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2006-0062156

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County of	CONFORMED COPY	1.00
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**DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS OF SAWGRASS ESTATES HOMEOWNER'S
ASSOCIATION.**

THIS DECLARATION, made on the date set forth, by Sawgrass Estates, A California Partnership, hereinafter referred to as "Declarant", is made with reference to the following facts:

- A. Location of Property. Declarant is the owner of certain real property (the "Property") located in the City of Chico ("City"), County of Butte, State of California, more particularly described on that certain Map filed at book number 169 and page numbers 46-54 the Office of the Recorder of Butte County, California, *document # 2006-0060850*.
- B. Intention. Declarant intends to convert the existing improvements and structures to Condominiums consisting of 69 separate interests in Units and undivided interests in all portions of the remaining property.
- C. Owner's Interest. The development shall be referred to as the "Project" as defined in Section 1.29 herein. The conversion will be completed in one phase. The Owner of a Condominium will receive a separate interest in an individual Unit and an undivided 1/69 interest in common in the Common Area. Each Condominium shall have appurtenant to it a membership in the Sawgrass Estates Homeowner's Association, a nonprofit mutual benefit corporation, which shall operate and manage the Common Area.

- D. **Mutually Beneficial Restrictions.** Declarant intends by this document to impose upon the Project mutually beneficial restrictions under a general plan of improvement for the benefit of all the Owners of Condominiums.

NOW THEREFORE, Declarant hereby declares that the Property shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved, subject to the declarations, limitations, covenants, conditions, restrictions and easements, all of which are imposed as equitable servitudes pursuant to a general plan for the development of the Project for the purpose of enhancing and protecting the value and attractiveness of the Project, and every part of it, in accordance with the plan for the improvements of the Project and its division into Condominiums. All of the limitations, covenants, conditions, restrictions, and easements shall constitute covenants that run with the land and are binding upon Declarant and its successors and assigns, and all parties having or acquiring any right, title, or interest in or to any part of the Project or the Property in the Project.

ARTICLE I DEFINITIONS

1.1 **Additional Charges.** "Additional Charges" shall mean all costs, fees, charges, and expenditures, including without limitation, interest, late charges, attorneys' fees, recording and filing fees and all other costs actually incurred by the Association in collecting and/or enforcing payment of assessments, fines, and/or penalties.

1.2 **Architectural Committee.** "Architectural Committee" shall mean the Committee created pursuant to Article IX of this Declaration and Article X of the Bylaws.

1.3 **Articles.** "Articles" shall mean the Articles of Incorporation of Sawgrass Estates Homeowner's Association, as they may be amended from time to time, and as filed with the Office of the Secretary of State of California.

1.4 **Assessment.** The cost of maintaining, improving, repairing, operating and managing the Project which is to be paid by each Owner as determined by the Association, and shall include Regular, Special and Emergency Assessments.

1.5 **Association.** "Association" shall mean the Sawgrass Estates Homeowner's association, a California nonprofit mutual benefit corporation and its successors and assigns.

1.6 **Backyards.** "Backyard" shall mean that portion of the Common Area which is shown on the Condominium Plan as an individual parcel designated by the letter "B". An exclusive appurtenant easement for the use and possession of each Backyard shall be conveyed as set forth in Section 3.6. The boundaries for each Backyard are to the interior unfinished surfaces of the fences encompassing the Backyard, to the exterior finished

surface of any exterior wall of a Unit which is contiguous to the Backyard, to the surface of the ground and to a horizontal plane extending along and from the exterior finished surface of the Balcony immediately overhead or to the horizontal plane extending from the roof of the Unit. Each Backyard includes the airspace encompassed therein.

1.7 Board of Directors. "Board of Directors" or "Board" shall mean the governing body of the Sawgrass Estates Homeowner's Association.

1.8 Bylaws. "Bylaws" shall mean the Bylaws of the Sawgrass Estates Homeowner's Association as adopted by the Board of Directors and any duly-adopted Amendments thereof.

1.9 Common Area. "Common Area" shall mean all real property comprising Sawgrass Estates which is owned by all of the Owners in common, but excluding the Units.

1.10 Condominium "Condominium" shall mean an estate in real property as defined in California Civil Code sections 783 and 1351(f), consisting of an undivided interest in common in the Common Area, and a separate fee interest in a Unit together with any easements or other interests in the Project or any portion thereof as are described in this Declaration, in the Condominium Plan or in the Deed conveying a Condominium.

1.11 Condominium Plan. "Condominium Plan" shall mean a Plan recorded pursuant to California Civil Code section 1351 with respect to the Project and any amendments thereto which identified the Common Area and each separate interest in the Project, a copy of which Condominium Plan was recorded in book 169 at pages 46-54 in the Office of the Recorder of Butte County, California, *document # 2006-0060850*.

1.12 County "County" shall mean the County of Butte.

1.13 Declaration. "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions of Sawgrass Estates Homeowner's Association, recorded in the Office of the County recorder of Butte County, California, and any amendments thereto.

1.14 Eligible Holder. The term "Eligible Holder" shall mean any Institutional Mortgagee who has given written notice to the Association specifying its name, address and the number or address of the Condominium encumbered by the Mortgage and requesting written notice of any or all of the events specified in Section 11.5, below.

1.15 Exclusive Use Common Area. "Exclusive Use Common Area" shall mean any portion of the Common Area the exclusive use of which is set aside, allocated, assigned and restricted to the exclusive use or possession of the Residents of a particular Unit. An exclusive easement to such Exclusive Use Common Area may be specifically granted in each Individual Grant Deed conveying a Condominium; provided, however, that failure of any such Deed to set forth such grant of easement shall not invalidate the exclusive

easement herein granted. Such area may also be referenced as "Restricted Common Area" as defined by Section 1.33 below.

1.34

1.16 Family "Family" shall mean two or more persons who live together and maintain a common household in a Unit whether or not they are all related to each other by birth, marriage, or legal adoption.

1.17 First Mortgage. "First Mortgage" shall mean a Mortgage which has priority under the recording statutes of the State of California over all other Mortgages encumbering a specific Condominium.

1.18 Governing Documents. "Governing Documents" shall mean the Articles, Bylaws, Declaration and Rules, and the policies and resolutions duly adopted by the Board and distributed to the Members.

1.19 Sawgrass Estates Homeowner's Association. "Sawgrass Estates Homeowner's Association" shall mean the non-profit mutual benefit corporation established to operate and manage the project.

1.20 Sawgrass Estates Homeowner's Association Board. "Sawgrass Estates Homeowner's Association Board" shall mean the Board of Directors of the Sawgrass Estates Homeowner's Association.

1.21 Institutional Mortgagee. "Institutional Mortgagee" shall mean a First Mortgagee which is (i) a bank, savings and loan association, insurance or mortgage company or other entity or institution chartered under federal and/or state law or regulated by a federal or state agency or by a federal or state law; (ii) an insurer or governmental guarantor of a First Mortgage; or (iii) the State of California as the vendor under an installment land sales contract covering a Condominium.

1.22 Map. "Map" shall mean that certain Subdivision Map entitled filed concurrently herewith in the office of the County Recorder, Butte County.

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

1.24 Member. "Member" shall mean each person or entity who is a record Owner of a fee or undivided fee interest in any Condominium within the Project, except any such person or entity who holds an interest in a Condominium merely as security for the performance of an obligation.

1.25 Member in Good Standing. "Member in good standing" shall mean a Member of the Association who is current in the payment of all dues, assessments, fines, penalties, and other charges imposed in accordance with the Governing Documents, and who is in

compliance with all of the provisions of the Governing Documents, as more particularly set forth in the Bylaws.

1.26 Mortgagee. "Mortgagee" shall mean a beneficiary under a Deed of Trust as well as under a Mortgage.

1.27 Owner. "Owner" shall mean the record Owner, whether one or more persons or entities, of the fee simple title to any Condominium which is a part of the Project, including contract sellers, but excluding contract purchasers and excluding those having such interest merely as security for the performance of an obligation.

1.28 Parking Spaces. "Parking Spaces" shall mean those portions of the Common Area which are designated for the parking of motor vehicles and are not otherwise conveyed as exclusive easements to individual Owners.

1.29 Patio. "Patio" shall mean that portion of the Common Area which is shown on the Condominium Plan as an individual parcel designated by the letter "P". An exclusive appurtenant easement for the use and possession of each Patio shall be conveyed as set forth in Section 3.6. The boundaries for each Patio are to the interior unfinished surfaces of the fences encompassing the Patio, to the exterior finished surface of any exterior wall of a Unit which is contiguous to the Patio, to the surface of the ground and to a horizontal plane extending along and from the exterior finished surface of the Balcony immediately overhead or to the horizontal plane extending from the roof of the Unit. Each Patio includes the airspace encompassed therein.

1.30 Project. "Project" shall mean all of the real property comprising the Sawgrass Estates Homeowner's Association Project.

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

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

1.33 Resident. "Resident" shall mean any person who resides on a Unit within the Project whether or not such person is an Owner as defined in Section 1.26 above.

1.34 Restricted Common Area. "Restricted Common Area" shall mean those portions of the Common Area set aside for exclusive use of a Unit Owner or Owners, pursuant to section 2.2 and shall constitute "exclusive use common area" within the meaning of California Civil Code section 1351(i). Such area may also be referenced as "Exclusive Use Common Area", as defined by Section 1.14 above.

1.15

1.35 Rules. "Rules" shall mean the rules and regulations governing the use, occupancy, management, administration and operation of the Project or any part thereof as adopted and published by the Board of Directors from time to time.

1.36 Unit. "Unit" shall mean the elements of a Condominium that are not owned in common with the Owners of the other Condominiums in the Project, which Units are shown as separately designated and numbered areas on the Condominium Plan. The boundaries of each Unit shall be the following: the exterior or perimeter interior unfinished surfaces (exclusive of paint, paneling, wallpaper or other finishes) of the floors, ceilings, interior beams and columns, perimeter walls, bearing walls, doors, door frames and trim, and the center connecting wall of the adjacent Unit. The Unit shall include the airspace so encompassed by said boundaries, excluding all load bearing walls and all walls containing any utility conduit to the unfinished surfaces of any such walls. Each Unit specifically includes the utility installations, fixtures, and appliances located within its boundaries and/or which exclusively serve the Unit including, without limitation, oven, range and fans, garbage disposal unit, dishwasher unit, space heaters, lighting fixtures, carpet, heating conduits, air conditioning units, condensers and equipment serving such Unit, bathtubs, sinks and wash basins, toilets, shower stalls, and other plumbing fixtures, and interior partitions which are located entirely in the Unit they serve. Each Unit also includes any Storage Space shown on the Condominium Plan as situated within the boundaries of a Unit. In interpreting deeds, the Declaration and the Condominium Plan, the then existing physical boundaries of a Unit, or of the Unit as may be reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries rather than the metes and bounds or other description expressed in the deed, the Declaration, or the Condominium Plan, regardless of any settling or lateral movement or buildings and regardless of minor variance between the boundaries shown on the deed, the Declaration, or the Condominium Plan and the actual existing physical boundaries.

ARTICLE II DESCRIPTION OF PROJECT, DIVISION OF PROPERTY, AND CREATION OF PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT

- 2.1 Description of Project. The Project is a Condominium Project consisting of the land, the Condominiums, and all other improvements located thereon. The Project consists of 69 Units and the Common Area shown on the Condominium Plan. Reference is made to the Condominium Plan for further details.
- 2.2 Division of Property. The Property is divided as follows:

- 2.2.1 Units. Each of the Units as separately shown, numbered and designated in the Condominium Plan, consists of the space bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows, window frames, doors and door frames and trim, of each Unit, each of those spaces being defined and referred to herein as a "Unit". Bearing walls located within the interior of a Unit are Common Area, not part of the Unit, except for the finished surfaces thereof. Each Unit includes the utility installations located within its boundaries that the Owner has exclusive use of, including, without limitation; hot water heaters, space heaters, lighting fixtures, cabinetry, which are located entirely within the Unit they serve. In addition, each Unit includes the air-conditioning units which are not located within its boundaries, but for which the Owner has the exclusive use of. Each Unit includes both the portions of the Condominium Building so described and the airspace so encompassed. The Unit does not include those areas and those things that are defined as Common Area in section 1.8. Each Unit is subject to such encroachments as are contained in the Condominium Buildings, whether the same now exist or may be later caused or created in any manner. In interpreting deeds and plans, the then existing physical boundaries of a Unit, when the boundaries of the Unit are contained within a Condominium Building, or of a Unit reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries regardless of settling or lateral movement of the Condominium Building and regardless of minor variances between boundaries shown on the plan or deed, and those of the Condominium Building. Each Unit shall have appurtenant to it nonexclusive rights for ingress, egress and support through the Common Area subject to the rights of each Owner in any Restricted Common Area appurtenant to that Owner's Condominium.
- 2.2.2 Condominium Common Area. The Condominium Common Area consists of that portion of the Project defined in Section 1.9. Each Owner shall have, as appurtenant to the Owner's Unit, an equal undivided interest in the Condominium Common Area. Each Condominium includes a Unit and such undivided interest in the Condominium Common Area. The Common Interest appurtenant to each Unit is permanent in character and cannot be altered without the consent of all the Owners affected, as expressed in an amended Declaration. Such undivided Common Interest cannot be separated from the Unit to which it is appurtenant, and any conveyance or transfer of the Unit includes the undivided Common Interest, the Owner's membership in the Association, and any other benefits or burdens appurtenant to that Owner's Condominium. Subject to this Declaration and the Rules, each owner may have access to and use the Condominium Common Area in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of any other Condominium Owners subject further to the rights of each Owner in any Restricted Common Area appurtenant to that Owner's Condominium. That portion of the Condominium Common Area that is outside the perimeter of the Condominium Building thereon is subject to a nonexclusive easement for ingress and egress for the benefit of all Owners in the Project.

2.3 **Ownership of Condominium; Exclusive Easement.** Ownership of each Condominium within the Project shall include a designated Unit, the respective one sixty-ninth (1/69nd) interest as a tenant in common in the Common Area, a Membership in the Association and any exclusive easements or Easements appurtenant to such Unit upon the Exclusive Use Common Area, and such other easements as are applicable, all as described in this Declaration, in the deed to the Unit, or in the Condominium Plan. The undivided interests in the Common Area established in this Declaration cannot be changed.

