrawal of funds from Association and the Park Corporation accounts shall be subject to the minimum signature requirements imposed by California Civil Code section 1365.5, namely that two directors or officers must sign for any withdrawal of funds from reserve accounts.
- E. **Earned Interest.** Interest earned and received on deposits shall be credited to the balances of the respective banking and investment accounts on which earned.

Section 8.18. Expenditure of Assessment Funds.

- A. **Use of Funds.** Except as provided in this Section and in Section 8.20B, below, the funds of each assessment shall be used only for the purpose for which such assessment was made, and such funds shall be received and held in trust by the Association and the Park Corporation for such purposes.
- B. **Budget Adjustments.** Notwithstanding the foregoing, the Board of Directors of the Association and the Park Corporation, in their discretion, may make reasonable adjustments among the various line items in their annual Operating and Reserve Budgets provided it is determined that such adjustments are prudent and appropriate for the management of the corporation's financial affairs. Such adjustments may not alter the sum total of the approved operating budget.
- C. **Assessment Surplus.** If the proceeds of any Special Assessment by the Association or the Park Corporation exceed the requirement for which such assessment was levied, such surplus may, in the discretion of the assessing Board of Directors be:
- (i) returned proportionately to the contributors thereof; or
 - (ii) credited proportionately to the contributors' future Regular Assessment, or
 - (iii) allocated to Association or Park Corporation reserve funds, as the case may be.

Section 8.19. Separate Accounting.

- A. **Maintenance of Accounts.** The Association and the Park Corporation shall each maintain separate and independent accounting records of all funds received in payment of each assessment.
- B. **Commingling of Funds.** The funds of the Association and the Park Corporation may not be commingled; however, each may commingle its funds in one or more accounts so long as separate accounting records described above are maintained.
- C. **Allocations to Reserves.** Unless the Association or the Park Corporation is exempt from federal or state taxes, all sums allocated to accounts maintained by the Association or Park Corporation for the eventual maintenance, repair and/or replacement of the major components of the development for which the Association or Park Corporation is responsible ("Major Components") shall be accounted for as contributions to the capital of the Association or the Park Corporation and as trust funds segregated from the regular income of the Association or the Park Corporation, or treated in any other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income of the Association or the Park Corporation. For purposes of this Article VIII, a "Major Component" includes any structure, improvement within the Properties (in the case of the Association) or Facilities within Common Area "A" (in the case of Park Corporation) for which the Association or Park Corporation has maintenance and repair responsibility and which has a remaining useful life of thirty (30) years or less.

Section 8.20. Reserve Funds.

- A. **Exclusivity.** Except as provided in this Section, the Board of Directors of the Association and the Park Corporation shall not expend reserve funds for any purpose other than the maintenance, repair, restoration, replacement, or litigation involving the Major Components of Lots, Common Areas or Facilities for which they are responsible.
- B. **Temporary Transfers.** However, the Association or the Park Corporation Board of Directors may authorize the temporary transfer of money from reserve funds to operating funds to meet short-term cash-flow requirements or other expenses, provided the Board makes a finding, recorded in the Board minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund.
- C. **Transfer Repayment.** Reserve funds transferred in accordance with paragraph B, above, shall be restored to the reserve fund within one year of the date of the initial transfer, except that the Board of Directors may temporarily delay the repayment by making a finding, recorded in the minutes and supported by appropriate documentation, that a temporary delay would be in the best interests of the Association or the Park Corporation and its respective members.

- D. **Integrity of Funds.** The Board of Directors the Association and the Park Corporation shall exercise prudent fiscal management in maintaining the integrity of their reserve funds, and shall, if necessary, levy a Special Assessment to recover the full amount of borrowed funds within the time limit specified. Any such Special Assessment remains subject to Member approval to the extent provided in Section 8.12C, above.
- E. **Notification of Members.** When the decision is made to borrow reserve funds for operating expenses or litigation not related to Major Components, the borrowing Association or the Park Corporation shall notify its Members of that decision in the next available mailing to all Members pursuant to California Corporations Code section 5016.
- F. **Litigation Expenses.** The borrowing Association or the Park Corporation for litigation shall make an accounting of expenses related to such litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members at the Association's or Park Corporation's principal office.

Section 8.21. Collection of Assessments.

- A. **Late Charges.** The Board of Directors of the Association and the Park Corporation are authorized and empowered to promulgate a schedule of reasonable late charges for any Assessments not paid within fifteen (15) days after the due date, subject to the limitations imposed by California Civil Code sections 1366(d) and 1366.1 or comparable successor statutes.
- B. **Interest Charges.** If any installment payment of an Regular Assessment, including any Rental and Leasing Assessment component, lump sum or installment payment of any Special Assessment, or Special Individual Assessment assessed to any Owner, is not paid within thirty (30) days after the same becomes due, such payment shall be delinquent and the amount thereof may, at the election of the Association or Park Corporation Board of Directors, as the case may be, bear interest at the maximum rate allowed by law commencing thirty (30) days after the due date until the same is paid.
- C. **Lien for Delinquent Assessments.** As provided in section 1367 of the California Civil Code or comparable successor statute, the amount of any delinquent Regular, Rental & Leasing, Special, or Special Individual Assessment, together with any late charges, interest and costs (including reasonable attorney fees) attributable thereto or incurred in the collection thereof, shall become a lien upon the Lot of the Owner so assessed only when the Association or Park Corporation records a Notice of Delinquent Assessment executed by an authorized representative of the Association or Park Corporation, setting forth:
- (i) The amount of the delinquent assessment(s) and other sums duly imposed pursuant to this Article and section 1366 of the California Civil Code;
 - (ii) The legal description of the Owner's Lot against which the assessments and other sums are levied;

- (iii) The name of the Owner of Record of such Lot;
- (iv) The name and address of the Association or the Park Corporation; and
- (v) In order for the lien to be enforced by non-judicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale.

D. **Notice of Payment of Delinquency.** Upon payment in full of the sums specified in the Notice of Delinquent Assessment, the Association shall record a further notice stating the satisfaction and release of the lien thereof.

E. **Limitation on Right to Lien and Foreclosure of Special Individual Assessments.** Special Individual Assessments only may be collected through the use of lien and foreclosure remedies if the assessment is imposed to (i) reimburse the Association or the Park Corporation for costs it incurred in the repair of damage to Common Areas and Common Facilities for which the assessed Member, or the Member's guests or tenants were responsible; (ii) to recover actual expenses incurred by the Association or the Park Corporation to gain the Member's compliance with the Governing Documents; or (iii) to recover delinquent assessments and other costs and charges for which a lien may be recorded pursuant to California Civil Code section 1367. If a Special Individual Assessment represents merely a fine or other monetary penalty imposed by either the Association or the Park Corporation as a disciplinary measure for failure of a Member to comply with the Governing Documents, the Assessment may not become a lien against the Member's Lot enforceable by the use of non-judicial foreclosure, but may be collected through other legal process.

F. **Park Corporation Collection.** The Park Corporation is empowered to make arrangements with the Association and other Owners Associations within Campus Commons to have the Owner Associations administer and enforce Park Corporation's Assessment collection rights and remedies under this Declaration and applicable State law. However, in the event it becomes necessary for the Park Corporation to impose and collect its Assessments through its own agents the foregoing procedures and limitations of this Section 8.21 through 8.26, inclusive, shall apply to the Park Corporation to the same extent as those Sections apply to the Association's collectors efforts.

Section 8.22. Remedies to Collect Assessments.

- A. **Legal Action; Foreclosure.** The Association and the Park Corporation may each bring legal action against the Owner personally obligated to pay a delinquent assessment, foreclose its lien against the Owner's Lot or accept a deed in lieu of foreclosure. Subject to the limitations stated in Section 8.21E, above, foreclosure by the Association or the Park Corporation of its lien may be by judicial foreclosure or by non-judicial foreclosure by the trustee designated in the Notice of Delinquent Assessment or by a trustee substituted pursuant to California Civil Code section 2934a.
- B. **Sale of a Lot by Non-Judicial Foreclosure.** Any sale of a Lot by a trustee acting pursuant to this Section shall be conducted in accordance with sections 2924, 2924b and 2924c of the California Civil Code applicable to the exercise of powers of sale in mortgages or deeds of trust.

Section 8.23. Procedures Applicable to Non-Judicial Foreclosure.

- A. **Notice of Default.** Non-judicial foreclosure shall be commenced by the Association and the Park Corporation by recording a Notice of Default, which notice shall state:
- (i) All amounts which have become delinquent with respect to the Owner's Lot and the costs (including attorney fees), penalties and interest that have accrued thereon;
 - (ii) The amount of any assessment which is due and payable although not delinquent;
 - (iii) A legal description of the property with respect to which the delinquent assessment is owed;
 - (iv) The name of the Owner of Record thereof; and
 - (v) The name and address of the trustee authorized by the Association or Park Corporation, as the case may be, to enforce the lien by sale.
- B. **Election to Sell.** The Notice of Default also shall state the election of the Association or the Park Corporation to sell the Lot or other property to which the amounts relate and shall otherwise conform with the requirements for a notice of default under section 2924c of the California Civil Code, or comparable successor statute.
- C. **Assignment of Trustee Rights.** The Association and the Park Corporation shall each have the rights conferred by section 2934a of the California Civil Code to assign its rights and obligations as trustee in any non-judicial foreclosure proceedings to the same extent as a trustee designated under a Deed of Trust. In lieu of an assignment of trusteeship, the Association and the Park Corporation shall each be entitled to employ the services of a title insurance company or other responsible person authorized to serve as a trustee in non-judicial foreclosure proceedings to act as an agent on behalf of the Association or the Park Corporation in commencing and prosecuting any non-judicial foreclosure hereunder.
- D. **Beneficiary of Obligation.** In addition, for purposes of section 2934a, of the California Civil Code the Association and the Park Corporation shall each be deemed to be the sole beneficiary of its own delinquent assessment obligation.

Section 8.24. Actions for Money Judgment.

In the event of a default in payment of any assessment, the Association and the Park Corporation, each in its name but acting for and on behalf of all other Owners, may initiate legal action, in addition to any other remedy provided herein or by law, to recover a money judgment or judgments for its unpaid assessments, costs and attorney fees without foreclosure or waiver of the lien securing same.

Section 8.25. Transfer of Lot by Sale or Foreclosure. The following rules shall govern the right of the Association and the Park Corporation to enforce their assessment collection remedies following the sale or foreclosure of a Lot:

- A. **Recorded Liens.** Except as provided in subparagraph (B), below, the sale or transfer of any Lot shall not affect any assessment lien which has been duly recorded against the Lot prior to the sale or transfer, and the Association and the Park Corporation can each continue to foreclose its lien in spite of the change in ownership.
- B. **Extinguished Delinquencies.** The Association's and the Park Corporation's assessment liens shall be extinguished as to all delinquent sums, late charges, interest and costs of collection incurred prior to the sale or transfer of a Lot pursuant to a foreclosure or exercise of a power of sale by the holder of a prior encumbrance (but not pursuant to a deed-in-lieu of foreclosure). A "prior encumbrance" means any first Mortgage or other Mortgage or lien recorded against the Lot at any time prior to recordation of the Association's or the Park Corporation's assessment lien (see Section 8.26, below).
- C. **New Owner Responsibility.** No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise, shall relieve the new Owner of such Lot (whether it be the former beneficiary of the first Mortgage or other prior encumbrance or a third party acquiring an interest in the Lot) from liability for any assessments which thereafter become due with respect to the Lot or from the lien thereof.
- D. **Collection Rights.** No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise, shall affect the Association's or the Park Corporation's right to maintain an action against the foreclosed previous Owner personally to collect the delinquent assessments, late charges, interest and associated costs of collection incurred prior to and/or in connection with the sale or transfer.

