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(Space Above For Recorder's Use)

**SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
LOS PASEOS ASSOCIATION**

NOTICE OF RENTAL RESTRICTION

**THIS DOCUMENT CONTAINS RESTRICTIONS WHICH MAY LIMIT YOUR
ABILITY TO LEASE YOUR RESIDENCE.**

Please note that the Los Paseos Association has a twenty-five percent (25%) rental cap. Written approval of the Board is required to lease a Lot and Residence. You are directed to review the restrictions contained in Article 5 of this Declaration.

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SECOND AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
LOS PASEOS ASSOCIATION

This Second Amended and Restated Declaration of Covenants, Conditions and Restrictions is made on the date hereinafter set forth by Los Paseos Association, a nonprofit mutual benefit corporation (hereinafter sometimes referred to as the "Association").

RECITALS

A. WHEREAS, the Association recorded the Restated Declaration of Covenants, Conditions, and Restrictions of Los Paseos Association on July 19, 2000, as Document No. 15322091 in the Official Records of Santa Clara County, California ("2000 Declaration").

B. WHEREAS, the 2000 Declaration, as restated, establishes certain limitations, easements, covenants, restrictions, conditions, liens, and charges which run with and are binding upon all parties having or acquiring any right, title, or interest in that certain parcel of real property located in the County of Santa Clara, State of California, and more particularly described as follows:

Lots 20 to 125 inclusive, and Lots 140 to 274 inclusive, of Tract No. 4513 in the County of Santa Clara, State of California, per map filed in Book 240 pages 33, 34 and 35 of Maps, recorded July 24, 1968, Records of said County; and

Lots 275 to 310 inclusive, of Tract No. 4219 in the County of Santa Clara, State of California, per map filed in Book 269, Page 8 of Maps, recorded June 10, 1970, Records of said County; and

Lots 311 and 346 of Tract No. 4937 in the County of Santa Clara, State of California, per map filed in Book 284, Page 22 of Maps, recorded June 2, 1971, Records of said County.

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C. WHEREAS, Members, constituting not less than fifty-one percent (51%) of the Owners of the Association, desire to amend, modify, and otherwise change the 2000 Declaration, as restated, pursuant to Article XVI, Section 1 thereof.

D. NOW, THEREFORE, pursuant to Article XVI, Section 1 of the 2000 Declaration, as restated, Members, constituting not less than fifty-one percent (51%) of the Owners of the Association, do hereby declare that the aforesaid 2000 Declaration, as restated, be and hereby is, AMENDED AND RESTATED IN ITS ENTIRETY as set forth within this Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Los Paseos Association. This Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Los Paseos Association replaces and supersedes all previously-recorded Declarations of Covenants, Conditions and Restrictions of Los Paseos Association.

E. IT IS FURTHER HEREBY DECLARED that all of the real property described herein constitutes a Planned Development within the meaning of *Civil Code* section 4175.

F. IT IS FURTHER HEREBY DECLARED that all of the real property described herein is held and owned and shall be held, owned, operated, managed, conveyed, hypothecated, encumbered, leased, used, occupied, and improved subject to the following covenants, conditions, and restrictions, all of which are declared and agreed to be in furtherance of a plan and purpose of protecting, preserving, and enhancing the value, desirability, and attractiveness of the said real property and every part thereof, and of fostering the development, management, improvement, enjoyment, and sale of the said real property and any part thereof.

G. IT IS FURTHER HEREBY DECLARED that all of the covenants, conditions, and restrictions herein set forth shall constitute enforceable equitable servitudes as provided in *Civil Code* section 5975, shall constitute covenants that shall run with the said real property, and shall be binding upon and inure to the benefit of each Owner of any portion of the said real property or of any interest therein and their heirs, successors, and assigns.

ARTICLE 1

DEFINITIONS

1.1 Additional Charges. "Additional Charges" shall mean all costs, fees, charges, and expenditures including, without limitation, interest, late

charges, attorneys' fees, recording and filing fees, and all other costs actually incurred by the Association in collecting and/or enforcing payment of Assessments, fines, and/or penalties.

1.2 Alley. "Alley" means the strip of land approximately 20 feet in width running behind 84 through 128 Bernal Road and behind 6804 and 6898 Avenida Rotella and more particularly described as follows:

Beginning at the Southwesterly common corner for Lots 275 and 293, on the Northwesterly line of Via Del Oro, as shown on the Map first above referred to; thence from said point of beginning and along the line dividing Lots 275 thru 292 from Lots 293 thru 310, as shown on the Map above referred to, N 26° 27' 00" E. 1121.06 feet to the Northeasterly common corner for Lots 292 and 310 on the Southwesterly line of Via Serena as shown on the Map first above referred to, and the terminus of the line described herein, the Southwesterly terminus of said 20.00 feet easement is to terminate on the Northeasterly line of said Via Del Oro and the Northeasterly terminus of said 20.00 foot easement is to terminate on the Southwesterly line of said Via Serena.

1.3 Annual Assessments. "Annual Assessments" shall have the meaning set forth in Section 8.6.

1.4 Architectural Review Committee. "Architectural Review Committee" and "ARC" shall mean the Architectural Review Committee, if any, created pursuant to Article 7 of this Declaration and Article 10 of the Bylaws.

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

1.6 Assessments. "Assessments" shall mean any or all of the following: Annual Assessments, Special Assessments, and Reimbursement Assessments.

1.7 Association. "Association" shall mean the Los Paseos Association, its successors and assigns.

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

1.9 Bylaws. "Bylaws" shall mean the Second Amended and Restated Bylaws of Los Paseos Association and any duly adopted amendments thereto.

1.10 Capital Improvement. "Capital Improvement" shall mean the original construction of an improvement that did not previously exist, as distinguished from the repair, upgrading, or replacing of an existing improvement.

1.11 Civil Code. "*Civil Code*" shall mean the California Civil Code as amended from time to time.

1.12 Common Area. "Common Area" shall mean all real and personal property, improvements, and airspace owned by the Association for the common use and enjoyment of the Owners and Residents of the Development, including but not limited to: the swimming pool and apron area, pool storage and pump house, pool furniture, Club House, tennis courts, volleyball court, Clubhouse parking lot, landscaping, fences, utilities, pipes, lines, lighting fixtures, buildings, structures, and other facilities constructed or installed, or currently located within the property commonly known as 7047 Via Ramada, San Jose, CA.

1.13 County. "County" shall mean the County of Santa Clara.

1.14 Declaration. "Declaration" shall mean this Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Los Paseos Association, recorded in the Office of the County Recorder of Santa Clara County, California, and any amendments thereto.

1.15 Development. "Development" shall mean all the real property described in this Declaration which comprises the Los Paseos development, including such additions thereto as may hereafter be brought within the jurisdiction of the Association.

1.16 Governing Documents. "Governing Documents" shall mean the Articles, Bylaws, Declaration and Rules adopted by the Board and distributed to the Members.

1.17 Lot. "Lot" shall mean any plot of land shown upon any recorded subdivision map of the Development upon which a Residence has been constructed; the term "Lot" shall not include Common Area. There are 279 Lots in the Development.

1.18 Maintenance. "Maintenance" or to "maintain" (whether the term is capitalized or not) shall mean the act of caring for property and keeping it in its existing state, preserving it from failure or deterioration, including painting, caulking, cleaning, and minor, non-structural upkeep.

1.19 Member. "Member" shall mean an Owner.

1.20 Member in Good Standing. "Member in Good Standing" shall mean a Member of the Association who: is current in the payment of all Assessments, fines, penalties, and other charges imposed in accordance with the Governing Documents; is otherwise free from sanctions imposed by the Association; and is in compliance with all provisions of the Governing Documents.

1.21 Mortgage. "Mortgage" shall mean a deed of trust as well as a mortgage in the conventional sense.

1.22 Mortgagee. "Mortgagee" shall mean a beneficiary under a deed of trust as well as under a Mortgage.

1.23 Owner. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Development.

1.24 Party Wall/Party Fence. "Party Wall" or "Party Fence" shall mean each wall or fence and/or gate built as part of the original construction of the Residences within the Development and placed on the boundary line between the Lots.

1.25 Reimbursement Assessment. "Reimbursement Assessment" shall have the meaning set forth in Section 8.9.

1.26 Repair. "Repair" (whether the term is capitalized or not) shall mean the minor restoration of property that is torn, broken, or otherwise damaged, or has sustained wear, tear, or deterioration such that minor restoration is necessary.

1.27 Replacement. "Replacement" or to "replace" (whether the term is capitalized or not) shall mean substantial reconstruction, restoration, or substitution of the whole or a substantial part of property that has been damaged or destroyed through usage or through hazard or catastrophe such that it is no longer useable or serviceable in its current condition.

1.28 Residence. "Residence" shall mean a residential structure located upon a Lot which is designed for human residential use and occupancy. The term "Residence" shall include any garage, porch, stoop, deck, balcony, entry steps, patio, etc. serving the Residence.

1.29 Resident. "Resident" shall mean any person who resides on a Lot within the Development whether or not such person is an Owner as defined in Section 1.23 above.

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

1.31 Single Family Residential Use. "Single Family Residential Use" means occupation and use of a Residence 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.

1.32 Simple Majority. "Simple Majority" and "Simple Majority of the Members" shall mean a majority of the votes cast by Members in which the number of votes cast meets or exceeds the number required to establish a quorum.

1.33 Special Assessment. "Special Assessment" shall have the meaning set forth in Section 8.7.

1.34 Subdivision Map. "Subdivision Map" shall be that certain Map of Subdivision 4513 recorded July 24, 1968, in Book 240, Pages 33, 34 and 35 in the Office of the County Recorder of Santa Clara County; that certain Map of Subdivision 4219 recorded June 10, 1970 in Book 269, Page 8 in the Office of the County Recorder of Santa Clara County; and that certain Map of Subdivision 4937 recorded June 2, 1971 in Book 284, Page 22 in the Office of the County Recorder of Santa Clara County.

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

ARTICLE 2

HOMEOWNERS ASSOCIATION

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

2.2 Membership. Every Owner of a Lot within the Development shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot, and shall not be transferred, encumbered, pledged, alienated, or hypothecated in any way, except upon the transfer or encumbrance of the Lot to which it is appurtenant. Any attempt to make a prohibited transfer is void. Upon any transfer of title to a Lot including a transfer upon the death of an Owner, membership in the Association shall pass automatically to the transferee.

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

2.4 Board of Directors. The affairs of the Association shall be managed by or under the direction of a Board of Directors, the members of which shall meet the qualifications as set forth in the Bylaws. Directors shall be elected or appointed as provided in the Bylaws.

