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The Springs Homeowners' Association

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AMENDMENT AND RESTATEMENT OF THE

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (CC&RS)

**FOR THE SPRINGS
HOMEOWNERS' ASSOCIATION
CAMARILLO, CA.**

AUGUST 2002

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AMENDMENT AND RESTATEMENT OF THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR THE SPRINGS HOMEOWNERS' ASSOCIATION

This Amendment and Restatement of Declaration ("Declaration" herein) is made as of the 1st day of August, 2002, by **The Springs Homeowners' Association**, a California nonprofit mutual benefit corporation ("Association" herein).

RECITALS

A. Existing Declaration

The Association desires to amend and to restate in full that certain Declaration establishing Covenants, Conditions and Restrictions for The Springs Homeowners' Association recorded in the office of the County Recorder of the County of Ventura, State of California, as follows:

Declaration recorded December 14, 1983 as document 141232,
First Amendment recorded December 29, 1987 as document 87-206440, and
Second Amendment recorded January 30, 1990 as document 90-015113.

Collectively, the three (3) documents hereinabove cited comprise a single declaration and are referred to herein as the "Existing Declaration".

B. Member Property

All of the following described real property is owned by a Member or Members of the Association and has been annexed and is subject to the Existing Declaration ("Member Property" herein). Each of the following described Tracts is recorded in Miscellaneous Records (Maps) in the office of the County Recorder of the County of Ventura, State of California:

Parcel 1. Lots 5 through 98 inclusive of Tract 3651-3 as per map recorded in Book 97, pages 13 through 17 inclusive.

Parcel 2. Lots 107 through 131 inclusive of Tract 3651-4 as per map recorded in Book 101, pages 79 and 80.

Parcel 3. Lots 141 through 158 inclusive and Lots 160 through 209 inclusive of Tract 3651-5 as per map recorded in Book 105, pages 42 through 46 inclusive.

Parcel 4. Lots 221 through 257 inclusive and Lots 259 through 293 inclusive of Tract 3651-6 as per map recorded in Book 107, pages 81 through 84 inclusive.

C. Association Property

All of the following described real property is owned by the Association and has been annexed and is subject to the Existing Declaration ("Association Property" herein). Each of the following described Tracts is recorded in Miscellaneous Records (Maps) in the office of the County Recorder of the County of Ventura, State of California:

Parcel 1. Lots 99, 101, 102 and 103 of Tract 3651-3 as per map recorded in Book 97, pages 13 through 17 inclusive. (San Dimas Avenue including its parking lot, Delgada Street, the lower part of Gitana Avenue, The Springs RV Lot and the Dedication Park)

Parcel 2. Lots 132 through 135 inclusive and Lot 137 of Tract 3651-4 as per map recorded in Book 101, pages 79 and 80. (The clubhouse, the upper part of Gitana Avenue, San Como Lane between Irena and Gitana, and the landscaped slope across Gitana from the clubhouse including the parking lot on Gitana)

Parcel 3. Parcels A and B and Lots 159, 210 and 212 through 217 inclusive of Tract 3651-5 as per map recorded in Book 105, pages 42 through 46 inclusive. (The sloped drain lot at the corner of Gitana and San Como Lane, the parking lot on San Como Court, the parking lot on San Como Lane, San Como Lane from Gitana to Lada, San Como Court, Lada Avenue and the fire road extension of Lada above San Como Lane)

Parcel 4. Lots 258, 294 and 297 through 299 inclusive of Tract 3651-6 as per map recorded in Book 107, pages 81 through 84 inclusive. (The parking lot at Belleza and Lada, the parking lot on Paquita, Itamo Street including Fino Avenue, Belleza Street and Paquita Street)

Parcel 5. An easement 40' x 90' for vehicle parking purposes as disclosed by Grant of Easement recorded March 26, 1987 as document 87-044753 in the office of the County Recorder of the County of Ventura, State of California. (The parking lot on Lada)

DECLARATION

NOW, THEREFORE, the Association hereby amends and restates the Existing Declaration to read in full as herein set forth.

The Association hereby declares that all of the Member Property, and each part thereof, and all of the Association Property, and each part thereof, is subject to all of the covenants, conditions, restrictions, easements and reservations set forth herein. All of said covenants, conditions restrictions, easements and reservations:

- Are hereby declared and established for the purpose of protecting the value and desirability of the Member Property and the Association Property;
- Are appurtenant and shall run with each part of the Member Property and the Association Property;
- Shall inure to the benefit of each Owner of any part of the Member Property and the Association Property;

- Shall be binding on all parties having any right, title or interest in any part of the Member Property or the Association Property, and on their respective heirs, successors and assigns; and
- Shall be deemed to be and shall be construed as equitable servitudes, enforceable by the Association, by each of the Members of the Association and, to the extent permitted by Section 8.3 hereof, by the City of Camarillo.

ARTICLE 1: DEFINED TERMS

Whenever used in this Declaration, the following terms shall have the following meanings unless the context otherwise requires

1.1 Articles

"Articles" shall mean the Articles of Incorporation of The Springs Homeowners' Association as the same may be amended from time to time.

1.2 Association

"Association" shall mean The Springs Homeowners' Association, a California nonprofit mutual benefit corporation.

1.3 Association Property

"Association Property" shall mean the real property owned by the Association as described in Paragraph C of the Recitals hereto.

1.4 Association Rules

"Association Rules" shall mean the rules and regulations that the Board adopts from time to time to govern the use of the Association Property.

1.5 Board

"Board" shall mean the Board of Directors of the Association.

1.6 Bylaws

"Bylaws" shall mean the Bylaws of the Association as the same may be amended from time to time.

1.7 City

"City" shall mean the City of Camarillo, California.

1.8 County

"County" shall mean the County of Ventura, California.

1.9 Declaration

"Declaration" shall mean this restated and amended Declaration of Covenants, Conditions and Restrictions for the Association as the same may be amended from time to time.

1.10 Governing Documents

"Governing Documents" shall mean individually and collectively the Articles, the Bylaws, this Declaration and the Association Rules, all as such terms are defined herein and all as may be amended from time to time.

1.11 Lot

"Lot" shall mean the land and the improvements that comprise each single-family residence in the Member Property. There are 259 Lots in the Member Property.

1.12 Manager

"Manager" shall mean the managing agent, if any, retained under contract by the Association and charged with the maintenance and operation of the Association Property and the management of the Association's business affairs.

1.13 Member

"Member" shall mean every person or entity that is a record owner of a Lot. A Member is the same as an Owner.

1.14 Member Property

"Member Property" shall mean individually and collectively the 259 Lots owned by Members as described in Paragraph B of the Recitals hereto.

1.15 Mortgagee

"Mortgagee" shall mean the person or entity that holds a beneficial interest in a note secured by a deed of trust encumbering a Lot.

1.16 Owner

"Owner" shall mean every person or entity that is a record owner of a Lot. An Owner is the same as a Member.

1.17 Resident

"Resident" shall mean a person who resides in the dwelling unit on one of the Lots, and who is also a Qualifying Resident, a Qualified Permanent Resident, a Permitted Health Care Resident or a Temporary Resident as such terms are defined in Section 5.15 hereof.

1.18 Shall

"Shall" is mandatory and not simply permissive.

1.19 Voting Power of the Association

"Voting Power of the Association" shall mean the entire number of votes eligible to vote as of the record date for the vote in question. The entire number of votes shall not be greater than 259.

ARTICLE 2: THE ASSOCIATION

2.1 Organization

The Association is a California nonprofit mutual benefit corporation. The Association shall be the governing body for all Members for the administration, operation, maintenance, repair and replacement of the Association Property and all other property that the Association is required or permitted to maintain pursuant to this Declaration. The Association shall have the duties and powers prescribed by law and as set forth in the Articles, the Bylaws and this Declaration. Neither the Articles nor the Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. In the event of any such inconsistency, the provisions of this Declaration shall control. The Board and such officers as the Board may elect or appoint shall conduct the affairs of the Association in accordance with the Articles, the Bylaws and this Declaration, each as may be amended from time to time.

2.2 Membership

2.2.1 Member

Each Owner, excluding persons or entities that hold an interest merely as security for the performance of an obligation, shall automatically on becoming an Owner become a Member and shall remain a Member until no longer an Owner. When more than one person is the Owner of a Lot, all such persons shall be Members.

2.2.2 Membership Rights and Duties

Each Member shall have the rights, duties and obligations as set forth in the Governing Documents.

2.2.3 Transfer of Membership

The Association membership of each Owner shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, transferred, pledged, conveyed or alienated in any way except on the transfer of title to said Lot, and then only to the transferee of title to said Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

2.3 Voting

2.3.1 Number of Votes

One (1) vote per Lot shall be allowed. Except when voting for members of the Board as provided in Section 2.3.3 below, the maximum number of votes existing in the Association shall be equal to the number of Lots in the Member Property, namely, two hundred fifty nine (259).

