

DOC # 2004-0456902

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Recorded in Official Records

County of Riverside

Gary L. Orso

Assessor, County Clerk & Recorder



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Recording Requested By and  
When Recorded Return To:

Canyon Lake Villas Association  
c/o Jeffrey A. French, Esq.  
DUKE GERSTEL SHEARER, LLP  
101 W. Broadway, Suite 1120  
San Diego, CA 92101 (619) 232-0816

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# Canyon Lake Villas Association



## First Amendment of the Amended and Restated Declaration of Covenants, Conditions, and Restrictions of Canyon Lake Villas Association

By this First Amendment to the Amended and Restated Declaration of Covenants, Conditions, and Restrictions, dated this 21<sup>st</sup> day of May, 2004, the undersigned, constituting at least fifty-one percent (51%) of the owners of all the land in Canyon Lake Villas Association (specifically described below) which is subject to that certain Amended and Restated Declaration of Covenants, Conditions, and Restrictions (the "Declaration") dated July 4, 2000, recorded July 10, 2000, at File/Page No. 2000-266119, Official Records of Riverside County, California, which covers certain real property located in the County of Riverside, California, more particularly described on that certain Map entitled Tract No. 3892, Lots 1 through 37, inclusive, which map was recorded in the Office of the County Recorders of Riverside County, California, on October 16, 1969, in Book 63 of Subdivisions, pages 51 and 52, described and commonly known as Canyon Lake Villas,

hereby amends the Declaration as follows:

1. Article III, Section 3 (Voting Rights of Members) of the Declaration is deleted in its entirety and amended as follows:

Voting Rights of Members. Each Member of the Association shall be entitled to one vote for each Lot owned by said Member. When more than one person holds an interest in any Lot, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Lot. Voting rights may be temporarily suspended under those circumstances described in Article XIII, Section 6 hereof. No cumulative voting shall be permitted when electing Members to the Board of Directors.

2. Article VI, Section 18(b) (Parking and Vehicle Restrictions) of the Declaration is deleted in its entirety and amended as follows:

(b). Except as otherwise provided in subparagraph (f), below, only the following vehicles ("Authorized Vehicles") shall be permitted to be parked by any Owner or Resident within the Properties: standard passenger vehicles, including bronco or blazer type trucks, and trucks which do not exceed one ton in carrying capacity. "Authorized Vehicle" shall mean and refer to any vehicle which is not a "Prohibited Vehicle" as defined by the Board of Directors, and any vehicle which is currently licensed, registered and operable. Boats, trailers, campers, commercial vehicles, Recreational Vehicles/motor homes (RVS), and trucks which are in excess of one ton in carrying capacity are not "Authorized Vehicles" and shall only be permitted within the Properties as provided in subparagraph (f), below. Lot numbers 30 (22322 Canyon Club Dr.) and 31 (22326 Canyon Club Dr.), and their respective RVS will be excepted from this section to the extent that they may park their RVS on the Properties from the date this First Amendment is recorded until the date their Lot is sold to, transferred to, or otherwise conveyed to another owner, person, or entity.

3. Article VI, Section 18(f) of the Declaration is hereby deleted in its entirety and amended as follows:

(f) Campers, boats/boat-trailers, trailers, motorcycles, commercial vehicles, Recreational Vehicles/Motor Homes (RVS), and trucks in excess of one ton carrying capacity (collectively "Prohibited Vehicles") are not to be parked within the Properties, except for periods not to exceed three (3) hours for the purpose of loading and unloading. Lot numbers 30 and 31, and their respective vehicles shall be excepted from this section to the extent that they may continue to park their RVS on the



Properties from the date this First Amendment is recorded until the date their Lot is sold to, transferred to, or otherwise conveyed to another owner, person, or entity. Also, the assigned carports shall be excepted from this section such that Owners may park in their assigned carport spaces: trailers, boats, boats/boat trailers and golf carts of reasonable dimensions and size which fit completely within the Owner's assigned carport space.

4. Except as amended herein, the remainder of the Declaration shall remain in full force and effect according to its terms.

The undersigned are the President and the Secretary of Canyon Lake Villas Association, and hereby certify and declare that pursuant to the provisions of Article XVI, Section 1(a) of the Declaration, the foregoing amendment was approved by affirmative written vote of the members representing fifty-one percent (51%) of the Owners of all the land in Canyon Lakes Villas Association.

Executed this 21 day of <sup>MAY</sup>~~March~~, 2004, in the City of CANYON LAKE, Riverside County, California.

Dated: 5-21-04

Dated: 5-27-04

Canyon Lake Villas Association, a nonprofit mutual benefit corporation

*Patrick J. Mose*  
President

*Eric M. Bishop*  
Secretary





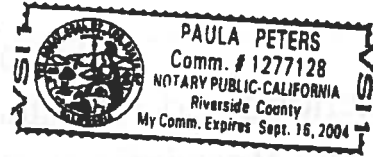
STATE OF CALIFORNIA )  
 ) SS  
COUNTY OF SAN DIEGO )

On this 27 day of May, 2004, before me, Paula Peters, Notary Public, personally appeared Eric Bishop and \_\_\_\_\_, on behalf of Canyon Lake Villas Association personally known to me to be (or proved to me on the basis of satisfactory evidence) to be the person(s) whose names 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.

WITNESS my hand and official seal.

Paula Peters

Notary Public in and for said County and State. (Seal)



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06/15/2004 08:08A  
5 of 5

Recording Requested By and  
When Recorded Return To:

Canyon Lake Villas Association  
/s/ Jeffrey A. French, Esq.  
GREEN BRYANT & FRENCH, LLP  
550 West "C" Street, Suite 1470  
San Diego, California 92101 (619) 239-7900

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**DOC # 2005-0398362**  
05/19/2005

**Conformed Copy**

Has not been compared with original

**Larry W Ward**  
County of Riverside  
Assessor, County Clerk & Recorder

## Canyon Lake Villas Association

Second Amendment of  
the Amended and Restated Declaration of Covenants, Conditions,  
and Restrictions of Canyon Lake Villas Association

By this Second Amendment to the Amended and Restated Declaration of Covenants, Conditions, and Restrictions, dated this 3<sup>rd</sup> day of May, 2005, the undersigned, constituting at least fifty-one percent (51%) of the owners of all the land in Canyon Lake Villas (specifically described below) which is subject to that certain Amended and Restated Declaration of Covenants, Conditions, and Restrictions (the "Declaration") dated July 4, 2000, recorded July 10, 2000, at File/Page No. 2000-266119, Official Records of Riverside County, California, and all amendments thereto, which covers that certain real property located in the County of Riverside, California, commonly known as Canyon Lake Villas, and more particularly described as follows:

LOTS 1 THROUGH 37, INCLUSIVE, ON THAT CERTAIN MAP ENTITLED TRACT NO. 3892, WHICH MAP WAS RECORDED IN THE OFFICE OF THE COUNTY RECORDERS OF RIVERSIDE COUNTY, CALIFORNIA, ON OCTOBER 16, 1969, IN BOOK 63 OF SUBDIVISIONS, PAGES 51 AND 52,

hereby amends the Declaration as follows:

1. Article XVII of the Declaration is deleted in its entirety and amended to read as follows:

[New text is **bold and underlined**, and deleted text is ~~stricken out~~]

## **"ARTICLE XVII CANYON LAKE PROPERTY OWNERS ASSOCIATION**

The following language as it pertains to the Canyon Lake Property Owners Association shall remain originally stated in the original Declaration of Restrictions regarding Tract 3892 in the office of the County Recorder of Riverside County, California, on November 12, 1969 as Instrument No. 115955, and as set forth below:

**Section 1. Membership.** Every **Owner of Record of** ~~person, including Declarant, who acquires title, legal or equitable, to any Lot in the tract~~ **(with the exception of Common Area Lot 37)** shall become a member of the Canyon Lake Property Owners Association, a California non-profit corporation, (herein referred to as "Property Owners Association"); provided however, that such membership is not intended to apply to those persons who hold an interest in any such Lot merely as security for the performance of an obligation to pay money, e.g., mortgages, deeds of trust, or real estate contract purchases. **Property Owners Association membership rights and privileges are governed by the Property Owners Association Bylaws, policies and rules and regulations.** ~~Declarant's membership (by reason of its ownership of unsold Lots) need not be evidenced by certificates of membership as provided in the Property Owners Association's Bylaws.~~

### **Section 2. Architectural Control Committee.**

**a) Applicability of this Section.** **Given that the Lots are located not only within the Canyon Lake Villas Association, but also within the larger Property Owners Association, the Lots are subject not only to architectural control by the Canyon Lake Villas Architectural Control Committee as provided in Article V hereof, but also by the Property Owners Association Architectural Control**

Committee (referred to herein as the "ACC"). All plans and specifications for any structure or improvement whatsoever to be erected on or moved upon or to any Lot, and the proposed location thereof on any Lot or Lots, the construction material, the roofs and exterior color schemes, any later changes or additions after initial approval thereof, and any remodeling, reconstruction, alterations, or additions thereto on any Lot shall require, before any such work is commenced, the approval of the ACC as the same is from time to time composed.

b) Submission of Plans. There shall be submitted to the ACC two (2) complete sets of plans and specifications for any and all proposed improvements, the erection or alteration of which is desired, and no structure or improvement of any kind shall be erected, altered, placed or maintained upon any Lot unless and until the final plans, elevations, and specifications therefor have received the ACC's written approval as herein provided. Such plans shall include plot plans showing the location on the Lot of the building, wall, fence, or other structure proposed to be constructed, altered, placed or maintained, together with the proposed construction material, color schemes for roofs and exteriors thereof and proposed landscape planting. In addition, topography maps prepared by a registered civil engineer or a licensed land surveyor shall be included as part of all plans relating to lakefront Lots.

As a means of defraying its expenses, the ACC may institute and require a reasonable filing fee to accompany the submission of plans to it. Further details regarding the ACC application and architectural review process may be established by the Property Owners Association.

c) Approval of Plans. The ACC shall approve or disapprove plans, specifications and details within thirty (30) days from the receipt thereof or shall notify the person submitting them that an additional period of time, not to exceed thirty days, is required for such approval or disapproval. Plans, specifications and details not approved or disapproved within the time limits provided herein shall be deemed approved as submitted. One (1) set of said plans and specifications and details with the approval or disapproval, endorsed thereon, shall be returned to the applicant and the other copy thereof shall be retained by the ACC for its permanent files.

The ACC shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with all of the provisions of this Declaration or Property Owners Association rules and regulations; if the design or color scheme of the proposed building or other structure is not in harmony with the general surroundings of such lot or with the adjacent buildings or structures; if the plans and specifications submitted are incomplete; or in the event the ACC deems the plans, specifications or details, or any part thereof, to be contrary to the interests, welfare or rights of all or any part of the real property subject hereto, or the owners thereof. The decisions of the ACC shall be final.

Neither the ACC nor any architect or agent thereof or the Property Owners Association Board of Directors shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specifications.



Whenever the ACC shall approve plans and specifications for a boat shelter, pier, float or similar structure, on or extending into any lake, such approval shall not constitute a permit to build or place such proposed structure without the consent of the owner or operator of the lake.

### Section 3. Assessments.

a) Not only must the owners of Lots pay assessments and related charges to the Canyon Lake Villas Association as provided in Article IV hereof, the owner of each Lot, with the exception of Common Area Lot 37, is personally responsible for and must pay regular and special assessments (including assessments levied against a Lot owner to recover costs incurred in repairing damage to Property Owners Association common area) levied by the Property Owners Association and all related charges, including installment charges. Regular and special assessments are delinquent 15 days after they become due. If a regular or special assessment levied by the Property Owners Association is delinquent, the Property Owners Association may recover all of the following: (1) reasonable costs (including attorneys' fees) incurred in collecting the delinquent assessment and related amounts and charges authorized by this section; (2) a late charge of up to 10% of the delinquent assessment or \$10.00, whichever is greater; (3) interest on the 30 day delinquent balance of all sums imposed in accordance with this section (including the unpaid assessment(s), installment charges, collection costs, late charges and interest) at an annual interest rate not to exceed 12%; and (4) any other charges authorized by law. A regular or special assessment and any installment charge, late charge, reasonable costs of collection, interest or other charge authorized by this Section shall be a debt of the owner of the Lot at the time the assessment or other sums are levied, imposed or incurred.

b) In the event any regular or special assessment or other charge authorized by Section 3(a) above is not paid, in addition to any other remedy authorized by law and without limiting the same, the Property Owners Association may suspend the owner's membership rights and privileges, voting rights and/or record a lien against the Lot to secure payment of the unpaid amounts. Said lien may be enforced by the Property Owners Association by any means authorized by law, including foreclosure. In any action to recover an unpaid assessment or other charge authorized by Section 3(a) above, the Property Owners Association shall be entitled to recover its reasonable collection costs, including attorneys' fees and costs.

Section 4. Enforcement of Provisions. The Property Owners Association shall have the power to enforce all provisions within this Declaration, with the exception of those provisions that are specifically designed to deal with a unique nature and/or characteristic (when compared with the Canyon Lake development as a whole) of the Canyon Lake Villas (Tract 3892) and are only for the benefit of the owners and Lots within that tract. The provisions of this Declaration that do not have to do with a unique nature or feature of Tract 3892 that are similar to those found within the majority of the tract declarations for the tracts that make up the Property Owners Association shall be interpreted and enforced in a manner consistent with the interpretation and enforcement of those provisions by the Property Owners Association.

Section 5. Property Owners Association Common Area. Each Owner of Record shall have a non-exclusive easement over the Property Owners Association Common Area, including the private

streets and lake, and shall be entitled to use and access the same in accordance with and subject to the Property Owners Association's rules, regulations, speed limits, parking regulations and any other applicable policies, as the same may be adopted and amended from time to time, and further subject to the right of the Property Owners Association to: restrict access to or use of Property Owners Association Common Area; suspend the right to use said Common Area; charge fees; and mortgage, dedicate or transfer all or any part of the Property Owners Association Common Area.

Section 6. Conflicts. If any term of this Article XVII comes into conflict with any other term in this Declaration, that term in Article XVII shall take precedence over that other term. Further, the provisions of any change to the Declaration implemented by the amendment to the Declaration that implemented this Section will take precedence over any provisions to the contrary elsewhere in the Declaration. For instance, the Common Area maintenance requirement, business use limitation and prohibition on operation of radio stations and shortwave radio operators that were added at Article VI, Sections 4, 9 and 13, respectively, shall take precedence over any provisions to the contrary in the Declaration.

Section 7. Limitations on Amendment and Annexation. The provisions in this Article XVII and those changes to Article VI, Sections 4, 9 and 13 that were implemented by the same amendment that added this section may not be amended except by the vote or written consent of a majority of the voting power of Property Owners Association. Similarly, no additional property may be annexed into the Canyon Lake Villas project or made subject to this Declaration without the vote or written consents of the majority of the voting power of the Property Owners Association.

~~The general purpose of the Property Owners Association is to further and promote the community welfare of property owners in the tract and subdivision. So as to assure the opportunity to all owners to acquire full knowledge of said Property Owners Association's activities, each such owner shall be notified not less than seven (7) days nor more than sixty (60) days prior any meeting of Property Owners Association members. Said notice shall specify a reasonable place, date and hour, and in the case of a special meeting, the general nature of the business to be conducted.~~

~~The Property Owners Association shall be responsible for the maintenance, repair and upkeep of the private streets, parks and pedestrian easements, within the Subdivision and the appurtenant drainage improvements and slope easements reserved by Declarant. Said maintenance, repair and upkeep shall be done in a continual and workmanlike manner and in no case shall the level of such maintenance, repair and upkeep be below the level of such care which would have been provided by the County of Riverside, had such streets, parks, pedestrian easements, drainage easements and slope easements been owned by said County.~~

~~The Property Owners Association shall also be the means for the promulgation and enforcement of all regulations necessary to the governing of the use and enjoyment of such streets and parks and such other properties within the Subdivision as it may from time to time own.~~

~~The Property Owners Association shall also be responsible for the maintenance and operation of the recreational facilities to be acquired by the Property Owners Association from the Declarant, by means of a Trust Agreement, when 3500 single family residential lots have been sold by Declarant in said Subdivision~~

~~or on January 31, 1973, whichever occurs first. At such time, the Property Owners Association shall also be the means for the promulgation and enforcement of such recreational facility rules.~~

~~For the purpose of proportionately dividing the Property Owners Association's expenses incurred in the maintenance of its properties and in furthering and promoting its purposes, the Property Owners Association shall have all the powers that are set forth in its Articles of Incorporation and By-Laws or that belong to it by operation of law, including the power to levy against every lot in the Tract and Subdivision uniform annual charges as set forth in its By-Laws of not less than Twenty Dollars (\$20.00) nor more than Fifty Dollars (\$50.00) per year for the operation and maintenance of the streets, parks, pedestrian easements, drainage improvements and slope easements, and not less than One Hundred Eight Dollars (\$108.00) nor more than Two Hundred Dollars (\$200.00) for the operation and maintenance of the recreation facilities to be acquired.~~

~~Every such charge shall be paid by the member to the Property Owners Association on or before the date established by its Board of Directors pursuant to the resolution adopted by such Board of Directors pursuant to the resolution adopted by such Board of Directors fixing the amount of the annual charge. Written notice of the charge so fixed and the date of payment shall be sent to each member. Said charges shall remain a lien upon the property of the respective member until paid.~~

~~Upon the adoption of a resolution of charges, the Property Owners Association shall forthwith cause a notice thereof and of the lien created thereby to be signed and acknowledged by it and recorded in the Office of the County Recorder of Riverside County, California. Such recorded notice shall embody said resolution and state the rate of the charge, the time payable, and when it becomes a lien. When paid, the Property Owners Association shall from time to time execute, acknowledge and record in the Office of the County Recorder of Riverside County, California, a release or releases of lien with respect to the property for which payment has been made. Full receipts shall be issued to Lot owners upon payment.~~

~~Each Lot owner in the Tract and Subdivision shall, by acceptance of a deed thereto or the signing of a contract or agreement to purchase the same, whether from Declarant or a subsequent owner of such Lot, bind himself, his heirs, personal representatives and assigns to pay all charges determined and levied upon such Lot, including interest thereon and collection costs thereof, if any, including attorneys' fees, and the obligation to pay such charges, interest and costs thereby constitutes an obligation running with the land. Sale or transfer of any Lot shall not affect any lien for charges provided for herein.~~