2.4 **Owner's Non-Exclusive Easements of Enjoyment.** Every Owner of a Condominium shall have a non-exclusive easement of use and enjoyment in, to and throughout the Common Area of the Project for ingress, egress, and support over and through the Common Area; provided, however, such non-exclusive easements shall be subordinate to and shall not interfere in any way with the exclusive easements, if any, appurtenant to Units over Exclusive Use Common Area. Each such non-exclusive easement shall be appurtenant to and pass with the title to every Condominium, subject to the following rights and restrictions:

- 2.4.1 **Rules and Regulations.** The right of the Board of Directors to establish and enforce reasonable rules and regulations governing the use of the Common Area and facilities thereon;
- 2.4.2 **Common Area Facilities Fees.** The right of the Board to charge reasonable admission and other fees for the use of any facilities situated upon the Common Area, should they be constructed in the future;
- 2.4.3 **Suspension of Members' Rights.** The right of the Board to determine that a Member is a Member Not in Good Standing or to suspend an Owner's right to use the recreational facilities for any period during which any assessment against such Owner's Condominium remains unpaid and/or for infraction of the Governing Documents of the Association, after prior notice and the right to a hearing by the Board of Directors, as more particularly provided in the Bylaws;
- 2.4.4 **Dedication of Common Area.** The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by all the Members, provided that no such dedication or transfer shall be effective, unless the terms thereof are approved by the affirmative vote or written consent of at least two-thirds (2/3) of the Members.
- 2.4.5 **Right to Mortgage Common Area.** The right of the Association to mortgage, pledge, encumber, or otherwise hypothecate the Common Area and facilities thereon as security for money borrowed by the Association subject to any restrictions and limitations set forth in the Bylaws; and
- 2.4.6 **Performance of Obligations Under Declaration.** The right of the Association or its authorized agents, as provided in this Declaration, to perform its obligations under this Declaration, including obligations with

respect to construction, maintenance, repair or replacement for the benefit of the Common Area or the Owners in common;

2.5 Exclusive Use Common Area. Certain portions of the Common Area, referred to as "Exclusive Use Common Areas", are subject, as the servient tenements, to exclusive easements in favor of the Units to which they are attached or assigned, as the dominant tenements, and such exclusive easements shall be appurtenant to those designated Units. Exclusive Use Common Areas shall include Patios and Backyards. The following described portions of the Common Area are referred to as either "Exclusive Use Common Areas" or "Restricted Use Common Areas," and are set aside and allocated for the exclusive use of the Owner of the Condominium to which they are attached or assigned as shown on the Condominium Plan, and are appurtenant to that Condominium:

2.5.1 Patio; designated "P", followed by the number of the Unit;

2.5.2 Backyard; designated "B", followed by the number of the Unit.

In addition, the air conditioning unit and equipment serving a Unit is part of the Unit, belongs to the Owner of that Unit, and shall be maintained by the Owner. The space occupied by the air conditioning unit and equipment, wherever located, shall be restricted to the exclusive use of the Owner whose air conditioning unit and equipment occupies that space. Except as herein described, no other portion of the Common Areas shall be Exclusive Use Common Area.

2.6 Rights of Entry and Use. The Units and the Common Area, including the Exclusive Use Common Area shall be subject to the following rights of entry and use:

2.6.1 The non-exclusive rights of each Owner for ingress, egress and support through the Common Area, and use of the Common Area as provided in this section 2.

2.6.2 The right of the Association's agents and employees to enter any Unit to cure any violation of this Declaration or the Bylaws, provided that the Owner has received notice and a hearing as required by the Bylaws (except in the case of emergencies) and the Owner has failed to cure the violation or take steps necessary to cure the violation.

2.6.3 The access rights of the Association to maintain, repair or replace improvements or property located in the Common Area as described in Article VIII.

2.6.4 The rights of the Owners, the Association, and the Declarant to install, maintain, repair or replace utilities.

2.6.5 The encroachment easements described in Article III.

2.6.6 The rights of Owners to make improvements or alterations authorized by Civil Code section 1360 (a)(2).

2.7 Units. Each Unit which is shown on the Condominium Plan bearing the same number as the Unit shall be conveyed in fee title to an Owner or Owners, subject to the easements set forth in this Declaration.

2.8 Delegation of Use. Any Owner may delegate his or her rights of use and enjoyment of the Project, including easements, to the members of his or her family, tenants, contract purchasers, guests and invitees, and to such other persons as may be permitted by the Governing Documents and subject to the terms thereof; provided, however, that upon the leasing or renting of a Unit or upon occupancy of a Unit by a contract purchaser, the Owner shall be deemed to have delegated and assigned all such rights exclusively to the tenants or resident contract purchasers of such Unit. Each Owner shall notify the Secretary of the Association of the names of any tenants or any such contract purchasers of such Owner's Unit. Each Owner, tenant or contract purchaser shall also notify the Secretary of the Association of the names of all persons to whom such Owner, tenant or contract purchaser has delegated any rights of use and enjoyment in the Project as provided herein and the relationship which each person bears to such Owner, tenant or contract purchaser. Any rights of enjoyment delegated are subject to suspension to the same extent that the rights of Owners are subject to suspension as provided herein.

2.9 Common Area. Subject to the provisions of this Declaration, the Common Area shall be held, maintained, and used to meet the common interests of the Members of the Association, and their families, tenants, resident contract purchasers and guests as provided in the Governing Documents, and there shall be no use of the Common Area except by such persons. Except as otherwise provided in this Declaration, there shall be no obstruction of the Common Area nor shall anything be altered, constructed, placed, kept, stored, parked, planted on or removed from the Common Area without the prior written consent of the Board. The Common Area shall be kept free of rubbish, debris and other unsightly or unsanitary materials. Each Owner shall avoid causing any damage to the Common Area and shall be liable to the Association for all costs incurred by reason of any damage to the Common Area and improvements thereon, including landscaping, which is caused by an Owner or an Owner's family, pets, tenants, contract purchasers, guests, invitees, agents or representatives as more particularly set forth in Article X, Section 10.3. Nothing shall be done or kept upon the Common Area which will result in the cancellation of any insurance maintained by the Association or an increase in premiums for such insurance.

2.10 Common Area Alterations or Additions.

2.10.1 Sawgrass Estates Declaration Controls. Except as may be authorized by the Board, no person or entity, other than the Association or its duly authorized agents, shall construct, reconstruct, refinish, alter, or maintain any improvements upon the Common Area, or shall make or create any excavation or fill upon the Common Area, or shall change the natural or existing drainage of the Common Area, or shall plant, remove, or destroy any seed, plant material, tree, shrub, or other vegetation upon the Common Area.

2.10.2 Delegation by Sawgrass Estates Homeowner's Association. A proposal for any structural alteration or addition to the Common Area, other than the Exclusive Use Common Area, may be made at any regular or special

meeting of the Board. Such proposal may be adopted by a majority vote of the Board; provided however, that if the aggregate expenditure for capital improvements to the Common Area exceeds five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, such proposal shall be accepted only upon the affirmative vote of a majority of the voting power of each class of Members at a regular or special meeting. Unless otherwise agreed at the meeting of such members, the cost of the alteration or addition so approved shall be paid from the maintenance fund, and the Association shall levy a Special Assessment to cover said cost.

2.10.3 Alteration to Exclusive Use Common Area. The Board may, at its option, establish and delegate to an Architectural Committee its powers of architectural review as established in Article IX. If such Architectural Committee is not established, any reference contained in this Subsection, in Article IX hereof or elsewhere in this Declaration to the Architectural Committee shall instead be read as meaning the Board. Any proposals for alterations, additions or other improvements of Exclusive Use Common Area shall be submitted to the Architectural Committee in writing by the Owner proposing such alterations, additions or improvements. The Committee shall review such proposals to determine whether such proposals would be compatible with the design, construction and standards of quality of the Project, that such proposed improvements would not interfere with or disturb any other Owner's use or enjoyment of his Unit and that such proposed improvements would be acceptable to the City of Chico. The cost of any application to the City or any other costs incurred shall be borne solely by the Unit Owner making such proposal.

2.11 Use of Common Facilities.

2.11.1 Right of Use. The Unit Owners and their invitees, tenants and guests may enjoy in common with all other Unit Owners in the Project use of all facilities in the Common Area so long as they abide by the terms of this Declaration of Covenants, Conditions and Restrictions and any rules and regulations which may be adopted by the Association, subject, however, to any grant of the exclusive easements and/or licenses to particular Unit Owners of Exclusive Use Common Area.

2.11.2 Identification Cards. Each Owner shall provide to the Secretary of the Association the names of all persons, including family members, tenants and guests, who reside in his or her Unit for a period of more than thirty (30) days. The Association, at its sole discretion, may issue identification cards to each person so designated. Use of the Common Areas and facilities is restricted to persons who have such identification cards in their possession or who are accompanied by a person who has such a card in his or her possession.

2.12 Mechanic's Liens. In the event there shall be filed against the Common Area a Notice of Mechanic's Lien for, or purporting to be for, labor or material alleged to have been furnished or delivered for the benefit of any Owner or his or her Condominium, the Owner of such Unit shall forthwith cause such lien to be discharged by payment, bond or otherwise. If the Owner fails to discharge the lien, the Board may send written notice to the Owner specifying that unless the Owner discharges the lien within five (5) days from the date of such notice, the Board may cause the lien to be discharged. Within such five (5) day period, the Owner shall be permitted a hearing before the Board regarding the validity of such lien and any offsets or defenses thereto. At that time, the Board shall determine whether the lien adversely and improperly affects and encumbers the rights and interests of the Association or the other Owners. If the Board of Directors determines that the lien does adversely and improperly affect and encumber such rights and interests and that adequate protection of such rights and interests has not been provided, the Board may cause the lien to be discharged by payment, bond, or otherwise. The Board shall have the right to levy a Reimbursement Assessment against the Owner responsible for the lien in an amount equal to all amounts paid by the Association together with interest thereon at the legal rate and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees.

2.13 No Partition. There shall be no judicial partition of the Common Areas of the Project, however that if any Condominium shall be owned by two or more cotenants as tenants in common, or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition by sale as between cotenants, pursuant to Civil Code section 1359(b).

2.14 Annexation. Annexation of additional real property shall require the vote or written assent of not less than 66 2/3% of the total votes residing in the Association members other than the subdivider unless the proposed annexation is in substantial conformance with a detailed plan of phased development submitted to the Commissioner of the California Department of Real Estate with the application for a public report for the first phase of a subdivision. A plan for phased development through annexation must include, but need not be limited to, the following:

- 2.14.1 Proof satisfactory to the Commissioner of Real Estate that no proposed annexation will result in an overburdening of common facilities.
- 2.14.2 Proof satisfactory to the Commissioner of Real Estate that no proposed annexation will cause a substantial increase in assessments against existing owners which was not disclosed in subdivision public reports under which pre-existing owners purchased their interests.
- 2.14.3 Identification of the land proposed to be annexed and the total number of residential units then contemplated by the subdivider for the overall subdivision development.
- 2.14.4 A written commitment by the subdivider to pay to the Association, concurrently with the closing of the escrow for the first sale of a subdivision interest in an annexed phase, appropriate amounts for reserves for replacement or deferred maintenance of common area improvements in the annexed phase necessitated by or arising out of the use and

encroachment as between each Unit and such portion or portions of the Common Area adjacent thereto and/or as between adjacent Units due to the unwillful placement or settling or shifting of the improvements constructed, reconstructed or altered thereon in accordance with the terms of this Declaration; provided, however, that in no event shall an easement for encroachment exist if such encroachment occurred due to the willful conduct on the part of an Owner, tenant or the Association.

In the event that a structure on any Unit is partially or totally destroyed and then repaired or rebuilt in accordance with the provisions of this Declaration, the Owners of each Unit agree that minor encroachments over adjoining Units shall be permitted and there shall be easements for the maintenance of said encroachments so long as they shall exist. In addition, each Unit and its Owner are hereby declared to have an easement for retaining walls, footings, roofs, eaves, and all other encroachments as originally constructed over each adjoining Unit and/or Common Area for the maintenance thereof, together with an easement for the drainage of water from such roofs, gutters, eaves, and all other encroachments over each such adjoining Unit, and/or Common Area.

3.3 Utility Easements. Easements over, under and through the Project or any portion thereof for the installation, maintenance, repair and reconstruction or replacement of electric, telephone, water, gas and sanitary sewer lines and facilities, heating facilities, cable or master television antenna lines, drainage facilities, walkways and landscaping as shown on the recorded map of the Project, and as may be hereafter required or needed to service the Project, are reserved by and shall exist in favor of the Association, together with the right to grant and transfer the same. The Association shall maintain all utility installations located in the Common Area, except as otherwise provided in this Declaration and except for those installations maintained by utility companies, public, private or municipal. The Association shall pay all charges for utilities supplied to the Project except those metered or charged separately to the Units.

3.4 Maintenance Easement. The Association has an easement through each Common Area, and Unit for the maintenance, repair, replacement, and reconstruction, and for the exercise of the powers and responsibilities of the Association and its Board and provided in the Association's Governing Documents; provided that any entry by the Association or its agents into any Unit shall only be undertaken in strict compliance with Article VIII, Section 8.2 of this Declaration.

3.5 Easements Granted by Association.

3.5.1 Easements Over Common Area. The Association shall have the power to grant and convey to any person or entity easements and rights of way, in, on, over or under the Common Area for the purpose of constructing, erecting, operating or maintaining thereon, therein or thereunder overhead or underground lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-

public improvements or facilities. Each purchaser, in accepting a Deed to a Unit, expressly consents thereto.

3.5.2 Easement to Unit Owners. Notwithstanding any other provisions of the Governing Documents, the Board shall have the power to grant and convey easements, licenses for use and rights of way in, over or under the Common Area or any portion thereof, to Unit Owners for such purposes as the Board deems to be appropriate and not inconsistent with the purposes and interest of the Association.

3.6 Exclusive Use Easements.

3.6.1 Patios. Each Unit and each Unit Owner shall have an exclusive easement, and such exclusive easement is hereby reserved and granted, for the use, possession and enjoyment of any Patio which bears the corresponding number as shown on the Condominium Plan, or if no number appears on the Condominium Plan, for the Patio which is contiguous to the Unit. All such easements are subject to the right of the Association to enter in and upon said Patios for the purposes of maintaining and repairing the same, pursuant to this Declaration, and enforcing the terms hereof. The grant of any such easement for a Patio situated on the first floor of a building shall include such area beneath the surface of the earth and is reasonable and necessary for the cultivation, landscaping and drainage of the Patio.

3.6.2 Backyards. Each Unit and each Unit Owner shall have an exclusive easement, and such exclusive easement is hereby reserved and granted, for the use, possession and enjoyment for the backyard portion which is contiguous to the Unit and as evidenced in the Condominium Plan. Each Unit Owner with an exclusive easement of such a Backyard is charged with the maintenance and landscaping of such area. Each Unit Owner who is the initial purchaser is required to landscape said backyard area within six (6) months of close of escrow. All such easements are subject to the right of the Association to enter in and upon said Backyards for the purposes of maintaining and repairing the same, pursuant to this Declaration, and enforcing the terms hereof. The grant of any such easement for a Backyard shall include such area beneath the surface of the earth and is reasonable and necessary for the cultivation and drainage of the Backyard. The easement of a Backyard shall also include any Storage Space contained therein. The only Units with backyards are those specified in the Condominium Map.