2.3.2 Joint Owner Disputes

The vote for each Lot shall be cast as a unit and no fractional vote shall be allowed. In the event that more than one (1) person or entity owns a Lot and that such persons or entities are unable to

agree among themselves as to how their single vote shall be cast, they shall lose their right to vote on the matter in question. In the event that the Owner(s) of a particular Lot should cast more than one (1) vote on a given matter, none of said votes shall be counted and said votes shall be deemed void. If any Owner casts a vote representing a Lot, it shall thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of all other Owners of the same Lot.

2.3.3 Voting for Members of the Board

In any election of the members of the Board, the number of votes per Lot shall be equal to the number of vacancies on the Board to be filled. No Member shall have the right of cumulating votes in order to give any one (1) candidate more than one (1) vote per Lot owned by the voting Member. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

2.3.4 Approval by Members

Any action that pursuant to this Declaration requires the approval of the Members before being undertaken shall require the vote or written approval, as the case may be, either

- Of a majority of the Members present in person or by proxy and eligible to vote at a duly held meeting at which a quorum is present, or
- Of that percentage of the Voting Power of the Association as prescribed in the provision hereof requiring such approval.

2.4 Duties of the Association

In addition to the duties delegated to it by the Articles, and without limiting the generality of such powers, the Association shall have the obligation to perform each of the following duties:

2.4.1 Management of the Association Property

The Association shall maintain in a safe and first class condition, repairing and replacing same as needed, and shall manage, operate, preserve and control:

- All of the Association Property, including all improvements, furnishings, fixtures, personal property, equipment, tools and systems as may from time to time be located thereon and thereunder;
- Any easement for the benefit of the Members or the Association on land not included within the Member Property or the Association Property; and
- All other property that Members holding a majority of the Voting Power of the Association shall first have voted or given written approval to maintain.

2.4.2 Rubbish Collection

The Association shall provide refuse pick-up and garbage disposal for the Association Property and also for the Member Property if such service for the Member Property is deemed appropriate by the Board.

2.4.3 Water and Other Utilities

The Association shall acquire, provide and pay for water, gas, sewer, electrical, telephone and other necessary utility services for the Association Property.

2.4.4 Insurance

The Association shall obtain and maintain in force the following policies of insurance:

a) Fire and extended coverage on the Association Property, the amount of which shall be not less than one hundred percent (100%) of the aggregate full insurable value. The Board may in its discretion obtain such other coverage and endorsements as it deems appropriate.

b) General comprehensive public liability insurance on an occurrence basis with limits of not less than \$1,000,000.00 per person and \$3,000,000.00 per occurrence for bodily injury or death, and of not less than \$500,000.00 per occurrence for property damage. The policy shall insure against liability for bodily injury, death and property damage arising from the activities of each Member with regard to the Association Property, and arising from the activities of the Association with respect to all property under its jurisdiction. The policy shall name and separately protect as insured each Member, the Board and the Association and its directors, officers, representatives and employees with respect to any liability arising out of the ownership, maintenance or use of the Association Property and of any other property under the jurisdiction of the Association.

c) Such other insurance as the Board shall deem appropriate including:

- Workers' compensation insurance to the extent necessary to comply with any applicable law;
- Faithful performance and fidelity bonds to insure against any loss from malfeasance or dishonesty of any employee or other person charged with the management or possession of Association funds or other property; and
- Such indemnity and other bonds as the Board shall deem necessary or expedient to carry out the Association's functions.

Annually with the distribution to Members of the budget pursuant to subsection 2.4.6 a) below, the Board shall distribute to each Member a summary of the Association's insurance policies, specifically including its property, general liability, earthquake and flood insurance policies. The summary shall include all of the following about each policy:

- The name of the insurer;
- The type of insurance;
- The policy limits of the insurance; and
- The amount of deductibles, if any.

If the above-required information is set forth on a policy declaration page, the Board may meet its disclosure obligation as to that policy by making copies of and distributing such page to its Members. The summary shall also contain, in at least 10-point boldface type, the statement required by Section 1365(e)(4) of the California Civil Code.

2.4.5 Duty of Enforcement

The Association shall perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce all of the provisions of the Governing Documents.

2.4.6 Budgets and Financial Statements

The Board shall cause financial statements for the Association to be regularly prepared and copies to be distributed to each Member of the Association as follows:

a) A pro forma income and expense statement, or budget, for each fiscal year shall be distributed not less than forty five (45) days nor more than sixty (60) days before the beginning of the fiscal year. The budget shall contain:

- An estimate of income and expense for the next fiscal year on an accrual basis;
- A summary of the Association's reserves printed in bold type and including:
 - The current estimated replacement cost, estimated remaining life and estimated useful life of each major component;
 - The current estimated amount of cash needed to repair, replace, restore or maintain the major components;
 - The current actual amount of cash set aside to repair, replace, restore or maintain the major components;
 - The percentage that the estimated amount of cash set aside equals of the estimated amount of cash needed;
- A statement as to whether the Board anticipates that a Special Assessment will be required either to repair, replace, restore or maintain a major component or to provide adequate reserves therefor;
- A general statement addressing the procedures used for the calculation and establishment of the Association's reserves; and
- A summary of the Association's insurance policies as required by subsection 2.4.4 above.

b) An annual report prepared by an independent certified public accountant and consisting of the following shall be distributed within 120 days after the close of the fiscal year:

- A balance sheet as of the end of the fiscal year;
- An income and expense statement for the fiscal year;
- A statement of changes in financial position for the fiscal year;
- A statement of the policies and procedures that will be employed to enforce the collection of Assessments; and
- Any information required to be reported under Section 8322 of the Corporations Code.

On the request of the buyer of a Lot, the Association shall provide to the buyer a copy of the Association's current budget and annual report.

2.4.7 Sewers and Storm Drains

The Association shall maintain in a safe and first class condition, manage, preserve and control all sewer mains and all storm drain facilities that serve any Lot or the Association Property and that are located:

- Within a recorded easement encumbering any Lot;
- Within or beneath any private street owned by the Association;
- Within or beneath Irena Avenue east of Camarillo Springs Road; and

- Within or beneath the privately owned portion of Camarillo Springs Road.

2.4.8 Weed Abatement

The Association shall be obligated to engage in those activities necessary and proper to comply with any governmental regulation pertaining to weed abatement over that area to and including any point that is within one hundred feet (100') from the exterior boundary of any building on the Member Property or on the Association Property, or any greater or different area specified by governmental agencies with jurisdiction over the performance of such activities, regardless of who owns the area to be abated. If any of the area to be abated is owned by a Member, however, the Association may charge the cost of abating such area to that Member.

2.4.9 Taxes and Assessments

The Association shall pay all taxes and assessments that are or could become a lien on the Association Property or any part thereof.

2.5 Powers and Authority of the Association

The Association shall have all the powers of a nonprofit mutual benefit corporation organized under the general Nonprofit Corporation Law of the State of California, subject only to such limitations on the exercise of such powers as are expressly set forth in the Governing Documents. It shall have the power to do any and all lawful things that may be authorized, required or permitted to be done by the Governing Documents. The Association shall have the power to do and perform any and all acts that may be related to the exercise of any of its express powers including without limitation:

2.5.1 Assessments

The Association shall have the power to levy Assessments ("Assessments" herein) against each Lot and to enforce payment of such Assessments all in accordance with the provisions of Article 3 hereof.

2.5.2 Right of Entry and Enforcement

The Association shall have the right of entering any Member Property or any Association Property for the purpose of:

- Ascertaining whether the provisions of the Governing Documents have been or are being complied with,
- Enforcing by peaceful means any of the provisions of the Governing Documents, or
- Maintaining or repairing any property as required by this Declaration.

Any entry onto a Member Property shall be after twenty-four (24) hours prior written notice to the Member, or such greater notice as may be required by any provision hereof, except that such entry shall be permitted without any prior notice in the event of an emergency. The Association shall also have the power and authority, on its own behalf or on behalf of any Member who consents thereto, to commence and maintain actions to enjoin any breach or threatened breach of the Governing Documents, and to enforce, by mandatory injunction or otherwise, all of the respective provisions thereof.

2.5.3 Easements and Rights-of-Way

The Association shall have the power to grant and convey to any third party easements and rights-of-way in, on, over or under any Association Property for the purpose of constructing, erecting, operating or maintaining thereon or thereunder:

- Overhead or underground lines, cables, wires, conduits or other devices for the transmission of electricity, telephone, cable television, security systems and other purposes;
- Underground lines, pipes or other facilities for water, natural gas, irrigation systems, sewers, storm drains and similar purposes; and
- Any other public or quasi-public improvement or facility.

2.5.4 Transfer, Dedication and Encumbrance

The Association shall have the power to sell, dedicate, transfer or encumber all or any portion of the Association Property to any person or entity for such purposes and subject to such conditions as are consistent with the requirements of the City's zoning ordinances. Except for transactions having a value of less than five percent (5%) of the budgeted gross expenses of the Association for the current calendar year, which transactions may be approved by the Board acting alone, each such sale, dedication, transfer or encumbrance shall require the vote or prior written approval of Members holding a majority of the Voting Power of the Association. Prior to the vote on such a matter being taken, the Association shall send written notice of the proposed action to every Member not less than thirty (30) days nor more than sixty (60) days in advance.