~~All liens provided for herein shall be enforceable by foreclosure and sale proceedings in the manner provided by law for the foreclosure and sale of mortgages and/or trust deeds; provided, however, that no proceeding for foreclosure shall be commenced except upon expiration of two (2) months from and after the date the charge giving rise to such lien becomes due and payable.~~

~~The funds arising from such charges, so far as may be sufficient, shall be applied toward the payment of expenses incurred by the Property Owners Association in the maintenance of its properties and in furthering and promoting the community welfare of property owners in the Tract and Subdivision all as set forth and provided in its articles of incorporation and By-Laws.~~

~~OWNERSHIP, USE AND ENJOYMENT OF STREETS,  
PARKS AND RECREATIONAL AMENITIES~~

~~Each of the Streets in the Tract and Subdivision, except Railroad Canyon Road, is a private street, and every park, recreational facility, and other amenity within the Tract or Subdivision is a private park, facility or amenity. An easement for the use and enjoyment of each of said streets and areas designated on the Subdivision Maps as parks, and areas designated on said Maps as pedestrian easements, is reserved to Declarant, its successors and assigns, to the person who are, from time to time, members or associates members of the Property Owners Association, to the residents, tenants, and occupants of any multi-family residential building, guesthouse, inn or hotel facilities, and all of the Tract or Subdivision to the owner and/or operator of the dam and lake facility, its successors and assigns, and to the invitees of all the aforementioned persons.~~

~~Declarant has previously offered said private streets to Riverside County for dedication to public use, the acceptance of which was rejected.~~

~~The Property Owners Association may request the inclusion of said streets into the County Street System, at any time provided, however that such requires shall not be made by said Property Owners Association except upon a two-thirds (2/3) vote of its members entitled to vote.~~

~~Declarant hereby covenants, for itself, its successors, and assigns, that it will convey fee simple title to the streets and to those areas designated as parks and those areas designated on the recorded Map as pedestrian easements, and on all future maps of the Subdivision to the Property Owners Association within three (3) years after their completion, subject only to easements of record and utility rights. At the time of conveyance, such streets shall conform to the standards of Riverside County.~~

~~Speed limits and parking regulations and restrictions on such private streets and the rules governing the use of such parks shall be as promulgated from time to time by Declarant, its successors thereto or assigns thereof."~~

2. Article V, Section 1 of the Declaration is deleted in its entirety and amended to read as follows:

"Section 1. Improvements in General; Establishment of Architectural Control Committee. No "improvement" (as defined in Article I, Section 22) of any kind shall be commenced, erected or maintained within the properties, nor shall any exterior addition to or change or alteration be made in or to any Residence, any Residential Lot or to any Exclusive Use Common Area until the plans and specifications showing the nature, color, kind, shape, height (including front, side and rear elevations) materials, and location of the same shall have been submitted to and approved in writing by the Association's Board of Directors as to quality of workmanship and materials, harmony of external design and location in relation to surrounding structures, setback lines, topography and finish grade elevation. **In addition, plans and specifications for any proposed improvement, modification or addition must be submitted to the Property Owners Association for review and approval as further described in Article XVII, Section 2 of this Declaration.**

3. The first paragraph of Article VI, Section 4 of the Declaration is deleted in its entirety and

amended to read as follows:

"Section 4. Common Areas. The Common Areas shall be preserved as open space and used for recreational purposes and other purposes incidental and ancillary to the use of Lots. Such use shall be limited to the private use for esthetic and recreational purposes by the Association's Members, their tenants, families and guests, subject to the provisions of the Governing Documents. No Improvement, excavation or work which in any way alters any Common Area or Common Facility from its natural or existing state on the date such Common Area or Common Facility shall be made or done except by the Association and then only in strict compliance with the provisions of this Declaration. **The Common Area shall at all times be maintained by the Association in a neat and attractive manner and in good condition and repair.**"

4. Add the following paragraph at the end of Article VI, Section 13 of the Declaration:

"ARTICLE VI  
Use of Properties and Restrictions

\* \* \* \* Section 13. Antennas and Similar Devices. . . .

\* \* \* \*

**No radio stations or shortwave radio operators of any kind shall be permitted to operate from any Lot or residence.**"

5. Amend the first sentence of Article VI, Section 9 of the Declaration to read as follows:

"ARTICLE VI  
Use of Properties and Restrictions

\* \* \* \* Section 9. Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any Residence, carport area, out building or on any portion of any Residential Lot or Common Area ~~without the prior written approval of the Board~~, provided that the foregoing restriction shall not apply to the activities, signs or activities of the Association in the discharge of its responsibilities under the Governing Documents. . . ."

6. Except as amended herein, the remainder of the Declaration shall remain in full force and effect according to its terms.

The undersigned are the President and the Secretary of Canyon Lake Villas Association, and hereby certify and declare that pursuant to the provisions of Article XVI, Section 1(a) of the Declaration, the foregoing amendment was approved by affirmative written vote of the Members representing fifty-one percent (51%) of the Owners of all the land in the Canyon Lake Villas development.

Executed this 3<sup>rd</sup> day of ~~April~~<sup>May</sup>, 2005, in the City of Canyon Lake, Riverside County,  
California.

Canyon Lake Villas Association, a California  
nonprofit mutual benefit corporation

Dated: 5/3/05

Eric M Bull  
President

Dated: 5/3/05

A Bugno  
Secretary

CERTIFICATION

We, the undersigned, do hereby certify:

That we are the duly elected and acting President and Secretary of Canyon Lake Villas  
Association.

That we have counted the ballots of the Second Amendment of the Amended and Restated  
Declaration of Covenants, Conditions, and Restrictions for Canyon Lake Villas Homeowners  
Association, and they conform and are of the necessary number for amending said Declaration.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 3<sup>rd</sup> day of  
May, 2005.

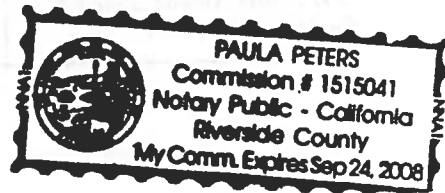
Eric M Bull, President A Bugno, Secretary

STATE OF CALIFORNIA )  
 ) SS  
COUNTY OF RIVERSIDE )

On this 3rd day of May, 2005, before me, Paula Peters, Notary Public, personally appeared Ann C. Burgner and Eric M. Bishop on behalf of Canyon Lake Villas Association personally known to me to be (or proved to me on the basis of satisfactory evidence) to be the person(s) whose names 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.

WITNESS my hand and official seal.

Paula Peters  
Notary Public in and for said County and State. (Seal)



Recording Requested by  
and  
When Recorded Mail to:

*Canyon Lake Villas Association  
c/o Laura V. Kwiatkowski, Esq.  
1551 Fourth Avenue, Suite # 801  
San Diego, CA 92101*

**DOC # 2000-297217**

05/01/2000 08:00A Fee:150.00

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Recorded in Official Records

County of Riverside

Gary L. Oras

Assessor, County Clerk & Recorder



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**AMENDED AND RESTATED  
DECLARATION OF COVENANTS, CONDITIONS,  
AND RESTRICTIONS OF  
CANYON LAKE VILLAS ASSOCIATION**

This document was recorded on July 10, 2000 as Instrument No. 2000-266119 and is being re-recorded to include the attachment, Exhibit A.



Recording Requested by  
and  
When Recorded Mail to:

Canyon Lake Villas Association  
c/o Laura V. Kwiatkowski, Esq.  
1551 Fourth Avenue, Suite # 801  
San Diego, CA 92101

DOC # 2000-288118  
07/10/2000 08:00A Fee:188.00  
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Recorded in Official Records  
County of Riverside  
Gary L. Orse  
Assessor, County Clerk & Recorder



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AMENDED AND RESTATED  
DECLARATION OF COVENANTS, CONDITIONS,  
AND RESTRICTIONS OF  
CANYON LAKE VILLAS ASSOCIATION



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**If this document contains any restriction based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates State and Federal Fair Housing Laws and is void. Any person holding an interest in this property may request that the county recorder remove the restrictive covenant language pursuant to subdivision (c) of Section 12956.1 of the Government Code.**



2000-297217  
06/01/2000 00:00  
3 of 05



2000-268119  
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1 of 02

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02/01/2008 09:00 am  
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**AMENDED AND RESTATED  
DECLARATION OF COVENANTS, CONDITIONS,  
AND RESTRICTIONS OF  
CANYON LAKE VILLAS ASSOCIATION**

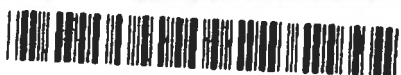
This document is being recorded to amend the original Declaration of Restrictions Re: Tract 3892 ("Original Declaration") for Canyon Lake Villas Association, executed by Corona Land Co., a California Corporation ("Declarant"), and recorded on November 12, 1969 as Instrument No. 115955, of the Official Records of Riverside County, California, which affects all of the Properties located in the City of Canyon Lake, County of Riverside, State of California, which is more particularly described on that certain map (herein called "Map") entitled Tract No. 3892, Lots 1 through 37, inclusive, (herein called "Tract"), which Map was recorded in the Office of the County Recorder of Riverside County, California, on October 16, 1969, in Book 63 of Subdivisions, Page 51 and 52, described and commonly known as Canyon Lake Villas.

The Amended and Restated Declaration of Covenants, Conditions, and Restrictions of Canyon Lake Villas Association ("Association") has been adopted by a requisite vote of the Members under the provisions of Section 4. TERM, SCOPE AND DURATION of the Original Declaration, which requires that the Original Declaration may be amended by the written consent of two-thirds (2/3) of the record owners of all 36 Residential Lots in the Association.

California Civil Code Section 1355 provides that an amendment is effective after (1) approval of the percentage of Owners required by the governing documents has been given, (2) that fact has been certified in a writing executed and acknowledged by the Association's President, if no other officer is designated in the Declaration, and (3) the writing has been recorded in the County in which the Property is located. The certification by the President of the Association is attached hereto as Exhibit A.

Based on the foregoing, the Original Declaration, executed by Corona Land Co., a California Corporation ("Declarant"), and recorded on November 12, 1969 as Instrument No. 115955, of the Official Records of Riverside County, California, which affects all of the Properties located in the City of Canyon Lake, County of Riverside, State of California, which is more particularly described on that certain map (herein called "Map") entitled Tract No. 3892, Lots 1 through 37, inclusive, (herein called "Tract"), which Map was recorded in the Office of the County Recorder of Riverside County, California, on October 16, 1969, in Book 63 of Subdivisions, Page 51 and 52, described and commonly known as Canyon Lake Villas is hereby amended and restated in its entirety to read as follows:

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RECITALS

1. Declarant was the original owner of that certain real property ("Properties") located in the City of Canyon Lake, County of Riverside, State of California, which is more particularly described on that certain map (herein called "Map") entitled Tract No. 3892, Lots 1 through 37, inclusive, (herein called "Tract"), which Map was recorded in the Office of the County Recorder of Riverside County, California, on October 16, 1969, in Book 63 of Subdivisions, Page 51 and 52.

Whereas, all of the real property described in the Map is part of the Canyon Lake general subdivision (herein called "Subdivision") which have been or were developed from adjoining lands owned by Declarant and annexed to the Subdivision as detailed herein and in the initial filing with the California Real Estate Commissioner relating to the Subdivision (Tract No. 3719); and

Whereas, there are thirty-seven (37) subdivided lots set forth and described in the recorded Map, numbered 1 through 37, respectively. Lots 1 through 36 are Residential Lots and Lot 37 is a Common Area Lot.

2. Declarant conveyed the Properties, subject to certain easements, protective covenants, conditions, restrictions, reservations, liens and charges as set forth in the Original Declaration referred to above, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of Properties and all of which shall run with the Properties and be binding on all parties having or acquiring any right, title or interest in the Properties, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

3. It was the further intention of the Declarant to sell and convey residential Lots improved by residences originally constructed by Declarant to the Owners, subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes between Declarant and such Owners which are set forth in this Declaration and which are intended to be in furtherance of a general plan for the subdivision, development, sale and use of the Properties as a "planned development" as that term is defined in section 1351(k) of the California Civil Code. Finally, it was the intention of Declarant that the "Common Areas" and "Common Facilities" be owned and maintained by the Association, but reserved exclusively for the use and enjoyment of the Members of the Association, their tenants, lessees, guests and invitees, all subject to the terms and conditions of the Governing Documents.

4. On April 29, 2000, eighty-one (81%) of the record Owners of all thirty-six (36) Lots within the Properties affirmatively voted their consent by written ballot to amend and restate the Original Declaration, all in accordance with the procedures for amendment set forth in the Original Declaration. It was the intention of said record Owners to replace the Original Declaration, in its entirety, with the recordation of this Amended and Restated Declaration of Covenants, Conditions, and Restrictions of Canyon Lake Villas Association ("Declaration"). The Owners' action to amend and restate the Original Declaration as set forth herein and the fact that the requisite percentage of affirmative

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

## ARTICLE I

### Definitions

Section 1. "Architectural Committee" means the committee created in accordance with Article V of this Declaration.

Section 2. "Articles" mean the Articles of Incorporation of Canyon Lake Villas Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

Section 3. "Assessment" means any Regular, Special or Special Individual Assessment made or assessed by the Association against an Owner and his or her Lot in accordance with the provisions of Article IV of this Declaration.

Section 4. "Association" means Canyon Lake Villas Association, a California nonprofit corporation (formed pursuant to the Nonprofit Mutual Benefit Corporation Law of the State of California), its successors and assignees. The Association is an "association" as defined in California Civil Code section 1551(a).

Section 5. "Association Rules" means the rules, regulations and policies adopted by the Board of Directors of the Association, pursuant to Article III, Section 7 of this Declaration, as the same may be in effect from time to time.

Section 6. "Board of Directors" or "Board" means the Board of Directors of the Association.

Section 7. "Bylaws" mean the Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 8. "City" means Canyon Lake and its various departments, divisions, employees and representatives.

Section 9. "Common Area" means all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area owned by the Association at the time of the recordation of this Declaration is described as Lot 37. Unless the context clearly indicated a contrary intent, any reference herein to the "Common Areas" shall also include any Common Facilities located thereon. As more particularly described in Article II, Section 1(e), portions of the Common Area are designated as Exclusive Use Common Areas whose use and enjoyment are restricted to the Owners and occupants of the Residences adjacent to such Exclusive Use Common Areas.

Section 10. "Common Expense" means any use of Common Funds authorized by Article IV hereof and Article VIII of the Bylaws and includes, without limitation: (a) All expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance,

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operation, repairs, additions, alterations or reconstruction of the Common Area, Common Facilities or any portion of any Residence that the Association is obligated to maintain or repair, (b) all expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors and insurance of Residences constructed or to be constructed on Lots to the extent required by Article X hereof, on Lots, (c) any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Areas and Common Facilities or any portion of any Residence. Or any portion of any residential Lot that the Association is obligated to maintain or replace, and for nonpayment of any Assessments, and (d) the use of such funds to defray the costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.

Section 11. "Common Facilities" means the swimming pool and apron area, cabana, pool furniture, boat docks, boat ramps, boat slips, carports, trees, hedges, planting, lawns, shrubs, landscaping, fences, utilities, berms, laundry room facilities, pipes, lines, lighting fixtures, buildings, storage spaces, structures and other facilities constructed or installed, or to be constructed or installed, or currently located within the Common Area.

Section 12. "Covenants", as used herein, shall refer collectively to the covenant, conditions, restrictions, reservations, easements, liens and charges imposed by or expressed in this Declaration.

Section 13. "County" means the County of Riverside, State of California, and its various departments, divisions, employees and representatives.

Section 14. "Declaration", as used herein, shall refer to Corona Land Co.

Section 15. "Declaration" means this instrument, as it may be amended from time to time. The "Original Declaration" means and refers to the document referenced in the Preamble to this Declaration.

Section 16. "Eligible Holder Mortgages" means mortgages held by "Eligible Mortgage Holders."

Section 17. "Eligible Insurer or Guarantor" means an insurer or governmental guarantor of a First Mortgage who has requested notice of certain matters from the Association in accordance with Article XVIII of this Declaration.

Section 18. "Eligible Mortgage Holder or Eligible Lender" means a First Lender who has requested notice of certain matters from the Association in accordance with Article XVI of this Declaration.

Section 19. "Exclusive Use Common Area" means a portion of the common area designated by the Declaration for the exclusive use of one or more, but fewer than all, of the owners of the separate interests and which is or will be appurtenant to the separate interest or interests on any lots, and shall include, but is not limited to, waterfront decks and carports.

Section 20. "First Lender" means any person, entity, bank, savings and loan association, insurance company, or financial institution holding a recorded First Mortgage on any Lot."

Section 21. "First Mortgage" means any recorded mortgage made in good faith and for value on a Lot with first priority over other mortgages on that Lot.

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Section 22. "Governing Documents" is a collective term that means and refers to this Declaration and to the Articles, the Bylaws, and the Association Rules.

Section 23. "Improvement" includes, without limitation, the construction, installation, alteration, and/or remodeling of any buildings, walls, decks, fences, swimming pools, landscaping, landscape structures, skylights, solar heating equipment, spas, antennas, utility lines, boat docks, boat slips, boat ramps and/or any structure of any kind.

In no event shall the term "Improvement" be interpreted to include projects which are restricted to the interior of any Residence.

Section 24. "Lot" means any parcel of real property designated by a number on the Subdivision Map (for any portion) of the Properties, excluding the Common Area. When appropriate within the context of this Declaration, the term "Lot" shall also include the Residence and other improvements constructed or to be constructed on a Lot.

Section 25. "Member" means every person or entity who holds a membership in the Association and whose rights as a Member are not suspended pursuant to Article XIII, Section 6 hereof.

Section 26. "Mortgage" means any security device encumbering all or any portion of the Properties, including any deed of trust. "Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

Section 27. "Owner of Record" and "Member of the Association" include an Owner and mean any person, firm, corporation or other entity in which title to a Lot is vested as shown by the official records of the Office of the County Recorder.