3.7 Emergency Exits. There is reserved for the benefit of each Unit, as dominant tenement, an easement for ingress and egress from and to the fire escapes and other emergency exits over, across and through the other Units and the Common Area, jointly, as the servient tenement, to be used only on an emergency basis.

3.8 All Easements Part of Common Plan. Whenever any easements are reserved or created or are to be reserved or created in this Declaration, such easements shall constitute equitable servitudes for the mutual benefit of all property in the Project, even if only certain Units are specifically mentioned as subject to or benefiting from a particular easement. Easements referred to in the Declaration that are created by grant deeds, subsequent to the date of this Declaration shall be part of the common plan created by this Declaration for the benefit of all property Owners within the Project.

ARTICLE IV USE RESTRICTIONS

4.1 Residential Use. Units shall be occupied and used for single family residential purposes only.

4.2 Residential Use and Rental of Units. Any leasing or renting of any Unit within the Project shall be subject to all the provisions of the Governing Documents and of this Section 4.2.

4.2.1 Rental Restrictions. Not more than forty-nine (49%) of the Units within the Project shall, at any particular time, be leased or rented or occupied by anyone other than an Owner, member of his or her household, or temporary guests, except and subject to the following:

- (a) **Restriction on Leasing.** The restrictions on leasing and renting contained in this Section 4.2.1 shall apply to any Unit or Units upon transfer of title to such Unit subsequent to the date this Declaration is recorded.
- (b) **Exceptions.** The Board of Directors shall have the right to waive some or all of the provisions of this Section 4.2.1 either in cases for deserving or unusual hardship of for a limited term not to exceed one (1) year upon written request of an Owner representing that he or she will retake possession and occupancy of the Unit as a Resident thereof upon the expiration of such limited term. The Board shall have the right to review and approve the lease for such limited term. In addition, upon written request from a First Mortgagee, there shall be an exception granted by the Board from these rental restrictions to allow the First Mortgagee in possession of a Unit following a default in a First Mortgagee, a foreclosure proceeding or acceptance of a deed or other arrangement in lieu of foreclosure to temporarily rent such Unit prior to sale. Exceptions as authorized by the Board shall take precedence over the order of priority established pursuant to Subsection (c) vii, below.
- (c) **Procedure.**

- (i) Any Owner desiring to lease or rent his or her Unit shall submit an application in writing to the Board of Directors, which shall state: the name, mailing address, Unit address, and record ownership date of the Owner; the proposed lease term; the number of tenants'; and such other information which the Board of Directors may reasonably require from time to time.
- (ii) Each record Owner shall have the further right, upon written request delivered to the Association, to appear in person before the Board of Directors and to discuss the request to lease or rent his or her Unit.
- (iii) Within thirty (30) days after receipt of such application to lease or rent, the Board of Directors shall review such application, and approve or disapprove it in a written notice transmitted to the requesting Owner, which notice shall specify the exact reason or reasons therefore if the application is disapproved; provided that the Board shall grant the application, unless doing so will increase the number of Units leased or rented within the Project to more than allowed under this Section 4.2.1 or will otherwise result in the violation of any provision of this Section 4.2.1.
- (iv) If the application is disapproved, the record Owner concerned shall have a right to rehearing upon written request to the Board of Directors, at its next regular meeting, or as otherwise agreed between the parties. The Owner shall have the right to appear at the rehearing and present his or her case, and on termination of such rehearing, the Board shall transmit its written determination to the requesting Owner within ten (10) days thereafter, and, if again disapproved, shall specify the reasons for such disapproval.
- (v) The decision of the Board of Directors in approving or disapproving an application of a record Owner to lease his or her Unit shall be absolute and conclusive, unless in clear violation of this Section 4.2.1.
- (vi) The Board of Directors shall prepare a list of all record Owners currently leasing or renting a Unit, which list shall include the Owner's name, mailing address, Unit address, date of record of ownership and term of the lease. Such list shall be made available to any Owner upon payment of a reasonable administrative charge to be set by the Board of Directors.
- (vii) The Board shall establish and maintain a priority list, identifying the name, mailing address, address of Unit, record date of ownership, and date of application of each Owner who has submitted a written request to the Board to

lease or rent his or her Unit. When the number of Units leased or rented in the Project is less than the number allowed under this Section, the Board shall authorize the Owner who submitted the earliest application to lease or rent his or her Unit; provided, however, that once an Owner obtains permission to lease or rent, he or she may do so to consecutive lessees or renters without interruption or may reoccupy his or her Unit for a period not to exceed thirty (30) days, without having to reapply to the Board for permission to lease or rent.

4.2.2 Owner Responsibility. Each Owner leasing a Unit shall be strictly responsible and liable to the Association for the actions of such Owner's tenant(s) in or about all Units and Common Area and for each tenant's compliance with the provisions of all Association Governing Documents. An Owner leasing or renting a Unit shall provide the tenant(s) with copies of the Governing Documents, the Sawgrass Estates Homeowner's Association rules and all subsequent amendments or additions thereto.

4.2.3 Requirements of Lease or Rental Agreement. An Owner renting or leasing his or her Unit shall provide the Association with a list of the names of all occupants of the Unit. Any lease or rental of any Unit within the Project shall be by written instrument, a copy of which shall be filed with the Board, which shall expressly provide that its terms are subject to all of the provisions of the Governing Documents and rules adopted by the Sawgrass Estates Homeowner's Association, that the tenants and lessees of such Units shall comply with all said provisions and rules, and that any violation of any of said provisions or rules shall constitute a breach and default of the terms of such lease or rental agreement. Any Lease or Rental Agreement entered into between an Owner and a lessee or renter shall be for an initial minimum of one (1) year. The respective Units shall not be rented by the Owners thereof for transient or hotel purposes, which shall be defined as (i) rentals for any period less than thirty (30) days; or (ii) any rental if the occupants of a Unit are provided customary hotel services, such as room service for food or beverage, maid service, furnishing of laundry and linen or bell boy service. In no event shall any Unit Owner lease less than his or her entire Unit.

4.3 Restriction on Businesses. No business of any kind shall be established, maintained, operated, permitted or conducted within the Project, except such professional and administrative professions as may be permitted by applicable governmental ordinances provided that there shall be no external evidence thereof.

4.4 Offensive Conduct, Nuisances. No noxious, harmful or offensive activities shall be carried on, upon, or within any part of the Project, nor shall anything be done thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance or annoyance to any residents of the Project, or which shall in any way interfere with

their use of the Common Area and facilities thereon or the use and enjoyment of their Condominiums or Units. Without limiting any of the foregoing, no resident shall permit noise, including but not limited to the barking of dogs, to emanate from the Resident's Unit, which would unreasonably disturb another Resident's enjoyment of his or her Unit or of the Common Area.

4.5 Hazards. There shall be no obstruction of any part of the Common Area. Nothing shall be done, placed, or kept within the Project that will increase the rate of insurance or result in the cancellation of insurance under which any insurance policy obtained by the Association, or which will be in violation of any governmental statute, ordinance, rule or regulation. Nothing shall be stored in the Common Area without prior consent of the Board.

4.6 Sports Apparatus. No basketball standards of fixed sports apparatus shall be placed upon or attached to any portion of the Project without the written permission of the Board or Architectural Committee.

4.7 Window Coverings. Drapes, window shades, and other window coverings installed in the windows of any Unit shall comply with any rules adopted by the board or the Architectural Committee; provided that in no event shall aluminum foil be placed in windows.

4.8 Outside Drying and Laundering. No outside clothesline or other outside clothes washing, drying or airing facilities shall be maintained or utilized in the Project.

4.9 Antennae. Except for those erected, constructed or maintained by the Association, no outside mast, tower, pole, antennae or satellite dish which has a diameter or diagonal measurement of thirty-six (36) inches or less shall be erected, constructed or maintained on the Common Area, or the outside of any building on the Project, except as otherwise expressly approved by the Board or the Architectural Committee or as was initially installed during the construction of the buildings. Any Owner wishing to install a mast, tower, pole, antennae, or satellite dish (hereinafter collectively referred to as "antennae") in any Unit or upon his or her Exclusive Use Common Area must comply with all Association Rules concerning antennae, satellite dishes or over-the-air reception devices. All current and pertinent State and Federal laws and regulations will be considered by the Board or Architectural Control Committee when adopting Rules. All antennas not covered by the Federal Communications Commission's Over-the Air Reception Devices Rule (Section 1.4000 of Title 47 of the Code of Federal Regulations or successor regulations) are prohibited. All such masts, tower, poles, antennae or satellite dish attached which has a diameter or diagonal measurement of less than thirty-six (36) inches shall not be visible from the street or common area. In the event that it is impossible to install a mast, tower, poles, antennae or satellite dish which has a diameter or diagonal measurement of less than thirty-six (36) inches which is not visible from the street or common area, then such member seeking to install the same shall request approval of the Association pursuant to Civil Code section 1376(b)(2) or any successor statute.

4.10 Animals. No animals or pets of any kind shall be kept, maintained or bred in any Unit or elsewhere within the Project, except that domestic dogs, cats, birds, fish and other customary household pets may be kept in reasonable numbers, subject to City ordinances and the Rules, provided they are not kept, bred or raised therein for commercial purposes. As used in this Declaration, "reasonable numbers" shall be deemed to limit the total number of all pets kept in a Unit to two (2), unless otherwise provided in the Rules. Each pet shall be limited to thirty (30) pounds in weight. While in the Common Area each dog must be restrained on a leash held by a responsible person capable of controlling it. Owners shall prevent their pets from soiling all portions of the Common Area and shall promptly clean up any waste or mess left by their pets. No structure for the care, housing or confinement of any house or yard pet shall be maintained on a Unit or Exclusive Use Common Area so as to be visible from neighboring property, unless the Board, or landscaping committee, consents in writing thereto. The Association shall have the right to prohibit the keeping of any animal which constitutes, in the sole and exclusive opinion of the Board, a nuisance to any other person. Each Owner, Resident and any person bringing or keeping a pet within the Project shall be absolutely liable to the Association and all other persons for any injury or damage to persons or property caused by any pet brought upon or kept upon the Project by such person or by members of his or her family, tenants, guests or invitees. The Board may adopt and enforce Pet Rules in addition to the provisions of this Section.

4.11 Trash Disposal. No trash, garbage, or other waste shall be allowed to accumulate outside of any Unit. Trash, garbage, accumulated waste plant material, or other waste and refuse shall be stored entirely within appropriate covered disposal containers and facilities located within the designated garbage area within the Common Areas. No Owner or Resident shall permit or cause any garbage, trash or other waste or refuse to be kept upon any portion of the Project, except in such containers. No portion of the Project shall be used for the storage of building materials other than in connection with approved construction.

4.12 Signs. No commercial signs of any kind shall be displayed to the public view from any portion of the Project except that this limitation shall not apply to:

- (a) Such signs as may be required by legal proceedings;
- (b) Signs the prohibition of which is precluded by law;
- (c) A single identification sign which has been approved by the Architectural Committee located on a Condominium or Unit identifying the number or address of the Residence and/or the names of the occupants;
- (d) A single sign of customary and reasonable dimension and design, complying with the provisions of any applicable ordinance and reasonable located on a Condominium advertising a Unit for sale or rent;
- (e) Such signs as have been approved by the Association located at or near any entrance to the Project identifying the Project;
- (f) Such signs as may be required for traffic control and regulation of streets or open areas within the Project; and

- (g) Such signs on the Common Area as may be approved by the Board for a purpose reasonably related to the affairs of the Association.

4.13 Vehicles and Parking. The following parking and vehicle restrictions shall apply within the Project:

- (a) No vehicle shall be parked in any fire lane within the Development.
- (b) The Board may license to Residents of the Project only the exclusive use of any unassigned Parking Space. The Board may charge a rental fee for such licensed use.
- (c) Parking spaces shall be used solely for the parking and storage of motor vehicles. No trailer, camper, mobile home, recreational vehicle, boat or similar equipment or commercial vehicle, truck other than a standard size pickup truck, or dilapidated, inoperable or abandoned vehicle shall be parked, kept, stored or permitted to remain upon any area within the Project, other than temporarily in accordance with the Rules. The term "commercial vehicles" shall not include sedans or standard size pickup trucks (under one and three-quarter tons in gross weight) which are used both for business and personal uses, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No unreasonably noisy and no smoky vehicles shall be operated within the Project.

4.14 Parking Enforcement. In addition to the provisions of Section 4.13, above, the Board shall have the power and authority to adopt, promulgate and enforce Parking Rules and the power to impose fines and other sanctions for violations of provisions of the Governing Documents relating to vehicles and parking, and such power shall include the power and authority to cause the towing of vehicles at the vehicle owner's expense which are parked within the Project in violation of any of the provisions of the Governing Documents, provided that the towing of vehicles of guests and other non-residents of the Project shall be subject to the provisions of applicable law. Costs incurred by the Association relating to the towing and/or storage of any vehicle parked in violation of any provision of the Governing Documents shall be assessed against the Unit Owner responsible or whose household members, tenants, contract purchasers or guests are responsible for the presence of such vehicle as a Reimbursement Assessment, and such assessment may be enforced against the Unit Owner in the same manner as provided in this Declaration relative to the recording and foreclosure of liens for non-payment of assessments. The Board shall have the power to adopt Parking Rules that require parking permits or stickers be placed or attached on authorized vehicles within the Project and to limit the number of such permits or stickers issued per Unit. The Board shall further have the authority to assign Parking places to individual units.

4.15 Outbuildings. No outbuilding, tent, shack, trailer, shed, or temporary building of any kind shall be located within the Project, except in strict compliance with the provisions of this Declaration, and in no event shall any such structure or any garage be used as a residence or for residential purposes, either temporarily or permanently.

4.16 Wiring. No Unit Owner shall overload the electric wiring in the building containing his or her Unit. No Owner, resident or tenant shall install wiring for electrical, telephone installation, television antennae, machines or air conditioning units, etc. on the exterior of the building of the Project or that protrude through the walls or the roof on the buildings, except as authorized in writing by the Association.

4.17 Mailboxes and Exterior Newspaper Tubes. Mailboxes shall comply with all applicable postal regulations. There shall be no free-standing exterior mailboxes or newspaper tubes.

4.18 Water Beds. No water beds shall be used or installed without the prior written approval of the Board. The Association may adopt Rules applicable to Units regarding the quality of materials and method of installation.

4.19 Floors. There shall be no alteration of the floor coverings which will result in an increase in sound transmission into any other Units. Only soft-cover floors may be installed in Units adjacent to any other Unit, except for replacement of any hard covering in kitchens or bath areas which were originally sold by the Declarant with such hard coverings.

4.20 Roof. No person shall walk, climb or otherwise physically enter upon any roof without the prior written consent of the Board.

4.21 Power Equipment and Motor Vehicle Maintenance. No power equipment, hobby shops, or motor vehicle maintenance (other than emergency work) shall be permitted on the Project except with prior written approval of the Board. Approval shall not be unreasonably withheld, and in deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception and similar objections. All hazardous waste shall be disposed of properly by each Owner.

