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

MONTEVALLE OF SCOTTS VALLEY

A Residential Planned Development

County of Santa Cruz, California

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Montevelle of Scotts Valley

A Residential Planned Development

THIS RESTATED Declaration of Covenants, Conditions and Restrictions (“CC&Rs”) is made by all persons who own Lots in that certain planned residential development known as Montevelle of Scotts Valley, Inc. and located in Santa Cruz County, California. These CC&Rs shall apply to and bind all properties previously covered by covenants, conditions and restrictions as described below. Without reducing the number of properties covered by these CC&Rs, the CC&Rs shall apply to the following properties (collectively, the “Development”):

Tract No. 498 as per Map recorded in Book 50, Page 13 of Maps in the Office of the County Recorder of Santa Cruz County;

Tract No. 530 as per Map recorded in Book 53, Page 14 of Maps in the Office of the County Recorder of Santa Cruz County; and

Tract No. 541 as per Map recorded in Book 55, Page 14 of Maps in the Office of the County Recorder of Santa Cruz County.

By this instrument, the Members of the Corporation hereby revoke all previous declarations of covenants, conditions and restrictions recorded prior to and on December 7, 2015, as Recorder’s Document No. 2015-0048593 in the Office of the County Recorder of Santa Cruz County, as well as any and all amendments thereto, and substitute in their place these CC&Rs, which shall:

1. *Benefit Members.* Be for the benefit of Members of the Corporation;
2. *Benefit the Development.* Be for the benefit, enhancement and protection of the desirability, value and attractiveness of the Development and each Lot therein;
3. *Bind Successors in Interest.* Inure to the benefit of and be binding upon each successor in interest of the Corporation, each Member, Lessee, Resident, and occupant of any portion of the Development, as well as their respective heirs, personal representatives, grantees, Lessees, licensees, successors and assigns; and
4. *Run With the Land.* Run with the land and be binding upon all parties having or acquiring any right, title or interest in the Development or any portion of the Development, whether as sole owners, joint owners, Lessees, Residents, occupants or otherwise.

NOW THEREFORE, all Lots in the Development, as well as any conveyance, transfer, sale, assignment, lease, occupancy, or use of a Lot, shall be deemed to incorporate the provisions of these CC&Rs. Each successor in interest is subject to all of the covenants, conditions and restrictions contained in these CC&Rs.

ARTICLE 1: DEFINITIONS

1.1 “Annual Meeting” means the annual meeting of the Members of the Corporation.

1.2 “Architectural Guidelines” means those rules and guidelines which govern the making of physical changes, alterations, repairs or improvements to Lots, Common Areas and Exclusive Use Common Areas.

1.3 “Articles” means the Corporation’s Articles of Incorporation.

1.4 “Assessment” means any Regular Assessment, Special Assessment, Reimbursement Special Assessment, or any other assessment levied, imposed, or assessed against a Member’s Lot in accordance with the provisions of the Governing Documents or applicable law.

1.5 “Board” and “Board of Directors” means the Board of Directors of the Corporation.

1.6 “Budget” means a pro forma, projected or estimated operating budget of the Corporation’s income and expenses for a twelve (12) month period.

1.7 “Bylaws” means the duly adopted Bylaws of the Corporation, including any amendments.

1.8 “CC&Rs” means this Restated Declaration of Covenants, Conditions and Restrictions and any amendments to these CC&Rs.

1.9 “Capital Improvement” means any (i) substantial discretionary addition to the Common Areas, (ii) voluntary significant upgrade to Common Area materials, or (iii) discretionary significant alterations to the appearance of the development.

1.10 “City” means the City of Scotts Valley; “County” means the County of Santa Cruz.

1.11 “Committee” means any committee appointed by the Board to assist in the management and administration of the affairs of the Corporation.

1.12 "Common Area" means the entire Development, except the Separate Interests owned by Members, and also any real property interest acquired by the Corporation by grant or otherwise.

1.13 "Common Expenses" means the costs, expenses and charges in connection with maintaining, managing, insuring, operating, repairing, improving or replacing the Common Areas or managing the affairs of the Corporation. Common Expenses include, but are not limited to, those amounts reasonably necessary for Reserves.

1.14 "Corporation" means Monteville of Scotts Valley, Inc., a California nonprofit mutual-benefit corporation, formed for the specific purpose of owning and providing management services, maintenance, preservation and control of the Common Areas, certain easements and access to areas owned by the Corporation, and to further exercise certain jurisdiction and control over the Lots and the Corporation's affairs as outlined in the Governing Documents. The Corporation shall include, when the context requires, its Officers, Directors, employees and agents.

1.15 "Development" means that certain residential development known as "Monteville of Scotts Valley" and located at 552 Bean Creek Road, Scotts Valley, California 95066. The Development may be referred to as "Monteville."

1.16 "Director" means any member of the Corporation's Board of Directors.

1.17 "Exclusive Use Common Areas" means any portion of the Common Area which has been assigned, granted, or otherwise designated for the exclusive use of a single Lot, whether located inside or outside the boundaries of the Lot.

1.18 "Governing Documents" means these CC&Rs and any other documents which govern the operation of the Corporation, including, but not limited to, the Articles of Incorporation, Bylaws, Architectural Guidelines, Rules and Regulations, and Election Rules, as may be amended from time to time.

1.19 "Guest" means any person visiting a Home or visiting the Development for purposes related to any Lot or Home, or relating to any Member, resident, or person otherwise affiliated with a Lot.

1.20 "Health Caregiver" means a person (or persons) who lives in an Owner's Home, other than a Qualifying Resident or Qualified Permanent Resident, who must actually provide health care for the Owner and/or a Qualifying or Qualified Permanent Resident. There shall be a written agreement between the Board of Directors and the Health Caregiver that insures the Health Caregiver will abide by all regulations of the Development, including use of the facilities in the Common Area.

1.21 "Home" means a single-family mobile home, manufactured home, or modular home used as a residence. For all purposes herein, the term 'mobile home' shall mean a structure designed for human habitation and for being moved on a street or highway under permit pursuant to Section 35790 of the Vehicle Code. Mobile home includes a manufactured home as defined in Section 18007 of the Health and Safety Code, but, does not include a recreational vehicle as defined in Section 799.29 of the Civil Code and Section 18010 of the Health and Safety Code or a commercial coach as defined in Section 18001.8 of the Health and Safety Code.

1.22 "Improvements" means all buildings and other structures located within the Development, including, but not limited to, streets, sidewalks, and utilities.

1.23 "Lender" means the holder of a first mortgage or deed of trust given by a Member (or his predecessor in interest), the lien of which mortgage or deed of trust is superior to all other monetary encumbrances, except real property taxes and assessments.

1.24 "Lessees" means those Persons who have the temporary use and occupancy of Lots owned by others, whether such use is paid for in money or other value. At least one Resident shall meet the requirements for a Qualifying Resident, as described in this Declaration, including Section 1.38 below.

1.25 "Lot" means any separately owned portion of real property such as lots, sublots, or parcels, within the Development. The "Lot" includes the entire property conveyed by the deed to a grantee thereof. The deed shall include a description of the mutual common interest of the grantee-owner in the Common Area, if any.

1.26 "Manager" means any Person or company employed or retained by the Corporation to oversee the operation, maintenance and management of the Development and/or the Corporation's affairs.

1.27 "Member" means the Owner, whether one or more Persons, of the publicly recorded fee title to any Lot within the Development, but excluding any Person or Persons having such an interest in the Lot merely as security for the performance of an obligation. Membership shall be appurtenant to, and may not be separated from, the record fee ownership of a Lot, and shall not be transferred, encumbered, pledged, alienated, or otherwise separated in any way, except in connection with the record sale of a fee interest of the Lot to which it is appurtenant. Where the CC&Rs impose restrictions on Member, the restriction shall also apply to Member's Lessees, and Member's and Lessee's family, guests and invitees.

1.28 "Membership Approval," "Approval of the Membership" or "majority of a Quorum" means approval by the affirmative vote of a majority of those Members present and voting at a duly held meeting at which a Quorum is present as defined in the Bylaws, unless otherwise provided for in the Bylaws or these CC&Rs.

1.29 "Mortgage" means a deed of trust as well as a mortgage.

1.30 "Mortgagee" shall refer to a beneficiary (or its assignee) under a deed of trust and the term "First Mortgagee" shall refer to a beneficiary (or its assignee) under a deed of trust with priority over all other Mortgagees and deeds of trust.

1.31 "Officer" means the president, vice-president, secretary, treasurer, and any other officer of the Corporation, as defined in the Bylaws.

1.32 "Operating Accounts" or "Operating Fund" means any account into which the Corporation's Assessments are deposited and out of which the Corporation's operational expenses are paid.

1.33 "Owner" means the Person or Persons named as the grantee(s) in the publicly recorded deed conveying fee title to any Lot, but excluding any Person(s) having such an interest in the Lot merely as security for the performance of an obligation.

1.34 "Parking Areas" shall include those portions of the Development used for the parking of vehicles, located outside of the Lots.

1.35 "Person" means any natural person, corporation, partnership, trust, association, or other entity, as recognized by law.

1.36 "Property Caretaker" means a person (or persons, but no more than two people) who occupies a Home while the Owner or Qualifying Resident is away, and the Owner receives no compensation for services rendered by the Property Caretaker. If the person who occupies the Home compensates the Owner for the housing provided, then the Property Caretaker becomes a Lessee. A Property Caretaker must sign an agreement with the Corporation that he/she will abide by the Governing Documents and, if in compliance, is granted access to all the amenities of living in the Development, except voting rights and other participation in Corporation affairs which are restricted to Members. The Property Caretaker must be a Qualifying Resident, or at least fifty-five (55) years of age.

1.37 "Qualified Permanent Resident" means any Resident(s) of a Lot or the Home located thereon, residing with the Qualifying Resident, who must be (a) at least forty-five (45) years of age, (b) a spouse or domestic partner as defined by law, or (c) disabled parent, sibling, child, or grandchild of the Qualifying Resident.

1.38 "Qualifying Resident" means at least one (1) Resident of any Lot or the Home located thereon who shall be at least fifty-five (55) years of age.

1.39 "Quorum" means more than 50% of the members of the Corporation, excluding any such member's whose voting rights have been legally suspended after proper notice and a hearing.

1.40 "Regular Assessments" means Assessments other than Special Assessments and Reimbursement Assessments, levied or imposed against Members in order to perform the Corporation's obligations under the Governing Documents or the law.

1.41 "Reimbursement Special Assessments" or "Reimbursement Assessments" means those Special Assessments levied against Members for expenses incurred by the Corporation arising out of: (i) actions or omissions of Members, Lessees or their respective family, guests, invitees, or pets; (ii) materials or services provided to Members, Lessees or their respective family, guests, invitees, or pets; or (iii) conditions originating on a Lot.

1.42 "Reserves" or "Reserve Accounts" or "Reserve Fund" means those monies set aside in a separate account for anticipated long-term maintenance, repair, replacement and restoration of major Common Area components of the Development, or Improvements upon the Common Areas, and any other obligations of the Corporation that are authorized by either the Governing Documents or law.

1.43 "Resident" means any Person who lives in a Home, if that Home is his/her principal place of residence, who must be in compliance with the age restrictions herein. Whether a Home is a Person's "principal residence" will be determined by the Board in the exercise of its reasonable discretion, in accordance with any applicable laws.

1.44 "Rules and Regulations" or "Rules" means the rules and regulations adopted by the Board for the general health, welfare, comfort, and safety of Members and Lessees and their respective family, guests, or invitees. The Rules interpret and implement the Governing Documents for the orderly conduct of the business of the Corporation.

1.45 "Separate Interest" means a separately owned lot, parcel, area, or space.

1.46 "Special Assessments" means Assessments levied from time to time against Members if at any time during the fiscal year the Regular Assessments are inadequate to perform the Corporation's obligations under the Governing Documents or the law. They may include, but are not limited to, Common Area capital improvements, Common Area maintenance and repairs, unexpected expenses, and emergency repairs.

1.47 "Utility Lines" means sewer lines, storm drains, water pipes, electricity lines, gas lines, telephone lines or cables, television cables, satellite dish cables, heating and air conditioning conduits, heating and air conditioning ducts, heating and air conditioning flues, fiber optic cables, data lines, and other similar lines, pipes, cables, ducts, flues, and conduit pipes.

1.48 "Voting Power" means the total number of Lots entitled to vote, excluding those Lots for which voting rights have been properly suspended.

1.49 Definitions of Other Terms. Unless the context clearly requires otherwise, all other terms are defined as set forth in Civil Code Sections 4000, et seq. (the “Davis-Stirling Common Interest Development Act”) and any successor statutes.

ARTICLE 2: MEMBERSHIP RIGHTS AND PRIVILEGES

2.1 Prohibition Against Severance. Members shall not have the right to sever their Lots from their membership rights or from their interest in the Common Areas.

2.2 Membership. Each Person shall automatically become a Member of the Corporation upon obtaining a publicly-recorded fee title ownership interest in a Lot and shall remain a Member until he or she ceases to have such recorded fee ownership interest in a Lot.