2.5.5 Employment of Agents

The Association shall have the power to employ the services of any person or corporation as Manager, or as an employee or an independent contractor, to manage, conduct and perform the business, obligations and duties of the Association as may be directed by the Board. The Association may enter into contracts for such purpose. The Manager or other employees or independent contractors shall have the right of ingress and egress over such portions of the Member Property and the Association Property as is necessary for the performance of the contracted business, duties and obligations.

2.5.6 Employment of Consultants

The Association shall have the power to employ legal counsel and other consultants including but not limited to accountants, architects, engineers, landscape architects, planners and recreation experts.

2.5.7 Borrowing of Money

The Association shall have the power to borrow and repay monies for the purpose of maintaining and improving the Association Property, giving notes, mortgages or other security, subject to the vote or prior written approval of Members holding a majority of the Voting Power of the Association.

2.5.8 Hold Title and Make Conveyances

The Association shall have the power to acquire, hold title to and convey, with or without consideration, real and personal property and interests therein including easements, subject to the limitations on conveyances set forth in Section 2.5.4 above.

2.5.9 Contract Services

The Association shall have the power to contract for or otherwise provide for all services necessary or convenient for the management, maintenance, operation and use of the Association Property and any other property for which the Association may have responsibility. The Association shall have the power to contract for basic cable television services for the Member Property and to assess each Lot for an equal share of the monthly cost.

2.5.10 Association Powers Exercisable by Board

Except for matters expressly reserved to the Members by the Governing Documents, the California Nonprofit Mutual Benefit Corporation Law or the California Civil Code, all Association powers and duties shall be exercised by or approved by a vote of the members of the Board. The Board shall direct and control the business and affairs of the Association.

2.6 Limitations on Powers of the Board

Notwithstanding the powers of the Association as set forth in Section 2.5 above, the Board shall not take any of the following actions without the prior vote or written approval of Members holding a majority of the Voting Power of the Association:

2.6.1 No Contract for Longer Than One (1) Year

The Board shall not enter into a contract with a third person or entity wherein such person or entity will furnish goods or services for the Association for a term longer than one (1) year, with the following exceptions:

- A contract with a public utility company provided that the rates charged are regulated by the Public Utilities Commission of the State of California and that the term of the contract does not exceed the shortest term for which the supplier will contract at the regulated rate; and
- Prepaid casualty and/or liability insurance not to exceed a three (3) year term provided that the policy permits short rate cancellation by the insured.

2.6.2 Limit on Capital Improvements

The Board shall not incur aggregate expenditures for capital improvements to the Association Property in any fiscal year greater than five percent (5%) of the budgeted gross expenses of the Association for the current calendar year.

2.6.3 Limit on Sale of Property of the Association

As set forth in Section 2.5.4 above, the Board shall not sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for the current calendar year.

2.6.4 No Compensation to Board Members or Officers

The Board shall not pay compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business. The Board may, however, reimburse a director or an officer for expenses incurred on behalf of the Association.

2.6.5 Vacancy Created by Removal

The Members, not the Board, shall fill any vacancy on the Board created by the removal of a director.

2.7 The Association Rules

By a majority vote of the Board, the Association shall adopt, amend and repeal such rules and regulations as it deems reasonable (the "Association Rules"). The Association Rules shall govern the use of the Association Property, shall not discriminate among Members or Residents and shall not be inconsistent with and shall be subordinate to the other Governing Documents. A copy of each amendment to the Association Rules shall be mailed or otherwise delivered to each Member and Resident. On such mailing or delivery, the amended Association Rules shall have the same force and effect as if set forth in full in this Declaration.

2.8 No Personal Liability

Subject to having acted in good faith and without willful or intentional misconduct, neither directors, officers nor the Manager shall be personally liable for any injury, damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the Manager or any officer or other agent, representative or employee of the Association.

ARTICLE 3: ASSESSMENTS, LIENS, ENFORCEMENT

3.1 Creation of Lien; Personal Obligation for Assessments

Each Owner of a Lot, by acceptance of a deed therefor whether or not it shall be so expressed in such deed, is deemed to covenant and agree, for each Lot owned, to pay to the Association Annual Assessments, Special Assessments, Emergency Assessments and Remedial Assessments. All Assessments shall be established, levied and collected as herein provided. Each Assessment, together with interest, costs and reasonable attorneys' fees, shall, when perfected in the manner herein provided, be a continuing lien on the Lot against which such Assessment is levied. Each Assessment shall also be the joint and several personal obligation of the Owner(s) of the levied Lot at the time the Assessment becomes due and payable. The personal obligation for delinquent Assessments shall not pass to successors in title unless expressly assumed by them. All perfected liens, however, shall be liens on the interests of successive Owners of the Lots subject thereto. No Owner may waive or otherwise escape liability for the Assessments provided for in this Declaration by nonuse of the Association Property, or any part thereof, or by abandonment of the Lot.

3.2 Purpose of Assessments

Assessments shall be exclusively for the improvement, operation, maintenance, repair and replacement of the Association Property, for the performance of the duties of the Association as set forth in the Governing Documents and to promote the recreation, health, safety and welfare of the Owners and Residents of the Member Property.

3.3 Annual Assessments

3.3.1 Levy and Enforcement of Annual Assessments

Annual Assessments shall be levied against all Lots and shall be enforced by the Board in the manner provided in this Declaration.

3.3.2 Amount of the Annual Assessment

On a calendar year basis, the Annual Assessment ("Annual Assessment" herein) for each Lot shall be 1/259th of the total dollar expense of the Association reasonably expected to be incurred during the calendar year in question for:

- Conducting the affairs of the Association, plus
- Owning, operating, maintaining, repairing and reconstructing the Association Property and any other property the Association may have agreed to maintain pursuant to Section 2.4.1 hereof, plus
- Reserves required by good business practice, plus
- All assessments payable by the Association to The Camarillo Springs Common Area Association, less
- A deduction for reasonably anticipated income during the same period from sources other than Assessments.

3.3.3 Increase of the Annual Assessment

The Board may increase the Annual Assessment for the next year without a vote of the Members in an amount that does not exceed twenty percent (20%) of the Annual Assessment for the current year. Any increase in the Annual Assessment in the next year that exceeds twenty percent (20%) of the current year's Annual Assessment shall be made only on the affirmative vote or written consent of Members holding a majority of the Voting Power of the Association.

3.3.4 Reserve Fund

As part of the Annual Assessment, the Board shall levy an amount to hold in reserve to insure payment when due of future expenditures relating to the operation, maintenance, repair and replacement of the Association Property, including the equipment, fixtures and furnishings located in, on or under the Association Property. The amount of the contribution for each component of the reserve account from funds collected for reserves each year shall be determined by the Board, acting in its sole discretion, at least fifteen (15) days prior to the end of the Association's fiscal year. Such funds shall be accounted for separately and shall be held in trust and used to pay only for such expenditures, in such manner, at such times and in such order as the Board shall approve. The signature of two (2) members of the Board shall be required for any withdrawal or expenditure of such funds. Within thirty (30) days of receipt, the Board shall deposit all such trust funds into one or more interest bearing accounts each denominated "Reserve Account". The Board may make such Reserve Account deposits:

- In any bank or trust company under the supervision of the California Superintendent of Banks, the California Commissioner of Savings and Loan Associations or the United States Controller of the Currency;

- In certificates of deposit or bankers' acceptances issued by a bank or financial institution having assets in excess of five hundred million dollars (\$500,000,000.00); or
- In direct obligations of the United States Government or the State of California or of any municipality of the State of California that has been rated "A" or higher by either Standard & Poor's or Moody's or a comparable bond-rating service.

Should applicable law authorize the establishment and maintenance of reserve funds in a manner other than that set forth in this Section 3.3.4 that does not result in creation of taxable income to the Association, the Board may elect to use such other method.

3.4 Special Assessment

In addition to the Annual Assessment authorized above, the Board may levy during any calendar year a special assessment ("Special Assessment" herein) applicable to that year. Special Assessments shall be only for the purpose of defraying, in whole or in part, the cost of any construction, repair or replacement of a capital improvement on the Association Property, including any necessary fixtures and personal property related thereto, or for the cost of special services deemed needed for that year. Any Special Assessment that in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for the current calendar year shall first be approved by the vote or written consent of Members holding a majority of the Voting Power of the Association. Special Assessments shall be levied on the same basis as set forth herein for the levying of the Annual Assessment.

3.5 Emergency Assessment

Without any limit as to amount or any need for prior Member approval, the Board shall have the authority to levy against each Lot on an equal share basis an emergency assessment ("Emergency Assessment" herein) for amounts required to meet the following emergency situations:

- An extraordinary expense required by an order of a court;
- An extraordinary expense necessary to repair or maintain the Association Property or any part thereof where a threat to personal safety on the Association Property is discovered; or
- An extraordinary expense necessary to repair or maintain the Association Property or any part thereof that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma budget pursuant to Section 2.4.6 a) above.

