
**FIRST RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
STANFORD PARK**

This First Restated Declaration of Covenants, Conditions and Restrictions of Stanford Park (the "Declaration") is made by Stanford Park Homeowners Association, a California nonprofit mutual benefit corporation (the "Association").

RECITALS

A. The Association is an "association", as that term is defined in California Civil Code Section 1351(a), which has been created to manage the common interest development located in the City of Sacramento, Sacramento County, California commonly known as Stanford Park and more particularly described as follows (the "Development"):

Lots 1 through 50, inclusive, Lot A and Lot B as shown on the map entitled "Plat of Stanford Court Townhomes" which was filed on September 10, 1986 in Book 190 of Maps, Map No. 21 in the official records of Sacramento County, California.

B. A document entitled "Declaration of the Establishment of Covenants, Conditions and Restrictions with Respect to Land in Sacramento County, California" was recorded on September 18, 1986 as Instrument No. 191001, in Book 86-09-18, Page 1409 et seq., of the Official Records of Sacramento County, California (the "Original Declaration").

C. A document entitled "First Amendment to Declaration of the Establishment of Covenants Conditions and Restrictions with Respect to Land in Sacramento County, California" was recorded on October 9, 1997 as Instrument No. 199710091202 in the Official Records of Sacramento County, California (the "First Amendment").

D. The Original Declaration, as amended by the First Amendment, established certain limitations, easements, covenants, restrictions, conditions, liens, and charges which run with, and are binding upon all parties having or acquiring any right, title, or interest in, the real property comprising the Development.

E. The Association is the owners association formed to manage the Development and maintain the Common Area and certain of the Improvements on the Lots.

F. The Development is a "planned development" as that term is defined in California Civil Code Section 1351(k).

G. The real property comprising the Development was owned by the State of California (the "State"), and was ground leased to the Capitol Area Development Authority ("CADA"). CADA, in turn, sub-leased the Lots upon which the fifty single family townhomes within the Development were

constructed, together with the undivided interests in the Common Area appurtenant to such Lots, to individual owners.

H. The State conveyed its ownership interest in the Development to the Association by a Quitclaim Deed recorded October 9, 1997 as Instrument No. 199710091201 in the official records of Sacramento County, California (the "Quitclaim Deed"). The Quitclaim Deed contains certain specific restrictions on the use of the property within the Development including a requirement that the property be used for residential purposes as defined in the Quitclaim Deed until August 17, 2044.

I. Simultaneously with the conveyance by the State referred to in Recital H above, CADA assigned its interest in all Homeowner Subleases to the Association.

J. Subsequent to the State's conveyance to the Association and CADA's assignment to the Association, the Association conveyed fee title to all of the Lots within the Development to individual owners, except for Lot 1, Lot 3 and Lot 44.

K. Pursuant CADA's assignment of its interests in all Homeowners Subleases to the Association, the Association continues to lease Lot 1, Lot 3 and Lot 44, together with the appurtenant undivided interests in the Common Area, to certain Leasehold Owners. Such Leasehold Owners may, as more fully specified in Section 5.13, obtain fee title such Leasehold Lots in the future.

L. Members of the Association holding at least 67% of the total voting power of the Association voted to amend, restate and supersede the Original Declaration pursuant to Paragraph 31 of the Original Declaration as set forth below.

NOW, THEREFORE, it is hereby declared as follows:

1. The Original Declaration is hereby amended, restated and superseded in its entirety to read as set forth in this Declaration.

2. All of the real property comprising the Development constitutes a "planned development", as that term is defined in California Civil Code Section 1351(k).

3. All of the real property comprising the Development is held and owned and shall be held, owned, operated, managed, conveyed, hypothecated, encumbered, leased, used, occupied, and improved subject to the following covenants, conditions, and restrictions, all of which are declared and agreed to be in furtherance of a plan and purpose of protecting, preserving, and enhancing the value, desirability, and attractiveness of the Development and every part thereof, and of fostering the development, management, improvement, enjoyment, and sale of the real property comprising the Development and any part thereof.

4. All of the covenants, conditions, and restrictions set forth in this Declaration shall constitute enforceable equitable servitudes as provided in California Civil Code Section 1354, shall constitute covenants that shall run with the real property comprising the Development, and shall be binding upon and inure to the benefit of each Owner of any portion of such real property or of any interest therein and their heirs, successors, and assigns.

ARTICLE 1 DEFINITIONS

1.1 Absolute Majority. "Absolute Majority" shall mean a majority of the Total Voting Power of the Association.

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

1.3 Architectural Rules. "Architectural Rules" shall mean the rules and regulations adopted by the Board pursuant to Section 9.2 of this Declaration.

1.4 Articles. "Articles" shall mean the Articles of Incorporation of the Association, as they may be amended from time to time, and as filed with the Office of the Secretary of State of California.

1.5 Assessment. "Assessment" shall mean a charge levied by the Association against an Owner and his or her Lot as provided in Article 6 of this Declaration. "Assessment" shall include any or all of the following:

(a) Annual Assessments, which shall have the meaning set forth in Section 6.5 of this Declaration.

(b) Enforcement Assessments, which shall have the meaning set forth in Section 6.8 of this Declaration.

(c) Reimbursement Assessments, which shall have the meaning set forth in Section 6.7 of this Declaration.

(d) Special Assessments, which shall have the meaning set forth in Section 6.6 of this Declaration.

1.6 Association. "Association" shall mean Stanford Park Homeowners Association, its successors and assigns.

1.7 Board of Directors. "Board of Directors" or "Board" shall mean the governing body of the Association.

1.8 Bylaws. "Bylaws" shall mean the Bylaws of the Association as they shall be adopted by the Board of Directors and Members and any duly-adopted amendments thereof.

1.9 CADA. "CADA" shall mean the Capital Area Development Authority, as referred to in the Recitals to this Declaration.

1.10 City. "City" shall mean the City of Sacramento, California.

1.11 Common Area. "Common Area" shall mean (i) Lot A and Lot B as shown on the Map, and (ii) any real property owned by the Association for the common use and enjoyment of the Owners and Residents of the Development.

1.12 Contract Purchaser/Contract Seller. "Contract Purchaser" and "Contract Seller" shall mean the purchaser and the seller, respectively, under an installment land contract in which title to the property is transferred after the final installment payment is made.

1.13 County. "County" shall mean the County of Sacramento, California.

1.14 Declaration. "Declaration" shall mean this instrument, as it may be amended from time to time.

1.15 Development. "Development" shall mean all the real property described in Recital A of this Declaration as well as such other real property as may hereafter be brought within the jurisdiction of the Association.

1.16 Director. "Director" shall mean a member of the Board of Directors.

1.17 Exclusive Use Common Area. "Exclusive Use Common Area" shall mean any portion of the Common Area the exclusive use of which is set aside, allocated, assigned and restricted to the use of the Owners of a particular Lot. Such Exclusive Use Common Area shall include the garages designated by the letter "G" followed by the number of the Lot to which each particular garage is assigned as shown on the Subdivision Map.

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

1.19 Homeowner Sublease. "Homeowner Sublease" shall mean the sublease agreement for each Leasehold Lot originally entered into between CADA and the original Leasehold Owners of the Leasehold Lots. As more particularly set forth above, the Association is the successor in interest to CADA with respect to the Homeowner Subleases.

1.20 Improvement. "Improvement" shall mean all structures and improvements including without limitation buildings, landscaping, paving, fences, and signs.

1.21 Leasehold Owner. "Leasehold Owner" shall mean any person, firm, corporation or other entity who owns a leasehold estate in a Leasehold Lot.

1.22 Leasehold Lot. "Leasehold Lot" shall mean Lot 1, Lot 3 and Lot 44 as shown on the Subdivision Map until such time as fee title to any such lot is conveyed to its Leasehold Owner. Upon conveyance of fee title to a Leasehold Lot to a Leasehold Owner, the property shall cease to be a Leasehold Lot.

1.23 Lot. "Lot" shall mean any plot of land, including without limitation the Leasehold Lots, shown upon the Subdivision Map with the exception of the Common Area.

1.24 Member. "Member" shall mean an Owner.

1.25 Member in Good Standing. "Member in Good Standing" shall mean a Member of the Association who is current in the payment of all dues, Assessments, fines, penalties, and other charges imposed in accordance with the Governing Documents, and who is in compliance with all of the provisions of the Governing Documents, as may be more particularly set forth in the Bylaws.

1.26 Mortgage. "Mortgage" shall mean a deed of trust as well as a mortgage in the conventional sense. "First Mortgage" shall mean any Recorded Mortgage on a Lot with first priority over other Mortgages on such Lot.

1.27 Mortgagee. "Mortgagee" shall mean a beneficiary under or holder of, as applicable, a Mortgage. "First Mortgagee" shall mean a Mortgagee holding a First Mortgage.

1.28 Owner. "Owner" shall mean (i) any person, firm, corporation or other entity in which fee title to a Lot (excluding the Leasehold Lots) is vested as shown by the official records of the office of the County recorder, and (ii) the Leasehold Owners. The term "Owner" shall include Contract Sellers, but exclude Contract Purchasers and further exclude those having an interest in a Lot merely as security for the performance of an obligation. Where the context requires, the term "Owner" shall include the members of the Owner's household and the Owner's guests, tenants/lessees and invitees; provided, however, that such persons are not "Owners" for purposes of exercising voting rights in the Association.

1.29 Record. "Record" shall mean, with respect to any document, the recordation or filing of such document in the office of the County recorder.

1.30 Residence. "Residence" shall mean a residential structure located upon a Lot which is designed for human residential use and occupancy.

1.31 Resident. "Resident" shall mean any person who resides on a Lot within the Development whether or not such person is an Owner as defined in Section 1.28 of this Declaration.

1.32 Rules. "Rules" shall mean the rules and regulations governing the use, occupancy, management, administration, and operation of the Development or any part thereof as adopted and published by the Board of Directors from time to time and shall include, without limitation, the Architectural Rules.

1.33 Simple Majority. "Simple Majority" shall mean a majority of the votes of the Members (i) represented and voting at a meeting at which a quorum is present, or (ii) cast by written ballot (in conformity with California Corporations Code Section 7513) in which the number of ballots received equals or exceeds the number required to establish a quorum.

1.34 Subdivision Map. "Subdivision Map" shall mean the map entitled "Plat of Stanford Court Townhomes" which was filed on September 10, 1986 in Book 190 of Maps, Map No. 21 in the official records of the County.