- a. *Membership Appurtenant to Lots*. Membership in the Corporation is for the benefit of and appurtenant to the Lot to which it relates and shall not be separated from the ownership of the Lot.
- b. *No Membership for Security Interests*. Membership does not include Persons who hold an interest in a Lot merely as security for the performance of an obligation.
- c. *No Membership for Lessees*. Lessees have the same rights to use the Common Areas as Members, but shall not be Members nor have the right to vote.
- d. *No Separate Transfer of Membership*. No Member may transfer, pledge, or alienate in any way his/her membership in the Corporation, except upon the recorded transfer of the fee interest in the Lot to which it is appurtenant and then only to the transferee of such fee interest.
- e. *Trust*. If the record fee title to a Lot is held in the name of a trustee on behalf of a trust, the trustees of the trust shall be authorized to exercise the rights and privileges of Corporation membership on behalf of the trust.
- f. *Corporation*. If the record fee title to a Lot is held by a corporation, the president of the corporation, as designated in the corporation’s minutes, shall be authorized to exercise the rights and privileges of Corporation membership on behalf of the corporation.
- g. *Partnership*. If the record fee title to a Lot is held by a partnership, the managing partner, as designated in the partnership agreement, shall be authorized to exercise the rights and privileges of Corporation membership on behalf of the partnership. If no managing partner has been designated in the partnership agreement, then the partnership shall deliver to the Corporation a written designation of the name of the partner who is authorized to exercise

the rights and privileges of Corporation membership on behalf of the partnership.

- h. *Other Entities.* If the record fee title to a Lot is held by a legal entity not described above, the majority owner of the entity shall be considered the Owner of the Lot for purposes of membership in the Corporation and may exercise the rights and privileges of a Member. If there is no majority owner, an owner of the legal entity shall deliver to the Corporation a written designation of the name of the owner who is authorized to exercise the rights and privileges of Corporation membership on behalf of the entity.

2.3 Proof of Ownership. Proof of membership shall be in the form of a recorded deed showing fee ownership of a Lot.

2.4 Voting Rights. In all matters submitted for a membership vote, Members shall be entitled to one (1) vote per Lot (regardless of the number of Members having an interest in the Lot) or one (1) vote per vacancy in any election, except for those Members whose voting rights have been properly suspended pursuant to the Governing Documents and applicable law.

2.5 Inspection of Records. Members shall have the right to inspect records of the Corporation as provided for in the Bylaws and by law.

2.6 Ingress, Egress and Support. Members shall enjoy a nonexclusive easement appurtenant to and for the benefit of their Lots for ingress, egress, and support over, across and through the Common Area.

2.7 Easement for Use and Enjoyment. Members have a nonexclusive easement of use and enjoyment of the Common Areas, subject to the rights of the Corporation to establish reasonable Rules regulating the use of the Common Areas and any other rights described in the Governing Documents.

2.8 Encroachment Easement. Members agree that minor encroachments of the Common Area on Lots or of Lots on the Common Area or on other Lots shall be permitted and that valid easements for the encroachments shall exist. Such encroachments shall not be considered to be encumbrances either on the Lots or the Common Area.

ARTICLE 3: TITLE TO COMMON AREA PROPERTY

3.1 Title. The Corporation shall hold undivided fee title to all Common Area real and personal property. No division of the Common Area property into sub-parts shall be allowed, except as provided in this Article.

3.2 Transfer of Portions of Common Area. When and if it benefits the Corporation, in the reasonable determination of the Board, the Board by majority vote may grant (by executing a

deed to the property, or by granting the exclusive use of the property to the Member to become Exclusive Use Common Area) up to 600 square feet of the Common Area property to a Member of the Corporation, but only if all five of the following conditions are met:

- a. The Common Area property to be deeded to an Owner adjoins the Lot currently owned by that Owner, and is generally inaccessible and not of general use to the membership at large of the association.
- b. The transfer will result in the Member assuming all burdens of management and maintenance of that portion of Common Area property.
- c. This is the first and only time the Corporation has granted Common Area property to anyone who ever owned the same adjoining Lot.
- d. The City of Scotts Valley grants an approval for the change in lot lines.
- e. All associated costs are borne by the Lot Owner.

3.3 Member Vote. Upon approval by a sixty-seven percent (67%) majority of all Members of the Corporation, the Board can permit the division of the Common Area into subparts and/or grant exclusive use of other portions of the Common Area, under circumstances not discussed above in Section 3.2. Upon membership approval of such a division and approval by the City of Scotts Valley, the Board may convey the newly created sub-part to a new owner.

3.4 Inapplicability to Lots. This Article applies only to division, granting exclusive use, and deeding of Common Area Property, and not to any Lot.

ARTICLE 4: MEMBERSHIP OBLIGATIONS

4.1 Obligation to Follow Governing Documents. Members, Lessees and Residents shall be obligated to follow the Corporation's Governing Documents and to ensure that their respective family, guests, and invitees abide by the Governing Documents.

4.2 Guests. Each Member shall be accountable to the remaining Members and the Corporation for the conduct and behavior of Persons residing with or visiting the Member or Member's Lessee in the Development, and shall be liable for the behavior and proper supervision of minors residing at or visiting their Lots and/or using the Common Areas.

4.3 Security. Neither the Corporation nor any Officer, Director, Committee member, employee or agent of the Corporation shall in any way be considered insurers or guarantors of any level of security within the Development. Members shall be responsible for their own security and shall take appropriate measures to ensure their own security as well as that of their family, guests, invitees, and Lessees. Members may not rely on any security measures provided by the Corporation. Neither the Corporation, nor any Officer, Director, Committee member,

employee or agent of the Corporation shall be liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

4.4 Notice of Lot for Sale. In the event that ownership of a Lot might change, it is the Owner's responsibility to notify the Corporation that the Lot is on the market.

4.5 Notice of Transfer of Ownership. No later than five (5) days after the assignment, sale, quitclaim or other transfer of their Lots, Members shall notify the Corporation of the name and address of the transferee and the nature of the transfer.

4.6 Duty to Provide New Owner with Governing Documents. The Owner shall supply the new Owner with the most recently printed copies of the Governing Documents, which may be obtained from the Corporation's office; copying charges and fees may apply. Any amendments to the Governing Documents adopted after the most recent printing shall be provided to the new Owner by the Board. Prior to the close of escrow, the new Owner shall sign a form indicating receipt, review, and acceptance of the Governing Documents. The new Owner should meet with the Board to confirm his or her acceptance and the age qualifications of all proposed Resident(s).

4.7 Purchase Subject to Violations. Buyers shall take ownership of Lots subject to any violations of the CC&Rs, Architectural Guidelines, or Rules which may exist concerning the Lot, whether or not such violations were disclosed by the seller of the Lot and whether or not the Corporation knew of the violations at the time of sale. Such buyers shall be liable for correcting such violations upon demand by the Corporation. Assessments, fines, and other charges not secured by a lien on the Lot prior to transfer of title are exempt from this provision.

4.8 Duty to Maintain, Repair, and Replace. Except for those duties specifically assigned to the Corporation by these CC&Rs, Members shall, at their sole cost and expense: maintain and repair all portions of their Lots and Homes; maintain, repair, and replace all Improvements to their Lots and Homes; and maintain, repair, and replace any Exclusive Use Common Areas servicing their Lots, keeping same in good condition, subject to the right of the Corporation to make repairs and charge the Owner therefor after reasonable notice as provided under Section 13.3. Members' obligations include, without limitation, the following:

- a. *Lots.* Members are solely responsible for the landscaping, maintenance, repair, and replacement of their Lots, including: the pruning of all trees and shrubs; the cutting of any lawn area; the watering of all areas; and the reasonable maintenance of any improvements. If, in the good faith opinion of the Board of Directors following the recommendations of the Park Services Committee and based upon all available evidence, any Owner has not reasonably maintained his or her Lot, the Board of Directors may then direct that written notice thereof be given to said Owner. Thereafter in the event the Owner does not reasonably comply within a period of twenty (20) days, the Corporation may expend reasonable sums for the performance of said services, in which

event the Corporation shall be entitled to recover the cost (including labor and materials) from the Owner in the same manner as provided for the collection of assessments and other charges by the Corporation in its Bylaws.

- b. *Improvements.* All improvements or alterations to the Home, or Lot or appurtenant areas (including any portion of the Common Areas deeded or otherwise assigned to the Lot) by any current or prior Owner of the Lot, or by any party other than the Corporation, as part of any improvement or alteration to the Lot. Members shall prevent their Lot improvements from becoming unsightly by reason of deterioration of paint or other materials and, in general, shall do all other things necessary or desirable to keep the improvements neat, clean, attractive and in good order.
- c. *Utility Lines.* The Utility Lines that exclusively service the Lot. Each Member shall have limited easements across adjacent Lots and Common Areas for the limited purpose of installing, repairing or maintaining Utility Lines which cannot reasonably be serviced from their Lot. Access to Lots and Common Areas shall be limited to a reasonable work area and be for a reasonable time. Except in emergencies, reasonable notice and consent, which may not be unreasonably withheld, to perform such work must be obtained from the affected Lot Owner and/or the affected Corporation, as applicable. Immediately after the work is completed, Members shall restore Lots and the Common Areas to the same or better condition which the Lots and Common Areas were in prior to the commencement of such work. Such restoration work on the Lots and the Common Areas shall be done at the sole expense of the Member performing the installation, repair, or maintenance work and shall be completed in a timely manner.
- d. *Fences.* Unless otherwise agreed to by the affected Members, Members who have fences separating their Lots which are not maintained by the Corporation shall equally have the right to the use and enjoyment of the fence as well as being equally liable for maintaining the fences. Notwithstanding the foregoing, if fences are damaged due to the negligence or willful misconduct of a Member, Member's Lessee, or their respective family, guests, invitees or pets, such Member shall bear the full expense of the repair. All fence work must comply with the Architectural Guidelines.
- e. *Insects and Plant Diseases.* No thing or condition may be permitted to exist upon any Lot which shall induce, breed, or harbor infectious plant diseases or noxious insects.
- f. *Tree Removal, Pruning and Topping.* Members must keep the trees on their Lots properly pruned to prevent them from becoming overgrown. No living

tree shall be topped, destroyed or removed from any Lot without the approval of the Member's request by Park Services Committee. If required by the City of Scotts Valley, the Board of Directors must also approve the request. The application for topping or removal of significant tree(s) must be accompanied by documentation from a certified independent arborist, at the Member's expense. Individual Members, and not the Corporation, shall be responsible for any damage caused by the trees on their Lots.

- g. *Termites and Pests.* Members shall bear the costs of any damage to their Lot caused by the presence of wood-destroying pests or organisms (including microorganisms), and shall have the duty to treat and/or repair, at Owner's expense, the areas of Member's Lot infested or damaged by such insects, rodents, and/or wood destroying pests or organisms (including microorganisms).
- h. *Drainage Structures.* Members shall keep all slopes, terraces, drainage contours, drainage devices, ditches, and swales on their Lots in good condition, and shall maintain all such drainage ditches, swales and culverts in good order and free and clear of all obstructions.
 - i. *No Alteration or Obstruction.* Members shall not alter or obstruct a natural drainage course, or materially add to the natural water volume of a drainage course without making adequate provisions with respect to neighboring Lots and Common Areas. Any such alterations, obstructions or additions to water volume must have the prior written approval of the Park Services Committee.
 - ii. *Corporation.* All drainage structures, culverts, and canals improved by the Corporation for the major collection of storm runoff and any natural drainage courses within Common Areas shall be maintained by the Corporation.

4.9 Property Maintenance for Unoccupied Homes. If a Lot is unoccupied for any reason for more than six (6) months, the Owner is required to provide the Board written notice of their intent to use the Lot. The Board may then require the Owner to document the name and phone number of the person or company who will provide regular maintenance of the Home and the Lot. No maintenance person or company is required while a Lot or a Home is unoccupied and for sale insofar as it is well maintained until the close of escrow.

4.10 Obligation to Carry Insurance. Members shall purchase insurance for their separate interests, at their sole expense, as more fully described in the Article in these CC&Rs entitled "Insurance." The Corporation may confirm compliance with this section but is not required to, and is specifically relieved of any responsibility or liability for not confirming compliance with this section.

4.11 Liability for Damage. Members shall be liable for any and all damage to the Common Areas, Exclusive Use Common Areas, Lots, and any personal property when the cause of such damage originates from that Member's Lot or Exclusive Use Common Area, or which was caused by the acts or omissions of such Member, Member's Lessee, or their respective family, guests, invitees, or pets. The Corporation shall repair, restore or replace damaged Common Areas as it deems appropriate and may impose a Reimbursement Special Assessment against the liable Member and that Member's Lot for all costs, expenses, and attorney fees incurred by the Corporation in connection with the damage. The Reimbursement Special Assessment may become a lien against the liable Member's Separate Interest enforceable by the sale of the Member's Lot under Civil Code sections 2924, 2924(b), and 2924(c).

4.12 Reimbursement to Corporation. In the event the Corporation undertakes to provide materials or services that benefit a particular Member, or if the Corporation is required to make repairs to a Member's Lot or Home due to such Member's neglect, such Member shall reimburse the Corporation for the costs incurred by the Corporation, which shall become a Reimbursement Special Assessment against the Member. If, in the good faith opinion of the Board, following the recommendation of the Park Services Committee (or other applicable body), and based upon all available evidence, any Owner who has not reasonably maintained his or her Lot, the Board may direct that written notice thereof be given to said Owner. Thereafter, if the Owner does not reasonably comply with the terms of the notice within a period of twenty (20) days, the Corporation may expend reasonable sums for the performance of said maintenance services (including labor and materials) which it shall be entitled to recover from the Owner pursuant to the Governing Documents.

4.13 Liability for Mitigation. Members shall be liable for expenses incurred by the Corporation mitigating or repairing damage to Homes, Lots, Common Areas and Improvements due to damage: (i) originating from Members' Lots, including, but not limited to, flood, fire, insect, or rodent infestation; or (ii) from the negligence or willful misconduct of such Members, Members' Lessees or their respective family, guests, invitees, or pets. Such expenses shall become Special Assessments against such Members.

ARTICLE 5: DUTIES OF THE CORPORATION

5.1 Board of Directors. The maintenance of the Common Areas, management of the Corporation, enforcement of the Governing Documents, and all other acts of the Corporation shall be through its Board of Directors, unless provided otherwise in the Governing Documents.