Section 8.26. Lien Collection Priorities.

- A. When a Notice of Delinquent Assessment has been recorded, such notice shall constitute a lien on the Lot prior to and shall be superior to all other liens or encumbrances recorded subsequent thereto, except:
- (i) All taxes, bonds, assessments and other levies which, by law, would be superior thereto;
 - (ii) The lien or charge of any first Mortgage of Record (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of a power of sale or a judicial foreclosure involving a default under such first Mortgage or other prior encumbrance; and
 - (iii) Any other lien recorded prior to recordation of the Association's or Park Corporation's Notice of Delinquent Assessment unless State law grants the Association's lien priority over any or all such prior liens or encumbrances.

Section 8.27. Unallocated Taxes.

In the event that any taxes are assessed against the Common Area, or the personal property of the Association or the Park Corporation, rather than being assessed to the Lots, such taxes shall be included in the budgeted Regular Assessments imposed pursuant to Sections 8.07 and 8.08, above, or, if necessary, a Special Assessment may be levied against the Lots in an amount equal to such taxes.

Section 8.28. 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.

**ARTICLE IX
Architectural Control**

Section 9.01. Projects of Improvement.

- A. **Association Board of Directors Approval Required.** Without the prior approval of the Association Board of Directors and compliance with this Article IX, no Owner or tenant shall commence construction of any Improvement or Improvement Project, as those terms are defined in Paragraph "O" of Appendix "A", without prior review of the Association's Architectural Control Committee, if any, and approval of the Association's Board of Directors, in accordance with this Article IX.
- B. **Written Application Required.** Before commencing any exterior Improvement Project on any Lot or residence within the Properties, the Owner or tenant desiring to undertake the Project must submit a written application for review by the Association Architectural Control Chairperson and Committee, if one is appointed, and receive approval by the Association Board of Directors. Tenant applications must be endorsed by the Owner at the time of initial submittal.
- Application must be on a standard form prescribed by the Park Corporation Architectural Rules Committee and include appropriate design plans and specifications. No work on an Improvement Project may be undertaken until the Project has been duly approved.
- C. **Plans and Specifications.** Submitted plans and specifications shall include, but not be limited to, a plot plan showing the location on the Lot of the proposed Improvement Project, together with working drawings and construction specifications, construction materials, color schemes, effect, if any, on the adjacent landscaping and drainage pattern and a schedule for completion of the Project.

If the contemplated Project is of a nature that does not warrant extensive plans and specifications, the Association Architectural Control Chairperson may modify the preceding requirement so long as there is a written request, on the prescribed form, with sufficient information for the Chairperson to make a determination for a recommendation to the Board of Directors for approval or disapproval.

- D. **Modifications to Approved Plans.** Once a proposed work of improvement has been duly approved by the Board of Directors as conforming to the Association's Architectural Rules, no material modifications may be made in the approved plans and specifications and no subsequent alteration, relocation, addition or modification may be made to the Project as approved, without a new submittal to the Architectural Control Chairperson for review, and approval by the Board of Directors.

If the proposed modification will have, or is likely to have, a material effect on other aspects or components of the Project, the Association Board of Directors, in its discretion, may order the Owner and the Owner's contractors and agents to cease working not only on the modified component of the Project, but also on any other affected component.

If a proposed modification does not conform to the Association's Architectural Rules a variance request may be submitted by the Owner to the Architectural Control Chairperson for review, and approval or disapproval by the Association Board of Directors and the Park Corporation Architectural Rules Committee, in accordance with Section 9.11, below.

- E. **Authority to Order Abatement of Unapproved Projects.** If it comes to the knowledge and attention of the Association Board of Directors, its Architectural Control Chairperson, or the Park Corporation Architectural Rules Committee or the agents or employees of either, that a work of improvement, or any modification thereof, is proceeding without proper approval, the Association Board of Directors or Park Corporation Architectural Rules Committee shall be entitled to exercise the enforcement remedies specified below, including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of improvement until such time as proper architectural review and approval is obtained. See Sections 9.10 and 9.15, below.
- F. **Filing of Approved Applications.** A copy of all approved applications and plans for Owner Improvement Projects shall be filed in the Lot file at the Association's management office and a copy sent to the Park Corporation Architectural Rules Committee.

Section 9.02. Basis For Approval.

- A. When an application for a proposed Improvement Project is submitted to the Association Board of Directors for approval, the Board shall grant the requested approval if, in its sole discretion, it finds that all of the following provisions have been satisfied:

- (i) The Owner's application complies with the provisions of this Article and the plans and specifications conform with the Association's Architectural Rules and Standards in effect at the time;
- (ii) The resulting Improvement will be consistent and in harmony with the external design of neighboring Lots and Residences within the Properties;
- (iii) That the resulting construction will be consistent with the architectural and aesthetic standards prevailing throughout the Association; and
- (iv) The improvement will not interfere with the reasonable enjoyment of a Lot and Residence by another Owner or tenant including, without limitation, the other Owner's and tenant's rights to scenic and solar access free of unreasonable obstructions.

B. Additional Considerations. In addition, the Association Architectural Control Chairperson and Board of Directors may consider such factors as:

- (i) The quality of workmanship and materials proposed for the Improvement Project;
- (ii) The harmony and consistency of its exterior design with that of other neighboring Lots and Residences;
- (iii) The proposed location of the Improvement Project in relation to other existing structures and;
- (iv) The potential for creating a nuisance (whether due to noise, appearance or otherwise) with respect to neighboring Properties.

C. Board Rejection. The Association Board of Directors shall be entitled to determine that a proposed Improvement Project or component thereof is unacceptable when proposed on a particular Lot, even if the same, or a similar improvement or component, has previously been approved for use at another location within the Properties if factors such as drainage, topography or visibility from roads, Common Areas or other Lots or prior adverse experience with the product or components used in construction of the improvement, design of the improvement or its use at other locations within the Properties mitigate against erection of the improvement or use of a particular component thereof on the Lot involved in the Owner's application.

D. Board Approval. When approving an application for construction of an Improvement Project, the Association Board of Directors may condition approval upon the adoption of modifications in the plans and specifications or observance of restrictions as to location, noise abatement or other mitigating conditions.

Section 9.03. Maintenance Agreement.

An architectural Maintenance Agreement may be required from an Owner proposing an improvement that, in the opinion of the Association's Architectural Control Committee or Board of Directors may result in increased maintenance costs to the Association with respect to its own exterior maintenance responsibilities.

Architectural Maintenance Agreements may be recorded and run with the property and be binding upon all parties having or acquiring a right, title, or interest in the Lot, and shall become a responsibility of each subsequent Owner, the Owner's heirs, successors, and assigns.

Section 9.04. Employment of Technical Assistance.

If at any time the Association Board of Directors determines that it would be in the best interest of the Association and the Owner for the Owner to employ an architect, licensed building designer or engineer to design or review any proposed Improvement Project, or component thereof, the Architectural Control Chairperson shall advise the Owner of the Board's determination, whereupon all plans and specifications thereafter must bear appropriate evidence of such design or review.

Section 9.05. Time Limits for Approval or Rejection.

- A. **Board Approval.** Within sixty (60) days after submission of an application for approval of an Improvement Project, the Association Board of Directors shall approve or disapprove the application and return one copy to the Applicant, with a notice of approval, or disapproval or suggestions for changes required for approval. However, the Board may defer a decision to a subsequent meeting pending additional information. Approvals must comply with the Association's Architectural Rules as approved by the Park Corporation Architectural Rules Committee.

If the Board recommends that the plans and specifications be modified, the Applicant may make such changes and subsequently resubmit them to the Board for approval. The Board shall not unreasonably withhold its approval of the modified plans so long as the Applicant has complied in all material respects with the requested changes.

- B. **Failure of Board to Act.** If no notice of approval, disapproval or deferral by the Association Board of Directors is received by the Applicant within sixty (60) days after the Improvement Project (or revisions thereto) has been submitted to the Association, the Architectural Control Chairperson may submit the plans for the Improvement Project directly to the Park Corporation Architectural Rules Committee which may approve the Project if its plans and specifications conform to the Association's Architectural Rules in effect at the time.
- C. **Committee Recommendations.** Preliminary approvals of proposed Improvement Projects by the Architectural Control Chairperson or Committee, if one is appointed, for pre-approved standards

and equipment installations shall be placed on the agenda of the next regularly scheduled meeting of the Association Board of Directors for confirmation, denial or modification by the Board.

Section 9.06. Appeals of Architectural Recommendations and Decisions.

- A. **Association Committee Denials.** If the Association Architectural Control Chairperson or Committee, if one is appointed, does not recommend to the Association Board of Directors an approval of a proposed Improvement Project, the Owner may appeal the Chairperson/Committee's decision directly to the Association's Board which shall be entitled to confirm or reverse the Committee's decision. The decision of the Association Board of Directors shall be final and binding on the Owner. The decisions of the Association Board of Directors on architectural matters may not be appealed to either the Park Corporation Architectural Rules Committee or its Board of Directors.
- B. **Park Corporation Committee Denials.** If an Owner's request for approval of a proposed Improvement Project is rejected by the Park Corporation Architectural Rules Committee acting in the absence of the Association Board of Directors, (see 9.05B, above), the decision may be appealed to the Board of Directors of the Park Corporation which shall be entitled to confirm or reverse the decision of its Rules Committee. Under such circumstances, the decision of the Park Corporation Board of Directors shall be final and binding on the Association and the Owner.

Section 9.07. Proceeding With Work.

- A. **Commencement with Approval.** Upon receipt of approval from the Association Board of Directors of an Improvement Project that complies with the Architectural Rules and Standards, or upon receipt of an approved variance from the Park Corporation Architectural Rules Committee, (see Section 9.11, below), the Owner shall, as soon as practicable, diligently proceed with the commencement of construction of the Improvement Project pursuant to the approval.
- B. **Work Schedule.** In all cases, work on an Improvement Project is to commence within six (6) months from the date of approval and shall be completed within six months thereafter or such other period as may be specified by the Board in its approval of the Project.
- C. **Failure to Commence.** If the Owner fails to comply with this Section, any approval given pursuant to this Article shall be deemed revoked unless the Association Board of Directors, upon written request from the Owner, tendered prior to the expiration of the initial 6 month period, extends the time for commencement or completion. No such extension shall be granted except upon a finding by the Association Board of Directors that there has been no change in the circumstances upon which the original approval was granted and that the Owner has a bona fide intention and ability to complete the Improvement Project within the time specified in the extension request.