ARTICLE V HOMEOWNERS ASSOCIATION

5.1 Management and Operation. The management of the Common Area shall be vested in the Association in accordance with Bylaws. In addition, the Association shall manage and operate the Project in accordance with the applicable provisions of the Governing Documents and the applicable provisions of California law, including provisions of law applicable to a non-profit mutual benefit corporation and to a common interest Project. The Association shall have all of the powers set forth in the Governing Documents together with general power to do any and all things that a non-profit mutual benefit corporation may lawfully do under the laws of the State of California, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Owners of all the Condominiums covenant and agree that the

administration of the Project shall be in accordance with the provisions of this Declaration, and the Articles and Bylaws.

5.2 Membership. Every Owner of a Condominium within the Project shall be a Member of the Association and shall remain a Member thereof until such time as his or her Condominium ownership ceases for any reason. Membership shall be appurtenant to and may not be separated from ownership of a Condominium and shall not be transferred, encumbered, pledged, alienated or otherwise hypothecated in any way, except in connection with the sale or encumbrance of the Condominium to which it is appurtenant.

5.3 Voting. Only Members shall be entitled to vote, and only one vote shall be cast for each Condominium, as more particularly set forth in the Bylaws.

5.4 Board of Directors. The affairs of the Association shall be managed by or under the direction of a Board of Directors. The number and qualifications of Directors shall be as established in the Bylaws, and the members of the Board shall be elected as provided in the Bylaws. The Board of Directors shall have all of the powers and duties set forth in any provision of the Governing Documents, including without limitation such powers and duties as may be expressly set forth in this Declaration.

5.5 Association Rules. The Board of Directors shall have the power and the authority to establish, promulgate, amend, repeal and enforce such rules as the Board deems necessary for the management and operation of the Project and the conduct of business and affairs of the Association. Such Rules may concern, but need not be limited to, matters pertaining to use of the Common Area, including any Exclusive Use Common Area; pets; signs; collection and disposal of refuse; minimum standards for maintenance of property; use of facilities; parking and traffic regulations; rental or leasing of Units within the Project; the personal conduct of persons within the Project; and any other subject matter within the jurisdiction of the Association as provided in the Governing Documents or by law. Any such rules established will comply with the requirements of Civil Code section 1378 or any successor statute.

5.6 Manager and Other Personnel. The Board of Directors shall have the power and authority to employ a manager and such other persons or entities as the Board shall deem appropriate to assist it in managing the Project and conducting the business and affairs of the Association, as more particularly set forth in the Bylaws.

5.7 Assessments. The Board shall have the power and duty to levy and collect assessments, and to discharge by payment, if necessary, any lien against the Common Area, and charge the cost thereof to the Member or Members responsible for the existence of the lien, after notice and a hearing as required in the Bylaws.

5.8 Insurance. The Board shall procure and maintain liability insurance and property insurance as more particularly set forth in the Bylaws.

5.9 Capital Improvements. The Board of Directors shall have the power and

authority to provide for the construction, reconstruction, installation, or acquisition of capital improvements upon the Common Area.

5.10 Dedication. The Board of Directors shall have the power and authority to dedicate, sell, or transfer any interest in or to all or any part of the Common Area to any person or entity, including, without limitation, any public agency, authority, or utility, to be used for such purposes and subject to such conditions as the Board shall deem necessary, appropriate or beneficial to the Association and not inconsistent with its purposes and interests.

5.11 Acquisition of Property. The Board acting on behalf of the Association shall have the power to acquire (by gift, purchase or otherwise) own, hold, improve, build upon, operate, and maintain real or personal property in connection with the affairs of the Association.

5.12 Access and Inspection. The Board and its duly authorized agents or representatives shall have the right, after reasonable notice to the Owner thereof, to enter any Unit for the purpose of performing the maintenance or inspections authorized herein or for any other purpose reasonably related to the performance by the Association or the Board of their obligations and authority. The Board shall cause professional inspections of all infrastructure to be routinely made on a biannual basis. The Board shall keep permanent records of all a) complaints and potential problems, including description, date and by whom; b) reports, including inspections and recommendations; c) repairs, including description, location, date, by whom made and cost; and d) plans, including construction drawings, subsequent modifications, and repair plans.

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

5.14 Enforcement. The Association shall be responsible for the enforcement of this Declaration, subject to compliance with Civil Code section 1354. Such enforcement includes enforcement of the governing instruments, damage to the common areas, damage to the separate interests which the Association is obligated to maintain or repair, and/or damage to the separate interests which arise out of, or are integrally related to, damage to the common areas or separate interests that the Association is obligated to maintain or repair.

5.15 Commencement of Association's Duties and Powers. Until incorporation of the Association, all duties and powers of the Association as described in this Declaration, including all rights of consent and approval shall be and remain the duties and powers of the Declarant. After the date of incorporation of the Association, the Association shall assume all duties and powers, and Declarant shall be relieved of any further liability for those duties and powers.

5.16 Transfer of Control. The developer herein, Sawgrass Investors, shall transfer control of the Association to the unit owners no later than the earlier of four months after 75% of the units in the project have been conveyed to unit purchasers; or three years after the first unit estate in a single phase project is conveyed.

ARTICLE VI ASSESSMENTS AND LIENS

6.1 **Covenant of Owner.** Each Owner of a Condominium within the Project, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, shall be deemed to have covenanted and agreed to pay to the Association: (i) Annual Assessments; (ii) Special Assessments; (iii) Emergency Assessments, (iv) Reimbursements Charges, and (v) Enforcement Assessments levied by the Association as hereinafter provided, together with all Additional Charges. Such deed or conveyance shall be deemed to vest in the Association the right and power to initiate all actions and procedures as the Board shall deem necessary or appropriate for the collection of such assessments and charges and for the enforcement of the liens hereinafter provided for. Each assessment levied by the Association under this Article, together with all Additional Charges, shall be a separate, distinct, and personal debt and obligation of any Owner against whom it is assessed, and shall bind his or her heirs, devisees, personal representatives, successors and assigns. Such obligation to pay assessments and charges and the right and power of the Association to initiate all actions and procedures for collection shall run with the land, so that each successive Owner or Owners of record of any Condominium within the Project shall, in turn, become personally liable to pay all such assessments and charges assessed during the time he or she is record Owner of such Condominium. After a record Owner transfers, of record, any Condominium he or she owns, he or she shall not be personally liable for any assessments levied thereafter with respect to such Condominium. Such Owner shall, however, remain personally liable, together with applicable charges accruing, until time of collection and any and all assessments levied while he or she was a record Owner. A contract seller of any Condominium shall continue to be liable for assessments and charges until a conveyance by deed of such Condominium is recorded in the Office of the County Recorder of Butte County. The personal obligation for delinquent Assessment shall not pass to his successors in title unless expressly assumed by them. No Owner shall be exempt from liability for payment of Assessments by waiver of the use or enjoyment of any of the Common Area or by the abandonment of the Owner's Condominium.

The interest of any Owner in the amounts paid pursuant to any Assessment upon the transfer of ownership shall pass to the new Owner. Upon the termination of these covenants for any person, any amounts remaining from the collection of such Assessments after paying all amounts properly charged against such Assessments shall be distributed to the then Owners on the same pro rata basis on which the Assessments were collected.

6.2 **Creation of Lien.** Each assessment levied by the Association pursuant to this Article, together with all Additional Charges, shall be a charge upon the land and upon levy shall be secured by a continuing lien upon the property against which such

assessment is levied. The Association shall have a separate lien and a separate lien is hereby created upon each Condominium to secure the payment of any such assessments and charges as may be levied under this Article. The lien provided for herein shall continue to secure all assessments and Additional Charges levied upon such Condominium notwithstanding the transfer of record title to such Condominium, and any such transfer shall be subject to the Association's lien, as long as prior to such transfer a Notice of Delinquent Assessment has been recorded as provided in the Declaration and by law. The priority of all such liens on each Condominium shall be in inverse order so that upon the foreclosure of the lien for any particular charge on any Condominium, any sale of such Condominium, pursuant to foreclosure of the lien, will be made subject to all liens securing the respective monthly assessments and charges on such Condominium for succeeding months.

6.3 Purpose of Annual Assessments. The Annual Assessments levied by the Board shall be used exclusively to pay for the costs of management and operation of the Project, of conducting the business and affairs of the Association, to promote the recreation, health, safety, welfare, benefit and interests of the Owners and Residents in the Project, and for the improvement and maintenance of the Common Area and, to the extent provided for in the Governing Documents or by law, of the Condominiums situated within the Project or which, in the opinion of the Board, shall be deemed to be necessary or proper for the management of the Project or of the affairs of the Association, or the benefit of the Condominium Owners, or of the enforcement of the Governing Documents. The Annual Assessment shall include an amount to be allocated for contingencies and to a reserve fund for restoration, repair and/or replacement of those components for which the Association is responsible and which must be repaired or replaced on a periodic basis. The Annual Assessments shall be levied equally among the Condominium Owners, except for the costs of insurance, water, exterior painting of the common area, and replacement of the roof shall be prorated by the unit square footage to the total of all livable square footage of all units. For the purposes of this calculation, the total livable square footage of all units is 65,416. The total square footage of a one bedroom unit is 640. The total square footage of a two bedroom unit is 1008 and the total square footage of a three bedroom unit is 1028. .

6.4 Annual Assessments.

6.4.1 Calculation of Estimated Requirement. Not less than thirty (30) days nor more ninety (90) days prior to the beginning of each fiscal year, the Board shall complete and distribute to all Owners an estimate of the net funds required by the Association for such fiscal year, including a reasonable amount allocated to contingencies and reserves, to manage, administer, operate, and maintain the Project, to conduct the affairs of the Association and to perform all of its duties in accordance with this Declaration. The Board shall allocate and assess the amount of said estimated funds equally, with the exception of the costs for insurance, water, exterior painting of the common area, and replacement of the roof which shall be prorated in

accordance with section 6.3, above. among the Condominiums by dividing the said amount by the number of Condominiums within the Project.

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

6.4.3 Increases in Annual Assessments. Except in the case of emergency situations, as described in this section, without having first obtained the approval of such action by the vote or the written consent of Members casting a majority of the votes at a meeting of the Association at which a quorum is present, the Board may not impose an annual assessment on a Condominium which is more than twenty percent (20%) greater than the annual assessment for the immediately preceding fiscal year. A "quorum", for the purposes of this section, shall mean Members constituting more than fifty percent (50%) of the voting power of the Association. Any meeting of the association for purposes of complying with this section 6.4.3 shall be conducted in accordance with Chapter 5 (commencing with section 7510) of Part 3, Division 2 of Title 1 of the California Corporations Code and section 7613 of the California Corporations Code. The right of the Board to increase Annual Assessments by up to twenty percent (20%) over the Annual Assessment for the immediately preceding fiscal year is subject to the Board having complied with the provisions of California Civil Code section 1365(a). The Association shall provide to the Owners written notice, via first class mail, of any increases in the Annual Assessments not less than thirty nor more than sixty days prior to the increased Assessment becoming due.

6.4.4 Allocation of Annual Assessments. Unless the Board shall designate otherwise, Annual Assessments shall be levied on an annual basis and shall be paid in twelve (12) equal monthly installments during the fiscal year, and each installment shall be due and payable on the first day of each month.

6.5 Special Assessments. If at any time during any fiscal year the Annual Assessment proves inadequate for any reason, including nonpayment of any Owner's share thereof or the unexpected repair, replacement or reconstruction of improvements located in the Project, or if funds are otherwise required for any authorized activity of the Association, the Board may levy a Special Assessment in the amount of such actual or estimated inadequacy or cost, which amount shall be allocated and assessed equally among the Condominiums, in accordance with provision 6.3. which provides for prorating the insurance, paint, roof and water costs in accordance with the square footage of each unit and the total livable square footage of all units, except as may be otherwise provided in

Article VII of this Declaration; provided, however, that except in the case of an emergency situation as defined in California Civil Code section 1366, in any fiscal year the Board may not levy such Special Assessments which, in the aggregate, exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, except upon the affirmative vote or written consent of at least a majority of the Members voting on any such Special Assessment, provided that the number of Members voting thereon shall be sufficient to at least constitute a quorum of more than 50% of the Members of the Association, notwithstanding any lower quorum requirement that may be set forth in the Bylaws. Any meeting of the association for purposes of complying with this section 6.4.3 shall be conducted in accordance with Chapter 5 (commencing with section 7510) of Part 3, Division 2 of Title 1 of the California Corporations Code and section 7613 of the California Corporations Code. The Association shall provide to the Owners written notice, via first class mail, of any Special Assessments not less than thirty nor more than sixty days prior to the Special Assessment becoming due. Special Assessments shall be levied equally among the Condominiums. Special Assessments may be collected in one (1) payment or periodically as the Board shall direct.

6.6 Emergency Situation Assessments. The Board, without membership approval, may increase Annual Assessments or levy Special Assessments necessary for an emergency situation in amounts that exceed the provisions of 6.4.3 and 6.5 above, pursuant to Section 1366 of the Civil Code. For purposes of this section, an emergency situation is one of the following:

- a) an extraordinary expense required by an order of the court,
- b) an extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible where a threat to personal safety on the Project is discovered, or
- c) an extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget, provided, however, that prior to the imposition or collection of the Assessment, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process and the resolution shall be distributed to the Members with the notice of the Assessment.

6.7 Reimbursement Charges. The Association shall levy a Reimbursement Charge against an Owner and his Condominium for: (1) any damage to the Common Area and improvements thereon, including landscaping, which is caused by such Owner or such Owner's family, pets, tenants, guests, invitees, agents, or representatives or (2) the failure of an Owner to perform a work of maintenance, repair or replacement to a Unit or the Common Area which is the responsibility of that Owner as set forth in this Declaration. A Reimbursement Charge shall include any costs to repair such damage to the Common Area or perform a work of maintenance an Owner is obligated to perform, including any attorneys' fees incurred by the Association associated with such matters, and shall be due and payable to the Association when levied. If an Owner disputes a Reimbursement Assessment, the Owner may request a hearing before the Board. Except as hereinafter

provided, Reimbursement Charges, fines and penalties for violation of this Declaration or the Rules are not "Assessments", and are not enforceable by an Assessment Lien, but are enforceable by court proceedings. After such time as Declarant no longer owns any Units in the Project that are subject to the jurisdiction of the Department of Real Estate under a Public Report, pursuant to Civil Code section 1367.1(e), monetary penalties imposed by the Association to reimburse the Association for costs incurred for repair of damage to Common Area or facilities for which the Owner, or guests or tenants of an Owner, were responsible may become the subject of an Assessment Lien. If Civil Code section 1367.1(e) is amended to permit fines and penalties imposed by the Association for violation of this Declaration as a disciplinary measure for failure of an Owner to comply with this Declaration or the Rules to be enforceable by Assessment Lien, then this provision shall be deemed amended to conform to any such amendment of Civil Code section 1367.1(e).

