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KIRK & SIMAS

AND WHEN RECORDED MAIL TO:

Alexander F. Simas
KIRK & SIMAS
2550 Professional Parkway
Santa Maria, CA 93455

File #13118.01

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

FOR

**QUAIL MEADOWS WEST,
A PLANNED DEVELOPMENT**

Tract No. 13,427

If this document contains any restriction based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to California Government Code Section 12956.1. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Any changes to this Declaration must be approved by an appropriate vote of the Members of the Quail Meadows West Homeowners Association and recorded in the official records of Santa Barbara County.

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DECLARATION OF RESTATEMENT

That certain Declaration of Covenants, Conditions and Restrictions, which was executed on January 18, 1984 by Quail Meadows, Ltd., a California limited partnership, (“Declarant”), and recorded in the Official Records of Santa Barbara County, California on July 6, 1984 as document number 84-36425 (the “Original Declaration”), as amended and restated by a First Amended and Restated Declaration of Covenants, Conditions and Restrictions (the “First Amendment”) which were executed by Quail Meadows West Homeowners Association (the “Association”) and recorded in the Official Records of Santa Barbara County, California on June 22, 2004 as document number 2004-0065993, and as further amended and restated by a Second Amended and Restated Declaration of Covenants, Conditions and Restrictions (the “Second Amendment”) which were executed by the Association and recorded in the Official Records of Santa Barbara County, California on December 22, 2005 as document number 2005-0122878 is hereby further amended, consolidated and restated in its entirety to read as follows:

PREAMBLE

1. Declarant was the owner in fee simple of that certain real property (the “Property”) situated in Santa Barbara County, California, legally described as:

LOTS 1 THROUGH 117 OF TRACT 13,427 IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SHOWN ON MAP FILED IN BOOK 125, PAGES 35 THROUGH 39 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SANTA BARBARA COUNTY.

2. Declarant conveyed the Property to the Owners and the Association hereinafter described, subject to certain easements, protective covenants, conditions, restrictions, reservations, liens and charges as set forth in the Original Declaration for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and all of

which were intended to run with the Property and bind all parties having or acquiring any right, title or interest in the Property, or any part thereof, their heirs, successors and assigns, and inure to the benefit of each Owner thereof.

3. It was further the Declarant's intention to sell and convey the lots in the Property to the Owners, subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes between Declarant and such Owners, which were set forth in the Original Declaration and in this Declaration and which are intended to be in furtherance of a general plan for the subdivision, development, sale and use of the Property in furtherance of a planned development ownership as described in California Civil Code Section 4175. Finally, it was the Declarant's intention that the Common Area be owned and maintained by the Association, but reserved for the use and enjoyment of the Association's Members, their tenants, lessees, guests and invitees, all subject to the terms and conditions of the Governing Documents.

4. On June 15, 2004, a minimum of seventy-five percent (75.00%) (88 of 115) of the Association's Members voted to amend and restate the Original Declaration as set forth in the First Amendment and thereafter the same was recorded as specified in herein.

5. On December 20, 2005, a minimum of seventy-five percent (75.00%) (88 of 115) of the Association's Members voted to further amend and restate the First Amendment as set forth in the Second Amendment and thereafter the same was recorded as specified herein.

6. It is the Owners' intention to replace the Original Declaration, the First Amendment and the Second Amendment (collectively the "Prior Declarations") in their respective entirety with the recordation of this Declaration. The Owners' action to amend and restate the Prior Declarations as set forth herein, and the fact that the requisite percentage of affirmative votes required in the Prior Declarations was achieved is attested to by the execution of this Declaration by the Association's duly authorized officers.

DECLARATION

ARTICLE 1.

DEFINITIONS

As used in this Declaration, capitalized words, terms and phrases shall (unless expressly limited or modified, or the context otherwise requires) be deemed defined as follows:

1.01. ARCHITECTURAL COMMITTEE. "Architectural Committee" means the Committee created pursuant to ARTICLE 8 below.

1.02. ARTICLES. "Articles" means the Articles of Incorporation of QUAIL MEADOWS WEST HOMEOWNERS ASSOCIATION, the corporation organized as a mutual benefit corporation under the California nonprofit corporation laws, described in ARTICLE 3 below, as amended from time to time; a copy of which is attached hereto as Exhibit A.

1.03. ASSOCIATION. “Association” means THE QUAIL MEADOWS WEST HOMEOWNERS ASSOCIATION, INC., and its successors and assigns and as further described in the Declaration of Restatement hereof.

1.04. BENEFICIARY(IES). “Beneficiary(ies)” means a mortgagee under a mortgage or, as the case may be, the beneficiary or holder of a note secured by a Deed of Trust, and/or the assignees of such mortgagee, beneficiary or holder.

1.05. BOARD. “Board” means the Association’s board of directors, as a group, elected by the Members to conduct the Association’s business and affairs.

1.06. BYLAWS. “Bylaws” means the Association’s Bylaws, as adopted by the Members as amended from time to time through this date; a copy of which is attached hereto as Exhibit B.

1.07. COMMON AREA. “Common Area” means those portions of the Project constituting Lots 116 to 117, inclusive, and those portions of the Project identified and designated as “Private Streets” on the map for Tract No. 13,427 described in Section 1 of the Preamble to this Declaration.

1.08. DECLARANT. “Declarant” means the original developer of the Property, QUAIL MEADOWS LIMITED, a California limited partnership, or its successors and assigns (other than members of the general public).

1.09. DECLARATION. “Declaration” means this Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Quail Meadows West, a planned Development, Tract 13,427 as further described in the Declaration of Restatement hereof.

1.10. DEED OF TRUST. “Deed of Trust” means a first mortgage or a first deed of trust, as the case may be, and in each case encumbering a Lot.

1.11. FIRST AMENDMENT. “First Amendment” means the first amendment to the Original Declaration as described in the Declaration of Restatement hereof.

1.12. GOVERNING DOCUMENTS. “Governing Documents” means, collectively, the Declaration, the Articles, the Bylaws, and the Operating Rules.

1.13. LANDSCAPED AREA(S). “Landscaped Area(s)” means the lawns, trees, shrubs, plantings, flowers, and other similar materials of Tract 13,427, and the same, depending upon location, are deemed a part of the Common Area and the Owners’ respective Units.

1.14. LOT(S). “Lot(s)” means, as applicable, one or more of Lots 1 to 115, inclusive, of said Tract No. 13,427.

1.15. MAJORITY. “Majority” means Members owning fifty-eight (58) or more of the one hundred fifteen (115) Units.

1.16. MANUFACTURED HOME. “Manufactured Home” means a structure designed and equipped for human habitation as a dwelling, and a two-car garage erected on a Lot for the benefit of the Lot’s Owner(s).

1.17. OPERATING RULE(S). “Operating Rules” means such rules and regulations as are defined in Section 5.06 below.

1.18. ORIGINAL DECLARATION. “Original Declaration” has the meaning ascribed to it in the Declaration of Restatement hereof.

1.19. OWNER(S) OR MEMBER(S). “Owner(s)” OR “Member(s)” means, collectively, the Person(s) in whom legal title to any of Lots 1 to 115, inclusive, of said Tract No. 13,427 is vested, from time to time, and whom, collectively are Association Members.

1.20. PERSON(S). “Person(s)” means a natural individual, a natural individual acting in a legal capacity, or a corporation, unincorporated association, partnership, joint venture, trustee, conservator, executor, administrator or any entity with the legal right to hold title to real property.

1.21. PRIOR DECLARATIONS. “Prior Declarations” means the Original Declaration, the First Amendment, and the Second Declaration collectively, as further described in the Declaration of Restatement hereof.

1.22. PRIVATE STREETS. “Private Streets” means those areas shown and designated as such on the Map for said Tract 13,427 and the same are deemed a part of the Common Area.

1.23. PRIVACY FENCES. “Privacy Fences” means those fences erected originally around the rear and side yards of each Unit.