Section 9.08. Failure to Complete Work.

- A. **Completion In Six Months.** Unless the Association Board of Directors grants the Owner an extension of time to complete an approved Improvement Project or has specified a different completion deadline as a condition of approval of the proposed Project, the work must be completed within six (6) months after construction has commenced, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner because of strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or the Owner's agents.
- B. **Failure to Complete.** If the Owner fails to comply with this Section, the Association Board of Directors shall proceed in accordance with the provisions of Section 9.09A(iii) and A(iv), below, as though the failure to complete the Improvement Project was a non-compliance with approved plans.

Section 9.09. Inspection of Work.

- A. Inspection of the work relating to any approved Improvement Project and correction of defects therein shall proceed as follows:
- (i) During the course of construction, representatives of the Association Architectural Control Committee and Board of Directors shall have the right to inspect the job site to confirm that the work of improvement is proceeding in accordance with the approved plans and specifications.
 - (ii) Upon completion of a work of improvement for which Architectural approval is required under this Article, the Owner shall give the Association Board of Directors a notice of completion.
 - (iii) Within thirty (30) days thereafter, the Architectural Control Chairperson or a representative of the Board of Directors may inspect the improvement to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approved plans.
 - (iv) If the Board of Directors finds that the improvement was not erected, constructed or installed in substantial compliance with the Owner's approved plans, then within the thirty (30) day inspection period, the Board shall give the Owner a notice of noncompliance detailing those aspects of the Project that must be modified, completed or corrected. If the violation or nonconforming work is not corrected, the Board shall have the enforcement rights and remedies set forth in Section 9.10, below.
 - (v) If for any reason the Board of Directors fails to notify the Owner of any noncompliance within thirty (30) days after receipt of the Owner's notice of completion, the improvement

shall be deemed to have been constructed in accordance with the approved plans for the Project, unless it can be demonstrated that the Owner knew of a noncompliance and intentionally misled the Board with respect thereto.

Section 9.10. Enforcement of Architectural Approval Requirements.

- A. **Board Enforcement Rights.** In addition to other enforcement remedies set forth in Article XIV, (Enforcement of Governing Documents), below, the Association Board of Directors shall have enforcement rights with respect to all Architectural matters required to be approved by it, and may enforce such architectural matters by any proceeding at law or in equity.
- B. **Cessation of Construction; Imposition of Fines.** The Board of Directors shall have the authority to order an immediate cessation of any Improvement Project, or other activity, for which Board approval is required, to the extent that it has not been approved by the Board or if the work being performed does not conform to the plans and specifications submitted to and approved by the Board of Directors. In addition, the Board may impose reasonable monetary penalties for violations of approved plans and specifications or for an Owner's failure to seek and obtain required Architectural approval in accordance with this Article IX.
- C. **Cost of Legal Proceedings.** If any legal proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorney fees in addition to the costs of such proceedings.
- D. **Non-Compliance Notification.** A non-compliance notice containing the following information shall be sent to an offending owner:
- (i) A description of the specific non-compliance(s).
 - (ii) A reference to the specific restriction, rule, or requirement being violated.
 - (iii) A statement of the corrective action(s) required.
 - (iv) A timetable for correction and compliance.
 - (v) A reference to the enforcement options that may be imposed.
 - (vi) An offer to attend in a hearing before the Association's Board of Directors.
- E. **Failure to Remedy.** If the Owner fails to remedy an Architectural non-compliance within thirty (30) days after receipt of notice the Association Board of Directors shall set a date on which a hearing before the Board shall be held regarding the alleged non-compliance. The hearing date shall not be more than sixty (60) days nor less than fifteen (15) days after the Board issues the notice of non-compliance to the Owner.
- F. **Non-Compliance Hearing.** At the hearing, the Owner, the Association Board of Directors and, in the Board's discretion, any other interested person(s), may present information relevant to the question of the alleged non-compliance. After considering all such information, the Board shall determine whether there is a non-compliance and, if so, the nature thereof and the action required

to correct or remove it at the Owner's expense. Any hearing hereunder shall be conducted in accordance with Article XIV, (Enforcement of Governing Documents), below.

- G. **Remedy of Non-Compliance.** If a non-compliance is determined to exist, the Association Board of Directors shall require the Owner to remedy or remove the non-compliance within such period or within any extension of such period, as the Board, in its discretion, may grant.
- H. **Failure to Remedy After Hearing.** If the Owner fails to take corrective action after notice, a hearing and having a reasonable opportunity to do so, the Association Board of Directors, at its option, may authorize its agent to enter the Lot to either remove or remedy the non-complying improvement, and the Owner shall be assessed for all expenses incurred in connection therewith, as a Special Individual Assessment.

Section 9.11. Variances to Architectural Rules.

- A. **Right to Approve Variance.** The Park Corporation Architectural Rules Committee, in its sole discretion, shall be entitled to allow reasonable variances in any architectural rule, standard, equipment installation, or procedures specified in this Article or in the Association's Architectural Rules to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardship to any Owner-applicant.
- B. **Request for Variance.** A request for a variance shall be made in writing to the Association Architectural Control Chairperson for recommendation to and approval or disapproval by the Association Board of Directors and approval or disapproval by the Park Corporation Architectural Rules Committee.
- C. **Approval of Variance.** Approval of a variance may be granted if one or more of the following conditions are met:
- (i) The requested variance will not constitute a material deviation from the approved Rule or that the proposal allows the objectives of the violated Rule to be substantially achieved despite noncompliance; or
 - (ii) That the variance relates to a minimum construction requirement that is unnecessary or burdensome under the circumstances; or
 - (iii) That the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance with respect to any other Lot or Common Area within the Properties.
- D. **Denial of Variance Request.** A denial of a variance request by the Association Board of Directors shall be final and binding on the Owner/applicant. The denial of a variance request by the Park Corporation Architectural Rules Committee may be appealed to the Park Corporation Board of Directors whose decision shall be final and binding on the Owner/applicant. Any Board or

Committee considering a request for a variance may, in its sole discretion, provide notice to, or solicit comments from, neighboring property Owners, particularly when the variance, if approved, will impact neighboring properties.

Section 9.12. Statement of Compliance.

- A. **Notice of Completion.** Within thirty (30) days after notice of completion is delivered to the Association Architectural Chairperson by an Owner making an approved Improvement Project, the Chairperson shall inspect the Project and provide the Owner with:
- (i) A Statement of Compliance certifying that, as of the date thereof, the Improvement Project was completed by the Owner in compliance with the approved Improvement Project, or
 - (ii) If the Improvement Project does not comply, a statement of non-compliance identifying the particular aspect or component of the Project which is not in accordance with the approved plans and specifications and a timetable for correction.
- B. **Reliance on Compliance Statement.** Any purchaser from the Owner, or from anyone deriving any interest in the Lot through the Owner, shall be entitled to rely on the Association's compliance statement with respect to the matters therein set forth, such matters being conclusive as between the Association, all Owners and any persons deriving any interest through them.

Section 9.13. Limitation on Association and the Park Corporation Liability.

- A. Board of Directors of the Association and the Park Corporation the Architectural Chairperson, the Architectural Control Committee (if any), the Park Corporation Architectural Rules Committee, or any member thereof, shall not be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of:
- (i) The approval or disapproval of any plans, drawings and specifications for an Improvement Project, whether or not defective;
 - (ii) The construction or performance of any work, whether or not pursuant to approved plans, drawings or specifications; or
 - (iii) The execution and filing of a statement of compliance pursuant to Section 9.12, above, whether or not the facts therein are correct; provided, however, that such member has acted in good faith on the basis of such information that the member possessed at the time.

Section 9.14. Compliance With Governmental Regulations.

Review, recommendation or approval of an Owner's application for an Improvement Project pursuant to this Article IX shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the Owner who desires to undertake the Improvement Project.

Section 9.15. Unapproved Architectural Improvements.

- A. **Enforcement Responsibility.** Any Owner or tenant who commences an Improvement Project without first obtaining the approval of the Association Board of Directors, acts at his or her own peril, as the Association Board of Directors shall have the authority to require removal or modification of any unapproved Improvement Project or to require that the Improvement be brought into compliance with the Governing Documents.
- B. **Notice of Non-Compliance.** A notice of non-compliance shall be sent to a violating Owner by the Association Board of Directors detailing the nature of the alleged violation and advising of the Owner's right to be heard on the matter by the Association Board of Directors.
- C. **Request for Hearing.** If the Owner fails to make a request for a hearing within thirty (30) days after receipt of notice, the Association Board of Directors shall be entitled to proceed with its own determination of whether a violation exists at its next meeting following the expiration of the notice period.
- D. **Correction of Non-Compliance.** Thereafter, if the Owner fails to correct the non-compliance within 60 days the Association Board of Directors shall notify the Owner that a "Notice of Non-Compliance with recorded Use Rules and Standards" may be filed with the County Recorder's Office specifying the Section and Item number of the Architectural Rules and Standards which is being violated and which must be corrected as soon as possible, but no later than the sale and ownership transfer of the Lot.

Section 9.16. Un-Reported Architectural Violations.

In the event a work of improvement constructed or installed in violation of the Governing Documents comes to the attention of the Association Board of Directors after having been in place and unreported for one or more years the Association Board of Directors shall either:

- (i) Approve the Improvement Project, retroactively if it does not adversely affect the Association's maintenance responsibilities, and does not conflict with the Association's policy of a reasonable degree of harmonious and appealing consistency of architectural style and appearance of the Residences and Lots throughout the Properties, or
- (ii) Notify the owner that the Improvement Project, is a violation of the Association's Architectural Rules or Standards, that it may not be covered by the Association's insurance, and that it must be brought into compliance as soon as possible, but not later than the sale and ownership transfer of the Lot.
- (iii) In either case, the Owner shall be advised that no further change or major repairs of the improvement may be made without the prior approval of the Association Board of Directors.

Section 9.17. Improvements to Common Areas and Common Facilities.

- A. **Improvement Responsibilities.** Except as provided in Section 7.03B, above (Owner Common Area Landscape Projects), no one other than the Association, the Park Corporation, or their agents, shall make any improvements, excavations, alterations or construction in any portion of the Common Areas or Common Facilities.
- B. **Improvements.** The Association or the Park Corporation may at any time, and from time to time, undertake the following work and improvements with respect to the Common Areas and Common Facilities under their respective jurisdiction:
- (i) Reconstruct, replace or refurbish any facility or other improvement, or portion thereof, within their respective Common Areas in accordance with the original design, finish or standard of construction of the improvement or any change approved by the responsible Board of Directors.
 - (ii) Construct, reconstruct, replace or resurface any road improvement upon any portion of the Common Areas designated on a subdivision map as a private road, parking Lot or pathway for which the Association or the Park Corporation is responsible.
 - (iii) Remove or replace destroyed, dead, dying, overgrown or dangerous trees or other vegetation, and plant new trees, shrubs and ground cover, as appropriate, upon any portion of the Common Areas with the advice of their Landscape Committee.
 - (iv) Place and maintain such signs as each may deem appropriate or necessary for the identification of its roads and cul-de-sacs, the regulation of traffic and parking, the regulation and use of Common Areas and Common Facilities, and for the benefit and safety of its Members, Owners, tenants and guests. Any sign placed on public property or next to a public street shall be subject to approval by the City of Sacramento.