2.5 Association Rules. Subject to *Civil Code* sections 4340 *et seq.*, the Board of Directors shall have the power and the authority to establish, promulgate, amend, repeal, and enforce such Rules as the Board deems necessary for the management and operation of the Development and the conduct of business and affairs of the Association.

2.6 Assessments. The Association shall have the power and duty to levy and collect Assessments, as more particularly set forth in Article 8 of this Declaration.

2.7 Insurance. The Board shall obtain and maintain the insurance policies as provided below.

2.7.1 General Provisions and Limitations. All insurance policies obtained and maintained by the Board on behalf of the Association shall be subject to and, where applicable, shall contain the following provisions and limitations:

(a) Named Insured. Unless otherwise provided in this Section, the named insured shall be the Association or its authorized representative, as a trustee for the Owners. However, all policies shall be for the benefit of Owners and their Mortgagees, as their interests may appear.

(b) Authority to Negotiate. Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Board.

(c) Subrogation. All policies shall include a waiver of subrogation by the insurer as to any claims against the Board, the manager, and/or the Owners.

(d) Primary Coverage. The policy or policies obtained by the Association will be primary to all other insurance.

(e) Cancellation/Modification. No policy may be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association.

(f) Endorsements. All policies shall include an agreed amount endorsement, if the policy contains a coinsurance clause; a replacement cost endorsement; and an inflation guard endorsement.

2.7.2 Types of Coverage. The following policies shall be obtained:

(a) Property Insurance. A policy of property insurance with the "causes of loss – special form" endorsement covering all insurable Common Area improvements, including fixtures and building service equipment, against loss or damage by fire or other casualty, in an amount equal to the full replacement cost (without respect to depreciation) of all insurable Common Area improvements.

(b) Liability Insurance. A commercial general liability policy with limits set by the Board but in no event less than those set forth in *Civil Code* section 5805. The policy shall include the Association, Board and Owners as insureds. If available, each policy shall contain a cross liability endorsement in which the rights of the named insured shall not be prejudiced with respect to any action by one named insured against another named insured.

(c) Workers' Compensation. Workers' compensation insurance to the extent necessary to comply with all applicable laws of the State of California or the regulations of any governmental body or authority having jurisdiction over the Development.

(d) Fidelity Bond. A fidelity bond or employee dishonesty policy naming the Board, the Owners, the Association and such other persons as the Board may designate as obligees, in an amount which shall be determined by the Board. This bond or policy shall extend coverage for acts of employees, agents, volunteers, the management company, and management company employees.

(e) Directors and Officers. A policy covering individual liability of Directors, officers and the Association for the negligent acts or omissions of the Directors and officers in an amount equal to at least the minimum amount specified in *Civil Code* section 5800. The policy shall include coverage for the acts of the agents of the Board and/or Association, including the management company and its employees and Association committee members and volunteers, if such coverage is available.

(g) Other Insurance. The Association may obtain other types of insurance as the Board determines to be necessary to fully protect the interests of the Owners.

2.7.3 Deductible. Owners shall be responsible to pay the deductible on any Association-maintained insurance applicable to a loss resulting from the conduct, omission or negligence of the Owner, Resident (including tenant), or his or her invitee or guest or from any loss that emanates from an Owner's Lot which damages Common Area, the Owner's Lot, improvements and/or personal property, and/or the Lot, improvements and/or personal property of another Owner. The Association shall be responsible for payment of the deductible on Association-maintained insurance in all other instances.

2.7.4 Claims Submission. No Owner may make a claim to or put either the agent or any insurance company providing insurance to the Association on notice of any damages or claim relating to Association-maintained insurance. Claims may only be made by the Association.

2.7.5 Annual Review. The Board shall review the adequacy of all insurance, including the amount of liability coverage and the amount of property damage coverage, at least once every year. At least once every three (3) years, the review shall include a replacement cost appraisal of all insurable Common Area improvements without respect to depreciation. The Board shall adjust the policies to provide the amounts and types of coverage and protection that are customarily carried by prudent owners of similar property in the area in which the Development is situated.

2.7.6 Annual Summary to Members. The Association shall provide a summary of all existing Association policies of property, general liability, earthquake, flood and fidelity insurance, as required by *Civil Code* section 5300(b)(9).

2.8 Insurance by Owner. Each Owner shall, at that Owner's sole cost and expense, obtain and maintain a "special causes of loss" policy in an amount

equal to or greater than the total replacement value of the insurable improvements on the Lot, including the Residence, and personal property contained therein (commonly known as a "HO-3" policy). The policy shall provide liability coverage in such amounts and for such acts or omissions as are normally and customarily included in homeowners property insurance coverage of the types required herein. Each Owner shall also consider maintaining a policy which includes the following coverage: dwelling, contents, loss assessment and loss of use. However, no Owner shall be entitled to maintain insurance coverage in a manner so as to decrease the amount which the Association, on behalf of all Owners and their Mortgagees, may realize under any insurance policy which the Association may have in effect at any time. The Board may require any Owner, and may periodically require all Owners, to provide a certificate from the Owner's insurer certifying that the required insurance under this Section 2.8 has been procured and is in full force and effect; provided, however, that neither the Association nor the Board shall be responsible for procuring insurance on an Owner's behalf or verifying that Owners are maintaining the required insurance.

2.9 Insurance by Tenant. Each Owner who rents or leases out his or her Lot shall: (i) require the tenant to obtain and maintain a "renter's policy" (also known as an "HO-4" policy; and (ii) provide to the Board a certificate from the tenant's insurer certifying that the required insurance under this Section 2.9 has been procured and is in full force and effect; provided, however, that neither the Association nor the Board shall be responsible for procuring insurance on a tenant's behalf or verifying that tenants are maintaining the required insurance to cover such tenant's property and provide liability coverage.

2.10 Acquisition of Property. The Board, acting on behalf of the Association, shall have the power to acquire (by gift, purchase, or otherwise), real or personal property in connection with the affairs of the Association; provided, however, that in any fiscal year acquisitions by purchase for items not included in the reserve budget shall not exceed ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year, except upon the approval of a majority of the Total Voting Power of the Association. This provision shall not apply to any property acquired by the Association by foreclosure pursuant to Article 8 of the Declaration.

2.11 Capital Improvements. The Board of Directors shall have the power and authority to provide for the construction, installation, or acquisition of Capital Improvements upon the Common Area, provided that in any fiscal year expenditures for Capital Improvements shall not exceed ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year, except upon the approval of a majority of the Total Voting Power of the Association.

2.12 Sale or Transfer of Association Property. Except as otherwise provided herein or by law, the Board of Directors shall not in any fiscal year sell, lease, or transfer property owned by the Association having a value in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the approval of a majority of the Total Voting Power of the Association. This provision shall not apply to any property acquired by the Association by foreclosure pursuant to Article 8 of the Declaration.

ARTICLE 3

OWNERSHIP RIGHTS AND EASEMENTS

3.1 Common Area. Subject to the provisions of the Declaration, the Common Area shall be held, maintained and used to meet the common interests of the Members of the Association and their families, tenants, guests and invitees as provided in the Governing Documents. Use of the Common Area by non-members shall be subject to the Board's discretion.

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

(a) The right of the Board of Directors to establish and enforce reasonable Rules governing the use of the Common Area and facilities thereon;

(b) The right of the Board to charge reasonable admission and other fees for the use of any facilities situated upon the Common Area;

(c) The right of the Board to suspend an Owner's rights and privileges as a Member, including voting rights and the right to use the recreational facilities, for any period during which any Assessment against such Owner's Lot remains unpaid and/or for a violation of the Governing Documents of the Association;

(d) The right of the Board to mortgage, pledge, encumber, or otherwise hypothecate the Common Area and facilities thereon as security for money borrowed by the Association, subject to any Member approval requirements set forth in this Declaration or the Bylaws; and

(e) The right of the Association or its authorized agents, as provided in this Declaration, to perform its obligations under this Declaration,

including obligations with respect to construction, maintenance, repair, or replacement for the benefit of the Common Area or the Owners in common.

3.3 Acquisition of Ownership Interest. Any person who acquires title to a Lot or any ownership interest within the Development must notify the Association of his or her acquisition of an ownership interest. Notice must be provided in writing, to the Association's managing agent, within thirty (30) days of the person's acquisition of an ownership interest.

3.4 Delegation of Rights of Use and Enjoyment. Any Owner may delegate his or her rights of use and enjoyment, including easements, in the Development to the members of his household, tenants, guests and invitees, subject to the terms of the Governing Documents. Each Owner shall notify the Association's managing agent of the names of any tenants of such Owner's Lot. Each Owner and/or tenant shall also notify the Association's managing agent of the names of all members of his or her household to whom such Owner or tenant has delegated any rights of enjoyment in the Development as provided herein and the relationship which each such person bears to such Owner or tenant. Any rights of enjoyment delegated pursuant to this Section are subject to suspension to the same extent that rights of Owners are subject to suspension as provided in the Governing Documents. The renting and leasing of Lots shall be subject to the provisions of Article 5 of this Declaration.

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

3.6 Easements in General. In addition to all easements reserved and granted on the Subdivision Map(s), and the easements provided in Section 3.2, there are hereby specifically reserved and granted for the benefit of the Lots and Lot Owners in common and for each Lot and Lot Owner severally, and for the Association, as their respective interests shall obtain, the easements, reciprocal negative easements, secondary easements and rights of way as particularly identified in this Article 3.

3.7 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Lot and such portion or portions of the Common Area adjacent thereto and/or as between adjacent Lots due to the unwillful placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon in accordance

with the terms of the Declaration; provided, however, that in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, a tenant, or the Association.

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

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

3.9 Easements Granted by the Board. The Board shall have the power to grant and convey to any person or entity easements and rights of way, in, on, over, or under the Common Area for the purpose of constructing, erecting, operating, or maintaining thereon, therein, or thereunder overhead or underground lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkler systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities, and for any other purposes deemed by the Board to be appropriate and not inconsistent with the purposes and interests of the Association; provided, however, that no such easements may be granted if such easement would interfere with the use, occupancy, or enjoyment by an Owner or Resident of any Lot and any existing exclusive easements over Common Area appurtenant thereto, if any, without the consent of the Owner(s) affected.

3.10 Partition Prohibited. There shall be no judicial partition of the Development, or any part thereof, nor shall any Owner or any person acquiring

any interest in the Development or any part thereof seek any judicial partition thereof; provided, however, that if any Lot is owned by two or more co-tenants as tenants in common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition by sale as between such co-tenants.