Prior to the imposition or collection of an Emergency Assessment for the extraordinary expense described in the third bullet above, however, 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. Such resolution shall be distributed to the Members with the notice of the Emergency Assessment.

3.6 Remedial Assessment

In the event any Owner fails to maintain or to repair such Owner's Lot or any portion thereof, and the Board causes such maintenance and/or repair to be performed in accordance with the provisions of this Declaration, all costs and expenses incurred in connection with such work shall, after following the notice and hearing provisions set forth in the Bylaws, be assessed and

charged solely to and against such Owner and such Owner's Lot as a remedial assessment ("Remedial Assessment" herein). A Remedial Assessment shall be due ten (10) days after the Board gives written notice thereof to the Owner of the Lot subject thereto.

3.7 Due Dates; Certificate

The Board shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each calendar year. Written notice of the Annual Assessment shall be sent to the Owner of each Lot subject thereto. The Annual Assessment and any Special Assessment shall be collected on a monthly basis and shall be due on the first (1st) day of each month. Emergency Assessments and Remedial Assessments shall be due and payable at the time and in the manner specified by the Board. The Board shall, on written request from any Owner or such Owner's Mortgagee and for a reasonable charge not to exceed ten dollars (\$10.00), furnish a certificate to such person or entity, signed by an officer of the Association, setting forth whether all Assessments on a specified Lot have been paid. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

3.8 Nonpayment; Remedies

In the event of a default in payment of any Assessment when due, such Assessment shall be deemed to be delinquent. Each Owner vests in the Association or its assigns the right and power to bring all actions at law, liens, foreclosures or other remedies provided herein against the said Owner for the collection of delinquent Assessments. In the event an attorney is employed for collection of any Assessment, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner. In addition to any other remedies herein or by law provided, and without any limitation thereof, the Association may enforce the obligations of the Owners to pay the Assessments provided for herein in the manner provided by law or in equity using any or all of the following procedures:

3.8.1 Suspension of Rights

Either by judgment of a court of competent jurisdiction or by decision arising out of arbitration, the Board may suspend, for any period during which any Assessment against an Owner's Lot is delinquent, the voting rights of said Owner as well as the rights of said Owner and any Resident occupying said Owner's Lot of using the recreational facilities of the Association.

3.8.2 Enforcement by Suit

The Board may commence and maintain a suit at law against an Owner or a prior Owner to enforce an Assessment obligation, such suit to be maintained in the name of the Association. Any judgment rendered in any such action shall include the amount of the delinquency, interest thereon at the maximum legal rate per annum from the date of the delinquency, court costs and reasonable attorneys' fees in such amount as the Court may adjudge against the delinquent Owner.

3.8.3 Enforcement by Lien

a) Debt. The provisions of this Section 3.8.3 do not apply to a Remedial Assessment. Every other Assessment, including an Annual Assessment, a Special Assessment and an

Emergency Assessment, plus any late charges, reasonable costs of collection and interest as assessed in accordance with Section 1366 of the California Civil Code, shall be a debt of the Owner at the time the Assessment or other sums are levied. Before the Association may place a lien on an Owner's Lot for a past due debt, the Association shall:

- Notify the Owner in writing by certified mail of the fee and the penalty procedures of the Association; and
- Provide an itemized statement of the charges owed by the Owner including items on the statement that indicate the principal owed, any late charges including the method of calculation, any attorney's fees and the collection practices used by the Association including the right of the Association to the reasonable costs of collection.

Any payments received by the Association 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 or to collection expenses.

b) Lien. The amount of the Assessment, plus any costs of collection, late charges and interest assessed in accordance with Section 1366 of the California Civil Code, shall be a lien on the Owner's Lot from and after the time the Association causes to be recorded with the County Recorder a notice of delinquent Assessment. Such notice shall state:

- The amount of the Assessment and other sums imposed in accordance with said Section 1366;
- A legal description of the Owner's Lot against which the Assessment and other sums are levied;
- The name of the record owner of the Owner's Lot; and
- In order for the lien to be enforced by nonjudicial foreclosure as provided in subparagraph e) below, the name and address of the trustee authorized by the Association to enforce the lien by sale.

The notice of delinquent Assessment shall be signed by the President of the Association or other person designated by the Board for that purpose, and shall be mailed in the manner set forth in Section 2924(b) of the California Civil Code to all record owners of the Owner's Lot no later than ten (10) calendar days after recordation of the notice. On payment of the sums specified in the notice, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof. A monetary penalty imposed by the Association as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Association Property for which the Owner or the Owner's guests or tenants were responsible may become a lien against the Owner's Lot enforceable by the sale of the Lot under Sections 2924, 2924(b) and 2924(c) of the California Civil Code provided the authority to impose a lien is set forth in the Governing Documents.

c) Monetary Penalty Not a Saleable Lien. Except as indicated in subparagraph b) above, a monetary penalty imposed by the Association as a disciplinary measure for failure of an Owner to comply with the Governing Documents, other than the late payment of Assessments, may not be characterized nor treated in the Governing Documents as an Assessment that may become a lien against the Owner's Lot enforceable by the sale of the Lot.

d) Priority. A lien created pursuant to subparagraph b) above shall be prior to all other liens recorded subsequent to the notice of Assessment, except to the extent that this Declaration provides for the subordination thereof to any other lien or encumbrance.

e) Enforcement. After the expiration of thirty (30) days following the recording of a lien created pursuant to subparagraph b) above, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent Assessment or sale by a trustee substituted pursuant to Section 2934(a) of the California Civil Code. Any sale by the trustee shall be conducted in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust.

f) Deed in Lieu. Nothing herein shall prohibit the Association from taking a deed in lieu of foreclosure in order to satisfy a debt.

3.9 Assignment of Rents

As security for the payment of all Assessments, each Owner hereby gives to and confers on the Association the right, power and authority, during the continuance of such ownership, to collect the rents, issues and profits of said Owner's Lot, reserving to the Owner the right, prior to any default by said Owner in performance of that Owner's obligations under the Governing Documents, to collect and retain such rents, issues and profits as they become due and payable. On any such default, the Association may at any time, on ten (10) days' written notice to said Owner, obtain an appropriate judgment from a court of competent jurisdiction, and without regard to the adequacy of any security for such indebtedness, enter and take possession of said Owner's Lot or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, in payment of any indebtedness to the Association or in performance of any agreement hereunder and in such order as the Association may determine. The entering and taking possession of said Lot or the collection of such rents, issues and profits and the application thereof as aforesaid shall not cure nor waive any default hereunder nor invalidate any act done pursuant to this Declaration.

The assignment of rents and powers described in this Section 3.9 shall not affect but shall in all respects be subordinate to the rights and powers of the holder of any first or second deed of trust on any Lot to do the same or similar acts.

3.10 Subordination to Certain Trust Deeds

The lien of the Assessments shall be prior to all encumbrances made by the Owner or imposed by legal process on any Lot except taxes, bonds, assessments and other levies that by law are prior thereto, whether the claim of lien is recorded prior or subsequent to any such encumbrances, except that the lien of the Assessments shall be subordinate to the lien of any first deed of trust in favor of any Mortgagee, provided such first deed of trust is made in good faith and for value and recorded in the Office of the County Recorder prior to the recordation of a notice of Assessment for said Assessments. Sale or transfer of any Lot shall not defeat or affect the Assessment lien. The sale or transfer of any Lot subject to any first deed of trust pursuant to the exercise of a power of sale or a judicial foreclosure under such first deed of trust, however,

shall extinguish the lien of such Assessments as to payments thereof that became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot or the purchaser thereof from any liability for any Assessments thereafter becoming due, or from the lien thereof.

3.11 Homestead Waiver

To the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, each Owner does hereby waive the benefit of any homestead or exemption law of the State of California now or hereafter in effect.

ARTICLE 4: EASEMENTS

4.1 Easement over Streets

The Association hereby grants to each Owner a non-exclusive easement for road and utility purposes over and under all of the streets in the Association Property. The easement hereby given to each Owner shall be appurtenant and pass with title to each Lot.

The foregoing easement is for the benefit of the Lots and the Owners and Residents of the Lots including their respective families, guests, invitees, tenants, contractors and others to whom the Board may from time to time grant use of the streets in the Association Property. The individual grant deeds to the Lots may but shall not be required to set forth the foregoing easement. The right of each person set forth above to use and enjoy the streets in the Association Property as set forth herein shall be subject to and governed by the provisions of the Governing Documents.