1.24. PROJECT. “Project” means all of the Property described and identified in Section 1 of the Preamble above and all improvements thereto, and all buildings and other structures erected or hereafter erected thereon, as the same may be constituted from time to time, and shall include any Manufactured Home placed and maintained from time to time upon any of said Lots 1 to 115, inclusive, of said Tract No. 13,427.

1.25. PROPERTY. “Property” means all of the real property described and identified in Section 1 of the Preamble above.

1.26. RECREATION AREA(S). “Recreation Area(s) means Lots 116 and 117 of said Tract No. 13,427 and such other portions of the Common Area as shall be designated as such by the Board from time to time, except that the same shall not include any Private Street.

1.27. RESIDENTIAL AREA(S). “Residential Area(s)” means those portions of the Project constituting Lots 1 to 115, inclusive, as identified and designated on the Map of said Tract 13,427.

1.28. SECOND AMENDMENT. “Second Amendment” means the second amendment to the Original Declaration as described in the Declaration of Restatement hereof.

1.29. STRUCTURE. “Structure” means anything manufactured or fabricated or shaped by any Person.

1.30. SUBDIVISION INTEREST(S). “Subdivision Interest” means the fee simple interest in a Unit together with the interest of the Owners of such a fee simple interest as an Association Member; meaning that the Owners have a financial interest in a Unit as well as a financial interest in the Common Area.

1.31. SUPERMAJORITY. “Supermajority” means Members owning seventy-seven (77) or more of the one hundred fifteen (115) Units.

1.32. UNIT(S). “Unit(s)” means each of the separate portions of the Residential Area(s) designated and identified as Lots 1 to 115 inclusive, on the Map of said Tract 13,427, together with the building or buildings now or hereafter erected thereon and all other structures now or hereafter situated thereon and appurtenant thereto, including a Manufactured Home and a two-car garage.

ARTICLE 2.

PERMITTED USES, RESTRICTIONS AND OBLIGATIONS OF OWNERS

2.01. RESIDENTIAL AREA(S). No part of the Residential Area(s) shall be used or occupied for any purpose other than as a residential dwelling of the Owner and the Owners’ immediate family, or their guests or tenants, and for purposes incidental thereto; and the use or occupancy, in whole or in part, of any portion thereof for commercial, professional, trade or other non-residential purposes is prohibited.

2.02. COMMON AREA(S). Title to the Common Area shall be vested in and under the Association’s control, provided that:

a. Subject to such Operating Rules as may be promulgated from time to time by the Board pursuant to Section 5.06 below, the Owner(s) of each Unit shall be deemed to have the right of enjoyment of and a non-exclusive easement for ingress and egress over, along, under and upon the Common Area, which right and easement shall be deemed appurtenant to each Unit, and;

b. Any Owner may from time to time, delegate such right of enjoyment and easement to the members of the Owners’ family or tenants (collectively “Occupants”). These Occupants must be registered in residence by written notice to the Association and shall be subject to the same Operating Rules as such Owner. All guests of such Occupant, or the Owners’ contract purchasers must be accompanied by such Owner when using the Common Area, except

when entering and exiting the Project, and;

c. No portion of the Common Area shall be used other than for landscaping, recreational, street or parking purposes, and for ingress and egress except for that portion of the Common Area which is designated as a "retention basin" for drainage purposes, provided, however, that nothing herein shall be deemed to restrict the installation by the Association or any governmental body or agency or any public utility of underground or overhead facilities, including but not limited to gas, water and electricity lines, sanitary sewer and storm or other drain lines or devices, or the temporary use thereof in connection with the maintenance, repair or replacement of the Project or any portion thereof, and;

d. Right of Public Entry to Common Area; The City of Santa Maria, County of Santa Barbara, State of California, and the government of the United States, and any department, bureau or agency thereof, shall have the right of immediate access to all Project Common Areas at all times for the purpose of preserving the public health, safety and welfare except in those instances where a portion of the Common Area is accessible only through a private Unit. Notice of the foregoing right of entry in favor of governmental agencies shall be prominently displayed in the Project Common Area. This subsection's provisions shall not be amended, modified or changed without first obtaining the written consent of the County of Santa Barbara or other applicable governmental authority having land use jurisdiction over the Project.

2.03. ANIMALS, BIRDS, ETC. No animal, bird, fish, reptile or insect, other than a reasonable number thereof, generally recognized as being domestic pets, shall be kept or maintained on any portion of the Project, and the keeping, breeding or maintenance of any animal, bird, fish, reptile or insect for commercial purposes is hereby prohibited, In connection therewith:

a. Upon any Owner's written request, the Board shall, in its sole and reasonably exercised discretion, determine whether, for the purpose of this ARTICLE 2, a particular animal, or bird, or fish, or reptile, or insect is or is not a domestic pet and/or whether the number thereof kept or maintained, or proposed to be kept or maintained, is reasonable;

b. The Board may, from time to time and in its sole and reasonably exercised discretion, determine if any such animal, bird, fish, reptile or insect is or has become a nuisance, prohibited as hereinafter provided; and;

c. The Board shall permit each Unit to keep two (2) domestic pets, as defined in California Civil Code Section 4715, in the Unit. Furthermore, this section does not restrict the maintenance of service animals for the disabled in any Unit in the Project.

2.04. DISEASES, INSECTS, ETC. The maintenance of any condition, which induces or harbors, or may tend to induce or harbor, infectious plant diseases, noxious insects, and/or rodents or reptiles in the Project is prohibited.

2.05. STRUCTURES AFFIXED TO MANUFACTURED HOMES. On a uniform basis, no structures may be affixed to any Manufactured Home, except as (a) approved by the public

agency having discretionary land use approval authority over the Project (b) as provided in Section 2.07 below, (c) as otherwise mandated by law, or (d) as approved by the Architectural Committee.

2.06. SHORTWAVE TRANSMITTERS. No short-wave transmitters shall be operated on or within the Project except upon the Board's approval.

2.07. ANTENNAS AND SATELLITE DISHES. No radio or television antennas or satellite dishes shall be placed on any Unit in any manner that makes it visible from outside the Unit, except for those radio and television antennas which the Association is required to approve pursuant to California Civil Code Section 4725 or Title 47 Vol. 1 of the Code of Federal Regulations (Federal Communications Commission regulations), or other proper regulatory authority. The Board shall keep a copy of each of these documents on file and shall cite the appropriate section whenever a decision is made regarding one of the above mentioned requests.

2.08. DRYING OR AIRING OF CLOTHES. The drying or airing of clothes in or upon any Unit or portion thereof, which is not entirely enclosed, is prohibited.

2.09. TRAILERS, CAMPER, BOATS, ETC: REPAIRS, ETC. Except for (a) within a closable garage on a lot, or (b) as may be permitted by the Board in specifically designated portions of the Common Area, parking or maintaining any trailer of any kind, or any camper, boat, automobile, motorcycle or similar vehicles or objects within the Project is prohibited, however Unit residents are permitted to load and unload recreational vehicles during daylight hours.

Construction, repair or rehabilitation of any motor vehicle within the Project is prohibited; except within the confines of any Unit and restricted to the inside of the garage. This prohibition does not apply to the emergency repair of motor vehicles necessary in order to transport the vehicle to a repair facility. This provision shall not apply to a Manufactured Home placed or maintained on any Lot.

2.10. NUISANCES. The keeping or maintaining of any thing or condition within the Project or the commission of any act or any failure to act which constitutes a nuisance under any law or ordinance or which increases the insurance rate relating to loss or damage to any Project element is prohibited and may be abated by the Association, provided that any such abatement shall be made and conducted by lawful means only.

2.11. SIGNS. No signs whatever shall be placed, erected or maintained within the Project except:

- a. Such signs, if any, as may be required by law.
- b. Uniform (as to size, lettering and color) address, mailbox, parking space, and storage area identification signs, and street identification signs.
- c. Signs placed in the Common Area by the Board setting forth or relating to

Operating Rules promulgated from time to time by the Board.

d. One (1) sign of not more than necessary and reasonable dimensions relating to the proposed sale or lease of any Unit, said sign to be located upon the Unit. It is the intent to restrict such signs only to the extent that such restriction is not void under California Civil Code Sections 712, 713 and 4710.