3.11 Party Walls/Party Fences. The following provisions shall govern Party Walls and/or Party Fences:

3.11.1 General Rules of Law to Apply. To the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding Party Walls and Party Fences and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

3.11.2 Sharing of Maintenance, Repair and Replacement. The cost of reasonable maintenance, repair and/or replacement of a Party Wall or Party Fence, including gates, shall be shared by the Owners of the wall/fence and/or gate equally unless otherwise agreed to by such Owners in writing.

3.11.3 Lack of Maintenance by Owner. If a Party Wall or Party Fence, including gates, is destroyed or damaged by fire or other casualty, any Owner who has used the wall or fence may restore it, and if the other Owners thereafter make use of the wall or fence and/or gate, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

3.11.4 Weatherproofing. Notwithstanding any other provision of this Section 3.11, an Owner who, by his or her negligent or willful act, causes a Party Wall or Party Fence, including gates, to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

3.11.5 Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Section 3.11 shall be appurtenant to and run with the land and shall pass to such Owner's successors in title.

3.11.6 Resolution of Disputes. If any dispute arises concerning a Party Wall or Party Fence, including gates, the Owners of the wall or fence and/or gate shall resolve the disputes amongst themselves in any manner permitted by law.

3.11.7 Modifications. No Owner shall alter the size, shape, or configuration or use any materials different from those used in the initial

construction of any Party Wall or Party Fence, including gates, without obtaining the prior written approval of the Board, as required by Article 7 herein.

ARTICLE 4

USE RESTRICTIONS

4.1 Residential Use. Except to the extent permitted by Section 4.3, below, Lots shall be occupied and used for residential purposes only. The number of Residents per Lot shall not exceed two (2) individuals per bedroom plus one (1), so long as said limitation is not in conflict with any governmental regulation or ordinance.

4.2 Rental of Lots. The rental or lease of any Lot within the Development shall be subject to the provisions of the Governing Documents and Article 5 of this Declaration.

4.3 Restriction on Businesses. No business of any kind shall be established, maintained, operated, permitted, or conducted within the Development except for such commercial uses of the Common Area as be specifically authorized by the Board and such care facilities and professional and administrative businesses as may be permitted by applicable statutes and governmental ordinances and provided that there shall be no external evidence thereof. Copies of any licenses or permits issued or required for such businesses allowed by this Article must be provided to the Association at all times that such businesses are operated.

4.4 Child Care Facilities. Child care facilities may be maintained in any Lot within the Development so long as they comply with all governmental requirements. The owner/operator of any permitted day care facility shall provide the Association with prior written notice as to its operation and comply with all local and state laws regarding the licensing and operation of a day care center and, in addition, shall:

(a) Name the Association as an additional insured on the liability insurance policy or bond carried by the owner/operator of the day care center, as provided under *Health and Safety Code* section 1597.531. This Section 4.4(a) is intended to be and shall be conclusively deemed to be the written request to the operator or owner from the Association as specified in *Health and Safety Code* section 1597.531;

(b) Defend, indemnify and hold the Association harmless from any claim, demand, loss, liability, action or cause of action arising out of the existence and operation of the day care center;

(c) Abide by and comply with all of the Association's Governing Documents, including all Rules;

(d) Supervise and be completely responsible at all times for children for whom day care services are provided while they are within the Development; and

(e) Cooperate with the Association if the Association's insurance agent or carrier requires proof of insurance, proof of the agreement of the owner or operator of the center to these conditions, or other reasonable requests.

4.5 Offensive Conduct, Nuisances, Noise. No harmful or offensive activities shall be conducted upon or within any part of the Development, nor shall anything be done thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to any Residents of the Development, or which shall in any way interfere with their use of the Common Area or the use and enjoyment of their Lots. Without limiting any of the foregoing, no Resident shall permit noise, including but not limited to the barking of dogs, to emanate from the Resident's Lot, which would unreasonably disturb another Resident's enjoyment of his or her Lot or of the Common Area.

4.6 Use of the Common Area. All use of Common Area is subject to the Governing Documents and no modifications of any type shall be made to the Common Area without the express written permission of the Board. The Common Area shall be kept free of rubbish, debris, and other unsightly or unsanitary materials. Each Owner shall avoid causing any damage to the Common Area. No portion of the Common Area shall be monopolized by any Owner, group of Owners, Residents, tenants, guests or invitees without the prior written approval of the Board of Directors.

4.7 Hazards. There shall be no obstruction of any part of the Common Area. Nothing shall be done, placed, or kept within the Development that will increase the rate of insurance or result in the cancellation of insurance under any insurance policy obtained by the Association, or which will be in violation of any governmental statute, ordinance, rule, or regulation. Nothing shall be stored in the Common Area without the prior consent of the Board. Each Owner and Resident shall comply with all requirements of all federal, state, and local governmental authorities and all laws, ordinances, rules and regulations applicable to his or her Lot.

4.8 Requirement of Architectural Approval. As addressed in greater detail in Article 7, construction, installation, modification, or alteration of buildings, outdoor structures, landscaping, and outdoor lighting, which are

visible from the streets, Common Area or other Lots, are subject to approval of the Board.

4.9 Prohibition on Smoking. In order to protect all Residents' enjoyment of the Common Area as well as protect against damage caused by fire, the smoking in Common Area (including but not limited to the swimming pool and apron area, Club House, tennis courts, cabana, and volleyball court) is strictly prohibited. "Smoking" shall include the inhaling, exhaling, burning or carrying of any lit cigarette, cigar, any other tobacco product, marijuana and/or illegal substance.

4.10 Mailboxes and Exterior Newspaper Tubes. Mailboxes shall comply with all applicable postal regulations and Architectural Rules, if any. Free-standing newspaper tubes are prohibited.

4.11 Outside Drying and Laundering. No outside clothesline or other outside clothes washing, drying, or airing facilities shall be maintained in a manner which is visible from any neighboring Lot or the Common Area.

4.12 Satellite Dishes and Antennas. No outside mast, tower, pole, antenna, or satellite dish shall be erected, constructed, or maintained in the Development except: (i) those erected, constructed or maintained by the Association; (ii) those expressly approved by the Board; (iii) those (if any) initially installed during the original construction of the Residences by the Declarant; or (iv) those antennas or satellite dishes which, by law, cannot be prohibited by the Association as of the date of recordation of this Declaration. Further, no radio antennas (including so-called "CB" or "ham" radio antennas) may be erected, constructed or maintained anywhere within the Development. The Board may adopt Rules regarding the installation and maintenance of antennas, satellite dishes and related wiring for all telecommunications devices.

4.13 Animals.

4.13.1 Limitation on Pets. No animals shall be kept, bred, or maintained within the Development for commercial purposes. A reasonable number of common domestic household pets (i.e., dogs, cats and birds in cages) may be kept on each Lot subject to any Rules adopted by the Board. A reasonable number of fish or small caged animals may also be kept within a Residence, subject to any Rules adopted by the Board. No other animals, livestock, or poultry (including chickens) of any kind shall be kept, bred or raised on any Lot. While in Common Area and off the Owner's Lot, each dog must be restrained on a leash held by a responsible person capable of controlling it.

4.13.2 Owner's Responsibility for Pets. The owner of each pet shall be responsible for immediately removing and disposing of any waste

introduced to any portion of the Development by such pet. Each Owner, Resident, and any person bringing or keeping an animal within the Development shall be absolutely liable to the Association and all other persons for any injury or damage to persons or property caused by the animal. The Owner shall indemnify the Association and its officers, Directors, and agents against any and all claims, damages, losses, demands, liabilities and expenses, including but not limited to attorneys' fees, arising out of or resulting from the presence or conduct of any animal brought upon or kept within the Development by the Owner, members of his or her household, guests, tenants, or invitees.

4.13.3 Pet Rules. The Board may adopt and enforce Rules regarding pets in addition to the provisions of this Section.

4.13.4 Board Authority. The Board shall have the right to prohibit the keeping of any animal which constitutes, in the sole and exclusive opinion of the Board, a threat to persons, other animals, or property. Board action pursuant to this Section shall be effectively only after a duly noticed hearing before the Board.

4.14 Trash Disposal. Trash, garbage, accumulated waste plant material, or other waste and refuse shall be deposited only in covered sanitary containers provided for that purpose by the garbage collection service. Such containers shall be located in an appropriate area upon each Lot and concealed from view except on the scheduled day for trash pickup, when the containers may be placed at the curb for collection.

4.15 Signs, Banners, Flags. No sign of any kind shall be displayed to the public view from any portion of the Development except:

- (a) Signs required by legal proceedings;
- (b) Noncommercial signs or posters no larger than nine (9) square feet in size and noncommercial flags or banners no larger than 15 square feet in size, displayed upon an Owner's Lot, and limited to the fullest extent permitted by *Civil Code* section 4710;
- (c) A single sign of customary and reasonable dimension and design complying with the Association or Architectural Rules and reasonably located on a Lot advertising a Lot for sale or rent;
- (d) Other signs which by law cannot be prohibited;
- (e) A flag of the United States, subject to any city or county restrictions as to size and as to time, place, and manner of display;

(f) A single identification sign which has been approved by the Board located on a Lot identifying the number or address of the Lot and/or the names of the occupants;

(g) Signs approved by the Board located at or near any entrance to the Development identifying the Development;

(h) Signs required for traffic control and regulation of streets or open areas within the Development; and

(i) Signs on the Common Area as approved by the Board for a purpose reasonably related to the affairs of the Association.

4.16 Prohibited Vehicles. No trailer, camper, mobile home, recreational vehicle, boat, golf cart or similar equipment or any commercial vehicle or truck other than a standard size pickup truck (i.e., one ton or less), shall be parked, kept, stored, or permitted to remain upon any Lot, other than in garages or temporarily in accordance with the Rules. All vehicles parked within the Development must have current registration and may not be dilapidated, inoperable, or abandoned. The term "commercial vehicle" shall not include any sedan or standard size pickup truck which is used for both business and personal uses, provided that any signs or markings of a commercial nature on such a vehicle shall be unobtrusive and inoffensive as determined by the Board.

4.17 Parking Enforcement; Parking Rules. In addition to the provisions of Sections 4.16, above, the Board shall have the power and authority to adopt, promulgate, and enforce parking Rules and shall have the power to impose fines and other sanctions for violations of provisions of the Governing Documents relating to vehicles and parking. Such power shall include the power and authority to cause the towing, at the vehicle owner's expense, of vehicles which are parked within the Development in violation of any of the provisions of the Governing Documents. Costs incurred by the Association relating to the towing and/or storage of any vehicle parked in violation of any provision of the Governing Documents shall be assessed as a Reimbursement Assessment against the Lot Owner responsible or whose household members, tenants, or guests are responsible for the presence of such vehicle.