- a. *Membership Meetings.* The Corporation shall have at least one (1) meeting of its Members each year, as provided for in the Bylaws. Annual and Special Meetings of the membership shall be held at the dates, times, and locations provided for in the Bylaws.
- b. *Director Qualifications and Meetings.* The qualifications of who may be elected to the Board shall be as provided for in the Bylaws. Meetings of the

Board shall be held as provided for in the Bylaws. Meetings of the membership shall be conducted in accordance with a recognized system of parliamentary procedure selected by the Board.

5.2 Powers of a Nonprofit Corporation. The Corporation shall have all of the powers of a nonprofit corporation organized under the laws of the State of California, operating for the benefit of its Members.

5.3 Maintain Common Areas. The Corporation shall maintain the Common Areas and Corporation-owned assets, except as otherwise provided in these CC&Rs

- a. *Vacant or Unimproved Lots.* The Corporation shall have the right at all times to enter upon any vacant or unimproved Lot in the Development to plant or replant, trim, cut back, remove, replace or maintain hedges, trees, shrubs, or flowers on the front half of such Lots or on the area within fifteen (15) feet of any rear line, or within ten (10) feet of any side lines. Neither the Corporation nor those acting at its direction shall be deemed guilty of any manner of trespass.
- b. *Buildings and Equipment.* The Corporation shall manage and maintain all portions of the buildings and equipment owned by the Corporation, including, but not limited to: the exercise room, Lodge, Old Mill, medical equipment storage shed, ceramic room, two common area pools, spas, saunas, changing room areas, putting green, shuffle board courts, driving range, and picnic areas.
- c. *Right of Entry.* The Corporation or its representatives, employees, or agents may enter any Lot when reasonably necessary in connection with any maintenance, landscaping or construction for which the Corporation is responsible. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby to landscaping or to structures that have been approved by the Architectural Committee shall be repaired by the Corporation at the expense of the maintenance fund.

5.4 Incur and Pay Expenses. The Corporation shall have the power to incur and pay the operational expenses of the Corporation, which shall include but not be limited to, legal and accounting services; utilities; insurance; management services; vendor services, such as security, landscaping, garbage collection, pest control, street sweeping, swimming pool maintenance, cleaning, painting, and other such services; maintenance, repair, reconstruction, and replacement of all or any portion of the Common Areas or the personal property acquired by the Corporation; supplies and materials; and such other services for the use, enjoyment and protection of the Development and its Residents as the Board may determine are reasonable, proper, or desirable.

5.5 Rules and Regulations. The Board may adopt, amend, and repeal Rules and Regulations regarding any matter set forth in the Governing Documents, including, but not limited to: (i) the use, occupancy, and maintenance of the Development; (ii) the general health, welfare, comfort, and safety of Residents in the Development; and (iii) the interpretation and implementation of the Governing Documents.

5.6 Foreclose, Hold Title and Make Conveyances. The Corporation shall have the authority to lien and foreclose upon any Lot for non-payment of Assessments, to take title to the Lot, to assume or otherwise pay off encumbrances, and to acquire, hold title to, lease and convey, with or without consideration, real and personal property and interests.

5.7 Fee Limitation. The Corporation may not impose fees that exceed the amount necessary to defray the costs for which the fee is levied, for instance keys or copies.

5.8 Commercial Concessions. The Board may negotiate contracts and grant commercial concessions over portions of the Common Area, subject to approval by a majority of a Quorum of Members.

5.9 Utility and Cable Easements. The Corporation is granted easements to enter onto Lots as is necessary or prudent to: (i) install, repair, and maintain Common Area utility lines; and (ii) install, operate, and maintain transmission lines and other facilities for a community television system, high-speed internet lines, community security systems, or other similar systems; provided that any damage to a Member's Lot shall be repaired at the Corporation's expense and in a timely fashion.

5.10 Granting Utility Easements. The Board may grant and convey easements and rights of way for utilities such as wires, conduits, piping, plumbing, water lines, telephone lines, power lines, cable, storm drains, sewer lines, gas lines, etc. The Board may, with approval by a majority of a Quorum of Members, grant and convey easements, rights of way, parcels or strips of land in, on, over, or under any Private Street or Common Area for the purpose of constructing, erecting, operating or maintaining roads, streets, walkways, parkways, and park areas.

5.11 Limitation on Granting Easements. Granting any Member an easement for exclusive use of any portion of the Common Areas requires Approval of the Membership, as required by Section 4600 of the Civil Code or any successor statutes.

5.12 Borrow Money. The Corporation may borrow and repay monies, as needed in connection with the discharge of its duties, and pledge or assign Special Assessment rights, as security for the repayment of such borrowed money. However, any loan in excess of five percent (5%) of the annual Assessments shall require approval by a majority of a Quorum of Members.

5.13 No Power to Encumber Real Property. The real property assets of the Corporation may not be encumbered as a security for debt.

5.14 Represent Corporation in Litigation. On behalf of the Corporation, the Board may institute, defend, settle, or intervene in litigation, arbitration, mediation, administrative proceedings, or any other legal proceeding in any capacity necessary to represent the interests of the Corporation.

5.15 Receive Property. The Board may receive property on behalf of the Corporation.

5.16 Limitations on Sale of Property. The Board may not sell during any fiscal year property owned by the Corporation having an aggregate market value in excess of five percent (5%) of the Corporation's budgeted gross expenses for that year, without approval by a majority of a Quorum of Members, provided however that this limitation shall not apply to the sale or other disposition of property acquired by the Corporation in foreclosure proceedings.

5.17 Transfer to Public Agency. The Corporation may, upon approval by a majority of a Quorum of Members, dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Corporation.

5.18 Real Property Exchange. Upon approval by a majority of a Quorum of Members, the Corporation may transfer any part of the Common Area to other Persons or entities in exchange for real property of equal or greater value.

5.19 Personal Property of Corporation. The Corporation may acquire and hold tangible and intangible personal property and may dispose of the same by sale or otherwise.

5.20 Nonprofit Character of Corporation. Notwithstanding anything contained in these CC&Rs to the contrary, the Corporation may not engage in any activity which may jeopardize the nonprofit status of the Corporation.

5.21 Discharge of Liens. If necessary, the Corporation shall have the power to discharge by payment any lien against the Common Area and assess the cost thereof to the Member or Members responsible for the existence of the lien. Prior to any Board decision to discharge a lien, the Member or Members responsible for the existence of the lien shall be given written notice and an opportunity for a hearing before the Board to present any defenses which may exist.

5.22 Obsolescence. In the event the Board determines that any Common Area amenity is obsolete and the cost to remove the amenity is more than 5% of the Budget, the Board may call for a vote of the Members to determine whether the amenity should be demolished. Approval requirements for removal of the amenity shall be a majority of a Quorum of Members..

5.23 Control of Common Area. Nothing shall be altered or constructed in, or removed from, the Common Area, except upon the consent of the Board of Directors. All exterior landscaping and maintenance thereof within the Common Area shall be the exclusive responsibility of the Board of Directors to maintain, replant, replace, and improve or otherwise exercise exclusive jurisdiction over, subject only to the right of the Owners to the use thereof in common with the other Owners.

5.24 Easements, Rights of Way. Owners of lots shall take title thereto subject to each and all easements and rights of way as shown upon the Subdivision Maps for the Development, and the rights of maintenance and ingress and egress for that purpose wherever provided for the Corporation. The right of the Board of Directors or any authorized representative thereof to use any easements or rights of way, whether with respect to access, maintenance, landscaping, repair or replacement, shall be exercised by the Board of Directors without any restriction. These shall specifically include the right of access to any and all areas immediately adjoining the Homes or the foundations or skirt walls, whether paved or landscaped, and even though some may be below a projection of the exterior line of the home, or any additions thereto constructed and erected with or without consent of the Park Service Committee or the Board of Directors.

ARTICLE 6: GENERAL RESTRICTIONS

6.1 Senior Community. It is expressly intended that this Development and all the Lots thereon, and the use of the Common Areas, shall be and are restricted to a senior subdivision, in compliance with California and Federal law including, but not limited to, the California Civil Code and the Federal Fair Housing Amendments Act as amended by Public Law 104-76 (the "Housing for Older Persons Act of 1995" or "HOPA") and implementing regulations.

6.2 Age Restrictions. At least one (1) Resident of each Lot or the Home located thereon shall be a Qualifying Resident at least fifty-five (55) years of age, and any other Resident(s) must be a Qualified Permanent Resident or a permitted Health Caregiver.

- a. *Health Caregivers.* Health Caregivers need not be forty-five (45) years of age, provided the Health Caregiver actually provides live-in health care or live-in supportive care to the Qualifying Resident pursuant to a written treatment plan prepared by the Qualifying Resident's physician. Health Caregivers may be family members of a Resident, provided that all other requirements are met to qualify under this Section and applicable law. A Member, Lessee, or other Resident seeking to have live-in Health Caregivers must verify and document the need for live-in health care.
- b. *Newborn Children.* Notwithstanding the age restrictions herein, if any adult or adults who occupy a Lot and Home located thereon shall have a new baby, then the above restriction and limitation shall apply subject, however, to the right of the baby to reside in the Development for a period not to exceed twelve (12) months from the date of birth.

- c. *Loss of Qualifying Resident.* If the Qualifying Resident no longer resides in the Home by reason of death or relocation to a nursing home or similar medical care facility, those Residents who were living with the Qualifying Resident before he/she died or left to reside in a medical facility, and who were otherwise qualified to do so as Qualified Permanent Residents, may continue residing in the Home.
- d. *Guests.* A Guest is an individual who may visit a Resident, with no intent to permanently reside, for up to sixty (60) days in any calendar year, providing the Qualifying Resident makes the Home his or her principal residence during that time. All Guests are to follow the rules and restrictions applicable to the Residents of Montevelle, and the Qualifying Residents and Owner are responsible for the behavior of their guests. Guests who stay for seven (7) days or longer must register in the Montevelle office. If the Qualifying Resident will be absent for any significant period during the Guest's stay, then the following further restrictions apply: (a) the Qualifying Resident shall register all Guests who will occupy the Home in his or her absence; (b) Guests may not stay in any Home for more than fourteen (14) days while the Qualifying Resident is continuously absent; and (c) at no time may the Guests staying in any Home in the absence of the Qualifying Resident, for any period of time, exceed the number of persons allowed to reside in the Home under Section 6.6.

6.3 Verification of Age Requirements. The community and Corporation must implement and adhere to policies and procedures demonstrating the community's intent to maintain a senior community. Accordingly, the Corporation will conduct verifications by reliable surveys and affidavits approximately every two (2) years. The Member and all Resident(s) further agree(s) to cooperate with any and all surveys and inquiries by the Corporation for purposes of age verification, by submitting such forms of identification and/or affidavits as requested and prescribed by the Corporation.

6.4 Residential Use. Each Lot shall be used as a location for one (1) Home of a type and character consistent with the restrictions contained in the Corporation's Governing Documents. No Member shall use or permit his/her Lot or any portion of it to be occupied or used for any purpose other than a single-family, private residential dwelling. Home based offices and businesses are permitted provided they conform to the City of Scotts Valley Municipal Code Section 1198.18 and are inspected, licensed, and approved by the City of Scotts Valley. No signage advertising the home based occupation may be posted.

6.5 Non-Resident Ownership. Non-resident Ownership of a Lot/Home is permissible, if the intent is NOT to obtain the property for rental income; e.g., Non-resident Ownership could occur when a lot/Home is owned by a family trust and the Resident is the trustee of the trust, or when an Owner negotiates a "reverse mortgage", or when a relative buys a Home for a Resident

(most likely for parents). In all cases, the Non-resident Owner must comply with the intent of the Governing Documents as reasonably determined by the Board of Directors.

6.6 Occupancy Restriction. The maximum number of Persons who may reside in any Lot is two (2) Persons per bedroom plus one (1) additional Person for the Lot. For purposes of this restriction, "reside" means the use, residency, or occupancy of any Lot by any Person for more than twenty (20) consecutive days or more than thirty (30) aggregate days, whether or not consecutive, in any one calendar year.

6.7 Grandfathered Occupancy. In Lots where the number of Persons residing in the Lot on the date of recordation of these CC&Rs is in violation of these CC&Rs, but not in violation of any prior CC&Rs, those Persons residing in excess of the maximum number of Persons permitted may continue to reside in the Lot; provided, however, the excess Residents are registered with the Corporation. Once they cease to reside in the Lot, they may not be replaced.

6.8 No Criminal Activity. No Person may continue to reside on any Lot if they engage in criminal activities. For purposes of this section "criminal activities" means drug-related activities (including the illegal manufacture, sale, distribution, use or possession of a controlled substance), gang related activities, unlawful use or discharge of firearms, prostitution, or any misdemeanors or felonies enumerated in the California Penal Code. In addition, no Owner of a Lot shall permit, by lease agreement or otherwise, Persons who engage in criminal activities to reside on their Lot.

6.9 Ownership Limited to Two Lots. Members shall not be on title to any more than two (2) Lots. Being "on title" is defined to include the Person or any entity which the Person is a part of, including a company, corporation, partnership, or trust that is on title to the property. The Member may not reside in one Lot and lease another which he or she owns.

6.10 Antennas. No antennas for transmitting or receiving radio signals or any other form of electromagnetic radiation may be installed, except as provided in the Corporation's Rules and Regulations, its Architectural Guidelines, and applicable law.

6.11 Fires. Exterior fires are limited to natural gas, propane, and electric barbeques using confined receptacles designed for that purpose. The Board has the right to allow or further restrict the uses of other fire producing materials, including but not limited to times of declared drought. Said rules will be found in the Corporation's Rules and Regulations.