2.12. RESTRICTION ON SUBDIVISION AND CONVEYANCE. No portion of any of the separate Lots now constituting the Residential Area(s) shall be divided, subdivided or consolidated (separately or with any other parcel); and no portion less than all of any such Lot and no interest (other than a security interest or a leasehold interest) of less than a fee simple shall be conveyed by any Owner, except upon the Board's prior written approval.

2.13. OWNER OBLIGATIONS. Subject to the Association's obligations, as provided in ARTICLE 4 below, the Operating Rules, and the provisions of ARTICLE 7 below, every Unit and any Manufactured Home situated thereon shall be maintained in good order and repair by the Owners thereof and such obligation shall also apply to all Landscaped Areas on a Unit, including but not limited to the grass, trees, shrubs, bushes and other vegetation from time to time planted and growing on a Unit.

2.14. IMPROVEMENT, ALTERATIONS OR MODIFICATION OF COMMON AREA. No improvements, excavations, alterations to or modifications of the Common Area as originally constructed or contemplated, shall be made or conducted, except as may be allowed under application and permit pursuant to any applicable law or ordinance and except, after review (or initiation thereof) by the Architectural Committee pursuant to ARTICLE 8, and upon the express approval of a Majority secured at a special Member's meeting called to consider the same.

2.15. SPECIAL PROVISION FOR SHARED FENCES. Where there are Privacy Fences shared by Owners, the repair or replacement cost of same shall be shared by each Owner equally as provided by California Civil Code Section 841. Where an Owner shares a wall or fence with the Association, said cost to repair or replace the wall or fence shall be shared twenty-five percent (25.00%) by the Owner and seventy-five percent (75.00%) by the Association.

2.16. RESIDENTIAL AREA IMPROVEMENT, ALTERATIONS OR MODIFICATION. No improvements, excavation or other work (including but not limited to exterior painting) which in any way may alter the exterior appearance of any structure (including any Manufactured Home) within the Residential Areas from its natural or improved state or in the case of a Manufactured Home placed upon any Lot, its condition when placed or as later changed, shall be made or done without the Architectural Committee's prior approval.

2.17. UNIT LEASING. With the exception of a lender in possession of a Unit following a default in a Deed of Trust, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Unit Owner shall be permitted to lease a Unit for transient or hotel purposes. No Unit Owner may lease less than the entire Unit.

a. Any lease agreement shall be for a term of at least ninety (90) days and shall

provide that the lease is subject in all respects to the provisions of this Declaration and the Bylaws and that any failure by a lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing. Other than the foregoing, there is no restriction on any Unit Owner's right to lease a Unit.

b. The Owner or Owner's agent shall keep the Association informed of the Owner's current address and phone number and shall provide the Association with a copy of the rental agreement and all amendments thereto.

2.18. PARKING RESTRICTIONS. Due to the narrow streets, parking for vehicles is limited to the Unit's garage and driveway. Parking on the Project's streets overnight is prohibited.

2.19. OTHER RESTRICTIONS. The use and enjoyment of the Common Area may be subject to other and further restrictions, in the form of Operating Rules, promulgated from time to time by the Board.

ARTICLE 3.

THE QUAIL MEADOWS WEST HOMEOWNERS ASSOCIATION

3.01. DESIGNATION. The Project's management shall be conducted by the Association, the corporation organized under the California nonprofit mutual benefit corporation law for such purpose, and the Association shall have the powers and duties provided in the Governing Documents.

3.02. MEMBERSHIP. Each Owner, by virtue of being an Owner and for so long as an Owner, shall be deemed an Association Member.

3.03. SUBJECT TO ARTICLES, DECLARATION, BYLAWS, ETC. Upon becoming a Member, an Owner shall, without further act or notice, be subject to the Governing Documents.

3.04. MEMBERSHIP APPURTENANT; TRANSFER. Membership in the Association shall be appurtenant to ownership of a Unit and shall not be transferred, pledged or alienated in any way separately therefrom; and any conveyance of or transfer by operation of law of a Unit's title shall automatically operate to transfer such membership to the transferee or transferees of such title, and no reference or notice shall be required with respect thereto.

3.05. RIGHT OF OWNER TO VOTE. Each Owner shall have a right to one (1) vote for each Unit owned in the Association upon any matter on which the Governing Documents permit the Members to vote. The rules applicable to and the manner in which votes shall be cast, including the rules in cases in which a Unit is owned by more than one Person, shall be as set forth in the Bylaws.

3.06. SUSPENSION OF OWNER RIGHTS AND PRIVILEGES. The Board shall have the right to suspend a Unit Owner's voting rights and right to use the Recreation Areas for a period

during which any assessment against the Owner's interest in the Project remains unpaid and delinquent, and for a period not to exceed thirty (30) days for any single infraction of the Governing Documents, provided that any suspension of such voting rights or right to use the Recreation Areas, shall be made only by the Board after compliance with the notice and hearing requirements contained in California law. Furthermore, the Board shall have the right and power to adopt a schedule of monetary penalties and to levy monetary penalties against an Owner for any infraction of the governing documents after compliance with the notice and hearing requirements contained in California law.

ARTICLE 4.

ASSOCIATION POWERS AND DUTIES

4.01. POWERS. The Association has been incorporated as a California non-profit mutual benefit corporation and as such, the Association is vested with all of the powers set forth in the Articles and those prescribed by California law with respect to non-profit mutual benefit corporations and common interest developments, and the powers vested in it by the Governing Documents, including but not limited to the following:

a. To exercise general jurisdiction over all of the Project and such real and personal property, or interest therein, lying within or outside of the Project as it may acquire.

b. To pay all general and special real property taxes and special assessments assessed and levied upon the Common Area, or any other portion of the Project, to the extent not assessed and levied upon any Unit or Owner, and to pay all taxes assessed and levied upon personal property owned by, or under the Association's control. The Association may contest or compromise any such assessment or levy.

c. To levy assessments on each Unit and, upon the Owners thereof, and to enforce payment of such assessments as hereinafter provided in ARTICLE 7 below. To peacefully enter into or upon any Unit for the purpose of making emergency repairs therein, or to peacefully abate any nuisance being conducted or maintained in or upon said Unit, provided that any such abatement shall be made and conducted in a lawful manner only.

d. Subject to the provisions of Section 5.04 below, to employ the services of any person or firm to perform the Association's management functions and to provide such labor, material and management services as may be required to effect the conduct and performance by the Association of its duties and obligations under the law and under the Governing Documents, provided that if required under any law, ordinance, conditional use permit or variance, the Association shall employ such a person or firm.

e. To peacefully or by appropriate disciplinary procedures or by legal proceedings, restrain or enjoin any violation of the Governing Documents, or enforce compliance therewith.

f. Initiate and execute disciplinary proceedings against Association Members for

violations of the Governing Documents in accordance with procedures set forth in the Governing Documents and as otherwise provided by law.

- g. Elect the Board's officers.
- h. Remove any Board member or members with cause.
- i. Fill all vacancies on the Board created by removal, resignation, recall or any other reason, following normal election procedures.

4.02. DUTIES. The Association shall have the obligation and the duty to:

a. Maintain, repair and replace the Common Area as the same shall become necessary, which obligation shall include, but not be limited to, the removal and replacement (at the Association's expense) of any structure located on the Common Area as the same may be necessary in connection with the repair or replacement by any public or private utility of any water, sanitary sewer, storm drain, gas or electricity line or device situated on or under the Common Area.

b. Provide utility service to the Common Area not otherwise provided by a public utility or governmental body, including gas, electricity, water, sanitary sewer and scavenger service, provided however, that nothing herein shall be deemed to require the Association to provide such services to any Unit.

c. To secure and maintain policies of insurance, as provided in ARTICLE 9 below

d. To otherwise manage and operate the Project and, in connection therewith, do such things as may be necessary and consistent with the Governing Documents intent.