4.18 Use and Maintenance of Alley. Owners having Lots adjacent to the Alley behind 84 through 128 Bernal Road and behind 6804 and 6898 Avenida Rotella shall not deposit, nor allow accumulating, any rubbish, trash, or garbage in the Alley. Additionally, Owners shall not park any vehicle in the Alley for a period of longer than 48 consecutive hours, including but not limited to, any car, truck, boat, trailer, motorcycle, camper or recreation vehicle,

or park any vehicle in a manner which obstructs the passage of any other vehicle in the Alley.

4.19 Garages. Each Owner and Resident shall keep his or her garage in a sanitary and safe condition. Each garage door shall remain closed except as necessary to permit entry and exit of vehicles or to provide ventilation for individuals working in the garage area.

4.20 Window Coverings. Drapes, window shades, and other window coverings installed in the windows of any Lot shall comply with any Rules adopted by the Board. In no event shall aluminum foil, newspaper, cardboard, blankets or similar materials be placed in windows.

4.21 Outbuildings. No outbuilding, tent, shack, trailer, shed, or temporary building of any kind shall be located within the Development without the prior written approval of the Board. Owners shall be responsible for the maintenance, repair and replacement of any outbuilding located on his or her Lot.

4.22 Subdivision or Merger of Lots. No Lot may be subdivided for any reason, nor may any two Lots be combined or merged.

4.23 Mineral Exploration. No Lot or any portion of the Common Area shall be used to explore or remove any water, oil, hydrocarbons, or minerals of any kind without the approval of the Board, and only if permitted by local ordinance.

ARTICLE 5

RENTING OR LEASING

5.1 Requirements for Renting. An Owner renting his or her Lot and Residence shall do so pursuant to a written lease or rental agreement. The lease or rental agreement shall be for an initial term of at least six (6) months and shall expressly provide that its terms are subject to all the provisions of the Governing Documents and that failure of the tenant, members of the tenant's household, invitees or guests to comply with applicable provisions of the Governing Documents shall constitute a breach of the terms of such lease or rental agreement. An Owner renting his or her Lot and Residence shall provide the tenant(s) with a copy of the Governing Documents and any subsequent changes thereto. An Owner who wishes to rent his or her Lot and Residence shall complete a written application for permission to rent as described in Section 5.5, below. If the written application for permission to rent is granted, an Owner renting his or her Lot and Residence shall:

(a) Do so pursuant to a written lease or rental agreement. The lease or rental agreement shall be for a an initial term of at least six (6) months and shall expressly provide that its terms are subject to all the provisions of the Governing Documents and that failure of the tenant, members of the tenant's household, invitees or guests to comply with applicable provisions of the Governing Documents shall constitute a breach of the terms of such lease or rental agreement.

(b) File a copy of the signed lease or rental agreement with the Board within five (5) days after the lease becomes effective. The Owner may redact or blackout the financial terms (i.e., the amount of rent and security deposit) from the copy of the lease or agreement provided to the Board.

(c) Provide the tenant(s) with a copy of the Governing Documents and any subsequent changes thereto.

(d) Notify the Board of the name of each tenant and of the members of the tenant's household.

5.2 Rental of Entire Lot and Residence. No Owner shall rent or lease less than the entire Lot and Residence. The preceding sentence is intended to prohibit the operation of a rooming house or similar operation within the Development. No garage, accessory building, or other facility shall be rented, leased, or hired to anyone who does not have the right of possession of the entirety of the Lot. This Section is not intended to prohibit a Resident Owner from sharing his or her Lot with a roommate or other person(s) with whom the Owner maintains a common household.

5.3 Restriction on Number of Lots Leased or Rented/Occupancy Requirement. Except as provided in Sections 5.3.1 and 5.3.2 below, not more than twenty-five percent (25%) (i.e., 70) of the Lots within the Development shall, at any particular time, be leased or rented or occupied by anyone other than an Owner together with members of his or her household or temporary guests, such that at least 209 of the Lots in the Development are Owner-occupied. For purposes of this Article the following individuals shall be deemed Owner-occupants if the Lot is owned by an entity other than a natural person: (i) a Resident of a Lot who is a trustee or a beneficiary under a trust if legal title to the Lot is in the name of the trustee(s) of the trust; (ii) a Resident of a Lot who is a shareholder with a majority shareholder interest in the corporation that owns the Lot; and (iii) for any other legal entity, any Resident who is a majority owner of the entity.

5.3.1 Grandfathered Lots/Termination of Right to Rent. The limitation on the number of permitted rentals as set forth in Section 5.3 shall not

apply to any Member who is an Owner of a Lot on the date this Declaration is recorded (unless an Owner expressly consents to be subject to the limitation), but shall apply to any such Lot or Lots upon transfer of title to such Lot (provided the exceptions set forth in *Civil Code* section 4740(c) do not apply), such that if the number of Lots then being leased or rented is more than the number permitted pursuant to Section 5.3, the Lot shall be sold to an Owner-occupant and not for rental. For purposes of this Article 5, the right to rent a Lot and Residence shall not terminate for any of the reasons described in *Civil Code* section 4740(c), including but not limited to: transfers exempt for purposes of reassessment by the County tax assessor; probate transfers; and transfers exempt from the requirements to prepare and deliver a Real Estate Transfer Disclosure Statement.

5.3.2 Hardship Waivers. Upon written request of an Owner, the Board shall have the right, but shall not be obligated to, waive the two-year Owner-occupancy requirement, the limitation on the number of permitted rentals or the order of priority of requests to rent, described below, in cases of deserving and unusual hardship (for instance, military service requiring temporary relocation) provided: (i) each such waiver shall be for a limited term, not to exceed one (1) year; (ii) the Owner in question shall deliver to the Board a signed statement representing that he or she will retake possession and occupancy of the Lot and Residence as a Resident thereof upon the expiration of such limited term; and (iii) such waiver shall be subject to other conditions as the Board may determine, which conditions may include but shall not be limited to Board review and approval of the lease for such limited term.

5.4 List of Rented Lots and Residences. The Board shall maintain a list of all Owners currently leasing or renting a Lot and Residence, which list shall include: (i) the Owner's name and mailing address; (ii) the address of the rented Lot and the Owner's record date of ownership; and (iii) term of the lease. Such list shall be made available to any Owner upon payment of a reasonable administrative charge to be set by the Board.

5.5 Written Application for Permission to Rent; Priority List. Any Owner desiring to lease or rent his or her Lot and Residence shall submit to the Board a written application for permission to rent on a form provided by the Board (the "Application"). The Application shall state: (i) the Owner's name, mailing address, and current telephone number(s); (ii) the Lot address and the Owner's record date of ownership; (iii) the proposed lease term; and (iv) such other information as the Board may reasonably require from time to time. The Owner shall have the right, upon written request delivered to the Association, to appear in person before the Board to discuss the request to lease or rent his or her Lot and Residence. The Board shall establish and maintain a priority list of the Applications, organized in the order of date received by the Board.

5.5.1 Review of Application to Rent. Within thirty (30) days after receipt of the Application, the Board shall review and shall approve or deny the Application. Written notice of the Board's decision shall be transmitted to the requesting Owner and, if the request is denied, the notice shall specify the reason(s) for denial. If the Owner and his or her Lot are grandfathered pursuant to Section 5.3.1, the Board shall approve the Application subject to the other conditions of this Article. If the Owner and his or her Lot are not grandfathered in, the Board shall approve the Application unless the Owner purchased less than two (2) years prior to the date of review of the Application and/or doing so will increase the number of Lots and Residences leased or rented within the Development to more than the number permitted under Section 5.3, or will otherwise result in the violation of any provision of this Article 5 or any other provision of the Declaration. When the number of Lots and Residences leased or rented in the Development is less than the number permitted under Section 5.3, the Board shall authorize the Owner who submitted the earliest received Application to rent his or her Lot and Residence, provided that Owner has occupied his or her Lot for at least two years after the date that the Owner acquired ownership of the Lot. When the number of Lots and Residences leased or rented in the Development equals or exceeds the number permitted under Section 5.3, Owner Applications to rent shall be added to the priority list maintained pursuant to Section 5.4.

5.5.2 Reconsideration of Denied Application or Request for Hardship Waiver. If an Application or hardship waiver request is denied, the requesting Owner shall have a right, upon written request, to reconsideration by the Board. Within ten (10) days after such reconsideration, the Board shall transmit its written determination to the requesting Owner and, if again disapproved, shall specify the reasons for such disapproval.

5.5.3 Duration of Authorization to Rent; No Subletting. Subject to the provisions of this Section 5.3, once an Owner obtains permission to lease or rent a Lot and Residence, that Owner shall have the right to continue renting that Lot and Residence to consecutive lessees or renters for consecutive terms without having to submit or re-submit a request to rent; provided such lease or rental is otherwise in compliance with the provisions of this Article 5 and is without interruption of more than sixty (60) days or, in the case of approved remodeling of the Lot, ninety (90) days and provided, further, that during such interruption in rental the Owner shall not reoccupy the Lot and Residence for a period exceeding sixty (60) days. No subletting shall be permitted.

5.5.4 Decision of Board Conclusive. The decision of the Board of Directors in approving or denying an Application or hardship request shall be final and conclusive.

5.6 Implementation. Upon request from the Board after this Declaration is recorded, each Owner renting or leasing a Lot and Residence shall provide such information as the Board may reasonably require to implement the provisions of this Article 5, including but not limited to the names of the tenants and the members of the tenants' household and the duration of the lease

5.7 Association as Third Party Beneficiary. The Owner and the tenant(s) of any Lots subject to this Declaration shall be conclusively deemed to have agreed that the Association is an intended third party beneficiary to the contract between the Owner and the tenant(s); that failure of the tenant, members of the tenant's household, or guests to comply with the Governing Documents shall constitute a breach of the terms of the contract between the Owner and the tenant(s); and that the Association shall have the right but not the obligation to enforce the contract and to pursue every remedy available under the contract, under the Declaration, including but not limited to the rights granted pursuant to Section 5.8 below, or under the law, including eviction, to the same extent as the Owner of the Lot. The Association's right to maintain an eviction action shall arise only in the event that: (i) the Association has given notice to the Owner detailing the nature of the infraction and the Owner has had a reasonable opportunity to take corrective action or to appear before the Board to present arguments against eviction by the Association, and (ii) the Owner has not taken action to prevent and/or correct the actions of the tenant giving rise to the damage or nuisance.