6.12 Drones. No person may operate, or cause, allow, or authorize the operation of, any drone or other unmanned aircraft guided by remote control or onboard computer in the airspace above any portion of the Development or in such a way as to invade the privacy of residents, guests, or vendors. This applies whether the aircraft is equipped with a camera or otherwise, unless authorized by the Rules and Regulations or pursuant to advanced written approval of the Board of Directors on such terms and conditions as the Board may deem appropriate under the circumstances.

6.13 Flammable Materials. Under no circumstances may explosives, fireworks, or highly flammable or highly corrosive materials be stored or used by Members, Members' Lessees or their respective family, invitees, or guests in Parking Areas, Common Areas, Exclusive Use Common Areas, or Lots. Notwithstanding the foregoing, small amounts of flammable liquids may be stored in consumer sized (i.e. not in excess of 5-gallon sized) containers that are approved for such storage within their Lots.

6.14 Health/Safety Hazards. Members shall not permit conditions which constitute a health, safety, or fire hazard to exist on their Lots, storage areas, Parking Areas, or Exclusive Use Common Areas.

6.15 Mailboxes. No mailbox or similar mounted receptacle shall be used on any Lot or the improvements thereto or thereon. Mail shall be received at the common mail receiving location as approved by the Board.

6.16 Nudity. Public displays of nudity are prohibited.

6.17 Nuisance. No Member may cause or permit to be caused anything which constitutes a nuisance.

- a. *Unreasonableness*. To constitute a nuisance, the activity must be such that it causes an unreasonable disturbance or annoyance, be potentially injurious to health, be indecent, or be unreasonably detrimental to Persons or property.
- b. *Allergies*. Residents with allergies or sensitivities must, at their own expense, take precautions to protect themselves against commonplace levels of noise, odors, dust, smoke, gases, pollen, or other environmental pollutants.
- c. *Board Action*. Because a nuisance is largely subjective, the Corporation is not obligated to become involved in disputes where, in the opinion of the Board, the alleged nuisance causes mere inconvenience.

6.18 Obstruction of Common Areas. No Common Area shall be obstructed or used for other than its intended purpose, except as designated by the Board.

6.19 Quiet Enjoyment. No one may engage in any abusive or harassing behavior or any form of intimidation or aggression, whether verbal or physical, written, or submitted electronically, against other Members, Residents, guests, invitees, members of the Board, or the Corporation's management, employees, agents, or vendors. Because the breach of quiet enjoyment is largely subjective, the Board may choose to act only against egregious breaches. In the event the Corporation chooses not to act on a complaint of breach of quiet enjoyment, or the complaining party believes the Corporation's action is not sufficient, such party may take legal action to enforce this provision against other Residents, but specifically waives his/her right to

take action against the Corporation and its officers, directors, employees, and agents in their handling of the party's complaint.

6.20 Roof Restricted Access. Members and their families, Lot Residents, and guests are prohibited from entering onto the roofs of any Common Area structure without the prior written consent of the Board.

6.21 Sale of Lot. Open houses, brokers' caravans, and other matters relating to the sale of a Lot shall be regulated as provided for in the Rules and Regulations.

6.22 Satellite Dishes. Antennae and satellite dishes may only be installed as provided for in the Rules and Regulations, Architectural Guidelines, and applicable law. Installation or construction of radio or television antennae or of satellite dishes greater than one (1) meter in diameter, requires Board approval. Location of any satellite dish is subject to Board approval.

6.23 Solar Energy Systems. Solar Energy Systems may only be installed after obtaining written approval of the Architectural Committee and as provided for in the Rules and Regulations, Architectural Standards, and applicable law.

6.24 Laundry. No laundry, bathing attire, or towels shall be hung to dry on decks or any outside areas on any Lot, nor shall clotheslines, poles, or other improvements therefore be installed, built, or located on any Lot.

6.25 Signs. No sign, poster, flag, banner, notice, nameplate, card, or advertisement of any kind may be displayed to the public view on or from any Lot or in or on any Common Area, except as allowed by law. Except as required for the protection of public health or safety, no commercial sign shall be displayed to the public view on or from any Lot or the Common Area except one (1) "For Sale" sign not exceeding 864 square inches (approximately 24" x 36") in size in the window or on a post on a Lot, and no more than 2 name riders 24x6 in size and an additional flyer box, mounted on the same post. The height of the sign shall not exceed 72 inches. Temporary Open House signs will be allowed for up to 5 hour periods on the day of the event. Unless otherwise authorized by the Board of Directors, noncommercial signs and posters shall be no larger than 9 square feet (approximately 3'x 3') in size and noncommercial flags or banners shall be no larger than 15 square feet (approximately 3'x5') in size.

6.26 Smoking. Smoking, including the use of electronic cigarettes, is prohibited in all Common Area Facilities, pool enclosures, Redwood Grove, Mill & Lodge, or any location that would create a nuisance or be detrimental to the health of others. A person must be at least 25 feet from any facility or Member's Home when smoking, other than a Member, Resident, or his/her guest on their own Lot.

6.27 Use of Corporation Employees. Members may hire off-duty Corporation employees to perform work. However, said Corporation employee may not perform work for a Member during the hours that he/she normally works for the Corporation. Monteville employees

may not use Monteville equipment on their private, after-hours work. The Member, not the Corporation, shall be responsible for the hiring of any such workers.

6.28 Use of Independent Contractors. Members may use independent contractors to perform work in their Lot. Such contractors shall be licensed and insured. Members shall be liable for any injury to Persons or damage to the Common Areas, Exclusive Use Common Areas, Lots, and any personal property caused by the acts or omissions of such Member's contractor. The Corporation may, at its discretion, repair, restore, or replace such damaged property and may impose a Reimbursement Special Assessment against the liable Member and that Member's Lot for all costs, expenses, and attorney fees incurred by the Corporation in connection with the damage. The Reimbursement Special Assessment may become a lien against the liable Member's Separate Interest enforceable by the sale of the Member's Lot under Civil Code sections 2924, 2924(b), and 2924(c).

6.29 Drains. There shall be no interference with the established drainage pattern in the Development unless an alternative provision is made and approved in advance, in writing, by the Park Services Committee.

6.30 Drilling and Exploration. No Lot shall be used in any manner to explore for, remove, refine, or store any water, gasoline, oil, hydrocarbons, minerals, gravel, earth, or earth substances of any kind.

6.31 Increased Insurance Rates. No Member shall permit anything be done or kept in or on any Lot or any Common Area which will increase the rate of insurance in or on any other Lot or the Common Area, or which would result in uninsurability or in the cancellation, suspension, modification, or reduction of insurance in, on, or covering any other Lot, Common Area, or item of personal property within the Development. If, by reason of the occupancy or use of any portion of the Development by any Member, the rate of insurance on any policy held by the Corporation shall be increased, such Member shall become personally liable to the Corporation for any increase in insurance premiums caused thereby and the cost of the increase shall be assessed to such Member and his/her Lot as a Special Assessment.

6.32 Machinery, Equipment, and Inoperable Vehicles. No machinery, equipment, or inoperable vehicle of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual and customary in connection with the use, maintenance, or construction of a private residential dwelling.

6.33 Sanitary Conditions. Members shall maintain their Lot in a neat and clean way as to not be unsightly or offensive.

6.34 Excess Building Materials. Excess building materials and garden tools should be stored in a closed area OR neatly placed in an organized way as to not be unsightly or offensive.

6.35 Trash Containers. Trash, recycling and yard waste receptacles shall be stored as far from the street as possible.

ARTICLE 7: LEASING LIMITATIONS

7.1 Leases and Property Caretakers. Monteville is a residential planned development; it is not intended to be a rental park, and rental of Lots and Homes is prohibited. However, Lots for which ownership has not changed since these CC&Rs were recorded may be rented or leased as provided in this Article, and subject to the Corporation's rental policies and requirements. If the Owner of such a Lot complies with the restrictions indicated below, the Owner may apply in writing to the Board for permission to lease his/her Lot for occupancy by a Property Caretaker. The Board may allow an Owner to lease or have a Property Caretaker only under exceptional circumstances, including without limitation the Owner's change of employment location, medical necessity, probate litigation, or the Lessee's intent to buy in the Park within one year.

7.2 Lease Requirements. Where Leases are allowed by the Board pursuant to Section 7.1, Lots may not be used for time-share purposes, hotel-like operations, or other transient purposes. No Member shall lease less than an entire Home under any circumstances; room rentals are strictly prohibited. No property may be occupied by a lessee or Property Caretaker without the prior written approval of the Board. Any lease between Member and Property Caretaker shall be in writing, and the initial term shall not exceed three (3) months. Occupancy by Lessee or Property Caretaker must cease at the end of the previously approved leasing period unless the Board approves an extension as provided below.

- a. *Lease Extensions*. An extension in three (3) month increments, not to exceed twelve (12) months total, may be granted provided that a new lease or Property Caretaker agreement, together with written justification for the extension, is approved by the Board.
- b. *Basis for Extensions*. Board approval of any extension must be based on a showing of special circumstances and to prevent a hardship on an Owner, while preventing the creation of rental properties within the Development.

7.3 Governing Documents. Members shall provide their Lessees with copies of all Governing Documents, including, but not limited to, the CC&Rs, Bylaws, and Rules and Regulations, as well as any applicable amendments, and must ensure compliance with all provisions of the Governing Documents.

7.4 Transfer of Common Area Privileges. Any Member residing off-site and whose Home is occupied by others automatically relinquishes to their Lessees or other permitted Residents the Member's rights to use the Corporation's Common Area facilities until the Member re-takes possession of the Home and the Lot.

7.5 Transfer of Occupancy. Members living offsite shall promptly provide the Corporation with the name, address, phone number, and email address of all Lot Residents and any change in occupancy.

7.6 Repair Damage. Members shall be liable for any and all damage to the Lots, Common Areas, including Exclusive-Use Common Areas, and any personal property when the cause of such damage originates from that Member's Lot or Exclusive Use Common Area, or which was caused by the acts or omissions of such Member, Member's Lessee, or their respective family, guests, invitees, or pets. The Corporation may in its discretion repair, restore or replace such damaged property and may impose a Reimbursement Special Assessment against the liable Member and that Member's Lot for all costs, expenses and attorney fees incurred by the Corporation in connection with the damage. The Reimbursement Special Assessment may become a lien against the liable Member's Separate Interest enforceable by the sale of the Member's Lot under Civil Code sections 2924, 2924(b), and 2924(c).

7.7 Unlawful Detainer. Members who lease their Lots shall be responsible for assuring their Lessees comply with the Corporation's Governing Documents. A Member's failure to take legal action against his/her Lessee who is in violation of the Governing Documents (including the institution of proceedings in unlawful detainer) within ten (10) days after receipt of written demand to do so from the Board shall entitle the Corporation to institute unlawful detainer proceedings on behalf of such Member and against the Lessee. Any expense the Corporation incurs, including attorneys' fees and costs of suit, shall become a Special Assessment against the Lot.

7.8 Assignment of Payments. As security for the payment of Assessments and other sums owed to the Corporation, Members who lease their Lots hereby pledge their rights as landlords (including the right to receive payments) to the Corporation. In the event a Member becomes delinquent in payment of Assessments to the Corporation, the Corporation may require the Lessee to direct any and all rent payments to it until such deficiencies have been paid in full. Members shall have no right to collect these amounts from Lessees and may not evict Lessees for complying with the Corporation's demand for rents.

ARTICLE 8: PETS

8.1 Pet Limitation. In no event shall the number of allowable pets exceed a total of two (2) per Lot, excepting fish and caged birds. The Board may set additional restrictions, rules, and regulations regarding the quantity, kinds, and sizes of pets, as well as tanks, which may be kept on a lot. This applies to any other pet issues which may arise. No animals, livestock or poultry of any kind shall be raised, bred, or offered for sale or other compensation on any Lot or in the Common Area. Exotic animals such as those that are identified in the Scotts Valley Code of Ordinances, are not allowed.

8.2 Dangerous Animals. No animal may be kept in the Development which the Board has determined to be aggressive or dangerous pursuant to evidence provided at a noticed hearing.

Pets that exhibit aggressive or dangerous behavior shall, upon request of the Board, wear a muzzle while in the Common Area until a determination is made by the Board as to whether the pet will be allowed to remain in the Development.

8.3 Service Animals. An animal otherwise prohibited by these CC&Rs, which is kept by a Resident for the purpose of servicing the Resident's disability, may be kept by such Resident provided: (i) the Resident submits appropriate documentation to the Board verifying the existence of a legally-defined disability; (ii) the service animal is properly cared for by the Resident (i.e., kept healthy, clean, and properly groomed and waste material is properly disposed of); and (iii) the animal is not unruly or disruptive (e.g., barking, growling, running loose, displaying aggressive behavior, etc.). All applicable pet rules shall apply to service animals.

8.4 Nuisance. Members shall be liable to the Corporation and other Members for any damage to Person or property or nuisance noise caused by the pets of such Members, Members' Lessees or their respective family, guests, or invitees. The Board shall have the right to prohibit any pet which, in its opinion, constitutes a nuisance to other Members pursuant to evidence provided at a noticed hearing.

8.5 Liability. Every Member shall be liable for any injury to Persons or property caused by any pet brought or kept within the Development by the Member, Member's Lessee or their respective family, guests, or invitees.

8.6 Control. No pets shall be allowed in the Common Area, including buildings and pool areas, except as may be permitted by the Rules and Regulations. Cats should be kept indoors. No pets shall enter the Common Area, except while on a leash or otherwise tethered, which is held by a Person capable of controlling it. The Corporation may cause any unleashed pet(s) found within the Common Areas to be removed to a pound or animal shelter under the jurisdiction of the city of Scotts Valley or county of Santa Cruz.

ARTICLE 9: VEHICLES AND PARKING

9.1 Management of Parking. The Corporation shall manage and control the use of all Common Area parking and streets. All vehicles parked in common areas must have valid license and registration. The Board of Directors shall have the right to authorize towing of any vehicle per California Vehicle Code 22658.