Section 28. "Party Wall" shall mean any wall of a Residence located on a property line dividing any Lots, which wall is commonly used by any such Lot and the adjoining Lot and shall also mean dividing walls between the Residences now or hereafter constructed on the Residential Lots. The rights and responsibilities of Owners with respect to Party Walls shall be governed by Article VIII, Section 1 of this Declaration.

Section 29. "Personal Property" means in broad and general sense all property which is not real property.

Section 30. "Properties" means all parcels of real property (Common Area and Lots) described in recital "A" hereof, together with all buildings, structures, utilities, Common Facilities, and other improvements located thereon or hereafter constructed or installed thereon, and all appurtenances thereto.

Section 31. "Property Owners Association", as used herein, shall refer to the Canyon Lake Property Owners Association, Inc., a California non-profit corporation.

Section 32. "Recreational Area" means the real property and improvements located thereon which are owned by the Association for the common use and enjoyment of the Owners. The Recreational Area improvements consist of the swimming pool and apron area, cabana, pool furniture, boat docks, boat ramps and/or boat slips which shall comprise a portion of the Common Facilities and the

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land which comprises the Recreational Area as more particularly described in this Declaration and the Subdivision Map entitled Tract 3892.

Section 33. "Regular Assessment" means an Assessment levied on an Owner and his or her Lot in accordance with Article IV, Section 2 hereof.

Section 34. "Residence" means a private, single family dwelling on a Lot.

Section 35. "Separate Interest" means a separately owned lot, parcel, area or space.

Section 36. "Single Family Residential Use" means occupation and use of a Residential Lot for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy single family residential dwellings.

Section 37. "Special Assessment" means an Assessment levied on an Owner and his or her Lot in accordance with Article IV, Section 3 hereof.

Section 38. "Special Individual Assessment" means an Assessment made against an Owner and his or her Lot in accordance with Article IV, Section 4 hereof.

Section 39. "Subdivision", as used herein, shall refer to the Canyon Lake Villas subdivision as set forth in the Subdivision Map entitled Tract 3892.

Section 40. "Subdivision Map" or "Tract", as used herein, shall refer to the land within the Subdivision Map which is covered by this Declaration. The Map was recorded in the Office of the County Recorder of Riverside County, California on October 1, 1969, in Book 63 of Subdivisions, Page 51 and 52. The Tract shall consist of Lots 1 Through 37 inclusive, of Tract 3892. The Tract is approximately 5.8 acres divided into 37 lots or parcels, including common area which consists of Lot 37.

## ARTICLE II

### Property Rights and Obligations of Owners

Section 1. Owners' Nonexclusive Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Areas within the Properties, including ingress and egress to and from his or her Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following rights and restrictions:

(a) The right of the Association to assign, rent, license, lease, charge reasonable admission and other fees for, and to otherwise designate and control the use of any unassigned parking and storage spaces within the Common Area.

(b) The right of the Association to adopt Association Rules as provided in Article III, Section 7 hereof, regulating the use and enjoyment of the Properties for the benefit and well-being of the Owners in common, and, in the event of the breach of such rules or any provision of any Governing Document by any Owner or Tenant, to temporarily suspend the voting rights and/or right to use the common facilities, other than roads, by any Owner and/or the Owner's Tenants and guests, subject to compliance with the due process requirements of Article XIII, Section 6 hereof.

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(c) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the common area and common facilities and in aid thereof to mortgage said property; provided, however, that the rights of any such Mortgagee in said properties shall be subordinate to the rights of the Owners hereunder; and further provided that any such indebtedness shall be considered an expense of the Association for purposes of the Special Assessment provisions of Article IV, Section 3 hereof.

(d) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the Owners; provided, however, that no such dedication or transfer shall be effective unless an instrument, approved by at least two-thirds of the voting power of the Members, and their first Mortgagees consenting to such dedication or transfer has been recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Lot. Said instrument may be executed in counterparts so long as each counterpart is in recordable form.

(e) Adjacent to each Lot are Exclusive Use Common Areas, as defined in the California Civil Code section 1351(i) consisting of areas such as the carports and waterfront decks. The Exclusive Use Common Areas are set aside for the exclusive use and enjoyment of the Owners and occupants of the appurtenant Residence and the non-exclusive easements granted herein shall be subordinate to and shall not interfere with these exclusive easements.

**Section 2. Persons Subject to Governing Documents.** All present and future Owners, tenants and occupants of Lots within the Properties shall be subject to, and shall comply with, each and every provision of the Governing Documents, as the same or any of them shall be amended from time to time, unless a particular provision is specifically restricted in its application to one or more of such classes of persons (i.e., Owners, tenants, invitees, etc.). The acceptance of a deed to any Lot, the entering into a lease, sublease or contract of sale with respect to any Lot, or the occupancy of any Residence shall constitute the consent and agreement of such Owner, tenant or occupant that each and all of the provisions of this Declaration, as the same or any of them may be amended from time to time, shall be binding upon said person and that said person will observe and comply with the Governing Documents.

**Section 3. Delegation of Use.**

(a) **Delegation of Use and Leasing of Residence.** Any Owner may delegate the Owner's rights to use and enjoy the Common Area and Common Facilities to members of the Owner's family or to the Owner's tenants, lessees or contract purchasers who reside in the Owner's Residence, provided that any rental or lease may only be to a single family for Single Family Residential Use and for a term not less than one year.

During any period when a Residence has been rented or leased, the Owner-lessor, his or her family, guests and invitees shall not be entitled to use and enjoy the Common Areas or Common Facilities of the Properties (other than roads), except to the extent reasonably necessary to perform the Owner's responsibilities as a lessor of the Residence, provided that this restriction shall not apply to an Owner-lessor who is contemporaneously residing in another Residence within the Properties.

Any rental or lease of a Residence shall be subject to the provisions of the Governing Documents, all of which shall be deemed incorporated by reference in the lease or rental agreement. Each Owner-lessor shall provide any tenant or

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lessee with a current copy of all Governing Documents and shall be responsible for compliance by the Owner's tenant or lessee with all of the provisions of the Governing Documents during the tenant's/lessee's occupancy and use of the Residence. Owners shall provide the Association with a copy of the lease or rental agreement.

(b) Discipline of Lessees. Subject to subparagraph (c) below, in the event that any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances, which may include suspension of the tenant's privileges to use any recreational Common Facilities, and/or the imposition of fines and penalties against the Owner.

Any fine or penalty levied pursuant to this Section 4 against the owner shall be considered a Special Individual Assessment as defined in Article IV, Section 4, below. Any Owner who shall lease his or her Residence shall be responsible for assuring compliance by the lessee with the Governing Documents.

Section 4. Obligations of Owners. Owners of Lots within the Properties shall be subject to the following:

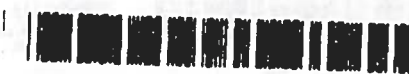
(a) Owner's Duty to Notify Association of Tenants and Contract Purchasers. Each Owner shall notify the secretary of the Association or the Association's property manager, if any, of the names of any contract purchaser or tenant of the Owner's Lot. Each Owner, contract purchaser or tenant shall also notify the property management company or secretary of the Association of the names of all persons to whom such Owner, contract purchaser or tenant has delegated any rights to use and enjoy the Properties and the relationship that each such person bears to the Owner, contract purchaser or tenant.

(b) Contract Purchasers. A contract seller of a Lot must delegate his or her voting rights as a Member of the Association and seller's right to use and enjoy the Common Area and Common Facilities to any contract purchaser in possession of the property subject to the contract of sale. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold has been transferred to the purchaser.

(c) Notification Regarding Governing Documents.

(i) As more particularly provided in the California Civil Code section 1368, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give the prospective purchaser (A) a current copy of the Governing Documents; (B) the Association's most current financial statement; (C) a true statement in writing from the Association ("delinquency statement") as to the amount of any delinquent Assessments, together with information relating to late charges, attorneys' fees, interest, and reasonable costs of collection which, as of the date the statement is issued, are or may become a lien on the Lot being sold; (D) a true statement in writing from an authorized representative or property management company of the Association as to the amount of the Association's current Regular and Special Assessments (if any) and fees; and (E) a notice of any change in the Association's current Regular or Special Assessments and fees that have been approved by the Board but that have not become due and payable as of the date that the information is provided.

(ii) The Association shall, through its authorized representative within 10 days of the mailing or delivery of a request for the information described in



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subparagraph (c)(i), above, provide the Owner with a copy of the current Governing Documents, together with the delinquency statement referred to in the immediately preceding paragraph. The Association shall be entitled to impose a fee for providing the Governing Documents and delinquency statement equal to (but not more than) the reasonable cost of preparing and reproducing the requested materials. In addition, the Association may impose a reasonable fee to cover its actual costs incurred to change its records in connection with a change of ownership of Lot.

(d) Payment of Assessments and Compliance With Rules. Each Owner shall pay when due each Regular, Special and Special Individual Assessment levied against the Owner and his or her Lot and shall observe, comply with and abide by any and all rules and regulations set forth in, or promulgated by the Association pursuant to, any Governing Document for the purpose of protecting the interests of all Owners or protecting the Common Area and Common Facilities.

(e) Discharge of Assessment Liens. Each Owner shall promptly discharge any Assessment lien that may hereafter become a charge against his or her Lot.

(f) Joint Ownership of Lots. In the event of joint ownership of any Lot, the obligations and liabilities of the multiple Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this subparagraph (f) shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments.

(g) Prohibition on Avoidance of Obligations. No Owner, by non-use of the Common Area or Common Facilities, abandonment of the Owner's Lot or otherwise may avoid the burdens and obligations imposed on such Owner by the Governing Documents, including, without limitation, the payment of Assessments levied against the Owner and his or her Lot pursuant to this Declaration.

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

(i) Obligation To Permit Entry by Association Adjacent Owners. Each Owner shall be obligated to permit the Owners of adjacent Residential Lots or the representatives of such adjacent Owners to enter the Owner's Residential Lot for purposes of performing installations, alterations or repairs to mechanical or electrical services, including installation of television antennas and/or satellite dishes and related cables, which are reasonably necessary for the use and enjoyment of his or her Residence, provided that requests for entry are made at least 24 hours in advance and that entry is at a time convenient to the Owner whose Residential Lot is being entered upon. Each Owner shall also honor the right of the Association and its agents to enter Residential Lots as provided in Article III, Section 6(b) of this Declaration.

### ARTICLE III

#### Homeowners Association

Section 1. Association Membership. Every Owner of a Lot shall be a Member of the Association. Each Owner shall hold one membership in the Association for each Lot owned and the membership shall be appurtenant to such Lot. Ownership of a Lot or interest in it shall be the sole qualification for membership in the

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Association. Each Owner shall remain a Member of the Association until his or her ownership in all Lots in the Properties ceases, at which time his or her membership in the Association shall automatically cease. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members until such time as the security holder comes into title to the Lot through foreclosure or deed in lieu thereof.

Section 2. One Class of Membership. The Association shall have one class of membership and the rights, duties, obligations and privileges of the Members shall be as set forth in the Governing Documents.

Section 3. Voting Rights of Members. Each Member of the Association shall be entitled to one vote for each Lot owned by said Member. When more than one person holds an interest in any Lot, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Lot. Voting rights may be temporarily suspended under those circumstances described in Article XIII, Section 6 hereof.

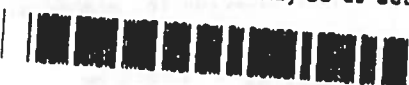
Section 4. Assessments. The Association shall have the power to establish, fix and levy Assessments against the Owners of Lots within the Properties and to enforce payment of such Assessments in accordance with Article IV of this Declaration. Any Assessments levied by the Association on its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

Section 5. Transfer of Membership. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale or encumbrance of the Lot to which it is appurtenant and then only to the purchaser. In the case of a sale, membership passes automatically to the purchaser upon recording of a deed evidencing transfer of title to the Lot. In the case of an encumbrance of such Lot, a Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use pursuant to Article II, Section 3 hereof do not thereby become Members, although the tenant and Members of the tenant's family shall, at all times, be subject to the provisions of all Governing Documents. Any attempt to make a prohibited transfer is void. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in the Owner's name to the purchaser of his or her Lot, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

Section 6. Powers and Authority of the Association.

(a) Powers Generally. The Association shall have the responsibility of owning, managing and maintaining the Common Areas and Common Facilities and discharging the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of such responsibilities and duties, the Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in the ownership and management of its properties and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association and its Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Governing Documents, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. Certain specific powers of the Association and the limitations thereon may be as set forth in the Association's

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Bylaws.

(b) Association's Limited Right of Entry. The Association, and/or its agents shall have the right, when necessary, to enter any Lot to perform the Association's obligations under this Declaration, including (i) exterior maintenance or repair obligations, if any, on individual Residences; (ii) obligations to enforce the architectural and land use restrictions of Articles V and VI hereof; (iii) any obligations with respect to construction, maintenance and repair of adjacent Common Facilities; or (iv) to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, Association property or the Owners in common.

The Association's rights of entry under this subparagraph (b) shall be immediate in case of an emergency originating in or threatening the Lot where entry is required, or any adjoining Lots or Common Area, and the Association's work may be performed under such circumstances whether or not the Owner or his or her lessee is present. In all non emergency situations, the Association or its agents shall furnish the Owner or his or her lessee with at least 24 hours' written notice of its intent to enter the Lot, specifying the purpose and scheduled time of such entry and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing within the Residence located on the Lot.

In no event shall the Association's right of entry, as conferred hereunder, be construed to permit the Association or its agents to enter any Residence without the Owner's prior permission, unless such entry shall be pursuant to a valid order of court.

(d) Patrol Services. The Association may, but shall not be obligated to, provide patrol services, with the types, extent, nature, and hours of patrol services to be determined from time to time by the Board. In the event that the Association considers it appropriate and in the best interests of the Members to provide a patrol or similar service, the obligations of the Association hereunder shall not extend to any commercial parcels unless a contract with the owners of the commercial parcel so provides. Any services provided or contracted by the Association pursuant to this subparagraph are not intended to replace, or to supplement, in any manner, governmental law enforcement, fire, or safety services and no references herein to "security, safety, or patrol" shall be construed as a representation that the development provides enhanced or special security features.

Section 7. Association Rules.

(a) Rule-Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations of general application to the Owners of Lots within the Properties. Such rules may concern, but need not be limited to (i) matters pertaining to the maintenance, repair, management and use of the Common Area and Common Facilities by Owners, their tenants, guests and invitees, or any other person(s) who have rights of use and enjoyment of such Common Area and Common Facilities; (ii) architectural control and the rules of the Architectural Committee under Article V, Section 4 hereof; (iii) the conduct of disciplinary proceedings in accordance with Article XIII, Section 6 hereof; (iv) regulation of parking, pet ownership and control of pets, outside storage of boats, trailers, bicycles, motorbikes, motor homes, and other objects, disposal of waste materials, drying of laundry, and other activities which if not so regulated, might detract from the appearance of the Tract or offend or cause inconvenience or danger to persons residing or visiting therein, and other matters subject to regulation and restriction under

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Article VII hereof; (v) collection and disposal of refuse; (vi) minimum standards for the maintenance of improvements on any Lot; and (vii) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents.

Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the other Governing Documents or the rights, preferences and privileges of Members thereunder. In the event of any material conflict between any Association Rule and any provision of the other Governing Documents, the conflicting provisions contained in the other Governing Documents shall be deemed to prevail.

(b) Distribution of Rules. A copy of the Association Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. In the event that the Association is professionally managed, a copy of the Association Rules shall also be available and open for inspection during normal business hours at the principal office of the Association's property management company.

(c) Adoption and Amendment of Rules. Association Rules may be adopted or amended from time to time by majority vote of the Board, provided, however, that no Association Rules or amendments thereto shall be adopted by the Board until at least 30 days after the proposed rule or rule amendment has been (i) published in the Association newsletter, if any, or otherwise communicated to the Owners in writing and (ii) posted in the Association's property management company's office if the Association is professionally managed. The notice describing the proposed rule or amendment shall also set forth the date, time and location of the Board meeting at which action on the proposal is scheduled to be taken.

Any duly adopted rule or amendment to the Rules shall become effective immediately following the date of adoption thereof by the Board, or at such later date as the Board may deem appropriate. Any duly adopted rule or rule amendment shall be distributed to the Owners by mail.

Section 8. Breach of Rules or Restrictions.

Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XIII hereof. In addition, the owner of a residential Lot whose occupants and/or tenants, guests, and invitees, or guests and invitees of such tenants, leave the property on the common area in violation of the Rules, may be assessed a Special Individual Assessment to cover the expenses incurred by the Association in removing such property and storing or disposing thereof.

Section 9. Limitation on Liability of Association's Directors and/or Officers.

(a) Claims Regarding Breach of Duty. No director and/or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Association's Members, or to any other person, for any error or omission in the discharge of their duties and responsibilities or for their failure to provide any service required hereunder or under the Bylaws, provided that such Released Party has, upon the basis of such information as may be possessed by the Released Party, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Without limiting the generality of the foregoing, this standard of care and

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limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and Common Facilities and enforcement of the Governing Documents.

(b) Other Claims Involving Tortious Acts and Property Damage. No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of the tortious act or omission of a volunteer member of the Board or volunteer officer of the Association shall recover damages from such Board member, and/or officer if all of the following conditions are satisfied:

- (i) The Board member or officer is an Owner of no more than two Lots;
- (ii) The act or omission was performed within the scope of the volunteer Board Member's or Officer's Association duties;
- (iii) The act or omission was performed in good faith;
- (iv) The act or omission was not willful, wanton, or grossly negligent;
- (v) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim was made one or more policies of insurance that include coverage for general liability of the Association and individual liability of the officers and directors of the Association for negligent acts or omissions in their official capacities, with minimum coverage for both types of insurance being not less than \$1,000,000.

The payment of actual expenses incurred by a Board member or officer in the execution of that person's Association duties shall not effect that person's status as a volunteer Board member or officer for the purposes of this section. However, any director or officer who receives direct or indirect compensation from the Declarant or from a financial institution that acquired a Lot within the Properties as the result of a judicial or nonjudicial foreclosure proceeding is not a volunteer.

The provisions of this subparagraph (b) are intended to reflect the protections accorded to volunteer directors and officers of community associations under Civil Code §1365.7. In the event that Civil Code section is amended or superseded by another, similar provision of the California statutes, this subparagraph (b) shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor Civil Code provision.