5.8 Assignment of Rents as Security for Payment of Liens. As security for the payment of all liens provided for under the Declaration, including those described in Section 8.2, each Owner hereby gives to and confers upon the Association the right, power, and authority during the continuance of such ownership to collect the rents, issues, and profits of the Owner's Lot, reserving unto the Owner the right, prior to any default by such Owner in performance of that Owner's obligations under the Governing Documents in payment of any indebtedness to the Association or in performance of any agreement thereunder including but not limited to those set forth in Section 8.2, to collect and retain such rents, issues, and profits as they may become due and payable. Upon any such default, the Association may at any time, upon ten (10) days' written notice to such Owner, then (either in person, by agent, or by a receiver to be security for such indebtedness) enter upon and take possession of such Owner's Lot or any part thereof, in its own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any such indebtedness, and in such order as the Association may determine or as required by applicable law. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, and

the application thereof as aforesaid, shall not cure or waive any default under the Governing Documents or invalidate any act done pursuant to this Declaration, including but not limited to imposition of a Reimbursement Assessment and any Additional Charges. The assignment of rents and powers described in this Section shall not affect, but shall in all respects be subordinate to, the rights and power of the holder of any first Mortgage on any Lot, or any part thereof, to do the same or similar acts.

5.9 Owner Responsible for Tenant's Actions; Indemnification of Association. Each Owner leasing or renting a Lot shall be responsible and strictly liable to the Association for the action of such Owner's tenant(s) in or about all Lots and Common Area and for each tenant's compliance with the provisions of the Governing Documents. To the fullest extent permitted by law, every Owner of a Lot that is occupied by persons other than the Owner pursuant to a rental agreement or lease or otherwise, agrees to and shall indemnify and defend the Association, its Directors and agents and shall hold them harmless from and against any cost, loss, claim or damages of any kind, arising out of the conduct or presence of the occupants of the Lot, including but not limited to attorneys' fees, any claims for consequential damages, and any claims arising or alleged to arise out of the enforcement or non-enforcement by the Association of the Governing Documents with respect to such occupants. Any amounts owed pursuant to this Section may be assessed as a Reimbursement Assessment.

5.10 Security Deposit. Through its rule-making power described in Section 2.5 hereof, the Board of Directors is hereby authorized and empowered to establish and implement an Association security deposit procedure to protect the Association, the Common Area and common facilities from negligence, damage and/or destruction caused by the tenants of any Owner, their families and guests. Said security deposit, if required, shall be payable by the owner and shall be fixed in an amount not to exceed the greater of \$250 or one month's Regular Assessment, and shall be held by the Association in a separate security deposit fund in the name of the Association. Within two weeks following receipt of notice from the Owner-lessor that the Residence is no longer being occupied by a tenant, the Association shall (1) furnish the Owner with an itemized statement indicating the basis for, and the amount of, any security received and the disposition of the security, and (2) shall then return any remaining portion of the security to the Owner.

5.11 Owner Prohibited From Using Common Facilities While Lot Rented. Any Owner may delegate such Owner's rights to use and enjoy the Common Area and common facilities to members of the Owner's family or to such 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. The word "tenant" as used in this Section shall include and be applicable to any renter, lessee or other person having occupancy rights to an Owner's Lot, whether by way of a lease, a rental agreement, a tenancy at will or at sufferance, or an occupier under a contract of sale.

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

ARTICLE 6

MAINTENANCE, REPAIR AND REPLACEMENT RESPONSIBILITIES

6.1 Common Area. The Association shall provide maintenance, repair, and replacement of the Common Area and all facilities, improvements, and landscaping thereon including: the swimming pool and apron area, pool storage and pump house, pool furniture, Club House, tennis courts, volleyball court, Clubhouse parking lot, fences, pipes, lines, lighting fixtures, electrical systems, trees planted in Common Area (and the roots of any such trees); and utilities (except for those utility facilities which are maintained by public or private utility companies or agencies), keeping such property in good condition and repair.

6.2 Lots and Residences. Each Owner shall maintain, repair and replace the Owner's Lot, including the Residence and other improvements located thereon, some of which are discussed further below, in a manner consistent with the standards established by the Governing Documents and in compliance with the Architectural Rules.

6.2.1 Driveways. Each Owner shall maintain, repair and replace all portions of the driveway which provides access between the Owner's Residence and the street which provides access to that Lot.

6.2.2 Mailboxes. Each Owner shall maintain, repair and replace the individual mailbox that serves the Owner and his or her Lot.

6.2.3 Party Walls/Fences. The shared responsibilities of Owners for maintenance, repair and/or replacement of Party Walls and Party Fences, including gates, shall be as set forth in Section 3.11, above.

6.2.4 Landscaping. Front yards and other portions of Lots visible from streets, adjacent Lot or Common Area shall be landscaped and maintained in a manner so as not to detract from the appearance of the Development or the health, welfare and quiet enjoyment of neighboring Lot Owners.

6.2.5 Compliance with Architectural Rules and Governmental Regulations. An Owner's right and responsibility for maintaining, repairing or replacing any portions of his or her Lot shall be subject to any applicable provisions of the Governing Documents and governmental regulations relating to landscaping and architectural control, including Article 7.

6.3 Utility Lines Serving a Single Lot. Each Owner shall maintain, repair and replace those portions of all utility lines which (i) are not maintained by a the public or a quasi-public entity or utility company and (ii) serve only that Owner's Lot, irrespective of whether the utility line is located on Common Area or on one (1) or more Lots. If the repair to any utility lines or fixtures impacts or affects Common Area, the Owner must obtain the written approval of the Board before proceeding with repairs. The provisions of this Section shall not be construed to permit any interference with or damage to the structural integrity of any building.

6.4 Limitation on Association Responsibility and Liability. Except as specifically provided in this Article, the Association shall not be responsible or liable for any maintenance, repair, or replacement of a Lot or any improvement thereon, except to the extent that the need for such maintenance, repair or replacement results from the willful misconduct or gross negligence of the Association, its employees, contractors, or agents.

6.5 Owner Liability. In the event the need for any maintenance, repair, or replacement of a component which is otherwise the Association's responsibility is caused by the willful or negligent act or omission of an Owner or members of an Owner's household, tenants, guests, invitees, or household pets, the cost of such maintenance, repair, or replacement, including the cost of materials, labor, supplies, and services, shall be charged to, and paid by, such Owner in the form of a Reimbursement Assessment. Owners shall be further responsible for any damage to Common Area or the Lot and improvements of another Owner which emanates from an Owner's Lot. The cost of any maintenance, repair or replacement of damaged components, including the cost

of materials, labor, supplies, and services, shall be charged to, and paid by, the Owner responsible in the form of a Reimbursement Assessment. This provision shall apply regardless of the applicability of coverage provided by Association-maintained policies of insurance.

6.6 Association's Right of Entry. The Association or its agents may enter any Lot, whenever such entry is necessary, in the Board's sole discretion: (i) in connection with the performance of any maintenance, repair, construction, or replacement for which the Association is responsible or which it is authorized to perform; (ii) in connection with the performance of any maintenance, repair, or replacement, which is the responsibility of an Owner, which is necessary to correct a safety hazard for the neighbor(s) adjacent to an Owner's Lot or to preserve the appearance and value of the property within the Development or any portion thereof. If appropriate, and time and circumstances permitting and appropriate as determined by the Board in its sole discretion, the Board may notify an Owner of the work the Board deems necessary rather than arranging to have the work performed. In the event an Owner fails to perform such work within thirty (30) days after notification by the Board to the Owner the Board may, after written notice to the Owner, and the opportunity of a hearing before the Board, cause such work to be done and charge the cost thereof to the Owner as a Reimbursement Assessment. Neither the Association nor its agents, acting in good faith, shall be liable for trespass for entering a Lot under these circumstances.

6.6.1 Notice of Entry. The Association shall provide reasonable advance written notice of not less than twenty-four (24) hours, except in the event of an emergency.

6.6.2 Emergency Entry. In the event of an emergency, the Association or its agents may enter the Lot without notice. Such entry shall not constitute trespass or other wrongful act and neither the Association nor its agents shall be subject to liability to the Owner or Resident. Prior to entry in the event of an emergency, the Association shall make a good faith effort to provide notice to the Owner and/or Residents as the exigencies of the circumstances permit.

6.6.3 Avoid Unreasonable Interference and Inconvenience. Entry shall be made with as little inconvenience to the Residents as practicable and only upon reasonable advance written notice of not less than twenty-four (24) hours, except in emergency situations.

6.6.4 Refusal to Allow Entry. In the event an Owner or Resident refuses to allow entry for any reason authorized in this Declaration, the Association may levy a Reimbursement Assessment against the Lot Owner for any costs incurred by the Association arising from the refusal to allow entry,

including reasonable attorneys' fees (regardless of whether legal proceedings are instituted).

6.6.5 Duty to Cooperate With Association. All Owners and Residents have a duty to cooperate with the Association to perform its responsibilities as set forth in this Declaration.

6.6.6 Permit Access. Each Owner and Resident has the duty to permit access to the Lot to permit the Association to perform its responsibilities as set forth in this Declaration.

6.6.7 Failure to Cooperate. In the event any Owner or Resident fails to vacate or provide access to a Lot, the Association shall be authorized to levy a Reimbursement Assessment against the Lot Owner for all expenses incurred by the Association in obtaining access to the Lot, including but not limited to attorneys' fees.

ARTICLE 7

ARCHITECTURAL REVIEW

7.1 Architectural Approval Required. The prior written approval of the Board is required for the following Improvements and/or modifications.

7.1.1 Improvements. Except for Improvements made or constructed by or on behalf of the Association, no building, fence, hedge, solar energy system, wall, obstruction, screen, balcony, deck, patio, patio cover, tent, awning, outdoor lighting, other Improvement or structure of any kind, and/or landscaping, which are visible from the streets, Common Area or other Lots, shall be commenced, erected, painted or installed within the Development, nor shall any exterior addition to or change or alteration thereto be made until the plans and specifications showing the nature, kind, shape, color, height, size, materials, and location of the same have been submitted to and approved in writing by the Board as provided in this Article 7.

7.1.2 Satellite Dishes and Antennas. No mast, pole, tower, antenna, receiver, transmitter or satellite dish, to the extent restricted by Section 4.12, may be commenced, erected or installed without the prior written approval by the Board as provided in this Article 7.