1.35 Total Voting Power. "Total Voting Power" shall mean the total number of votes of all Members entitled to vote at a particular time, calculated on the basis of one vote for each Lot, excluding any Lots as to which an Owner is not then a Member in Good Standing.

ARTICLE 2 **COMMON AREA**

2.1 Purpose of Common Area. Subject to the provisions of the Declaration, the Common Area shall be held, maintained, and used to meet the common interests of the Owners, the members of the Owners' households, and the Owners' tenants, resident Contract Purchasers, and guests as provided in the Governing Documents.

2.2 Common Area Lots A and B. Fee ownership of each Lot within the Development shall include an undivided two percent (2%) fee interest as a tenant in common in Common Area Lot A and Common Area Lot B as shown on the Subdivision Map. The Association, and not the Leasehold Owners, shall own the fee interest specified in this section with respect to the Leasehold Lots unless and until such Leasehold Lots are conveyed to the Leasehold Owners as specified in Section 5.13.

2.3 Exclusive Use Common Area. The Owner of each Lot shall have the exclusive use of the Exclusive Use Common Area assigned to his or her Lot. While such Exclusive Use Common Area may be specifically referred to in the individual grant deed conveying a Lot, the failure of any such deed to make such reference shall not invalidate the exclusive rights set forth in this Declaration.

2.4 Owners Non-Exclusive Easements of Enjoyment. Every Owner shall have a non-exclusive easement of use of and enjoyment in, to, and throughout the Common Area. Each such non-exclusive easement shall be appurtenant to and pass with the title to every Lot, subject to the following rights and restrictions:

(a) The right of the Owner of a Lot to the exclusive use of the Exclusive Use Common Area assigned to such Lot as more fully described in Section 1.17 and Section 2.3.

(b) The right of the Board of Directors to establish and enforce Rules and fees governing the use of the Common Area and the facilities thereon.

(c) The right of the Board, as more particularly addressed in the Bylaws, to suspend an Owner's right to use the recreational facilities located on the Common Area for (i) any period during which any Assessment against such Owner's Lot remains unpaid, and/or (ii) for violations of the Governing Documents by an Owner or any person for whom an Owner is responsible.

(d) The right of the Board, as set forth in Section 3.3 of this Declaration, to grant easements and rights of way in, on, over, or under the Common Area subject to such conditions as may be agreed to by the Board.

(e) The right of the Board, subject to Section 5.9, to dedicate, sell or transfer all or any part of the Common Area.

(f) The right of the Board to mortgage, pledge, encumber, or otherwise hypothecate the Common Area and facilities thereon as security for money borrowed by the Association.

(g) The right of the Association to convey undivided fee interests as tenants in common in Common Area Lot A and Common Area Lot B as shown on the Subdivision Map pursuant to Section 5.13.

(h) The right of the Association or its authorized agents to perform its obligations under this Declaration, including, without limitation, obligations with respect to construction, maintenance, repair, or replacement for the benefit of the Common Area; and

(i) The right of the Association to establish, construct, maintain, repair and replace facilities upon the Common Area including without limitation storage facilities and workshops, which may be necessary or convenient in the discharge of the Association's duties and the exercise of its rights under the Governing Documents.

2.5 Assignment of Rights of Use. Subject to the limitations on the leasing of Lots contained in Section 4.20, any Owner may assign his rights of use and enjoyment, including easements, in the Development to the members of his household, tenants, Contract Purchasers, guests and invitees, subject to the terms of the Governing Documents. Upon the leasing or renting of a Lot, or upon occupancy of a Lot by a Contract Purchaser, the Owner shall be deemed to have assigned all such rights exclusively to the tenants or Contract Purchasers of such Lot except that such Owner shall continue to have an easement for ingress and egress to such Owner's Lot to the extent necessary to discharge of the Owner's obligations and rights as a

landlord. Each Owner shall notify the Secretary of the Association of the names of any tenants or any such Contract Purchasers of such Owner's Lot. Each Owner, tenant, or Contract Purchaser shall also notify the Secretary of the Association of the names of all members of his or her household to whom such Owner, tenant, or Contract Purchaser has assigned any rights of enjoyment in the Development as provided herein and the relationship which each such person bears to such Owner, tenant, or Contract Purchaser. Any rights of enjoyment assigned pursuant to this section are subject to suspension to the same extent that rights of Owners are subject to suspension as provided in the Governing Documents. It is the express purpose and intent of the provisions of this section to limit the right of use and enjoyment of the Common Area to Residents and their guests.

2.6 Common Area Construction. Except as may be authorized by the Board, no person or entity other than the Association or its duly-authorized agents (i) shall construct, reconstruct, refinish, alter, or maintain any Improvement upon the Common Area, (ii) shall make or create any excavation or fill upon the Common Area, (iii) shall change the natural or existing drainage of the Common Area, or (iv) shall plant, remove, or destroy any seed, plant material, tree, shrub, or other vegetation upon the Common Area.

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

ARTICLE 3 EASEMENTS

3.1 Easements in General. In addition to all easements reserved and granted on the Subdivision Map and the easements specified in Article 2, there are hereby specifically acknowledged, reserved and granted for the benefit of the Lots and the Owners in common and for each Lot and Owner severally, and for the Association, as their respective interests shall exist, the easements and rights of way as particularly identified in this article.

3.2 Association Utility Easements. Easements over and under the Development or any portion thereof for the installation, repair, maintenance, and replacement of (i) electric, telephone, water, gas, and sanitary sewer lines, meters, and facilities, (ii) cable lines and facilities, (iii) drainage facilities, (iv) walkways, and (v) landscaping, as shown on the Subdivision Map, and as may be hereafter required or convenient to service the Development, are reserved by and shall exist in favor of the Association, together with the right to grant and transfer the same. The Association shall maintain all utility installations located in the Common Area except for those installations maintained by utility companies, public, private, or municipal.

3.3 Easements Granted by Board. The Board shall have the power to grant and convey to any person or entity easements and rights of way, in, on, over, or under the Common Area for the purpose of

(i) constructing, erecting, operating, or maintaining thereon, therein, or thereunder overhead or underground lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone, public sewers, storm drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities, and (ii) for any other purposes deemed by the Board to be appropriate and not inconsistent with the purposes and interests of the Association. Each purchaser, in accepting a deed to a Lot, expressly consents to such easements and rights of way. No such easements may be granted if they would materially interfere with the use, occupancy, or enjoyment by an Owner or Resident of his or her Lot without the consent of the affected Owner of the Lot.

3.4 General Association Easements for Maintenance and Repair. The Association shall have an easement in, on, over or under every Lot as reasonably necessary to (i) maintain and repair the Common Area, (ii) perform maintenance upon a Lot pursuant to Section 8.1(c), (iii) perform maintenance upon a Lot which is not performed by its Owner as provided by Section 8.4 and Section 8.6, and (iv) otherwise perform its obligations under this Declaration.

3.5 Encroachment Easements. Each Lot within the Development is hereby declared to have an easement over all adjoining Lots and the Common Area for the purpose of accommodating any minor encroachment due to engineering errors, errors in original construction, settlement or shifting of structures, or any other similar cause. There shall be valid easements for the maintenance of such encroachments as long as they shall exist. Notwithstanding the preceding, in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if such encroachment occurred due to the wilful misconduct of such Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots or Common Area shall be permitted and that there shall be valid easements for the maintenance of such encroachments so long as they shall exist. There shall also be, appurtenant to each Lot, an easement for encroachment onto the Common Area for eaves, roof overhangs, building trim and other building protrusions which may exist or may be erected in the future upon the Lots.

3.6 Party Wall Easements. There shall be reciprocal easements for the mutual benefit of the Lots sharing any party wall for purposes of the maintenance and repair of such party wall as provided in Section 8.2(d).

ARTICLE 4 USE RESTRICTIONS

4.1 Single Family Residential Use. Except as specifically provided in Section 4.3, no Lot, or any portion thereof, shall be occupied or used for other than single-family residential purposes.

4.2 No partition. There shall be no judicial partition of the Development or any part thereof, nor shall any Owner or any person acquiring any interest in the Development or any part thereof seek any judicial partition thereof; provided, however, that if any Lot shall be owned by two or more co-tenants as tenants in common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition by sale as between such co-tenants.

4.3 Restriction on Businesses. No business of any kind shall be established, maintained, operated, permitted, or conducted within the Development except such professional and administrative professions as may be permitted by applicable governmental ordinances and provided that there shall be no external evidence thereof and such other businesses which by law must be permitted to be conducted within the Development. This section shall not be construed to restrict or restrain the activities of the Association including, without limitation, its activities connected with the Leasehold Lots and the Homeowner Subleases.

4.4 Offensive Conduct, Nuisances, Noise. No noxious, harmful, or offensive activities shall be conducted upon or within any part of the Development, nor shall anything be done or allowed to remain thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to any Residents of the Development, or which shall in any way interfere with their use of the Common Area and the facilities thereon or the use and enjoyment of their Lots or Residences. Without limiting any of the foregoing, no Owner shall permit noise, including without limitation the barking of dogs or excessively loud music, to emanate from the Owner's Lot, which would unreasonably disturb another Owner's enjoyment of his or her Lot or of the Common Area. Nothing in this section shall be construed to limit the Association's ability to discharge its duties in accordance with the Governing Documents or otherwise manage the Development.

4.5 Use of the Common Area. All use of the Common Area is subject to the Governing Documents. No alterations or additions to the Common Area shall be made except as authorized by the Board pursuant to Section 2.6. Except as provided in Section 4.13 with respect to the parking of vehicles within the Exclusive Use Common Area garages, nothing shall be placed, kept, stored, or parked on the Common Area without the prior written consent of the Board. Without limiting the foregoing, no Owner shall place rubbish, debris, or other unsightly or unsanitary materials on the Common Area. Each Owner shall avoid causing damage to the Common Area.

4.6 Requirement of Architectural Approval. As addressed in greater detail in Article 9, construction, installation, modification, or alteration of buildings, outdoor structures, fences, awnings, outdoor lighting and all other exterior Improvements are subject to approval of the Board

4.7 Sports Apparatus. Except for sports apparatus maintained by the Association, no sports apparatus, whether portable or fixed, including without limitation basketball standards, shall be erected, maintained or utilized within the Development. As used in this section, the term "sports apparatus" does not include bicycles, roller skates, roller blades or any other similar unpowered wheeled equipment, provided that the Board of Directors shall have the discretion to adopt rules and regulations, which shall be Rules as defined in Section 1.32, governing the use of such unpowered wheeled equipment.