#### ARTICLE IV

##### Assessments

###### Section 1. Assessments Generally.

(a) Covenant to Pay Assessments. Each Owner of one or more Lots, by acceptance of a deed or other conveyance therefor (whether or not it shall be so expressed in such deed or conveyance), covenants and agrees to pay to the Association (i) Regular Assessments, (ii) Special Assessments, and (iii) Special Individual Assessments. Each such Assessment shall be established and collected as hereinafter provided.

(b) Extent of Owner's Personal Obligation for Assessments. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a

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debt and a personal obligation of the Person who was the Owner of the Lot at the time the Assessment was levied. Each Owner who acquires title to a Lot (whether at judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Lot so purchased which become due and payable after the date of such sale, and shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability. Any unpaid Assessment of a previous Owner shall remain the debt of such previous Owner against whom assessed.

(c) Creation of Assessment Lien. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such Assessment is made. Any lien for unpaid Assessments created pursuant to the provisions of this article may be subject to foreclosure as provided in Article IV, Section 9(b) hereof.

(d) No Avoidance of Assessment Obligations. No Owner may exempt himself or herself from personal liability for Assessments duly levied by the Association, nor release the Lot or other property owned by him or her from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area or any facilities thereon or by abandonment or non-use of his or her Lot or any other portion of the Properties.

Section 2. Regular Assessments.

(a) Preparation of Annual Budget; Establishment of Regular Assessments. Not less than 45 nor more than 60 days prior to the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities) by preparing and distributing to all Association Members a budget satisfying the requirements of Article XII, Section 5 of the Bylaws. If the Board fails to distribute the budget for any fiscal year within the time period provided for in this section, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the Board first obtains the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with the Bylaws. If the Board fails to distribute the budget for any fiscal year within the time period provided for in this action, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the Board first obtains the approval of Owners, constituting a quorum, casting a majority of the votes of a meeting or election of the Association conducted in accordance with the Bylaws.

(b) Establishment of Regular Assessment by Board or Membership Approval Requirements. The total annual expenses estimated in the Association's budget (less projected income from sources other than assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year, provided that, except as provided in subparagraph (a) above, and subparagraph (c) below, the Board of Directors may not impose a Regular Assessment that is more than 20 percent greater than the Regular Assessment for the Association's immediately preceding fiscal year without the vote or written assent of Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association (see Article IV, Section 7, below).

(c) Assessments to Address Emergency Situations. The requirement of a membership vote to approve Regular Assessment increases in excess of 20 percent of the previous year's Regular Assessment shall not apply to assessment increases necessary to address emergency situations. For purposes of this subparagraph (c).

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an emergency situation is any of the following:

- (i) An extraordinary expense required by an order of a court.
- (ii) An extraordinary expense necessary to repair or maintain the Common Areas, Common Facilities or any portion of the separate interests which the Association is obligated to maintain where a threat to personal safety is discovered.
- (iii) An extraordinary expense necessary to repair or maintain the Common Areas, Common Facilities or any portion of the separate interests which the Association is obligated to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the budget pursuant to subparagraph (a) above, provided that, prior to the imposition or collection of an assessment under this paragraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of assessment.

(d) Allocation of Regular Assessment. The total estimated Common Expenses, determined in accordance with subparagraph (a), above, shall be allocated among, assessed against, and charged to each Owner according to the ratio of the number of Lots within the Properties owned by the assessed Owner to the total number of Lots subject to Assessments so that each Lot bears an equal share of the total Regular Assessment.

(e) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded in an Assessment roll which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member of the Association. The Assessment roll (which may be maintained in the form of a computer printout) shall show for each Lot the name and address of the Owner of Record, all Regular, Special and Special Individual Assessments levied against each Owner and his or her Lot, and the amount of such Assessments which have been paid or remain unpaid. The delinquency statement required by Article II, Section 4(c) hereof shall be conclusive upon the Association and the Owner of such Lot as to the amount of such indebtedness appearing on the Association's Assessment roll as of the date of such statement, in favor of all persons who rely thereon in good faith.

(f) Mailing Notice of Assessment. The Board of Directors shall mail to each Owner at the street address of the Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year no less than 45 days prior to the beginning of the next fiscal year.

(g) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Article IV, Section 3(a)(1) for that year, shall be assessed against each Owner and his or her Lot on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Association.

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(h) Installation Payment of Assessments. The Regular Assessment levied against each Owner and his or her Lot shall be due and payable in advance to the Association in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Association's Board of Directors. Installments of Regular Assessments shall be delinquent if not paid by the 15th day of the month in which the Assessment is due.

The collection of Regular Assessments in installments as herein above provided is for the convenience of the Association only. The total Regular Assessment is levied as of the commencement of the Association's fiscal year and in the event of a default in the payment of any installment, the Association may declare the entire balance of the Regular Assessment to be in default and pursue the remedies set forth in Article IV, Section 9, below, as to said delinquency.

Section 3. Special Assessments.

(a) Purposes for Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth in subparagraph (b) below, the Board of Directors shall have the authority to levy Special Assessments against the Owners and their Lots for the following purposes:

(i) Regular Assessment Insufficient in Amount. If, at any time, the Regular Assessment for any fiscal year is insufficient in amount due to extraordinary expenses not contemplated in the budget prepared for said fiscal year, then, except as prohibited by Article IV, Section 2(a), the Board of Directors shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Association may incur in the performance of its duties and the discharge of its obligations hereunder. The Board's assessment authority pursuant to this Section 3 subparagraph (a)(i) shall be subject to membership approval requirements under the circumstances described in Article IV, Section 2(a).

(ii) Capital Improvements. The Board may also levy Special Assessments for additional capital improvements within the Common Area (i.e., improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, the existing Common Facilities). The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance, and replacement repair of the Common Area or existing Common Facilities through Regular Assessments (including the funding of reasonable reserves) and to maintain adequate insurance on the Common Area and existing Common Facilities in accordance with Article X hereof.

(b) Special Assessments Requiring Membership Approval. No Special Assessments described in (i) Section 3(a) hereof, which in the aggregate exceed 5 percent of the budgeted gross expenses of the Association for the fiscal year in which the Special Assessment(s) is levied; or (ii) in the last sentence of Article IV, Section 2(a), shall be made without the vote or written assent of Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association, provided that this membership approval requirement shall not apply to any Special Assessment levied to address "emergency situations" as defined in this Article IV, Section 2(c).

(c) Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments pursuant

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to Article IV, Section 2(d), above. The Special Assessment so levied shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner.

Special Assessments for purposes described in this Section 3(a)(i) shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable to the Association in equal monthly installments during the remainder of the then current fiscal year. Special Assessments for purposes described in this Section 3(a)(ii) shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable in full to the Association within 30 days after the mailing of such notice or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment.

Section 4. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 3, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii) below, provided that no Special Individual Assessments may be imposed against an Owner pursuant to this section 4 until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Article XIII, Section 6 hereof, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Association's Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) Damage to Common Area or Common Facilities. In the event that any damage to, or destruction of, any portion of the Common Area or the Common Facilities, is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests, servants, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(ii) Expenses Incurred in Gaining Member Compliance. In the event that the Association incurs any costs or expenses, to accomplish (a) the payment of delinquent Assessments, (b) any repair, maintenance or replacement to any portion of the Properties that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion, or (c) to otherwise bring the Owner and/or his or her Lot into compliance with any provision of the Governing Documents, the amount incurred by the Association (including reasonable fines and penalties duly imposed hereunder, title company fees, accounting fees, court costs and reasonable attorneys' fees) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(iii) Required Maintenance on Lots. As more particularly provided in Article III, Section 6(b) (and without limiting the generality of that subparagraph), if any Lot is maintained so as to become a nuisance, fire or safety hazard for any reason, including without limitation, the accumulation of trash, junk automobiles, or improper weed or vegetation control, the Association shall have the right to enter said Lot, correct the offensive or hazardous condition and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner.

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(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed, in this Section 4(a), such Special Individual Assessment shall be recorded on the Association's Assessment roll, notice thereof shall be mailed to the affected Owner and the Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Association within 30 days after the mailing of notice of the Assessment.

Special Individual Assessments imposed to recover monetary penalties for failure of a Member to comply with the Governing Documents may only become a lien against the Member's Lot that is subject to foreclosure if such lien and foreclosure remedies are subsequently permitted by law. Currently Civil Code section 1367 prohibits such liens. However, except as specifically prohibited by law, it is the intent of this Declaration that Special Individual Assessments (including without limitation those imposed to recover late payment penalties or to reimburse the association for the cost of repairing damage to the Common Areas or Common Facilities for which the assessed Member is responsible), if not paid prior to delinquency, may be collected either in an action at law or by resort to the lien and foreclosure remedies set forth in Section 9(b), below.

Section 5. Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively (a) to promote the recreation, health, safety and welfare of individuals residing within the Properties; (b) to promote the enjoyment and use of the Properties by the Owners and their families, tenants, invitees, licensees, guests and employees; and (c) to provide for the repair, maintenance, replacement and protection of the Common Area and Common Facilities. Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created hereby) of the Owner of the Lot against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns, provided that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 6. Exemption of Certain of the Properties From Assessments. The following real property subject to this Declaration shall, unless devoted to use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

- (a) Any portion of the Properties dedicated and accepted by a local public authority;
- (b) The Common Area and Common Facilities; and
- (c) Any Lot owned by the Association

Section 7. Notice and Procedure for Member Approval Pursuant to Sections 2 and 3. In the event that Member approval is required in connection with any increase or imposition of Assessments pursuant to Sections 2 and 3 of this Article IV, approval of the requisite percentage of the Members shall be solicited either by written ballot conducted in accordance with Corporations Code section 7511 and Article IV, Section 6 of the Bylaws or at a meeting of the Members called for that purpose, duly noticed in accordance with Article V, Section 4 of the Bylaws. The quorum required for such membership action shall be a majority of the Members.

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Section 8. Maintenance of Assessment Funds.

(a) Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors which has offices located within the State of California, County of Riverside. In addition, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board, and such officers or agents of the Association as the Board shall designate, shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by California Civil Code section 1365.5 and Article XII, Section 2 of the Bylaws.

To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. Any interest received on such deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b), below.

(b) Separate Accounts; Commingling of Funds. Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the amount required to accomplish the purpose for which such Assessment was levied, such surplus may, in the Board's discretion, be returned proportionately to the contributors thereof, reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded or credited proportionately on account of the Owners' future Regular Assessment obligations.

For purposes of accounting, but without requiring any physical segregation of assets, the Association shall maintain a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom, provided that receipts and disbursements of Special Assessments made pursuant to this Article IV, Section 3(a) (i) shall be accounted for together with the receipts and disbursements of Regular Assessments; and separate liability accounts shall be maintained for each capital improvement for which reserve funds for replacement are allocated.

Unless the Association is exempt from federal or state taxes, all sums allocated to capital replacement funds shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income of the Association.

Section 9. Collection of Assessments; Enforcement of Liens.

(a) Delinquent Assessments. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment or

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Special Individual Assessment assessed to any Owner is not paid within 15 days after the same becomes due, such payment shall be delinquent and the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law beginning 30 days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent Assessments, subject to the limitations imposed by California Civil Code Sections 1366(c) and 1366.1 or comparable superseding statutes.

(b) Effect of Nonpayment of Assessments.

(i) Creation and Imposition of a Lien for Delinquent Assessments. As more particularly provided in California Civil Code section 1367 or comparable superseding statute, the amount of any delinquent Regular or Special, or Special Individual Assessment, together with any late charges, interest and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall become a lien upon the Lot of the Owner so assessed only when the Association causes to be recorded in the Office of the County Recorder of the County, a Notice of Delinquent Assessment executed by an authorized representative of the Association, setting forth (A) the amount of the delinquent Assessment(s) and other sums duly imposed pursuant to this Article IV and California Civil Code section 1366, (B) the legal description of the Owner's Lot against which the Assessments and other sums are levied, (C) the name of the Owner of Record of such Lot, (D) the name and address of the Association, and (E) the name and address of the trustee authorized by the Association to enforce the lien by sale. Upon payment in full of the sums specified in the Notice of Delinquent Assessment, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof.

(ii) Remedies Available to the Association to Collect Assessments. The Association may initiate a legal action against the Owner personally obligated to pay the delinquent Assessment, foreclose its lien against the Owner's Lot or accept a deed in lieu of foreclosure. Foreclosure by the Association of its lien may be by judicial foreclosure or by nonjudicial foreclosure by the trustee designated in the Notice of Delinquent Assessment or by a trustee substituted pursuant to California Civil Code section 2934a. Any sale of a Lot by a trustee acting pursuant to this Section 9 shall be conducted in accordance with California Civil Code Sections 2924, 2924b and 2924c applicable to the exercise of powers of sale in mortgages or deeds of trust.

(iii) Nonjudicial Foreclosure. Nonjudicial foreclosure shall be commenced by the Association by recording in the Office of the County Recorder a Notice of Default, which notice shall state all amounts which have become delinquent with respect to the Owner's Lot and the costs (including attorneys' fees), penalties and interest that have accrued thereon, the amount of any Assessment which is due and payable although not delinquent, a legal description of the property with respect to which the delinquent Assessment is owed, and the name of the Owner of Record or reputed Owner thereof. The Notice of Default shall state the election of the Association to sell the Lot or other property to which the amounts relate and shall otherwise conform with the requirements for a notice of default under California Civil Code Section 2924c, or comparable superseding statute.

The Association shall have the rights conferred by California Civil Code section 2934a to assign its rights and obligations as trustee in any nonjudicial foreclosure proceedings to the same extent as a trustee designated under a deed of trust and for purposes of said section 2934a, the Association shall be deemed to be the sole beneficiary of the delinquent Assessment obligation. Furthermore, in lieu of an assignment of trusteeship, the Association shall be entitled to

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employ the services of a title insurance company or other responsible company authorized to serve as a trustee in nonjudicial foreclosure proceedings to act as an agent on behalf of the Association in commencing and prosecuting any nonjudicial foreclosure hereunder.

(iv) Actions for Money Judgment. In the event of a default in payment of any Assessment, the Association, in its name but acting for and on behalf of all other Owners, may initiate legal action, in addition to any other remedy provided herein or by law, to recover a money judgment or judgments for unpaid Assessments, costs and attorneys' fees without foreclosure or waiver of the lien securing same.

Section 10. Transfer of Lot by Sale or Foreclosure. The following rules shall govern the Association's rights to enforce its Assessment collection remedies following the sale or foreclosure of a Lot.

(a) Except as provided in paragraph (b), below, the sale or transfer of any Lot shall not affect any Assessment lien duly recorded with respect to that Lot before the sale or transfer, and the Association can continue to foreclose its lien in spite of the change in ownership.

(b) The Association's assessment lien shall be extinguished as to all delinquent sums, late charges, interest, and costs of collection incurred before the sale or transfer of a Lot under a foreclosure or exercise of a power of sale by the holder of a prior encumbrance (but not under a deed-in-lieu of foreclosure). A "prior encumbrance" means any first mortgage or other mortgage or lien recorded before the Association's assessment lien.

(c) No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise, shall relieve the new Owner of that Lot (whether it be the former beneficiary of the first mortgage or other prior encumbrance, or a third party acquiring an interest in the Lot) from liability for any assessments thereafter becoming due or from the lien thereof.

(d) Any assessments, late charges, interest, and associated costs of collection that are lost as a result of a sale or transfer covered by paragraph (b), above, shall be deemed to be a Common Expense collectible from the Owners of all of the Lots, including the person who acquires the Lot and his or her successors and assigns.

(e) No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise, shall affect the Association's right to maintain an action against the foreclosed previous Owner of the Lot personally to collect the delinquent assessments, late charges, interest, and associated costs of collection incurred by that prior Owner prior to the sale or transfer.

(f) Section 10 and the following Section 11 are intended to reflect the California law concerning community association assessment lien priority in effect as of the effective date of this Declaration. In the event that the applicable California laws are revised and the statute(s) addressing assessment lien priority apply to the Association, this Section and Section 11 may be revised by action of the Board to conform to the new statutory provisions concerning this subject.

Section 11. Priorities. When a Notice of Delinquent Assessment has been recorded, such notice shall constitute a lien on the Lot prior and superior to all other liens or encumbrances recorded subsequent thereto, except (a) all taxes, bonds, Assessments and other levies which, by law, would be superior thereto, and (b) the lien or charge of any first Mortgage of record (meaning any

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recorded Mortgage or deed of trust with first priority over other Mortgages or deeds of trust) made in good faith and for value, provided that such subordination shall apply only to the Assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of a power of sale or a judicial foreclosure involving a default under such first Mortgage or deed of trust, or other prior encumbrance.

Section 12. Unallocated Taxes. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than being assessed to the Lots, such taxes shall be included in the Regular Assessments imposed pursuant to this Article IV, Section 2 and, if necessary, a Special Assessment may be levied against the Lots in an amount equal to such taxes to be paid in two installments, thirty days prior to the due date of each tax installment.

Section 13. Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Article IV, the benefit of any homestead or exemption law of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed against the Owner's Lot.

#### ARTICLE V

##### Architectural Control Committee

Section 1. Improvements in General; Establishment of Architectural Control Committee. No "improvement" (as defined in Article I, Section 22) of any kind shall be commenced, erected or maintained within the properties, nor shall any exterior addition to or change or alteration be made in or to any Residence, any Residential Lot or to any Exclusive Use Common Area until the plans and specifications showing the nature, color, kind, shape, height (including front, side and rear elevations), materials, and location of the same shall have been submitted to and approved in writing by the Association's Board of Directors as to quality of workmanship and materials, harmony of external design and location in relation to surrounding structures, setback lines, topography and finish grade elevation.

Section 2. Appointment of Architectural Control Committee. The Board of Directors may appoint an Architectural Control Committee composed of not less than two nor more than five members. Committee members appointed shall be from the membership of the Association. At least one member of the committee must be a member of the Association's Board of Directors. The Architectural Control Committee shall make recommendations to the Board of Directors on the proposed improvement. The Board of Directors shall make all final decisions as to the approval or disapproval of the proposed Improvements.

Members of the Committee shall serve, at the discretion of the Board of Directors, for a term of one year. In the event of the death or resignation of any member of the Architectural Control Committee, a successor shall be appointed by the Board. Neither the members of the committee nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto.