Section 9.18. Architectural Committees, Rules and Standards.

- A. **Establishment of Committees.** In order to maintain a reasonable degree of consistency, harmony and aesthetic appeal with respect to the architectural style and appearance of the Lots and Residences throughout Campus Commons, there shall be established a Park Corporation Architectural Rules Committee, and an Association Architectural Control Committee whose compositions and operations shall be subject to this Article.
- B. **Establishment of Rules and Standards.** The Park Corporation's Architectural Rules Committee and the Association's Architectural Control Committee, shall work together to establish Rules and Standards for the Association and the Park Corporation with respect to matters and projects which are subject to this Article IX in order to provide control of all external Improvement Projects on

Lots and Residences within the Properties or to clarify the procedures for the processing and hearing of Project approval applications.

Section 9.19. Composition of the Architectural Committees.

- A. **Park Corporation Architectural Rules Committee.** The Board of Directors of the Park Corporation shall annually appoint a Campus Commons resident/property Owner as the Architectural Rules Chairperson, who may or may not be a member of the Board, and who shall recommend up to four (4) other Campus Commons resident/property Owners for appointment by the Board, to form a Park Corporation Architectural Rules Committee of three (3) or five (5) members. No more than one person may be appointed from the same Association.
- B. **Association Architectural Control Committee.** The Board of Directors of the Association also shall annually appoint an Association resident/property Owner as Architectural Control Chairperson, who may or may not be a member of the Board, or a committee with a resident/property Owner Chairperson, or an outside management company with an Association resident/property Owner Chairperson to review architectural applications involving the Properties and make recommendations to the Association Board of Directors.

In the event the Association Board of Directors does not appoint a committee or outside management company for architectural review, the Association Board of Directors shall act as the Architectural Control Committee, acting at its regular meetings upon architectural applications with information provided by the Architectural Control Chairperson.

Hereinafter, the term "Association Architectural Control Committee" shall mean either an individual Architectural Chairperson or an Architectural Committee appointed by the Association Board of Directors, an outside management company selected by the Association Board of Directors, or the Association Board of Directors itself acting as the Architectural Control Committee, as the case may be.

- C. **Service on Architectural Committees.** No person shall simultaneously serve on the Association Architectural Control Committee and on the Park Corporation Architectural Rules Committee.
- D. **Term of Committee Members.** The members of the Association Architectural Control Committee and of the Park Corporation Architectural Rules Committee shall serve one year terms, subject to the power of the respective Board of Directors to re-appoint or remove any Chairperson or Committee member and to appoint a successor.
- E. **Committee Member Compensation.** No Association property Owner serving as the Architectural Control Chairperson or as a member of the Architectural Control, or Rules Committees of the Association or the Park Corporation shall be entitled to any compensation for services rendered.

Section 9.20. Responsibilities of Association Architectural Control Committee.

- A. **Area of Responsibility.** The responsibility of the Association Architectural Control Chairperson/Committee shall extend to all matters of exterior improvements, change and equipment installation by Owners to Association Lots and Residences, except for landscaping.
- B. **Improvement Recommendations.** The Association Architectural Control Chairperson/Committee shall make recommendations to the Association Board of Directors for approval or disapproval of all applications for architectural improvements, changes or equipment installations.
- C. **Pre-Approved Standard Items.** The Association Architectural Control Chairperson/Committee may give preliminary approval to Owner applications for Standard items and equipment installations pre-approved by the Park Corporation Architectural Rules Committee. Such preliminary approvals must be reported to the Association Board of Directors for confirmation and recording in the minutes of the next regularly scheduled Board meeting.
- D. **Board Approvals.** The Association Board of Directors shall confirm, approve or disapprove all Improvement Projects within sixty (60) days from receipt by the Architectural Chairperson; however, the Association Board of Directors may defer action to a subsequent meeting in order to consider more information on a proposed Project.
- E. **Rules Recommendations.** The Association Architectural Control Chairperson shall recommend to the Association Board of Directors and the Board shall recommend to the Park Corporation Architectural Rules Committee additions, deletions or changes to the Association's Architectural Rules.

Section 9.21. Responsibilities of the Park Corporation Architectural Rules Committee.

- A. **Control of Architectural Improvements.** The Park Corporation Architectural Rules Committee, shall be responsible for the control of architectural improvements, changes and equipment installations throughout Campus Commons through the approval or disapproval, and coordination of Architectural Rules and Standards recommended by the Associations.
- B. **Rules and Standards.** The Architectural Rules and Standards approved by the Park Corporation Architectural Rules Committee shall set forth those items of Improvement Projects that;
 - (i) **Shall not be approved** by the Association without an approved variance, or
 - (ii) **May be approved** by the Association based on acceptable design plans, specifications or installation location and methods, or
 - (iii) **May be approved** by the Association based on pre-approved Standards and installation specifications.

Pre-approved Standards shall be those specifically identified items and equipment installation procedures, which once recommended by the Association and approved by the Park Corporation Architectural Rules Committee may be approved by the Association's Board of Directors with only an information copy of each approved application sent to the Park Corporation Architectural Rules Committee.

- C. **Additions, Deletions and Amendments.** Upon receipt of a recommendation from the Association's Board of Directors in accordance with Section 9.20E, above, the Park Corporation Architectural Rules Committee shall approve or disapprove additions, deletions, or amendments to the Association's Architectural Rules and Standards.
- D. **Architectural Information.** The Park Corporation Architectural Rules Committee shall be responsible for the dissemination to the Association of information pertaining to the architectural design, construction and security of Lots and Residences within the Properties.
- E. **Minimum Standards.** Notwithstanding the foregoing, no architectural rule may be in conflict with the minimum standards required by this Declaration. In the event of any conflict between an Architectural Rule or Standard and this Declaration, the provisions of this Declaration shall prevail.

Section 9.22. Architectural Meetings.

- A. **Committee Meetings.** The Association Architectural Control Committee and the Park Corporation Architectural Rules Committee shall meet from time to time as necessary to properly perform the architectural duties and responsibilities described herein.
- B. **Board Meetings.** The vote of a majority of the members of the Association Board of Directors shall constitute the action of the Association on all architectural matters. The Board shall record, in its regular minutes, all actions taken on architectural matters.
- C. **Architectural Applications.** All applications for Architectural improvements, change or equipment installation shall be on an application form prescribed by the Park Corporation Architectural Rules Committee and available at the Park Corporation clubhouse office.
- D. **Application Review.** Prior to consideration by the Association Board of Directors all applications for architectural improvements shall be received and reviewed by the Association Architectural Control Chairperson or Committee, if a Committee is appointed, and a recommendation for approval, disapproval or modification made for consideration by the Board at its next regularly scheduled meeting.
- E. **Applicant and Owner Meeting Appearance.** An applicant shall be entitled to appear at any meeting of the Committee or Board of Directors at which his or her application is scheduled for review and consideration. The Applicant shall be entitled to be heard on the matter and may be accompanied by his or her architect, engineer and/or contractor, if any. Other Owners whose Lots

may be affected by the proposed improvement shall also be entitled to attend the meeting and be heard.

- F. **Notice of Meetings.** Reasonable notice of the time, place and proposed agenda of meetings for the review of architectural matters shall be communicated before the date of the meeting to any Applicant whose application is scheduled to be heard.
- G. **Park Corporation Review of Applications.** Copies of Association approved applications for architectural improvements shall be promptly sent to the Park Corporation Architectural Rules Committee for review.

In the event that the Park Corporation Architectural Rules Committee determines, within ten (10) working days after receipt that the proposed Improvement Project is not in accordance with the Association's Rules in effect at the time, it shall have the authority to notify the Owner of the inconsistency, direct that construction not begin or cease, and call an immediate meeting of the Association Board of Directors or Executive Committee to resolve the issue. In the event of a dispute, the decision of the Park Corporation Architectural Rules Committee shall be final and binding on the Association and Owner.

- H. **Failure of Association to Act.** In the event that an application for a proposed Improvement Project is not acted upon or deferred by the Association Board of Directors within sixty (60) days of receipt, the Owner may apply directly to the Park Corporation Architectural Rules Committee which shall act within ten (10) working days to confirm or reject the recommendation of the Association Architectural Control Chairperson/Committee concerning the Project.
- I. **Failure of Park Corporation to Act.** If the Park Corporation Architectural Rules Committee, in the absence of action by the Association Board of Directors, fails to take action within ten (10) days of receipt, the recommendation of the Association Architectural Control Chairperson/Committee shall be deemed approved and the Owner-applicant may proceed without the necessity of further, approval hereunder.
- J. **Disapproved Applications.** Disapproval by either the Association Board of Directors or Park Corporation Architectural Rules Committee shall be conveyed to the Owner by the Association Architectural Control Chairperson with a notice and statement of the reason(s) therefor.

ARTICLE X

Party Walls

Section 10.01. General Rules of Law to Apply.

Each wall which is built as a part of the original construction of the Residences upon the Association's Lots and placed on the dividing line between the Lots shall constitute a Party

Wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 10.02. Sharing of Repair and Maintenance Costs.

The cost of reasonable repair and maintenance of a Party Wall shall be shared by the Owners who make use of the wall in equal proportion to such use.

Section 10.03. Destruction by Fire or Other Casualty.

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

Section 10.04. Exposed Walls.

Notwithstanding any other provisions of this Article, to the extent that such damage is not covered and paid by the insurance provided for herein, an Owner who by his or her negligent or willful act causes the Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 10.05. Right to Contribution Runs With Land.

The right of any Owner to contribution from any other Owner under this Article shall be connected to the land and shall pass to such Owner's successors in title.

Section 10.06. Arbitration.

In the event of any dispute between Owners concerning a Party Wall, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and resolution of the dispute shall be decided by a majority of all the arbitrators. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor, the Board of Directors of the Association shall select an arbitrator for the refusing party. The arbitrators shall render a decision within thirty (30) days after appointment.

Section 10.07. Party Wall Easements.

Easements relating to Party Walls are set forth in Section 3.08, above.

Section 10.08. Limitation on Attachments to Party Walls.

The Owner of a Lot having a structural wall situated on the boundary line between the Owner's Lot and an adjoining Lot shall not attach anything to the wall which may protrude across the boundary line into the adjoining Lot or structural wall.

**ARTICLE XI
Insurance**

Section 11.01. Types of Insurance Coverage.