4.8 Window Coverings. Drapes, window shades, and other window coverings shall be installed in the interior of the windows of all Residences and shall comply with any Rules adopted by the Board of Directors. In no event shall aluminum foil, newspaper, bed sheets or similar materials be placed in windows. All window coverings shall be maintained in good repair and condition at all times. The portions of all window coverings which can be seen from the Common Area or any other Lot shall be white or off-white in color.

4.9 Signs. No sign of any kind shall be displayed to the public view from any portion of the Development except that this restriction shall not apply to:

- (a) Signs required by legal proceedings;
- (b) Signs which by law cannot be prohibited;
- (c) A single sign of customary and reasonable dimension and design, complying with the Rules and reasonably located on a Lot advertising the Lot for sale or, provided that the Lot may be rented in accordance with Section 4.20, for rent.
- (d) Signs on the Common Area as approved by the Board for a purpose reasonably related to the affairs of the Association; and

(e) Such other signs as the Board, in its discretion, may approve. The Board may adopt limitations on such signs including, without limitation, restrictions on the size of the signs, the duration of their posting, and their location.

4.10 Antennas. No outside mast, tower, pole, antenna, or satellite dish shall be erected, constructed, or maintained on the Common Area or upon any Lot, except (i) those erected, constructed, or maintained by the Association, (ii) those expressly approved by the Board of Directors, or (iii) those specifically permitted by law. With respect to those outside masts, towers, poles, antennae and satellite dishes specifically permitted by law, the Association shall have the authority to regulate their installation and maintenance to the greatest extent permitted by law. The Owner of each Lot shall be responsible for the repair and maintenance of any outside mast, tower, pole, antenna or satellite installed on his or her Lot and shall indemnify and reimburse the Association for any and all costs and expenses associated therewith, including without limitation any increased costs incurred by the Association in the performance of its maintenance obligations as specified in Article 8.

4.11 Trash Disposal. No trash, garbage, accumulated waste plant material, debris or other waste or refuse shall be permitted to accumulate on any portion of the Development except (i) within the covered disposal containers provided by the Association and located within the Common Area, and (ii) within the Residences provided that such Garbage is kept in reasonable amounts, in appropriate containers and in a safe, sanitary manner and that no odor is permitted to annoy other Residents. No disposal containers shall be permitted within the Development except as specified in this section and except as may be used by the Association in the conduct of its business.

4.12 Construction Materials, Construction Debris. No portion of the Development shall be used for the storage of building materials other than in connection construction projects approved in accordance with Article 9. All construction debris shall be picked up and deposited daily in an appropriate container.

4.13 Vehicles and Parking. No vehicle of any kind, including without limitation passenger vehicles, trucks, vans, motorcycles, trailers, motor homes, recreational vehicles, campers, or boats shall be parked, kept or permitted to remain within the Development unless placed or maintained completely within the Exclusive Use Common Area garages. The Board, in its complete discretion and upon such basis and terms as it deems prudent, shall have the power to adopt, modify and repeal Rules permitting the temporary parking outside of the garages for the purposes of washing a vehicle or loading or unloading a vehicle.

4.14 Parking Rules and Enforcement. In order to prevent or eliminate parking problems within the Development, or to further define and enforce the restrictions contained in this section, the Board shall have the authority to adopt further reasonable rules and restrictions regarding vehicles and parking within the Development as the Board may deem prudent and appropriate. The Board shall also have the power to impose fines and other sanctions for violations of provisions of the Governing Documents relating to vehicles and parking. Such authority and power shall include, without limitation:

(i) The power and authority to cause the towing, at the vehicle owner's expense, of vehicles which are parked within the Development in violation of any of the provisions of the Governing Documents, provided that towing of vehicles of guests and other non-Residents of the Development shall be subject to the provisions of applicable law. Costs incurred by the Association relating to the towing and/or storage of any vehicle parked in violation of any provision of the Governing Documents shall be assessed as a Reimbursement Assessment against the Lot Owner responsible or whose household members, tenants, Contract Purchasers, or guests are responsible for the presence of such vehicle.

(ii) The power and authority to fix and impose fines for violations of this section in accordance with Section 10.5(c) and the Bylaws.

(iii) The power and authority to grant temporary variances from the Rules adopted by the Board on such terms and conditions as the Board deems appropriate.

4.15 No Vehicle Repairs. No maintenance or repairs of any kind may be made to vehicles within the Development except:

(a) The ordinary and normal maintenance of vehicles, not including vehicle restoration or major vehicle repairs. Such maintenance must be conducted wholly within the garages. The Board shall have the discretion to determine whether an activity falls within this exception.

(b) Emergency repairs necessary to remove the vehicle from the Development.

(c) The usual and customary washing of vehicles of Residents.

The Board shall have the authority to adopt Rules further defining the provisions of this section and otherwise regulating the conduct of the permitted activities. When vehicle washing or maintenance permitted by this section is performed, the Owner of the Lot shall ensure that all detergent, dirt and other byproducts of such activities are completely rinsed and removed from the Common Area and that the activities do not result in noxious or offensive noise or odors as determined by the Board.

4.16 Garages. Each Owner shall keep his or her Exclusive Use Common Area garage in a neat, orderly, sanitary and safe condition. Each garage door shall remain closed except during the time required for the entry and exit of vehicles and individuals and when and only for as long as reasonably necessary to clean the garage and to perform routine washing of vehicles. Use of the garages is restricted to the parking of motor vehicles only, except that, with the approval of the Board, personal property may be stored in the garages provided that such storage (i) does not interfere with the parking of motor vehicles, (ii) does not, in the judgment of the Board, negatively impact any other Owners or Residents, and (iii) is conducted in a safe, legal manner. Without limiting the preceding restriction, the garages may not be used as living areas.

4.17 Outbuildings and Temporary Structures. No outbuilding, tent, shack, shed, cabana, umbrella or temporary building of any kind shall be located within the Development except in strict compliance with the provisions of this Declaration, including Article 9. In no event shall any such structure be used as a living area, nor shall any such structure extend above the top of the fence enclosing the Lot.

4.18 Compliance with Laws. Nothing shall be done or kept anywhere within the Development which violates any local, state or Federal law, ordinance, statute, rule or regulation.

4.19 Animals.

(a) Household Pets. No animals, reptiles, rodents, birds, fish, livestock, or poultry shall be raised, bred or kept on any Lot or portion of the Development except that a reasonable number of domesticated birds, cats, dogs, aquatic animals kept within an aquarium or other domesticated pets as agreed to by the Board and which may be legally maintained within the Development, may be kept on a Lot, provided that they are not kept, bred, or maintained for any commercial purposes and they are maintained under reasonable control at all times, all in conformance with, and subject to the limitations of, any City and County ordinances. While in Common Areas each dog must be restrained on a leash held by a responsible person capable of controlling it.

(b) Owner's Responsibility for Pets. The owner of each pet shall be responsible for immediately removing and disposing of any waste introduced to any portion of the Development by such pet. The Board shall have the power to impose fines and other sanctions for violations of provisions of the Governing Documents relating to pets, including without limitation fines for failure to remove and dispose of pet waste as required by this section. Each Owner, Resident, and any person bringing or keeping an animal within the Development shall be absolutely liable to the Association and all other persons for any injury or damage to persons or property caused by the animal brought upon or kept upon the Development by such person or by members of his or her household, tenants, guests, or invitees. Each Owner and Resident shall indemnify the Association and its officers, directors, and agents against any and all claims, damages, losses, demands, liabilities, and expenses, including but not limited to attorneys' fees, arising out of or resulting from the presence or conduct of any animal brought upon or kept within the Development by the Owner or Resident, members of his or her household, guests, tenants, or invitees.

(c) Pet Rules. The Board may adopt and enforce pet rules, which shall be Rules as that term is defined in Section 1.32, in addition to the provisions of this section. Such Rules may include, without limitation, regulations regarding the presence of pets on the Common Area and requirements that pets be registered with the Association. The Association shall have the right to prohibit the keeping of any animal which constitutes, in the sole and exclusive opinion of the Board, a nuisance or danger to any other person.

4.20 Rental of Lots. As more fully explained in the Recitals to this Declaration, the real property comprising the Development was originally owned by the State and was subject to CADA's statutory responsibility under California Government Code Section 8160 et seq., to increase residential home ownership in the areas neighboring the California State Capitol which are within the jurisdiction of CADA. In keeping with the original intent for the construction of the Development and in order to (i) protect the equity in the Lots for the Owners; (ii) carry out the purposes for which the Association was formed by preserving the character of the Development as a homogeneous residential community of owner-occupied Residences; (iii) prevent the Development from assuming the character of a renter-occupied area; (iv) ensure that those who control the Association are committed to the community purposes set forth in this Declaration and with the Association's effective operation and property maintenance of the Common Area; and (v) retain the Development's ability to comply with the eligibility requirements for financing in the secondary mortgage market insofar as such criteria provide that the Development be substantially owner-occupied, no Lot may be rented or leased except as provided below:

(a) Limited Leasing of Lots. A Lot may be leased only upon the submission of an application to the Association in accordance with Section 4.20(b) and the written approval of the Board as specified in Section 4.20(c).

(b) Written Application. Any Owner desiring to lease his or her Residence shall submit an application in writing to the Association. The application shall state (i) the name, mailing address, Residence address, and Record ownership date of the Owner, (ii) the proposed lease term, (iii) the number of tenants, (iv) the factors which demonstrate that the Owner meets the requirements of Section 4.20(c), and (v) such other information which the Board of Directors may require. The Board shall have the right, but not the obligation, to adopt a form application for the leasing of Residences. If the Board's adopts a form application, the use of such form shall be mandatory. The application shall be submitted not less than 45 days prior to the intended commencement date of the lease.

(c) Board Review of Application. Provided that the application meets all of the requirements of Section 4.20(b) above, the Board shall approve or disapprove an application to lease a Lot in writing within 35 days of the Association's actual receipt of the application. The lease term

for any application which is approved shall begin not later than 90 days following the date of such approval. If the lease term does not begin within such 90-day period, the approval shall automatically be withdrawn and the Owner shall be required to submit a new application in accordance with this section if the Owner still wishes to lease his or her Lot. The application shall only be approved if:

(i) The Board determines that (i) the term of the proposed lease, when added to the terms of all previous leases of the Residence made by that Owner, will not exceed one year, and (ii) the Owner will be temporarily absent from the Sacramento area during the term of the proposed lease; or

(ii) The Board determines, in its complete discretion, that the application involves a case of unusual hardship, such as illness, disability or involuntary unemployment. In the event that the Board approves an application on this basis, it shall have the power to limit its approval to such terms and conditions as it deems appropriate. The terms and conditions may include, without limitation, a maximum lease term or the requirement that the Owner actively attempt to sell the Lot.