Section 3. Submission of Plans; Action by Board or Committee. Two sets of plans and specifications for the proposed Improvement shall be submitted to the Board of Directors in care of the Association's managing agent and/or by personal delivery or certified mail to the President of the Board.

In the event the Board fails to approve or disapprove such design and

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location within Ninety (90) days after said plans and specifications have been submitted to the Board, the request shall be deemed to have been approved. Approval of the Board can contain conditions or requests for modification of particular aspects of the Owner(s) plan and specifications.

Section 4. Architectural Rules. The Board may, from time to time adopt, amend and repeal rules and regulations to be known as "Architectural Rules." Said rules shall interpret and implement the provisions of this Declaration by setting forth the standards and procedures for the review and approval of proposed Improvements and guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended for use within the Properties, provided that said rules shall not be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Architectural Rules and this Declaration, the Declaration shall prevail.

Section 5. Variances. The Board of Directors shall be entitled to allow reasonable variances with respect to this Article V or any restrictions specified in Article VII in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships, provided that the following conditions are met:

(a) If the requested variance will necessitate deviation from, or modification of, a property use restriction that would otherwise apply under this Declaration, the Board must conduct a hearing on the proposed variance after giving at least 10 days prior written notice to the Board and to all Owners of Residences within 100 feet of the property for which the variance applies. The Owners receiving notice of the proposed variance shall have 30 days in which to submit to the Board or Committee written comments or objections with respect to the variance. No decision shall be made with respect to the proposed variance until the 30-day comment period has expired.

(b) The Board must make a good faith determination that (i) the requested variance does not constitute a material deviation from the overall plan and scheme of development within the Properties or from any restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or (ii) the variance relates to a requirement hereunder that it is unnecessary or burdensome under the circumstances; or (iii) the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance, with respect to any other Residence, Common Area or Owner within the Properties.

(c) All variances granted under this section must be approved in writing by a majority of the Association's Board of Directors pursuant to a hearing. No Owner or third party may rely upon the granting of such variance unless it has been approved, in writing, by a majority of the Board.

Section 6. Estoppel Certificate. Within 30 days after written demand is delivered to the Board of Directors by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Board), the Board shall execute an estoppel certificate, executed by any two of its members, certifying (with respect to any Residence owned by the applicant Owner(s)) that as of the date thereof, either (i) all Improvements made and other work completed by said Owner(s) with respect to the Residence comply with this Declaration; or (ii) that such Improvements or work do not so comply, in which event the certificate shall also identify the noncomplying Improvements or work and set forth with particularity the bases of such noncompliance. Any purchaser from the Owner(s), or anyone deriving any interest in said Residence through the Owner(s),

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shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, all Owners and any persons deriving any interest through them.

Section 7. Limitation on Liability: Compliance With Governmental Regulations. Neither the Association, the Board of Directors, its Architectural Control Committee, nor any member thereof, shall be responsible for structural or other defects of any kind or nature in said plans or specifications, or in the structure and improvements erected in accordance therewith.

(a) Limitation on Liability. Neither the Association, the Board of Directors, its Architectural Control Committee, nor any member thereof, shall be liable to any Owner(s) for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any work of Improvement, whether or not pursuant to approved plans, drawings or specifications; (c) the development of any Lot within the Properties; or (d) the execution and filing of a Notice of Noncompliance pursuant to Section 6, above, or an estoppel certificate pursuant to Section 6 above, whether or not the facts therein are correct, provided that such member(s) has acted in good faith upon the basis of such information as may be possessed by him/her/them.

(b) Compliance With Governmental Regulations. Review and approval by the Architectural Control Committee and the Board of Directors of any proposals, plans, specifications and/or other submittals pertaining to Improvements shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the Owner(s) who desires to construct, install, or modify the Improvement.

ARTICLE VI

Use of Properties and Restrictions

In addition to the restrictions established by law or Association Rules promulgated by the Board of Directors (consistent with this Declaration), the following restrictions are hereby imposed upon the use of Lots, Common Areas and other parcels within the Properties.

Section 1. Single Family Residential Use. The use of the Lots within the Properties is hereby restricted to Single Family Residential Use, as defined in Article I, Section 3g hereof. In no event shall a Residence be occupied by more individuals than permitted by applicable zoning laws or governmental regulations. An Owner is permitted to lease or rent his or her Residence, subject to the provisions of Article II, Section 3 ("Delegation of Use") of this Declaration.

Section 2. Conveyance of Lots. Each Lot shall be conveyed as a separately designated and legally described fee simple estate subject to this Declaration.

Section 3. Interior Improvements. Any interior Improvement to a Residence involving structural components of the building structure, other than non-load-bearing interior walls, shall require prior architectural approval in accordance with Article V, above.

No Owner shall at his or her expense or otherwise make any alterations or modifications to the exterior of the buildings, fences or railings containing the Owner's Residence without the prior written consent of the Association.

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Furthermore, no structural alterations to any Residence shall be made without the prior written consent of the Association. Under no circumstances shall any Owner undertake any activity or work with respect to the Owner's Residence that will impair the structural soundness or integrity of another Residence or impair any easement or hereditament, or do any act or allow any condition to exist in or around the Owner's Residence or Lot which will adversely affect any other Residences or their occupants.

Section 4. Common Areas. The Common Areas shall be preserved as open space and used for recreational purposes and other purposes incidental and ancillary to the use of Lots. Such use shall be limited to the private use for esthetic and recreational purposes by the Association's Members, their tenants, families and guests, subject to the provisions of the Governing Documents. No Improvement, excavation or work which in any way alters any Common Area or Common Facility from its natural or existing state on the date such Common Area or Common Facility shall be made or done except by the Association and then only in strict compliance with the provisions of this Declaration.

Each Owner shall be liable to the Association for any damage to the Common Area and Common Facilities or the Recreation Area that may be sustained by reason of the negligence of that Owner, that Owner's family members, contract purchasers, tenants, guests, or invitees including guests or invitees of any tenants.

Section 5. Prohibition of Noxious Activities. No illegal, noxious or offensive activities shall be carried out or conducted upon any Lot or Common Area nor shall anything be done within the Properties which is or could become an unreasonable annoyance or nuisance to neighboring property Owners. Without limiting the foregoing, no Owner shall permit noise, including but not limited to barking dogs, the operation of excessively noisy air conditioners, stereo amplifier systems, television systems, motor vehicles or power tools, to emanate from an Owner's Lot or from activities within the Common Area, which would unreasonably disturb any other Owner's or tenant's enjoyment of his or her Lot or the Common Area.

Section 6. Temporary Structures. No structure of a temporary character, trailer, mobile home, camper, tent, shack, garage or other outbuilding shall be used on any Lot at any time as residence, either temporarily or permanently.

Section 7. Household Pets. The following restrictions regarding the care and maintenance of pets within the Properties shall be observed by each Owner and resident:

(a) No more than one (1) common household pet may be kept within an Owner's Residence or Residential Lot so long as the same are not kept, bred or maintained for commercial purposes. No other animals, livestock, or poultry of any kind shall be kept, bred or raised within any Residence or Residential Lot.

(b) Dogs shall be allowed on the Common Area only when they are leashed and are otherwise under the supervision and restraint of their Owners.

(c) No household pet shall be left chained or otherwise tethered in front of a Residence or in the Common Area. Pet owners shall be responsible for the prompt disposal of pet wastes deposited by their pets in the Common Area or in yard areas adjacent to the Owner's Residence.

(d) Each person bringing or keeping a pet on the Properties shall be solely responsible for the conduct of the Owner's pets. The Association, its Board, officers, employees and agents shall have no liability (whether by virtue

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of this Declaration or otherwise) to any Owners, their family members, guests, invitees, tenants and contract purchasers for any damage or injury to persons or property caused by any pet.

(e) The Board of Directors shall have the right to establish and enforce additional rules and regulations and to impose standards for the reasonable control and keeping of household pets in, upon and around the Properties to ensure that the same do not interfere with the quiet and peaceful enjoyment of the Properties by the other Owners and residents.

Section 8. Signs. No advertising signs or billboards shall be displayed on any Lot or posted within or upon any portion of the Common Area except that Owners may post on their Lots any signs required by legal proceedings and a single "For Rent," "For Lease" or "For Sale" sign of reasonable dimensions as provided in the Association's Rules and Regulations. Signs permitted hereunder shall not be nailed to the exterior of any Residence.

The Association, in its discretion, shall be entitled to regulate or prevent altogether the erection and maintenance of Owner's agent's or broker's directional signs along roadways or on any Common Areas within the Properties.

Section 9. Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any Residence, carport area, out building or on any portion of any Residential Lot without the prior written approval of the Board, provided that the foregoing restriction shall not apply to the activities, signs or activities of the Association in the discharge of its responsibilities under the governing Documents. Furthermore, no restrictions contained in this Section 9 shall be construed in such a manner so as to prohibit any Owner from (a) maintaining his or her personal library in his or her Residence, (b) keeping his or her personal business records or accounts therein, (c) handling his or her personal or professional telephone calls or correspondence therefrom, (d) leasing or renting his or her Residence in accordance with Article II, Section 3 hereof, or (e) conducting any other activities on the Owner's Lot otherwise compatible with residential use and the provisions of this Declaration which are permitted under applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific governmental authorization. The uses described in (a) through (e), above, are expressly declared to be customarily incidental to the principal residential use of the Lot and not in violation of this Section 9.

Section 10. Garbage. No rubbish, trash, or garbage shall be allowed to accumulate on Lots or be thrown into or left on the shoreline of any lake in the Subdivision. No outside burning of trash or garbage shall be permitted. Any trash that is accumulated by an Owner outside the interior walls of a Residence shall be stored entirely within appropriate covered disposal containers and facilities which shall be located on the Owner's Lot and screened from view from any street, neighboring Lot or Common Area. Any extraordinary accumulation of rubbish, trash, garbage or debris (such as debris generated upon vacating of premises or during the construction of modifications and Improvements) shall be removed from the Properties to public dump or trash collection area by the Owner or tenant at his or her expense. The Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed in a manner inconsistent with this section.

Trash containers are provided by the Association for normal household refuse. Disposal of construction materials, furniture, mattresses, etc., inside the containers, outside the containers, or anywhere within the Association

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property is prohibited.

Section 11. Storage. Storage of personal property on any Lot shall be entirely within enclosed storage areas. There shall be no woodpiles nor storage piles accumulated on top, or outside, of any enclosed storage area although residents shall be entitled to stack firewood on the patio areas of the Owner's Residence.

The Association shall have the right to establish and maintain on the premises appropriate storage yards and storage buildings for the maintenance of materials and equipment used by the Association in connection with its planting, building, repair, maintenance and preservation of the structures, gardens and other Improvements within the Common Areas and any portion of the Lots which the Association is obligated to repair and maintain.

Section 12. Clotheslines. No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes on any Lot in a manner which is visible from any neighboring Lot or the Common Area.

Section 13. Antennas and Similar Devices. Unless otherwise provided by State or Federal Law, no Owner may be permitted to construct or use and operate his or her own external radio or television antenna, satellite dish, masts or related equipment without the consent of the Board. In considering whether to approve applications, the Board shall give great weight and considerations of aesthetics and uniformity of appearance, and potential structural or other damage on any Lot within Association property. The Board, in acting on requests for approval of any external radio or television antennae, a satellite dish, mast, or related equipment shall comply with all state laws including but not limited to California Civil Code section 1576 (and its successor statute) and/or federal laws including but not limited to FCC Rules and Regulations.

Subject to all applicable laws, in order to ensure adequate aesthetic controls and to maintain the general attractive appearance of the Properties, no Owner, resident or lessee shall, at his or her expense or otherwise, place or maintain any objects, such as masts, towers, poles, television and radio antennas, or television satellite reception dishes on or about the exterior of any building within the Properties unless architectural approval is first obtained in accordance with Article V, hereof (unless such approval is not required by law). Furthermore, no activity shall be conducted on any Lot which causes an unreasonable broadcast interference with television or radio reception on any neighboring Lot.

The location of common antennas or connection facilities for any cable television system serving more than one Residence shall be as designated by the Association, if any, and each Residence and its Owner shall be subject to the right of other Owners or the Association to install, use, and maintain such common antennas or cable television facilities.

Section 14. Burning. There shall be no exterior fires whatsoever except barbecue fires located only upon the Owner's Lot and contained within receptacles designed for such purpose.

No Owner or resident shall permit any conditions to exist on his or her Lot, including, without limitation, trash piles or weeds, which create a fire hazard or are in violation of local fire regulations.

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Section 15. Basketball Standards. No basketball standards or fixed sports apparatus shall be permitted on any Lot or Common Areas within the Properties.

Section 16. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual or customary in connection with the use, maintenance or repair of a private Residential Lot or appurtenant structures within the Properties.

Section 17. Diseases and Pests. No Owner shall permit any thing or condition to exist on his or her Lot, which shall induce, breed, or harbor infectious plant diseases, rodents or noxious insects.

Section 18. Parking and Vehicle Restrictions. The following parking and vehicle restrictions shall apply within the Properties:

(a) Unless otherwise permitted by the Association, no vehicle shall be parked or left within the Properties other than within a carport or in designated guest parking areas. Boat trailers are permitted in carports only. No boat trailers or other trailers shall be allowed in guest parking and/or unassigned areas.

(b) Except as otherwise provided in subparagraph (f), below, only the following vehicles ("Authorized Vehicles") shall be permitted to be parked by any Owner or Resident within the Properties: standard passenger vehicles, including bronco or blazer type trucks, and trucks which do not exceed one ton in carrying capacity, Recreational Vehicles (RVs) and/or Motor Homes which do not exceed 24 feet in length and are capable of being parked wholly within only one parking space. "Authorized Vehicle" shall mean and refer to any vehicle which is not a "Prohibited Vehicle" as defined by the Board of Directors, and any vehicle which is currently licensed, registered and operable. Boats, trailers, campers, commercial vehicles, and trucks which are in excess of one ton in carrying capacity are not "Authorized Vehicles" and shall only be permitted within the Properties as provided in subparagraph (f), below.

(c) All carports shall be maintained in a neat and orderly condition. The carports are to be used for the parking of standard authorized vehicles, boats, boat trailers, bicycles or golf carts. No carport shall be converted to living quarters or work shops. All other storage of personal property shall be wholly within the assigned storage cabinet. No other storage of personal property is permitted in the carports. Further, storage of personal property other than authorized vehicles shall not be allowed in the carports if such storage will necessitate or result in the parking of "Authorized Vehicles" on streets within the Properties. Parking by commercial vehicles for the purpose of making deliveries or service calls shall be permitted in accordance with the Association Rules. No batteries or gas shall be permitted to be stored in carports or on patios.

(d) Designated open parking areas within the Common Areas are to remain open for use by guests, Owners and Residents only in accordance with the Association's Rules and Regulations. Designated open parking areas within the Common Areas are not to be used by Owners or other residents, either permanently or temporarily, for the parking of or storage of boats, trailers or similar items of personal property. A person shall not be considered a "guest" if he or she is a regular overnight visitor of a resident.

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(e) No motor vehicle shall be constructed, reconstructed or repaired within the Properties and no dilapidated or inoperable vehicle, including vehicles without wheel(s) or an engine, shall be stored on the Properties; provided, however that the provisions of this section shall not apply to minor emergency vehicle repairs.

(f) Campers, boats, trailers, motorcycles, commercial vehicles and trucks in excess of one ton carrying capacity ("Prohibited Vehicles") are not to be parked within the Properties, except for periods not to exceed three (3) hours for the purpose of loading and unloading.

(g) The Board shall have the authority to tow at the Owner's expense, any vehicle parked or stored in violation of this section. The Board shall post such notices or signs within the Common Area as may be required by law to effectuate this towing provision.

(h) The Board shall have the authority to promulgate further reasonable rules and restrictions of uniform application regarding parking and vehicles within the properties as may be deemed prudent and appropriate.

(i) Parking shall not be permitted on any street within the Properties except within carports or designated parking areas.

**Section 19. Use of Private Streets in Common Area.**

(a) Private streets within the Properties shall not be used for recreational purposes, including "joyriding" or racing. Motorcycles, mopeds, golf carts and cars shall be allowed on such private streets only for ingress and egress.

(b) All operators of motor vehicles, including motorcycles and golf carts, within the Properties must possess a valid California driver's license.

(c) All provisions of the California Vehicle Code must be honored at all times when operating any motor vehicle within the Properties.

(d) Although all roads within the Properties are subject to the California Vehicle Code, the Association shall have the right to adopt reasonable rules regarding the control and use of roads within the subdivision, vehicles operated thereon and the speed of such vehicles, and is further authorized to delegate the discharge of its rights hereunder to a municipality or other governmental entity or to contract with a private security patrol company for such purposes so long as the private character of the subdivisions roads is not jeopardized by such action.

**Section 20. Children.** Each Owner and resident shall be accountable to the remaining Owners and residents, their families, visitors, guests and invitees, for the conduct and behavior of their children and any children temporarily residing in or visiting the Owner/Resident and for any property damage caused by such children.

**Section 21. Activities Affecting Insurance.** Nothing shall be done or kept on any Lot or within the Common Area which will increase the rate of insurance relating thereto on any policy maintained by the Association (see Article X, below) without the prior written consent of the Association and no Owner shall permit anything to be done or kept on his or her Lot or within the Common Area which would cause any Improvements to be uninsurable against loss by fire or casualty or result in the cancellation of insurance on any Residential Lot or any part of the Common Area.

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Section 22. Restriction on Further Subdivision and Severability. No Lot shall be further subdivided nor shall less than all of any such Lot be conveyed by an Owner thereof and no Owner of a Lot within the Properties shall be entitled to sever his or her Lot from the Common Area portion of the Properties.

Section 23. Enforcement of Property Use Restrictions. The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the environmental standards and property use restrictions contained herein. Accordingly, in the event that the Association becomes aware of an architectural or property use infraction that does not necessitate immediate corrective action under Article XIII, Section 6, hereof, the Owner responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner of his or her appeal rights.