6.8 Enforcement Assessments. The Board may levy an Enforcement Assessment for violations for any of the provisions of the Governing Documents. Any fines imposed by the Board in accordance with the provisions of the Governing Documents shall be deemed to be such an Enforcement Assessment, and any Enforcement Assessment shall include any costs, including reasonable attorneys' fees, incurred by the Association in connection with such violation and shall be due and payable to the Association when levied. Enforcement Assessments imposed pursuant to this Section may not be characterized nor treated as an assessment which may become a lien against the Member's Unit enforceable by a sale of the Unit accordance with provisions of Section 2924, 2924(b) and 2924(c) of the California Civil Code. Nothing herein, however, shall prevent the Association from recording a notice of Enforcement Assessment against the Owner's Unit, for record notice purposes, but without the right of foreclosure.

6.9 Failure to Fix Assessments. The failure or omission by the Board to fix or levy any Annual Assessment provided for by the terms of this Declaration before the expiration of any fiscal year, for that fiscal year or the next fiscal year, shall not be deemed either a waiver or a modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay assessments or any installment thereof for that any subsequent year, but the amount of the Annual Assessment fixed for the preceding fiscal year shall be the amount of the Annual Assessment for the ensuing fiscal year until a new Annual Assessment is levied.

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

6.11 Delinquent Assessments. Any installment or other portion of an assessment not paid within fifteen (15) days after its due date shall be delinquent and shall be subject to interest and late charges not to exceed the maximum rate permitted by law, as well as all other Additional Charges. The Board, on behalf of the Association, may enforce the

payment of any delinquent assessment plus applicable charges by bringing an action at law against any Owner personally obligated to pay the same, or by foreclosing the Lien against the Owner's Condominium as more fully provided in section 6.15 below. Any payments toward such a debt shall first be applied to the principal owed, and only after the principal owed is paid in full shall such payments be applied to interest, attorneys' fees, late charges or collection expenses. When an Owner makes a payment, the owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the person who received it. The Association shall provide a mailing address for overnight payment of Assessments.

6.12 Power of Sale. Each Owner does hereby appoint the Association as Trustee to enforce any Lien which is established pursuant to the terms of this Declaration, by private power of sale, as provided in Division 3, Part 4, Title XIV, Chapter 2, Article 1, of the California Civil Code of the State of California, and does further grant to the Board of Directors, on behalf of the Association, the authority and power to sell the Condominium of such Owner in the event of any default in payment of any assessments or Additional Charges levied against such Condominium, for lawful money of the United States, to the highest bidder, to satisfy said Lien. The Association, as Trustee for the remaining Owners, or any other Owners, may purchase the Condominium at said sale. The Board may commence any procedure for the collection of delinquent assessments upon its own decision. The remedies provided in this Declaration for collection of delinquent assessments shall be cumulative and not exclusive.

6.13 Transfer of Condominium by Sale or Foreclosure. Sale or transfer of any Condominium shall not affect the Assessment Lien. However, the sale of any Condominium pursuant to Foreclosure of a First Mortgage shall extinguish the Assessment Lien of any Assessments on that Condominium (including attorneys' fees, late charges, or interest levied in connection therewith) as to payments which become due prior to such sale or transfer (except for assessment liens as to which a Notice of Delinquent Assessments has been recorded prior to the mortgage). No amendment of the preceding sentence may be made without the consent of Owners of Condominiums to which at least sixty-seven percent (67%) of the votes in the association are allocated, and the consent of the Eligible Mortgage Holders holding First Mortgages on Condominiums comprising fifty-one percent (51%) of the Condominiums subject to First Mortgages. No sale or transfer shall relieve such Condominium from liability for any Assessments thereafter becoming due or from the lien thereof. The unpaid share of such Assessments shall be deemed to be Common Expenses collectable from all of the Condominium Owners including such acquirer, his successors or assigns.

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

6.14 **Certificate of Satisfaction.** Upon payment in full of a delinquent assessment, including any charges, or the satisfaction thereof, the Board shall cause to be recorded, in the same manner as the Notice of Delinquent Assessment, a further Certificate stating the satisfaction thereof, and the release the Lien.

6.15 **Priorities; Enforcement; Remedies.** Except as otherwise expressly provided by law, the Lien securing each of the assessments provided for under this Article VI shall have priority as of the date of recording of this Declaration, over all other liens and encumbrances applicable to the Condominiums; provided, however, that such assessment lien shall be subordinate to the Lien of any First Mortgage or deed of trust recorded against the Condominium; and provided, further, that such subordination shall apply only to the assessments which have become due and payable prior to the sale of such property pursuant to a Decree of Foreclosure of any such mortgage or deed of trust, or pursuant to a Power of Sale contained in any such mortgage. Such foreclosure sale shall not relieve such property from liability for any assessments and charges thereafter becoming due, not from the lien of any such subsequent assessment.

If an Owner fails to pay an Assessment when due, the Association has the right, and option, to bring legal action against the Owner to enforce collection of the unpaid and past due Assessment, or may impose an Assessment Lien on the Unit owned by the Owner pursuant to Civil Code sections 1367 and 1367.1. Suit to recover a money judgment for unpaid Assessments and attorneys' fees, shall be maintainable without foreclosing or waiving the lien securing the same. The Association shall distribute the written notice described in subdivision (b) of Civil Code section 1365.1 entitled "Notice Assessments and Foreclosure" to each Member during the 60-day period immediately preceding the beginning of the Association's fiscal year. The notice is to be printed in at least 12 point type.

6.15.1 **Statement of Charges.** At least 30 days prior to the Association recording an Assessment Lien upon a Unit pursuant to Civil Code section 1367.1(a), the Association shall notify the owner of record in writing by certified mail of the following:

(a) A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount owed, a statement that the Owner has the right to inspect the Association's records, pursuant to section 8333 of the Corporations Code, and the following statement in 14 point boldface type, if printed, or in capital letters if typed: "IMPORTANT NOTICE; IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

(b) An itemized statement of the charges owed by the Owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees (not to exceed \$425.00 per Civil Code section 1366.2(a)), any late charges, and interest, if any.

(c) A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined that the Assessment was paid on time to the Association.

(d) The right to request a meeting with the Board as provided by Civil Code section 1371.1(c).

6.15.2 Right to Request a Meeting. An Owner may dispute a debt noticed pursuant to section 6.15 above, by submitting to the Board a written explanation of the reasons for his or her dispute. The Board shall respond in writing to the Owner within 15 days of the date of the postmark of the explanation, if the explanation is mailed within 15 days of the postmark of the notice. The Owner may submit a written request to meet with the Board to discuss a payment plan for debt noticed pursuant to Section 6.15.1 above. The Board shall provide the Owner the standards for payment plans, if any exist. The Board shall meet with the Owner in executive sessions within 45 days of the postmark of the request, if the request is mailed within 15 days of the date of the postmark of the notice, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more members to meet with the Owner.

6.15.3 Notice of Delinquent Assessment. After compliance with the provisions of Civil Code section 1367.1(a), the Association may record a Notice of Delinquent Assessment and establish an Assessment Lien against the Condominium of the delinquent Owner prior and superior to all other liens recorded subsequent to the Notice of Delinquent Assessments, except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any First Mortgage of record recorded prior to the Notice of Delinquent Assessment. The Notice of Delinquent Assessment shall state the amount of the assessment, collection costs, attorneys' fees, late charges and interest, a description of the Condominium against which the Assessment and other sums are levied, the name and address of the record Owner, and the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice shall be signed by any officer of the Association or any management agent retained by the Association and shall be mailed in the manner set forth in Civil Code section 2924b to all record owners of the Unit no later than ten (10) days after recordation.

Within twenty one (21) days after payment of the sums specified in the Notice of Delinquent Assessment, the Association shall record or cause to be recorded in the Office of the County Recorder in which the Notice of Delinquent Assessment is recorded a lien release or notice of rescission and provide the Owner a copy of the lien release or notice that the delinquent assessment has been satisfied.

6.15.4 Enforcement of Assessment Lien. Thirty (30) days following the recordation of the Notice of Delinquent Assessment, the Assessment Lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent

Assessment, or sale by a trustee substituted pursuant to California Civil Code section 2934 (a). Any sale by the trustee shall be conducted in accordance with the provisions of section 2924, 2924b, 2924c, 2924f, 2924g, 2924h and 2924j of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, including any successor statutes thereto, or in any other manner permitted by law. The fees of a trustee may not exceed the amounts prescribed in Civil Code sections 2924c and 2924d. Nothing in this Declaration shall preclude the Association from bringing an action directly against an Owner for breach of the personal obligation to pay Assessments.

The Association, acting on behalf of the Condominium Owners, shall have the power to bid for the Condominium at Foreclosure sale, and to acquire and hold, lease, mortgage and convey the Condominium. If the purchase of a Condominium would result in a five percent (5%) or greater increase in Assessments, the purchase shall require the vote or written consent of a majority of the total voting power of the Association, including a majority of Members other than Declarant. During the period a Condominium is owned by the Association, following Foreclosure:

- (a) no right to vote shall be exercised on behalf of the Condominium;
- (b) no Assessment shall be assessed or levied on the Condominium; and
- (c) each other Condominium shall be charged in addition to its usual Assessment, its share of the Assessment that would have been acquired by the Association as a result of Foreclosure.

After acquiring title to the Condominium at Foreclosure sale following notice and publication, the Association may execute, acknowledge and record a deed conveying title to the Condominium which deed shall be binding upon the Owners, successors, and all other parties.

The Board may temporarily suspend the voting rights of a Member who is in default in payment of any Assessment, after notice and hearing, as provided by the Bylaws.

6.16 Association Funds. Unless otherwise determined by the Board, the assessments collected by the Association shall be properly deposited into at least two separate accounts in such bank or other depository selected by the Board, which accounts shall be clearly designated Sawgrass Estates Homeowner's Association OPERATING ACCOUNT and Sawgrass Estates Homeowner's Association RESERVE ACCOUNT. The Board may not expend funds designated for any other purpose than those purposes set forth in section 1365.5 of the Civil Code. The signatures of at least two (2) persons on the Board shall be required to withdraw monies from the reserve account. The assessments collected by the Association shall be held in trust by the Association for and on behalf of each Owner and shall be used for the purposes set forth in Section 6.3 of this Article VI. The Board shall allocate a portion of said funds as collected for the annual maintenance and operation of the Project and another portion of said funds as collected as reserves for contingencies, deferred maintenance, repair and replacement of the capital improvements of the Project, as specified in the annual budget. Upon sale or transfer of any Condominium by any Owner, the Owner's interest in the funds held in trust by the

Association shall terminate and shall be deemed automatically transferred to the successor-transferee to such Owner.

6.17 Waiver of Exemptions. To the extent permitted by law, each Owner does hereby waive, to the extent of any Liens created pursuant to this Article VI, the benefit of any homestead or exemption laws of the State of California in effect at the time any assessment, or installment thereof, becomes delinquent or any Lien is imposed pursuant to the terms hereof.

6.18 Property Exempt From Assessments. The following property subject to this Declaration shall be exempt from the assessments, charges and liens created herein:

6.18.1 All property dedicated to and accepted by the City of County or other local public authority and devoted to public use; and

6.18.2 Any Condominium which is owned by the Association as a result of the Association having acquired such Condominium through foreclosure; provided, however, that such exemption shall be applicable only during the period in which the Association is record owner of such Condominium; and

6.18.3 All Common Areas.

6.19 Sawgrass Estates Homeowner's Association Assessments. Each Owner of a Condominium within the Project, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, shall be deemed to have covenanted and agreed to pay to the Sawgrass Estates Homeowner's Association that portion of the Assessments provided for in the Sawgrass Estates Declaration. Such Sawgrass Estates Assessments shall be established and collected as provided for herein and in the Sawgrass Estates Homeowner's Association Rules, if any.

6.20 Unallocated Taxes. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than against the Units, said taxes shall be included in the Assessments made under the provisions of this Article I, and, if necessary, a Special Assessment may be levied against the Units in an amount equal to said taxes, to be paid in two (2) installments, thirty (30) days prior to the due date of each tax installment.

6.21 Commencement of Assessments. Assessments shall commence as to all Units on the first day of the month following the first conveyance of a Unit to an Owner under authority of a public report.

ARTICLE VII DAMAGE OR DESTRUCTION OF BUILDINGS; CONDEMNATION.

7.1 Damage to Single Unit. If the Project is damaged by fire or other casualty which it is insured against, and said damage is limited to a single Unit, the insurance proceeds shall be paid to the Owner or Owners of such Unit, or the Mortgagees thereof as their

respective interests appear, and such Owner or Mortgagees shall use the same to rebuild or repair the Unit. In the event the insurance proceeds are insufficient to complete such work, the Unit Owner shall pay and advance such additional sums including any insurance deductibles as may be necessary to complete such rebuilding and repair.

7.2 Damage to Two or More Units or Common Area. If such damage extends to two (2) or more Units or extends to any part of the Common Area, then and in that event:

7.2.1 Insurance Proceeds Equal to 85% of Costs. If the amount of available insurance proceeds is equal to at least eighty-five percent (85%) of the cost of repairing or rebuilding the damaged property to its original design and specifications, the insurance proceeds shall be paid to the Association, and the Board shall thereupon contract to repair or rebuild the damaged portions of the Project, including all Units, and the Common Area so damaged. In the event the insurance proceeds are insufficient (including insurance deductibles) to pay all of the costs of repairing and/or rebuilding, the Board shall levy a Special Assessment pursuant to Section 6.5 of this Declaration against all Unit Owners whose Units have been damaged.

7.2.2 Insurance Proceeds Less than 85% of Costs. In the event that the amount available from such insurance proceeds is less than eighty-five (85%) percent of the cost of repairing or rebuilding, then such insurance proceeds shall be paid to a bank, saving and loan association or trust company designated by the Board. Said funds shall be held for the benefit of all Unit Owners and their Mortgagees, as their respective interests shall appear, pursuant to an insurance trust agreement consistent with the provisions of this Declaration, approved and executed by the Board. The Board shall obtain bids from responsible contractors to restore the Project, including all damaged Units and all damaged Common Area, to its condition immediately prior to such damage or destruction and shall, as soon as possible, call a special meeting of the Association Members and all First Mortgagees to consider such bids. At such special meeting, the Members shall accept or reject such bids by a vote of not less than sixty percent (60%) of the Members and seventy-five (75%) of the First Mortgagees attending such meeting. In the event a bid is accepted, the Board shall levy a Special Assessment pursuant to Section 6.5 of this Declaration against all Unit Owners whose Units have been damaged to make up the deficiency, if any, between the total insurance proceeds and the contract price for such repair or rebuilding including any insurance deductibles. Such Special Assessment shall be allocated among the affected Owners in accordance with the square footage of each unit. . All insurance proceeds, including any subject to the liens of Mortgagees, shall be used for such rebuilding or repair. If any bid shall be accepted to repair or rebuild, the contractor shall provide a completion bond naming the Association and each Owner as beneficiaries. In the event all bids are rejected, the Board shall recommend such alternative reconstruction of the

damaged or destroyed improvements at a lesser cost as it deems reasonable or adequate, which alternatives shall be placed to bid and voted upon as previously provided. In the event that no such alternatives are accepted by the Owners and First Mortgagees, the Board is hereby empowered, as the agent for all Owners, to sell the entire Project, including all Units and the Common Area in its then present condition, on terms satisfactory to the Board. In the event of the sale of all Units and the Common Area, proceeds from such sale and insurance proceeds received by the Association on account of the destruction of the Common Area shall be distributed by the Association among the Owners and their respective Mortgagees according to the respective fair market values of the Units at the time of the destruction as determined by an independent appraisal.