The Association and the Park Corporation shall each purchase, obtain and maintain, with the premiums therefor being paid out of Operating Funds, the following types of insurance, if and to the extent such insurance, with the coverages described below, is available at a reasonable premium cost:

A. Property Damage Insurance.

- (i) **Association Policy.** The Association shall obtain and maintain a master or blanket policy of property damage insurance, written on all risk, replacement cost basis, on all Residences, garages and carports within the Properties.
- (ii) **Park Corporation Policy.** The Park Corporation shall purchase and maintain a blanket or master policy of damage insurance, written on all risk, for the replacement cost of the Common Facilities and personal property that it owns on Lot "A".
- (iii) **Maintenance of Policies.** The property insurance acquired pursuant to subsections A(i) and A(ii), above, shall be kept in full force and effect at all times, and the full replacement value of the insured property shall be redetermined on an annual basis.
- (iv) **Endorsement.** Depending on the nature of the insured property and the requirements, if any, imposed by institutional Mortgagees having an interest in such property, the policies maintained by the Association and the Park Corporation pursuant to this Section shall contain an agreed amount endorsement or a contingent liability from operation of building laws endorsement or the equivalent, an extended coverage endorsement, vandalism, malicious mischief coverage, a special form endorsement and a clause to permit cash settlements for full insurable value in case of partial destruction.
- (v) **Insured.** The policies required hereunder shall name as insured the Association or the Park Corporation, as the case may be, as well as, all Owners and all Mortgagees as their

respective interests may appear. The policy may contain a loss payable endorsement in favor of the trustee described in Section 11.05, below.

B. General Liability Insurance.

- (i) **Comprehensive General Liability.** To the extent such insurance is reasonably obtainable, the Board of Directors of the Association and the Park Corporation shall, separately, obtain a policy of comprehensive general liability insurance naming as parties insured the Association and the Park Corporation, and each member of their Board of Directors, committee members, and such other persons as the governing Board may determine.
- (ii) **Additional Insured.** The Association and the Park Corporation shall each name the other as an additional insured on respective policies.
- (iii) **Policy Liability Coverage.** The policy will insure each named party against any liability incident to the ownership and use of the Common Area and Common Facilities, including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The policy also shall include coverage against water damage liability, and liability for non-owned and hired automobiles.
- (iv) **Policy Limit.** The limits of such insurance shall not be less than one million dollars (\$1,000,000.00) covering all claims for death, personal injury and property damage arising out of a single occurrence.

C. Directors and Officers Liability Insurance.

- (i) To the extent such insurance is reasonably obtainable, the Association and the Park Corporation shall each purchase a policy of insurance providing individual liability protection to persons serving as Directors, Officers or committee members of the Association and the Park Corporation from claims arising out of or pertaining to negligent acts or omissions of such persons in their official capacities. The limits of such insurance shall be not less than One Million Dollars (\$1,000,000.00).

D. Additional Coverage and Bonds.

- (i) **Other Coverage.** To the extent such insurance is reasonably obtainable, the Association and the Park Corporation may also purchase such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this Section, demolition insurance, flood insurance, and workers' compensation insurance.
- (ii) **Fidelity Bonds.** The Board of Directors of the Association and the Park Corporation may each also purchase and maintain fidelity bonds or insurance in an amount not less than one

hundred percent (100%) of each year's estimated annual operating expenses and which may contain an endorsement of any person who may serve without compensation.

Section 11.02. Coverage Not Available.

- A. **Substitute Policy.** In the event any insurance policy, or any endorsement thereof, required by Section 11.01 is for any reason not available, then the Association and the Park Corporation shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage herein above described.
- B. **Notification.** Each Board of Directors shall notify the Owners of any material adverse changes in its insurance coverage.

Section 11.03. Copies of Policies.

Copies of all insurance policies (or certificates thereof showing that premiums thereon have been paid) shall be retained by the Association and the Park Corporation and shall be available for inspection by Owners during normal business hours at their principal places of business.

Section 11.04. Owner Insurance.

- A. **Owner Restriction.** Except as provided in this Section, below, no Owner may separately insure his or her Residence against loss by fire or other casualty covered by the Association's blanket insurance policy carried pursuant to paragraph A of Section 11.01.
- B. **Owner Liability.** If any Owner violates the above restriction, any reduction in insurance proceeds otherwise payable pursuant to the provisions of paragraph A of Section 11.01 that results from the existence of such other insurance will be chargeable to the Owner who acquired such other insurance, and the Owner will be liable to the Association to the extent of any such reduction.
- C. **Owner Liability and Personal Property Improvements.** Notwithstanding Sections 11.04A and B, above, each Owner of a Residence in the Association is encouraged to purchase and carry personal liability insurance, and personal property insurance or endorsement to the Association's fire and casualty insurance, for loss of, or damage to personal property not covered by the Association's insurance.
- D. **Improvement Insurance.** An Owner may separately insure any Improvements made by an Owner within the Owner's Lot which are beyond the original construction and which may not be covered under the Association's insurance. Such Owner insurance is commonly known as "improvements and interior betterments".
- E. **Waiver of Subrogation Rights.** All homeowner insurance that is individually maintained by an Owner shall contain a waiver of subrogation rights by the insurer as to other Owners, the

Association, the Park Corporation, and any institutional first Mortgagee of the Owner's Lot and Residence.

Section 11.05. Trustee of Insurance Proceeds.

All insurance proceeds payable under Section 11.01, above, and subject to the rights of the Mortgagees under Section 11.07, below, may, in the discretion of the Association Board of Directors, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees and others, as their respective interests shall appear. The trustee shall be a commercial bank in the County that agrees in writing to accept such trust.

Section 11.06. Claims for Losses.

All claims for losses covered by insurance purchased by the Association shall be filed with, administered by and approved by the Association or its designated management company. For this purpose, the Association Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to Section 11.01, above. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

Section 11.07. Distribution to Mortgagees.

Subject to the provisions of Article XV, (Protection of Mortgagees), below, any Mortgagee has the option to apply insurance proceeds payable on account of a Lot in reduction of the obligation secured by the Mortgage of such Mortgagee.

ARTICLE XII
Damage or Destruction

Section 12.01. Proceeds More than 85% of Reconstruction Costs.

If there is a total or partial destruction of any Residence, Common Area or Common Facility within the Properties, and if the available proceeds of the insurance maintained pursuant to Article XI, (Insurance), above, are sufficient to cover not less than eighty-five percent (85%) of the costs of repair and reconstruction, the Residence or Facility shall be promptly rebuilt unless, within ninety (90) days from the date of destruction, seventy-five percent (75%) of the "eligible Members" (as defined in Section 12.04, below), determine that such repair and reconstruction shall not take place.

If repair and reconstruction is to take place, the Association Board of Directors shall be required to execute, acknowledge and record, not later than one hundred twenty (120) days from the date of such destruction, a certificate declaring the intention of the Members to rebuild.

Section 12.02. Proceeds Less Than 85% of Reconstruction Costs.

If the proceeds of insurance are less than eighty-five percent (85%) of the cost of repair and reconstruction, repair and reconstruction may nevertheless take place, if, within ninety (90) days from the date of destruction, a Majority of a Quorum of the eligible Members determine that such repair and reconstruction shall take place. The Association Board of Directors shall be required to execute, acknowledge and record, not later than one hundred (120) days from the date of such destruction, a certificate declaring the intention of the Members to rebuild.

Section 12.03. Rebuilding Procedures.

- A. **Allocation of Cost over Insurance Proceeds.** If the "eligible Members" determine to rebuild, pursuant to Section 12.01 or 12.02, above, the Owner of each Lot located within a structure that has been totally or partially destroyed shall be obligated to contribute his or her proportionate share of the cost of reconstruction or restoration of the structure containing his or her Lot, over and above the available insurance proceeds.
- B. **Board's Rights to Assess.** If any "eligible Member" fails or refuses to pay his or her share, the Association Board of Directors may levy a Special Individual Assessment against the Lot of such Owner which may be enforced under the lien provisions contained in Article VIII, (Assessments), or in any other manner provided in this Declaration.
- C. **Common Areas and Common Facilities.** The cost of reconstruction or restoration of any portion of the Common Area or Common Facilities over and above any insurance proceeds shall be prorated equally among all Owners in the Association or the Park Corporation, as the case may be.

Section 12.04. Definition of "Eligible Members".

- A. For purposes of any vote pursuant to this Article, the Members eligible to vote shall be:
- (i) The total membership of the Association or the Park Corporation in the case of any damage or destruction to the Common Area or Common Facilities of either organization;
or
 - (ii) In the case of any damage to, or destruction of, any Residence or Residences, the total number of those members whose Residences are located in the damaged or destroyed structure(s).

Any membership vote required hereunder shall be conducted either at a duly convened meeting at which a quorum of "eligible voters" is present or by written ballot conducted in accordance with Section 4.06 of the Bylaws.

Section 12.05. Rebuilding Contract.

- A. **Reconstruction Design.** If the Members who are eligible to vote on the matter determine to rebuild, the Association Board of Directors shall have the damaged or destroyed portions of the Properties reconstructed substantially in accordance with the original design.
- B. **Reconstruction Bids.** The Association Board of Directors or its authorized representative shall obtain bids from at least two reputable contractors and may award the repair and reconstruction work to the lowest qualified bidder. However, the Board may reject any and all bids.
- C. **Board Authority.** The Association Board of Directors shall have the authority to enter into a contract with the contractor for such repair and reconstruction, and the insurance proceeds held by the trustee shall be disbursed to the contractor according to the terms and conditions of the agreement.
- D. **Prompt Reconstruction.** It shall be the obligation of the Association Board of Directors to take all steps which are necessary or appropriate to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

Section 12.06. Rebuilding Not Authorized.

- A. If the Members who are eligible to vote on the matter determine not to rebuild, then any insurance proceeds then available for rebuilding shall be used or distributed as follows:
 - (i) If, prior to the expiration of one hundred (120) days from the date of destruction, seventy-five percent (75%) of all Owners and institutional first Mortgagees with Mortgages encumbering the affected Lots within the Properties consent by vote or in writing, the Association Board of Directors acting on behalf of the Association shall have the right to purchase the Lots which were rendered uninhabitable by such damage, order reconstruction or destruction using the available proceeds of insurance for such purpose.
 - (ii) The Board's decision as to whether or not a Lot is uninhabitable shall be final and binding on all parties.
 - (iii) Any payment of the purchase price shall be made jointly to the selling Owner and all Mortgagees of his or her Lot and each Owner by accepting a deed to a Lot agrees to be bound by these provisions and to sell his or her Lot by grant deed to the Association as provided herein.

- (iv) Concurrently with such purchase, the Board or individuals authorized by the Board, acting as attorney-in-fact of all Owners shall amend the Subdivision Map and this Declaration to eliminate from the Properties the Lots so purchased.
- (v) Notwithstanding the determination of eligible Members not to rebuild pursuant to Section 12.01 or 12.02, above, any Lots which are not rendered uninhabitable shall be repaired and restored to a condition as near as possible to their condition immediately before such damage or destruction. Such repair and restoration shall be paid first, from the insurance proceeds remaining after the purchase of Lots pursuant to subparagraph (A), of this Section, if any, and second, from a Special Individual Assessment levied against all remaining Owners in the manner described in Section 12.04, above.
- (vi) If the required 75 percent of all Owners and institutional first Mortgagees do not consent to purchase the Lots which were rendered uninhabitable, an appraiser shall determine the relative fair market values of all Lots in the Properties, as of a date prior to any damage or destruction and the proceeds of insurance shall be apportioned among all Owners, and their respective Mortgagees, in proportion to such relative values.
- (vii) The Board shall have the duty, within one hundred twenty (120) days from the date of destruction, to execute, acknowledge and record a certificate declaring the intention of the Members not to rebuild.