## ARTICLE VII

### Exterior Maintenance Responsibilities

Section 1. Common Area. The Association shall be solely responsible for all maintenance, repair, upkeep and replacement within the Common Area as defined in Article 1, Section 9. No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of the Common Area. In addition, no person shall remove any tree, shrub, flower, plant and/or other vegetation from or on the Common Area without express written approval of the Association.

Without limiting the foregoing, the Association shall be responsible for:

(a) The reconstruction, replacement, or refinishing of any Common Facility or other Improvements located within or constructed upon Common Area as necessary in accordance with the original design, finish or standard of construction of such Improvement.

(b) The construction, reconstruction, replacement, refinishing of any road, driveway, trail or surface upon any portion of Common Area designated on a Subdivision Map as a private road or parking area.

(c) The replacement of trees, shrubs, flowers and/or other vegetation and the planting of trees, shrubs, flowers and/or ground cover upon any portion of Common Area.

(d) The placement and maintenance of such signs as the Association may deem necessary for the identification of the development and of roads, the regulation of traffic, including parking, the regulation and use of Common Area and Common Facilities and for the health, welfare and safety of Owners, tenants and guests. Any such signs to be placed within the street area shall be subject to county and/or city approval.

Section 2. Association Maintenance Responsibility With Respect to Lot Improvements. The Association shall provide exterior maintenance upon each Lot and Residence which is subject to Assessment hereunder, as follows:

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(a) Painting, and/or staining, of the exterior building surfaces of all Residences. Any repair or replacement of any exterior building surfaces beyond painting or staining shall be the responsibility of the Owner of each Residence. The Association shall repair, and replace, as necessary, the walkways up to the Owner's Residence, but shall not be responsible for front entry steps. However, the Owner (and not the Association) shall be responsible for the sweeping and cleaning of the walkways, including keeping all debris and/or objects off the walkways. The Association shall repair and replace, at its discretion, as necessary, the ground lights and post lights installed by the Association and contained on any Residential Lot. The Association shall not be responsible for any termite pest control eradication of any Residence or the exterior building surfaces on any Residence or Structure located on any Residential Lot. The Association shall not be responsible for the repair and replacement of exterior doors, screen doors, rain gutters and down spouts and/or exterior lighting fixtures attached to the building exteriors and other hardware glass surfaces;

(b) Replace and care for trees, shrubs, grass, walks, and other landscaping Improvements up to the exterior walls of the Owner's Residence.

(c) Repair and replacement of the roofs of the Residences and carports.

(d) Maintain the underground sewer, water and electrical lines, whether located within the boundaries of the Owner's Lot or under the Common Area.

(e) The standards of landscaping, the selection and replacement of plant materials and the standards for exterior structural maintenance by the Association hereunder shall be determined by the Board of Directors.

Section 3. Owner Maintenance Responsibilities Except as specifically provided in Section 2, above:

(a) Each Owner shall be responsible for the maintenance and repair of his or her Residence and Lot, including without limitation the glass surfaces, glass doors, windows, screens and screen doors, other exterior doors, window fixtures, any hardware, gutters, fences, exterior walls, down spouts, improvements within patio areas, concrete surfaces within the fenced or enclosed areas on the Lot, including wooden fence patio enclosures, front entry steps, the interior of his or her Residence and the plumbing, electrical, heating and air conditioning systems servicing his or her Residence. Note: With respect to wooden fence patio enclosures, if they cannot be repaired, owners are obligated to replace them with slump stone walls in compliance with the Association's established architectural guidelines and to obtain approval from Association's Board of Directors prior to installation.

(b) No planting or gardening shall be done on any Lot, and there shall be no exterior painting of Residences by or on behalf of the Owners thereof, nor repair or replacing of roofs, it being the intention hereunder that such items be maintained and replaced by the Association in conjunction with the latter's maintenance responsibilities in order to preserve the external harmony and uniformity of appearance of Residence structures within the Properties.

(c) In addition to the foregoing, each Owner shall be responsible for the repair and maintenance of all Exclusive Use Common Areas appurtenant to his or her Lot (see Article II, Section 1(e), above). Exclusive use common area includes but is not limited to waterfront decks appurtenant to all applicable Residences.

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Section 4. Association Recovery of Costs of Certain Repairs and Maintenance.

(a) In the event that the need for maintenance or repair, which would otherwise be the Association's responsibility hereunder is caused through the willful or negligent acts of an Owner, his or her family, guests, tenants, or invitees, the cost of such maintenance or repairs shall be subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with Article IV, Section 4 hereof.

(b) In the event that an Owner fails to perform maintenance functions for which he or she is responsible, the Association may give written notice to the offending Owner with a request to correct the failure within 15 days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance, the Association may exercise its rights under Article III, Section 6(b) to enter the Owner's Lot and perform the repair or maintenance so long as the Owner has been given notice and the opportunity for a hearing in accordance with Article XIII, Section 6, hereof.

Section 5. Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the Association's maintenance obligations hereunder, individual Owners shall cooperate with the Association and its agents and maintenance personnel in the prosecution of its work.

Section 6. Association's Right to Employ/Engage Manager/Employees. The Association may employ or engage a property manager and other employees or agents and contract for such services, labor and materials as it may deem reasonable necessary to operate and maintain the common area and the facilities thereon and to discharge its other duties as herein provided. Except as otherwise herein provided, the Board of Directors may delegate to the property manager employed by it any or all of its powers, but shall reserve at all times the right to revoke such delegation.

ARTICLE VIII

Party Walls

Section 1. Party Walls.

(a) General Rules of Law to Apply. Certain Residences within the Properties have carports which share a common wall and roof. Other Residences share yard fences along common property lines. This article is intended to address the respective responsibilities of adjoining Owners with respect to such shared improvements. Each wall and fence which is built as a part of the original construction of the Residences upon the Properties and placed on the dividing line between the Lots shall constitute a Party Wall (thus the term "Party Walls" refers to both shared walls and fences). To the extent not inconsistent with the provisions of this article, the general rules of law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

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

(c) Destruction by Fire or Other Casualty. If a Party Wall is destroyed or damaged by fire or other casualty, then, to the extent that such damage is not covered by insurance and repaired out of the proceeds of the same, any Owner who has used the wall may restore it, and if the other Owner thereafter makes use of

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the wall, they shall contribute to the cost of restoration thereof in equal proportion without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

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

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

(f) Party Wall Easements. In all cases where a structural wall constituting a portion of a single Residence, or a structural wall or fence constituting a common wall or fence for two Residences, is located upon the dividing line between adjacent Lots, the Owner of said adjoining Lot shall have reciprocal mutual nonexclusive easements for the maintenance of said wall or fence, the reconstruction of said wall or fence in the event of the partial or total destruction of the same, drainage associated with said wall or the Residence of which said wall is a part, and an easement to accommodate the foundation and/or roof or eaves encroachment as depicted in the original design, plans and specifications which were the basis for the original construction of the Residence or Residences on said Lot or Lots. The Owner of a Lot having a structural wall or fence situated on the boundary line between his or her Lot and the adjoining Lot shall not attach anything to the outside of the wall which shall protrude across the boundary line into the adjoining Lot, and the Owner of the adjoining Lot upon which such a wall or fence is situated shall not attach anything to the outside of said wall or fence without the consent and permission of the Owner of the adjoining Lot upon which the Residence of which said wall or fence is a part is situated.

Section 2. Arbitration. In the event of any dispute between Owners concerning a Party Wall, or sharing the cost of repair or replacement of any Party Wall, then upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Association's Board of Directors who shall be empowered to decide the dispute in accordance with the hearing procedures specified in Article XIII, Section 6 hereof. The Board's decision on the matter shall be conclusive and binding on the parties.

Section 3. Board Approval. Owner agrees that no structural changes to party walls shall be undertaken without the prior written consent and approval of the Board of Directors of the Association.

## ARTICLE IX

### Easements

Section 1. Encroachment Easements. Each Lot and its Owner shall have and is granted an easement over all adjoining Lots and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of structures, or any other cause as long as the encroachment remains. However, in no event shall a valid easement for encroachment exist in favor of an Owner if the encroachment occurred due to willful misconduct of the Owner. In the event a Residence is partially or totally destroyed, and then repaired or rebuilt, the Owner of each Lot agrees that minor

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encroachments over adjoining Lots and the Common Area shall be permitted and there shall be valid easements for the maintenance of the encroachments as long as they shall exist. Each Lot and its Owner shall have and is granted an easement, appurtenant to such Lot over each adjoining Lot or the Common Area, as the case may be, for overhanging roofs and eaves, fireplace structures, and other structural components as originally constructed by the Declarant or, if partially or totally destroyed, as subsequently rebuilt or repaired in accordance with the original plans and specifications.

**Section 2. Street Easements.** Each Owner and the Association shall have and is hereby granted a nonexclusive easement for street, roadway and vehicular traffic purposes over and along the private streets and paved parking areas within the Properties, subject to termination of such easement and the rights and restrictions set forth in this Declaration.

The nonexclusive easement granted hereby to each Owner and to the Association is subject to the offer of dedication of such streets made upon the Subdivision Maps and upon complete or partial acceptance of such offer by the County of Riverside, said easement shall terminate and be of no further force or effect as to those streets or portions thereof accepted by the County.

The streets within the Properties shall also be subject to an emergency vehicle access easement and public right-of-way easement where required by any governmental entity and as maybe shown upon and described by the Subdivision Map.

**Section 3. Blanket Utility Easement.** There is hereby created a blanket easement upon, across, over and under all of the Properties for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones, drainage and electricity and the master television antenna or cable television system. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment and underground facilities on the Common Area. Notwithstanding the foregoing, no sewer, electrical lines, water lines, or other utilities may be installed or relocated on said Properties except as initially designed and approved by the Declarant or thereafter approved by the Association's Board of Directors. The easements provided for in this Section 3 shall in no way effect any other recorded easement on the Properties.

**Section 4. Maintenance Easements.** An easement is hereby granted to the Association, its officers, agents, employees, and to any management company selected by the Association to enter in or to cross over the Common Area and any Lot to perform the duties of maintenance and repair of the Lots, Common Area, or Common Facilities, provided that any entry by the Association or its agents onto any Lot shall only be undertaken in strict compliance with Article III, Section 6(b).

**Section 5. Boundary Changes.** An easement shall exist for use and maintenance as Common Area over any portion of a Lot which, because of a change in the boundary of a private structure, including a fence, wall or patio, at the time of original construction by the Declarant lies between that boundary and a Lot line abutting the Common Area.

**Section 6. Common Wall and Party Wall Easements.** Each Residence that shares a Common Wall, or Party Wall with an adjoining Residence and its Owner is declared to have an easement appurtenant, and the same is granted by Declarant, on, over, and upon such adjoining Residence for such Common Wall, or Party Wall, including the right to enter upon such adjoining Lot to service and maintain such easement and service, maintain, repair, or replace the improvements constituting such Common Wall, or Party Wall. Such entry shall be at reasonable times after prior notice, except that in case of an emergency the right of entry shall be

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immediate. Except for any maintenance obligation or duty of the Association, each Lot and its Owner shall be responsible for the maintenance, repair, and reconstruction of that portion of the Common Wall, or Party Wall which is located upon his or her Lot. No Owner shall alter the shape, size, or construction or use any materials different from those used in the initial construction of any such Common Wall, or Party Wall without the written consent of the Association.

Section 7. Other Easements. Each Lot and its Owner, and the Association as to the Common Area, are hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Properties and each Lot and Common Area as shown on the Subdivision Map.

Section 8. Priority of Easements. Wherever easements granted to the County and/or City are, in whole or in part, coterminous with any other easements, the easements of the County and/or city shall have and are hereby granted priority over said other easements in all respects.

Section 9. Grantee's Title and Easements.

Declarant shall convey fee title to lots within the Tract by grant deed subject to:

- a. These Restrictions;
- b. Easements and rights-of-way of record;
- c. the reservation to Declarant of all oil, gas, gasoline and other hydro-carbon substances and all other minerals underlying and within the boundaries of such lot below a depth of one hundred (100) feet, without right of surface entry;
- d. The reservation of any and all water rights regarding said property, without right of surface entry; and
- e. The following described easements and/or rights-of-way which Declarant reserves for itself, its successors and assigns, for purposes incident to its development of the real property subject to these Restrictions;

1. For the use and maintenance of drainage courses of all kinds, designated on the Map as "Drainage Easements," if any;
2. For maintenance and permanent stabilization control of slopes in the slope-control areas designated on the Map as "Slope Easements," if any;
3. For lake and shoreline maintenance and control along the lakefront portion of any lot contiguous to a lake shoreline to the extent of ten (10) feet in width designated on the map as "Utility Maintenance Easements," if any; and
4. For the installation and maintenance of radio and television transmission cables over portions of Lot 37 as necessary to provide any such cable service to each Lot in the Tract.
5. For non-exclusive right-of-way easements over Lot 37 as

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necessary for access to and from all common facilities located thereon.

Declarant has dedicated to the public non-exclusive rights-of-way and easement areas for the installation and maintenance of public utilities over Lot 37 as contained in the offer of dedication set forth on Sheet 1 of the Map, reserving therefrom the easements and/or rights-of-way set forth in subparagraph 4, above, relating to radio and television transmission cables.

On the recorded plat of the Tract there is depicted the location of sanitary sewers. Lot 37 shall be subject to an easement for the installation, operation, maintenance, repair, renewal, replacement, relocation, or removal of said sanitary sewers.

Every lot in the Tract that lies contiguous to a lake shall be subject to a flowage easement to an elevation on the lot equal to the high water elevation of such lake as stated on the recorded plat of the Subdivision.

#### ARTICLE X

##### Insurance

Section 1. Types of Insurance Coverage. The Association shall purchase, obtain and maintain, with the premiums therefore being paid out of Common Funds, the following types of insurance, if and to the extent such insurance, with the coverages described below, is available at a reasonable premium cost.

(a) Fire and Casualty Insurance. The Association shall obtain and maintain a master or blanket policy of fire and casualty insurance, for the full insurable value of all the buildings containing Residences and Improvements within the Properties and on any Common Facilities (excluding personal furnishings and belongings of Owners Residents). The insurance shall be kept in full force and effect at all times and the full replacement value of the insured property shall be redetermined on an annual basis. The Association shall not be obligated to purchase earthquake insurance.

Depending on the nature of the insured property, the policies maintained by the Association pursuant to this section shall contain to the extent available at a reasonable premium cost the following: an agreed amount endorsement or its equivalent, an increased cost of construction endorsement or a contingent liability from operation of building laws endorsement or the equivalent, an extended coverage endorsement, vandalism and malicious mischief coverage, a special form endorsement and a clause to permit cash settlements for full insurable value in case of partial destruction. The policies required hereunder shall provide amounts or coverage as shall be determined by the Board and shall name as insured the Association, all Owners and all Mortgagees as their respective interests may appear. The policies may contain a loss payable endorsement in favor of the trustee described in Section 5 below.

(b) Public Liability and Property Damage Insurance. To the extent such insurance is reasonably obtainable, the Association shall obtain and maintain a policy of comprehensive public liability and property damage insurance naming as parties insured the Association, each member of the Association Board of Directors, any manager, the Owners and occupants of Lots and such other persons as the Board may determine. The policy will insure each named party against any liability incident to the ownership and use of the Common Area and any other Association-owned or maintained real or personal property and including, if obtainable, a cross-liability or severability of interest endorsement insuring

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each insured against liability to each other insured. The limits of such insurance shall not be less than \$1 million covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location and use.

(c) Additional Insurance and Bonds. To the extent such insurance is reasonably obtainable, the Association may also purchase with Common Funds such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this section, demolition insurance, flood insurance, and workers' compensation insurance. The Board shall also purchase and maintain fidelity bonds or insurance in an amount not less than 100 percent of each year's estimated annual operating expenses and reserves and shall contain an endorsement of any person who may serve without compensation. The Board shall purchase and maintain such insurance on personal property owned by the Association and any other insurance, including directors and officers liability insurance, that it deems necessary or desirable.

Section 2. Coverage Not Available. In the event any insurance policy, or any endorsement thereof, required by Section 1 is for any reason not available, then the Association shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage described above. The Board shall notify the Owners of any material adverse changes in the Association's insurance coverage.

Section 3. Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time.

Section 4. Individual Fire and Casualty Insurance Limited. Except as provided in this section, no Owner can separately insure the Residence and other Improvements on his or her Lot or any part of it against loss by fire or other casualty covered by the Association's blanket insurance carried under this Article X, Section 1(a). If any Owner violates this provision, any diminution in insurance proceeds otherwise payable pursuant to the provisions of Section 1(a) that results from the existence of such other insurance will be chargeable to the Owner who acquired such other insurance, and the Owner will be liable to the Association to the extent of any diminution. An Owner shall insure his or her personal property against loss. In addition, any Improvements made by an Owner within his or her Lot shall be separately insured by the Owner, but the insurance is to be limited to the type and nature of coverage commonly known as "tenant's Improvements." All such insurance that is individually carried must contain a waiver of subrogation rights by the carrier as to other Owners, the Association, and any institutional first Mortgagee of such Lot.

Section 5. Trustee. All insurance proceeds payable under this Article X, Section 1 may, in the discretion of the Board of Directors, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees and others, as their respective interests shall appear. Said trustee shall be a commercial bank or other institution with trust powers within the County that agrees in writing to accept such trust. If repair or reconstruction is authorized pursuant to Article XI, below, the Association and any duly appointed trustee shall have the duty to contract for such work as provided in Article XI, Section 5.

Section 6. Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under

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any policy carried pursuant to this Article X, Section 1. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

Section 7. Distribution to Mortgagees. Subject to the provisions of this Article X, any Mortgagee has the option to apply insurance proceeds payable on account of a Lot in reduction of the obligation secured by the Mortgage of such Mortgagee.

Section 8. Notification to Members of Insurance Coverage Maintained by Association.

(a) Scope of Required Summary Disclosures. In accordance with Civil Code section 1365 (or comparable superseding statute) and at the times specified in subparagraph (c) below, the Association shall prepare and distribute to its members a summary of the general liability insurance and directors' and officers' liability insurance maintained by the Association. In addition, if the Association also maintains a policy of earthquake or flood insurance, a summary of that insurance shall also be provided to the Members. As to all three types of insurance coverage, the disclosure shall include the name of the insurer, the type of insurance, the policy limits of the insurance, and the deductible amounts, if any.