7.3 **Condemnation of Common Area.** If, at any time, all or any portion of any Common Area, or any interest therein, shall be taken for any public or quasi-public use, under any statute, by right of eminent domain or by private purchase in lieu of eminent domain, the entire award, in condemnation, to the extent such award is not apportioned among the Owners by court judgment or by agreement among the condemning authority and each of the affected Owners in the Project, shall be paid to the holder or holders of the fee title to such area as their interests may appear according to the respective fair market values of the Units at the time of the destruction, as determined by independent appraisal. Any such award to the Association shall be deposited into the operating fund of the Association. The Association shall represent the interests of all Owners in any proceedings relating to such condemnation to the extent such Owners have any interest in the Common Area.

7.4 **Appraisals.** Where the provisions of this Article require an independent appraisal of property, said appraisal shall be made by a qualified real estate appraiser with an M.A.I. certificate or the equivalent, which appraiser shall be selected by the Board.

ARTICLE VIII MAINTENANCE OF PROPERTY.

8.1 Association Responsibility.

8.1.1 **Common Area.** The Association shall provide maintenance, repair and replacement of the Common Area, improvements and landscaping therein, including private streets, walks and utility facilities, except for those utility facilities which are maintained by public or private utility companies or agencies, and all other real and/or personal property that may be acquired by the Association, keeping such property in good condition and repair; provided, however, the Association shall not be responsible for maintenance, repair or replacement of Exclusive Use Common Area and other portions of the Common Area to the extent the responsibility

therefore is expressly assigned to one or more Owners, as set forth in this Article VIII. The Association shall further be responsible for providing lighting, landscaping, gardening and janitorial services for the Common Area, as needed, and shall cause any and all other acts to be done which may be necessary to assure the maintenance of the Common Area in first-class condition and repair, including painting of the exterior surfaces of the building and such other portions of the Common Area as the Board, in its discretion, determines to be necessary. Without limiting the foregoing, the Association shall be responsible for Common Area: siding, roof covers, roof structure, gutters and downspouts, fences, and sewer, water, electrical lines outside of Units and Exclusive Use Common Area.

8.1.2 Exclusive Use Common Area. The Association shall paint, repair and replace the Patio areas throughout the Project as needed, provided that each Owner is responsible to maintain and clean the same adjacent to his or her Unit and shall be responsible for any landscaping or improvements located within such Patio.

8.1.3 Limitation on Association Responsibility. The responsibility of the Association for Maintenance shall not extend to repairs or replacements arising out of or caused by the willful or negligent act or omissions of an Owner, or his guests, tenants or invitees. Any repairs arising out of or caused by the willful or negligent act of an Owner, or his guests, tenants or invitees, or the Owner's pets, shall be made by the responsible Owner, provided that the Board approves the person actually making the repairs and the method of repair. If the responsible Owner fails to take the necessary steps to make the repairs within a reasonable time under the circumstances, the Association shall make the repairs and charge the cost thereof as a Reimbursement Charge to the responsible Owner, which cost shall bear interest at the rate of twelve percent (12%) per annum (but no greater than the maximum rate authorized by law) until paid in full. If an Owner disputes his or her responsibility for the repairs, the Owner shall be entitled to notice and a hearing as provided in the Bylaws before any charge may be imposed.

8.1.4 Inspections of Common Area. The Association shall have the Common Area periodically inspected for wood-destroying pests and organisms and shall take appropriate corrective measures thereof. The Association shall have the authority to require the temporary removal of occupants of a Unit as may be necessary in connection with the treatment of wood-destroying pests or organisms, pursuant to the procedures described in Civil Code section 1364(d) or any successor statute thereto. The costs of any temporary relocation shall be borne by each Owner of a Unit who is required to temporarily relocate.

8.2 Authority for Entry of Unit or Exclusive Use Common Area. The Association or its agents may enter any Unit or portion of Exclusive Use Common Area which has been designated or assigned for the exclusive use of the residents of a particular Unit, whenever such entry is necessary, in the Board's sole discretion, in connection with the performance of any maintenance, repair, construction or replacement for which the Board is responsible. Such entry shall be made with as little inconvenience to the residents as practicable and only upon reasonable advance written notice of not less than twenty-four (24) hours, except in emergency situations.

8.3 Owner Responsibility.

8.3.1 Units. Each Owner shall be responsible for providing maintenance, repair and replacement of his or her Unit and any portion thereof, including the interior surfaces of all perimeter and interior walls, ceilings, and floors (including carpeting, tile, wall paper, paint or other coverings) and any equipment, utility facilities, and fixtures and appliances located therein, in a clean, sanitary, workable and attractive condition, subject to the provisions of this Article VIII. Each Owner shall also be responsible for the cleaning, maintenance, repair and replacement of doors, door frames, windows, window frames, screens and glass serving his or her Unit, both interior and exterior. The replacement, repair, maintenance and/or painting of exterior doors by Owners shall be subject to the Architectural Rules concerning, without limitation, the color of paint and model of exterior door that may be used. Each Owner shall further be responsible for providing maintenance, repair and replacement of the internal installations, appliances, equipment, and other features servicing his or her Unit, even though located partly outside of such Unit, including, without limitation, garbage disposals, ranges, refrigerators, freezers, dishwashers, and other kitchen appliances, light fixtures, heating, ventilating and air conditioning units, condensers and equipment, light bulbs and light fixtures, plumbing lines or facilities, showers, bathtubs, sinks, toilets, telephone lines or facilities, television cable, electrical wiring and any other accessories within the boundaries of the Unit. Each Owner shall maintain, repair and replace any smoke detectors located in the Owner's Unit. Each Owner shall have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, and doors bounding his or her Unit. In the event an Owner fails to maintain the interior of his or her Unit or the landscaping within his or her backyard area, in a manner which the Board deems necessary to preserve the appearance and value of the Project, the Board may notify Owner of the work required and request that it be done within sixty (60) days from the giving of such notice. In order to reduce the presence of mold, fungi, spores, pollens and other botanical substances, or other allergens (collectively "mold") within the Unit, the Owners shall inspect the interior of their dwellings not less

telephone lines or facilities, television cable, electrical wiring and any other accessories within the boundaries of the Unit. Each Owner shall maintain, repair and replace any smoke detectors located in the Owner's Unit. Each Owner shall have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, and doors bounding his or her Unit. In the event an Owner fails to maintain the interior of his or her Unit or the landscaping within his or her backyard area, in a manner which the Board deems necessary to preserve the appearance and value of the Project, the Board may notify Owner of the work required and request that it be done within sixty (60) days from the giving of such notice.

In order to reduce the presence of mold, fungi, spores, pollens and other botanical substances, or other allergens (collectively "mold") within the Unit, the Owners shall inspect the interior of their dwellings not less frequently than once each quarter to check for water leaks or other breaches of the watertight integrity of the improvements, and for the presence of mold. If any water leaks or mold are detected within the Unit, the Owner shall immediately take appropriate corrective steps to repair the leak, and/or remove the mold and to maintain proper ventilation within enclosed areas, and to maintain humidity levels to reduce the risk of mold growth, and take such other prudent steps as may be appropriate to prevent mold growth, or eliminate any existing mold.

In the event the Owner fails to carry out such maintenance within said period, the Board may, following notice and hearing as provided in the Bylaws, cause such work to be done and the cost of the work shall immediately be paid by such Owner to the Association as a Reimbursement Charge, and until paid shall bear interest at the rate of twelve percent (12%).

The provisions of this subparagraph shall not be construed to permit any interference with or damage to the structural integrity of the buildings.

8.3.2 Exclusive Use Common Area. With the exception of those Exclusive Use Common Areas expressly described in Section 8.1 above, each Owner shall further be responsible for providing maintenance, cleaning, upkeep, repair and replacement of any Exclusive Use Common Area which is appurtenant to his or her Unit, including any landscaping within such areas. All planting and landscaping in Patios or Backyards to which the residents of a Unit have been assigned or granted a right of exclusive use shall be installed and maintained by the Resident of such Unit at the Resident's expense in conformity with the Landscape Rules. No Owner shall build, place or cause to be built or placed within his or her Patio or Backyard any structure, fence or other enclosure without the prior written consent of the Architectural Committee or the Board, as the case may be, and where applicable written consent of the City. Owners shall be responsible for keeping their Patios and Backyards clean and free of

debris. Owners shall refrain from any actions that may cause structural damage to Patios or Backyards.

8.4 Interior Decorations. Because the use of certain types of materials on the floors of a Unit can have an adverse affect upon residents in adjoining Units, any change in the floors shall be subject to approval of the Architectural Committee in accordance with the provisions of Article XI of this Declaration. Except as otherwise provided herein, each Owner shall have complete discretion as to furniture, furnishings and interior decorating of the interior of his or her Unit and shall have the exclusive right to paint, plaster, panel, tile, wax, paper, or otherwise refinish and decorate the interior surfaces of the walls, ceilings, and doors bounding his or her Unit, and to substitute new finished surfaces for the finished surfaces existing on said walls, ceilings, and doors, including, without limiting the generality of the foregoing, substitution of paint for paper or paper for paint, substitution of any type of panel for plaster or plaster for paneling; provided that no Owner shall do anything in or about his or her Unit that will affect the structural integrity of the building in which it is located, and provided further that windows shall be covered only by drapes, shades or blinds and shall not under any circumstances be painted or covered by foil, cardboard or other similar materials.

8.5 Owner Liability.

8.5.1 Failure to Perform Work. The Board shall have the absolute sole discretion to determine whether any maintenance, repair or replacement, which is the responsibility of an Owner, is necessary to preserve the appearance and value of the property within the Project or any portion thereof and may notify an Owner of the work it deems necessary. In the event an Owner fails to perform such work, within sixty (60) days after written notice to the Owner, and the right of a hearing before the Board, the Board may cause such work to be done and charge the cost thereof to the Owner as a Reimbursement Charge.

8.5.2 Willful or Negligent Acts or Omissions. In the event the need for any maintenance, repair or replacement is caused by the willful or negligent act or omission of an Owner or an Owner's family, tenants, contract purchaser, guests, invitees or household pets, and is not covered or paid for by Association insurance policies or any liability insurance maintained by the Owner, the cost of such maintenance, repair or replacement, including the cost of materials, labor, supplies, services and any insurance policy deductibles shall be charged to, and paid by, such Owner. Such charges may be recovered by the Association through the imposition of a Reimbursement Assessment against the offending Owner.

ARTICLE IX ARCHITECTURAL AND LANDSCAPE CONTROL.

9.1 **Establishment.** The Board shall appoint an Architectural Committee and a Landscape Committee, each consisting of not less than three (3) persons who shall be Members of the Association. In the event of death or resignation of any member of either Committee, the Board shall have the full authority to designate a successor. The members of the Committees shall not be entitled to any compensation for services performed pursuant hereto. If, at any time, there shall not be a duly-constituted Architectural Committee or Landscape Committee, the Board shall exercise the functions of such Committee in accordance with the terms of this Article IX.

9.2 **Duties.** It shall be the duty of the Architectural or Landscape Committee to consider and act upon proposals or plans submitted to it pursuant to the terms hereof, to perform other duties delegated to it by the Board, and to carry out all other duties imposed upon it by this Declaration.

9.3 **Meetings.** The Architectural and Landscape Committees shall meet as necessary to properly perform their duties hereunder. The vote or written consent of a majority of the members of each respective Committee shall constitute an act by said Committee. The Committees shall keep and maintain records of all actions taken at meetings or otherwise. With prior approval of the Board, the members of the Architectural or Landscape Committee shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred by them in the performance of any Architectural or Landscape Committee function pursuant to this Article.

9.4 **Rules.** The Architectural Committee or Landscape Committee subject to the Board's approval, may adopt, amend and repeal rules and regulations to be known as "Architectural Rules" or "Landscape Rules." Said Rules shall interpret and implement the provisions hereof by setting forth the standards and procedures for Architectural or Landscape Committee review and guidelines for architectural or landscape design, placement of buildings and other structures and landscaping, color schemes, exterior finishes and materials and similar features which are recommended for use in the Project; provided, however, that said Architectural Rules or Landscape Rules shall not be in derogation of the minimum standards required by this Declaration.

9.5 **Submission of Plans and Specifications.** No building, fence, wall, sign, obstruction, balcony, screen, patio cover, tent, awning, carport cover, improvement or other structure of any kind or landscaping shall be commenced, erected, painted or maintained within the Project, nor shall any exterior addition to or change or alteration therein be made, until the plans and specifications showing the nature, kind, shape, color, height, size, materials, and location of the same shall have been submitted to and approved in writing by the Architectural or Landscape Committees, as the case may be, as to quality of workmanship and design, harmony of external design and location in relation to surrounding structures, topography and finished grade elevation.

9.6 Application. Any Owner proposing to perform any work of any kind whatever, which requires approval pursuant to this Article IX shall apply for approval by notifying the Association at its offices, in writing, of the nature of the proposed work and furnishing the plans and specifications required under this section, along with such other information and documentation as the appropriate Committee or Board may require, and by paying a processing fee as established by the applicable Committee.

9.7 Grant of Approval. The appropriate Committee shall grant the requested approval only if:

- 9.7.1** The Owner has complied with the provisions of section 9.5 above;
- 9.7.2** The appropriate Committee shall find that the plans and specifications conform to this Declaration and to the Architectural or Landscape Rules in effect at the time such plans were submitted to the Association; and
- 9.7.3** The appropriate Committee shall determine that the proposed improvements would be consistent with the standards of the Project as set forth in Section 9.5 above and as otherwise established by the appropriate Committee and the purposes of this Declaration as to the quality of workmanship, design and materials, as to harmony of exterior design with the existing structures and as to location with respect to topography and finished grade elevations.

9.8 Form of Approval: All approvals and rejections of requests for approval shall be in writing; provided, however, that any request for approval which has not been acted upon within sixty (60) days from the date of submission thereof to the Association office shall be deemed approved.