Section 12.07. Minor Repair and Reconstruction.

- A. **Board Duties to Repair and Reconstruct.** In any case, the Association Board of Directors shall have the duty to repair and reconstruct Residences without the consent of Members and irrespective of the amount of available insurance proceeds, in all cases of partial destruction when the estimated cost of repair and reconstruction does not exceed five percent (5%) of the Association's budgeted gross expenses (computed for the year when the uninsured funds must be collected as a Special Assessment).
- B. **Allocation of Costs Over Insurance Proceeds.** Any amounts paid by the Association Board of Directors up to and including the limit stated in the preceding sentence (the "5% cap") shall be assessed equally to the Lots which are damaged. In the case of damage to Common Facilities which does not exceed the 5% cap all Lots shall be assessed an equal portion of any uninsured expense.

Section 12.08. Appraiser.

Wherever in this Article XII, (Damage or Destruction) or Article XIII, (Condemnation), below, 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 Association Board of Directors, who shall be a member of the Society of Real Estate Appraisers

(SREA) or other nationally recognized appraiser organization and who shall apply its or such other organization's standards in determining the value or fair market value of each Lot. The costs of such appraisals shall be paid from the sale or insurance proceeds, as the circumstances require.

ARTICLE XIII Condemnation

Section 13.01. Sale by Unanimous Consent or Taking.

- A. **Condemnation By Government Agency.** If an action for condemnation of all or a portion of the Properties is proposed or threatened by any governmental agency having the right of eminent domain, then, written consent of sixty-six and two-thirds percent (66-2/3%) of Owners and all institutional Mortgagees, the Properties, or a portion thereof may be sold and conveyed to the condemning authority by the Association Board of Directors or its designees acting as the attorney-in-fact of all Owners under an irrevocable power of attorney, which each Owner by accepting a deed to a Lot in the Properties hereby grants and which shall be coupled with the interest for all other Owners, for a price deemed fair and equitable by the Board.
- B. **Condemnation Award.** If the requisite number of Owners or institutional Mortgagees do not consent to a sale of all or a portion of the Properties, and the condemning authority institutes condemnation proceedings, the court shall fix and determine the condemnation award.

Section 13.02. Distribution and Sale Proceeds of Condemnation Award.

- A. **Total Sale or Taking.** A total sale or taking of the Properties means a sale or taking:
- (i) that renders more than fifty percent (50%) of the Lots uninhabitable (such determination to be made by the Association Board of Directors in the case of a sale and by the court in the case of a taking); or
 - (ii) that renders the Properties 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.

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 Properties, 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 Properties. 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 defined in paragraph A of Section 13.02, above, the proceeds from the sale or taking shall be paid or applied in the following order of priority, and any judgment of condemnation shall include the following provisions as part of its terms:

- (i) 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
- (ii) To Owners and to their respective Mortgagees, as their interests may appear, of Lots on the Properties 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 subparagraph (B)(i) of Section 13.02 (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).

After such payment, the recipient shall no longer be deemed an Owner, and the Board of Directors or individuals authorized by the Board, acting as attorney-in-fact of all Owners shall amend the Subdivision Map and this Declaration to eliminate from the Properties the Lots so sold or taken; then

- (iii) To any remaining Owner and to his or her Mortgagees, as their interest 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
- (iv) To all remaining Owners and to their respective Mortgagees, as their interest 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.

ARTICLE XIV

Enforcement of Governing Documents

Section 14.01. Remedy at Law Inadequate.

Except for the nonpayment of any assessment, it is hereby expressly declared and agreed that if the remedies at law to recover damages for violation of any of the covenants, conditions, restrictions, rules, limitations, reservations, grants of easements, rights, rights-of-way, liens,

charges or equitable servitude contained in this Declaration are inadequate and that the failure of any Owner, tenant, occupant or user of any Lot, or any portion of the Common Area or Common Facilities, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, the Park Corporation, their officers or Boards of Directors, or their respective successors in interest.

Section 14.02. Nuisance.

Without limiting the generality of the foregoing Section 14.01, above, the results of every act or omission whereby any covenant, condition, restriction or rule of the Association or the Park Corporation is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 14.03. Fees, Jurisdiction and Costs.

- A. **Attorney Fees.** In any action brought because of any alleged violation of any Owner, tenant or guest under this Declaration, the court may award to the prevailing party in such action such attorney fees and other costs as it may deem just and reasonable.
- B. **Court Jurisdiction.** Enforcement procedures include any action brought in any court having jurisdiction or any alternative dispute resolution procedure implemented pursuant to the Governing Documents or to California Civil Code section 1354, as it may be renumbered and revised from time to time.
- C. **Recoverable Costs.** In any alternative dispute resolution procedure, such as arbitration or mediation, conducted pursuant to California Civil Code section 1354, in which there is not an agreement between all the parties that attorneys will represent them, recoverable costs are limited to attorney fees and costs incurred in providing the notices required under such statute and the costs associated with the alternative dispute resolution process unless the parties agree on some other allocation of such costs.

Section 14.04. Cumulative Remedies.

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

Section 14.05. Failure to Act Not a Waiver.

The failure of the Association or the Park Corporation, their officers, agents, or any Owner to enforce any of the covenants, conditions, restrictions, rules, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitude contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall the failure result in or impose any liability upon the Association, the Park Corporation, their Boards, or any of their directors, officers, committees or agents.

Section 14.06. Rights and Remedies.

- A. **Enforcement Rights.** In the event of a violation of any Association or the Park Corporation Rule, or any of the restrictions contained in any Governing Document by an Owner, the Owner's family, or the Owner's guests, employees, licensees, or tenants, the aggrieved Board of Directors, 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 of Directors and available in law or in equity.

Enforcement may include but not be limited to, the hiring of legal counsel, imposition of monetary fines and penalties, the pursuit of legal action, or the suspension of the Owner's right to use Common recreation facilities, or suspension of the Owner's voting rights as a Member, provided, however, the Association's or Park Corporation's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this Section.

The decision of whether it is appropriate or necessary for the Association or the Park Corporation to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the responsible Board of Directors.

If the Association or the Park Corporation declines to take action in any instance, any Owner shall have such rights of enforcement as exist by virtue of section 1354 of the California Civil Code or otherwise by law.

- B. **Fines and Penalties.** The Board of Directors of the Association and/or Park Corporation may implement a schedule of reasonable fines for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate, such as late charges for late payment of assessments, or fines for illegally parked vehicles or the misuse of the Common Areas or Common Facilities.

The Boards of Directors of the Association and/or the Park Corporation also may impose monetary penalties on a specific Owner or tenant as a disciplinary measure:

- (i) For failure to comply with the Restrictions, Rules or provisions of the Governing Documents,
or

- (ii) To bring an Owner's Lot, fence or Residence into compliance with the Architectural Rules of the Association, or
- (iii) As a means of reimbursing the enforcing organization for costs incurred in the repair of damage to Common Areas or Common Facilities for which the Owner is found to be responsible.

Once imposed, a fine or penalty may be collected as a Special Individual Assessment.

- C. **Definition of a "Violation"**. A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day, repetitively or continuously that is contrary to the Covenants, Conditions, Restrictions or Rules of the Governing Documents of the Association or the Park Corporation.
- D. **Violation Components**. If a detrimental effect of a violation continues for additional days, discipline imposed by the Association or the Park Corporation Board of Directors may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures.
- E. **Common Areas and Common Facilities**. The Association and the Park Corporation shall take reasonable and prompt action to stop and to repair the continuing damaging effects of a violation or nuisance occurring within the Common Areas or Common Facilities. The cost may be assessed to the responsible Owner as a Special Individual Assessment.
- F. **Limitations on Disciplinary Rights**.
 - (i) Neither the Association nor the Park Corporation shall have the power to cause a forfeiture or abridgement of an Owner's right to full use and enjoyment of the Owner's Lot and Residence due to a failure by the Owner, or the Owner's family members, tenants, or guests, to comply with any provision of the Governing Documents or of any duly enacted Association or the Park Corporation Rule, except where the loss or forfeiture is the result of:
 - (a) The judgement of a court of competent jurisdiction, or
 - (b) A decision arising out of arbitration, or
 - (c) A foreclosure or sale under a power of sale for failure of the Owner to pay assessments levied by the Association or the Park Corporation, or
 - (d) A temporary suspension of an Owner's rights as a Member of the Association or the Park Corporation, or
 - (e) The imposition of monetary penalties for failure to pay assessments, or
 - (f) Otherwise comply with any Governing Documents;

And the Association's or Park Corporation's actions satisfy the due process requirements of subparagraph (ii) below.

- (ii) No penalty or temporary suspension of rights shall be imposed pursuant to this Article unless the Owner alleged to be in violation is given at least fifteen (15) days prior notice of the proposed penalty or temporary suspension, and is given an opportunity to be heard before the enforcing Board with respect to the alleged violation(s) at a hearing conducted at least five (5) business days before the effective date of the proposed disciplinary action.
- (iii) Notwithstanding the foregoing, in the following circumstances, the enforcing Board of Directors, or its duly authorized agent, 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 possible.
 - (a) An immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners,
 - (b) A traffic hazard,
 - (c) A fire hazard,
 - (d) A threat of material damage to, or destruction of, a Common Area or Common Facility, or
 - (e) A violation of the Governing Documents that is of such an obvious and flagrant nature that there is no material question regarding the identity of the violator or whether a violation has occurred, such as the late payment of assessments or parking violations, or
 - (f) The direct refusal of a violating Owner to correct a violation.
- (iv) An Owner's request for a hearing must be received by the Association or the Park Corporation, in writing, within five (5) business days following the disciplinary action. If the Association or the Park Corporation acts on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Association or the Park Corporation no later than five business days following the date when the fine is levied.

The hearing shall be held no more than fifteen (15) days following the date of the disciplinary action or fifteen (15) days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any penalty or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.
- (v) At the hearing the accused shall be given the opportunity to be heard, including the right to present evidence and to present or question witnesses.

The hearing Board shall notify the accused Owner of the Board's decision within five (5) business days following conclusion of the hearing. The decision of the Board, following a hearing, shall be final and binding on the Owner, and if necessary, may be enforced by any proceedings at law or in equity.