(b) Use of Policy Declaration Page to Comply with Summary Disclosure Requirements. In the case of all three types of insurance, the Association's disclosure obligations may be satisfied by distributing to the Members a copy of the policy declaration page, if that page presents the information specified above.

(c) Times When Insurance Summaries Must Be Provided. The summary information required by this section shall be provided to each Member of the Association within sixty (60) days preceding the beginning of the Association's fiscal year.

(d) Notification of Cancellation. In addition to distributing the insurance summaries described in subparagraph (a) of this Section, as soon as reasonably practicable following any lapse, cancellation, or significant change (such as reduction in coverage or limits or an increase in the deductible) of any policies listed in subparagraph (a) of this Section, the Association shall notify its Members, unless the lapsed or canceled policy is replaced immediately.

(e) Manner of Delivery of Insurance Summaries and Cancellation Notices. Any insurance summary or summaries provided in response to the events described in subparagraphs (c) (i) and (c) (ii) of this Section, may be mailed or personally delivered to each Member. If the summaries are mailed, the class of postage used shall be the same as is customarily used to mail the newsletter or other general communication in which the summaries are included. Any notice sent to the Members to advise them of the cancellation and non renewal of an insurance policy must be sent by first class mail to each Member. All mailings shall be to the Members at their respective addresses as shown in the books and records of the Association. To the extent one document provides the information required in more than one of the foregoing sections of this Article, any such requirements listed above may be satisfied by sending the Members the same document.

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(f) Restrictions on Homeowners' Use of Association's Insurance:

(i) If the insured portion of a loss involves damage to more than one lot, the full deductible amount will be shared equally by all members of the Association. If the insured portion of a loss involves damage to only one lot, that lot owner must pay the full deductible amount.

(ii) Notwithstanding the foregoing, if the damage or loss is caused by the negligence or misconduct of any owner, resident, guest, tenant or invitee of an owner, the responsible owner shall be liable to the Association for all costs associated with such damage or loss, including but not limited to, the cost of the deductible if a claim is made by the Association against its policy. However, the Association reserves the right to forego making a claim under its own policy and instead collect the full amount of the damage or loss from the culpable owner(s) or other individual(s), and/or their respective insurance carriers.

(iii) In addition, all owners have a responsibility for repairing and replacing the components they own and maintain ("owner-maintained components"), as set forth in the Association's Governing Documents. If an owner-maintained component fails causing damage to the lot, adjacent lots, or common area, the lot owner shall be liable to the Association and all other lot owners who have sustained damage as a result thereof. Some examples of this might include, but are not limited to, water damage caused by leaking water heaters, laundry machines, dishwashers or plumbing servicing an owner's lot. The Association's insurance policy will not be used to cover these types of claims or losses.

(g) Owners Required to Maintain Own Insurance. Owners and tenants shall maintain their own insurance policies to cover themselves for the Association's master policy deductible amounts or other damages sustained to persons or property located on adjacent lots or the common area which owners/tenants may be obligated to pay, for owners'/tenants' property not covered by the Association's master policy (i.e., the interior contents of the owners'/tenants' property contained within Residences, carports and/or storage cabinets, and/or loss or damage to owners'/tenants' boats, boat lifts, and/or boat trailers) and for their own liability arising out of or within the property they own or control. Neither the Association nor its insurer are liable for losses of any kind to any owners'/tenants' interior contents of his/her/their Residence, carports and/or storage cabinets. Nor is the Association or its insurer responsible for the loss of any owner's boats, boat lifts, and/or boat trailers. Owners shall maintain renters' policies where the lot is utilized as a rental property.

(h) Association-Maintained Components/Limitation of Liability:

(i) The Association's duty is to maintain the structural integrity and overall appearance of the development. The Association was not intended to and DOES NOT insure each owner against every type of damage which an owner might experience, whether caused by outside leaks or caused by maintenance (or the lack thereof) the Association is obligated to perform. Shifting some maintenance duties to the Association does not mean the Association also becomes responsible for all damage caused by a failure in the components it is maintaining.

(ii) If an owner/tenant experiences damage from an Association-maintained component which fails, the Association, its Board of Directors, and managing agent shall not be liable for damage to any persons (including, but not limited

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to, owners/tenants), the residential lots, including any and all personal property and interior furnishings located within the residential dwelling, carports, boat slips, storage spaces, resulting from water, plumbing, heating, roof leaks, power, light, telephone, gas, sewage, drainage, heat, and any other utility or service supplied and/or provided to the residential dwelling and/or common area, and maintained by the Association, which may flow, leak, intrude, or in any way enter a Residence or residential lot from the outside of any residential lots or from any part of the building, or from any pipes, drains, conduits, appliances, equipment, wires, cables, columns, girders, sub floors, unfinished floors, roofs, foundations, reservoirs, tanks, pumps, motors, ducts, flues and chutes, conduit pipes, plumbing, wires, central television antennas and other utility installations, or from any other place or cause, unless caused by the gross negligence of the Association, its Board, officers, or managing agent. This section does not violate public policy or interest. This section applies to any claims, lawsuits, or actions by an owner against the Association, its Board of Directors, and/or managing agent for any loss caused by any means specified in this section pursuant to any legal theory, including, but not limited to, the law of equitable servitudes or breach of contract.

Section 9. Owner's Liability Insurance. An Owner shall carry whatever personal liability and property damage liability insurance with respect to his or her Lot, assigned carport, boat slip, boat lift, boat trailer, boat, and storage cabinet that he or she desires. However, any such policy shall include a waiver of subrogation clause acceptable by the Board.

## ARTICLE XI

### Damage or Destruction

Section 1. Destruction: Proceeds Exceed 85 Percent of the Reconstruction Costs. If there is a total or partial destruction of any Residence or Common Facility Improvements within the Properties, and if the available proceeds of the insurance maintained pursuant to Article X are sufficient to cover not less than 85 percent of the costs of repair and reconstruction, the Improvements shall be promptly rebuilt.

Section 2. Destruction: Proceeds Less Than 85 Percent of Reconstruction Costs. If the proceeds of insurance are less than 85 percent of the cost of repair and reconstruction, repair and reconstruction of the damaged or destroyed Improvements may nevertheless take place, if, within 90 days from the date of destruction, eligible Members then holding at least 51 percent of the total voting power determine that such repair and reconstruction shall take place. If a meeting or written ballot is called to vote on the matter, the Association shall solicit and obtain bids from at least two reputable contractors to repair and reconstruct the Improvements in accordance with the original plans and shall present this information to the Owners at the meeting.

If repair and reconstruction are to take place, the Association shall execute, acknowledge, and record in the office of the County Recorder of the County not later than 120 days from the date of destruction a certificate declaring the intention of the Owners to rebuild.

Section 3. Rebuilding Procedures. If the eligible Members determine to rebuild, pursuant to Section 2, above, the Owners of all Residences shall be obligated to contribute his or her proportionate share of the cost of reconstruction or restoration over and above the available insurance proceeds. The Owners' proportionate share of the cost of reconstruction or restoration

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shall be allocated equally to each Lot.

If any Owner fails or refuses to pay his or her proportionate share, the Board may levy a Special Individual Assessment against the Lot of such Owner which may be enforced under the lien provisions contained in Article IV or in any other manner provided in this Declaration.

Section 4. Definition of "Eligible Members" Entitled to Vote. For purposes of any vote pursuant to this Article XI, the Members eligible to vote shall be the requisite percentage of the total voting power of the Association's membership.

Section 5. Rebuilding Contract. The Board shall reconstruct the damaged or destroyed portions of the Properties substantially in accordance with the original plan. The Board or its authorized representative shall obtain bids from at least three (3) reputable contractors and shall award the repair and reconstruction work to the bidder the Association Board determines to be the most qualified (which need not be the lowest bidder).

The Board shall have the authority to enter into a written contract with the contractor for such repair and reconstruction on terms deemed reasonable by the Board. The insurance proceeds shall be disbursed to the contractor according to the terms and conditions of the agreement. It shall be the obligation of the Board to take all steps which are necessary or appropriate to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

Section 6. Rebuilding Not Authorized. If the Eligible Members determine not to rebuild, then any insurance proceeds then available for rebuilding shall be used or distributed as follows:

(a) If, prior to the expiration of 120 days from the date of destruction, 75 percent of all Owners and institutional first Mortgagees with Mortgages encumbering the affected Lots within the Properties consent by vote or in writing, the Board acting on behalf of the Association shall have the right to purchase the Lots which were rendered uninhabitable by such damage or destruction at the fair market value thereof immediately prior to the damage or destruction (as determined by an appraiser in accordance with section 8, below), using the available proceeds of insurance for such purpose. Any shortage of insurance proceeds shall be made up by a Special Assessment levied against all remaining Owners (but without the consent or approval of Owners, despite any contrary provisions of this Declaration). The Board's decision as to whether or not a Lot is uninhabitable shall be final and binding on all parties. Any payment of the purchase price shall be made jointly to the selling Owner and all Mortgagees of his or her Lot and each Owner by accepting a deed to a Lot agrees to be bound by these provisions and to sell his or her Lot by grant deed to the Association as provided herein. Concurrently with such purchase, the Board or individuals authorized by the Board, acting as attorney-in-fact of all Owners shall amend the Subdivision Map and this Declaration to eliminate from the Properties the Lots so purchased.

(b) Notwithstanding the determination of eligible Members not to rebuild pursuant to Section 2 of this Article XI, any Lots which are not rendered uninhabitable shall be repaired and restored to a condition as near as possible to their condition immediately before such damage or destruction. Such repair and restoration shall be paid first from the insurance proceeds remaining after the purchase of Lots pursuant to subparagraph (a), of this Section 6, if any, and

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second from a Special Individual Assessment levied against all remaining Owners in the manner described in Section 3 of this Article XI but without the consent or approval of Owners, despite any contrary provisions of this Declaration.

(c) If the required 75 percent of all Owners and institutional first Mortgagees do not consent to purchase the Lots which were rendered uninhabitable, an appraiser shall determine the relative fair market values of all Lots in the Properties, as of a date prior to any damage or destruction and the proceeds of insurance shall be apportioned among all Owners of the uninhabitable Lots, and their respective Mortgagees, in proportion to such relative values or in the case of damage to, or destruction of, the Common Area or any Common Facility, to the Owners equally. The Board shall have the duty, within 120 days from the date of destruction, to execute, acknowledge and record in the office of the County Recorder, a certificate declaring the intention of the Members not to rebuild.

Section 7. Minor Repair and Reconstruction. In any case, the Board shall have the duty to repair and reconstruct Improvements owned by the Association or improvements it is obligated to repair and maintain, without the consent of Members and irrespective of the amount of available insurance proceeds, in all cases of partial destruction when the estimated cost of repair and reconstruction does not exceed \$20,000 in the case of destruction of any portion of the Common Area and does not exceed \$4,000 in the case of damage to any Lot Improvement. Any amounts paid by the Board up to and including \$20,000 which are not covered by insurance shall be assessed equally to the Owners of all Lots.

In the case of damage to Common Facilities which does not exceed \$20,000, the Owners of all Lots shall be assessed for an equal portion of any uninsured expense.

Section 8. Appraiser. Wherever in this Article XI or Article XII (Condemnation) reference is made to a determination of the value or fair market value of one or more Lots by an appraiser, this shall mean an appraisal by an independent appraiser selected by the Board, who shall be a member of the Society of Real Estate Appraisers (SREA) or other nationally recognized appraiser organization and who shall apply its or such other organization's standards in determining the value or fair market value of each Lot. The costs of such appraisals shall be paid from the sale or insurance proceeds, as the case may be.

## ARTICLE XII

### Condemnation

Section 1. Sale by Unanimous Consent or Taking. If an action for condemnation of all or a portion of the Properties is proposed or threatened by any governmental agency having the right of eminent domain, then, on unanimous written consent of all of the Owners and all institutional Mortgagees, the Properties, or a portion thereof may be sold and conveyed to the condemning authority by the Board or its designees acting as the attorney-in-fact of all Owners under an irrevocable power of attorney, which each Owner by accepting a deed to a Lot in the Properties hereby grants and which shall be coupled with the interest of all other Owners, for a price deemed fair and equitable by the Board. If the requisite number of Owners or institutional Mortgagees do not consent to a sale of all or a portion of the Properties, and the condemning authority institutes condemnation proceedings, the court shall fix and determine the condemnation award.



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Section 2. Distribution and Sale Proceeds of Condemnation Award.

(a) Total Sale or Taking. A total sale or taking of the Properties bans a sale or taking that (i) renders more than 50 percent of the Lots uninhabitable (such determination to be made by the Board in the case of a sale and by the court in the case of a taking) or (ii) renders the Properties as a whole uneconomical as determined by the vote or written consent of 66-2/3 percent of those Owners and their respective institutional Mortgagees whose Lots will remain habitable after the taking. However, any determination that a sale or taking is total must be made before the proceeds from any sale or award are distributed. The proceeds of any such total sale or taking of the Properties, after payment of all expenses relating to the sale or taking, shall be paid to all Owners and to their respective Mortgagees in the proportion that the fair market value of each Lot bears to the fair market value of all Lots on the Properties. The fair market value of Lots shall be determined in the condemnation action, if such be instituted, or by an appraiser.

(b) Partial Sale or Taking. In the event of a partial sale or taking of the Properties, meaning a sale or taking that is not a total taking, as determined in Section 2(a), above, the proceeds from the sale or taking shall be paid or applied in the following order of priority and any judgments of condemnation shall include the following provisions as part of its terms:

(i) To the payment of expenses of the Association in effecting the sale or to any prevailing party in any condemnation action to whom such expenses are awarded by the Court to be paid from the amount awarded; then

(ii) To Owners and to their respective Mortgagees, as their interests may appear, of Lots on the Properties whose Lots have been sold or taken, an amount up to the fair market value or such Lots as determined by the court in the condemnation proceeding or by an appraiser, less such Owners' share of expenses paid pursuant to Section 2(b)(i) (which share shall be in proportion to the ratio that the fair market value of each Owner's Lot bears to the fair market value of all Lots). After such payment, the recipient shall no longer be deemed an Owner and the Board or individuals authorized by the Board, acting as attorney-in-fact of all Owners shall amend the Subdivision Map and this Declaration to eliminate from the Properties the Lots so sold or taken; then

(iii) To any remaining Owner(s) and to his or her Mortgagees, as their interests may appear, whose Lot has been diminished in value as a result of the sale or taking disproportionate to any diminution in value of all Lots, as determined by the Court in the condemnation proceeding or by an appraiser, an amount up to the total diminution in value; then

(iv) To all remaining Owners and to their respective Mortgagees, as their interests may appear, the balance of the sale proceeds or award in proportion to the ratio that the fair market value of each remaining Owner's Lot bears to the fair market value of all remaining Owners' Lots as of a date immediately prior to commencement of condemnation proceedings, as determined by the Court in the condemnation proceeding or by an appraiser.

Section 3. Appraiser. Wherever in this Article XI reference is made to a determination of the value or fair market value of one or more Lots by an appraiser, this shall mean an appraisal by an independent appraiser selected by the Board, who shall be a member of the Society of Real Estate Appraisers (SREA)



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or other nationally recognized appraiser organization and who shall apply the SREA or other national appraisal organization's standards in determining the value or fair market value of each Lot. The costs of such appraisals shall be paid from the condemnation proceeds as an expense of the Association.

#### ARTICLE XIII

##### Breach and Default

Section 1. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration are inadequate and that the failure of any Owner, tenant, occupant or user of any Lot, or any portion of the Common Area or Common Facilities, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board of Directors, or by their respective successors in interest.

Section 2. Nuisance. Without limiting the generality of the foregoing Section 1, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 3. Costs and Attorney's Fees. In any action brought because of any alleged breach or default of any Owner or other party hereto under this Declaration, the court may award to any party in any such action such attorney's fees and other costs as the court deems just and reasonable.

Section 4. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

Section 5. Failure Not a Waiver. The failure of any Owner, the Board of Directors, the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon the Association or the Board, or any of its officers or agents.

Section 6. Rights and Remedies of the Association.

(a) Rights Generally. In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board, for and on behalf of all other Owners, may enforce the obligations of such Owner to obey such Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited to the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or the suspension of the Owner's right to use recreational Common Facilities or suspension of the Owner's voting rights as a Member of the

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Association; provided that the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this Section 6. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement as may exist by virtue of the California Civil Code section 1354 or otherwise by law.

(b) Schedule of Fines. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring; in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment.

(c) Definition of "Violation." A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures. The Association shall take reasonable and prompt action to repair or avoid the continuing damaging effects of a violation or nuisance occurring within the Common Area at the cost of the responsible Owner.

(d) Limitations of Disciplinary Rights.

(i) Loss of Rights; Forfeitures. The Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his or her Lot due to the failure by the Owner (or his or her family members, tenants, guests or invitees) to comply with any provision of the Governing Documents or of any duly enacted Association Rule except where the loss or forfeiture is the result of the judgment of a court of competent jurisdiction, a decision arising out of arbitration or a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association, or where the loss or forfeiture is limited to a temporary suspension of an Owner's rights as a Member of the Association or the imposition of monetary penalties for failure to pay Assessments or otherwise comply with any Governing Documents so long as the Association's actions satisfy the due process requirements of subparagraph below.

(ii) Monetary Penalties. Monetary penalties imposed by the Association (A) for failure of a Member to comply with the Governing Documents, (B) as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Area or Common Facilities allegedly caused by a Member, or (C) in bringing the Member and his or her Lot into compliance with the Governing Documents, may not be characterized nor treated as an Assessment which may become a lien against the Member's Lot enforceable by a sale of the Lot in nonjudicial foreclosure, provided that this limitation on the Association's lien rights shall not apply to charges imposed against an Owner consisting of reasonable late payment penalties to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorney's fees) in the Association's efforts to collect delinquent Assessments.

(e) Hearings. No penalty or temporary suspension of rights shall be imposed pursuant to this article unless the Owner alleged to be in violation is given at least 15 days prior notice of the proposed penalty or temporary suspension and is given an opportunity to be heard before the Board of Directors or appropriate committee established by the Board with respect to the alleged violation(s) at a hearing conducted at least five (5) days before the effective date of the proposed disciplinary action.