9.2 Restricted Parking. No vehicle other than an automobile, van, truck not exceeding one (1) ton capacity, or powered golf cart, shall be parked or stored on any Lot except as otherwise provided herein. Vehicles shall be parked completely within any designated parking space. Parking and storage, subject to the provisions hereof, shall be only on paved areas on the Lot. Except as specified in Section 9.4, parking or storage of a Recreational Vehicle requires approval of the Safety & Emergency Committee. Any vehicle parking on the street by any person should never block or impede access, ingress or egress to another's lot or property.

Daytime parking is limited to one side of the street and NO OVERNIGHT parking is allowed on streets.

9.3 Excess Parking. Permanent parking of more than two (2) vehicles, including boats, trailers, and any other licensed vehicle, excluding motorized golf carts, shall be permitted only by consent of the Board of Directors. Overnight parking on all streets is prohibited except as outlined below for Recreational Vehicles.

9.4 Recreational Vehicles. Recreational vehicles may be parked on the street in front of an Owner's Lot only for the purpose of loading or unloading for a period not to exceed 48 hours prior to departure on, and after return from, any trip. Such parking shall be prohibited where it would reduce street clearance for fire equipment or other emergency vehicles to less than twelve (12) feet, or where such parking would impair access to any driveway or interfere with normal traffic flow. No occupancy of such Recreational Vehicles shall be permitted, including Recreational Vehicles owned or used by guests of property owners.

9.5 Boats and Motorcycles. Boats, trailers, and all other vehicles, including but not limited to motorcycles or other wheeled vehicles, shall be parked only by consent of the Board of Directors. As used herein, "motorcycle" means a two- to four-wheeled vehicle having uncovered seating on one or two saddles, and that is required by the California Department of Motor Vehicles to be licensed as a motorcycle that may be operated on a freeway. Electric-powered vehicles are excluded. Operating a gasoline fueled motorcycle within the Development is prohibited.

9.6 Major Repair Prohibited. No major maintenance, repair, construction, or reconstruction of any motor vehicle, boat or trailer shall be undertaken on any portion of a Lot or the Common Area, excepting only in the event that the Owner obtains prior written approval from the Board of Directors thereto, or if the Board of Directors by rules and regulations regularly adopted approves an area for such activity, or emergency repairs to the extent necessary for the movement of the vehicle to a proper repair facility.

9.7 Proper Operating Condition. All vehicles shall be maintained in proper operating condition so as not to be a hazard or nuisance by noise, exhaust emissions, or appearance. All vehicles shall carry current registration tags and shall be insured. All vehicles must be configured so as to provide for their quiet operation.

9.8 Fluid Leaks. Members must keep their driveways, Common Area, and streets in front of their Lots free of fluids such as oil, radiator coolant, brake fluid, power steering fluid, etc. Members who fail to do so may be fined or may be subject to a Reimbursement Special Assessment for the cost of cleaning the affected areas.

9.9 Theft or Damage. The Corporation shall not be liable for any loss or damage suffered by any Member, Lessee or guest by reason of theft of or damage to any Vehicle or Vehicle contents, unless caused by the Corporation's intentional misconduct or gross negligence.

9.10 Impeding Access. No vehicle shall be parked in such a manner as to impede or prevent ready access to any other driveway or Common Area entrance or exit.

9.11 Garages. Garages may not be converted for use as habitation.

9.12 Electric Vehicle (EV) Charging Station. If an Owner wants to install an EV charging station in Common Area or an Exclusive Use Common Area (e.g. a designated parking space), the Owner must meet applicable health and safety standards and requirements imposed by state and local authorities as well as all other applicable zoning, land use or other ordinances, or land use permits. (Civ. Code §4745(c).) In addition, the Owner must obtain Board approval and agree in writing to the following (Civ. Code §4745(f)(1)):

- a. *Agreement*.
 - i. *Architectural Standards*. Comply with the Corporation's architectural standards.
 - ii. *Licensed Contractor*. Use a licensed contractor to install the station.
 - iii. *Insurance*. Within 14 days of approval, provide a certificate of insurance that names the Corporation as an additional insured under the Owner's insurance policy.
 - iv. *Utility Costs*. Pay for electricity usage associated with the station.
- b. *Duties and Liabilities*. The Owner and each successive Owner of the EV charging station shall be responsible for all of the following (Civ. Code §4745(f)(2)):
 - i. *Damage*. Damage to the station, Common Areas, Exclusive Use Common Areas, or adjacent Lots resulting from the installation, maintenance, repair, removal, or replacement of the station.
 - ii. *Maintenance*. Maintenance, removal, repair, and replacement of the electric vehicle charging station until it has been removed from the Common Area or Exclusive Use Common Area.
 - iii. *Electricity*. Electricity associated with the station.
 - iv. *Disclosure*. Disclosing the EV charging station to buyers and the related responsibilities of the homeowner.
 - v. *Insurance*. Maintain an umbrella liability coverage policy in the amount of one million dollars (\$1,000,000) covering Owner's

obligations and naming the Corporation as an additional insured under the policy with a right to notice of cancellation. (Civ. Code §4745(f)(3).)

- c. *Corporation Deadline to Respond.* Applications will be processed and approved in the same manner as any other architectural application and not willfully avoided or delayed. Approval or denial of the application must be in writing. If an application is not denied in writing within **60 days from receipt** of the application, the application shall be deemed approved, unless that delay is the result of a reasonable request for additional information. (Civ. Code §4745(e).)
- d. *Reasonable Restrictions.* The Corporation may impose reasonable restrictions on EV charging stations, provided those restrictions do not significantly increase the cost of the station or significantly decrease its efficiency or specified performance. (Civ. Code §4745(b)(2).)
- e. *Utility Lines Panels & Meters.* The Board may grant exclusive use of Common Area to Members who run utility lines and install meters in the Common Area for charging stations in an Owner's garage or parking space. The Corporation may enter into license agreements with Owners who install charging stations in the Common Area. (Civ. Code §4600(b)(3)(H).) If needed to install the requested station, the Corporation may, at the Owner's expense, install circuit breakers, conduit, and wiring from the Corporation's electrical panel to the parking space, or, at its discretion, may allow the Owner to make those arrangements. If the Common Area electrical panel cannot handle the extra load created by the charging station, the panel will need to be upgraded. All costs associated with the upgrade are at the requesting Owner's expense.
- f. *"Public" Stations.* The Corporation, or an Owner with Corporation approval, may install a charging station in the Common Area for the use of all Members. The Corporation may develop rules for the use of such "public" charging stations. (Civ. Code §4745(h).)
- g. *Common Area Private Stations.* Owners may install "private" charging stations in the Common Area, but only if installing it in an Owner's Exclusive Use Common Area is impossible or unreasonably expensive. (Civ. Code §4745(g).) Such installation is still subject to approval and reasonable restrictions.
- h. *New Parking Space.* The Corporation may create a new parking space where one did not previously exist to facilitate the installation of an electric vehicle charging station. (Civ. Code §4745(i).)

- i. *Covenant.* Whenever an Owner installs an EV Charging Station, a covenant signed by the Owner must be recorded which obligates the Owner and all future Owners of the Lot to satisfy their statutory obligations to maintain the charging station and carry insurance naming the Corporation as additional insured on the policy.

ARTICLE 10: NEW HOMES, REMODELING, AND CONSTRUCTION

10.1 No Improvements or Alterations Without Approval. No Improvement, excavation, hardscaping, fence, wall, swimming pool, painting, alteration or other work which alters the exterior appearance of any Lot or its Improvements shall be commenced until plans and specifications have been submitted to and approved in writing by the Architectural Committee. If Improvements, additions, alterations, or modifications are different from those approved by the Architectural Committee, such improvements, additions, alterations, or modifications shall be deemed disapproved and the Member shall promptly correct the nonconforming items to comply with the Architectural Guidelines, the Architectural Committee's approvals, and City Requirements. Failure of an Owner to follow the procedure outlined in this Article prior to beginning construction may result in the Board of Directors requiring the removal or alteration of the new construction.

10.2 Members must Follow Proper Procedure. Until the required plans have been submitted to the Architectural Committee, the neighbors have been consulted, approval has been given by the Architectural Committee, and, where required, approval has been given by the Board of Directors, no construction, remodeling, new Home, or other exterior improvements including fencing, awnings, screening, ancillary buildings, and enclosures shall be erected, placed, or altered upon a Lot.

- a. *Board Approval.* In addition to the other requirements of this Article, an affirmative vote of the Board of Directors is required: 1) before placing a new Home on a Lot; 2) when there is a major renovation with pronounced changes in exterior look and/or size; 3) for a proposed change of an existing Home that increases its size more than two (2) feet in any horizontal direction; 4) if the Home's height is proposed to be more than 14 feet from the top of the subfloor to the peak of the roof, and/or the position of any part of the bottom of the sub-floor stands more than 3 feet above the highest natural contour of the ground beneath the subfloor; and 5) when the Architectural Committee determines that the privacy of existing neighbors may be detrimentally affected by the proposed construction, improvement, and/or new Home.
- b. *Violation.* Failure of any Owner to follow this procedure prior to beginning construction may result in the Board of Directors requiring removal or alteration of the new construction.

10.3 New Homes, Remodeling, and Construction. When replacing or making an addition to an existing home or ancillary building, no more than seventy percent (70%) of the Lot may be covered by the home, roofed porches and ancillary buildings, with the exception that the square footage of any new building(s) shall be allowed to be up to the same square footage as the footprint of the building(s) they replace, provided that there are no property setback infringements. The roof of the Home shall be treated with a non-reflective roof surface material or process. Wood or wood substitutes shall be used for roof supports on carports, garages, and porches.

- a. *Ancillary Buildings.* Constructing or placing ancillary buildings on a Lot or making major changes to their exterior requires the approval of the Architectural Committee and may also require the approval of the Board. Ancillary buildings are roofed structures with supporting posts or walls, detached from the Home. They include but are not limited to, sheds, garages, carports, workshops, hobby rooms, gazebos, and storerooms. The Architectural Committee and the Board have the power to limit the number of ancillary buildings permitted on any one Lot, as well as the height, size and location of said ancillary building, accounting for the size of the Lot, existing setbacks, topography, and proximity to neighboring Homes. Ancillary buildings may be equipped with utilities such as water, electricity, and gas, but shall not be used as overnight living spaces or to house guests. All ancillary buildings must meet local codes.
- b. *Off-Street Parking.* Building partial off-street parking spaces shall be done only after consulting with the neighboring Lot Owner and with the prior approval of the Safety Committee, Architectural Committee, and Board of Directors.

10.4 No Exterior Installations. Installations of any kind, including but not limited to, electric lines, telephone lines, television antennas, satellites, machines, or air conditioning units located on the exterior of the buildings of the Development, or that protrude through the walls or the roof of the buildings, are prohibited except as authorized by the Architectural Committee.

10.5 Applicants in Good Standing. Only Members in Good Standing may submit requests for approval of improvements, additions, alterations or modifications to their Lots, Exclusive Use Common Areas, or Common Areas appurtenant to their Lots. "Good Standing" is defined to mean Members who are not delinquent by more than sixty (60) days in the payment of any Assessment, fee, or fine, and not found to be in violation of the Governing Documents (following proper notice, hearing, and a finding by the Board).

10.6 Architectural Guidelines. The Board may adopt, amend, and repeal Architectural Guidelines. These Architectural Guidelines shall interpret and implement the provisions of these CC&Rs by setting forth the standards and procedures for the review and approval of proposed

modifications, guidelines for architectural design, placement of any modification, exterior finishes and materials, and similar features which are recommended for use within the Development, provided that the Architectural Guidelines shall meet the minimum standards required by these CC&Rs. In the event of any conflict between the Architectural Guidelines and these CC&Rs, the CC&Rs shall prevail.

- a. *Architectural Considerations.* When approving any exterior architectural change or the replacement of an existing home or ancillary building, the Architectural Committee shall consider the individual features of the Lot such as size, dimensions, the viewshed of neighboring Lots, topographical features and any existing major tree(s). The intent of the Architectural Committee is to retain trees, viewsheds, and natural topographical features, to the greatest extent possible. This may prevent a home that is suitable for one Lot from being erected on a different Lot.

10.7 Architectural Committee. The Board may appoint an Architectural Committee. If the Board does not appoint one, the Board shall automatically be deemed the Architectural Committee. The Architectural Committee shall have the authority to approve, reject, modify, give conditional approvals, and give limited approvals of improvements and alterations as provided for in the Architectural Guidelines.

- a. *Consultants.* The Board may retain the services of an architect and one or more consultants to assist the Architectural Committee in its duties. Compensation for consultants' services shall be fixed by the Board. The cost of such consultants and any related expenses shall be charged to those Members submitting plans for alterations and/or improvements to their Lots. Any costs must be submitted to the Member for approval before incurred by the Corporation.
- b. *Conflicts of Interest.* No Director or Architectural Committee member may participate in the decision-making process of any architectural submittal made by that Director or Architectural Committee member or members of their family. Further, no Director or Architectural Committee member may participate in the decision-making process of any other architectural submittal if it results in a monetary benefit to the Director or Architectural Committee member or any company in which they or members of their family have a financial interest.

10.8 Rescinding Approval. The Architectural Committee and/or the Board shall have the authority to rescind approval of plans previously approved by the Corporation if they believe that there is good reason to rescind such approval.