4.2 Easement over Other Association Property

The Association hereby grants to each Owner and Resident an easement for ingress, egress, use and enjoyment in and to all Association Property in addition to the streets. Said easement shall be appurtenant and pass with title to each Lot and shall be subject to the following:

- The Association shall have the right of establishing and enforcing the Association Rules governing the use of the Association Property;
- The Association shall have the right of charging reasonable fees for the use of any recreational facility on the Association Property; and
- The Association shall have the authority to suspend an Owner's or Resident's right of using any recreational facility on the Association Property for any period during which any Assessment against such Owner's or Resident's Lot is delinquent, or during which any violation by such Owner or Resident of the Governing Documents remains uncorrected.

4.3 Utility Easements

The rights and duties of Owners with respect to sewer, water, electricity, gas, telephone, cable and security lines, equipment and systems shall be governed by the following:

4.3.1 Easement to the Association

Whenever utility lines, systems, equipment or facilities of any kind (collectively, "facilities" herein) are installed on a Lot owned by someone other than the Owner of the Lot served by the

facilities, the Association shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter the Lot where the facilities are located, or to have a utility company or other contractor so enter, to repair, maintain or replace any of the facilities as and when the same may be necessary. Such entry shall be during normal business hours, except for emergencies.

4.3.2 Easement to Owners

Whenever facilities are installed to serve more than one Lot, the Owner of each Lot served by the facilities shall be entitled to, and is hereby granted a nonexclusive easement for the full use and enjoyment of such portions of the facilities as are needed to serve each Owner's Lot.

4.3.3 Owner Dispute

In the event of a dispute between Owners with respect to the repair or replacement of any facilities, or with respect to the sharing of the cost thereof, on the written request of one of the Owners addressed to the Association the matter shall be submitted to the Board. The Board shall decide the dispute and the Board's decision shall be final and binding on the parties.

4.4 Easement to Association for Weed Abatement

The Association and its agents, contractors and representatives shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter any area within one hundred (100) feet from the exterior boundary of any building on the Member Property and on the Association Property for the purpose of performing weed abatement activities, regardless of who owns the area to be abated. In the event the City requires that the Association perform weed abatement over a larger or different area than specified in this Section 4.4, the Association and its agents, contractors and representatives shall have the right to enter and perform work on such larger or different area. If any area abated by the Association pursuant to the easement granted under this Section 4.4 is part of a Lot, the Owner of said Lot shall be responsible for reimbursing the Association for the cost of abating such part of the Lot.

ARTICLE 5: COVENANTS AND USE CONDITIONS

The Association by this Declaration and each Owner by acceptance of title to a Lot covenant and agree, in addition to all other covenants contained herein, as follows:

5.1 Partition of the Association Property

The Association Property shall remain undivided and neither the Association nor any Owner shall bring any action for partition except as otherwise hereinafter provided.

5.2 Residential Use

Each Lot shall be restricted to one (1) single family dwelling that may be used only as a private residence for the Owner or the family, tenants or guests of the Owner and for no other purpose. No part of any Lot, dwelling or garage shall be used, directly or indirectly, for any business, commercial, manufacturing, mercantile, vending or other nonresidential purpose except to the extent and for such home business as may be authorized by the Board.

5.3 Landscaping and Maintenance Required

Subject to the provisions of this Declaration and the Association Rules, each Owner and Resident shall have the right and the duty to landscape his or her Lot and to maintain such landscaping as well as all other improvements on the Lot. Each Owner and Resident shall maintain his or her Lot in a clean, sanitary and attractive condition and shall keep the same free from rubbish, litter and noxious weeds; shall maintain, cultivate and keep in good condition and repair all shrubs, trees, grass, lawns, plantings and other landscaping, including hardscape, statuary and other decorative items on the Lot; and shall maintain in good condition and repair and adequately painted or otherwise finished all other improvements on the Lot.

5.4 Noncompliance; Enforcement

In the event an Owner or Resident shall fail to comply with the provisions of Section 5.3 above, the Board or its authorized agents shall have the right of entering the Owner's or Resident's Lot for the purpose of remedying the noncompliance. The Association shall not be liable for trespass in connection with such entry. The cost of remedying an Owner's or Resident's failure to comply with Section 5.3 above shall be assessed to the Owner or Resident as a Remedial Assessment, enforceable in the manner provided herein.

Any such entry, however, shall be made only after a meeting of the Board at which a quorum is present. Such meeting shall be duly noticed and called in the same manner as provided in the Bylaws for the noticing and calling of a special meeting of the Board. Written notice of the meeting shall be given at least fifteen (15) days before the meeting to the Owner or Resident whose compliance is sought. The notice shall contain, at a minimum, the date, time and place of the meeting, the nature of the alleged noncompliance and a statement that the Owner or Resident has the right of attending and of addressing the Board at the meeting. Such notice shall be given either in person or by United States mail, certified or registered with postage and fees prepaid and return receipt requested, addressed to the Owner or Resident at the Owner's or Resident's Lot or at the address given to the Association for the purpose of notice. Such notice, if mailed, shall be deemed received twenty-four (24) hours after being so deposited in the United States mail.

The Owner or Resident so noticed shall be entitled to appear at the meeting and to present the case why the Owner's or Resident's Lot is in compliance or why the Board or its authorized agents should not enter the Lot. If requested by the Owner or Resident involved, the Board shall meet in executive session. The decision in the matter shall be made by a majority of the Board present at the meeting and shall be binding. No action taken at the meeting shall be effective unless a quorum of the Board is present in person or by proxy, and unless written notice, either by personal delivery or first-class mail, shall have been given to the Owner or Resident subject thereto within fifteen (15) days following the meeting. The notice of action taken shall include the reasons(s) for the action taken.

5.5 The Association Property

No Owner or Resident shall remove, alter or damage in any way any part of the Association Property including, but not limited to, the clubhouse, its recreational facilities, all improvements thereto and all personal property located therein or thereon, and including all shrubs, trees, grass, plants and other landscaping or other facilities maintained on the Association Property by the Association. The Owner or Resident who violates this Section 5.5 shall reimburse the

Association for all costs and expenses incurred in remedying the damage caused by the said violation. Such costs and expenses shall be assessed as a Remedial Assessment against the Lot owned by the violating Owner or occupied by the violating Resident, enforceable in the manner provided herein.

5.6 Signs

Unless otherwise approved in writing by the Board, no sign shall be displayed in public view on any Lot except for:

- Such signs as may be required for legal proceedings;
- Residential identification signs of a combined total face area of seventy-two (72) square inches or less for each Lot, as approved by the Board;
- During construction of any residence or other improvement, one (1) job identification sign not larger than eighteen inches (18") by twenty-four inches (24");
- "For Sale", "For Rent", "For Exchange" or "For Lease" signs not larger than eighteen inches (18") by twenty-four inches (24"); and
- Such political signs that conform to the location, time and size restrictions as may be established by the Board from time to time.

5.7 Obnoxious and Offensive Activities

No obnoxious or offensive activity shall be conducted on any Lot or on any part of the Association Property, nor shall anything be done thereon that may be or may become an annoyance or nuisance to the neighbors or that may in any way interfere with the quiet enjoyment of each of the Owners and Residents, or that may in any way increase the rate of anyone's casualty or liability insurance.

5.8 Chemicals

The Board shall have the power from time to time to determine that the use of particular chemicals on any one or more Lots or on the Association Property constitutes or would constitute a clear danger, and to publish the names of such chemicals and prohibit their use. No chemical so prohibited shall be used on, under or above any Lot or any portion of the Association Property. Additionally, the Board may prohibit specified chemicals, including but not limited to pesticides and herbicides, from use on, under or above any Lot or any part of the Association Property, whether once, intermittently or continuously, if such chemical or any product thereof or residue therefrom does or may seep, drain, flow, drift or otherwise migrate into any natural or constructed drain or into the air.

5.9 Pets

No animals, livestock, birds, fish or poultry of any kind shall be raised, bred or kept in or on any Lot, except that dogs, cats or such other household pets as may be approved by the Association may be kept on a Lot provided such pets are not kept, bred or maintained for any commercial purpose or in unreasonable numbers. Notwithstanding the foregoing, no animals or fowl may be kept that result in an annoyance or are obnoxious to Residents in the vicinity. In every case, each Owner and Resident shall be liable to the Association, and to each and all other Owners, Residents and their respective families, guests and invitees, for any and all injuries to persons or damage to property caused by such Owner's or Resident's pet, or by any pet brought or kept on

the Member Property or on the Association Property by such Owner's or Resident's family, guest or invitee. On the written request of any Owner or Resident, the Board shall conclusively determine, in its sole discretion, whether for purposes of this Section 5.9 a particular animal or bird shall be considered a household pet or a nuisance, or whether the number of household pets on a given Lot is unreasonable. Any decision rendered by the Board shall be binding and enforceable as other restrictions contained herein.

5.10 Vehicles

No trailer of any kind, mobile home, recreational vehicle, boat or truck larger than a pick-up shall be kept, maintained, placed, constructed, remodeled or repaired on any Lot or street in such manner as will be visible from any other Lot or from the Association Property, except that temporary parking of recreational vehicles may be permitted by the Board.