(d) Board of Decision Conclusive. The decision of the Board of Directors pursuant to this section in approving or disapproving an application of an Owner to lease his or her Residence shall be final and conclusive.

(e) Notification of the Board. Upon the Board's request, the Owner shall notify the Board of the name of the tenants and the members of the tenant's household and shall provide the Board with a copy of the signed lease or rental agreement as provided at Section 4.20(i).

(f) Owner Responsibility. Each Owner leasing a Lot shall be strictly responsible and liable to the Association for the actions of such Owner's tenant in or about all Lots and Common Area and for each tenant's compliance with the provisions of all Governing Documents. An Owner leasing or renting a Lot shall provide the tenant with copies of the Governing Documents and all subsequent amendments.

(g) Association's Enforcement Rights. In the event a tenant's conduct involves damage or misuse of any Common Area or facilities on any Common Area or constitutes an unreasonable nuisance to Residents, the Association shall be entitled to maintain an eviction action against such tenant to the same extent as the Owner of the Lot, the Association being deemed to be a third party beneficiary of any lease or rental agreement involving any Lot within the Development. The Association's right to maintain an eviction action shall arise only in the event that (i) the Association has given notice to the Owner detailing the nature of the infraction and the Owner has had a reasonable opportunity to take corrective action or to appear before the Board to present arguments as to why eviction by the Association is not necessary, and (ii) the Owner has not taken action to prevent and/or correct the actions of the tenant giving rise to the damage or nuisance.

(h) Indemnification of Association. Every Owner of a Lot that is occupied by persons other than the Owner, or who allows use of the garage assigned to such Owner's Lot by other than the Owner as provided for in Section 4.20(j), pursuant to a lease or otherwise, agrees to and shall indemnify and defend the Association, its officers, directors, managers, and agents and shall hold them harmless from any cost, loss, claim, or damages of any kind, including but not limited to attorneys' fees arising out of the conduct or presence of the occupants of the Lot or the garage upon the Development, including any such arising or alleged to have arisen out of the enforcement or nonenforcement by the Association of the Governing Documents against such occupants. Without

limiting the generality of the foregoing, all costs, including attorneys' fees incurred by the Association to enforce the Governing Documents against such occupants, including eviction as provided herein, shall be reimbursed to the Association by the Owner and may be assessed by the Association as a Reimbursement Assessment.

(i) Requirements of Written Lease or Rental Agreement. Any lease or rental of any Lot shall be only by written lease or rental agreement, a copy of which shall be filed with the Board, which agreement shall expressly provide (i) that it is subject to all of the provisions of the Governing Documents, (ii) that the tenants and lessees of such Lot shall comply with all provisions of the Governing Documents, and (iii) that any violation of any provisions of the Governing Documents shall constitute a breach and default of the terms of such lease or rental agreement. Pursuant to Section 3.1 of the Bylaws, the lease or rental agreement shall not attempt to, nor shall any such agreement be effective to, transfer membership in the Association to the lessee.

(j) Requirement of Inclusive Lease; Except Garages. No Owner may lease, rent or hire any garage, accessory building, or similar improvement to anyone who does not have the right of possession of the entirety of the Residence on the Lot, except that an Owner may lease, rent or hire the garage assigned to his her or Lot to another Resident.

(k) No Hotel-Like Services. No lease or rental of a Lot shall be permitted which contemplates or results in the provision of those services typically provided by a hotel or motel.

(l) Time-Share Arrangements. No Lot or Lots or any portion thereof in the Development shall be leased, subleased, occupied, rented, let, sublet, or used for or in connection with any time sharing agreement, plan, program or arrangement, including, without limitation, any so called "vacation license," "travel club," "extended vacation," or other membership or time interval ownership arrangement. The term "time sharing" as used herein shall be deemed to include, but shall not be limited to, any agreement, plan, program, or arrangement under which the right to use, occupy, or possess any Lot or Lots or any portion thereof or Residence thereon in the Development rotates among various persons, either corporate, partnership, individual, or otherwise, on a periodically recurring basis for value exchanged, whether monetary or like kind use privileges, according to a fixed or floating interval or period of time. This section shall not be construed to limit the personal use of any Lot or any portion thereof in the Development by any Owner or his or her or its social guests.

4.21 Clotheslines. Except as provided in the following sentence, no exterior clotheslines or other outside clothes drying or airing facility shall be erected or maintained upon any Lot where the same would be visible from the Common Area or any other Lot. Clotheslines which are visible only from other Lots, but not from the Common Area, shall be permitted provided that the Owners of the Lots from which they are visible consent in writing to such clotheslines and then only for so long as such consent is not withdrawn. Under no circumstances may a clothesline be visible above the fence line on a Lot.

4.22 Mailboxes. Except for the cluster-style, grouped mailboxes which are the mail receptacles for the Lots, no mailboxes shall be erected or maintained within the Development.

4.23 Activities Affecting Insurance. Nothing shall be done or kept within the Development which will increase the rate of insurance maintained by the Association without the prior written consent of the Association. No Owner shall permit anything to be done or kept within the Development which would result in cancellation of any insurance policy maintained by the Association or any other Owner.

4.24 Variances. The Board shall be authorized to grant reasonable variances from the provisions of Article 4 of this Declaration upon written application from any Owner provided that the Board determines, in its sole discretion, that the specific application of the restriction to such Owner will (i) cause substantial undue hardship to the Owner, or (ii) fail to further or accomplish the common plan for the Development as contemplated by this Declaration. The Board shall have the power to limit any variance granted in scope or duration or otherwise impose such specific requirements as the Board may, in its complete discretion, see fit to require. The Board shall follow the following procedures in acting on any request for a variance:

(a) The Board, in its sole discretion, shall make an initial determination whether or not the variance on its face meets the requirements set forth in this section. If the Board determines that it does not, the variance request shall be denied and the Board shall so notify the applicant within thirty (30) days of the Board's decision. If the Board determines that the variance does, the procedures set forth in the remainder of this section shall be followed.

(b) The Board shall conduct a hearing on the variance within forty-five (45) days of the receipt of the written request for a variance. Notice shall be given to all Members not less than fifteen (15) days prior to the date of the hearing. Members may submit comments in writing prior to the hearing and/or appear at the hearing. The Board shall establish a reasonable time limit for Member comments during the hearing. No decision regarding the request for variance shall be made until the conclusion of the hearing.

(c) After the conclusion of the hearing, the Board shall, in its sole discretion, either grant or deny the request for variance in accordance with the standards set forth in this section. As more fully discussed above, if the Board grants the variance request, the Board may impose such conditions as the Board deems appropriate and shall so notify the applicant within thirty (30) days of the Board's decision.

ARTICLE 5 HOMEOWNERS ASSOCIATION

5.1 Management and Operation. The Association, through the Board of Directors, shall manage and operate the Development in accordance with the applicable provisions of the Governing Documents and the applicable provisions of California law. The Association shall have all of the powers set forth in the Governing Documents together with general power to do any and all things that a nonprofit mutual benefit corporation may lawfully do under the laws of the State of California, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Governing Documents.

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

5.3 Voting. Only Members in Good Standing shall be entitled to vote, and only one (1) vote shall be cast for each Lot, all as more particularly specified in the Bylaws

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

5.5 Association Rules. The Board of Directors shall have the power and the authority to establish, promulgate, amend, repeal, and enforce such Rules as the Board deems necessary for the management and operation of the Project and the conduct of business and affairs of the Association. Such Rules may concern, without limitation, matters pertaining to (i) use of the Common Area, including Exclusive Use Common Area, (ii) pets, (iii) signs, (iv) collection and disposal of refuse, (v) minimum standards for maintenance of property; (vi) use of recreation facilities, (vii) parking and traffic regulations, (viii) rental or leasing of Units, and (ix) any other subject matter within the jurisdiction of the Association as provided in the Governing Documents or by law.

5.6 Manager and Other Personnel. The Board of Directors shall have the power and authority to employ a manager and such other persons or entities as the Board shall deem appropriate to assist it in managing the Development and conducting the business and affairs of the Association, as more particularly set forth in the Bylaws. The Board shall not terminate professional management without the consent of at least fifty-one percent (51%) of the First Mortgagees.

5.7 Insurance. The Board shall procure and maintain such insurance as it shall deem proper and as more particularly set forth in the Bylaws.

5.8 Capital Improvements. The Board of Directors shall have the power and authority to provide for the construction, reconstruction, installation, or acquisition of capital improvements upon the Common Area., provided that in any fiscal year expenditures for capital improvements shall not exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year except upon the approval of a Simple Majority. This limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for capital improvements so long as the expenditure is for the purpose for which the fund was established nor shall it apply to any reconstruction governed by Article 7.

5.9 Sale or Transfer of Association Property. The Board of Directors shall have the power to sell the Association's property provided that the Board shall not, in any fiscal year, sell property owned by the Association, other than the Leasehold Lots, having a value in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without approval of a Simple Majority.

5.10 Sale, Transfer or Dedication of Common Area to Public Agency or Utility. The Board of Directors shall have the power to dedicate, sell or transfer all or any part of the Common Area to a public agency, authority or utility.

5.11 Borrow Money. The Board of Directors shall have the power to borrow money in the name of the Association.

5.12 Mortgage of Association Property. The Board of Directors shall have the power and authority to mortgage, pledge, encumber, or otherwise hypothecate the real and personal property of the Association for money borrowed or debts incurred by the Association.

5.13 Conveyance of Leasehold Lots. At any time prior to the expiration of the Homeowner Sublease for a Leasehold Lot, the Leasehold Owner thereof may, at his or her option, obtain, fee title to his or her Leasehold Lot in following manner:

(a) The option may only be exercised by delivering thirty days' prior written notice to the Board of his or her intent to exercise such option.

(b) Within fourteen days after receipt of the notice specified in Section 5.13(a), the Board shall deliver to such Leasehold Owner a statement showing the following amounts which must be paid prior to conveyance of fee title: (i) delinquent rentals, if any, (ii) delinquent Assessments, if any, (iii) interest on any delinquent rentals or Assessments, (iv) the Leasehold Owner's prorata portion of the outstanding balance of the Association's financing, whether original or refinanced, connected with the purchase of the real property within the Development from the State as referred to in the Recitals to this Declaration, together with prepayment penalties, if any, and (v) the Association's reasonable transaction costs in conveying fee title to such Leasehold Owner.