7.2 Compliance with Governmental Requirements. The application to the Association and the review and approval of any proposals, plans, or other submittals shall in no way be deemed to be satisfaction of or compliance with any building permit process or any other governmental requirements, the responsibility for which lies solely with the respective Owner, nor shall it

constitute the assumption of any responsibility by or impose any liability on the ARC, if any, and/or Board (or any member thereof) as to the accuracy, efficacy, or sufficiency thereof. The obtaining of a permit or other approval of a government agency shall not be a substitute for nor constitute compliance with the requirements of this Article 7.

7.3 Establishment of Architectural Review Committee.

7.3.1 Members. The ARC, if any, shall be composed of three (3) Members in Good Standing appointed by the Board of Directors. If an ARC is appointed, the Board shall also appoint one alternate member who may be designated by the ARC to act as a member of the ARC in the absence or incapacity of any ARC member. ARC members shall serve one-year terms subject to the Board's power to remove any ARC member and to appoint his or her successor. Neither the members of the ARC nor its designated representatives shall be entitled to any compensation for service performed pursuant hereto.

7.3.2 Board May Serve as ARC. If at any time there is not a duly constituted Architectural Review Committee, the Board shall exercise the functions of the ARC in accordance with the terms of this Article 7.

7.3.3 Vacancies. In the event of a vacancy on the ARC, if any, the Board shall have the full authority to appoint a new member.

7.3.4 Duties. It shall be the duty of the ARC to consider proposals or plans submitted to it pursuant to the terms of this Article 7 and make recommendations to the Board regarding approval or disapproval, to perform other duties delegated to it by the Board, to carry out all other duties imposed upon it by this Declaration and act in accordance with *Civil Code* section 4765. The Board has the authority to accept, modify or reject the ARC's recommendations and shall make the final decision on each request for approval.

7.3.5 Meetings, Minutes, Reimbursement. The ARC, if any, shall meet as necessary to properly perform its duties hereunder. The vote or written consent of a majority of the members of the ARC shall constitute an act by the ARC. The ARC shall keep and maintain a record of all actions/recommendations taken by or made by it at such meetings or otherwise. The ARC and its members shall be entitled only to reimbursement for reasonable out-of-pocket expenses incurred by them in the performance of any ARC function.

7.4 Architectural Rules. Subject to the Board's approval and the requirements of *Civil Code* sections 4350 *et seq.*, the ARC, if any, may propose,

for adoption by the Board, Architectural Rules which may interpret and implement the provisions hereof by providing for any or all of the following:

(a) The standards and procedures for ARC, if any, and/or Board review, including the required content of application and procedures for obtaining preliminary approval of plans;

(b) Guidelines for architectural design, placement of any work of improvement or color schemes, exterior finishes and materials and similar features which are recommended or required for use in connection with particular improvement projects within the Development;

(c) The criteria and procedures for requesting variances from any property use restrictions or minimum construction standards that would otherwise apply to the proposed improvement under the Governing Documents. All variances shall be reviewed on a case by case basis with no precedent being established if a variance is granted in a particular instance and must be approved by a majority of the Board;

(d) Lists of repair projects and minor improvement projects that can receive final review and approval by the ARC, if any, without approval by the Board, so long as the project is undertaken in accordance with plans and specifications that are consistent with the Architectural Rules or the project involves use of an identical color or external material to the existing color or material and the new materials/colors are submitted to and reviewed by the ARC, if any; and

(e) Notwithstanding the foregoing, no Architectural Rules shall 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 provisions of the Declaration shall prevail.

7.5 No Right to a View. Owners do not have the right to an unobstructed or any other type of view from their Lot. This Declaration shall not be construed as granting any Owner a right to a view and neither the Association nor any Member shall have an obligation to take any action regarding or to preserve or provide for a view from any Lot. This shall be the case even if an Owner purchased a "view Lot" from the Declarant. Owners should anticipate that the view, if any, which may exist at the time of their Lot purchase will change during the period of their ownership.

7.6 Application. Any Owner proposing to perform any work of any kind whatsoever, which requires prior approval pursuant to this Article 7, shall apply for approval by notifying the ARC, if any, and Board, in writing, of the nature of

the proposed work and furnishing such information and documentation as the ARC, if any, and Board may require.

7.7 Fees; Consultants. The ARC, if any, and/or Board may charge a reasonable fee or fees for its review of architectural or landscaping applications, drawings, plans, and specifications which may include the cost of retaining outside consultants including but not limited to architects, engineers, soils experts, or contractors.

7.8 Decisions on Architectural Applications. The Owner and, in the Board's discretion, other interested persons, may present information relevant to the requested approval. The decisions of the ARC and/or Board shall be made in good faith and shall not be unreasonable, arbitrary or capricious. The ARC and/or Board may employ subjective criteria and judgments in its review of and determination regarding plans and proposals submitted to it. The decisions of the ARC and/or Board shall be made from the perspective of the interest of the Development as a whole, including the coherence, value, attractiveness and aesthetic compatibility of all architectural designs and features in the Development, after consideration of all factors the ARC and/or Board determine(s) to be relevant and after reasonable investigation consistent with the scope and circumstances of the proposal.

7.9 Grant of Approval. The ARC or, if there is no Architectural Review Committee, the Board shall grant the requested approval only if all the following conditions are met:

(a) The Owner complied with the provisions of Section 7.4 above;

(b) The ARC, if any, and/or Board finds that the plans and specifications conform to this Declaration and to the Architectural Rules in effect at the time such plans were submitted to the ARC, if any, and Board; and

(c) The ARC, if any, and/or Board determines that the proposed improvements would be consistent with the standards and aesthetics of the Development and the purposes of this Declaration as to: quality of workmanship, design and materials; harmony of exterior design with the existing structures; and location with respect to topography and finished grade elevations.

7.10 Timing and Form of Approval. All approvals and rejections of requests for approval shall be in writing and shall be issued by the Board within sixty (60) days from the date of submission of a complete application to the ARC, if any, and/or Board. If the ARC and/or Board fails to act on a request for approval within sixty (60) days from the date of submission of a complete

application, the Owner shall be entitled to request internal dispute resolution, as described in Section 9.12.2, below, and *Civil Code* sections 5900 *et seq.*; except that, in the case of an application for installation or use of a solar energy system subject to *Civil Code* section 714, any application that is not denied by the ARC and/or Board within forty-five (45) days from receipt of a complete application shall be deemed approved. Owners are responsible for confirming receipt of an application by the ARC and/or Board. Oral approvals will be of no force and effect. If an application is rejected, the decision shall include an explanation of the decision of the ARC and/or Board and a notice describing the Owner's right to request reconsideration, if any.

7.11 Appeals. The Rules shall contain procedures to process appeals pursuant to this Article; however, denial decisions rendered by the Board may not be appealed.

7.12 Commencement. Within ninety (90) days of receipt of approval pursuant to Sections 7.8 and 7.9 above, the Owner shall satisfy all conditions thereof and diligently proceed with the commencement and completion of all work pursuant to said approval. If the Owner shall fail to comply with this Section, any approval previously given shall be deemed revoked unless the Board, upon written request of the Owner made prior to the expiration of said ninety (90) day period, extends the time for such commencement. No such extension shall be granted except upon a finding by the Board that there has been no change in the circumstances upon which the original approval was granted.

7.13 Completion. Unless shorter time is specified in the approval by the Association, the Owner shall complete the approved work within six (6) months after receipt of approval, except and for as long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities, or other supervening forces beyond the control of the Owner or his agents. If an Owner fails to comply with this Section, the Board shall proceed in accordance with the provisions of Section 7.14, below, as though the failure to complete the improvements was a non-compliance with approved plans.

7.14 Inspection of Completed Work; Non-Compliance. Inspection of work and correction of defects therein shall proceed as follows:

(a) Upon the completion of any installation, construction, reconstruction, alteration, or refinishing of the exterior of any improvements, or upon the completion of any other work for which approved plans are required under this Article 7, the Owner shall give written notice thereof to the Board;

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

(c) If the Owner shall have failed to remedy such non-compliance upon the expiration of thirty (30) days from the date of such notification, the ARC, if any, or other duly authorized representative of the Board shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged non-compliance. The hearing date shall be not more than thirty (30) days nor less than fifteen (15) days after notice of the non-compliance is given to the Board by the ARC, if any, or the Board's duly authorized representative. Notice of the hearing date shall be given at least ten (10) days in advance thereof by the Board to the Owner, to the ARC, if any, and, in the discretion of the Board, to any other interested party;

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

(e) If, for any reason, the ARC and/or Board fails to notify the Owner of any non-compliance within sixty (60) days after receipt of a notice of completion from the Owner, the improvement shall be deemed to be in accordance with the approved plans.

7.15 Non-Waiver. The approval by the Board of any plans, drawings, or specifications for any work done or proposed, or for any other matter requiring the approval of the Board under this Declaration, shall not be deemed to

constitute a waiver of any right to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval.

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

7.17 Liability. Neither the ARC, if any, nor the Board (or any member thereof) shall be liable to the Association or to any Owner for any damage, loss, or prejudice suffered or claimed on account of: (i) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (ii) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications; (iii) the development of any property within the Development; or (iv) the execution and filing of an estoppel certificate pursuant to Section 7.16, whether or not the facts therein are correct; provided, however, that the ARC, if any, and/or Board (or any member thereof) has acted in good faith on the basis of such information as may be possessed by it (or such ARC, if any, and/or Board member). Without in any way limiting the generality of the foregoing, the ARC, if any, and/or Board (or any member thereof) may, but is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the ARC, if any, and/or Board. Every purchaser, by acquiring title to a Lot, agrees not to bring any action or suit against the ARC, if any, or Board (or any member thereof) seeking to recover any such damages.

ARTICLE 8

ASSESSMENTS AND LIENS

8.1 Covenant of Owner. Each Owner of a Lot within the Development, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, shall be deemed to have covenanted and agreed to pay to the Association: (i) Annual Assessments; (ii) Special

Assessments; and (iii) Reimbursement Assessments levied by the Association as hereinafter provided, together with all Additional Charges.

8.1.1 Association's Power to Collect. Such deed or conveyance shall be deemed to vest in the Association the right and power to initiate all actions and procedures as the Board shall deem necessary or appropriate for the collection of such Assessments and Additional Charges and for the enforcement of the liens hereinafter provided for.

8.1.2 Each Assessment is a Separate Obligation. Each Assessment levied by the Association under this Article 8, together with all Additional Charges, shall be a separate, distinct, and personal debt and obligation of the Owner against whom it is assessed, and shall bind his or her heirs, devisees, personal representatives, successors, and assigns.