5.11 Debris; Outside Storage; Hanging Clothes

5.11.1 Debris

No trash, debris, garbage or containers therefor shall be allowed to accumulate on any Lot or on the Association Property except in locations specifically designated or permitted by the Board for such use.

5.11.2 Outside Storage

Trash cans, except on days that trash is collected, and other outdoor storage containers or sheds on any Lot shall not be visible from any portion of any street or other Lot except as may be otherwise expressly allowed by the Board.

5.11.3 Hanging Clothes

No exterior clothesline shall be erected or maintained on any Lot and there shall be no outdoor airing, drying or laundering of clothes, bedding or any other item.

5.12 Alterations and Improvements

No building, improvement, manufactured housing unit, fence or other structure of any type, nor any structural alteration to any existing improvement nor any significant alteration to the landscaping shall be made, constructed or maintained on any Lot until approved in writing by the Board. Prior to granting its approval, the Board may require a complete set of plans and specifications that disclose the appearance, height, materials and color of the planned improvement. If appropriate for the planned improvement, the Owner shall also furnish a plot plan, grading plans and a soils report. No change in the exterior appearance, type, color, grade, height or location of any structure on any Lot shall be made without the prior written approval of the Board.

5.13 No Discrimination; Liberal Construction; No Waiver

No Owner shall execute or file for record any instrument that imposes a restriction on the sale, leasing or occupancy of any Lot on the basis of sex, race, color or creed. The provisions of this Declaration shall be liberally construed. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

5.14 No Pests

No Owner or Resident shall permit any thing or condition to exist on any portion of any Lot that will induce, breed or harbor infectious plant diseases or noxious insects or vermin.

5.15 Age Restriction

The person(s) commencing any occupancy of a dwelling unit in the Member Property shall include at least one (1) "Qualifying Resident" who intends to reside in the unit as his or her primary residence on a permanent basis. Each other person intending to reside in the unit shall be:

- A "Qualifying Resident", or
- A "Qualified Permanent Resident", or
- A "Permitted Health Care Resident", or
- A "Temporary Resident", or
- A person under 55 years of age who had the right to occupy the dwelling unit on January 1, 1985, or
- A person under 55 years of age who occupied the dwelling unit prior to January 1, 1990 in reliance on the exemption to the special design requirement provided by Section 51.4 of the California Civil Code prior to January 1, 2001.

Together the Member Property and the Association Property constitute an age-restricted, deed-restricted senior citizen housing development within the meaning of Section 51.3 of the California Civil Code. This Declaration hereby adopts and incorporates all applicable provisions of the said Section 51.3 and any and all applicable future amendments to the said Section 51.3 that may be made subsequent to the date of this Declaration without the need for amending this Declaration to reflect any such future changes.

5.15.1 Qualifying Resident

A "Qualifying Resident" is a person 55 years of age or older.

5.15.2 Qualified Permanent Resident

A "Qualified Permanent Resident" is a person who meets both of the following requirements:

- Was residing with a Qualifying Resident prior to the death, hospitalization or other prolonged absence of, or the dissolution of marriage with, the Qualifying Resident; and
- Was 45 years of age or older, or was a spouse, cohabitant or person providing primary physical or economic support to the Qualifying Resident.

"Cohabitant" means a person who is a domestic partner of the Qualifying Resident within the meaning of Section 297 of the California Family Code.

On the death of or dissolution of marriage with or upon hospitalization or other prolonged absence of the Qualifying Resident, any Qualified Permanent Resident shall be entitled to continue to occupy, reside in or use the dwelling unit.

"Qualified Permanent Resident" also means a disabled person, or person with a disabling illness or injury, who is a child or grandchild of the Qualifying Resident or of the Qualified Permanent Resident and who needs to live with the Qualifying Resident or the Qualified Permanent Resident because of the disabling condition, illness or injury. For purposes of this subsection 5.15.2, "disabled" means a person who has a disability as defined in subdivision (b) of Section 54 of the California Civil Code, and a "disabling injury or illness" means an illness or injury that results in a condition meeting the definition of disability set forth in said subdivision (b).

For any person who is a Qualified Permanent Resident under the disability provisions of this subsection 5.15.2 and whose disabling condition ends, the Board may require the formerly disabled person to cease residing in the Member Property on giving the formerly disabled person six (6) month's written notice. The Board may, however, allow the formerly disabled person to remain a Qualified Permanent Resident for up to one (1) year after the disabling condition ends.

The Board may take action to prohibit or terminate occupancy by a person who is a Qualified Permanent Resident under these disability provisions if the Board finds, based on credible and objective evidence, that the disabled person is likely to pose a significant threat to the health or safety of others that cannot be ameliorated by means of a reasonable accommodation. The Board's action to prohibit or terminate the disabled person's occupancy, however, may be taken only after the Board does both of the following:

- Provides reasonable notice to and an opportunity to be heard for the disabled person whose occupancy is being challenged, including reasonable notice to the coresident parent or grandparent of that disabled person; and
- Gives due consideration to the relevant, credible and objective information provided in the hearing. The evidence shall be taken and held in a confidential manner by the Board in executive session in order to preserve the privacy of the disabled person.

The disabled person shall be entitled to have present at the hearing an attorney or any other person authorized to speak on behalf of or to assist the disabled person in the matter.

5.15.3 Permitted Health Care Resident

A "Permitted Health Care Resident" means a person hired to provide live-in, long-term or terminal health care to a Qualifying Resident, or a family member of the Qualifying Resident who is providing that care. For purposes of this subsection 5.15.3, the care provided by a Permitted Health Care Resident shall be substantial in nature and shall provide either assistance with necessary daily activities or medical treatment or both. A Permitted Health Care Resident may occupy the dwelling unit of the Qualifying Resident during any period that the Permitted Health Care Resident is actually providing live-in, long-term or hospice health care to the Qualifying Resident for compensation. The term "for compensation" includes the providing of lodging and food in exchange for care.

A Permitted Health Care Resident shall be entitled to continue to occupy, reside in or use the dwelling unit as a Permitted Health Care Resident in the absence of the Qualifying Resident from the dwelling unit only if both of the following conditions apply:

- The Qualifying Resident became absent from the dwelling unit because of hospitalization or other necessary medical treatment and expects to return to the dwelling unit within ninety (90) days from the date the absence began; and
- The absent Qualifying Resident or an authorized person acting for the absent Qualifying Resident has submitted a written request to the Board stating that the Qualifying Resident desires that the Permitted Health Care Resident be allowed to remain in the dwelling unit in order to be present when the Qualifying Resident returns to the dwelling unit.

On written request by the Qualifying Resident or an authorized person acting for the Qualifying Resident, the Board shall have the discretion to allow a Permitted Health Care Resident to remain for a time period longer than ninety (90) days from the date that the Qualifying Resident's absence began if it appears that the Qualifying Resident will return within a period of time not to exceed an additional ninety (90) days.

5.15.4 Temporary Resident

A "Temporary Resident" means a person less than 55 years of age who is the guest of a Qualifying Resident or Qualified Permanent Resident. Provided that the host Qualified Resident or Qualified Permanent Resident is also in residence, a Temporary Resident may reside in the dwelling unit of the Qualifying Resident or Qualified Permanent Resident for periods of time not to exceed ninety (90) days either cumulatively in any calendar year or consecutively in any one (1) visit.

5.16 Parking and Street Obstructions

No parking of vehicles of any type whatsoever on any street in the Association Property is permitted. No Owner or Resident shall do anything that will in any manner prevent the streets and driveways from at all times being free and clear of all obstructions and in a safe condition for vehicular use.

5.17 Compliance with Law

Each Owner shall promptly comply with all laws, statutes, ordinances, rules and regulations of Federal, State or municipal governments or other authorities having jurisdiction over the Member Property with respect to the use and occupancy of and the construction and maintenance of any improvements on such Owner's Lot.

5.18 Extraction of Minerals

Except as may be approved in writing by the Board, no oil drilling, oil development, oil refining, quarrying or mining operation of any kind shall be permitted on any Lot, nor shall oil wells, tanks, tunnels or mineral excavations be permitted on the surface thereof or within five hundred (500) feet below the surface thereof, nor shall derricks or other structures designed for drilling for water, oil or natural gas be erected, maintained or permitted on any portion thereof.

5.19 Drainage

No Owner may interfere with or alter the established grading or in any manner impede the drainage pattern on any Lot or on any of the Association Property as such grading and drainage exist as of the date of this Declaration, nor in any way divert, interfere with or impede the

drainage from any portion of the Member Property or the Association Property into the established offsite drainage system.

5.20 Power Equipment; Auto Repairs

No power equipment, hobby shop or carpenter shop shall be maintained on any Lot except with the prior written approval of the Board. No automobile overhaul or maintenance work, other than emergency repairs, shall be permitted on any Lot or on the Association Property.

5.21 Taxes and Utilities

Each Owner shall pay all real and personal property taxes separately assessed against such Owner's Lot, and all utility charges separately metered or charged against said Lot. All such payments shall be in addition to and separate from Assessments payable to the Association.