(c) Upon payment to the Association of the amounts specified in the statement provided pursuant to Section 5.13(b), the Association shall quitclaim to such Leasehold Owner a fee interest in such Leasehold Owner's Leasehold Lot together with a two percent (2%) undivided fee interest in Common Area Lot A and Common Area Lot B as shown on the Subdivision Map. Any Leasehold Owner desiring title insurance shall obtain such insurance at his or her own expense.

(d) Until a Leasehold Owner has met all of the requirements specified in Section 5.13(a) through Section 5.13(c), the Association shall continue to hold the fee interest in such Leasehold Owner's Leasehold Lot together with the two percent (2%) undivided fee interest in Common Area Lot A and Common Area Lot B allocated to such Leasehold Lot until such requirements have been satisfied. In that event, the Homeowner's Sublease shall, unless terminated by the Association for breach, continue in full force and effect and rents shall continue to be charged thereunder. The foregoing shall not be construed as a waiver of the Association's right to enforce the collection of Assessments or rents through foreclosure, termination of Homeowners Sublease or any other means permitted by the Declaration.

(e) After conveyance to any Leasehold Owner of the fee interest in his or her Leasehold Lot together with the two percent (2%) undivided fee interest in Common Area Lot A and Common Area Lot B, such Lot shall no longer be a Leasehold Lot and the Owner thereof shall no longer be a Leasehold Owner.

5.14 Mergers and Consolidations. The Association may (i) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes as the Association, or (ii) annex additional property to the Development, provided that the approval of an Absolute Majority is obtained.

5.15 Dissolution. So long as there is any Lot, parcel or area for which the Association is obligated to provide management, maintenance, preservation or control, the consent of all Members must be obtained for the Association to (i) transfer all or substantially all of its assets, or (ii) file a certificate of dissolution.

5.16 Limitation of Liability. Neither the Association or its Directors, officers, employees, agents or committee members (collectively and individually referred to as the "Released Party") shall be personally liable for damages or in equity to any of the Members, or to any other person, for any error or omission in the discharge of their duties and responsibilities or for their failure to provided any service required hereunder or pursuant to the Bylaws, even if such Released Party is negligent, provided that such Released Party has not acted in bad faith. This standard of care and limitation of liability shall extend, without limitation, to matters such as (i) the establishment of the Association's annual financial budget, (ii) the funding of Association reserve accounts, (iii) the discharge of the Association's maintenance, repair and replacement obligations, (iv) the enforcement of the Governing Documents, and (v) to any other fiduciary duties or responsibilities imposed by law or the Governing Documents.

ARTICLE 6

ASSESSMENTS AND LIENS

6.1 Covenant of Owner. Each Owner of a Lot within the Development, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, shall be deemed to have covenanted and agreed to pay to the Association: (i) Annual Assessments, (ii) Special Assessments, (iii) Reimbursement Assessments, and (iv) Enforcement Assessments levied by the Association as hereinafter provided, together with all Additional Charges. Such deed or conveyance shall be deemed to vest in the Association the right and power to initiate all actions and procedures as the Board shall deem necessary or appropriate for the collection of such Assessments and Additional Charges and for the enforcement of the liens hereinafter provided for.

Each Assessment levied by the Association under this article, together with all Additional Charges, shall be a separate, distinct, and personal debt and obligation of the Owner against whom it is assessed, and shall bind his or her heirs, devisees, personal representatives, successors, and assigns. Such obligation to pay Assessments and Additional Charges and the right and power of the Association to initiate all actions and procedures for collection shall run with the land, so that each successive Owner or Owners of Record of any Lot shall, in turn, become liable to pay all such Assessments and Additional Charges assessed during the time he or she is Record Owner of such Lot. After an Owner transfers of Record any Lot he or she owns, he or she shall not be liable for any Assessments levied thereafter with respect to such Lot. Such Owner shall remain personally liable, however, for all unpaid amounts due and owing at the time of transfer, together with Additional Charges accruing until time of collection. A Contract Seller of any Lot shall continue to be liable for all Assessments and Additional Charges until a conveyance by deed of such Lot is Recorded.

6.2 Creation of Lien. Each Assessment levied by the Association pursuant to this Declaration, together with all Additional Charges, shall be a charge upon the land and upon levy shall be secured by a continuing lien upon the property against which such Assessment is levied. The Association shall have a separate lien and a separate lien is hereby created upon each Lot to secure the payment of any such Assessments and Additional Charges as may be levied under this Declaration. The lien provided for herein shall continue to secure all Assessments and Additional Charges levied upon any Lot notwithstanding the transfer of Record title to such Lot, and any such transfer shall be subject to the Association's lien, provided that, prior to such transfer, a Notice of Delinquent Assessment has been Recorded as provided in this Declaration and by law. The priority of all such liens on each Lot shall be in inverse order so that upon the foreclosure of the lien for any particular charge on any Lot, any sale of such Lot pursuant to foreclosure of the lien will be made subject to all liens securing the respective monthly Assessments and Additional Charges on such Lot for succeeding months.

6.3 Purpose of Assessments. The Assessments levied by the Board shall be used exclusively for (i) managing and operating the Development, (ii) conducting the business and affairs of the Association, (iii) promoting the recreation, health, safety, welfare, benefit, and interests of the Owners and Residents of the Development, (iv) improving and maintaining the Common Area and, to the extent provided for in the Governing Documents or by law, the Lots situated within the Development, (v) enforcing the Governing Documents, and/or (vi) otherwise benefitting the Owners.

6.4 Authority of the Board. The Board shall have the power and the duty to levy Annual and Special Assessments sufficient to meet the Association's obligations under the Governing Documents and applicable law.

6.5 Annual Assessment.

(a) Calculation of Estimated Requirement. Not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of each fiscal year, the Board shall complete and distribute to all Owners an estimate of the net funds required by the Association for such fiscal year (including a reasonable amount allocated to contingencies and to a reserve fund for restoration, repair, and/or replacement of those components for which the Association is responsible and which must be repaired or replaced on a periodic basis) to manage, administer, operate, and maintain the Development; to conduct the affairs of the Association; and to perform all of the Association's duties in accordance with this Declaration.

(b) Allocation of Annual Assessment. The Board shall allocate and assess the amount of estimated required funds equally among the Lots by dividing the amount by the number of Lots.

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

(d) Increases in Annual Assessment. Pursuant to California Civil Code Section 1366(b), except as otherwise provided by law, the Board shall not increase the Annual Assessment for any fiscal year above the amount of the Annual Assessment for the preceding fiscal year by more than the maximum amount permitted by law, except upon the affirmative vote or written consent of a majority of Members voting on any such increase in the Annual Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members of the Association, notwithstanding any lower quorum requirement which may be set forth in the Bylaws.

6.6 Special Assessments.

(a) Purpose of Special Assessments. If at any time during any fiscal year the Annual Assessment proves inadequate for any reason, including nonpayment of any Owner's share thereof or the unexpected repair, replacement, or reconstruction of Improvements located in the Development, or if funds are otherwise required for any authorized activity of the Association, the Board may levy a Special Assessment in the amount of such actual or estimated inadequacy or cost.

(b) Allocation of Special Assessments. Special Assessments shall be allocated and assessed among the Lots in the same manner as Annual Assessments.

(c) Approval of Special Assessments. Except in the case of an emergency situation as defined in California Civil Code Section 1366, in any fiscal year the Board may not levy Special Assessments which, in the aggregate, exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, except upon the affirmative vote or written consent of a majority of the Members voting on any such Special Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members of the Association, notwithstanding any lower quorum requirement which may be set forth in the Bylaws.

6.7 Reimbursement Assessments. The Association shall levy a Reimbursement Assessment against any Owner and his or her Lot if a failure by such Owner, or any person for whom the Owner is responsible, to comply with any provision of the Governing Documents has necessitated or resulted in an expenditure of funds by the Association to deal with such lack of compliance or to bring such Owner or his

Lot into compliance. The Association shall also levy a Reimbursement Assessment in the event that the Association has expended funds performing emergency repairs as authorized by this Declaration or for any other reasons specifically authorized by the provisions of this Declaration. A Reimbursement Assessment shall include any costs, including attorneys' fees, incurred by the Association, including costs of collecting from an Owner any amount which the Owner is obligated to pay to the Association. A Reimbursement Assessment shall be due and payable to the Association when levied.

6.8 Enforcement Assessments. The Board may levy an Enforcement Assessment (and any fine imposed by the Board in accordance with the provisions of the Governing Documents shall be deemed to be such an Enforcement Assessment), for violation of any of the provisions of the Governing Documents. Any Enforcement Assessment shall be due and payable to the Association when levied.

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

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

6.11 Delinquent Assessments. Any installment or other portion of an Assessment not paid within 15 days after its due date shall be delinquent and shall be subject to interest and late charges not to exceed the maximum rate permitted by law, as well as all other Additional Charges. The Board, on behalf of the Association, may enforce the payment of any delinquent Assessment plus Additional Charges by bringing an action at law against any Owner personally obligated to pay the same, or by foreclosing the lien against the Owner's Lot by judicial or non-judicial foreclosure, except as prohibited by law. Except as prohibited by law, upon any delinquency in payment, the Association may, at its option, declare the entire balance of all sums then due or to become due from the Owner, immediately due and payable, which total sum may then be included in any suit, action, or other procedure initiated to collect such sums, including all Additional Charges. The Board may commence any procedure for the collection of delinquent Assessments upon its own decision. The remedies provided in this Declaration for collection of delinquent Assessments shall be cumulative and not exclusive.

6.12 Power of Sale. Each Owner does hereby appoint the Association as trustee to enforce and to foreclose any lien which is established pursuant to the terms of this Declaration, by private power of sale, as provided in Division III, Part 4, Title 14, Chapter 2, Article 1, of the California Civil Code, and does further grant to the Board of Directors, on behalf of the Association, the authority and power to sell the Lot of such Owner in the event of any default in payment of any Assessments or Additional Charges levied against such Lot, for lawful money of the United States, to the highest bidder, to satisfy such lien, except as prohibited by law. The Association or any Owner may purchase the Lot at the sale. The Board may commence any procedure for the collection of delinquent Assessments upon its own decision. The remedies provided in this Declaration for collection of delinquent Assessments shall be cumulative and not exclusive.

6.13 Certificate of Satisfaction and Release of Lien. Upon payment in full of a delinquent Assessment, including any Additional Charges, or the satisfaction thereof, the Board shall Record, in the same

manner as the Notice of Delinquent Assessment, a further certificate stating the satisfaction thereof and the release of the lien.