In no event shall the effective date of any disciplinary action commence sooner than five days following conclusion of the hearing unless:

- (a) The hearing merely affirms summary disciplinary action initiated pursuant to the immediately preceding paragraph, or
 - (b) Earlier commencement is necessary to preserve the quiet enjoyment of the other, Owners and tenants or
 - (c) To prevent further damage to, or destruction of, the Properties or any portion thereof.
- (vii) Any notice required by this Article shall, at a minimum, set forth the date and time for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents and a reference to the specific provision alleged to have been violated. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice; provided, however, that if notice is given by mail it shall be sent by first-class or certified mail sent to the last address of the Owner or tenant shown on the records of the Association.

G. No Owner Response. If there is no response to the notices and no hearing is requested, the governing Board shall determine, in its own discretion, an appropriate course of action as permitted in this Declaration, which shall be conveyed to the Owner by Registered Mail, return receipt requested. The Owner shall be given a final fifteen (15) days for compliance before the Board approved action is implemented.

Section 14.07. Enforcement of Architectural Rules.

The Association's rights and procedures for the enforcement of Architectural Rules are described in Section 9.10 of Article IX, (Architectural Control), above.

Section 14.08. Adoption of Additional Rules.

The Boards of the Association and the Park Corporation shall be entitled to adopt additional rules that further elaborate and refine the procedures for conducting disciplinary proceeding. Such rules, when approved and adopted by the Board, shall become an addendum to this Article.

Section 14.09. Allocation of Enforcement Responsibilities.

- A. **Association.** The Association shall have primary responsibility for enforcement and disciplinary action relating to the Lots and Residences and Common Areas within the Association Properties in accordance with its Governing Documents.
- B. **Park Corporation.** Enforcement and disciplinary action relating to Park Corporation Rules for the Common Area "A" and Common Facilities located thereon shall be the responsibility of the Park Corporation.
- C. **Failure to Act by Park Corporation.** To the extent that the Park Corporation takes no enforcement action with respect to a violation of any Governing Document provision for which it has primary enforcement responsibility, then the Board of Directors of the Association shall have the power and authority, to initiate and prosecute appropriate enforcement action so long as the Association Board of Directors determines that:
- (i) The violation is likely to adversely impact or harm any of its Members or any portion of its Properties in a manner that is not common to all the Campus Commons Associations, and
 - (ii) The Association Board of Directors or an authorized officer thereof gives the Park Corporation at least fifteen (15) days prior written notice of the Association's intention to initiate enforcement action.

If the Park Corporation actually reviews the circumstances of a particular alleged violation and determines that enforcement is unwarranted, such a "no action" determination shall not constitute a failure to take action within the meaning of this paragraph.

ARTICLE XV
Protection of Mortgagees

Section 15.01. Mortgagee Requirements.

- A. **Intent to Conform.** It is the intent of this Article that this Declaration, the Articles of Incorporation, Bylaws and Rules of the Association and the Park Corporation, and the Properties in general, shall now and in the future meet all requirements of any institutional Mortgagee intending to secure its Mortgage against a Lot, or necessary to purchase, guarantee, insure, or subsidize any Mortgage of a Lot by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Veterans' Administration.
- B. **Additional Provisions.** In the event any additional provisions must be added to this Declaration to comply with the lending requirements of any of the entities described in this Section, each

Owner hereby authorizes the Association to amend this Declaration without a vote of the Members, for the purpose of gaining such entity's regulatory compliance only.

Section 15.02. Subordinated Liens.

Any lien created or claimed under the provisions of Article VIII, (Assessments), above, shall be subject and subordinate to the lien of any first Mortgage given in good faith and for value. No such Mortgagee who acquires title to any Lot by judicial foreclosure or by exercise of power of sale contained in the Mortgage shall be obligated to cure any violation of this Declaration by a former Owner of such Lot or shall be liable for any unpaid assessments made against the Lot which accrued prior to the date the Mortgagee acquired such title. No lien created or claimed under the provisions of Article VIII, (Assessments), above, shall in any way defeat, invalidate or impair the rights of any Mortgagee under any such recorded Mortgage.

Section 15.03. Mortgagee Rights.

No amendment of this Declaration shall affect any of the rights of the holder of any Mortgage described in Section 15.02, above, which is made in good faith and for value, if such Mortgage is recorded and notice of the delivery and recording thereof is given to the Association prior to the recording of such amendment.

No violation of any provision of this Declaration by the Association or any Owner shall impair or invalidate the lien of any recorded Mortgage made in good faith and for value and encumbering any Lot.

If any Lot, or portion thereof, or the Common Area, or any portion thereof, is made the subject of any condemnation or eminent domain proceeding, the lien of any first Mortgage shall be prior and superior to the claims of the Owners of the Lots or Common Area with respect to any distribution of the proceeds of any condemnation award or settlement.

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

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

ARTICLE XVI

Notices

Section 16.01. Mailing Addresses.

A. Any communication or notice required herein shall be in writing and may be served by first class U.S. Mail or personal service as follows:

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

(ii) If to the Association: The address shall be 650 Commons Drive, Sacramento, CA 95825, or such other address as the Board of Directors of the Association may designate.

(iii) If to the Park Corporation: The address shall be 650 Commons Drive, Sacramento, CA 95825, or such other address as the Board of Directors of the Park Corporation may designate.

Section 16.02. Service Upon Co-Owners and Others.

Service of a notice or demand upon one of the Co-Owners of any Lot, to any general partner of a partnership which is the Owner of Record of the Lot, or to any officer or agent for service of process of a corporation which is the Owner of Record of the Lot, shall be deemed delivered to all such co-owners, to such partnership, or to such corporation, as the case may be.

Section 16.03. Deposit in United States Mail.

All notices and demands served by U.S. Mail shall be by first-class, with postage prepaid, unless certified or registered Mail is specified, and shall be deemed delivered four (4) days after deposit in the United States mail in the County of Sacramento.

ARTICLE XVII

Amendment of Declaration

Section 17.01. Types of Amendment.

A. **Amendment by Vote of the Members.** Except as otherwise provided in subparagraphs B and C, below, this Declaration may only be amended by the affirmative vote by written ballot of fifty-one percent (51%) of the voting power of the Members of the Association. The text of

any proposed amendment shall be distributed, in writing, to all Members at least thirty (30) days prior to the end of the scheduled balloting period.

- B. Amendments Approved by the Board of Directors.** Many provisions of this Declaration reflect legal requirements imposed on the Association, its Directors, officers and Members by the Davis-Stirling Common Interest Development Act (California Civil Code section 1350, et seq.), the Nonprofit Mutual Benefit Corporation Law (California Corporations Code section 7110, et seq.), and other state statutes. In the event that any such statute is amended, revoked or supplemented in a manner which requires a corresponding amendment of this Declaration in order to properly reflect underlying State law, the Board of Directors may, by the affirmative vote of two-thirds of all directors, approve and record the amendment so long as:
- (i) The Board has received a written opinion from the Association's legal counsel confirming that there has been a change in State law which the Association and its Members are bound to observe and which requires a corresponding amendment to this Declaration in order to properly reflect that law;
 - (ii) The text of the proposed amendment and the opinion of counsel have been distributed to all Members together with notice of the date, time and location of the Board meeting where action is scheduled to be taken on the amendment; and
 - (iii) At least thirty (30) days have elapsed between the date when the text of the amendment and the opinion of counsel have been distributed to all Members and the date of the Board meeting where action is scheduled to be taken on the proposed amendment.
- C. Amendments Affecting the Park Corporation.** Notwithstanding the foregoing, no clause or provision of this Declaration that specifically pertains to the powers or responsibilities of the Park Corporation or the maintenance, use, and enjoyment of Common Area "A" and the Common Facilities located thereon shall be amended or revoked without obtaining the vote or assent by written ballot of not less than fifty-one percent (51%) of the voting power of the Members of both the Association and the Park Corporation.
- D. Amendment of Rules.** Notwithstanding the foregoing, the Association Board of Directors shall have the right to amend, add or delete Rules, except Architectural Rules, provided for in this Declaration by majority vote with proper notification of the Members as required in specific Articles, above.

Section 17.02. Notice of Intent to Amend.

The Secretary of the Association shall cause a notice to be sent to the Presidents of all other Campus Commons Associations and the President of the Park Corporation not less than fifteen (15) days and not more than sixty (60) days prior to any Association Board of Directors meeting date at which any proposed amendment, addition, deletion, revocation or replacement of any

part or all of this Declaration is scheduled for a hearing or vote. The purpose of this notification requirement is to afford all Associations within Campus Commons the opportunity to consider proposed amendments and to promote uniformity and consistency among the Governing Documents affecting all portions of Campus Commons.

Section 17.03. Restatements.

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

- (i) **Restatement in General.** The Association Board of Directors has the right, by resolution without the necessity of consent by the Owners, to restate this Declaration when it has been properly amended pursuant to the above causes for amendment. Such restatement shall be effective upon execution of the restatement by any two (2) officers of the Association and its recordation.
- (ii) **Recordation of Restatement.** Upon recordation of the restatement, the restatement shall supersede the prior declaration and its amendments in their entirety, without, however, affecting the priority of the Declaration in the chain of title to all properties that are subject to the Declaration as established by the Declaration initial date of recordation.
- (iii) **Form of Restatement.** The restatement shall restate the entire text of the original document, as amended, except that the restatement may:
 - (a) Change the Declaration to rearrange, add or delete text for consistency with approved amendments;
 - (b) Change the Declaration to delete material no longer legally effective or legally required;
 - (c) Change the Declaration to delete any provision declared illegal by constitutional or statutory enactment, by regulation, or by controlling judicial opinion;
 - (d) Change the Declaration to distinguish the restatement from the original document, such as title, section, or subsection numbering changes;
 - (e) Add a statement that the Board of Directors has authorized the restatement pursuant to this Section;

Section 17.04. Effective Date of Amendment.

- A. **Certificate of Amendment.** The amendment will be effective upon the recording of a Certificate of Amendment, duly executed and certified by the president and secretary of the Association, setting forth in full the amendment so approved and that the approval requirements of Section 17.01, above, have been duly met.
- B. **Other Approvals.** If the consent or approval of any governmental authority, Mortgagee, or other entity is required under this Declaration to amend or revoke any provision of this

Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

Section 17.05. Reliance on Amendments.

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

**ARTICLE XVIII
General Provisions**

Section 18.01. Term of Declaration

- A. **Initial Sixty Year Term.** The covenants, conditions, restrictions, rules, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitude contained in this Declaration shall run with, and shall benefit and burden the Lots and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors, its officers and agents, and their respective successors in interest, for the term of sixty (60) years from the date of the recording of this Restated Declaration.
- B. **Ten Year Extensions.** After the expiration of the initial sixty (60) year term, the term of this Declaration shall be automatically extended for successive periods of ten (10) years each unless, within six (6) months prior to the expiration of the initial term or any such ten (10) year extension period, a recordable written instrument, approved by Owners entitled to vote and holding at least a majority of the voting power of the Association terminating the effectiveness of this Declaration, is recorded.

Section 18.02. Statutory References.

In the event that any statute in this Declaration, whether stated by code and number, or named by body of law, is amended, repealed, renumbered, or renamed, all references to such statute or body of law shall refer to the amended, repealed, renumbered, or renamed statutory provisions.

Section 18.03. Construction.