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Notwithstanding the foregoing, under circumstances involving conduct that constitutes (i) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners, (ii) a traffic or fire hazard, (iii) a threat of material damage to, or destruction of, the Common Area or Common Facilities; or (iv) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Board of Directors or its duly authorized agents may undertake immediate corrective or disciplinary action and, upon request of the offending Owner (which request must be received by the Association, in writing, within five days following the Association's disciplinary action), or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

If the Association acts on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Association no later than five days following the date when the fine is levied. The hearing shall be held no more than 15 days following the date of the disciplinary action or 15 days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.

(f) Notices. Any notice required by this Article shall, at a minimum, set forth the date and time for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents and a reference to the specific Governing Document provision alleged to have been violated. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice, provided that if notice is given by mail it shall be sent by first-class or certified mail sent to the last address of the Member shown on the records of the Association. If no address is given, notice shall be sent to the address of the Member's Lot.

#### Section 7. Court Actions/Arbitration/Mediation.

(a) Court actions to enforce the Governing Documents may only be initiated on behalf of the Association upon approval of the Board. Before initiating any court action seeking declaratory or injunctive relief to interpret or enforce the governing documents (including either of those actions coupled with a claim for monetary damages not in excess of \$5000), the Association shall first comply with the provisions of Civil Code §1354, or comparable superseding statute, relating to alternative dispute resolution.

### ARTICLE XIV

#### Notices

Section 1. Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to any Owner: To the street address of his or her Lot or to such other address as he or she may from time to time designate in writing to the Association.

If to the Association: To the street address of the principal office of the Association (or to such other address as the Association may from time to time designate in writing to the Owners).

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Section 2. Personal Service Upon Co-Owners and Others. Personal service of a notice or demand to one of the Co-Owners of any Lot, to any general partner of a partnership which is the Owner of Record of the Lot, or to any officer or agent for service of process of a corporation which is the Owner of Record of the Lot, shall be deemed delivered to all such co-owners, to such partnership, or to such corporation, as the case may be.

Section 1. Deposit in United States Mails. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered four days after deposit in the United States mail in Riverside County, California.

#### ARTICLE XV

##### No Public Rights in the Properties

Section 1. No Public Rights in the Properties. Nothing contained in this Declaration shall be deemed to be a gift or a dedication of all or any portion of the Properties to the general public or for any public use or purpose whatsoever.

#### ARTICLE XVI

##### Amendment of Declaration

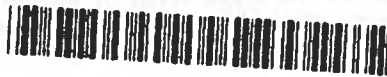
Section 1. Amendment in General.

(a) Owner Approval of Amendments. [Civil Code §1355] This Declaration may be amended by the vote or written consent of the holders of not less than fifty-one (51%) percent of all Owners. Notwithstanding any contrary provision in this Section, the percentage of the Voting Power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause or provision.

With respect to any vote hereunder the Association shall be entitled to accept the vote of any Owner of Record of a Lot as the vote of all Owners of Record of such Lot unless the Association receives more than one vote from said Co-Owners, in which case the vote of a majority of the Co-Owners shall bind all.

An amendment becomes effective after (a) the approval of the required percentage of the Voting Power of Members has been given, (b) that fact has been certified in the form of a written document executed and acknowledged by an officer designated by the Board for that purpose or, if no such designation is made, by the President of the Association and (c) the document has been properly Recorded.

(b) Approval of Specified Amendments. Notwithstanding Section 1 above, the consent of sixty-seven percent (67%) of the voting power of the Association and the approval of fifty-one percent (51%) of Eligible Lenders shall be required to add or amend (i) any provision of this Declaration which is for the express benefit of holders or insurers of First Mortgages, or (ii) any material provisions of this Declaration which establish, provide for, govern or regulate:



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- i. Voting rights.
- ii. Increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens or the priority of assessment liens.
- iii. Reductions in reserves for maintenance, repair and replacement of the Common Area.
- iv. Responsibility for maintenance and repairs.
- v. Reallocation of interests in the Common Area or Exclusive Use Common Area, or rights to their use.
- vi. Redefinition of any Separate Interest boundaries.
- vii. Converting Separate Interests into Common Area or vice versa.
- viii. Expansion or contraction of the Development, or the addition, annexation, or withdrawal of property to or from the Development.
- ix. Hazard or fidelity insurance requirements.
- x. Imposition of any restrictions on the leasing of Separate Interests.
- xi. Imposition of any restrictions on an Owner's right to sell or transfer his or her Separate Interest.

Notwithstanding the foregoing, this section may be amended by the Board to reflect changes in Lender requirements established by the VA, FHA, FNMA, FHLMC or GNMA.

(c) Eligible Lender Approval Response. An Eligible Lender who receives a written request to approve additions or amendments by certified or registered mail, return receipt requested, addressed to the address provided by such Eligible Lender, who does not deliver or post to the requesting party a negative response within thirty (30) days after the notice of the proposed addition or amendment, shall be deemed to have approved such request. No Lender may charge a fee in connection with reviewing a request for a response. Any response from a Lender which only requests a fee for review shall not be deemed a "negative response" for the purposes of determining Lender consent within the meaning of this Section.

(d) Amendment of Declaration or Bylaws by Board Vote. The Board of Directors shall have the power to amend this Declaration or the Bylaws, as the case may be, but only as this section permits. By a Majority vote of the Board, the Board shall have the power to prepare and, if necessary, to Record an amendment for either or both of the following purposes:

- (1) To correct any printing or grammatical error or omission in the Declaration or Bylaws without any vote of the Members.
- (2) To make any change in the Declaration or Bylaws required by (a) change in any applicable Law, which obligates the Association, the Board or the Owners to conform their conduct





with the terms of the Law and/or (b) to reflect changes in Lender requirements established by the VA, FHA, FNMA, FHLMC, or GNMA. If the Board approves an amendment using the procedure in this subparagraph (2), the amendment shall not be Recorded or Filed until the following procedure is implemented. The Board shall first send notice of such action to the Owners, which notice shall include the text of the proposed amendment. An amendment shall be considered ratified, unless within thirty (30) days after the date such notice is sent to the Owners, the Owners entitled to cast twenty percent (20%) of the votes in the Association, sign a written petition to reconsider the Board's action and file it with the Board. If such a petition is filed, the Board shall call a Special Meeting of the Members to reconsider the Board's action. At the meeting, unless a majority of the Voting Power of the Association rejects the proposed amendment, the amendment shall be considered ratified, whether or not a quorum is present at the Special Meeting.

This section shall not restrict the powers of the Owners to amend this Declaration or the Bylaws by any other method, but is intended to authorize a simple process for amendment where the property rights of Owners are not materially or adversely affected.

**Section 2. Effective Date of Amendment.** The amendment will be effective upon the recording in the Office of the Recorder of Riverside County a Certificate of Amendment, duly executed and certified by the president and secretary of the Association setting forth in full the amendment so approved and that the approval requirements of this Article XVI, have been duly met. Notwithstanding anything to the contrary herein contained, no such amendment shall affect the rights of the holder of any first deed of trust or Mortgage recorded prior to the recording of such amendment. If the consent or approval of any Mortgagee or other entity is required under this Declaration to amend or revoke any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained, in accordance with this Declaration.

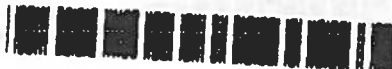
**Section 3. Reliance on Amendments.** Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

#### ARTICLE XVII

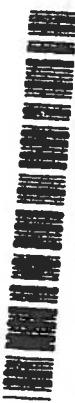
#### CANYON LAKE PROPERTY OWNERS ASSOCIATION

The following language as it pertains to the Canyon Lake Property Owners Association shall remain as originally stated in the original Declaration of Restrictions regarding Tract 3892 in the office of the County Recorder of Riverside County, California, on November 12, 1969 as Instrument No. 115955, and as set forth below:

Every person, including Declarant, who acquires title, legal or equitable, to any Lot in the tract shall become a member of the Canyon Lake Property Owners Association, a California non-profit corporation, (herein referred to as "Property Owners Association"); provided however, that such membership is not intended to apply to those persons who hold an interest in any such Lot merely as security for the performance of an obligation to pay money, e.g., mortgages,



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deeds of trust, or real estate contract purchases. Declarant's membership (by reason of its ownership of unsold lots) need not be evidenced by certificates of membership as provided in the Property Owners Association's Bylaws.

The general purpose of the Property Owners Association is to further and promote the community welfare of property owners in the tract and subdivision. So as to assure the opportunity to all owners to acquire full knowledge of said Property Owners Association's activities, each such owner shall be notified not less than seven (7) days nor more than sixty (60) days prior to any meeting of Property Owners Association members. Said notice shall specify a reasonable place, date and hour, and in the case of a special meeting, the general nature of the business to be conducted.

The Property Owners Association shall be responsible for the maintenance, repair, and upkeep of the private streets, parks and pedestrian easements, within the subdivision and the appurtenant drainage improvements and slope easements reserved by Declarant. Said maintenance, repair and upkeep shall be done in a continual and workmanlike manner and in no case shall the level of such maintenance, repair and upkeep be below the level of such care which would have been provided by the County of Riverside, has such streets, parks, pedestrian easements, drainage easements and slope easements been owned by said County.

The Property Owners Association shall also be the means for the promulgation and enforcement of all regulations necessary to the governing of the use and enjoyment of such streets and parks and such other properties within the Subdivision as it may from time to time own.

The Property Owners Association shall also be responsible for the maintenance and operation of the recreational facilities to be acquired by the Property Owners Association from the Declarant, by means of a Trust Agreement, when 3500 single family residential lots have been sold by Declarant in said Subdivision or on January 31, 1973, whichever occurs first. At such time, the Property Owners Association shall also be the means for the promulgation and enforcement of such recreational facility rules.

For the purpose of proportionately dividing the Property Owners Association's expenses incurred in the maintenance of its properties and in furthering and promoting its purposes, the Property Owners Association shall have all the powers that are set forth in its Articles of Incorporation and By-Laws or that belong to it by operation of law, including the power to levy against every lot in the Tract and Subdivision uniform annual charges as set forth in its By-Laws of not less than Twenty Dollars (\$20.00) nor more than Fifty Dollars (\$50.00) per year for the operation and maintenance of the streets, parks, pedestrian easements, drainage improvements and slope easements; and not less than One Hundred Eight Dollars (\$108.00) nor more than Two Hundred Dollars (\$200.00) for the operation and maintenance of the recreation facilities to be acquired.

Every such charge made shall be paid by the member to the Property Owners Association on or before the date established by its Board of Directors pursuant to the resolution adopted by such Board of Directors fixing the amount of the annual charge. Written notice of the charge so fixed and the date of payment shall be sent to each member. Said charges shall remain a lien upon the property of the respective member until paid.

Upon the adoption of a resolution of charges, the Property Owners Association shall forthwith cause a notice thereof and of the lien created

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thereby to be signed and acknowledged by it and recorded in the Office of the County Recorder of Riverside County, California.

Such recorded notice shall embody said resolution and state the rate of the charge, the time payable, and when it becomes a lien. When paid, the Property Owners Association shall from time to time execute, acknowledge and record in the Office of the County Recorder of Riverside County, California, a release or releases of lien with respect to the property for which payment has been made. Full receipts shall be issued to Lot owners upon payment.

Each Lot owner in the Tract and Subdivision shall, by acceptance of a deed thereto or the signing of a contract or agreement to purchase the same, whether from Declarant or a subsequent owner of such Lot, bind himself, his heirs, personal representatives and assigns to pay all charges determined and levied upon such Lot, including interest thereon and collection costs thereof, if any, including attorneys' fees; and the obligation to pay such charges, interest and costs thereby constitutes an obligation running with the land. Sale or transfer of any Lot shall not affect any lien for charges provided for herein.

All liens herein provided for shall be enforceable by foreclosure and sale proceedings in the manner provided by law for the foreclosure and sale of mortgages and/or trust deeds; provided, however, that no proceeding for foreclosure shall be commenced except upon expiration of two (2) months from and after the date the charge giving rise to such lien becomes due and payable.

The funds arising from such charges, so far as may be sufficient, shall be applied toward the payment of expenses incurred by the Property Owners Association in the maintenance of its properties and in furthering and promoting the community welfare of property owners in the Tract and Subdivision all as set forth and provided in its articles of incorporation and By-Laws.

OWNERSHIP, USE AND ENJOYMENT OF STREETS,  
PARKS AND RECREATIONAL AMENITIES

Each of the streets in the Tract and Subdivision, except Railroad Canyon Road, is a private street, and every park, recreational facility, and other amenity within the Tract or Subdivision is a private park, facility or amenity. An easement for the use and enjoyment of each of said streets and areas designated on the Subdivision Maps as parks, and areas designated on said Maps as pedestrian easements, is reserved to Declarant, its successors and assigns; to the person who are, from time to time, members or associates members of the Property Owners Association; to the residents, tenants, and occupants of any multi-family residential building, guesthouse, inn or hotel facilities, and all other kinds of residential structures that may be created within the boundaries of the Tract or Subdivision to the owner and/or operator of the dam and lake facility, its successors and assigns, and to the invitees of all of the aforementioned persons.

Declarant has previously offered said private streets to Riverside County for dedication to public use, the acceptance of which was rejected.

The Property Owners Association may request the inclusion of said streets into the County Street System, at any time provided, however, that such request shall not be made by said Property Owners Association except upon a two-thirds (2/3) vote of its members entitled to vote.

Declarant hereby covenants, for itself, its successors, and assigns, that it will convey fee simple title to the streets and to those areas designated as

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The Association shall discharge its obligation to notify Eligible Mortgage Holders or Eligible Insurers or Guarantors by sending written notices required by this Declaration to them at the address given on the current request for notice in the manner prescribed by Article XIV of this Declaration.

Section 2. Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration shall run with, and shall benefit and burden the Lots and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors, and its officers and agents, and their respective successors in interest, for the term of 60 years from the date of the recording of this Declaration, after which time the same shall be automatically extended for successive periods of 10 years each unless, within 6 months prior to the expiration of the initial 60-year term or any such 10-year extension period, a recordable written instrument, approved by 66 2/3's percent of all Owners terminating the effectiveness of this Declaration shall be filed for recording in the Office of the County Recorder of Riverside County, California.

Section 3. Construction of Declaration.

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

(b) Restrictions Severable. Notwithstanding the provisions of subparagraph (a) above, the covenants, conditions, and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c) Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context requires.

(d) Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.

(e) Exhibits. All exhibits to which reference is made herein are deemed to be incorporated herein by reference, whether or not actually attached.

Dated: 7-4-00

By William C Tolcher  
William Tolcher, President of  
Canyon Lake Villas Association

By Natalie Sims  
Natalie Sims, Secretary of  
Canyon Lake Villas Association



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08-01-2000 04:00 AM  
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**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California  
 County of Los Angeles } ss.

On July 4, 2000, before me, Michelle A. Tolcher  
Name and Title of Officer (e.g. "Jane Doe, Notary Public")  
 personally appeared William Tolcher + Natalia Sims  
Name(s) of Signer(s)

personally known to me  
 proved to me on the basis of satisfactory evidence

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



WITNESS my hand and official seal.

Michelle A. Tolcher  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

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

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date \_\_\_\_\_

Number of Pages \_\_\_\_\_

Signer(s) Other Than Named Above \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name \_\_\_\_\_

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

Signer is Representing \_\_\_\_\_



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08/18/2000 00:00  
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**EXHIBIT A**

**CERTIFICATION OF PRESIDENT OF CANYON  
LAKE VILLAS ASSOCIATION AS TO APPROVAL OF AMENDED  
AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND  
RESTRICTIONS OF CANYON LAKE VILLAS ASSOCIATION**

I, William Tolcher declare and state as follows:

1. I certify that I am the President of Canyon Lake Villas Association, a California nonprofit mutual benefit corporation (hereinafter "Association").
2. This document is executed by me for the purpose of certifying the requisite approval for the Amended and Restated Declaration of Covenants, Conditions, and Restrictions of Canyon Lake Villas Association ("Amended and Restated CC&Rs"), solicited by the Association, pursuant to Corporations Code § 7513 and the Association's governing documents. A copy of the Solicitation Statement and Written Ballot is attached hereto as Exhibit A.
3. According to Section 4. TERM, SCOPE AND DURATION of the Association's original Declaration of Restrictions Re: Tract 3892 ("Original Declaration"), the Original Declaration may be amended by the written consent of two-thirds (2/3) of the record owners of all 36 lots in the Association.
4. I hereby certify that, according to the books and records of the Association at the time of the mailing of the Solicitation Statement and Written Ballots, there were thirty-six (36) total votes which were entitled to be cast on the foregoing Amended and Restated CC&Rs, one for each of the thirty-six (36) Owners and Members of the Association. There are no remaining voting rights of the Declarant. As such, at least twenty-seven (27) votes or written consents of the voting power must be cast in favor of the Amended and Restated CC&Rs in order to approve the proposed Amended and Restated CC&Rs.
5. After tabulating the ballots received on or before April 29, 2000 in response to the Solicitation Statement, the vote count was as follows:

**Amended and Restated Declaration of Covenants, Conditions, and Restrictions  
of Canyon Lake Villas Association.**

Total Ballots Received	Yes	No
31	29	2

6. Therefore, the requisite votes required under the Association's Governing Documents to approve the proposed Amended and Restated CC&Rs were obtained.

On behalf of the Association, I declare under penalty of perjury under the laws of the State of California that the foregoing facts are true and correct.

Executed on 5-18-00, 2000, at Canyon Lake, California.

By: William C Tolcher  
William Tolcher, President of Canyon Lake  
Villas Association

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05/11/2000 00:00:00

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of Los Angeles } ss.

On May 28, 2000, before me, Michelle A Tolcher  
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")

personally appeared William C Tolcher  
Name(s) of Signer(s)

personally known to me  
 proved to me on the basis of satisfactory evidence



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

WITNESS my hand and official seal.

Michelle A Tolcher  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

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

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

- Signer's Name \_\_\_\_\_
- Individual \_\_\_\_\_
- Corporate Officer — Title(s) \_\_\_\_\_
- Partner — Limited General \_\_\_\_\_
- Attorney in Fact \_\_\_\_\_
- Trustee \_\_\_\_\_
- Guardian or Conservator \_\_\_\_\_
- Other \_\_\_\_\_

Signer is Representing \_\_\_\_\_