4.03. LOCAL GOVERNMENT RIGHTS. To the extent required or permitted by law, the municipality or any other governmental body or agency within whose geographical limits the Project may lie, shall have the right, from time to time, upon the Association's failure or refusal to do so, to effect the maintenance, repair or replacement of the Common Area or any portion thereof and to assess the Owners for the cost and expense thereof as if acting as the Association.

4.04. DELEGATION OF POWERS AND DUTIES TO BOARD. Except for those powers reserved to the Members by the Governing Documents, the Association's powers and duties shall be exercised by the Board, as provided in ARTICLE 5 below.

ARTICLE 5.

BOARD AND MEMBER POWERS AND DUTIES.

5.01. POWERS AND DUTIES. The Association has been incorporated as a California non-profit mutual benefit corporation and shall have all of the powers and duties of such a

corporation. The Association's business and affairs shall be conducted by and through the Board. The Board is vested with all of the Association's powers and duties, except for those powers and duties reserved to the Members either by the Governing Documents or by law.

5.02. BOARD COMPOSITION, ETC. The Board shall be composed five (5) Association Members or such other number as the Association may from time to time determine, as provided in the Bylaws. Board members shall be elected at the Association's annual meeting.

5.03. COMMITTEES. The Board shall have authority to appoint committees and provide direction to the committees to perform specific functions. Each committee shall be composed of Owners or resident first degree relatives of an Owner, as permitted by the Owner.

5.04. LIMITATIONS ON BOARD POWERS AND DUTIES. The BOARD shall have no power to:

- a. Amend or repeal the Articles, the Declaration or the Bylaws.
- b. Remove any Board member without cause. The Board may, however, remove any Board member for cause. Examples of cause include mental incapacity, a felony conviction, or missing a number of regular Board meetings specified by the Board in the Operating Rules without a reasonable excuse.
- c. Make any determination as whether to repair or replace in the event of damage to or destruction of the Project under ARTICLE 10 below.
- d. Bind the Association to any contract or undertaking with an operative period in excess of one (1) year, provided that the Board may bind the Association to such contract or undertaking upon the prior approval of a Majority at a special meeting of the Owners held for the purpose of considering such contract or undertaking. Neither the Members nor the Board shall have the authority to enter into a contract or undertaking which will bind the Association for a period in excess of three (3) years unless the same provides that it may be terminated by the Association with or without cause and without penalty or payment upon not more than ninety (90) days written notice.
- e. Sell any Association property, during any one (1) fiscal year, having an aggregate fair market value in excess of a sum equal to five (5%) percent of the budgeted gross Association expenses for such fiscal year without the prior approval of a Majority.
- f. Commit any act or do anything which, under the Governing Documents, or California law, expressly requires the Members' prior approval.

5.05. ACTIONS REQUIRING THE APPROVAL OF THE MEMBERS. The Board shall ordinarily be prohibited from taking any of the following actions except with the vote or written assent of a Majority.

- a. Enter into a contract with a third person wherein the third person will furnish

goods or services for the Common Area or the Association for a term longer than one (1) year with the following exceptions:

i. A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.

ii. A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission, provided however that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

iii. Prepaid casualty and/or liability insurance policies not to exceed three (3) years duration, provided that the policy permits for short rate cancellation by the insured.

b. Paying compensation to Board members or to elected Association officers for services performed in conducting the Association's business; provided however that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the Association's business.

5.06. OPERATING RULES. The Board shall have the right to adopt and enforce, in the Association's name, Operating Rules, and to change the same, all in compliance with California Civil Code Section 4340, et seq. provided that no such Operating Rules shall operate to unreasonably deprive or restrict any Owner's right to use the Common Area or a Unit as the same may be established under this Declaration.

5.07. LIABILITY OF ASSOCIATION OFFICERS AND BOARD MEMBERS; INDEMNIFICATION. No Association officer or Board member shall, as such, be personally liable to any Owner, or to any other person, firm or governmental body or agency, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Association or the Board (or any of its members). The Association shall indemnify and hold harmless such officers and members against any loss or damage, including court costs and reasonable attorneys' fees, which any of them shall suffer or incur as the result of any such act or omission, and at its expense, shall defend or provide a defense to any claim or cause of action relating to any such purported act or omission, provided that the exculpatory and the indemnity provisions herein shall not apply to any unlawful act or to any act or omission as to which there was gross negligence or willful and wanton conduct by such member or officer, as the same may be determined by any final adjudication of any claim relating thereto.

ARTICLE 6.

MAINTENANCE FUND, DISCLOSURES AND RETENTION BASIN

6.01. MAINTENANCE FUND. The Board shall, on the Association's behalf, establish a maintenance fund into which shall be deposited all monies paid to the Association and from which all disbursements relating to the Project shall be made, provided that the Board may

establish separate accounts relating to reserves or for other special purposes.

6.02. RETENTION BASIN. Pursuant to agreements between the Association and the County of Santa Barbara, and notwithstanding any other provision of the Governing Documents, the Association shall have joint responsibility with the County to maintain the drainage retention basin, which is a portion of the Common Area. The retention basin is intended primarily for drainage and related purposes for the subdivision and adjoining areas and recreation facilities installed in the retention basin will be subject to and may be affected by its primary purpose.

6.03. FINANCIAL STATEMENTS AND DISCLOSURES. The Association shall create and make budgets, financial statements and all other disclosures as required by state and federal law.

6.04. NOTICE OF AIRPORT IN VICINITY. This Property is presently located in the vicinity of an airport, within what is known as an airport influence area. For that reason, the Property may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. You may wish to consider what airport annoyances, if any, are associated with the Property before you complete your purchase and determine whether they are acceptable to you.

ARTICLE 7.

COVENANT FOR MAINTENANCE ASSESSMENTS

7.01. CREATION OF THE LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS. Each Owner, by accepting a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (1) regular assessments or charges; (2) special assessments and (3) reimbursements; such assessments to be fixed, established and collected from time to time as hereinafter provided. The regular and special assessments, together with such interest, late charges and costs of collection as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with such interest, late charges and costs, shall also be the personal obligation of the person who was the Owner of the Lot at the time when the assessment fell due.

The personal obligation shall not pass to the Owners' successors in title unless expressly assumed by them.

7.02. PURPOSE OF ASSESSMENTS. The assessments levied by the Association shall be to improve, replace, repair, operate and maintain the Common Area, the landscaping, the improvements and personal property wherever located within the Project that are owned or maintained by the Association; to provide funds necessary for performing the Association's duties as set forth in the Governing Documents.

7.03. BASIS OF REGULAR ASSESSMENT. The rate of regular assessments shall be established by the Board from time to time, taking into consideration all current operating and maintenance costs and estimated future needs for repairs and replacements. The Board may increase regular assessments up to twenty percent (20%) in any fiscal year without Member approval. Increases in regular assessments by more than twenty percent (20.00%) in any fiscal year shall be approved by the Members as provided in Section 7.06 below. New rates of regular assessments shall take effect upon at least thirty (30) days, but not more than sixty (60) days, written notice to the Members; such notice shall be sent by first class mail.

7.04. BASIS OF SPECIAL ASSESSMENTS. The Board may levy special assessments if it determines that the Association's available funds are, or will, become inadequate to meet the Association's estimated expenses, including the maintenance of appropriate reserves, for a particular fiscal year for any reason, including, but not limited to, unanticipated delinquencies, costs of construction, costs of repair, unexpected repairs or replacement of capital improvements or otherwise, all of which shall be in compliance with California Civil Code Section 5300 et seq. and the following..

Except in an emergency situation, the Board may not impose special assessments, which in the aggregate exceed five percent (5%) of the Association's budgeted gross expenses for the fiscal year in which the assessment is levied. Special assessments, except for emergencies, in excess of five percent (5%) of the Association's budgeted gross expenses shall be approved by the Members as provided in Section 7.06 below.