10.9 Submission of Plans. Plans and specifications in accordance with the Corporation's Governing Documents, describing the proposed modification, shall be submitted

to the Architectural Committee by personal delivery or certified mail. Unless a delay in approval by the Architectural Committee is the result of (i) the applicant's failure to properly submit an application in accordance with the Corporation's guidelines, or (ii) a reasonable request by the Architectural Committee for additional information, the application shall be deemed approved within 60 days of being submitted to the Committee unless the application has been disapproved by the Committee. All applications that violate the Corporation's Governing Documents or Building and Safety Codes are automatically disapproved without action by the Committee unless variances are specifically approved in writing by the Committee. Approvals by the Architectural Committee may contain conditions or requests for modification of particular aspects of the Member's architectural submission.

10.10 Review Fees and Construction Agreement. The Board may establish a schedule of fees which may be charged against the submitting party to defray any costs incurred by the Corporation, including architectural and/or engineering consultant fees, legal fees, and expenses for reviewing plans. In addition, the Board may require Members to sign a construction agreement.

10.11 Variances. The Architectural Committee may grant reasonable architectural variances, subject to Board approval, if the Architectural Committee determines that the variance will not: (i) constitute a material deviation from the overall plan and scheme of development within Montevalle; (ii) result in a material detriment; or (iii) create a nuisance with respect to the Common Area or any other Member. The granting of a variance by the Board shall in no event be deemed a variance or waiver as to any other Lot, nor shall any variance affect the applicability or enforceability of any provision of this Article with respect to any other Lot.

10.12 Engineering and Code Requirements. Plans and specifications approved by the Architectural Committee are not approved for engineering design or building code specifications. Members shall be responsible for ensuring compliance with applicable fire and building codes, ordinances, and specifications.

10.13 Inspection. The Corporation shall have the right, but not the obligation, to periodically inspect any improvements for which plans were approved by the Architectural Committee. Members shall allow inspection and any improvements may be halted and the Member fined if inspection is not allowed. Such inspections do not relieve a Member from his/her duty to comply with the Corporation's Architectural Guidelines and all applicable building and fire codes.

10.14 Building Department and Corporation Approvals. Any construction, repair, modification, or alteration of any Improvement requiring the issuance of a building permit shall be submitted by the Member to the appropriate governmental entity for review and approval. In the event of a conflict in the conditions of approval imposed by the governmental entity and the Architectural Committee, the more restrictive conditions shall control. Nothing herein shall limit

the Architectural Committee from imposing conditions of approval which are more restrictive than conditions imposed by governmental agencies.

10.15 Mechanics' Liens. Members shall ensure that no lien is placed against any other Lot or against the Common Areas for labor or material furnished to their Lots. If a lien is placed against the Common Areas and other Member's Lots, and the responsible Member does not immediately cause the removal of the lien, the Corporation may, after written notice to the responsible Member, pay the amounts necessary to have the lien removed and levy a Reimbursement Special Assessment against the responsible Member.

10.16 Hold Harmless and Indemnify. Approval of plans by the Corporation signifies only a general conformance with its Architectural Guidelines and not with Building and Safety Code compliance, lot lines, easements, or construction best practices. The Corporation and its Architectural Committee, Members, Officers, Directors, employees, and agents shall not be liable for mistakes in judgment or negligence arising out of, or in connection with, the Corporation's approval or disapproval of plans.

10.17 Combining Lots. No Lots may be combined without prior written Board approval. Combining Lots shall have the following consequences: (i) the Percentage Interest in the Common Area allotted to the combined Lots shall be equal to the sum of the Percentage Interests in the Common Area of each of the combined Lots; (ii) the Assessments due and owing on the combined Lots shall be equal to the sum of the Assessments levied against each of the respective Lots so combined; and (iii) the Owner of the combined Lots shall continue to have the same number of votes assigned to the Lots before they were combined.

10.18 No Right to Divide Lots. No Member shall have the right to divide any Lot; provided, however, that once two or more Lots have been combined, the Owner of such combined Lots may seek written approval of the Board of Directors to divide the Lots and thereby restore them to their original dimensions and footprint.

10.19 Square Footage and Setbacks. The minimum and maximum square footage of structures and their setback requirements from lot lines shall comply with the Corporation's Architectural Guidelines. No Home shall be positioned closer than three (3) feet from any Lot line. Notwithstanding the foregoing, no Home shall be positioned closer than five (5) feet from any Lot line that is on a street.

10.20 View Restrictions. Carports used to house any recreational vehicle that exceeds a height of seven and one-half (7½) feet must be constructed or modified in a manner that prevents a view of the recreational vehicle from outside the Lot.

10.21 Drainage. No Member or Member's family, guests, invitees or Lessees shall change the established drainage patterns over a Lot without: (i) making adequate provisions for proper drainage in accordance with applicable building codes, which shall not adversely affect the property of others; and (ii) written approval of the Park Services Committee.

10.22 Removing or Replacing a Home. Prior to either removing a Home or moving any Home onto a Lot, the Owner(s) must submit to the Architectural Committee evidence of the following:

- a. *Documentation.* That a survey of the Lot where the Home will be placed has been completed by a California Licensed Professional Land Surveyor or Engineer. That a plot map has been provided to the Architectural Committee, and permanent surveyor stakes have been placed to mark the Lot boundaries;
- b. *Width Requirement.* The Home being moved onto a Lot is one having an exterior width from the outside of one sidewall to the outside of the other sidewall of not less than twenty (20) feet;
- c. *Parking.* Any newly manufactured Home that is to be installed on a Lot must be planned to allow enough space to park at least two (2) cars on the Lot.
- d. *Security Deposit.* The Owner has posted with the Corporation a security deposit of two thousand five hundred dollars (\$2500.00), or an amount at least equal to that necessary to cover the Corporation's insurance deductible, needed to cover any claims the Corporation would have against the Owner. This deposit is over and above any insurance coverage the Owner and/or any construction company, or transportation company, or workmen may have. If there are no claims, the deposit shall be refundable thirty (30) days after the completion.
- e. *Model Year Requirement.* On the date of moving a Home onto the Lot, the Home shall be a model manufactured for sale not earlier than the calendar year prior to the year in which the home is moved onto the Lot;
- f. *California Authorization.* The manufacturer of the Home must be authorized and licensed to construct or sell homes in the State of California.

10.23 Occupancy of Unfinished or Temporary Structures Prohibited. No trailer, RV, bus, motor home, tent, shack, garage, temporary building or structure of any kind shall be occupied or lived in at any time. Permanent residential dwellings shall not be occupied or lived in until they have been completed and the exterior is made to comply with the Corporation's Architectural Guidelines.

10.24 Removal of Temporary Buildings and Debris. Temporary buildings or structures used during construction or remodeling, and all debris, shall be removed immediately after the completion of construction.

10.25 Diligent Construction. The construction of any building or structure shall be prosecuted diligently and continuously from the time of commencement until fully completed,

and all structures, once the foundations are erected, shall be completed in eighteen (18) months. Exterior remodeling must be completed in 4 1/2 months from start date. Board extensions may be granted.

10.26 Construction Hours. To minimize noise, the work hours of hired people are limited to 8:00 AM to 5:00 PM Monday through Saturday. No work is permitted on Sunday or the following holidays: New Year's Day, Easter, July 4th, Thanksgiving, and Christmas. Exceptions may be made for emergency repairs. Residents and Members or their family may work 8:00 AM to 6:00 PM all week with no noisy work allowed on the above listed holidays and Sundays.

10.27 Waiver of Liability. Neither the Architectural Committee or its members nor the Corporation or its Officers, Directors, employees or agents, shall be liable for any damage, loss, or prejudice suffered or claimed on account of the Architectural Committee's review, approval, or disapproval of any plans, drawings, or specifications, or the conformance of the construction with the approved plans.

ARTICLE 11: ENFORCEMENT OF GOVERNING DOCUMENTS

11.1 Corporation Enforcement Rights. In addition to any other rights described in these CC&Rs and without waiving the Corporation's right to institute other enforcement measures, and subject to the notice and hearing provisions in the Bylaws, the Governing Documents may be enforced by any or all of the following, as may be appropriate:

- a. *Monetary Penalties.* The Board may assess reasonable monetary penalties for violations of the Corporation's Governing Documents by a Member, Member's Lessee or their respective family, Lot Residents, invitees, or guests. Such Member shall be liable for all costs of collection, including reasonable attorneys' fees, court costs, and related expenses.
- b. *Suspend Common Area Privileges.* Subject to the notice and hearing provisions set forth in the Bylaws, the Board may temporarily suspend the Common Area privileges of Members, Member's Lessees and their respective family, invitees, and guests for their failure to comply with the Corporation's Governing Documents. Any such suspension shall be for a period of time not to exceed thirty (30) days for each noncontinuing violation. For continuing violations, the suspension may be imposed for as long as the violation continues.
- c. *Suspend Voting Rights.* Subject to the notice and hearing provisions set forth in the Bylaws, the voting rights of a Member may be suspended for continuing violations of the Governing Documents. Once suspended, a Member's voting rights shall remain suspended until such continuing violation is rectified.

- d. Judicial Enforcement. A lawsuit for damages and/or injunctive relief may be filed, whether or not the relief sought is for negative or affirmative action.

11.2 Cumulative Remedies. The respective rights and remedies, provided by these CC&Rs, by law, or available in equity, shall be cumulative and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or for the same or different failures of the Members or others to perform or observe any provision of these CC&Rs.

11.3 Failure to Enforce Not a Waiver. Failure to enforce the Governing documents, whether by the Board or any Member or other Person entitled to enforce them, shall in no event be deemed a waiver of the right to do so. Waiver or attempted waiver of any provision of these CC&Rs with respect to a given Lot shall not be deemed a waiver as to any other Lot. Additionally, violation of any provision hereof with respect to any Lot or Lots shall not affect the applicability or enforceability of any provision of these CC&Rs to any other Lot.

11.4 Remedy at Law Inadequate. Remedies at law for violation of the Corporation's Governing Documents are inadequate and equitable and injunctive relief may be sought and awarded.

11.5 Right to Request Identification. All Persons using the Corporation's Common Area facilities may be required to present proper identification when so requested by Directors of the Board or the Corporation's employees.

11.6 Attorneys' Fees. In the event any party initiates any action or proceeding to enforce or interpret the Governing Documents or California law relating to the Development, the substantially-prevailing party shall be awarded reasonable attorneys' fees and costs, including reasonable experts' fees.

ARTICLE 12: RIGHT OF ENTRY

12.1 Limited Right of Entry. During reasonable hours and subject to the notice requirements contained in this Article, the Corporation's representatives, employees, and vendors may enter Lots, Common Areas, and Exclusive Use Common Areas: (i) to inspect and perform maintenance or repairs to the Common Areas or Exclusive Use Common Area; or (ii) to mitigate or repair damages; or (iii) to inspect the Lot to ensure compliance with the Governing Documents. Such Persons, acting in good faith, shall not be liable for trespass.

12.2 Notice of Entry. The Corporation shall give at least three (3) business days' written notice if by personal delivery and five (5) days if by first-class mail to the Resident and the Lot Owner, stating the purpose for the entry and the time of the entry.

12.3 Avoid Unreasonable Interference. The right of entry shall be exercised in such a manner as to avoid any unreasonable or unnecessary interference with the possession, use, and enjoyment of the Member or Resident of such Lot.

12.4 Emergency Entry. In the event of an emergency, the Board or its authorized representative may enter the Lot without permission and shall not be subject to liability to the Member or Resident. Such entry shall not constitute trespass or any other wrongful act. If it is necessary for the Corporation to damage or destroy property to gain access to the Lot, the Member shall have no right of action against the Corporation or its representatives. However, the Corporation shall repair the damage if the emergency did not originate in the Lot. Prior to emergency entry, if feasible, the Board shall make a good faith effort to give notice.

12.5 Refusal to Allow Entry. In the event the Resident refuses to allow entry for any reason authorized in these CC&Rs, the Corporation shall have the right to assess against the Member all expenses including reasonable attorneys' fees (regardless of whether legal proceedings are instituted) incurred by the Corporation arising from the Resident's refusal to allow entry. Such fees and expenses shall become a Reimbursement Special Assessment against the Member and shall be fully enforceable by all means provided for in these CC&Rs, including lien and foreclosure.

12.6 Damage Repaired by Corporation. Any damage caused by the Corporation to the Common Areas and Lot improvements shall be promptly repaired by the Corporation to original building standards. The Corporation shall have the right to seek reimbursement from responsible parties that gave rise to such damage and repairs.

12.7 Entry by Member. Each Member shall permit other Members and their representatives to enter his/her Lot to perform installations, alterations, or repairs to the mechanical or electrical services to a Lot, if: (i) requests for entry are made in advance; (ii) entry is made at a time reasonably convenient to the Member whose Lot is being entered; and (iii) the entered Lot is left in substantially the same condition as existed immediately preceding such entry. Any damage to the Lot caused by entry shall be repaired by the entering Member.

ARTICLE 13: ASSESSMENTS

13.1 Purpose of Assessments. The general purpose of Assessments is to provide for the recreation, health, safety, and welfare of the Members, enforce and comply with the Governing Documents, manage the Development, enhance the quality of life in the Corporation, improve and maintain the Common Areas, provide for the acquisition and maintenance of property, services and facilities devoted to these purposes, and for any action or undertaking on behalf of the Corporation.