5.22 Guest Parking

All parking spaces within the Association Property are hereby designated for the temporary use of visitors and guests of Members and Residents. The Board may, however, allow Member or Resident use of such parking on a temporary basis for short periods of time. In no event shall any Member or Resident do anything to prevent the use of such parking by visitors and guests of other Members or Residents. Any vehicle parked in violation of this Section 5.22 or of the Association Rules may be towed away at the expense of the owner of the vehicle.

5.23 Use of Fire Retardant Plants

The City Fire Department has set standards for the use of flammable plants in and around the Member Property and the Association Property. The City advises that, although no plant will completely stop a fire from advancing, the plants listed below will resist burning far better than most and thereby slow a fire's progress. Except for bedding plants, and subject to the supervision of the Board, only those plants listed below shall be planted on any Lot unless the Board shall expressly consent otherwise:

5.23.1 Trees, Shrubs

Callistemon
Ceratonia Sillqua
Heteromeles Arbutifolia
Myoporum
Nerium Oleander (dwarf kinds)
Prunus Lyonil
Rhamnus Alternus
Rhus (evergreen types)
Rosmarinus Officinalis "Prostratus"
Schinus Molle
Schinus Terebinthifolius
Terucrim Chamaedrys

5.23.2 Perennials, Vines

Achillea
Agave

Aloe
Artemisia (low growing kinds)
Antriplex (some)
Campsis
Convolvulus Oneorom
Gazania
Ice Plants
Limonium Perezil
Portulacaria Afra
Santolina Virens
Satureja Montana
Senecio Cineraria
Solanum Jasminoides
Yucca (trunkless kinds)

5.24 Exterior Lighting

All exterior light fixtures shall be screened or shaded in order to prevent direct light or glare onto neighboring Lots. Exterior lighting shall be a maximum of 150 watts and shall be designed and selected so that it illuminates the immediate grounds or the residence only.

5.25 Exceptions

The conditions and restrictions set forth in this Article 5 shall not apply to any act done or proposed to be done on the Member Property or the Association Property, or to any condition created thereon, by:

- Any governmental agency or entity or its agents or employees acting in the scope of their authority as such agents or employees;
- Any utility company (including but not limited to companies furnishing electric, gas, water, telephone, cable television and/or sewer service to all or a part of the Member Property or the Association Property), or the agents or employees of any such company acting within the scope of such company's charter;
- The Board acting within its authority; or
- Any person acting pursuant to court order or the order of any public officer or public agency. The orders contemplated herein, however, are only those that result from action initiated by public officers or agencies and that embody mandatory requirements with penalties for nonperformance, and are not those that result from the application of private parties or are merely permissive.

ARTICLE 6: DESTRUCTION

6.1 Reconstruction without Election by Members

In the event of a total or partial destruction of any portion of the Association Property or any furnishings, equipment or other personal property of the Association, and if the available proceeds of the insurance carried pursuant to Section 2.4.4 hereof are sufficient to cover not less than ninety percent (90%) of the cost of repair, reconstruction or replacement thereof, the same

shall be promptly repaired, rebuilt or replaced unless, within sixty (60) days from the date of such destruction, Members holding a majority of the Voting Power of the Association determine that such repair, reconstruction or replacement shall not take place. If the reconstruction is to take place, the Board shall cause to be executed, acknowledged and recorded in the office of the County Recorder a certificate declaring the intention of the Members to rebuild, such certificate to be executed by any officer or agent of the Association duly authorized to execute the same for the Board.

6.2 Reconstruction by Consent of Members

If the proceeds of such insurance are less than ninety percent (90%) of the cost of repair, reconstruction or replacement, such repair, reconstruction or replacement shall nevertheless take place if Members holding a majority of the Voting Power of the Association so direct. In the event of an election to rebuild, a certificate as provided in Section 6.1 above shall be executed, acknowledged and recorded as provided in said Section.

6.3 Special Assessment

In the event of a determination to rebuild pursuant to either Sections 6.1 or 6.2 above, each Owner shall be obligated to contribute such funds as shall be necessary to pay said Owner's share of the cost over and above the insurance proceeds. Such Special Assessment shall be allocated to each Lot in the same manner as the Annual Assessment and shall be due and payable in full within thirty (30) days after written notice thereof or as otherwise specified in the notice.

6.4 Obligation of the Board

The Board shall obtain bids from at least two (2) reputable contractors, and if a determination to rebuild is made in accordance with either Sections 6.1 or 6.2 above, the Board shall award the reconstruction work to the lowest qualified bidder. The Board shall not be required or authorized to award such contract, however, until it has sufficient monies, whether from insurance or the collection of a Special Assessment levied in accordance with Section 6.3 above, with which to pay the cost of reconstruction as determined by the bid to be accepted by the Board. The Board, on awarding the contract, shall thereafter be authorized to disburse monies to the contractor in accordance with said contract from the insurance proceeds and the Special Assessment, if needed. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of such reconstruction at the earliest possible date. All such reconstruction shall be in accordance with the original plans of construction of the Association Property being rebuilt or replaced unless Members holding a majority of the Voting Power of the Association shall have approved otherwise.

6.5 Determination not to Rebuild

If a certificate of intention to rebuild has not been executed, acknowledged and recorded in accordance with either Section 6.1 or 6.2 above within nine (9) months from the date of any partial or total destruction of Association Property, or if reconstruction and rebuilding has not actually commenced within such nine (9) month period, the Board shall distribute $1/259^{\text{th}}$ of the insurance proceeds available for such rebuilding to the Owner(s) of each Lot. If less than 259 Lots remain in the Member Property at the time of distribution, each Lot's Owners(s) shall be entitled to that share of the total distribution equal to a fraction the numerator of which is one (1) and the denominator of which is the number of Lots remaining in the Member Property at the

time of the distribution. In the event of such a distribution, the conditions for partition as set forth in Section 1354 of the California Civil Code shall be deemed to have been satisfied and the right of any Owner to partition such Owner's Lot through legal action shall forthwith revive.

6.6 Damage to Lots

Nothing contained in this Article 6 shall be deemed to preclude the right of any Owner to pursue all available legal remedies and obtain all compensation to which the Owner may be entitled by reason of damage to said Owner's Lot or the improvements thereon.

ARTICLE 7: CONDEMNATION

7.1 Rights of Owners

Nothing contained in this Article 7 shall be deemed to restrict or preclude the right of an Owner to pursue all available legal remedies and to obtain all compensation to which the Owner may be entitled by reason of the taking of or damage to said Owner's Lot(s), or the landscaping and improvements thereon, under the power of eminent domain.

7.2 Distribution of Association Award in a Total Taking

A "Total Taking" for purposes of this Section 7.2 means that all of the Lots and all of the Association Property are taken under the power of eminent domain. In such event, that portion of the condemnation award that is paid to the Association on account of the taking of real or personal property owned by the Association shall be divided among and distributed to the Owners. The Owner(s) of each Lot shall be entitled to 1/259th of the net condemnation award received by the Association for the Association Property. If less than 259 Lots remain in the Member Property at the time of the Total Taking, each Lot's Owner(s) shall be entitled to that share of the said net condemnation award that is equal to a fraction the numerator of which is one (1) and the denominator of which is the number of Lots remaining in the Member Property at the time of the Total Taking.

7.3 Partial Taking of Association Property

7.3.1 Restoration

In the event of a partial taking that includes real or personal property owned by the Association, the Association shall use all amounts awarded to it on account of such taking to repair, reconstruct or restore its remaining property as nearly as possible to its condition immediately prior to such taking. If that is not reasonably possible, the Association shall attempt to acquire and improve other real or personal property to replace the property that was taken. The Association shall not be obligated, however, to replace such real or personal property if Members holding seventy-five percent (75%) of the Voting Power of the Association elect to distribute the condemnation award in the manner provided in Section 7.2 above rather than make such replacement. If the Members do not elect within sixty (60) days after the taking to distribute the condemnation award, the Board shall proceed immediately with and pursue diligently to completion such repair, reconstruction or restoration, including the acquisition and improvement of new property if required. If funds are needed in addition to the condemnation award, the

Board may, subject to the vote or written approval of Members holding a majority of the Voting Power of the Association, levy a Special Assessment on all remaining Lots to raise any funds needed. If the Members do not approve such Special Assessment, the Board shall perform such repair, reconstruction and restoration work and make such acquisitions as are possible with available funds.

7.3.2 Quitclaim of Remainder

In the event of a partial taking of the Association Property and a total taking of one or more Lots, the Owner(s) whose Lot is completely taken shall be entitled to retain all of the award made for the said Lot. Such Owner(s) shall, however, quitclaim in equal share to the Owners of the remaining Lots the taken Owner's interest in that portion of the Association Property that was not taken.