6.14 Priority. Except as otherwise expressly provided by law, the lien securing each of the Assessments provided for under this article shall have priority as of the date of Recording of the Original Declaration over all other liens and encumbrances applicable to the Lots. Notwithstanding the preceding:

(a) Such Assessment lien shall be subordinate to the lien of any First Mortgage Recorded against the Lot. Such subordination shall apply only to the Assessments which have become due and payable prior to the sale of such property pursuant to a decree of foreclosure of any such First Mortgage, or pursuant to a power of sale contained in any such First Mortgage. Such foreclosure sale shall not relieve such property from liability for any Assessments and Additional Charges thereafter becoming due, nor from the lien of any subsequent Assessment.

(b) Notwithstanding Section 6.14(a), any First Mortgagee who obtains title to a Lot pursuant to the remedies in the Mortgage or through foreclosure shall be liable for not more than six month's of the Lot's unpaid Assessments or other charges accrued before the acquisition of title to the Lot by the Mortgagee or on the sale to a purchaser at a foreclosure sale and there may be created a lien therefor pursuant to this article.

6.15 Association Funds. The Association shall maintain at least two separate accounts in one or more banks or other depositories selected by the Board, which accounts shall be clearly designated as "Stanford Park Homeowners Association Operating Account" and "Stanford Park Homeowners Association Reserve Account", or such other similar names which reasonably create a distinction between the purposes of the accounts. The Assessments collected by the Association shall be properly deposited into such accounts. The Assessments collected by the Association shall be used for the purposes set forth in Section 6.3.

6.16 Waiver of Exemptions. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this article, the benefit of any homestead or exemption laws of the State of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed pursuant to the terms of this article.

6.17 Property Exempt From Assessments. The following property subject to this Declaration shall be exempt from the Assessments, Additional Charges, and liens created herein:

(a) All property dedicated to and accepted by the City, County, or other local public authority and devoted to public use.

(b) Any Lot which is owned by the Association as a result of the Association having acquired such Lot through foreclosure. Such exemption shall be applicable only during the period in which the Association is Record Owner of such Lot.

(c) All Common Area.

ARTICLE 7 **DAMAGE OR DESTRUCTION; CONDEMNATION**

7.1 Replacement or Repair of Association Property. In the event of damage to or destruction of the Common Area or any real property owned by the Association or any part thereof, the Association shall repair or replace the same from the insurance proceeds payable to it by reason of such damage or destruction.

If any such damage or destruction was insured against and the insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may levy a Special Assessment against all Owners as provided in this Declaration to cover the additional cost of the repair or replacement not covered by the insurance proceeds. The Members may elect not to proceed with such replacement or repair by the vote or written consent of at least two-thirds of the Total Voting Power. If there is a decision not to rebuild or repair, the applicable insurance proceeds shall be used in the manner determined by the Board, provided that such use shall not be inconsistent with the purposes of the Association.

7.2 Rebuilding or Repair of Improvements on Lots.

(a) Damage to Single Lot. If a single Lot is damaged or destroyed by fire or other casualty, the available insurance proceeds shall be paid to the Owner of such Lot and such Owner shall use the proceeds to rebuild or repair such Lot to its condition prior to the damage or destruction, or to such other condition as shall have been approved in advance by the Board of Directors pursuant to Article 9. In the event the insurance proceeds are insufficient to complete such work, the Owner of the Lot shall pay such additional sums as may be necessary to complete such rebuilding and repair. Repair or rebuilding shall be commenced within a reasonable time, which shall in no event exceed one (1) year after the occurrence of the damage or destruction.

(b) Damage to Two or More Lots. If two or more Lots are damaged or destroyed by fire or other casualty, the amount of available insurance proceeds shall be paid to the Association, and the Board shall contract to repair or rebuild the damaged portions of the Lots to their condition prior to the damage or destruction, or to such other condition as shall have been approved in advance by the Board of Directors pursuant to Article 9. In the event the insurance proceeds are insufficient to pay all of the costs of repairing or rebuilding, the Board shall levy a Special Assessment against all Owners in an amount sufficient to pay all such costs in excess of insurance proceeds.

7.3 Condemnation of Common Area. If at any time all or any portion of any Common Area, or any interest therein, shall be taken for any public or quasi-public use, under any statute, by right of eminent domain, or by private purchase in lieu of eminent domain, the entire compensation or award in condemnation, to the extent such award is not apportioned among the Owners by court judgment or by agreement among the condemning authority, the Association and each of the affected Owners in the Development, shall be paid to the Association and shall be used in the manner determined by the Board, provided that such use shall not be inconsistent with the purposes of the Association. The Association shall represent the interests of all Owners in any proceedings relating to such condemnation to the extent such Owners have any interest in the Common Area.

7.4 Condemnation of Lots. If an entire Residence or Lot, or so much thereof as to render the remainder unfit for use as a residence, is condemned or taken for a public or quasi-public use, pursuant to any statute, by right of eminent domain, or by private purchase in lieu of eminent domain, the Owner's membership in the Association shall terminate as of the last day of the month in which the condemnor obtains the right to possession, or upon Owner's vacating the premises, whichever occurs last. If only a portion of such Residence or Lot is taken and the remainder is fit for use as a residence, the Owner shall continue to be a Member of the Association. In any condemnation action involving an Owner's Residence or Lot, the Association shall have the right to seek compensation for any damages incurred by the Association.

ARTICLE 8

MAINTENANCE OF PROPERTY

8.1 Association Responsibilities.

(a) Association Maintenance of Common Area. The Association shall maintain, repair, and replace the Common Area and all facilities, Improvements and landscaping thereon, including without limitation the gates, fences, walks, cluster mailboxes (except to the extent they are maintained by the applicable postal authority), and utility facilities (except for those utility facilities which are maintained by public or private utility companies or agencies), and all real and personal property that may be acquired by the Association, keeping such property in good condition and repair. The Association shall further be responsible for providing lighting for the Common Area. The Association shall cause any and all other acts to be done which may be necessary to assure the maintenance of the Common Area in good condition and repair. Notwithstanding the preceding, and except to the extent clearly and expressly specified in Section 8.1(d), the Association shall not be responsible for maintenance, repair, or replacement of any Exclusive Use Common Area .

(b) Association Maintenance of Planter Strips. The Association shall maintain the planter strips between the public sidewalks bordering the Development and the public streets.

(c) Association Maintenance of Lots. The Association shall have the following limited maintenance, repair and replacement responsibilities with respect to the Lots:

(i) The Association shall maintain, repair and, when necessary, replace:

- (A) The roof coverings of the Residences, including the underlying sheathing to which the roof coverings are attached and the structural elements and other components of the roof.
- (B) The gutters and downspouts of the Residences.
- (C) The siding of the Residences, but not the underlying structural elements to which the siding is attached.
- (D) The fences.
- (E) Those landscaping elements specified in any tree or landscaping policy adopted by the Board. If such a policy is adopted, it may be eliminated or modified at any time in the Board's complete discretion.

(ii) The Association shall paint, stain or seal, but shall have no other responsibility for the maintenance, repair or replacement of, the following:

- (A) The exterior portion of the front door and the exterior portion of the front door frame of each Residence.
- (B) The exterior portion of the window frames of each Residence.
- (C) The exterior portion of the sliding door frames of each Residence, but only with respect to those sliding door frames which are the

sliding door frames installed in the original construction of the Residence.

(d) Association Maintenance of Exclusive Use Common Areas. Except for the cleaning of the interiors of the garages, which shall be the responsibility of the Owners, and except for the maintenance, repair and replacement of the remote control units for the garage door openers, the Association shall maintain, repair and, when necessary, replace the garages which are Exclusive Use Common Areas.

8.2 Owner Responsibilities.

(a) Owner Maintenance of Lots. Except to the extent that specific maintenance, repair or replacement responsibilities with respect to the Lots are expressly and clearly made the responsibility of the Association, each Owner shall be responsible for the maintenance, repair and replacement of his or her Lot, and the Residence and all other Improvements thereon. Each Owner's responsibility shall include, without limitation, the maintenance, repair and replacement of:

- (i) Decks, balconies and patios.
- (ii) Solar devices.
- (iii) Heating and air conditioning equipment.
- (iv) Storage areas.
- (v) Except as provided in Section 8.1(c)(ii)(B), the window panes, frames and hardware.
- (vi) Except as provided in Section 8.1(c)(ii)(A) and Section 8.1(c)(ii)(C), the exterior doors and door frames.
- (vii) Window and door screens.
- (viii) Except as provided in Section 8.1(c)(i)(E), trees, shrubs and all other landscaping.
- (ix) The sewer, water, electrical, cable television and other utility lines, except for those which are maintained by public or private utility companies or agencies.

(b) Owner Maintenance of Exclusive Use Common Areas. Except to the extent the maintenance, repair and replacement of the Exclusive Use Common Area garages is expressly and clearly made the responsibility of the Association pursuant to Section 8.1(d), each Owner shall maintain, repair and replace the Exclusive Use Common Area assigned to his or her Lot. Such responsibility shall include, without limitation, the maintenance, repair and replacement of any garage door openers and the cleaning of the interiors of the garages.

(c) Alterations to Original Construction. Notwithstanding the fact that such maintenance, repair or replacement would otherwise be the responsibility of the Association pursuant to Section 8.1(c) or Section 8.1(d), or the fact that any such modification, addition or alteration was approved by the Association, the Owner of each Lot shall be solely responsible for the maintenance, repair and replacement of any portion of the Lot and the Exclusive Use Common Area assigned to

such Lot, or the Improvements thereon, which were modified, added to or otherwise altered by other than the Association from its original construction when the Residence and other Improvements on the Lot were first built.

(d) Wood-Destroying Pests and Organisms. Where any maintenance, repair or replacement of a Lot and/or the Exclusive Use Common Area assigned to such Lot, including the Residence and other Improvements thereon, is made necessary by the presence of wood-destroying pests or organisms, the Owner of the Lot shall be solely responsible for such maintenance, repair or replacement, including the cost thereof, notwithstanding the fact that such maintenance, repair or replacement would otherwise be the responsibility of the Association pursuant to Section 8.1(c) or Section 8.1(d).

(e) Owner Maintenance of Party Walls. Each Owner shall maintain, repair and replace all party walls in accordance with the following provisions:

(i) General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Residences within the Development and placed on the dividing line between the Lots shall constitute a party wall. The general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(ii) Sharing of Repair and Maintenance. The cost of maintenance and repair of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

(iii) Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(iv) Weatherproofing. Notwithstanding any other provision of this section, an Owner who by his or her negligent or willful act causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(v) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this section shall be appurtenant to and run with the land and shall pass to such Owner's successors in title.