9.9 Board Review. The Committee shall submit copies of its findings and determinations to the Board. The Board may review any decision of the Architectural or Landscape Committee, upon its own initiative, or upon the written request of such Committee or of any Association Member provided that any such request shall be presented to the Board within thirty (30) days after submission of the Committee's findings and determinations to the Board.

9.10 Commencement. Upon receipt of approval pursuant to Sections 9.7 and 9.8 above, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all construction, reconstruction, refinishing, alterations and excavations pursuant to said approval. Such commencement shall occur in all cases within ninety (90) days from the date of such approval. If the Owner shall fail to comply with this paragraph, any approval previously given shall be deemed revoked unless the Board, upon written request of the Owner made prior to the expiration of said ninety (90) day period, extends the time for such commencement. No such extension shall be granted except upon a finding by the Board that there has been no change in the circumstances upon which the original approval was granted.

9.11 Completion. The Owner shall, in any event, complete the construction, reconstruction, refinishing or alteration of any such improvement within one (1) year after commencing construction thereof, except and for as long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or his agents. If an Owner fails to comply with this section, the appropriate Committee shall notify the Board of such failure, and the Board shall proceed in accordance with the provisions of this section, as though the failure to complete the improvements was a noncompliance with approved plans.

9.12 Inspection. Inspection of work and correction of defects therein shall proceed as follows:

- 9.12.1** Upon the completion of any construction, reconstruction, alteration or refinishing of the exterior of any improvements, or upon the completion of any other work for which approved plans are required under this Article, the Owner shall give written notice thereof to the appropriate Committee.
- 9.12.2** Within sixty (60) days thereafter, the appropriate Committee, or its duly authorized representative, may inspect such improvement to determine whether it was constructed, reconstructed, altered or refinished to substantial compliance with the approved plans. If the appropriate Committee finds that such construction, reconstruction, alteration or refinishing was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such non-compliance within such sixty (60) day period, specifying particulars of non-compliance and shall require the Owner to remedy such non-compliance.
- 9.12.3** If the Owner shall have failed to remedy such non-compliance upon the expiration of thirty (30) days from the date of such notification, the appropriate Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged noncompliance. The hearing date shall be not more than thirty (30) nor less than fifteen (15) days after notice of the non-compliance is given to the Board by the appropriate Committee. Notice of the hearing date shall be given at least ten (10) days in advance thereof by the Board to the Owner, to any appropriate Committee and, in the discretion of the Board, to any other interested party.
- 9.12.4** At the hearing the Owner, the appropriate Committee and, in the Board's discretion, any other interested person, may present information relevant to the question of the alleged noncompliance. After considering all such information, the Board shall determine whether there is a non-compliance, and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Board shall require the Owner to remedy or remove the same within a period of not more than forty-five (45) days from the date of the Board's ruling. If the Owner does not comply with the Board's ruling within such period or within any extension of such period as the Board, in its discretion, may grant, the

Board, at its option, may either remove the non-complying improvement or remedy the noncompliance and all expenses incurred in connection therewith shall be assessed against the Owner as a Reimbursement Assessment.

9.12.5 If, for any reason, the appropriate Committee fails to notify the Owner of any non-compliance within sixty (60) days after receipt of said notice of completion from the Owner, the improvement shall be deemed to be in accordance with said approved plans.

9.13 Preliminary Approval. Any Owner proposing to construct improvements requiring the prior approval of the Architectural or Landscape Committee may apply for preliminary approval by submission of preliminary drawings of the proposed improvements in accordance with the Architectural or Landscape Rules. The purpose of the preliminary approval procedure is to allow an Owner proposing to make substantial improvements an opportunity to obtain guidance concerning design considerations before expending substantial sums of money for plans and other exhibits required to apply for final approval. Application for preliminary approval shall be considered and disposed of as follows:

- 9.13.1 Within thirty (30) days after proper application for preliminary approval, the appropriate Committee shall consider and act upon such request. Approval shall be granted only if the proposed improvement, to the extent its nature and characteristics are shown by application, would be entitled to a final approval on the basis of a full and complete application. In granting or denying approval, the appropriate Committee may give the applicant such direction concerning the form and substance of the final application for approval as it may deem proper or desirable for the guidance of the applicant.
- 9.13.2 Any preliminary approval shall be effective for a period of ninety (90) days from the date of the issuance thereof. During said period, any application for final approval which consists of proposed improvements in accordance with the provisions of the preliminary approval, and is otherwise acceptable under the terms of this Declaration, shall be approved.
- 9.13.3 In no event shall any preliminary approval be deemed to be an approval authorizing construction of the subject improvements.

9.14 Non-Waiver. Approval by the Board or Architectural or Landscape Committees of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring approval under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

9.15 Estoppel Certificate. Within thirty (30) days after written demand is delivered to the Association by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Board), the Board shall cause to be recorded an

estoppel certificate, certifying (with respect to any Condominium of said Owner) that based on the date thereof, either: (a) all improvements made and other work completed by said Owner comply with this Declaration, or (b) such improvements or work do not so comply, in which event the certificate shall also identify the non-complying improvements or work and set forth with particularity the basis of such non-compliance. Any purchaser from the Owner, or from anyone deriving any interest in said Condominium through him or her, shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as between the Association and all Owners and such person deriving any interest through them.

9.16 **Liability.** Neither the Board of Directors, nor the Architectural or Landscape Committees, nor any member thereof shall be liable to the Association or to any Owner for any damage, loss or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications; (c) the development of any property within the Project; or (d) the execution and filing of an estoppel certificate pursuant to Section 9.15, whether or not the facts therein are correct; provided, however, that such member has acted in good faith on the basis of such information as may be possessed by it or him.

9.17 **Compliance With Governmental Requirements.** The application to the Association and the review and approval of any proposals, plans or other submittals shall in no way be deemed to be satisfaction of or compliance with any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the respective Owner.

ARTICLE X ENFORCEMENT

10.1 **Violations as Nuisance.** Every act or omission constituting or resulting in a violation of any of the provisions of the Governing Documents shall be deemed to constitute a nuisance and, in addition to any other remedies which may be available, such nuisance may be abated or enjoined by the Association or its Officers or Board of Directors or by Owner; provided, however, that the Board shall not be obligated to take action to abate or enjoin a particular violation if, in the exercise of its discretion, the Board determines that acting to abate or enjoin such violation is not likely to foster or protect the interests of the Association and its Members as a whole.

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

10.3 **Owner's Responsibility.**

10.3.1 **Responsibility for the Conduct of Others.** Each Owner shall be fully responsible for informing members of his or her family and his other

tenants, contract purchasers and guests of the provisions of the Governing Documents, and shall be fully responsible for any violation of the provisions of the Governing Documents by members of his or her family or his or her tenants, contract purchasers or guests. Each Owner shall further be fully responsible for the conduct and activities of his or her pets or those of members of his or her family or of his or her tenants, contract purchasers and guests.

- 10.3.2 **Responsibility for Damage.** If any damage results to any portion of the Project from the negligent or intentional conduct of any Owner or Resident, or his or her family, contract purchasers, tenants, guests, or household pets, or from the utilities located within such person's Residence, or from vegetation placed or planted in the Project by or on behalf of any such person, the cost of making any necessary repairs shall be the responsibility of the Owner of the particular Condominium involved in said negligent or intentional conduct. If the Owner of such Condominium does not promptly repair such damage to the satisfaction of the Board, the Board may have the damage repaired and charge the Owner therefore in the form of a Reimbursement Assessment.

10.4 **Rights and Remedies of the Association.**

- 10.4.1 **Rights Generally.** The Association, its Directors, Officers or agents and any Owner shall have the right to enforce any and all provisions of the Governing Documents by any proceeding at law or in equity, or through the use of such other remedies as are available and deemed appropriate by the Board.
- 10.4.2 **Not in Good Standing.** Upon a determination by the Board of Directors, after prior notice to the affected Member and an opportunity for a hearing, that said Member has violated any provision of the Governing Documents including a failure to pay any assessment when due, the Board may give notice in writing to such Member that he or she is deemed to be a Member not in good standing. Such Member shall be deemed to be a Member not in good standing until such time as the Board shall determine in writing that the violation which resulted in the Board's determination that the Member was not in good standing has been cured or remedied or, on some other basis as in the judgment of the Board is just and proper, that such Member shall again be deemed to be a Member of the Association in good standing.
- 10.4.3 **Imposition of Sanctions.** In the event of a breach or infraction of any provision of the Governing Documents by an Owner, members of an Owner's family, or his or her tenants, contract purchasers or guests, the Board shall have the power to impose a sanction against the Owner who is responsible as provided in Subsection 10.3(a) for such breach or infraction. A sanction may include, but shall not be limited to, the imposition of a monetary penalty and/or the suspension of an Owner's rights as a Member of the Association, including an Owner's voting rights

or an Owner's right to use the community facilities on the Common Area. Imposition of a sanction shall be effective only after notice and an opportunity for a hearing as provided in the Bylaws. Any monetary penalty imposed pursuant to this Section shall not exceed one hundred dollars (\$100.00) for each violation, as more particularly set forth in the Bylaws. Each Owner shall be obligated to pay Reimbursement Assessments levied by the Board pursuant to Article VI for reimbursement of any costs incurred by the Association relating to violation of any provisions of the Governing Documents by such Owner's family, tenants, contract purchasers, guests, pets or other invitees as provided for in Article VI of this Declaration.

- 10.4.4 **Inadequacy of Legal Remedy.** Except for the non-payment of any assessment levied pursuant to the provisions of Article VI of this Declaration, it is hereby declared that a remedy at law to recover damages for a default in the performance of any of the terms and provisions of any of the Governing Documents or for the breach or violation of any such provisions is inadequate and that the failure of any Owner or a member of the family of any Owner or an Owner's tenants, guests, or household pets or any other occupant or user of any of the property within the Project to comply with any provisions of the Governing Documents may be enjoined in any judicial proceedings initiated by the Association, its Officers or Board of Directors, or by any Owner or by their respective successors in interest.
- 10.4.5 **Limitation on Disciplinary Rights.** The Association shall not have the power and authority to cause a forfeiture or abridgment of a Member's right to the full use and occupancy of his or her Unit as a result of the failure by such Owner, members of such Owner's family, or his or her tenants, guests, invitees or household pets to comply with any provision of the Governing Documents, except where such forfeiture or abridgment is the result of the judgment of a court of competent jurisdiction, a decision arising out of an arbitration proceeding, or a foreclosure or sale under private power of sale for failure of such Owner to pay assessments levied by the Association pursuant to Article CI of this Declaration; provided, however, that the provisions of this Section 10.4 (e) shall not affect the Association's right to impose fines or monetary penalties or to suspend an Owner's membership rights, as provided in the Governing Documents.
- 10.4.6 **Disciplinary Rules.** The Board or a committee appointed by the Board for that purpose may adopt rules and regulations that further elaborate upon and refine procedures for conducting disciplinary proceedings and otherwise imposing sanctions upon Members of the Association for violation of provisions of the Governing Documents. Such rules, when approved and adopted by the Board, shall be deemed to be a part of the Association Rules provided for in and constituting a part of the Governing Documents.

10.5 Emergency Situations. Notwithstanding any other provisions of the Governing Documents, under circumstances involving conduct that constitutes an emergency including (a) an immediate threat to the health or safety of residents of the Project, or (b) a traffic or fire hazard, or (c) an imminent risk of substantial economic loss to or destruction of the Project or any portion thereof, or (d) a violation of any provision of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether the violation has occurred (such as parking violations) the Board or its duly authorized agents may undertake immediate corrective or disciplinary action and, upon request of an Owner as to whom such corrective or disciplinary action has been taken, or on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of the disciplinary action which is transmitted to the Owner. If the Owner desires a hearing, a written request therefore shall be delivered to the Association no later than five (5) days following the date when the notice of the Board's disciplinary action is transmitted to the Owner. The hearing shall be held not later than fifteen (15) days following the date of the Board's notice of the disciplinary action or fifteen (15) days following the receipt of the Owner's request for a hearing, whichever is later. Any sanctions imposed or other disciplinary action taken by the Board shall be held in abeyance and shall become effective only if affirmed at the hearing.

10.6 Non-Waiver. Failure to enforce any provision of the Governing Documents at any time shall not be deemed a waiver of the right to do so thereafter with respect to the same or any other violation of any provision of the Governing Documents.

10.7 Notices. Any notices required or given under this Article X shall, at a minimum, set forth the date, time and location of any hearing, a brief description of the act or omission constituting the alleged violation of the Governing Documents, a reference to the specific Governing Document provision or provisions alleged to have been violated, and the sanction, disciplinary action, or other enforcement action being contemplated by the Board, if any. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice to the affected Member; provided, however, that if notice is given by mail, it shall be sent by first class mail, postage prepaid, sent to the most recent address for the affected Member as shown on the records of the Association.

10.8 Costs and Attorney's Fees. In the event the Association shall take any action to enforce any of the provisions of the Governing Documents or shall determine that any Member or members of his or her family or his or her tenants, contract purchasers, guests, invitees or household pets have violated any provision of the Governing Documents, and whether or not legal or judicial proceedings are initiated, the Association shall be entitled to recover the full amount of all costs including attorney's fees incurred by the Association in responding to such a violation and/or in enforcing any Governing Document provision. The remedies of the Association to recover the amount of such costs and attorney's fees shall include, but shall not necessarily be limited to, the imposition of a Reimbursement Assessment as provided in Article VI of the Amended Declaration.

10.9 Alternative Dispute Resolution. Prior to instituting any civil action arising out of any dispute between: (1) the Association and an Owner or a member of his or her family, or (2) Members of the Association or their family members relating to the rights, duties and obligations arising out of or in any way connected with a claimed violation of the Governing Documents or the Board's interpretation or enforcement of the Governing Documents (hereinafter collectively referred to as "Association Dispute"), the Association Dispute shall be submitted to alternative dispute resolution procedures as herein described and as set forth in Civil Code sections 1369.510 – 1369.590 and 1363.810- 1363.850 and any such successor statutes.. Notwithstanding the foregoing, except as provided in California Civil Code section 1366.3 or successor statutes, the power and duty of the Board of Directors to levy and collect assessments through lien foreclosure proceedings or an action at law, shall not be subject to alternative dispute resolution or procedures and provided, further, if the Association Dispute is entirely within the Small Claims Court's jurisdiction, any party to the dispute shall have the right to file a claim in Small Claims Court and have a matter determined therein in lieu of alternative dispute resolution procedures. The requirements of this Section 10.10 shall not be deemed to prohibit a party from seeking a temporary restraining order or preliminary injunction in order to avoid irreparable harm or injury and shall not apply in the case where the applicable time limitation for commencing the action would run within 120 days, prior to the filing of a civil action by either the Association, Owner or Member.

10.9.1 California Civil Code Section 1354 (b). Prior to instituting a civil action solely for declaratory relief or injunctive relief, or for declaratory relief or injunctive relief in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5,000.00) concerning an Association Dispute, the parties shall endeavor to first submit their dispute to a form of alternative dispute resolution, as provided in California Civil Code section 1354(b) or any successor statute. Any mediation or arbitration chosen by the parties shall follow the procedure set forth in subsection 10.10.3 or 10.10.4.