8.1.3 Obligation Runs with the Land. Such obligation to pay Assessments and Additional Charges and the right and power of the Association to initiate all actions and procedures for collection shall run with the land, so that each successive Owner or Owners of record of any Lot within the Development shall, in turn, become liable to pay all such Assessments and Additional Charges assessed during the time he or she is record Owner of such Lot.

8.1.4 Owner's Liability after Transfer. After an Owner transfers fee title to any Lot he or she owns he or she shall not be liable for any Assessments levied thereafter with respect to such Lot. Such Owner shall remain personally liable, however, for all unpaid amounts due and owing at the time of transfer, together with Additional Charges accruing until time of collection. The seller of any Lot shall continue to be liable for all Assessments and Additional Charges until a conveyance by deed of such Lot is recorded in the Office of the County Recorder of Santa Clara County.

8.2 Creation of Lien. Each Assessment levied by the Association pursuant to this Declaration, together with all Additional Charges, shall be a charge upon the land and upon levy shall be secured by a continuing lien upon the property against which such Assessment is levied. The Association shall have a separate lien and a separate lien is hereby created upon each Lot to secure the payment of any such Assessments and Additional Charges as may be levied under this Declaration.

8.2.1 Continuing Lien. The lien provided for herein shall continue to secure all Assessments and Additional Charges levied upon any Lot notwithstanding the transfer of record title to such Lot, and any such transfer shall be subject to the Association's lien, provided that, prior to such transfer, a Notice of Delinquent Assessment has been recorded as provided in the Declaration and by law.

8.3 Purpose of Assessments. The Assessments levied by the Board shall be used exclusively to pay for the costs of management and operation of the Development, to conduct the business and affairs of the Association, to promote the recreation, health, safety, welfare, benefit, and interests of the Owners and Residents in the Development, and for the improvement and maintenance of the Common Area and, to the extent provided for in the Governing Documents or by law, of the Lots situated within the Development.

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

8.5 Association Funds. Unless otherwise determined by the Board, the Association shall maintain at least two (2) separate accounts in one or more banks or other depositories selected by the Board, which accounts shall be clearly designated LOS PASEOS ASSOCIATION OPERATING ACCOUNT and LOS PASEOS ASSOCIATION RESERVE ACCOUNT. The Assessments collected by the Association shall be properly deposited into such accounts. The Assessments collected by the Association shall be held in trust by the Association for and on behalf of each Owner and shall be used for the purposes set forth in Section 8.3. The Board shall allocate a portion of said funds as collected for the annual maintenance and operation of the Development and another portion of said funds as collected as reserves for contingencies, replacement, and deferred maintenance of the Improvements of the Development for which the Association is responsible, as specified in the annual budget. Upon sale or transfer of any Lot by any Owner, the Owner's interest in the funds held in trust by the Association shall terminate and shall be deemed automatically transferred to the successor-transferee of such Owner.

8.6 Annual Assessments.

8.6.1 Calculation of Estimated Annual Assessment. Not later than thirty (30) days nor more than ninety (90) days prior to the beginning of each fiscal year, the Board shall complete and distribute to all Owners an estimate of the net funds required by the Association for such fiscal year, including a reasonable amount allocated to contingencies and to a reserve fund for restoration, repair, and/or replacement of those components for which the Association is responsible and which must be repaired or replaced on a periodic basis; to manage, administer, operate, and maintain the Development; to conduct the affairs of the Association; and to perform all of the Association's duties in accordance with this Declaration.

8.6.2 Allocation of Annual Assessment. The Board shall allocate and assess the Annual Assessment equally among the Lots by dividing the total

amount of the Annual Assessment by the number of Lots within the Development. The Board may allow periodic payments of the Annual Assessment (e.g., monthly, quarterly, bi-annually or annually); the Board shall determine the payment schedule for the Annual Assessment.

8.6.3 Surplus Funds. If, as of the end of any fiscal year, there is a surplus of cash in the Association's maintenance and operating account, as reflected in the Association's financial statement for such fiscal year, the Members shall vote to have the excess applied to the following year's Assessments, as provided in Internal Revenue Service Revenue Ruling 70-604, unless some other lawful disposition of such excess income is determined by the vote of the Members.

8.6.4 Increases in Annual Assessment. Pursuant to *Civil Code* section 5605(b), except as otherwise provided by law, the Board shall not increase the Annual Assessment for any fiscal year above the amount of the Annual Assessment for the preceding fiscal year by more than twenty percent (20%) (or such other limitation on the increase as may be imposed by law), except upon the affirmative vote of a majority of Members voting on any such increase in the Annual Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members of the Association (i.e., Members representing at least 140 Lots), notwithstanding any lower quorum requirement set forth in the Bylaws.

8.7 Special Assessments.

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

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

8.7.3 Approval of Special Assessments. Except in the case of an emergency situation as defined in *Civil Code* section 5610, in any fiscal year the Board may not levy Special Assessments which, in the aggregate, exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, except upon the affirmative vote of a majority of the Members voting on any such Special Assessment, provided that a quorum is established. For

purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members of the Association (i.e., Members representing at least 140 Lots), notwithstanding any lower quorum requirement set forth in the Bylaws.

8.8 Notice of Assessment Increases. Upon the imposition of a Special Assessment or an increase in the Annual Assessment, notice shall be provided as required by law not less than thirty (30) days and not more than sixty (60) days prior to the due date of the Assessment.

8.9 Reimbursement Assessments. The Association shall levy a Reimbursement Assessment against any Owner and his or her Lot if a failure by such Owner, or any person or pet for whom the Owner is responsible, to comply with any provision of the Governing Documents has necessitated or resulted in an expenditure of funds by the Association, specifically including legal fees. A Reimbursement Assessment shall include any costs, including attorneys' fees incurred by the Association and costs of collecting from an Owner any amount which the Owner is obligated to pay to the Association. Imposition of a Reimbursement Assessment shall be effective only after a duly noticed hearing before the Board. A Reimbursement Assessment shall be due and payable to the Association when levied and subject to the same enforcement procedures as Annual and Special Assessments, including lien and foreclosure.

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

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

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

Owner personally obligated to pay the same, or by foreclosing the lien against the Owner's Lot by judicial or non-judicial foreclosure, except as prohibited by law. Prior to recording a Notice of Delinquent Assessment, the Association shall provide notice to the Owner in accordance with *Civil Code* section 5660. No procedures shall be initiated to foreclose the lien securing any Assessment levied under this Article 8 except as in accordance with *Civil Code* sections 5705, 5710 and 5720. Except as prohibited by law, upon the recording of the Notice of Delinquent Assessment referred to above, the Association may, at its option, declare the entire balance of all sums then due or to become due from the Owner, immediately due and payable, which total sum may then be included in any suit, action, or other procedure initiated to collect said sums, including all Additional Charges. Notwithstanding any other provision of this Declaration, the Association must comply with the requirements of the *Civil Code* section when collecting delinquent Assessments.

8.13 Power of Sale. Each Owner does hereby appoint the Association as trustee to enforce and to foreclose any lien which is established pursuant to the terms of this Declaration, by private power of sale as provided by law, and does further grant to the Board of Directors, on behalf of the Association, the authority and power to sell the Lot of such Owner in the event of any default in payment of any Assessments or Additional Charges levied against such Lot, for lawful money of the United States, to the highest bidder, to satisfy said lien. The Association, as trustee for the remaining Owners, or any other Owner, may purchase the Lot at said sale. The decision to record a lien and initiate foreclosure may only be made by the Board and may not be delegated.

8.14 Remedies Cumulative. The remedies provided in this Declaration for collection of delinquent Assessments shall be cumulative and not exclusive; that is, the Association may use one or more or all of the available remedies to collect delinquent Assessments.

8.15 Certificate of Satisfaction and Release of Lien. Upon payment in full of a delinquent Assessment, including any Additional Charges, or the satisfaction thereof, the Board shall cause to be recorded, in the same manner as the Notice of Delinquent Assessment, a further certificate stating the satisfaction thereof and the release of the lien.

8.16 Priority. Except as otherwise expressly provided by law, the lien securing each of the Assessments provided for under this Article 8 shall have priority as of the date of recording of the original Declaration applicable to the Development over all other liens and encumbrances applicable to the Lots; provided, however, that such Assessment lien shall be subordinate to the lien of any first Mortgage or first deed of trust recorded against the Lot; and provided, further, that such subordination shall apply only to the Assessments which have

become due and payable prior to the sale of such property pursuant to a decree of foreclosure of any such Mortgage or deed of trust, or pursuant to a power of sale contained in any such Mortgage. Such foreclosure sale shall not relieve such property from liability for any Assessments and Additional Charges thereafter becoming due, nor from the lien of any subsequent Assessment.

8.17 Waiver of Exemptions. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Article 8, the benefit of any homestead or exemption laws of the State of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed pursuant to the terms of this Article 8.

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

(a) All property dedicated to and accepted by Santa Clara County or other local public authority and devoted to public use;

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

(c) All Common Area.

ARTICLE 9

ENFORCEMENT

9.1 Violations as Nuisance. Every act or omission constituting or resulting in a violation of any of the provisions of the Governing Documents shall be deemed to constitute a nuisance and, in addition to any other remedies which may be available, such nuisance may be abated or enjoined by the Association; provided, however, that the Board shall not be obligated to take action to abate or enjoin a particular violation if, in the exercise of its discretion, the Board determines that acting to abate or enjoin such violation is not likely to foster or be in the best interests of the Association and its Members as a whole. Notwithstanding the preceding sentence and without limiting its generality, nothing in the Governing Documents shall be deemed to impose upon the Association, the Board, or the officers, employees, or agents of the Association a duty to intervene in any physical dispute or altercation or any criminal or alleged criminal activity other than to notify law enforcement officials.

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

9.3 Owners' Responsibility for Conduct of Others and Damages. Each Owner shall be fully responsible for informing members of his or her household and his or her tenants and guests of the provisions of the Governing Documents, and shall be fully responsible for the conduct, activities, any Governing Document violation of any of them, and for any damage to the Development or the Association resulting from the negligent or intentional conduct of any of them or any household pets. If a Lot is owned jointly by two (2) or more persons, the liability of each Owner in connection with the obligations imposed by the Governing Documents shall be joint and several.

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

9.5 Rights and Remedies of the Association.

9.5.1 Rights and Remedies Are Cumulative. The Association, its Directors, officers, or agents, and any Owner shall have the right to enforce any and all provisions of the Governing Documents by any proceeding at law or in equity, or through the use of such other remedies as are available and deemed appropriate by the Board. Each remedy provided is cumulative and not exclusive.