8.3 Compliance With Architectural Provisions. An Owner's right and responsibility for maintaining, repairing or replacing any portions of his or her Lot or Exclusive Use Common Area, including landscaping, shall be subject to any applicable provisions of the Governing Documents relating to landscaping and architectural control, including Article 9.

8.4 Owner Failure to Maintain. The Board shall have the absolute discretion to determine whether any maintenance, repair, or replacement which is the responsibility of an Owner, including without limitation the treatment of and the maintenance, repair or replacement resulting from the presence of wood destroying pests and organisms, is necessary to preserve the appearance and value of the property comprising the Development, or any portion thereof, and may notify an Owner of the work the Board deems necessary.

In the event an Owner fails to perform such work within thirty (30) days after notification by the Board to the Owner, the Board may, after written notice to the Owner and the right of a hearing before the Board, cause such work to be done and charge the cost thereof to the Owner as a Reimbursement Assessment.

8.5 Owner Liability. In the event the need for any maintenance, repair, or replacement by the Association is caused by the willful or negligent act or omission of an Owner, members of any Owner's household, or an Owner's tenants, Contract Purchaser, guests, invitees, or household pets, the cost of such maintenance, repair, or replacement, including the cost of materials, labor, supplies, and services shall be charged to, and paid by, such Owner in the form of a Reimbursement Assessment.

8.6 Authority for Entry of Lot and Exclusive Use Common Area. The Association or its agents may enter any Lot or Exclusive Use Common Area, whenever such entry is necessary, in the Board's sole discretion, in connection with the performance of any maintenance, repair, construction, or replacement for which the Association is responsible or which it is authorized to perform, including without limitation the authorization provided in Section 8.4. Although under no obligation to do so, the Board, in its complete and sole discretion, may enter or may authorize the Association's agents to enter any Lot or Exclusive Use Common Area to effect emergency repairs where such repairs are necessary for safety reasons or to prevent or discontinue damage to the entered Lot or Exclusive Use Common Area, any other Lot or the Common Area. The cost of performing any such emergency repairs shall be charged to the Owner as a Reimbursement Assessment. Such entry shall be made with as little inconvenience to the Residents as practicable and only upon reasonable advance written notice of not less than twenty-four (24) hours, except in emergency situations.

8.7 Association Liability. Except as specifically provided in Section 8.1(c) and Section 8.1(d), the Association shall not be responsible or liable for any maintenance, repair, or replacement of a Lot or Exclusive Use Common Area, or any Improvement thereon, except to the extent that the need for such maintenance, repair, or replacement results from the negligence or fault of the Association, its employees, contractors, or agents.

8.8 Board Discretion. The Board shall have the discretion to determine the manner, method, extent and timing of the performance of any and all maintenance, repair and replacement obligations imposed upon the Association this article.

ARTICLE 9 ARCHITECTURAL CONTROL

9.1 Submission of Plans and Specifications. Except for Improvements made or constructed by or on behalf of the Association, no Improvement including without limitation buildings, fences, walls, obstructions, balconies, screens, patio covers, tents, awnings, carport covers, or other structures of any kind or any landscaping, shall be commenced, erected, painted, or maintained within the Development, nor shall any exterior addition to or change or alteration therein be made, until the plans and specifications showing the nature, kind, shape, color, height, size, materials, and location of the same shall have been submitted to and approved in writing by the Board as to (i) quality of workmanship and design, (ii) harmony of external design in relation the nature and character of the Development and the Improvements thereon, and (iii) location in relation to surrounding structures, topography, finished grade elevation. The Board may appoint, in its discretion, an architectural advisory committee to make recommendations regarding applications for approval, to assist in the development of Architectural Rules as discussed below and to otherwise perform such duties and functions as the Board may determine, provided that in no event shall such committee have the power to approve or deny applications for approval under this article, which power shall be exercised solely by the Board.

9.2 Architectural Rules. The Board may, from time to time, adopt, amend, and repeal rules and regulations to be known as "Architectural Rules" which shall be Rules as defined in Section 1.32. The Architectural Rules may interpret and implement the provisions of this article by setting forth the standards and procedures for Board review of approval requests and provide guidelines for architectural design, color schemes, exterior finishes and materials, and similar features which are recommended for use in the Development. The Architectural Rules shall not be in derogation of the minimum standards required by this Declaration. The Architectural Rules may also impose limits on the days and hours of construction and impose any other restrictions and regulations which the Board deems appropriate to limit the impact of construction activities on the Residents. In its discretion, the Board may grant variances from specific Architectural Rules subject to such terms and conditions as it deems appropriate.

9.3 Application. Any Owner proposing to perform any work which requires prior approval pursuant to this article, shall apply for approval by notifying the Association, in writing, of the nature of the proposed work and furnishing such information and documentation as the Board may require.

9.4 Fees. The Board may charge a reasonable fee or fees for its review of architectural approval applications, drawings, plans, and specifications which may include the cost of retaining outside consultants including but not limited to architects, engineers, soils experts, or contractors.

9.5 Grant of Approval. The Board shall grant the requested approval only if:

- (a) The Owner has complied with the provisions of Section 9.1 above;
- (b) The Board finds that the plans and specifications conform to this Declaration in effect at the time such plans were submitted to the Board;
- (c) The Board finds that the plans and specifications conform to the Architectural Rules in effect at the time such plans were submitted to the Board, unless a variance is granted pursuant to Section 9.2; and
- (d) The Board shall determine that the proposed Improvements would be consistent with the standards of the Development and the purposes of this Declaration as to (i) quality of workmanship and design, (ii) harmony of external design in relation the nature and character of the Development and the Improvements thereon, and (iii) location in relation to surrounding structures, topography, finished grade elevation

9.6 Form of Approval. All approvals and denials of requests for approval shall be in writing except as provided in Section 9.7. The Board may approve a request for approval subject to the Owner's consent to any modifications made by the Board. If the Owner does not consent to the modifications, the request for approval shall be deemed denied in its entirety.

9.7 Time for Board Action. Any request for approval which has not been acted upon within forty-five (45) days from the date of receipt thereof by the Board shall be deemed approved. The Owner requesting approval shall have the burden of establishing the date of receipt of the request for approval by the Board by evidence in the form of either a copy of such request for approval date-stamped by the Association or by a return receipt provided by the U. S. Postal service acknowledging that such request for approval was delivered to the Association.

9.8 Commencement. Upon receipt of approval pursuant to this article, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all installation, construction, reconstruction, refinishing, alterations, and excavations pursuant to such

approval, commencement to occur, in all cases, within ninety (90) days from the effective date of such approval or upon such later date as the Board may in its discretion designate. If the Owner shall fail to comply with this paragraph, any approval previously given shall be deemed revoked unless the Board, upon written request of the Owner made prior to the expiration of the time for commencement, extends the time for such commencement. No such extension shall be granted except upon a finding by the Board that there has been no change in the circumstances upon which the original approval was granted.

9.9 Completion. The Owner shall, in any event, complete the installation, construction, reconstruction, refinishing, or alteration of any Improvement within one (1) year after commencing construction thereof (or in the case of projects under construction when this Declaration is Recorded, within one (1) year after the date of Recordation), except and for as long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities, or other supervening forces beyond the control of the Owner or his agents. If an Owner fails to comply with this section, the Board shall proceed in accordance with the provisions of Section 9.10, below, as though the failure to complete the Improvements was a non-compliance with approved plans.

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

(a) Upon the completion of any construction, reconstruction, alteration, or refinishing of the exterior of any improvements, or upon the completion of any other work for which approved plans are required under this article, the Owner shall give written notice thereof to the Board.

(b) Within sixty (60) days after the receipt of such written notice, the Board, or its duly authorized representative, may inspect such improvement to determine whether it was constructed, reconstructed, altered, or refinished to substantial compliance with the approved plans. If the Board finds that such construction, reconstruction, alteration, or refinishing was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such non-compliance within such sixty (60) day period, specifying particulars of non-compliance and shall require the Owner to remedy such non-compliance.

(c) If the Owner shall have failed to remedy such non-compliance upon the expiration of thirty (30) days from the date of such notification, the Board shall then set a date on which a hearing before the Board shall be held regarding the alleged non-compliance. The hearing date shall be not more than thirty (30) nor less than fifteen (15) days after the expiration of the 30-day remediation period. Notice of the hearing date shall be given at least ten (10) days in advance thereof by the Board to the Owner and, in the discretion of the Board, to any other interested party.

(d) At the hearing the Owner and, in the Board's discretion, any other interested person, may present information relevant to the question of the alleged non-compliance. After considering all such information, the Board shall determine whether there is a non-compliance, and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a non-compliance exists, the Board shall require the Owner to remedy or remove the same within a period of not more than forty-five (45) days from the date of the Board's ruling. If the Owner does not comply with the Board's ruling within such period or within any extension of such period as the Board, in its discretion, may grant, the Board, at its option, may either remove the non-complying improvement or remedy the non-compliance and all expenses incurred in connection therewith shall be assessed against the Owner as a Reimbursement Assessment.

(e) If the Board fails to notify the Owner of any non-compliance within sixty (60) days after receipt of a notice of completion from the Owner, the improvement shall be deemed to be in accordance with the approved plans. The Owner shall have the burden of establishing the date of receipt on the notice of completion by the Board.

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

(a) Within forty-five (45) days after proper application for preliminary approval, the Board shall consider and act upon such request. However, notwithstanding any other provision of this Declaration, no failure to act upon an application for preliminary approval shall be deemed to be an approval of such application. The Board shall grant the approval only if the proposed Improvement, to the extent its nature and characteristics are shown by the preliminary application, would be entitled to a final approval on the basis of a full and complete application. In granting or denying approval, the Board may give the applicant such directions concerning the form and substance of the final application for approval as it may deem proper or desirable for the guidance of the applicant.

(b) Any preliminary approval granted by the Board shall be effective for a period of ninety (90) days from the date of the issuance thereof. During such period, any application for final approval which consists of proposed Improvements in accordance with the provisions of the preliminary approval, and is otherwise acceptable under the terms of this Declaration, shall be approved by the Board.

(c) In no event shall any preliminary approval be deemed to be an approval authorizing installation or construction of the subject Improvements.