For the purposes of this Section, an emergency situation is any one of the following:

- a. An extraordinary expense required by order of a court.
- b. An extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible where a threat to personal safety on the Project is discovered.
- c. An extraordinary expense necessary to repair or maintain the Project, or any part of it for which the Association is responsible, that could not have been reasonably foreseen by the Board in preparing and distributing the operating budget. However, prior to imposing or collecting an assessment under this subsection the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expenses involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Members with the notice of assessment.
- d. A special assessment shall become due after the Members have sent, at their last known address, by first-class mail, at least thirty (30) days, but not more than sixty (60) days before its implementation, written notice of the special assessment
- e. In case of earthquake damage, there will be an automatic assessment on each household to cover the deductible clause in the Association's earthquake insurance policy.

7.05. UNIFORM ASSESSMENT RATE. Both regular and special assessments must be fixed at a uniform rate for all Units. Regular assessments shall be paid on a monthly basis. Special assessments shall be payable as determined by the Board.

7.06. MEMBER APPROVAL OF ASSESSMENTS. When Member approval of assessments is required, the presence at the meeting of more than a Majority, in person or by proxy, shall constitute a quorum. The approval of a Majority shall be required to approve the assessment.

7.07. REIMBURSEMENT ASSESSMENTS. If the Association expends any money because of the act or failure to act of any Owner, his family, tenants, guests and invitees under the Governing Documents, the Association may levy a reimbursement assessment against such Owner for the purpose of reimbursing the Association, provided that such assessment shall be limited to the amount of money so expended. Such reimbursement assessment may be collected in the same manner as a regular or special assessment, to the extent permitted by law.

7.08. EFFECT OF NON-PAYMENT OF ASSESSMENTS; THE PERSONAL OBLIGATION OF THE OWNER; THE LIEN; REMEDIES OF ASSOCIATION.

a. Due Dates. Regular Assessments shall be due on the first (1st) day of the month and delinquent if not received by the Association before the sixteenth (16th) day of the month in which they become due. Special Assessments shall be due on the date set by the Board, and shall be delinquent if not received by the Association within fifteen (15) days of the due date. The assessments shall become a debt of the Owner from the date that the assessment is levied.

b. Charges for Delinquent Assessments. If an assessment is delinquent, the Association shall be entitled to recover all of the following: (1) Reasonable costs of collecting the delinquent assessment, including reasonable attorneys' fees; (2) A late charge to be set by the Board and not to exceed ten dollars (\$10) or ten percent (10%) of the assessment, whichever is greater; and (3) Interest on all sums imposed, including the delinquent assessments, late charges and collection costs, at an annual rate to be set by the Board, but not to exceed twelve percent (12%) or the maximum rate permitted by law, whichever is less. Interest shall commence 30 days after the assessment became due. Charges for delinquent assessments shall become a debt of the Owner from the date that the charge is levied.

c. Association Rights to Collect and Enforce Assessments. The Association may enforce delinquent assessments by suing the Owner directly on the debt established by the assessment, or by establishing an assessment lien against the Owner's Lot for the amount owed, and foreclosing the lien through either judicial proceedings or nonjudicial proceedings under the power of sale. The Association may commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien against the Owner's Lot.

d. Creation of Assessment Lien. A delinquent regular, special or reimbursement assessment, together with any accompanying late charges, interest, collection costs, including reasonable attorneys' fees, shall become a lien on the Lot against which the assessment was levied upon recording a Notice of Delinquent Assessment in the office of the Santa Barbara

County Recorder. The Notice shall contain the delinquent assessment amount, the related charges, a description of the Lot, the Owner's name and address, and if the lien is to be enforced by power of sale under non-judicial foreclosure proceedings, the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice shall be signed by any Association officer, or by an Association agent authorized to do so by the Board. A copy of the Notice of Delinquent Assessment and claim of lien shall be mailed to the Owner within ten (10) days of filing with the county recorder.

The notice shall not be recorded until the Owner has been given thirty (30) days advance written notice of the delinquency, delivered by certified mail at the Owner's last known address. The notice shall contain the delinquency amount, the Association's written collection policy, an itemized statement of charges owed by the Owner, and such other disclosures as required by law.

Except as required by California Civil Code Sections 5625, 5675, and 5685, a monetary penalty imposed by the Association as a disciplinary measure for a Member's failure to comply with the Governing Documents, except for the late payments, may not be characterized nor treated in the Governing Documents as an assessment which may become a lien against the Owner's Lot enforceable by the sale of the Lot under California Civil Code Sections 2924, 2924b and 2924c.

e. Meeting Between Owner and Board. To the extent required by law, the Board shall meet with an Owner to discuss a payment plan. The Board, or other designated Association representatives, may meet with an Owner at any time to negotiate a payment plan to retire the delinquent assessments.

f. Foreclosure Under Assessment Lien. After thirty (30) days have elapsed from recording of the assessment lien, the Association may enforce its lien by filing an action for judicial foreclosure or, if the Notice of Delinquent Assessment contains the name and address of the trustee, by nonjudicial foreclosure. Any nonjudicial foreclosure shall be conducted in accordance with the requirements of California Civil Code Sections 2924 through 2924j as they apply to the non-judicial foreclosure of mortgages or deeds of trust. The sale shall be conducted by the trustee named in the Notice of Delinquent Assessment or by a trustee substituted in accordance with the applicable provisions of the California Civil Code. The Association may bid on the Lot at the sale, and may hold, lease, mortgage and convey the acquired Lot. If the default is cured before the sale, or before completing a judicial foreclosure, including payment of all costs and expenses incurred by the Association, the Association shall record a Notice of Satisfaction and Release of Lien.

g. Release of Lien. Within twenty-one (21) days after the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall record with the county recorder a lien release or notice of rescission and provide the Owner with a copy thereof.

7.09. EXEMPT PROPERTY. The following property subject to this Declaration shall be exempt from the assessments created herein: (a) all properties dedicated to and accepted by a local public authority; (b) the Common Area; and (c) all properties owned by a charitable or

nonprofit organization exempt from taxation by California law. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE 8.

ARCHITECTURAL STANDARDS AND ARCHITECTURAL COMMITTEE

8.01. ARCHITECTURAL COMMITTEE ORGANIZATION AND APPOINTMENT

The control of modifications, alterations and changes to or of the Common Areas and the Residential Areas, including but not limited to all structures (including any Manufactured Home) and Landscaped Areas, fences and the control of the repair, painting and replacement of the same shall be exercised by the Architectural Committee as provided herein.

a. The Architectural Committee shall be appointed by the Board pursuant to Section 5.03 above. The Architectural Committee shall consist of not less than five (5) nor more than seven (7) persons, as determined by the Board from time to time, all of whom shall be Owners or resident first degree relatives of an Owner, with the Owner's permission.

b. Resolution. The Board shall consult with the Architectural Committee as to changes to the Common Areas. If the Board and the Architectural Committee cannot agree, then the matter is to be referred to the Owners at a special meeting called by either the Board or the Architectural Committee to resolve the matter by a vote of majority of the Owners (58 of 115).

8.02. PROPOSED MANUFACTURED HOMES, IMPROVEMENTS, ETC.

Any Owner proposing to place a Manufactured Home upon any Residential Area, or to make any improvement, modification, addition or alteration of any kind whatever that effects the exterior appearance of a Manufactured Home or Lot (including but not limited to landscaping and/or painting any part of exterior of the Unit a color different from that which it was originally painted), or any changes to fencing, shall apply for approval by delivering to the Architectural Committee a written application describing the Manufactured Home or the nature of the proposed improvement, modification or alteration together with the following documents and information.

a. A plot plan of the affected Lot showing the location of existing and any proposed Manufactured Home, fence or other improvements, modifications and alterations.

b. Floor plans, if applicable.

c. Drawings showing height, width and other dimensions, and all elevations, if applicable, and including fences and screen walls.

d. A description of exterior materials and color, with color samples.

e. A description of the landscaping or changes thereof proposed.