13.2 Regular Assessment. The Board shall levy Regular Assessments in an amount sufficient to provide for the performance by the Board of each and every one of its powers and duties provided, however:

- a. *20% Limitation.* Pursuant to Section 5600, et seq. of the Civil Code or any successor statutes, the Board shall not, without the approval of Members casting a majority of the votes with Quorum present, impose a Regular Assessment which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year. Quorum for the purposes of this provision means more than fifty percent (50%) of the Members of the Corporation.
- b. *Uniform Rate of Assessment.* Regular Assessments shall be fixed at a uniform rate for all Lots.
- c. *Payable Monthly.* Regular Assessments shall be payable by each Member against whom assessed in twelve (12) equal monthly installments on the first day of each calendar month or at such other dates and in such other installments as the Board shall determine. Assessments for new Members shall be prorated in the first month of membership according to the date on which the individual becomes a Member.
- d. *Written Notice.* Written notice of any increase in Regular Assessments shall be sent by first-class mail to each Member not less than thirty (30) days nor more than sixty (60) days prior to the increased Assessment becoming due.
- e. *Modification of Assessment.* The Board may modify the Regular Assessments during the course of a fiscal year if necessary to conform to a revised estimate of costs and expenses. However, if the aggregate increase exceeds twenty percent (20%) of the Regular Assessment for the immediately preceding fiscal year, the Board must obtain the approval of a majority of a Quorum of Members pursuant to Section 5605 of the Civil Code. If an annual Regular Assessment is not published for a new fiscal year, the Regular Assessment for the prior fiscal year shall apply and govern each Member's payments until changed by a new Regular Assessment.

13.3 Special Assessment. In addition to the Regular Assessment, the Board may levy a "Special Assessment" for any purpose necessary for the Corporation to carry out its duties; provided, however:

- a. *5% Limitation.* Pursuant to Section 5605 of the Civil Code, the Board shall not, without the approval of Members casting a majority of the votes with Quorum present, impose a Special Assessment which is more than five percent (5%) of the budgeted gross expenses of the Corporation for such fiscal year. Quorum for purposes of this provision means more than fifty percent (50%) of the Members of the Corporation.

- b. *Uniform Rate of Assessment.* Special Assessments shall be fixed at a uniform rate for all Lots.
- c. *Reimbursement Assessments.* Special Assessments may also be levied against individual Lots for reimbursement of expenses incurred by the Corporation arising out of actions or omissions of such Member, Member's Lessee, or their respective family, guests, invitees, or pets. As provided elsewhere in these CC&Rs, such expenses shall include, but are not limited to: (i) enforcing compliance with the Corporation's Governing Documents; (ii) mitigating or repairing damage to Units, Corporation property, and/or Common Areas; (iii) collecting delinquent Assessments; (iv) attorneys' fees and costs; and (v) materials and services provided by the Corporation to individual Members, Lessees or their respective family, guests, or invitees.
- d. *Payment Schedule.* Special Assessments shall be payable by each Member against whom assessed either monthly or at such dates and in such installments as the Board shall determine.
- e. *Written Notice.* Written notice of Special Assessments shall be sent by first-class mail to each Member not less than thirty (30) days nor more than sixty (60) days prior to the Assessment becoming due.

13.4 Emergency Assessment. In emergency situations, the Board may increase Regular Assessments beyond twenty percent (20%) or impose Special Assessments above five percent (5%) only as provided for by law.

13.5 Deposit of Assessments. All sums received by the Corporation shall be promptly deposited into accounts clearly designated in the Corporation's name.

- a. *Commingling.* The Corporation shall maintain separate accounts for its operating funds and its Reserves, respectively, and no funds from those separate accounts shall be commingled at any time.
- b. *Interest.* No Member shall have the right to receive interest on any such funds deposited.

13.6 Reserves. All sums assessed and collected by the Corporation which are budgeted to fund Reserves for anticipated long-term maintenance, repair, and replacement of Improvements upon the Common Area, the cost of which would not ordinarily be incurred on an annual basis, shall:

- a. *Be Segregated.* Be received in trust by the Board, set aside and segregated from the other monies and not be commingled with the Corporation's Operating Account.

- b. *Be Invested.* Be invested in low-risk investments. Reserves shall be deposited in financial institutions authorized to do business in California and where the Corporation's deposits are insured against loss. Alternatively, the Corporation may deposit funds with brokerage houses or institutions which are members of the Financial Industry Regulatory Authority and where the Corporation's deposits are insured against loss.
- c. *Require Two Signatures.* Be withdrawn from the Reserve account only upon approval by the Board and the signature of two (2) members of the Board.
- d. *Not Be Reimbursed.* All contributions to the Reserves, as well as interest earned, are for the benefit of the Corporation and not to the benefit of any individual Member. As such, contributions and interest are not refundable to Members when they cease to be Members of the Corporation.

ARTICLE 14: ENFORCEMENT OF ASSESSMENTS

14.1 Liability for Assessments. Assessments, together with charges, interest, costs, and attorneys' fees (regardless of whether legal proceedings are instituted), shall be a charge on the land and shall be a continuing lien upon the property against which each such Assessment is made. In addition, Members shall be personally liable for any and all Assessments provided for by these CC&Rs, together with any accompanying late charges, interest, costs, attorneys' fees (regardless of whether legal proceedings are instituted), and penalties as may be authorized under these CC&Rs. All Members owning a partial interest in a Lot shall be personally liable, jointly and severally, for the entire amount of any and all Assessments against such Lot.

14.2 Enforcement Rights. Any Assessment made in accordance with these CC&Rs shall be the separate debt of each Member against whom the same is assessed. In addition to any other rights provided for by law or described in these CC&Rs, the Board has the right to collect delinquent Assessments as follows:

- a. *Late Fees and Interest.* Unpaid Assessments shall be deemed delinquent fifteen (15) days after they are due and shall be subject to a late charge of the greater of either ten percent (10%) or Ten Dollars (\$10.00), which may not be imposed more than once on any delinquent payment, and interest at the rate of twelve percent (12%) per annum, which may commence thirty (30) days after the Assessment becomes due.
- b. *File Suit.* The Corporation may commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien and initiate foreclosure against the Member's Lot for the delinquent Assessment. In any action to collect delinquent Assessments, late charges or interest, the prevailing party shall be entitled to costs and reasonable attorneys' fees. If such costs and fees are awarded to the Corporation, they shall become a Reimbursement Special

Assessment against the Member and shall be fully enforceable by all means provided for in these CC&Rs, including lien and foreclosure.

- c. *Lien and Foreclose.* In accordance with Section 5600 et seq. of the Civil Code, a delinquent Assessment or installment, together with any late charges, interest, costs, attorneys' fees, and penalties, shall become a lien on the Lot upon the recordation of a "Notice of Delinquent Assessment" in the Office of the County Recorder. The Board may enforce any Assessment lien against a Lot by filing an action for judicial foreclosure or by nonjudicial foreclosure. The Corporation, through its Board, may bid on the Lot at the sale and may hold, lease, mortgage, and convey the acquired Lot.
- d. *Suspend Privileges.* Subject to the notice and hearing provisions set forth in the Bylaws, privileges may be suspended until such time as delinquent Assessments, fees, and fines, including any accumulated penalties, interest, and costs of collection, have been paid in full.
- e. *Suspend Voting Rights.* Subject to the notice and hearing provisions set forth in the Bylaws, voting rights of a Member may be suspended if the Member is more than sixty (60) days delinquent in paying any Assessment, fee, or fine. Once suspended, a Member's voting privileges shall remain suspended until such time as the delinquency, including any accumulated late charges, interest, and costs of collection, have been paid in full.
- f. *Additional Remedies.* The remedies provided in this Section shall be in addition to, not in substitution for, any other rights and remedies which the Corporation may have.

14.3 No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason, including, without limitation: (i) a claim that the Corporation is not properly exercising its duties and powers, as provided in these CC&Rs; (ii) a Member has not made or elects not to make use of the Common Area; (iii) any construction or maintenance for which the Corporation is responsible that has not been performed; or (iv) any construction or maintenance for which the Corporation is responsible that has not been performed to a Member's satisfaction.

14.4 No Exemption by Waiver of Use. Members may not exempt themselves from liability for Assessments nor release their Lots from liens and charges by waiver of their use and enjoyment of the Common Areas, by abandonment of their Lots, or through non-use of Common Areas or membership privileges.

14.5 Attorneys' Fees. Any reasonable attorneys' fees and costs incurred by the Corporation in the enforcement of its Assessment rights against a Member may become a

Reimbursement Special Assessment against that Member, which may be collected in any manner provided for by these CC&Rs or by law.

14.6 Non -Waiver of Assessments. If the Board fails to approve a Budget or fix the Assessments for the current year, the Budget and Assessments from the preceding year shall continue until a new Budget is approved and new Assessments are fixed.

ARTICLE 15: INSURANCE

15.1 Corporation Insurance. The Corporation shall obtain and maintain policies of insurance as described below. So as to keep premiums at a reasonable level and to ensure the insurability of the Corporation, the Board shall establish appropriate deductibles and make business decisions as to which losses shall be submitted to the Corporation's insurance carrier.

- a. *Direct Physical Loss*. The Corporation shall maintain one or more policies for loss or damage by fire or other risks covered by the standard "Special Form" policy (or its equivalent) on all Common Area Improvements. The amount of such insurance shall be not less than one hundred percent (100%) of the aggregate full insurable value, meaning actual replacement value. The coverage shall be written on a blanket basis with an agreed value endorsement and an inflation guard endorsement. In addition, if available, the Board shall purchase:
 - i. "Building Ordinance" coverage, or its equivalent, to cover any increased costs of construction following a covered loss which may be imposed due to changes in building codes or ordinances.
 - ii. "Maintenance Fees Receivable" coverage, or its equivalent, to cover the loss from unpaid or uncollected assessments resulting from a covered property loss.
 - iii. "Demolition and Debris Removal" endorsement in the amounts adequate to cover demolition and debris removal costs.
 - iv. Such other endorsements which the Board may deem necessary or reasonable.
- b. *Comprehensive or Commercial General Liability ("CGL")*. The Corporation shall maintain one or more CGL policies which shall provide appropriate liability limits for injury or death to one or more Persons in any one accident or occurrence. The Corporation shall carry coverage in amounts that meet or exceed those called for in Section 5805 of the Civil Code.

- c. *Directors and Officers.* The Corporation shall purchase Directors and Officers errors and omission insurance, which shall provide appropriate liability limits insuring Directors, Officers, Committee members, and management employees. The Corporation shall carry coverage in amounts that meet or exceed those called for in Section 5800 of the Civil Code.
- d. *Workers' Compensation.* The Corporation shall carry workers' compensation and employers' liability insurance, as may be appropriate.
- e. *Fidelity Bond.* The Corporation shall maintain blanket fidelity bond coverage for all Directors, Officers, Committee members, and employees of the Corporation in an amount no less than the greater of either (1) 150% of annual operating expenses plus Corporation reserves, or (2) the combined amounts of the total assessments of the Corporation for three months, plus Corporation reserves. Such fidelity bond must include coverage for computer fraud, funds transfer fraud and social engineering fraud. If the Corporation uses a managing agent or management company, the fidelity bond coverage must also include dishonest acts by that person or entity and its employees.
- f. *Employment Practices Liability.* If the Corporation has employees, it should, depending on cost and availability, purchase employment practices liability coverage.
- g. *Automobile Liability Insurance.* If appropriate, the Corporation shall purchase non-owned and hired automobile coverage.
- h. *Boiler and Machinery Insurance.* If appropriate, the Corporation shall purchase insurance for the loss or damage to or as a result of boilers, pressure vessels, and pressure pipes.
- i. *Umbrella Policy.* In addition to appropriate levels of insurance for all of the above, the Corporation may carry an umbrella policy for its public liability and property damage, Directors and Officers liability, and workers' compensation policies.
- j. *Earthquake Insurance.* The Corporation may purchase appropriate levels of earthquake insurance if such insurance is available and if approved by the Board or the membership. In the event the Board decides not to purchase earthquake insurance for the Corporation's Improvements, that decision must be made as part of the Board's annual insurance disclosure to the membership.

15.2 Member Obligation to Carry Insurance. At their sole expense, Members shall purchase the following insurance: (i) real property and personal property coverage that insures their Lot's improvements and contents against damage or loss; (ii) premises liability that

includes protection for bodily injury and property damage; (iii) loss of use that protects a Member for additional living expenses should his/her Lot become uninhabitable due to a covered loss; and (iv) loss assessment coverage that protects against Special Assessments due to a loss which exceeds the Corporation's master policy limits or deductible. In addition, if a Member operates a vehicle which is driven across or stored in the Corporation's Common Areas, the Member must carry appropriate automobile insurance. The Corporation may police this provision but is not required to and is specifically relieved of any responsibility or liability from doing so or failing to do so.

- a. *Waiver of Claims.* Members waive their claims against the Corporation to the extent such claims are covered under insurance which Members are required to carry under this Article, regardless of whether Members actually carry such insurance.
- b. *Assignment of Proceeds.* If any loss intended to be covered by the Corporation's insurance occurs and the proceeds payable are reduced because of a Member's insurance coverage, that Member shall assign such insurance proceeds to the Corporation, to the extent of the reduction. The Board shall apply those proceeds to the same purposes as the reduced proceeds received by the Corporation.

15.3 Payment of Deductible. If a loss occurs as a result of the negligence or breach of CC&Rs of a Member, Member's Lessee, or their respective family, guests, invitees, or pets or as a result of a failure of a portion of the Lot or its Improvements within a Member's care, custody, or control and the loss results in a payment by the Corporation's insurance, that Member shall pay the Corporation's deductible, if any.

15.4 Management of Claims. The Board, not individual Members, shall determine which claims, if any, shall be submitted to the Corporation's insurance carrier. The Board may take into account the Corporation's claim history, the amount of the deductible, the apparent merit of the claim, etc. and make a business decision regarding which claims are submitted and which ones are not. In the event a Member makes an unauthorized claim against the Corporation's insurance which results in an increase in the Corporation's insurance premiums, the amount of the increase shall be assessed against the Member and his/her Lot as a Special Reimbursement Assessment.

15.5 Liability for Increased Insurance Rates. In the event any act or omission of any Member, Member's Lessee, or their respective family, guests, invitees, or pets causes an increase in the cost of the Corporation's insurance, the amount of the increase shall be assessed against the Member and his/her Lot as a Special Reimbursement Assessment.