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

9.13 Estoppel Certificate. Within thirty (30) days after written demand is delivered to the Association by any Owner, and upon payment to the Association of a reasonable fee as fixed from time to time by the Board, the Association shall Record an estoppel certificate, if permitted by the County, certifying (with respect to any Lot of such Owner) that as of the date thereof, either: (i) all Improvements made and other work completed by such Owner comply with this Declaration, or (ii) such Improvements or work do not so comply, in which event the certificate shall also identify the non-complying Improvements or work and set forth with particularity the basis of such non-compliance. Any purchaser from the Owner, or from anyone deriving any interest in a Lot through him, shall be entitled to rely on such certificate with respect to the matters therein set forth, such matters being conclusive as between the Association and all Owners and such persons deriving any interest through them.

9.14 Notice of Noncompliance. If any Improvements are installed within the Development that are not in conformance with this Declaration, the Association is authorized to Record a Notice of Noncompliance, if permitted by the County. The Notice of Noncompliance shall provide: (i) a legal description of the Lot affected, (ii) the name of the record Owner as most recently reported to the Association,

and (iii) a description of the general nature of the noncompliance. If and when such Lot is brought into compliance with this Declaration, as determined by the Board, the Association shall issue and, if permitted by the County, Record an estoppel certificate in accordance with Section 9.13.

9.15 Liability. Neither the Board nor any member or representative thereof shall be liable to the Association or to any Owner for any damage, loss, or prejudice suffered or claimed on account of: (i) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (ii) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications; (iii) the development of any property within the Development; (iv) the execution and filing of an estoppel certificate pursuant to Section 9.13, whether or not the facts therein are correct; provided, however, that the Board or any member or representative thereof has acted in good faith on the basis of such information as may be possessed by it or him; or (v) the execution and filing of a notice of noncompliance pursuant to Section 9.14, whether or not the facts therein are correct; provided, however, that the Board or any member or representative thereof has acted in good faith on the basis of such information as may be possessed by it or him. Every purchaser, by acquiring title to a Lot or portion thereof agrees not to bring any action or suit against the Board or its members or representatives seeking to recover any such damages. Without in any way limiting the generality of the foregoing, the Board or any member or representative thereof, may, but is not required to, consult with or hear the views of any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Board.

9.16 Compliance With Governmental Requirements. The application to the Association, and the review and approval of any proposals, plans, or other submittals, shall in no way be deemed to be satisfaction of or compliance with any building permit process or any other governmental requirements, the responsibility for which lies solely with the respective Owner, nor shall it constitute the assumption of any responsibility by or impose any liability on the Association or the Board or its members or representatives as to the accuracy, efficacy, or sufficiency of such proposals, plans or other submittals.

ARTICLE 10 ENFORCEMENT

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

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

10.3 Owners' Responsibility for Conduct and Damages. Each Owner shall be fully responsible for informing the members of his or her household and his or her tenants, Contract Purchasers, contractors and guests of the provisions of the Governing Documents, and shall be fully responsible for the conduct, activities, any Governing Document violation of any of them, and for any damage to the Development or the Association resulting from the negligent or intentional conduct of any of them or any household pets. If a Lot is owned jointly by two or more persons, the liability of each Owner in connection with the obligations imposed by the Governing Documents shall be joint and several.

10.4 No Avoidance. No Owner may avoid the burdens or obligations imposed by the Governing Documents through non-use of any Common Area facilities or by abandonment of his or her Lot.

10.5 Rights and Remedies of the Association.

(a) Enforcement Rights. The Association, its Directors, officers, or agents, and any Owner shall have the right to enforce any and all provisions of the Governing Documents by any proceeding at law or in equity, or through the use of such other remedies as are available and deemed appropriate by the Board. Each remedy provided is cumulative and not exclusive. The Board shall not be obligated to take action to enforce a provision of the Governing Documents if, in the exercise of its discretion, the Board determines that acting to enforce the provision is not likely to foster or protect the interests of the Association and its Members as a whole.

(b) Member Not In Good Standing. Upon a determination by the Board of Directors, after prior notice to the affected Member and an opportunity for a hearing, that such Member has violated any provision of the Governing Documents including a failure to pay any Assessment when due, the Board shall give notice in writing to such Member that he or she is deemed not to be a Member in Good Standing. Such Member shall be deemed to remain in that status until such time as the Board shall determine in writing that the violation which resulted in the Board's determination has been cured or remedied or, on some other basis as in the judgment of the Board is just and proper, that such Member shall again be deemed to be a Member in Good Standing of the Association. Such Member shall be so notified in writing with a copy given to the Secretary.

(c) Imposition of Sanctions. In the event of a breach or infraction of any provision of the Governing Documents by an Owner, members of an Owner's household, or his or her tenants, Contract Purchasers, contractors, guests or invitees, the Board shall have the power to impose sanctions against the Owner. Such sanctions may include, without limitation, the imposition of fines and/or the suspension of an Owner's rights as a Member, including an Owner's voting rights or an Owner's right to use the recreational or community facilities on the Common Area. Except as provided in Section 10.7 below, imposition of sanctions shall be effective only after notice and an opportunity for hearing as provided in Section 8.1.4 of the Bylaws. The payment of any such fine may be enforced as an Enforcement Assessment as provided in Section 6.8 of this Declaration as well as in any manner permitted by law. Further, each Owner shall be obligated to pay Reimbursement Assessments levied by the Board for reimbursement of any costs incurred by the Association relating to violation of any provisions of the Governing Documents by the members of such Owner's household and such Owner's tenants, Contract Purchasers, guests, pets, or other invitees.

(d) Inadequacy of Legal Remedy. Except for the non-payment of any Assessment levied pursuant to the provisions of Article 6 of this Declaration, it is hereby declared that a remedy at law to recover damages for a default in the performance of any of the terms and provisions of any of the Governing Documents or for the breach or violation of any such provisions is inadequate and that the failure of any Owner or a member of the household of any Owner or an Owner's tenants, guests, or household pets or any other occupant or user of any of the property within the Development to comply with any provision of the Governing Documents may be enjoined in any judicial proceedings initiated by the Association, its Officers or Board of Directors, or by any Owner or by their respective successors in interest.

(e) Limitation on Disciplinary Rights. The Association shall not have the power and authority to cause a forfeiture or abridgment of a Member's right to the full use and occupancy of his or her Lot as the result of the failure by such Owner, members of such Owner's household, or his or her tenants, guests, invitees or household pets to comply with any provision of the Governing Documents, except where such forfeiture or abridgment is the result of the judgment of a court of competent jurisdiction, a decision arising out of an arbitration proceeding, or a foreclosure or sale

under private power of sale for failure of such Owner to pay Assessments levied by the Association pursuant to Article 6 of this Declaration. The provisions of this subsection shall not affect the Association's right to impose fines or monetary penalties or to suspend an Owner's membership rights, as provided in the Governing Documents.

10.6 Disciplinary Rules. The Board or a committee appointed by the Board for that purpose may adopt rules and regulations that further elaborate upon and refine procedures for conducting disciplinary proceedings and otherwise imposing sanctions upon Members of the Association for violation of provisions of the Governing Documents. Such rules, when approved and adopted by the Board, shall be deemed to be a part of the Association Rules provided for in, and constituting a part of, the Governing Documents.

10.7 Emergency Situations. The following shall constitute emergency situations: (i) an immediate and unreasonable infringement of or threat to the safety or peaceful enjoyment of Residents of the Development, (ii) a traffic or fire hazard, (iii) a threat of material damage to or destruction of the Development or any portion thereof, (iv) a violation of any provision of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether the violation has occurred (such as parking violations). Notwithstanding any other provisions of the Governing Documents, under circumstances involving conduct that constitutes an emergency situation, the Association may undertake immediate corrective or disciplinary action. Hearings with respect to such corrective or disciplinary action shall be in accordance with Section 8.1.4(e) of the Bylaws.

10.8 Alternative Dispute Resolution. California Civil Code Section 1354(b) shall be complied with with respect to any dispute subject to such section.

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

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

10.11 Costs and Attorneys' Fees. In the event the Association shall take any action to enforce any of the provisions of the Governing Documents or shall determine that any Member or members of his or her household or his or her tenants, Contract Purchasers, guests, invitees or household pets have violated any provision of the Governing Documents, and whether or not legal or judicial proceedings are initiated, the prevailing party shall be entitled to recover the full amount of all costs incurred, including attorneys' fees, in responding to such a violation and/or in enforcing any Governing Document provision. The remedies of the Association to recover the amount of such costs and attorneys' fees shall include, without limitation, the imposition of a Reimbursement Assessment as provided in Section 6.7 of this Declaration.

10.12 Indemnification. Each Owner, by acceptance of his or her deed, agrees for himself or herself and for the members of his or her household, his or her Contract Purchasers, tenants, guests or invitees, to (i) indemnify each and every other Owner for, (ii) to hold each and every other Owner harmless from, and (iii) to defend each and every other Owner against, any claim of any person for personal injury or property damage occurring within the Lot of such Owner, except that such Owner's liability may be diminished to the

extent that the injury or damage occurred by reason of the negligence of any other Owner or person temporarily visiting in such Lot or is fully covered by insurance.

ARTICLE 11 AMENDMENT

This Declaration may be amended by the affirmative vote or written consent of Members representing at least an Absolute Majority. Any amendment of the Declaration shall be signed and acknowledged by the duly authorized officer(s) of the Association and shall be Recorded.

ARTICLE 12 GENERAL PROVISIONS

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

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

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

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

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

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

12.7 Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges, and equitable servitudes contained in this Declaration shall run with and shall benefit and burden all of the real property subject to this Declaration, including without limitation the Lots and Common Areas, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors and officers, and their respective agents and successors in interest, for a term of thirty (30) years from the date of Recordation of this Declaration. Thereafter the term shall be automatically extended for successive periods of ten (10) years each, unless within the six months prior to the expiration of the initial thirty (30) year term or any ten (10) year extension period a written instrument, approved by Owners entitled to vote and holding at least a majority of the voting power of the Association, terminating the effectiveness of this Declaration shall be Recorded.

IN WITNESS WHEREOF, the Members of STANFORD PARK HOMEOWNERS ASSOCIATION holding at least 67% of the total voting power of the Association hereby affirm, approve, and adopt this First Restated Declaration of Covenants, Conditions and Restrictions of Stanford Park pursuant to Paragraph 31 of the Original Declaration, by means of the signatures of the President and Secretary of the Association, who certify that the same has been approved by the required percentage of the Members, which Declaration shall be Recorded.

DATED: _____, 2004.

STANFORD PARK HOMEOWNERS ASSOCIATION,
a California nonprofit mutual benefit corporation

Glenn Yaeger, President

Jean Holmes, Secretary