- f. The proposed construction schedule.
- g. If applicable, colored photographs of the proposed Manufactured Home.
- h. Any applicable applications for or issued governmental permits.

Window air conditioners may be permitted by the Architectural Committee provided the air unit is not visibly seen from the street.

8.03. APPROVAL OF MANUFACTURED HOME IMPROVEMENTS, ETC. The Architectural Committee shall grant the requested approval only if the committee determines, that:

- a. The Owner shall have strictly complied with the provisions of Section 8.02 above.
- b. The proposed Manufactured Home, improvement, modification, addition or alteration would not violate any provision of the Governing Documents.
- c. The proposed Manufactured Home, improvement, modification, addition or alteration is compatible with the Project's standards and the purpose of this Declaration as to quality of workmanship and materials, as to harmony of external design with existing structures (including Manufactured Homes in place upon any of the Lots), and as to location with respect to topography and finished grade elevations.

8.04. FORM OF APPROVAL/REJECTION. All approvals or rejections must be in writing. The Architectural Committee must review the applications within thirty (30) days from receipt of same and a decision must be rendered within sixty (60) days from receipt of the same or less, or the application is deemed to be approved. One (1) set of plans as finally approved shall be retained by the Architectural Committee as a permanent record and placed in a file for that Lot. (It is suggested the Owner also keep personal copies of plans and records. It is the Owner's responsibility to secure any approvals required by any governmental body.)

8.05. PROCEEDING WITH WORK. Upon receipt of approval from the Architectural Committee the Owner shall, as soon as practicable (and upon the issuance of a permit by the applicable governmental agency), diligently proceed with commencement and completion of approved work as described in the application. All construction, refinishing, alterations and excavations, shall comply with all terms and conditions of that approval; provided however, such commencement shall occur in all cases within six (6) months from the date of such approval. If the Owner fails to comply strictly with this Section 8.05 any approval given shall be deemed revoked. The Architectural Committee upon written request by the Owner, made prior to the expiration, and provided there has been no change of circumstances associated with the approved project during the six (6) month period, may extend the time of the originally granted approval for up to six (6) additional months.

8.06. FAILURE TO COMPLETE WORK. The Owner shall, in any event, complete the construction, reconstruction, refinishing or alteration of any such improvement within forty-five

(45), days after commencement thereof, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner due to circumstances beyond reasonable control of the Owner or the Owner's agents. If it is found the Owner failed to comply strictly with this Section 8.06, the Architectural Committee shall notify the Association of such failure, and the Association shall proceed pursuant to Section 8.07 below as though the failure to complete the improvement constituted non-compliance with the approved plans.

8.07. INSPECTION OF WORK. Inspection of work and correction of defects therein shall proceed as follows:

a. Upon the placement of any Manufactured Home on a Lot, or the completion of any other construction, reconstruction, alteration, addition or refinishing of the exterior improvement thereof, or upon the completion of any other work for which approved plans were required, the Owner shall give prompt written notice of completion to the Architectural Committee.

b. Within sixty (60), days thereafter, the Architectural Committee may inspect such Manufactured Home, improvement or other work to determine whether it was accomplished in substantial compliance with the approved plans. If substantial compliance with approved plans is not found by the Architectural Committee, the Owner shall be promptly notified in writing of such non-compliance within such sixty-day period, specifying the particulars of non-compliance and shall require the Owner to remedy the non-compliance.

c. If upon the expiration of thirty (30) days from the date of non-compliance notification, the Owner has failed to correct accordingly, the Architectural Committee shall notify the Board in writing of such failure. The Board shall then set a date on which it shall hold an open hearing regarding the alleged non-compliance. The hearing date shall be not be less than fifteen (15) days nor more than thirty (30) days after notice of non-compliance is given to the Board by the Architectural Committee. The Board shall give at least ten (10) days written notice of the hearing date to the Owner and the Architectural Committee.

d. At the hearing the Owner, the Architectural Committee, and any other interested person may present information relevant to the question of the alleged non-compliance. After consideration of all information, and inspection of the work, the Board shall determine whether a non-compliance condition exists and, if so, the nature thereof. If a non-compliance condition is found to exist the Board shall announce its ruling at the hearing's conclusion. Within three (3) days thereafter the Owner shall be directed in writing to correct the non-compliance condition. If the Owner does not comply with the Board ruling within forty-five (45) days thereafter, the Board may grant additional time to comply. If the non-compliance condition still exists at the end of the time period, as extended, the Board shall, using appropriate legal means, remedy the non-compliance condition. The Owner shall reimburse the Association upon demand, for all expenses incurred in connection therewith.

If the Owner does not promptly repay such expenses to the Association, the Board shall levy a reimbursement assessment against such Owner pursuant to Section 7.07 above.

e. If for any reason the Architectural Committee fails to notify the Owner of any non-compliance condition within sixty (60) days after receipt of said written notice of completion from the Owner, the improvement or other work shall be deemed to be in accordance with said approved plans.

8.08. RIGHT OF APPEAL. Any Owner who is denied approval by the Architectural Committee shall have the right to appeal that decision to the Board. That appeal shall be made by written application to the Board. Said application shall be made within fourteen (14) days, of the issuance of the decision by the Architectural Committee. If no written appeal is made within the fourteen-day period, then the Architectural Committee's decision shall be binding on the Association and the Owners. The Board shall, within ten (10) days of receipt of a written appeal, notify the Owner who filed the appeal and the Architectural Committee of the date the appeal was received. The Board shall schedule an open hearing on the appeal within thirty (30) days from receipt of the appeal. The Board shall notify the Owner who filed the appeal and the Architectural Committee, in writing, of the hearing date, time and place at least (10) days prior to said date. The hearing shall be in open session and all Members may attend. A public notice shall be given by posting in a prominent place for at least seven (7) days before the hearing. The Board does not have to allow open discussion on the matter but may ask for testimony from any interested Person.

At the hearing the Owner, the Architectural Committee and the Board may present information relevant to the issues on Appeal. After considering all such information the Board shall determine whether or not to overturn the Architectural Committee's decision. The Board shall announce its ruling at the conclusion of the hearing and shall issue a written decision within five (5) days thereafter.

If the Board cannot arrive at a decision, then the matter shall be determined by a Majority vote at a special Owners' meeting called by the Board.

ARTICLE 9.

INSURANCE

9.01. RISKS AND COVERAGE. The Association, at its expense, shall secure and maintain in force the following policies of insurance.

a. All risk (including but not limited to fire, hazards ordinarily included under an extended coverage endorsement and, at the Board's election, flood and earthquake) blanket coverage insurance on all improvements, buildings and other structures, including the retention basin, situated within the Common Area, the amount of such insurance to be not less than the aggregate full insurable value, meaning the actual replacement cost thereof; and appropriate insurance with respect to damage to or loss of all personal property which may be owned by, or under the Association's control; and such policies shall show the Association as the named insured thereon and all Beneficiaries of record, as their respective interests may appear, as additional insured;

b. Bodily injury and liability insurance in such amounts as the Board may determine from time to time, but in the absence of such determination, with limits of not less than One Million Dollars (\$1,000,000.00) per person, and Two Million Dollars (\$2,000,000.00) per occurrence, and a deductible in an amount to be determined by the Board; and a limit of not less than One Million Dollars (\$1,000,000.00) per accident, insuring against liability for bodily injury, death and property damage arising out of the maintenance, repair, replacement, use or operation of the Common Area. Such policy shall include a cross liability endorsement relating to the liability of each Owner to each other Owner, and such policy shall name as separately protected insured, the Association, the Board and their representatives, agents and employees, and the Owners as a class; and such policy shall insure each of the insured's as if each were separately insured under separate policies, provided however, that such policy shall not require the insurer to pay any amount in excess of the maximum limits stated therein.

c. Such faithful performance and fidelity bonds as are required to insure the Association against any loss for malfeasance or dishonesty of any employee or other Person charged with managing or possessing any Association funds or other property.

d. Such additional amounts of insurance or such other insurance, including debris removal and demolition, workers' compensation, indemnity and bonds and officers and directors liability coverage as the Board deems necessary or desirable.

e. The Association shall be responsible for paying all deductibles, unless such claim is caused by the willful action or negligence of an Owner, his family, tenants, guests, invitees or agents, in which case, the deductible shall be paid by the Owner.