15.6 Choice of Contractor. With respect to any repairs for which proceeds of insurance are paid or are payable to the Corporation, the Board shall designate the contractor to perform

the repairs to the Common Areas. Individual Members shall be responsible for overseeing repairs done to their respective Lots.

15.7 Insurance Company Rating. All policies of insurance obtained by the Board shall be from an insurance company qualified to do business in the State of California and holding a Best's Insurance Reports rating of "A" or better, or such other comparable rating as may be given by Standard and Poor's.

ARTICLE 16: PROTECTION OF LENDERS

16.1 No Priority Over Prior First Mortgagees. The liens authorized and created hereunder upon any Lot shall be subject and subordinate to, and shall not affect the rights of, the holder of the indebtedness secured by any recorded first Mortgage only, meaning a Mortgage with first priority over other Mortgages, upon such interest made in good faith and for value, provided that after the foreclosure of any such Mortgage there may be a lien created pursuant to these Restrictions or the Bylaws on the interest of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, assessed hereunder to such purchaser as an Owner after the date of such foreclosure sale, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein.

16.2 Relationship with Assessment Liens. Any lien that the Corporation may have on any Lot for the payment of Assessments shall be subordinate to the lien or equivalent security interest of any Lender with a first trust deed or mortgage on the Lot, made in good faith and for value, and no such lien shall in any way impair the obligation or the priority of such first trust deed or mortgage, unless the Lender expressly subordinates its interest, in writing, to such lien.

16.3 Foreclosure. Any holder of a first mortgage who takes title to a Lot, pursuant to the remedies provided in the mortgage, through foreclosure of the mortgage shall take the property free of any claim for unpaid Assessments or charges against the mortgaged Lot which accrued prior to the time such Person takes title to the Lot.

16.4 Priority of Mortgage Lien. No breach of any provision of these CC&Rs nor the enforcement of any lien created herein shall affect, impair, defeat, or invalidate the lien of any mortgage or deed of trust made in good faith and for value, but the CC&Rs shall be binding upon any Member whose title is derived through foreclosure, trustee sale, or otherwise.

16.5 Curing of Breaches. A Lender who acquires title to any Lot, pursuant to the remedies provided in the mortgage, through foreclosure of the mortgage, by deed in lieu of foreclosure, or otherwise shall not be obligated to cure any breach of these CC&Rs which is noncurable or of a type which is not practical or feasible to cure. For the purpose of this section, if a Lender acquires title by a deed in lieu of foreclosure, then delinquent Assessments owed on that Lot by a previous Member shall not be a noncurable breach or a breach which is not practical or feasible to cure and an Assessment lien on that Lot shall not be rendered invalid or unenforceable by virtue of the Lender's receipt of title to that Lot.

16.6 Payment of Taxes and Charges. Lenders may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any portion of the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for such Common Area. Lenders making such payments shall be owed immediate reimbursement from the Corporation.

16.7 Amendments. No amendment to this Article shall affect the rights of the beneficiary or holder of any beneficiary interest in any such Mortgage recorded prior to recordation of such amendment who does not join in the execution thereof.

16.8 Subordination Agreement. By subordination agreement executed by a majority of the Board of Directors, the benefits of this Article may be extended to Mortgages not otherwise entitled thereto.

ARTICLE 17: LIMITATIONS OF LIABILITY

17.1 Standard for Liability. Officers, Directors, Committee members, employees, or agents shall not be responsible to any Member, Member's Lessee, or their respective family, guests, or invitees for any loss or damage to Person or property suffered by reason of water, fire, smoke, explosion, electricity, dust, sand, insect or rodent infestation, or any other source, unless there is clear and convincing evidence the damage or loss was caused by the gross negligence or willful misconduct of the Corporation's Officers, Directors, Committee members, employees, or agents. The standard for determining liability shall not be strict liability.

17.2 Limited Personal Liability. No Officer, Director, Committee member, or employee of the Corporation shall be personally liable for any loss, injury, or damage to Persons or property for any act or omission, if the act or omission was performed in good faith, within the scope of the Person's duties for the Corporation, was not self-dealing, and did not constitute intentional misconduct or gross negligence.

17.3 Corporation Not a Security Provider. The Corporation may, from time to time, provide measures of security in the Development. However, the Corporation is not a provider of security and shall have no duty to provide any security in the Development. The obligation to provide security lies with each Member individually. The Corporation shall not be held liable for any harm to Persons or property by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. This shall include, but not be limited to, any loss or damage suffered by reason of theft of or damage to any article or thing which is placed or stored in or on any portion of the Common Area.

17.4 Duty to Defend. The Corporation shall indemnify and defend and shall advance reasonable attorneys' fees and costs to its Officers, Directors, Committee members, and employees against all expenses and liabilities reasonably incurred by such Person(s) in connection with any proceeding (including, but not limited to, alternative dispute resolution proceedings) to which they may be a party by reason of having been an Officer, Director,

Committee member, or employee of the Corporation. Provided, however, the Corporation may recover its attorneys' fees and costs from, and shall not be liable for any judgments or other liabilities for, those Persons who are adjudged to have acted in bad faith or in gross negligence in the performance of their duties.

17.5 Personal Injury or Property Damage Sustained Within a Lot. The following shall apply if any Person sustains personal injury or property damage within a Lot or on its attached Patio or Balcony and the injury or damage results in a claim against the Corporation or any of its Officers, Directors, Committee members, Members, agents, or employees. The Owner of the Lot, Patio, or Balcony where the injury or damage occurred shall: (i) fully indemnify and hold harmless the Corporation, Officer, Director, Committee member, Member, agent, or employee against whom such claim or suit is brought; and (ii) defend, at his own cost and expense, any resulting litigation against the parties. However, there shall be no obligation to defend or indemnify any party whose gross negligence or willful misconduct was the cause of the injury or damage.

17.6 Actions Against Volunteers. No cause of action against a Person serving without compensation as Director or Officer or Committee member of the Corporation on account of any negligent act or omission by that Person within the scope of that person's duties as Director acting in the capacity of a board member, or as an Officer acting in the capacity of, and within the scope of the duties of, an Officer, or as a Committee member acting in the capacity of, and within the scope of the duties of, a member of that Committee, shall be included in a complaint or other pleading unless the court enters an order allowing the pleading that includes that claim to be filed after the court determines that the filing party has established evidence that substantiates the claim.

ARTICLE 18: DAMAGE/DESTRUCTION TO IMPROVEMENTS

18.1 Corporation's Duties. In the event of partial or total destruction of Common Area Improvements the Corporation is obligated to maintain, it shall be the duty of the Corporation to restore and repair the same to its former condition (or better) as promptly as practical. The proceeds of any insurance received shall be used for such repairs and/or replacement.

18.2 Member's Duties. In the event of partial or total destruction of Improvements on a Member's Lot, it shall be the duty of the Member to either: (i) restore and repair the same to its former condition (or better) as promptly as practical, or (ii) as promptly as possible remove the damaged Improvement as well as all debris and place the Lot in a clean and presentable condition to the satisfaction of the Architectural Committee.

18.3 Duties of Board During Reconstruction. If reconstruction is undertaken, the Board shall: (i) enter into a written contract with a contractor who is licensed and insured for such repair, reconstruction, and restoration; (ii) disburse insurance proceeds available for the work, along with funds collected by reason of Assessments, in appropriate progress payments; and (iii)

take all steps necessary to ensure the commencement and completion of such repair, reconstruction, and restoration in a lawful, workmanlike manner at the earliest possible date.

ARTICLE 19: CONDEMNATION

19.1 Notice. Promptly upon learning of any potential condemnation or sale by eminent domain, the Board shall notify all Members and first mortgagees who have filed a written request for notice.

19.2 Payment for Common Area. In the event an action in eminent domain is brought to condemn all or any portion of the Common Areas, the Corporation shall represent the Members in all proceedings, negotiations, or settlements. Awards for the acquisition of Common Area shall be paid to the Board, as trustee, for deposit into the Corporation's Reserves unless a majority of a Quorum of Members of the Corporation elects to distribute the award among the Members in accordance with their Percentage Interest.

19.3 Payment for Lot. In the event that an action in eminent domain is brought to condemn all or any portion of one or more Lots, the award made for such taking shall be payable to the respective Owners of the Lots, subject to: (i) the rights of Mortgagees holding Mortgages covering such Lots; and (ii) all unpaid Assessments of each Member, taken together with interest charges. The Board of Directors shall have no responsibility for the restoration of a Member's personal property taken as a result of condemnation.

19.4 Revision of Documents. In the event of any condemnation of a part of the Development, the Board shall, as soon as practical, cause to be prepared, filed, and/or recorded a revised subdivision map, or other documents, reports, schedules, or exhibits necessary to show the changed or altered status of the Development.

19.5 Status of Membership. In the event a Lot is taken in condemnation, the Lot shall cease to be part of the Development, the Member shall cease to be a Member of the Corporation, and the Percentage Interest in Common Area appurtenant to that Lot shall automatically become vested in the remaining Members, in proportion to their respective Percentage Interests in the Common Area.

ARTICLE 20: MISCELLANEOUS

20.1 Amendment. These CC&Rs may be amended by a majority of the voting power of the Corporation. Any amendment in compliance with this provision shall become effective when recorded with the Office of the County Recorder.

20.2 Amendment to Conform to Statute. If at any time a provision in these CC&Rs contradicts current law, according to a written opinion of the Corporation's legal counsel, the Board of Directors will have the authority, on the unanimous approval of the Directors and

without approval of the Members, to amend that provision, but only to the extent necessary to render the provision compliant with applicable law.

20.3 Term of CC&Rs. These CC&Rs shall continue in full force and effect for a term of sixty (60) years from the date of their recordation, after which time they shall be automatically extended for successive periods of twenty (20) years, unless within six (6) months prior to the expiration of the initial term or any twenty (20) year extension period, a written agreement executed and acknowledged by at least seventy five percent (75%) of the Members is placed on record in the office of the County Recorder, terminating the effectiveness of these CC&Rs.

20.4 Attorneys' Fees. Any reasonable attorneys' fees and costs incurred by the Corporation in the enforcement of the Governing Documents against a Member, or to determine the rights or duties of the Member under the Governing Documents, may be levied against that Member by the Board as a Reimbursement Special Assessment, which may be collected in any manner provided for by these CC&Rs or by law.

20.5 Notices. Any communication or notice of any kind permitted or required herein may be delivered as provided in these CC&Rs and shall be in writing and may be served in person, by electronic form on file, or by mail, as an alternative to personal service, as follows:

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

To the Corporation: To the address of the Manager or the Board President.

All notices or demands to be served by mail shall be by first-class mail with postage prepaid. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail.

20.6 Headings. The headings contained in these CC&Rs are for convenience of reference and are not a part of and are not intended to govern, limit, or aid in the construction of any term or provision of these CC&Rs.

20.7 Liberal Construction. The provisions of the Governing Documents shall be liberally construed to effectuate their purpose of creating a uniform plan for the use, operation, and maintenance of the Development.

20.8 Number and Gender. Whenever the context so requires, the singular number includes the plural, the plural includes the singular, the masculine gender includes the feminine and/or neuter, and the neuter gender includes the masculine and/or feminine.

20.9 Severability. The provisions of these CC&Rs and any other Governing Document shall be deemed independent and severable and the invalidity, partial invalidity, or

unenforceability of any one provision shall not affect the validity or enforceability of any other provision.

20.10 No Public Rights. Nothing contained in these CC&Rs shall be deemed to be a gift or dedication of all or any portion of the Development to the general public or for any public use or purpose whatsoever.

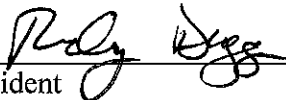
20.11 Successor Association. In the event the Corporation, as a corporate entity, is dissolved, a nonprofit, unincorporated association shall, without further action, automatically succeed to all the rights and duties of the corporation. The affairs of the unincorporated association shall continue to be governed by these CC&Rs, the Bylaws, Architectural Guidelines, and the Rules and Regulations, as well as any applicable law.

20.12 Conflicting Provisions. In the event of any conflict between these CC&Rs and the Articles or the Bylaws, these CC&Rs shall control. In the event of any conflict between the Articles and the Bylaws, the Articles shall control.

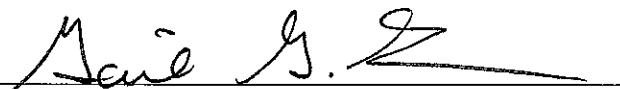
CERTIFICATION

WE CERTIFY this 13 day of may, 2019 that this Restated Declaration of Covenants, Conditions and Restrictions has been duly approved and adopted by the membership of Monteville of Scotts Valley, Inc.

MONTEVALLE OF SCOTTS VALLEY, INC.



President



Secretary

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

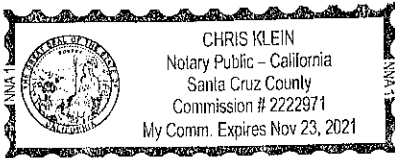
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }
County of Santa Cruz

On 05/17/2019 before me, Chris Klein, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared James Randal Dugger & Gail G. Evans
Name(s) of Signer(s)

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



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

WITNESS my hand and official seal.

Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document Monteville of Scotts Valley, Inc.
Title or Type of Document: Covenants, Conditions and Restrictions

Document Date: 05/17/2019 Number of Pages: 60

Signer(s) Other Than Named Above: None

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer – Title(s): _____
 Partner – Limited General
 Individual Attorney in Fact
 Trustee Guardian of Conservator
 Other: _____
Signer is Representing: _____

Signer's Name: _____
 Corporate Officer – Title(s): _____
 Partner – Limited General
 Individual Attorney in Fact
 Trustee Guardian of Conservator
 Other: _____
Signer is Representing: _____