10.9.2 Claims over \$5,000. Any civil claim concerning an Association Dispute in excess of five thousand dollars (\$5,000.00) shall first be submitted to mediation or arbitration pursuant to subsections 10.10.3 or 10.10.4 hereof. Any party subject to such a dispute may initiate this process by serving on another party to the dispute a Request for Resolution. The Request for Resolution shall include: (1) a brief description of the dispute between the parties, (2) a request for mediation, non-binding arbitration or binding arbitration and (3) a notice that the party receiving the Request for Resolution is required to respond thereto within 30 days of receipt or it will be deemed rejected. Service of the Request for Resolution shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after mailing, if mailed, by first class mail, certified, postage prepaid, and if addressed to the Association, care of its current manager or if addressed to a homeowner, at his or her last known address. Parties receiving a Request for Resolution shall have 30 days following service of the Request for Resolution to

accept or reject mediation or arbitration. If not accepted within the thirty (30) day period by a party, that party shall be deemed to have rejected such proposed mediation or arbitration. If the proposed arbitration or mediation is accepted by the party upon whom the Request for Resolution is served, the mediation or arbitration shall be contemplated within ninety (90) days of receipt of the acceptance by the party initiating the Request for Resolution, unless extended by written stipulation signed by both parties. The costs of the mediation or arbitration shall be borne by the parties.

10.9.3 Mediation. Mediation shall consist of an informal meeting or meetings which all parties to the dispute may attend. In the event any party shall fail without cause to attend and participate in any such mediation that party shall conclusively be deemed to have waived that party's right to have the dispute resolved through mediation. The parties to a dispute shall agree upon a mediator. If the parties to a dispute are able to agree upon a mediator, the agreed-upon person shall be notified and, upon such person's acceptance, shall be the mediator for that proceeding. If the parties are unable to agree upon a mediator within ten (10) days from the responding party's acceptance of the Request for Resolution by mediation, then the parties shall ask the American Arbitration Association or another mutually agreeable organization to choose the mediator. A mediator may be, but shall not be required to be, a Member of Sawgrass Estates Homeowner's Association.

(i) The mediator shall establish the format of the mediation proceedings and the procedures to be followed. The mediator shall have the duty to assess the rights and obligations of the parties involved in the dispute and shall be entitled to interview the parties involved in the dispute and shall be entitled to interview the parties, agents or representatives of the parties or any other person when the mediator deems such an interview appropriate or necessary. The mediator shall also be entitled to request and receive copies of correspondence, records, minutes, and other such evidentiary documentation to assist in resolving the dispute. The mediator shall use his or her best efforts to effect a settlement of the dispute that is in the best interest of all parties involved.

(ii) The mediator may provide the parties in the dispute with a recommendation as to resolution of the dispute, and the parties shall be notified of any such recommendation. The costs of mediation shall be borne equally by the parties.

10.10.4 Arbitration. Any dispute subject to this Section 10.10 which is submitted to arbitration shall be arbitrated in accordance with this Section and with the applicable rules of the American Arbitration Association or in accordance with such other arbitration procedure as may be mutually agreed upon by the parties. Arbitration may be binding or nonbinding at the option of the parties.

(i) **Selection of Arbitration.** Unless the parties shall mutually agree to have three (3) arbitrators, there shall be one (1) arbitrator. All arbitrators shall be either attorneys or retired judges. If the

parties are unable to agree upon an arbitrator within ten (10) days from the responding party's acceptance of the Request for Resolution an arbitrator shall be selected as provided in the applicable rules of the American Arbitration Association, Judicial Arbitration & Mediation Services, Inc. (JAMS), or in accordance with such other procedures as may be mutually agreed upon by the parties.

(ii) **Governing Rules and Procedures.** The arbitration hearing shall take place in Butte County, California, at the time and place selected by the arbitrator(s). The arbitrator(s) shall have absolute discretion to determine whether or not and to what extent the parties shall be permitted to pursue discovery procedures.

Arbitration shall be commenced by the personal delivery or mailing by registered mail of a written demand for arbitration by one party upon the other. At the arbitration hearing, any relevant evidence may be presented including oral testimony of any material witnesses or documentary evidence, and the formal rules of evidence shall not govern. Evidence may be admitted or not admitted at the sole discretion of the arbitrator(s).

(iii) **Costs.** The costs of arbitration shall be advanced equally by the parties, and the prevailing party shall be entitled to and shall receive as part of the award reimbursement for all costs, including attorneys' fees, advanced or incurred in connection with the arbitration proceeding; provided, however, that the arbitrator shall have the right to allocate costs between the parties in such proportions as the arbitrator(s) shall deem appropriate.

(iv) **Decision.** In the event there are three (3) arbitrators, the decision of any two (2) arbitrators shall constitute the decision of the arbitrators. The award of the arbitrator(s) shall be accompanied by a written statement of the basis for such judgment. In the event the parties have elected binding arbitration, judgment on the award may be entered by the Superior Court in the County of Butte and the decision shall be conclusive and binding upon all parties.

ARTICLE XI MORTGAGE PROTECTION

11.1 **Conflict.** Notwithstanding any contrary provision contained elsewhere in this Declaration, or in the Bylaws, Articles or Rules, the provisions of this Article shall control with respect to the rights and obligations of Institutional Mortgagees specified herein.

11.2 **Liability for Unpaid Assessments.** Any Institutional Mortgagee who obtains title to a Condominium pursuant to the remedies provided in the First Mortgage (except upon a voluntary conveyance to the Institutional Mortgagee) or by foreclosure shall take the

property free of claims for unpaid assessments or charges against the Condominium which accrue prior to the acquisition of title to the Condominium by the Institutional Mortgagee.

11.3 Reserve Fund and Working Capital Fund. The Association shall maintain as a reserve fund the Reserve Account identified in Section 6.1, as well as the funds necessary to replace the Common Area improvements. The reserve fund shall be funded by regular assessments of Owners as specified in Section 6.4 hereof which are payable in installments rather than by special assessments, provided, however, that this provision shall not be deemed to limit the power of the Association to levy any other type of assessment or charge authorized by this Declaration.

The Association shall further establish a working capital fund to meet the unforeseen expenditures or to purchase any additional equipment or services. The developer herein, Sawgrass Investors Partnership, shall establish the initial working capital fund in an amount that is at least equal to two months of estimated common charges for each unit. Each unit's share of the working capital fund shall be collected at the time of sale. The working capital fund shall be transferred to the homeowner's association for deposit to a segregated fund when control of the owner's association is transferred to the unit owners. The developer herein, Sawgrass Investors Partnership, is prohibited from using the working capital funds to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the homeowner's association. The developer herein, Sawgrass Investors Partnership, may, however, reimburse itself for funds it has paid the homeowner's association for an unsold unit's share of the working capital fund by using funds collected at closing when the unit is sold.

11.4 Termination of Contracts and Agreements. Any agreement for professional management of the Project shall be for a term not to exceed one (1) year without the vote or written assent of a majority of each class of Members provided, however, that in no event shall such an agreement exceed a term of three years. Any such agreement shall provide that the agreement may be terminated by either party without cause and without payment of a termination fee upon not more than ninety (90) days written notice.

11.5 Notices of Eligible Holders. An Eligible Holder is entitled to timely written notice of:

- 11.5.1** Any condemnation loss or casualty loss which affects either a material portion of the Project or the Condominium on which the Eligible Holder holds a First Mortgage;
- 11.5.2** Any delinquency in the payment of assessments or charges owed by the Owner of a Condominium which is subject to a First Mortgage held by the Eligible Holder if the delinquency is not cured within sixty (60) days after its due date;
- 11.5.3** Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

- 11.5.4 Any proposal to take any action specified in this Article or which requires the consent of a specified percentage of eligible mortgage holders;
- 11.5.5 Any default by an Owner-Mortgagor of a Condominium in the performance of his or her obligations under this Declaration or the Bylaws, which is not cured within sixty (60) days.

11.6 **Inspection of Books and Records:** Upon request, any Owner or First Mortgagee may inspect the books, records and financial statements of the Association, this Declaration, the Bylaws, the Articles and the Rules and any amendments thereto during normal business hours or under other reasonable circumstances.

11.7 **Financial Statements.** If fifty-one (51%) of the Institutional Mortgagees desire to have audited financial statements of the Association for the immediately preceding fiscal year, the Institutional Mortgagees, at their own expense, may cause an audited financial statement to be prepared, if one is not otherwise available.

11.8 **Termination of Project.** Except as provided by statute in the case of condemnation or substantial loss to the Condominium and/or the Common Area, any decision, by act or omission, to abandon or terminate the legal status of the Project as a Condominium Project shall require: The approval of sixty-seven percent (67%) of the Institutional Mortgagees, based on one (1) vote for each First Mortgage owned, if the decision to terminate the legal status is a result of substantial destruction or a substantial taking in condemnation of the property within the Project; or the approval of sixty-seven percent (67%) of the total voting power of the Association and sixty-seven (67%) of the Eligible Holders, based on one (1) vote for each First Mortgage owned, if Section 11.5.1, above, is not applicable.

11.9. **Actions Requiring Consent.** Except as provided by statute in the case of condemnation or substantial loss to Units and/or Common Area, unless sixty-seven percent (67%) of the Institutional Mortgagees, based on one (1) vote for each First Mortgage owned, and sixty-seven percent (67%) of the Owners other than the Declarant, given the prior written approval, the Association shall not be entitled to:

11.9.1 Use hazard insurance proceeds for losses to any Project property (whether the Units or Common Area) for other than the repair, replacement or reconstruction of the Project property;

11.9.2 Partition or subdivide any Condominium,

11.9.3 By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area. (The granting of easements consistent with the intended use of the Common Area by the Project shall not be deemed a transfer within the meaning of this clause);

11.9.4 Change the pro rata interests or obligations of any individual Condominium for the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards.

11.10 Partial Condemnation or Destruction.

11.10.1 In the event a portion of the Project is either condemned or destroyed or damaged by a hazard that is insured against, restoration or repair shall be performed substantially in accordance with the provisions of the Declaration and the original plans and specifications for the Project, unless fifty-one percent (51%) of the Eligible Holders, based on one (1) vote for each First Mortgage owned, approve the taking of other action by the Association.

11.10.2 After a partial condemnation or partial destruction of the Project, no reallocation of interests of Owners in the Common Area may be effected without the prior written approval of sixty-seven percent (67%) of the Institutional Mortgagees on all remaining Condominium, whether existing in whole or in part, based on one (1) vote for each First Mortgage owned.

11.11 Self-Management. The vote or written consent of sixty percent (60%) of the total voting power of the Association and seventy-five percent (75%) of the Eligible Holders, based on one (1) vote for each First Mortgage owned, shall be required, to assume self-management of the Project, if professional management of the Project has been required by an Eligible Holder at any time.

11.12 Insurance Policies. Each policy of insurance shall provide that no substantial modification or cancellation of the policy may occur without at least ten (10) days prior written notice to the Association and to each First Mortgagee listed as a scheduled holder on the policy.

11.13 Mortgage Protection. No breach of any of the covenants, conditions and restrictions nor the enforcement of any lien provisions contained in this Declaration shall render invalid the lien of any First Mortgage made in good faith and for value on any Condominium, but all of the covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure, trustee's sale or otherwise.

ARTICLE XII

AMENDMENT

12.1 Procedure. This Declaration may be amended by the affirmative vote or written consent of Members representing at least a majority of a quorum of the Members of the Association. Notwithstanding the foregoing, the percentage of the Members necessary to amend a specific clause or provision of this declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. Any amendment of the Declaration shall be signed and acknowledged by the duly authorized officer(s) of the Association and recorded in the Office of the Butte County Recorder.

12.2 Amendments of a Material Nature. Amendments of a material nature must be agreed to by unit owners who represent at least 67% of the total allocated votes in the homeowner's association and by eligible mortgage holders that represent at

least 51% of the votes of unit estates that are subject to mortgages held by eligible holders. A change to any of the provisions governing the following would be considered material:

- a) Voting Rights;
- b) Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- c) Reductions in reserves for maintenance, repair, and the replacement of common elements or common area improvements;
- d) Responsibility for maintenance and repairs;
- e) Reallocation of interests in the general or limited common areas, or rights to their use;
- f) Redefinition of any unit boundaries;
- g) Convertibility of units into common areas or vice versa;
- h) Expansion or contraction of the project, or the addition, annexation, or withdrawal of property to or from the project;
- i) Hazard or fidelity insurance requirements;
- j) Imposition of any restriction on the leasing or renting of any units;
- k) Imposition of any restrictions on a unit owner's right to sell or transfer his or her unit;
- l) Restoration or repair of the project (after damage or partial condemnation) in a manner other than that specified in the Declaration; or
- m) Any provision that expressly benefits mortgage holders, insurers, or guarantors.

ARTICLE XIII DISPUTE RESOLUTION

13.1 Dispute Resolution. Any and all disputes between the Members and/or the Association and/or the Owners shall be resolved in accordance with Civil Code Section 1363.810-1363.850 and sections 1369.510-1369.590, or such successor statutes.

ARTICLE XIV GENERAL PROVISIONS

14.1 Headings. The headings used in this Declaration are for convenience only and are not to be used in interpreting the meaning of any of the provisions of this Declaration, or otherwise.

14.2 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision hereof shall not invalidate any other provisions hereof.

14.3 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of fostering a plan of community ownership and occupancy and of management of the Project for the benefit of the community.

14.4 Number; Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter, as the context requires.


14.5 Easements Reserved and Granted. Any and all easements referred to herein shall be deemed reserved or granted, or both reserved and granted, as appropriate, by reference to this Declaration in a deed to any Condominium.

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

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Dated: 11-21-2006




Martin D. Meester, General Partner
Sawgrass Investors

SUBORDINATION

U.S. Bank Trust National Association, as trustee under a deed of trust recorded July 21, 2006 under Butte County Recorder's Serial Number 2006-37253 hereby subordinates its lien to this Declaration of Covenants, Conditions & Restrictions of Sawgrass Estates Homeowner's Association.

Dated: 11-21-2006



Ken J. Trombley VP-Relationship Manager
Address: 260 E. 2nd Street
CHICAGO, IL 60601

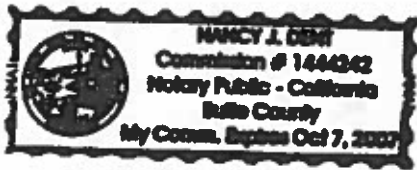
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Butte } ss.

On Nov. 21, 2006 before me, Nancy J. Dent notary public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Martin D. Meester & Ken J. Trombley,
Name(s) of Signer(s)

- personally known to me
- 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.

WITNES my hand and official seal.

Nancy J. Dent
Signature of Notary Public

OPTIONAL

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

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