9.02. OTHER PROVISIONS.

a. The proceeds of all policies written under Section 9.01.a above shall be payable to the Association and, subject to the rights of Beneficiaries, shall be held and disbursed for the benefit of the Owners, Beneficiaries, and others as their respective interests may appear, as provided under Article 10 below.

b. The Board shall review all insurance policies at least annually and at such time shall evaluate, by appraisal or otherwise, replacement costs and coverage's under all such policies.

c. Nothing herein shall be deemed to affect any Owner's right and responsibility to separately insure his Unit and any personal property owned by him.

ARTICLE 10.

DAMAGE TO OR DESTRUCTION OF PROJECT

10.01. TOTAL OR PARTIAL DAMAGE OR DESTRUCTION; ELECTION OF

OWNERS. In the event of damage to or the total or partial destruction of the Common Area, the following rules shall apply:

a. Provided that the insurance proceeds relating thereto are at least one-hundred (100%) percent of the estimated cost and expense of such repair or replacement, then without any act or Owner consent, but subject to Section 10.01.b below, the damage or destruction, as the case may be, shall be repaired or replaced as soon thereafter as practical and with all due diligence.

b. Notwithstanding the provisions of Section 10.01.a above, within thirty (30) days from and after the date of such damage or destruction, the Owners of seventy-five percent (75%) of the Units may elect that such repair or replacement shall not be conducted. In that case, the repair or replacement shall not be made.

c. If the estimated cost and expense of such repair or replacement exceeds an amount equal to eighty-five (85%) percent of the insurance proceeds, such repair or replacement shall, nevertheless, be conducted if, within thirty (30) days after the date of such damage or destruction, a Majority elect to repair or replace.

10.02. CONTRIBUTIONS BY OWNERS; REPAIR OR REPLACEMENT ASSESSMENTS. If the Owners elect to repair or replace, the Owners of each Unit shall contribute such funds as shall be necessary to pay his proportionate share of the cost thereof in excess of the amount of the insurance proceeds in the same proportion as the Regular Assessments are levied under ARTICLE 7 above. Said contributions shall be treated as a special, emergency assessment and collected pursuant to ARTICLE 7 above.

10.03. BIDS; CERTIFICATE.

a. If the cost to repair or replace does not exceed Ten Thousand Dollars (\$10,000), the contract for the repair or replacement may be let by negotiation.

b. If the cost to repair or replace exceeds Ten Thousand Dollars (\$10,000), then the Board shall seek bids for the work, and the contract shall be awarded to the lowest responsible bidder.

c. Nothing in this Section 10.03 shall preclude the Board from obtaining bids for any work to be performed for the Association.

10.04. OWNERS' ELECTION. If the Owners elect not to repair or replace then:

a. Subject to the rights of Beneficiaries, any insurance proceeds available shall be distributed to the Owners in the same proportion as is provided with respect to the payment of Regular Assessments, and

b. The Board shall, within one hundred twenty (120) days after the date of such damage or destruction, record a certificate setting forth the Owners' election and promptly shall

cause to be prepared and filed of record such revised maps and other documents as may be necessary to show the conversion of the Common Areas, if applicable, to the status of that of unimproved land.

10.05. ARBITRATION. In the event of a dispute among the Owners in connection with this ARTICLE 10's provisions, any Owner may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association; and in the event of arbitration, as provided herein, notice thereof shall be given to the Members, the Board, and to all other Owners as promptly thereafter as possible, and each shall have the right to appear in person or by counsel in any proceedings conducted in connection with such arbitration. The decision of the American Arbitration Association shall be final and conclusive upon all Owners; and the arbitrator may include in his decision an award for costs and/or attorneys' fees against any one or more of the Owners.

ARTICLE 11.

CONDEMNATION OF COMMON AREA

11.01. CONDEMNATION RULES. If an action for condemnation of the Common Area or any portion thereof is proposed or is commenced by any governmental body having the right of eminent domain, the following rules shall apply.

a. Taking of Entire Common Area. If such action or proposed action is for the taking of the entire Common Area, then upon the unanimous consent of all Owners, the Common Area may be sold to such governmental body prior to judgment and the sale proceeds shall be distributed to the Owners and Beneficiaries, as their respective interests may appear, with the distribution to be as is provided in ARTICLE 10 above with respect to insurance proceeds.

b. Partial Taking. The rules set forth in Section 11.01.a above with respect to the taking of the whole Common Area shall apply to the taking of a portion only of the Common Area.

11.02. NO CONSENT. If the Owners do not consent unanimously to such sale, then the compensation awarded upon a judgment shall be distributed in like manner, unless by the terms of said judgment such award shall be apportioned among the Owners in a different manner.

ARTICLE 12.

PROHIBITION AGAINST SEVERABILITY OF COMPONENT INTERESTS

12.01. NO SEVERANCE. No Owner shall be entitled to sever his interest as an Owner from his membership in the Association, for any purpose; and neither his interest as an Owner nor his membership in the Association may be separately sold, conveyed, encumbered, hypothecated,

transferred or otherwise dealt with, and any attempt to do so and any such sale, conveyance, encumbrance, hypothecation or transfer shall be null and void and of no effect.

12.02. PROHIBITION TERM. The prohibition of the right of severability shall, in no event, extend beyond the period (including any extension of the primary period) set forth in ARTICLE 15.

12.03. CONVEYANCE PRESUMPTION. Subsequent to the original first sale and conveyance of a Unit, each subsequent sale and conveyance or transfer (by operation of law or otherwise) thereof by any Unit Owner, shall be presumed to convey the Unit owned by such Owner and such Owner's membership in the Association; provided, however, that nothing herein contained shall be construed to prohibit a Unit Owner from creating a co-tenancy in the Unit ownership with any other Person or Persons.

ARTICLE 13.

SPECIAL RIGHTS OF BENEFICIARY UNDER FIRST DEED OF TRUST AND FIRST MORTGAGE

13.01. RIGHT TO INSPECT ASSOCIATION BOOKS. Every Beneficiary, or the representative thereof, shall have the right to examine the Association's books and records at any reasonable time.

13.02. NOTICE REGARDING LOSS OR TAKING. If any Beneficiary desires notice under this Section, it shall file its name and address with the Association before the event requiring such notice. Upon any single and separate loss by damage or destruction to, or taking or proposed taking by condemnation of the Common Area or any portion thereof in excess of Ten Thousand Dollars (\$10,000.00), or upon any damage to a Unit in excess of One Thousand Dollars (\$1,000.00), written notice thereof shall be given by the Association to each Beneficiary under each first Deed of Trust constituting an encumbrance on any Unit in the Project or, as the case may be, the particular Unit affected by such damage.

13.03. NOTICE REGARDING OWNER DEFAULTS. Upon the written request of the Beneficiary under a Deed of Trust constituting an encumbrance on any Unit in the Project, the Association shall give to such Beneficiary written notice of the default by or the breach or violation by the Unit Owner of the Governing Documents, provided that no such notice need be given if such default, breach or violation is cured by such Owner within sixty (60) days from and after the date of the occurrence of such default, breach or violation.

ARTICLE 14.

MISCELLANEOUS PROVISIONS

14.01. NON-WAIVER. No Owner may exempt himself from liability for paying any

Assessment by non-use of the Common Area or by the non-use or abandonment of the Owner's Unit. No waiver by, or the failure to act, by the Association or the Board with respect to any breach or violation of the Governing Documents shall constitute a waiver of any subsequent breach or violation of the same.

14.02. RECORDING OF CONVEYANCES, ETC., BY OWNERS. No Owner shall record any instrument or otherwise impose, directly or indirectly, any restriction or condition as to the use of occupancy of his Unit on the basis of race, creed or color or otherwise inconsistent with the Governing Documents.