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

- B. **Restrictions Severable.** Notwithstanding the provisions of Section 18.03A, above, the covenants, conditions and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.
- C. **Singular Includes Plural.** The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context requires.
- D. **Captions and Titles.** All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.
- E. **Exhibits.** All exhibits to which reference is made herein are deemed to be incorporated herein by reference, whether or not actually attached.

Section 18.04. Dedication of Properties.

Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any portion of the Properties to the general public or for any public use or purpose whatsoever. However, certain portions of the Properties are subject to public dedication, as shown on the Subdivision Maps (i.e., public streets).

Dated: December 20, 1999

Campus Commons Village Corporation No. Four,
a California nonprofit mutual benefit corporation

By: James A. Arwood
James Arwood, President

By: Michael Kitka
Michael Kitka, Secretary

SUBSCRIBING-WITNESS CERTIFICATE ("WITNESS JURAT")

No. 8908

State of California
County of Sacramento

On this the 4th day of January ~~19~~ 2000, before me, the undersigned
Notary Public, personally appeared Jean Liberty

NAME OF SUBSCRIBING WITNESS

personally known to me - OR - proved to me on the oath/affirmation of
N/A who is personally known to me,

NAME OF PERSON (CREDIBLE WITNESS) WHO IDENTIFIES SUBSCRIBING WITNESS

to be the person whose name is subscribed to
the within instrument as a witness thereto, who,
being by me duly sworn, deposes and says that
(he/she) was present and saw

Michael Kitka

NAME OF ABSENT PRINCIPAL SIGNER

the same person described in and whose name
is subscribed to the within and annexed
instrument as a party thereto, execute the
same, and that said affiant subscribed
(his/her) name to the within
instrument as a witness at the request of

Michael Kitka

NAME OF PRINCIPAL SIGNER (ADMIN)

Jennifer Neely Huntoon

SIGNATURE OF NOTARY



OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER (PRINCIPAL)

INDIVIDUAL
 CORPORATE OFFICER
Secretary
TITLE(S)

PARTNER(S) LIMITED
 GENERAL

ATTORNEY-IN-FACT
 TRUSTEE(S)
 GUARDIAN/CONSERVATOR
 OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

2nd Restated COQR's
TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

ABSENT SIGNER (PRINCIPAL) IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

Campus Commons Village 4

none
SIGNER(S) OTHER THAN NAMED ABOVE

SUBSCRIBING-WITNESS CERTIFICATE ("WITNESS JURAT")

No. 5908

State of California
County of Sacramento

On this the 4th day of January 2000, before me, the undersigned

Notary Public, personally appeared Jean Liberty
NAME OF SUBSCRIBING WITNESS

personally known to me - OR - proved to me on the oath/affirmation of
N/A, who is personally known to me,
NAME OF PERSON (CREDIBLE WITNESS) WHO IDENTIFIES SUBSCRIBING WITNESS

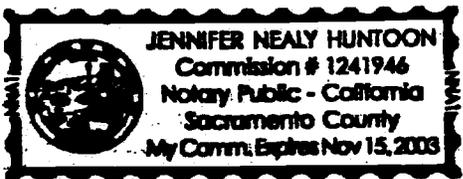
to be the person whose name is subscribed to the within instrument as a witness thereto, who, being by me duly sworn, deposes and says that

James Arwood
NAME OF ABSENT PRINCIPAL SIGNER

the same person described in and whose name is subscribed to the within and annexed instrument as a party thereto, execute the same, and that said affiant subscribed

James Arwood
NAME OF PRINCIPAL SIGNER (AGAIN)

Jennifer Nealy Huntoon
SIGNATURE OF NOTARY



OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

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INDIVIDUAL
 CORPORATE OFFICER
President
TITLE(S)

PARTNER(S) LIMITED
 GENERAL
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2nd Restated CC&J's
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DATE OF DOCUMENT

ABSENT SIGNER (PRINCIPAL) IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
Campus Commons Village 4

None
SIGNER(S) OTHER THAN NAMED ABOVE

Appendix "A"

Definitions

When used in this Declaration or elsewhere in the Governing Documents, the following terms shall have the meanings set forth in this Article.

- A. **"Articles"** means, depending upon the context, the Articles of Incorporation of the Association or the Articles of Incorporation of the Park Corporation, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time; or the Articles of this Declaration.
- B. **"Assessment"** means any Regular, Special or Special Individual Assessment made or assessed by the Association or the Park Corporation against a Lot, or Owner of a Lot, in accordance with the provisions of Article VIII, (Assessments).
- C. **"Association"** means the Campus Commons Village Corporation No. Four, a California nonprofit mutual benefit corporation, its successors and assigns. The Association is an "association" as defined in section 1351(a) of the California Civil Code.
- D. **"Board"** means the Board of Directors of the Association, or the Board of Directors of the Park Corporation.
- E. **"Bylaws"** means, depending upon the context, the Bylaws of the Association, or the Park Corporation, as such Bylaws may be amended from time to time.
- F. **"Campus Commons"** means the overall common interest development by that name located in the City of Sacramento. The Properties form a part of Campus Commons, as does Common Area "A", owned by Park Corporation. In addition to the Properties and Common Area "A", Campus Commons includes five other phases, commonly referred to as "Villages". Owners of lots within each Village are members of separate owners' associations, like the Association, and such owners are also members of Park Corporation, as are Owners of Lots within the Properties.
- G. **"Committee"** means any group of members of the Association or the Park Corporation appointed by either Board to oversee a specific activity or responsibility of the Board.
- H. **"Common Area"** means all real property owned by the Association or the Park Corporation for the common use and enjoyment of the Owners. Lot 454-C as shown on the Subdivision Map is the Common Area owned by the Association. The Common Area owned by the Park Corporation is described as Common Area "A", which is more particularly described as Lot "A" as shown on the official plat of Campus Commons Unit No. 1, filed for record on October 29, 1965, in Book 78 of

Maps, Map No. 3, in the Official Records of Sacramento County, and additionally comprises Lot 2A on the official plat of Campus Commons Unit No. 3, filed for record on July 9, 1969, in Book 84 of Maps, Map No. 6, in the Official Records of Sacramento County.

- I. **"Common Expense"** means any use of Association or the Park Corporation funds authorized by Article VIII, (Assessments), and Article IX of the Bylaws and includes, without limitation:
- (i) All expenses or charges incurred by or on behalf of the Association or the Park Corporation for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Area, Common Facilities and any portions of the Lots that the Association or the Park Corporation is obligated to maintain or repair;
 - (ii) All expenses or charges reasonably incurred to procure insurance for the protection of the Association, Park Corporation, their Boards of Directors and insurance of Residences to the extent required by Article XI, (Insurance);
 - (iii) Any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Areas and Common Facilities and any portions of the Lots that the Association or the Park Corporation is obligated to maintain, repair or replace; and
 - (iv) The use of such funds to defray the costs and expenses incurred by the Association or the Park Corporation in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.
- J. **"Common Facilities"** means buildings, storage structures, utilities lines, fences, lighting fixtures and landscaping including trees, hedges, plantings, lawns, shrubs, berms and other facilities constructed, installed or planted currently, or in the future, within the Common Area and owned by the Association or the Park Corporation, and recreational facilities owned by the Park Corporation including, clubhouse, exercise room, swimming pool and facilities, tennis courts and play ground equipment.
- K. **"County"** means the County of Sacramento, State of California, and its various departments, divisions, employees and representatives.
- L. **"Declarant"** means the original developer of the Properties as stated in the Recital of this Declaration.
- M. **"Declaration"** means this instrument, as it may be amended from time to time. The "Original Declaration" means and refers to the document referenced in the Recital, together with all amendments and annexations thereto adopted prior to adoption of this Declaration (including the First Restated Declaration referenced in the Preamble to this Declaration).

- N. **"Governing Documents"** is a collective term that means and refers to this Declaration and the Articles of Incorporation, the Bylaws and Rules of the Association and the Park Corporation, as each may be amended from time to time.
- O. **"Improvement"** and **"Improvement Projects"** are terms which refer to the types of architectural and construction projects which require prior Association approval in accordance with Article IX, below, including: (i) the erection, construction, installation, movement, alteration or remodeling of the exterior of any Residence or structure on a Lot, including, without limitation, any building, wall, fence, or other structure; (ii) the installation of any screen or security doors or windows, hot tubs, spas, solar heating devices, roof vents, sky lights, antennas of any kind, exterior lighting fixtures, trellises, and awning; or (iii) any changes, remodeling, additions to or reconstruction of any existing building or other structural improvement on a Lot.
- P. **"Lot"** means any parcel of real property designated by a number on the Subdivision Map for any portion of the Properties, excluding the Common Area. When appropriate within the context of this Declaration, the term "Lot" shall also include the Residence and other improvements constructed or to be constructed on said Lot.
- Q. **"Majority of a Quorum"** means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the meeting in person or by proxy or casting written ballots equals or exceeds the minimum quorum requirement for Member action, as specified in the Bylaws, this Declaration or by statute.
- R. **"Member"** means every person or entity who holds a membership in the Association and the Park Corporation and whose rights as a Member are not suspended pursuant to Article XIV, (Enforcement of Governing Documents).
- S. **"Mortgage"** means any security device encumbering all or any portion of the Properties, including any deed of trust. "Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.
- T. **"Owner"** means any person, firm, corporation or other entity which owns a fee simple interest in any Lot within the Properties. If a Lot is transferred or conveyed to a trust, the Owner is the trustee or the co-trustees of such trust.
- U. **"Owner of Record"** includes an Owner and means any person, firm, corporation or other entity in which title to a Lot is vested as shown by the Official Records of the Office of the County Recorder.
- V. **"Park Corporation"** means and refers to Campus Commons Park Corporation, a California nonprofit mutual benefit corporation, its successors and assigns. The Park Corporation is an "association" as defined in section 1351(a) of the California Civil Code.

- W. **"Party Wall"** shall be defined in Article X, Party Walls.
- X. **"Properties"** means all parcels of real property (Common Area and Lots) described in Recital A, together with all buildings, structures, utilities, Common Facilities, and other improvements located thereon, and all appurtenances thereto.
- Y. **"Record"** means, with respect to any document, the recordation or filing of such document in the Office of the County Recorder.
- Z. **"Regular Assessment"** means an annual regular assessment levied against an Owner and the Owner's Lot in accordance with Section 8.07, Regular Assessment.
- AA. **"Residence"** means a private, single-family dwelling constructed on a Lot.
- BB. **"Rules"** means the rules, regulations and policies adopted by the Association or the Park Corporation's Board of Directors, pursuant to Section 2.08, Association and the Park Corporation Rules, above, as the same may be in effect from time to time.
- CC. **"Single Family Residential Use"** means occupancy and use of a Residence for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy single family residential dwellings.
- DD. **"Special Assessment"** means an assessment levied against an Owner and the Owner's Lot in accordance with Section 8.12, Special Assessment.
- EE. **"Special Individual Assessment"** means an assessment levied against an Owner and his or her Lot in accordance with Section 8.15, Special Individual Assessments.