9.5.2 Imposition of Sanctions. In the event of a breach or infraction of any provision of the Governing Documents by an Owner, members of an Owner's household, or his or her tenants or guests, the Board shall have the power to impose a sanction against the Owner who is responsible as provided in Section 9.3 for such breach or infraction. A sanction may include but shall not be limited to a monetary penalty and/or the suspension of an Owner's rights as a Member of the Association, including an Owner's voting rights or an Owner's right to use the recreational or community facilities on the Common Area. Imposition of a sanction shall be effective only after notice and an opportunity for hearing. Any monetary penalty imposed pursuant to this Section shall not exceed the amount for each violation, as set forth in the schedule of monetary penalties adopted pursuant to *Civil Code* section 5850(a). Each Owner shall be obligated to pay costs incurred by the Association relating to violation of any provisions of the Governing Documents by such members of Owner's household, tenants, guests, pets, or other invitees. Sanctions may be enforced by the Association in any manner permitted by law.

9.5.3 Continuing Violations. In the case of a continuing violation, such as an uncorrected architectural violation, where an Owner, member of an Owner's household, or his or her tenants or guests fails to cease or remedy a violation after notice from the Board to do so, the Board may deem such a continuing violation and may impose separate and successive sanctions for each such violation without holding further hearings for each sanction.

9.6 Inadequacy of Legal Remedy. Except for the non-payment of any Assessment, a remedy at law to recover damages for the breach or violation of the Governing Documents is inadequate and the failure of any Owner or a member of the household of any Owner or an Owner's tenants, guests, or household pets or any other occupant or user of any of the property within the Development to comply with any provision of the Governing Documents may be enjoined in any judicial proceedings initiated by the Association or by any Owner, or by their respective successors in interest.

9.7 Limitation on Disciplinary Rights. The Association shall not have the power to cause a forfeiture or abridgment of a Member's right to the full use and occupancy of his or her Lot as the result of the failure by such Owner, members of such Owner's household, or his or her tenants, guests, invitees or household pets to comply with any provision of the Governing Documents, except where such forfeiture or abridgment is the result of the judgment of a court of competent jurisdiction, a decision arising out of an arbitration proceeding, or a foreclosure or sale under private power of sale for failure of such Owner to pay Assessments. The provisions of this Section shall not affect the Association's right to impose fines or monetary penalties or to suspend an Owner's membership rights, as provided in the Governing Documents.

9.8 Disciplinary Rules. The Board may adopt Rules that further elaborate upon and refine procedures for conducting disciplinary proceedings and otherwise imposing sanctions upon Members of the Association for violation of provisions of the Governing Documents. Such Rules, when approved and adopted by the Board subject to *Civil Code* sections 4340 *et seq.*, shall be deemed to be a part of the Association Rules provided for, in and constituting a part of the Governing Documents.

9.9 Investigation of Complaints. Upon receipt of a written complaint from an Owner or Resident, the Board shall conduct an investigation of the allegations in the complaint and shall make relevant findings upon which the Board shall base a decision to pursue or not pursue the matter.

9.10 Emergency Situations. The following shall constitute emergency situations: (i) an immediate and unreasonable infringement of or threat to the safety or peaceful enjoyment of Residents of the Development; (ii) a traffic or fire hazard; (iii) a threat of material damage to or destruction of the

Development or any portion thereof; and (iv) a violation of any provision of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether the violation has occurred (such as parking violations). Notwithstanding any other provision of the Governing Documents, under circumstances involving conduct that constitutes an emergency, the Board or its duly authorized agents may undertake immediate corrective or disciplinary action and, upon request of the Owner as to whom such corrective or disciplinary action has been taken, 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 the disciplinary action which is transmitted to the Owner. If the Board has not scheduled a hearing and the Owner desires a hearing, the Owner's written request for a hearing shall be delivered to the Association no later than five (5) days following the date when the notice of the Board's disciplinary action is transmitted to the Owner. The hearing shall be held not later than fifteen (15) days following the date of the Board's notice of the disciplinary action or fifteen (15) days following the receipt of the Owner's request for a hearing, whichever is later. If a hearing is scheduled or requested, any sanctions imposed or other disciplinary action taken by the Board shall be held in abeyance and shall become effective only if affirmed at the hearing.

9.11 Notices. Any notices required or given under this Article 9 shall be in writing and provided by personal delivery or individual delivery pursuant to Civil Code section 4040 and, at a minimum, set forth the date, time, and location of any hearing, a brief description of the act or omission constituting the alleged violation of the Governing Documents, a reference to the specific Governing Document provision or provisions alleged to have been violated, and the sanction, disciplinary action, or other enforcement action being contemplated by the Board, if any.

9.12 Dispute Resolution.

9.12.1 Alternative Dispute Resolution. Any dispute other than those listed in *Civil Code* section 5930(b) or those related to the power and duty of the Board of Directors to levy and collect Assessments through lien and foreclosure proceedings shall be submitted to alternative dispute resolution procedures ("ADR") as described in *Civil Code* sections 5925 *et seq.* In the case of any claim, dispute, or controversy which is not otherwise subject to *Civil Code* sections 5925 *et seq.*, involving a sum of money not in excess of the jurisdiction of the Small Claims Court, any party to the dispute shall have the right to file a claim in Small Claims Court and have the matter determined therein in lieu of ADR.

9.12.2 Internal Dispute Resolution. In addition to the ADR provisions of *Civil Code* sections 5925 *et seq.*, the Association shall provide for Internal Dispute Resolution in any dispute regarding the rights, duties or liabilities under *Civil Code* sections 4000 *et seq.*, the Nonprofit Mutual Benefit Corporation Law, or the Governing Documents. The procedure may be invoked by any party pursuant to *Civil Code* sections 5900 *et seq.*

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

9.14 Costs and Attorneys' Fees. In the event the Association shall take any action to enforce any of the provisions of the Governing Documents or shall determine that any Owner or Resident, member of his or her household, tenants, guests, invitees or household pets have violated any provision of the Governing Documents, and whether or not legal or judicial proceedings are initiated, the Association shall be entitled to recover the full amount of all costs including attorneys' fees and experts' fees incurred by the Association in responding to such a violation and/or in enforcing any Governing Document provision. In the event of a court awarding attorneys' fees, the court shall not be bound by any court fee schedule, but shall, if it is in the interest of justice to do so, award the full amount of costs, expenses and attorneys' fees paid or incurred in good faith. The remedies of the Association to recover the amount of such costs and attorneys' fees shall include, but shall not necessarily be limited to, the imposition of a Reimbursement Assessment as provided in Section 8.9 of this Declaration.

ARTICLE 10

DAMAGE OR DESTRUCTION; CONDEMNATION

10.1 Replacement or Repair of Association Property. In the event of damage to or destruction of Common Area or other property of the Association or any part thereof, the Association shall repair or replace the same from the insurance proceeds payable to it by reason of such damage or destruction. If any such damage or destruction was insured against and the insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may levy a Special Assessment against the Members of this Association as provided in this Declaration to cover the additional cost of the repair or replacement not covered by the insurance proceeds. The Members may elect not to cause such replacement or repair by the vote or written consent of two-thirds (2/3) of the Total Voting Power of the Association. If there is an election not to rebuild or

repair, the applicable insurance proceeds shall be distributed by the Association to the Members pro rata or otherwise made use of as determined by the vote of the Members.

10.2 Rebuilding or Repair of Improvements on Lots. If any Lot and/or Residence is damaged or destroyed by fire or other casualty, the Owner(s) of any such Lot shall repair or rebuild the structures upon such Lot and restore such Lot to its condition prior to the damage or destruction, or to such other condition as shall have been approved in advance by the Architectural Review Committee and/or Board. Repair or rebuilding shall be commenced within a reasonable time, which shall in no event exceed one (1) year after the occurrence of the damage or destruction. The Association shall make available to the Owner(s) of the damaged Lot the proceeds from insurance applicable to the loss, if any, to repair or rebuild the Lot. However, the amount of such proceeds shall not limit the obligation of the Owner(s) to repair or rebuild.

10.3 Condemnation.

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

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

ARTICLE 11

AMENDMENT

11.1 Amendment by Members. This Declaration may be amended by the affirmative vote of Members representing at least a majority of quorum, as defined in the Bylaws. For purposes of the preceding sentence, a quorum shall mean at least twenty percent (20%) of the Members of the Association, as set forth in Section 4.8.4 of the Bylaws. Any amendment of the Declaration shall be signed and acknowledged by the duly authorized officer(s) of the Association and recorded in the Office of the Santa Clara County Recorder.

ARTICLE 12

GENERAL PROVISIONS

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

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

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

12.4 Conflict Between Governing Documents. In the case of any conflict between the Articles of Incorporation, Bylaws and/or Rules and this Declaration, this Declaration shall control.

12.5 Amendment to Referenced Statutes. References in this Declaration to particular statutes, including sections of the *Civil Code*, shall be deemed to include any successor statute and any amendments to existing or successor statutes.

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

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

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

12.9 Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges, and equitable servitudes contained in this Declaration shall run with and shall benefit and burden all of the real property subject to this Declaration, including without limitation the Lots and Common Area, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors and officers, and their respective agents and successors in interest, for a term of thirty (30) years from the date of recordation of this Declaration. Thereafter, the term shall be automatically extended for successive periods of ten (10) years each, unless within the six (6) months prior to the expiration of the initial 30-year term or any 10-year extension period, a written instrument approved by Owners entitled to vote and holding at least a majority of the Total Voting Power of the Association, terminating the effectiveness of this Declaration shall be recorded in the Office of the County Recorder of Santa Clara County, California.

IN WITNESS WHEREOF, we, the Members of Los Paseos Association, constituting not less than fifty-one percent (51%) of the Owners of said Association, hereby affirm, approve, and adopt the foregoing Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Los Paseos Association, in accordance with Article XVI, Section 1 of the 1999 Declaration, as restated by means of the signatures of the President and Secretary of the Association, duly authorized by the affirmative vote of not less than fifty-one percent of the Owners of the Association, which the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions shall be recorded with the County Recorder of Santa Clara County, California.

DATED: _____

LOS PASEOS ASSOCIATION

President

Secretary

Hughes Gill Cochrane, P.C. • 1600 South Main Street, Suite 215, Walnut Creek, California 94596 • 925-926-1200

SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
LOS PASEOS ASSOCIATION

ACKNOWLEDGMENT

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

STATE OF CALIFORNIA
COUNTY OF _____

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

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

WITNESS my hand and official seal.

Signature _____ **(Seal)**

ACKNOWLEDGMENT

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

STATE OF CALIFORNIA
COUNTY OF _____

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

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

WITNESS my hand and official seal.

Signature _____ **(Seal)**