14.03. NO RIGHT OF FIRST REFUSAL. A Unit Owner's right to sell, transfer or otherwise convey the Owner's Unit will not be subject to any right of first refusal or similar restriction in the Association's favor.

14.04. ESTOPPEL CERTIFICATE. A certificate executed under penalty of perjury by any two (2) Board members and acknowledged by a notary shall be conclusive upon the Association, Board and Owners in favor of any and all persons who rely thereon in good faith as to the matters therein contained and any Owner shall be entitled to such a certificate setting forth the amount of any unpaid Assessment with respect to such Owner's Unit (or stating that all Assessments due are paid if such is the case), within ten (10) days after demand therefore and upon payment of a reasonable fee, not to exceed the actual cost of obtaining the certificate, which fee may be fixed by the Board.

14.05. OWNER LIABILITY. Each Owner shall be liable for any damage caused to the Common Area, or to any personal property owned by or under the Association's control by such Owner or any persons residing in such Owner's Unit, or his guests, tenants, invitees and licensees; and if more than one Owner, the liability of each Unit Owner shall be joint and several.

14.06. CONSTRUCTION AND SEVERABILITY; SINGULAR AND PLURALS GENDER; CAPTIONS.

a. The provisions of the Declaration and the Bylaws shall be liberally construed; it being the primary intent to give effect to the general purpose as set forth in the Preamble above.

b. Each provision of the Declaration and the Bylaws shall be deemed severable, and the invalidity of any provision or any portion thereof shall not affect the validity of or invalidate all or any other provision.

c. Unless the context requires a contrary qualification, the singular shall mean and include the plural; and the plural shall mean and include the singular; and the masculine, feminine or neuter, as the case may be.

d. All captions or titles used in the Governing Documents are intended solely for convenience and reference and shall not affect any of the substantive provisions of the Governing Documents.

14.07. RIGHTS AND REMEDIES.

a. Suits at Law and in Equity. The Association or any Owner may enjoin any violation or breach or attempt to violate or breach any of the covenants, conditions, restrictions or reservations contained in this Declaration or may sue at law for damages for such violation or breach or attempt, and any judgment or decree entered against the Owner may include costs and reasonable attorneys' fees.

b. Rights and Remedies Cumulative. Each and every remedy provided under the Governing Documents or otherwise provided shall be deemed cumulative and not exclusive.

ARTICLE 15.

DURATION OF RESTRICTIONS

15.01. PRIMARY PERIOD. The Covenants, Conditions and Restrictions set forth in this Declaration shall continue and remain in full force and effect until December 31, 2044, unless amended or repealed earlier as provided in ARTICLE 16 below

15.02. EXTENSIONS. Notwithstanding the provisions of Section 15.01 above, unless on or prior to December 31, 2044, a written instrument evidencing termination of such Covenants, Conditions and Restrictions is signed by a Supermajority and recorded, such Covenants, Conditions and Restrictions as in effect immediately prior to December 31, 2044, shall continue in full force and effect for an additional period of ten (10) years and thereafter for a successive periods of ten (10) years, unless within one (1) year prior to the expiration of any such ten (10) year period the same are terminated in the same manner provided for in this Section 15.02.

ARTICLE 16.

**AMENDMENT OR REPEAL; LIMITATIONS AS TO CERTAIN MATTERS;
VOTE REQUIREMENTS**

16.01. BY OWNERS. Except as otherwise expressly provided in the Act or this Declaration, and subject to the limitations provided in Section 16.02 below, any of this Declaration's provisions may be amended or repealed at any time upon:

a. The vote or written consent of a Supermajority approving the proposed amendment or repeal, secured at an Owners' meeting called for the purpose of considering the same or by written ballot without a meeting, and;

b. The recordation of a certificate executed by the Association's Secretary setting forth in full the amendment or repeal and certifying that said amendment or repeal has been approved by a Supermajority, and;

c. The percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

d. To change the By-Laws it takes a Majority, either in person or by proxy.

16.02. ABANDONMENT, TERMINATION OF PLANNED DEVELOPMENT. Unless each of the Beneficiaries under the Deeds of Trust and the mortgages constituting encumbrances upon the Project consents thereto in writing (one vote for Deed of Trust), the Association shall have no right, power or authority to:

a. By act or omission, abandon or terminate the planned development concept or format to which the Project is subject.

b. By act or omission, partition, subdivide, abandon, encumber, sell or transfer the Project, or any portion thereof, provided that the granting of easements for public utility or other public purposes, consistent with the intended use thereof, in, on, over, along and upon the Common Area shall not be deemed a sale or transfer within the meaning of this Section 16.02.

c. Use the proceeds from the payment upon any insurance policy or from other sources, secured as the result of loss to any portion of the Project for other than the repair, replacement or reconstruction of the improvements affected by such loss, except as may be provided by statute in case of substantial loss to the Common Area.

ARTICLE 17.

ENCROACHMENTS ON COMMON AREA AND UNITS

17.01. COMMON AREA ENCROACHMENT ON UNITS. To the extent that any portion of the Common Area do now or may hereafter encroach upon any Unit or portion of a Unit, whether as a result of repair, maintenance or replacement of any damage or destruction or otherwise, such Unit or portion of a Unit shall be deemed subject to a valid easement permitting or allowing such encroachment and the maintenance and/or repair and/or replacement of any structure or thing constituting such encroachment.

17.02. UNIT ENCROACHMENT ON COMMON AREAS. To the extent that any portion of any Unit does now or may hereafter encroach upon any portion of the Common Areas, such portion of the Common Areas shall be deemed subject to a valid easement permitting or allowing such encroachment, provided that no such easement shall be deemed to be valid or subsisting if such encroachment shall have occurred as the result of any willful act or omission or bad faith.

17.03. UNIT ENCROACHMENT ON OTHER UNITS. To the extent that any portion of any Unit does now or may hereafter encroach upon any portion another Unit, such portion of the encroached upon Unit shall be deemed subject to a valid easement permitting or allowing such

encroachment, provided that no such easement shall be deemed to be valid or subsisting if such encroachment shall have occurred as the result of any willful act or omission or bad faith.

DATED: _____, 2014

QUAIL MEADOWS WEST HOMEOWNERS ASSOCIATION

By: _____
Joy Stears
President

By: _____
Darrell Freeman
Secretary

**CERTIFICATION OF PRESIDENT
(California Civil Code Section 4270)**

The undersigned hereby certifies and declares, under penalty of perjury, that:

1. I am the duly elected and acting President of Quail Meadows West Homeowners Association, a California nonprofit mutual benefit corporation (the "Association").

2. The foregoing Third Amended and Restated Declaration of Covenants, Conditions and Restrictions of the Quail Meadows West Homeowners Association (Tract 13,427) has been approved by the percentage of owners required by the Declaration of Covenants, Conditions and Restrictions of Quail Meadows, a planned development recorded in the Official Records County of Santa Barbara, State of California on January 18, 1984 as document number, 84-36425, as amended by the First Amended and Restated Declaration of Covenants, Conditions and Restrictions which were executed by the Association and recorded in the Official Records of Santa Barbara County, California on June 22, 2004 as document number 2004-0065993, and as further amended and restated by a Second Amended and Restated Declaration of Covenants, Conditions and Restrictions which were executed by the Association and recorded in the Official Records of Santa Barbara County, California on December 22, 2005 as document number 2005-0122878.

Executed at Santa Maria, California on _____, 2014.

Joy Stears

ACKNOWLEDGMENTS

STATE OF CALIFORNIA }
 }
COUNTY OF SANTA BARBARA } **ss.**

On _____, 2014, before me, _____, a Notary Public, personally appeared **Joy Stears**, proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA }
 }
COUNTY OF SANTA BARBARA } **ss.**

On _____, 2014, before me, _____, a Notary Public, personally appeared **Darrell Freeman**, proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____