ARTICLE 8: ENFORCEMENT

8.1 Enforcement by the Association or any Owner

Subject to the provisions of California Civil Code Section 1354, in the event of any default by any Owner or Resident under the provisions of the Governing Documents, the Association and its successors and assigns and the Board and its agents, or any of them, and any Owner shall have all the rights and remedies that may be provided for in said documents or that may be available at law or in equity. Any of said persons or entities may prosecute any action or other proceeding against such defaulting Owner or Resident for:

- Enforcement of any lien and the appointment of a receiver for the Lot and the ownership interest of such an Owner;
- Damages;
- An injunction;
- Specific performance;
- A monetary judgment and the collection thereof;
- The right to take possession of the Lot and to sell the same as herein provided; and/or
- Any combination of these or other remedies or any other relief.

The Association and the Board and the agents of each shall have the authority to correct such default and to do whatever may be necessary for such purpose. All expenses of the Association in connection with such actions, proceedings or corrections, including court costs and attorneys' fees, and all damages together with interest thereon at the maximum legal rate until paid, shall be charged to such defaulting or noncomplying Owner or Resident and shall be enforceable as a Remedial Assessment in the manner set forth in Article 3 hereof. Any and all such remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or by the Board. Only the Board has the power to enforce the provisions of Article 3 hereof relating to the enforcement of Assessments. A monetary penalty imposed against an Owner by the Association in order to reimburse the Association for costs incurred to repair damage to Association Property, for which damage the Owner or the guest or tenant of the Owner was responsible, may become a lien against the Owner's Lot enforceable by sale.

8.2 Attorneys' Fees; Other Costs

The prevailing party in any suit between any Member or Resident and the Association shall be entitled to reimbursement for its legal expenses, including but not limited to attorneys' fees, fees of experts, court costs and other expenses reasonably incurred in the lawsuit. The amount if any to which the Association is entitled shall be a lien against such Member's Lot and shall be enforceable as provided in Section 8.1 above and in Article 3 hereof.

8.3 Enforcement by the City

The City shall have the right but not the obligation to enforce the provisions of this Declaration pertaining to the existence, use and maintenance of the Association Property and to any exterior modification of any building on any Lot or on the Association Property.

ARTICLE 9: GENERAL PROVISIONS

9.1 Amendments

9.1.1 Amendments to this Declaration

This Declaration may be amended from time to time by the vote or written approval of Members holding a majority of the Voting Power of the Association. The percentage of the voting power necessary to amend a specific clause or provision, however, shall not be less than the percentage of affirmative votes required for action to be taken under such clause or provision. Moreover, no amendment that would negate the obligation of the Association to maintain the Association Property, including its private streets in a first class condition and a good state of repair, or that would negate the assessment procedure for the collection of funds for such maintenance, shall be made unless such amendment shall be approved by Members holding seventy-five percent (75%) of the Voting Power of the Association. Any amendment must be recorded prior to becoming effective.

9.1.2 Compliance with Law

Notwithstanding the provisions of Section 9.1.1 above, if by law any different percentage of Member approval is required for any action, then any amendment that changes, modifies or rescinds any provision of this Declaration with respect to such action shall be effective only if made and approved as required by law. No provision in this Declaration may be changed, modified or rescinded so as to conflict with the provisions of any law.

9.1.3 Consent of Affected Owners

No amendment or termination of this Declaration that does not apply to all of the Lots shall be made or recorded as to any portion of the Lots without the written consent of all of the Owners of the affected Lots.

9.1.4 Amendments to the Development Plan

No modification may be made to the approved residential development plan for the Lots without the consent and approval of the City. Minor adjustments may be made administratively by the

Director of Planning and Community Development of the City, but any substantial change shall require the approval of the City's Planning Commission.

9.1.5 Other Substantial Property Changes

No amendment to this Declaration that substantially alters the existing use or maintenance of the Association Property, or that changes any City requirement set forth in the Municipal Code or in the conditions of approval of the tract maps for any of the Member Property, shall be effective without the prior consent of the City.

9.2 Notices

Notices pursuant to this Declaration shall be in writing and shall be addressed to the person or entity intended to receive the same at the address shown for each as follows:

Association: The Springs Homeowners' Association
6358 Irena Avenue
Camarillo, California 93012

Member: At the address shown on the registry of Members maintained at the Association office

Resident: At the street address of the Lot occupied by such Resident

The Association may designate a different address or addresses for notices by giving written notice of change of address to all Members and Residents. Any Member or Resident may designate a different address or addresses for notices by giving written notice of change of address to the Association. Notice addressed as herein provided shall be deemed delivered when mailed by United States registered or certified mail, return receipt requested, or when delivered in person with written acknowledgement of receipt.

On written request to the Association, a Mortgagee shall be given a copy of all notices pursuant to this Declaration that are given by the Association to the Owner(s) whose property is security for a debt to such Mortgagee.

9.3 Severability

If any part of the Governing Documents or the application thereof in any circumstance is held invalid, the validity of the remainder of said documents and of the application of any such part in any other circumstance shall not be affected thereby.

9.4 Inapplicability to State

The provisions hereof shall not apply to any property now owned or hereafter acquired by the State of California or a political subdivision thereof.

9.5 Violation and Nuisance

Every act or omission, whether by the Association or by any Member or Resident, that violates any part of the Governing Documents is hereby declared to be a nuisance. Such nuisance may be

enjoined or abated, whether or not the relief sought is for negative or affirmative action, by the Association or by any Member or Resident.

9.6 Violation of Law

Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupancy or use of any of the Lots or of the Association Property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

9.7 Notification of Sale of Lot

Not later than ten (10) days before the scheduled closing of the sale or transfer of any Lot whereby the transferee will become the Owner thereof, the transferor shall notify the Association in writing of such sale or transfer. Such written notice shall set forth:

- The names of the transferor and the transferee;
- The street address of the Lot to be sold or transferred;
- The transferee's present mailing address; and
- The scheduled date of the closing.

Prior to the receipt of any such notice, any and all communications required or permitted to be given by the Association shall be deemed to have been duly given to the transferee if duly and timely given to said transferee's transferor.

9.8 Copy of Deed of Conveyance

Not later than ten (10) days after the receipt of the deed from the County Recorder's office that conveys title to a Lot to a new Owner, the new Owner shall provide a copy of said deed to the Association.

9.9 Lessees and Tenants

Any Owner who leases or rents a Lot or any portion thereof to any person or entity shall be responsible for assuring the compliance by the lessee or the tenant with all of the provisions of the Governing Documents, all as may be amended from time to time. All leases or rental agreements shall be in writing. Each lease or rental agreement shall contain an acknowledgment that it is subject and subordinate to all of the provisions of the Governing Documents, and that any failure by the lessee or the tenant to comply with any provision of the Governing Documents shall be a default under the lease or the rental agreement.

9.10 Breach vs Mortgagee's Lien

No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provision herein, shall defeat or render invalid the lien of any deed of trust made in good faith and for value. All of said covenants, conditions and restrictions, however, shall be binding on and effective against any Owner whose title is derived through foreclosure or trustee's sale or otherwise.

9.11 Construction

The provisions of this Declaration shall be liberally construed in order to promote the reasonable and safe use, maintenance, management and operation of the Association Property. This Declaration shall be construed and governed in accordance with California law. In the event of a conflict between this Declaration and any federal, state, County or City ordinance, the provisions of the federal, state, County or City ordinance shall control.

9.12 Plurals; Gender

Whenever the context so requires, the use of the singular shall include the plural, and the masculine shall include the feminine and the neuter.

9.13 Term

Unless sooner terminated by a recorded instrument of termination approved by Members holding at least seventy-five percent (75%) of the Voting Power of the Association, this Declaration shall remain in full force and effect for a term of ninety-nine (99) years from the date this Declaration is recorded. Thereafter, this Declaration shall be automatically extended for successive periods of ten (10) years each.

9.14 Headings

Section and subsection headings are inserted for convenience of reference only and are not intended to be a part of this Declaration or in any way to define, limit or describe the scope or intent of the particular section or subsection that it heads.

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CERTIFICATION

WHEREFORE, the President and the Secretary of the Association hereby certify that Members holding more than fifty percent (50%) of the Voting Power of the Association have approved this Declaration by their vote or written approval as of the 15th day of August 2002. This Declaration is hereby executed and delivered by the said President and Secretary, respectively thereunto duly authorized, on this 3rd day of September 2002.

**The Springs Homeowners' Association, a
California nonprofit mutual benefit corporation**

By Roberta M. Dornick
Roberta M. Dornick, President

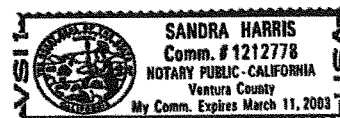
By Dorothy L. Higi
Dorothy L. Higi, Secretary

STATE OF CALIFORNIA)
)
COUNTY OF VENTURA) SS.

On September 3, 2002, before me, the undersigned, a Notary Public in and for said state, personally appeared Roberta M. Dornick and Dorothy L. Higi, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same in their authorized capacities and that by their signatures on the instrument the entity on behalf of which the persons acted executed the instrument.

WITNESS my hand and official seal.

Sandra Harris



(notary seal)